CHIEF EXECUTIVE'S REVIEW

I am very pleased to recommend to shareholders and other stakeholders our third integrated annual report.

While it is perhaps customary to thank stakeholders in the business at the end of a report, it is my view that this must be our starting point. And I do so with humility because we share Sibanye's success with all of our stakeholders.

Neal Froneman – Chief Executive Officer

STRATEGY REMAINS IN PLACE

Despite the volatility and flux in the global mining sector over the past few years, and despite Sibanye's own significant corporate developments, our strategy continues to be guided by our vision:

To create superior value for all of our stakeholders through a culture of caring.

As we stated in our 2014 integrated report, our strategy is underpinned by our commitment to pay our shareholders sustainable, industry-leading dividends, and we will achieve this vision by optimising our current operations and extending their operating lives, and by using existing infrastructure to enhance the inherent value of brownfields and greenfields projects.

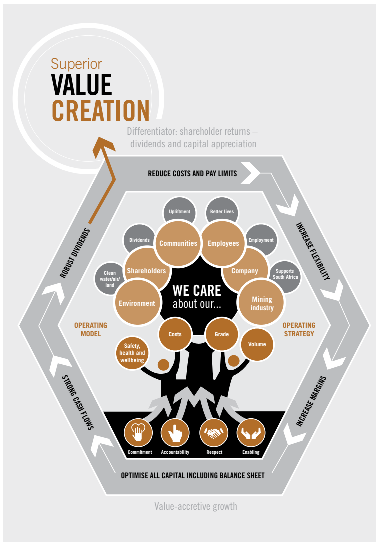
In addition, we have consistently said that we would pursue acquisitive growth options if they were value-accretive and enhanced our ability to pay or sustain the dividend to shareholders.

REPORTING THEME

Our theme for this year's report – optimise, sustain and grow – reflects the implementation of our strategy since listing in February 2013 and, through this report, we provide shareholders with insight into the progress we have made, despite the mining industry having to adapt to some of the most challenging times experienced in the global commodities markets.

Sibanye's values, which underpin our caring culture, are an integral part of the way we do business and the way in which we create superior value for all of our stakeholders, and are captured in the acronym CARE – commitment, accountability, respect and enabling. These are the values we would like all Sibanye employees to internalise and live by – see page 8.

Our corporate strategy, culture and values are symbolised by the indigenous Umdoni tree (*Syzygium cordatum*). The fundamental roots of Sibanye are in our values and CARE culture, which provide a solid basis for the way we do business. The trunk of the tree represents the material strength that holds Sibanye together (our intellectual capital and the support provided by employees in upholding our operating model and business strategy), which is underpinned by the fundamentals of safety, health and wellbeing, costs, grade and volume. The leaves on the branches of the tree represent all our stakeholders, who rely on and influence the future success of Sibanye. The tree's seeds and fruits signify the varying benefits that our success will bring to all stakeholders.



HEALTH AND SAFETY

It is an incontrovertible fact that, at their workplaces and beyond them, healthy employees are more aware of safety and are more productive than would otherwise be the case. I have deliberately placed the words 'safety' and 'productive' in that particular order.

It is pleasing therefore to note that, despite the incidence of events such as underground fires and seismicity at our mines, in 2015, we achieved a 50% reduction in the FIFR per million man hours worked across our mines. Comparisons such as these are invidious but our safety performance, insofar as our FIFR is concerned, is now comparable with the US mining-industry averages despite their mines generally being shallower, and less hazardous and labour-intensive. I regret to report though that, despite this improvement, at Sibanye we mourn the loss of seven of our colleagues at work during the year. The safety of our employees is paramount and we continually strive to improve our health and safety standards in order to achieve our goal of zero harm.

An area of concern and one which will receive significant management attention is the continued incidence of disabling accidents that lead to lost working time and which has regressed during the year. Every accident is one accident too many, and we will continue to examine the situations that lead to each accident as well as to near-accidents in order to devise ways to prevent recurrences.

Accidents at work are not only injurious to our employees but also result in lost working time, which can have a significant effect on our performance. While we continue to try and reduce accidents in the workplace, we have also revised our approach to healthcare.

The strategy that supports our vision is illustrated on page 8 of this report, and is the benchmark against which all our strategic decisions and performance are measured.

2015 IN REVIEW

At the beginning of the year under review, we anticipated that the operating environment would be challenging – a view which proved to be correct.

