

CAPITALS OVERVIEW AND BUSINESS MODEL

These capitals are necessary inputs into the business model and their judicious management enables Sibanye to deliver on its strategy. While this report is not structured according to the capitals, it does provide insight into Sibanye's current capabilities in terms of these capitals as well as related challenges affecting delivering on its strategy to create superior value for all stakeholders. A discussion of the capitals follows, explaining how they affect Sibanye, including cross references to supplementary information.

SUCCESSFUL IMPLEMENTATION OF SIBANYE'S STRATEGY DEPENDS ON EFFECTIVE MANAGEMENT OF VARIOUS CAPITALS, WHICH INCLUDE RESOURCES AND RELATIONSHIPS.



FINANCIAL CAPITAL

The management of financial capital is essential for the sustainability of any business. At Sibanye, financial-capital management will enable the generation of sustainable cash flow, which will support regular, consistent, industry-leading dividend payments and allow long-term capital value accretion. This is underpinned by profitable operations and growth, both organic and inorganic. Positive free cash flow is necessary to fund the dividends and growth.

In order to extend its operating life and sustain dividend payment for longer, Sibanye has not only committed to the development of organic projects but also made strategic, value-accretive acquisitions. Organic projects and acquisitions are predominantly funded through operational cash flow and, where necessary, by debt and other financial instruments. While the downturn in the commodity cycle and negative investor sentiment towards the resources sector can make accessing equity capital a challenge, Sibanye has sufficient debt facilities and the recent increase in the rand gold price will ensure that dividend payments to shareholders can be maintained. Should the opportunity arise, restructuring of debt or raising equity capital may be considered.

Similarly, revenue and earnings are used as the basis for value creation and derivatives of these determine what value will be distributed to stakeholders: salaries and wages (employees), dividends (shareholders), social and local economic development (communities), and taxation and royalties (government and the national fiscus).

INSIGHTS INTO

the management of financial capital, and Sibanye's financial performance and position, are provided in

CFO's report (page 18)

Project development and capital allocation (page 49)

HUMAN CAPITAL

Deep-level gold mining is labour-intensive and Sibanye's employees play an integral part in the successful delivery on Sibanye's operating model and strategy. Sibanye's people work at great depth and under physically demanding conditions – their safety and wellbeing are priorities. We strive to develop a transformed, productive, skilled and engaged team of people at Sibanye. South Africa, and the mining sector specifically, has faced intense challenges regarding industry and labour relations due to legacy issues as well as the difficult socio-economic environment, inequality and unemployment in the country. South Africa has well-developed industrial-relations processes and practices with strong trade unions representing employees in different sectors on issues such as, inter alia, remuneration, other benefits and workplace issues. Employees are Sibanye's most important asset and are key stakeholders in the business. Aligning employees with Sibanye's values and strategy will ensure the sustainability of the business and that it is able to deliver superior value for all of its stakeholders.

INSIGHTS INTO

Sibanye's people are provided in

Develop a productive, skilled and engaged workforce (page 46)

Health and safety focus (page 52)

INTELLECTUAL CAPITAL

Allied to human capital is Sibanye's intellectual capital. Its operating model is vital to its ability to turn around unprofitable mines and extend their economic lives. This is underpinned by its operating processes and employees' expertise, which together contribute to the intellectual capital required to successfully operate its mining portfolio. Ultimately, Sibanye sees its strategy and operating model as its differentiators in the mining sector.

Sibanye's ability to remain competitive depends on future innovations relating to Safe Technology and modernisation of its mines. Over the past two years, the Group has invested in research and development (R&D) in these two areas. Sibanye also works closely with suppliers on innovative development of identified technologies. Technological advances will make Sibanye's workplaces safer, improve productivity and facilitate the conversion from resources to reserves of deeper-level and secondary ore bodies through the development of new products and technologies.

INSIGHTS INTO

Sibanye's operating model are provided in

Optimise and integrate operations (page 40)

Secure alternative energy sources (page 66)

Modernisation and technological innovation (page 67)



SOCIAL AND RELATIONSHIP CAPITAL

Proactive, positive and constructive stakeholder engagement is necessary to identify and manage stakeholder concerns and expectations, together with any associated material risks and opportunities, and to effectively respond to and address them. Sibanye's stakeholder engagement programmes are vital in building relationships and maintaining a positive reputation with stakeholders by promoting, and delivering on its value-creation proposition.

Sibanye is committed to creating shared value for its surrounding communities and labour-sending areas beyond its Mining Charter and SLP commitments.

INSIGHTS INTO

Sibanye's stakeholder engagement, key stakeholder insights and progress against its Mining Charter and SLP commitments are provided in the section on

Material issues (page 28)

Social upliftment and community development (page 55)



NATURAL CAPITAL

Mining has a significant impact on the environment and the environment can in turn materially affect mining operations and activities. Various programmes have been put in place at Sibanye to reduce and mitigate the impact of mining on the environment. This is not only done for compliance purposes but to ensure that it does not create value at the expense of the environment.

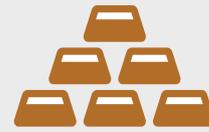
Access to strategic inputs, such as water and electricity, is essential to Sibanye's operations, and the availability and cost of these inputs is critical to long-term profitability and viability. Electricity supply and costs are a particular concern with the deep-level gold mines required to cool and ventilate the mines and deal with the ingress of water, which is pumped to surface, treated and either used in production or discharged safely into the environment. Efforts continue to be made to reduce the consumption of electricity – consumption at Sibanye has declined by 20% since 2007. In order to reduce reliance on the state utility, Eskom, and control power costs, Sibanye is investigating self-generation, primarily through solar and coal-fired generation projects.

INSIGHTS INTO

natural capital are provided in

Manage environmental impact (page 58)

Secure alternative energy sources (page 66)



MANUFACTURED CAPITAL

Sibanye has continued to make the investment required to maintain its infrastructure and plants in order to ensure the sustainability of its operations. The Group continues to assess and will upgrade its infrastructure where necessary.

The acquisition of the Rustenburg Operations and Aquarius assets, in the process of being finalised, will deliver combined reserves of 32.2Moz of platinum group metals (PGMs) (4E) and resources of 103.8Moz. The purchase and optimisation of its newly acquired mines will depend on Sibanye's funding model and integration approach.

INSIGHTS INTO

manufactured capital are provided in

Optimise and integrate operations (page 40)

Project development and capital allocation (page 49)

Secure alternative energy sources (page 66)

Acquisitions and funding model (page 69)

Statement of Mineral Resources and Mineral Reserves – a summary (page 84)

Full details of Sibanye's Mineral Resources and Mineral Reserves are available in the comprehensive, **Mineral Resources and Mineral Reserves Report 2015** (reports.sibanyegold.co.za)