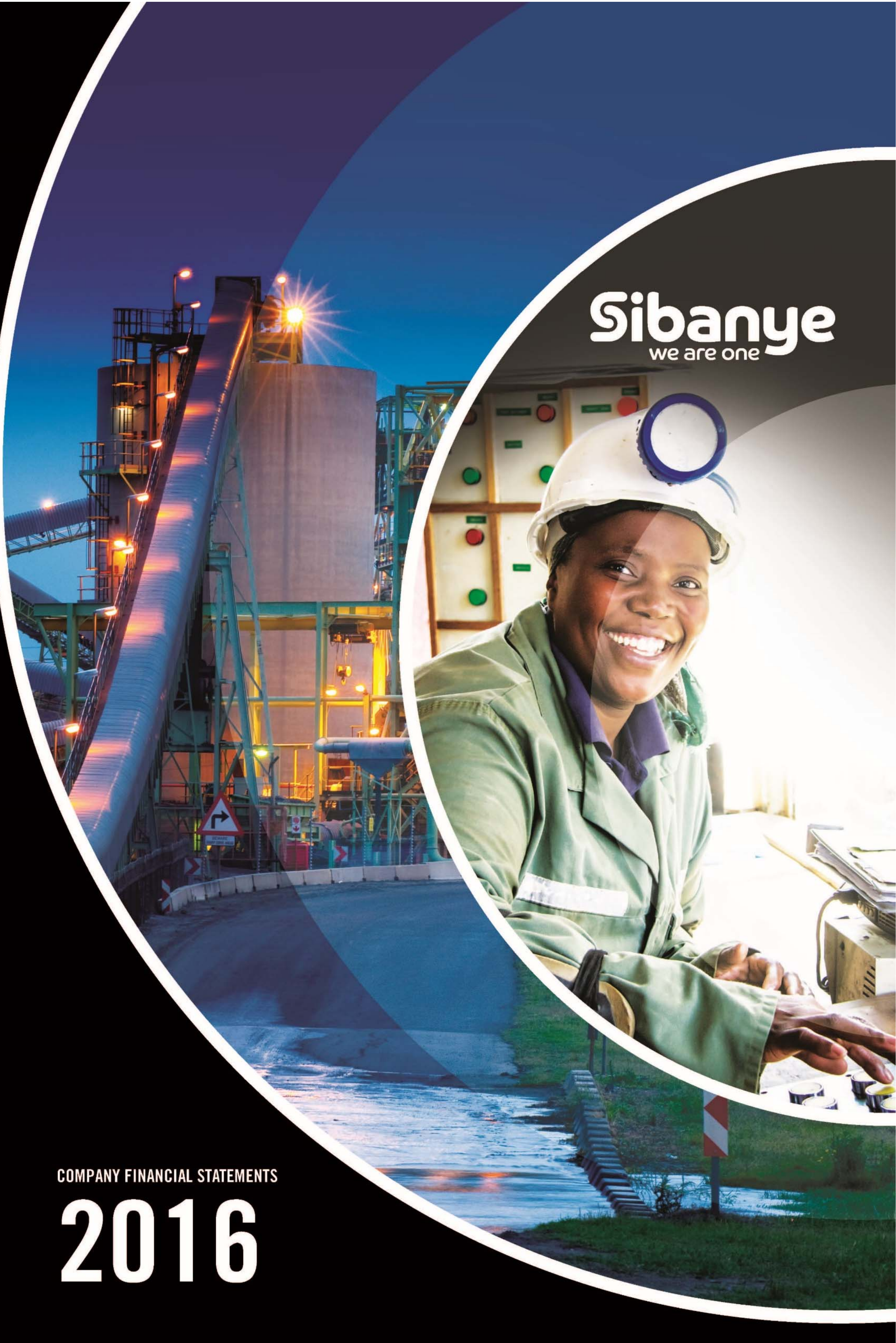


COMPANY FINANCIAL STATEMENTS

2016

FORWARD-LOOKING STATEMENTS

This document includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “target”, “will”, “would”, “expect”, “anticipate”, “plans”, “potential”, “can”, “may” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters.