A number of operational issues in the first two months resulted in production for the first quarter falling well short of our forecasts and, despite the operations delivering more representative and consistent results for the rest of the year, we were unable to claw back production lost in the first quarter. Other factors which contributed to operational targets not being met included load shedding during the first and second quarters as Eskom attempted to catch up on maintenance, and the wage negotiations which, while not resulting in direct operational disruptions, require significant time and focus from management, and serve to distract employees from their primary jobs.

Gold production for the year of 47,775kg (1.54Moz) was as a result of the lower-than-forecast production at the beginning of the year with All-in sustaining cost of R422,472/kg or US$1,031/oz (based on the year's average rand/US dollar exchange rate) commensurately higher than forecast. While there was some relief from a higher gold price in the second half of the year, as the rand weakened by 28% between 30 June 2015 and 31 December 2015, lower production in the first half of the year resulted in cash generated from operating activities decreasing 24% to R5,420 million compared with 2014 from which R3,345 million was disbursed on the capital projects that underpin the Group's longer-term future and R658 million or 72 cents per share (ZAR) was paid as dividends to shareholders.

We aim to provide employees who are injured or fall ill with treatment or medication as quickly and conveniently as possible. As such, we have moved away from the conventional industry approach of running centralised mine hospitals, which is not our core business or expertise, in favour of establishing primary health and safety clinical facilities, which are located at each shaft. In this way, minor injuries and other less serious illnesses can be treated promptly and efficiently. Employees with more serious traumas or illnesses are transferred to regional hospitals (some of which used to be owned by Sibanye) where they are assured of first-rate treatment at facilities run by dedicated healthcare experts – our people know that, when they are in need, they can count on receiving the best possible medical care.

Our commitment to safety, health and employee wellness, and our CARE culture, also encompasses the way in which we are seeking to address occupational health issues such as noise induced hearing loss (NIHL) and occupational lung disease (OLD), which includes silicosis. We have introduced some of the most innovative and consistent measures to limit occupational health issues, which has resulted in the prevalence of NIHL and OLD (page 54) declining dramatically, and we ensure that employees have access to appropriate treatment where required. Yet we know that exposure to silica dust over long periods of time may only manifest as silicosis decades after first exposure and often long after employees have left our employ or indeed the industry. To assist past employees who may suffer from silicosis and other forms of OLD, we are working closely with other gold companies to address the shortcomings in the existing publicly run compensation system, the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973) (ODMWA) and, for current and future employees, we are engaged with government about their transfer to the better compensation system, the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No 130 of 1993) (COIDA).

CHALLENGES IN 2015

Conflict between members of AMCU and NUM at Beatrix in February 2015, which resulted in injuries to nine employees, was a portent of the difficulties we would experience during the wage negotiations scheduled for mid-year. Management's reaction was swift and unequivocal. We suspended operations at the Beatrix North and South shafts until calm had been restored, and the rival groups had been successfully reintegrated.

Gold-industry wage negotiations, which are undertaken centrally under the auspices of the Chamber of Mines, began in June 2015 and finally concluded in September – taking longer than we had expected. While there were no formal work stoppages, these negotiations served to distract employees from their jobs, thereby negatively affecting our operational performance. While the eventual agreement reached with three of the unions was not optimal, it was affordable and, we believe, satisfactory.

In consideration of the significant headwinds our industry continues to face – a stagnant or falling gold price, fast-rising operating costs, steadily declining ore tonnages and grades, changing union dynamics and rising stakeholder expectations – we sought to approach wage negotiations differently in 2015.

At the start of negotiations, we and other gold companies represented by the Chamber attempted to introduce a fresh approach, founded on the concept of an economic and social compact, which took the impact on all stakeholders into account. While many of the ideas we proposed found resonance with our union counterparts, they were not prepared to abandon the traditional positional-bargaining approach and, while we will continue to try and engage on the compact, it will be some time before the precepts underlying the sustainability of the industry will be fully embedded in our ongoing engagement.

Despite significant attempts on our part to reach a single settlement with all four representative unions, we were only able to reach agreement for a period of three years with three of the unions – the NUM, Solidarity and UASA – who collectively represented around 49% of employees in the collective bargaining units at our operations. AMCU leadership remained obdurate throughout the process and did not move from its initial demands. It was clear that we were not going to reach agreement with AMCU and, in the interests of fairness and maintaining a harmonious and safe working environment, we elected to implement the agreed wage increases for all employees irrespective of their union membership. To have excluded those who were members of AMCU (42% of employees in the collective-bargaining unit) would, in our view, have been unjust and could have sparked further inter-union rivalry and violence.

