CFO'S REPORT

The operating environment during the year under review was challenging with production affected by operational issues, especially at Kloof, and inter-union rivalry at our Beatrix Operation in the first quarter, load shedding during the first and second quarters, and the wage negotiations, which started in June 2015 and concluded in September 2015.

A sharp decline in the rand/US dollar exchange rate, however, resulted in the average rand gold price increasing by 8%, compensating for the production decline and resulting in a 4% increase in revenue for 2015 when compared with 2014. However, Sibanye delivered on its commitment to pay an industry-leading dividend yield to shareholders. Our share price increased by 1% in 2015, ending the year on a market capitalisation of R20.9 billion.

GOLD PRICE AND EXCHANGE RATE

The average US dollar gold price for 2015 declined by 8% to US$1,160/oz compared with US$1,267/oz in 2014. The exchange rate weakened 18% from an average of R10,82/US$ in 2014 to an average of R12,75/US$ in 2015, resulting in the average rand gold price received for 2015 averaging R475,508/kg compared with R440,615/kg in 2014.

PRODUCTION AND REVENUE

Gold production for the year of 47,775kg (1.54Moz) was 5% lower than that forecast at the beginning of the year, and 3% lower than in 2014 but, aided by the higher rand gold price, revenue for the Group, at R22,717 million, was up 4% from 2014. Uranium production from the Cooke Operations for the year was 122,000lb, leaving inventory at year end of 288,000lb or R128 million, based on the uranium price of $34.25/lb at year end. To date, no uranium has been sold as we investigate our options to leverage higher prices.

FINANCIAL PERFORMANCE

Operating cost increased by R2,069 million or 14% year-on-year, mainly due to the inclusion of the Cooke Operations for a full year. Excluding the Cooke Operations, operating costs at Beatrix, Driefontein and Kloof increased by 6% year-on-year. The All-in sustaining cost for the Group was R422,472/kg and the Group posted an All-in sustaining margin of 11% for 2015.

Labour cost increased by 10% year-on-year due to the inclusion of Cooke for the 12-month period compared to seven months in 2014. The labour cost increase, excluding the Cooke Operations, was 5%. Electricity cost increased by 13% in 2015, partly due to the inclusion of Cooke for 12 months but also due to the annual Eskom electricity increase of 12.69%. The cost of consumables rose by only 0.8%, reflecting our relentless efforts to minimise the impact of cost increases within our control.

Sibanye contributes significantly to the national fiscus, and taxes and royalties paid were R656 million and R395 million respectively.

Net profit attributable to ordinary shareholders of Sibanye reduced by 54% year-on-year, mainly impacted by the higher cost increases and an impairment reversal at Beatrix during 2014 of R474 million. Basic earnings per share and headline earnings per share were 79 cents and 74 cents respectively due to the aforementioned, and the effect of the full-year weighting of the shares in issue post the closing of the Cooke transaction during 2014.

DEBT AND GEARING

Total Group debt, including the Burnstone debt, which does not have recourse to Sibanye, increased from R3,170 million in 2014 to R3,804 million in 2015. Debt excluding the ring-fenced Burnstone debt, declined from R2,036 million to R1,995 million due to two repayments of R250 million each, consistent with the repayment terms of existing facilities offset by additional drawdown of facilities during the year. Debt at Burnstone increased from R1,134 million to R1,808 million due to a 34% weakening of the closing rand/US dollar exchange rate to R15.54/US$ as at 31 December 2015.

Net debt, excluding Burnstone at year end, decreased to R1,362 million. The gearing ratio of net debt:EBITDA ended the year at 0.21:1 (2014: 0.20:1). Even post the conclusion of the Rustenburg Operations and Aquarius transactions, financial gearing is expected to remain low, relative to peers in the industry, with net debt:EBITDA forecast at 1.0:1, post both transactions and emphasising Sibanye's financial strength and balance sheet flexibility.

Charl Keyter – Chief Financial Officer

4%

INCREASE IN REVENUE FOR 2015

FINANCIAL PERFORMANCE

A more detailed analysis of our 2015 financial performance is provided in the 'Management's discussion and analysis of the financial statements' of the Annual Financial Report 2015 (see reports.sibanyegold.co.za).

CASH FLOW

Free cash flow – cash flow from operating activities before dividends, less additions to property plant and equipment – was R829 million. Cash generated from operations amounted to R5,420 million and, after accounting for capital expenditure of R3,345 million, dividends, loan repayments and other smaller expenses net cash generated for the year was R155 million. Should the recent increase in the rand gold price be sustained, free cash flow for 2016 is likely to be significantly higher than in 2015.

CAPITAL EXPENDITURE

Capital expenditure for 2015 increased marginally to R3,345 million from R3,251 million in 2014, two thirds of which – R2,305 million – was spent on ore reserve development (ORD) to maintain operating flexibility. Of the remainder, R669 million was directed at infrastructure maintenance, R272 million was spent on the Burnstone project and the balance on other projects.

DIVIDENDS

The Group paid a final dividend for 2015 of 90 cents per share which, together with the interim dividend of 10 cents per share paid on 6 August 2015, brings the total dividend for 2015 to 100 cents per share (2013: 112 cents per share). This is equivalent to 75% of normalised earnings, which exceeds our policy of paying out at least 25% to 35% of normalised earnings to shareholders, and reflects the Board's confidence in the outlook for the Group.

OUTLOOK

For the 2016 financial year, integration of Aquarius and the Rustenburg Operations will be the primary focus. The integration will include identifying opportunities to reduce overhead costs and to leverage operational synergies at the newly acquired operations while containing costs at existing operations at, or below, inflation.

Charl Keyter
Chief Financial Officer
18 March 2016