These forward-looking statements, including, among others, those relating to Sibanye’s future business prospects, revenues and income, expected timings of the Stillwater transaction (the Stillwater Transaction) (including completion), potential Transaction benefits (including statements regarding growth and cost savings) or information related to the Blitz Project, wherever they may occur in this document and the exhibits to this document, are necessarily estimates reflecting the best judgement of the senior management and directors of Sibanye, and involve a number of known and unknown risks and uncertainties that could cause actual results, performance or achievements of the Company to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this document. Important factors that could cause the actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation, economic, business, political and social conditions in South Africa, Zimbabwe and elsewhere; changes in assumptions underlying Sibanye’s estimation of its current Mineral Reserves and Resources; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, as well as at existing operations; the ability of Sibanye to successfully integrate acquired businesses and operations (whether in the gold mining business or otherwise) into its existing businesses; Sibanye’s or Stillwater’s ability to complete the proposed Transaction; the inability to complete the proposed Transaction due to failure to obtain approval of the shareholders of Sibanye or Stillwater or other conditions in the merger agreement; Sibanye’s ability to achieve anticipated efficiencies and other cost savings in connection with the Transaction; the success of Sibanye’s business strategy and changes thereto, exploration and development activities; the ability of Sibanye to comply with requirements that it operate in a sustainable manner; changes in the market price of gold, platinum group metals (PGMs) and/or uranium; the occurrence of hazards associated with underground and surface gold, PGMs and uranium mining; the occurrence of labour disruptions and industrial action; the availability, terms and deployment of capital or credit; changes in relevant government regulations, particularly environmental tax health and safety regulations and new legislation affecting water, mining, mineral rights and business ownership, including any interpretations thereof which may be subject to dispute; the outcome and consequence of any potential or pending litigation or regulatory proceedings or other environmental, health and safety issues; power disruptions, constraints and cost increases; supply chain shortages and increases in the price of production inputs; fluctuations in exchange rates, currency devaluations, inflation and other macro-economic monetary policies; the occurrence of temporary stoppages of mines for safety incidents and unplanned maintenance; Sibanye’s ability to hire and retain senior management or sufficient technically skilled employees, as well as its ability to achieve sufficient representation of historically disadvantaged South Africans’ in its management positions; failure of Sibanye’s information technology and communications systems; the adequacy of Sibanye’s insurance coverage; any social unrest, sickness or natural or man-made disaster at informal settlements in the vicinity of some of Sibanye’s operations; and the impact of HIV, tuberculosis and other contagious diseases. Further details of potential risks and uncertainties affecting Sibanye are described in Sibanye’s filings with the JSE and the SEC, including in Sibanye’s Annual Report on Form 20-F, for the year ended 31 December 2016, when filed with the SEC. These forward-looking statements speak only as of the date of this document.

The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

ADDITIONAL INFORMATION ON THE STILLWATER TRANSACTION AND WHERE TO FIND IT

This document does not constitute the solicitation of any vote, proxy or approval. In connection with the proposed Transaction, Sibanye has posted to its shareholders a JSE Limited (JSE) Category 1 circular and Stillwater has filed with the Securities and Exchange Commission (the SEC) relevant materials, including a proxy statement. The JSE Category 1 circular and other relevant documents have been sent or otherwise disseminated to Sibanye’s shareholders and contain important information about the proposed Transaction and related matters. SHAREHOLDERS OF SIBANYE ARE ADVISED TO READ THE JSE CATEGORY 1 CIRCULAR AND OTHER RELEVANT DOCUMENTS, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. The proxy statement and other relevant documents have been sent or otherwise disseminated to Stillwater’s shareholders and contain important information about the proposed Transaction and related matters. SHAREHOLDERS OF STILLWATER ARE ADVISED TO READ THE PROXY STATEMENT THAT HAS BEEN FILED AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Sibanye shareholders may obtain free copies of the JSE Category 1 circular by going to Sibanye’s website at www.sibanyegold.co.za. The proxy statement and other relevant documents may also be obtained, free of charge, on the SEC’s website (http://www.sec.gov). Stillwater shareholders may obtain free copies of the proxy statement from Stillwater by going to Stillwater’s website at www.stillwatermining.com.