AMCU's leadership has reserved its position and ended the year repeating that it would consider embarking on industrial action 'at the appropriate time'. Our view remains that there is little appetite for industrial action by the members of any union and this has been borne out to date.

I personally believe that there is a realisation that unrealistic demands are unsustainable and more likely to lead to job losses than to permanent improvements for all. This was illustrated in the platinum sector where the losses from the five-month strike of 2014 remain fresh in the minds of those who participated.

Having said this, I should add that, while we do not expect a strike at our gold operations in 2016, we have detailed and robust plans to deal with such an eventuality. We will maintain our approach to the social and economic consequences that surround these issues, and we will not allow the threat of industrial action to distract us from our primary focus areas.

A critical and growing imperative for sustainability is community relations and engagement. We will be placing great emphasis on improving engagement with local and labour-sending communities, and ensuring delivery of high-impact, sustainable projects in these communities. We are confident that the support of our communities and the commitment of our employees will underpin our development into the South African mining champion.

Another challenge relates to the legal suit brought by the Chamber on the industry's behalf on the continuing consequences of BEE transactions post 2004. Sibanye is supportive of the Chamber's initiative to seek clarity through a declaratory order by the courts although we are confident of the validity of the BEE transactions. Policy and regulatory certainty is critical for our industry and our stakeholders, and continued dilution (should the consequences of previous BEE transactions not be recognised) will severely undermine the value of an already struggling sector.

An issue that does need addressing by the industry as a whole is the extent to which the DMR imposes Section 54 closures in the event of accidents. We, at Sibanye, fully agree with the need for operational closures when the causes of accidents need to be investigated, and when it is necessary to ensure that safety conditions and procedures are rigorous. But we believe that the Section 54 stoppages should be restricted to the immediate area of an accident's occurrence and not involve the complete closure of a shaft, which can have a detrimental impact on the viability of an entire mine.

ACHIEVEMENTS OF 2015

Turning to our achievements in the past year, the most far-reaching was our entry into the platinum sector – a sector we had already identified as offering potential value in early 2014. Our moves to acquire Anglo American Platinum's Rustenburg Operations and Aquarius were well-considered investment decisions and, we believe, are transactions that are sufficiently robust to withstand all likely vagaries of the platinum sector at market and operational levels.

The acquisitions will deliver combined reserves of 32.2Moz of PGMs (4E) and resources of 103.8Moz. By 2017, Sibanye will rank as the world's fourth largest PGM producer. More importantly, the Rustenburg Operations and Aquarius' Kroondal mine are contiguous, which will allow for significant realisation of operational synergies in addition to cost savings we expect from rationalising replicated services and other overhead costs.

We maintain a conservative and innovative approach to financing acquisitions and, before making the decision to advance the platinum acquisitions, we made sure that our balance sheet was sufficiently robust and flexible, and that our cash flows would be more than adequate to service any debt we would be taking on. The Rustenburg transaction has been defensively structured to give us downside protection from lower PGM prices until 31 December 2018 and has limited recourse to the central balance sheet. Debt reduction will continue to be central to our approach after we take control of the platinum interests, just as it was when Sibanye first became an independent group.

On 31 December 2015, Sibanye's net debt was a modest 0.21 times multiple of EBITDA. Even taking into account the expected US$250 million partial draw on our US$350 million revolving credit facilities and the US$150 million additional financing facility provided by HSBC for the Aquarius acquisition, the approximate multiple will remain a modest and manageable 1.0 times, indicating how conservatively we have managed the financing of these acquisitions. In order to maintain financing flexibility, however, we will consider restructuring our financial position soon after concluding both transactions. Further financial detail and other parameters relating to the acquisitions are contained elsewhere in this report.

Through these proposed acquisitions, we are increasing our footprint in South Africa and this is with good reason. We are comfortable with the operating environment and confident that there will be further opportunities, which will allow us to continue delivering sustainable value for all of our stakeholders.

SUSTAINABLE VALUE FOR STAKEHOLDERS

- **We have significant experience operating in South Africa and understand the regulatory environment.**
- **South Africa contains one of the most valuable resource endowments in the world.**
- **Our geology is well-understood and simple.**
- **There is an abundance of skilled and experienced mining practitioners.**
- **The areas in which we operate are supported by first-class infrastructure.**
- **The established mining industry is serviced by well-developed and innovative supply as well as associated industries.**

While policy uncertainty and regulatory inefficiency have been signalled by investors as factors which have inhibited investment in recent years, the country also has sound financial and judicial systems and a world-class Constitution, which protects individual and corporate rights.

There are various conditions to be met before our acquisitions are finally consummated, particularly Competition Commission approval of the Aquarius transaction. However, we shall become engaged operationally, particularly in the platinum sector's wage-negotiating round, to ensure that we shall have a sound labour-relations foundation when we start what will be the synergistic merger of the Aquarius and Rustenburg properties.

ENERGY

The reliability of supply and cost of electricity has become a primary risk factor for industry in South Africa. It is our policy to minimise the risk factors beyond our direct control. We have developed an integrated and co-ordinated strategy to mitigate the associated risk for the near term and for the longer term.

In 2013, we identified the risk that Eskom, the state-owned power monopoly, would be unlikely to supply the entire power needs of the country reliably, affordably and without interruption. Electricity costs have been rising annually at rates significantly higher than inflation since 2007 with power costs at Sibanye increasing from about 9% in 2007 to some 18% of our 2015 costs. With supply remaining inconsistent and further above-inflation increases highly likely in coming years in order to finance Eskom's capital programmes, it is clear that alternatives are required in order to ensure the sustainability of our mines. The more we can reduce our reliance on Eskom power, the more secure and more cost-efficient will be our core operations.

In late 2013, we began to investigate the potential of solar photovoltaic generation to reduce our reliance on Eskom, and have demonstrated the technical and economic feasibility of constructing a 150MW plant. We have now launched the development phase of the project, which encompasses applications for all the required permits, basic engineering design and establishment of the most appropriate commercial model to optimise the financial benefits. We expect this will require significant involvement of financial partners to fund the project capital. We remain on track to start generating electricity late in 2017. Solar photovoltaic electricity remains only a partial solution and we have continued to explore other alternative sources of electricity.

Sibanye is also investigating various opportunities to support a coal-based IPP platform devoted exclusively to delivering power to our operations.

The operational issues that affected performance at the gold operations in 2015 are unlikely to be repeated. Gold production for the year ending 31 December 2016 is forecast to increase to approximately 50,000kg (1.61Moz) with total cash cost forecast at approximately R355,000/kg and All-in sustaining cost at approximately R425,000/kg. The recent sharp depreciation of the rand to over R16.00/US$ means that costs in dollar terms are likely to be significantly lower than in 2015, assuming an average exchange rate of R15.00/US$ for 2016. Total cash cost is forecast at US$735/oz and All-in sustaining cost at US$880/oz. All-in cost is forecast to be R440,000/kg (US$915/oz) due, inter alia, to the initiation of the Kloof and Driefontein below infrastructure projects, and the development of the Burnstone mine, which were approved in 2015. Costs in dollar terms are significantly lower at the current average exchange rate of over R16/US$.

Total capital expenditure for 2016 is planned at R3.9 billion (US$265 million).

Due to the weaker rand, and a recovery in the dollar gold price, the rand gold price year to date is on average approximately R100,000/kg higher than in 2015. While we provide no forecast of the future gold price, should this gold price persist throughout 2016, the Group total cash cost margin will increase to approximately 38% and the All-in sustaining cost margin to approximately 25%.

THE FUTURE

Following the significant changes that took place or were initiated in 2015, 2016 will be a year of considerable restructuring, integration and consolidation. At the most basic level, we will re-evaluate all our gold assets on a shaft-by-shaft basis with a view to determining whether the primary focus might be on gold or uranium. On a developmental level, the focus will be on incorporating the PGM assets into Sibanye so as to obtain the maximum possible cost and other synergies.

The successful integration of these substantial platinum assets will ensure that we continue to deliver acceptable and sustainable benefits to our shareholders in the form of dividends and capital appreciation in order to remain an investment of choice. For it is only by being an investment of choice that we can be sure to attract the rating and the funds needed to pursue further profitable growth prospects and projects.

We are aware, however, that in order to achieve our goals and re-establish the primacy of mining to South Africa's economic development in the eyes of government and all the country's people, we are going to have to adopt a prominent leadership role in the industry. I am confident that we have laid a sufficiently solid foundation in the past two years to allow this.

Neal Froneman
Chief Executive Officer
18 March 2016