PARTICIPANTS IN THE SOLICITATION

Sibanye, Stillwater and their respective directors and officers may be deemed participants in the solicitation of proxies of Sibanye’s and Stillwater’s respective shareholders in connection with the proposed Transaction. Sibanye’s shareholders and other interested persons may obtain, without charge, more detailed information regarding the directors and officers of Sibanye in Sibanye’s Annual Report on Form 20-F, for the year ended 31 December 2016, when filed with the SEC. Stillwater’s shareholders and other interested persons may obtain, without charge, more detailed information regarding the directors and officers of Stillwater in Stillwater’s Annual Report on Form 10-K for the fiscal year ended 31 December 2016, which was filed with the SEC on 16 February 2017. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed Transaction is included in the proxy statement that Stillwater has filed with the SEC.

NO OFFER OR SOLICITATION

This document is for informational purposes only and does not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States or any other jurisdiction. Any securities referred to herein that are being offered outside of the United States have not been, and will not be, registered under the U.S. Securities Act of 1933 and may not be offered, exercised or sold in the United States absent registration or an applicable exemption from registration requirements. The public offering of securities currently intended by the issuer to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company, its management and financial statements.

CONTENTS

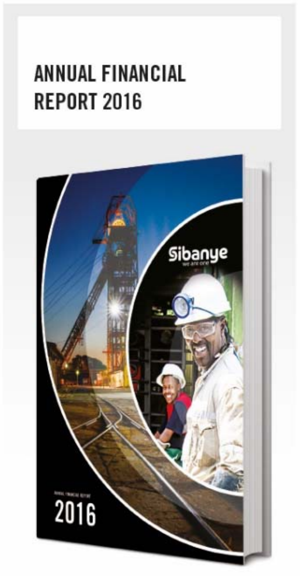
ACCOUNTABILITY

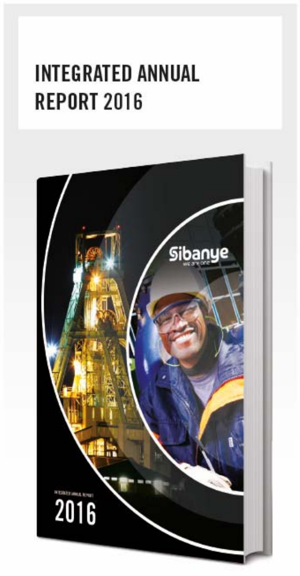
The audited company financial statements for the year ended 31 December 2016 have been prepared by Sibanye's group financial reporting team headed by Alicia Brink. This process was supervised by the Company's CFO, Charl Keyter and authorised for issue by Sibanye's Board of Directors on 30 March 2017.

COMPANY FINANCIAL STATEMENTS

ADMINISTRATIVE DETAILS

This report should be read in conjunction with the **Annual Financial Statements 2016**, **Integrated Annual Report 2016**, **Summarised Report 2016 and Notice of Annual General Meeting**, and **Mineral Resources and Mineral Reserves Report 2016**.





These reports collectively cover the operational, financial and non-financial performance of the operations and activities of Sibanye Gold Limited and it's subsidiaries and provide stakeholders with transparent insight into our strategy, our business and our performance over the past year. No separate sustainable development report is produced as this information is presented in the integrated report. These reports also take note of any material events that have arisen between year-end and the date of their approval by the Board. In addition, we also produce an annual report, the Form 20-F, that is filed with the US Securities and Exchange Commission. In producing this suite of reports and the Form 20-F, Sibanye complies with the requirements of the exchanges on which it is listed, namely the JSE and the NYSE.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation and fair presentation of the company financial statements of Sibanye Gold Limited (Sibanye or Company), comprising the company statement of financial position at 31 December 2016, and company income statement and company statements of changes in equity and cash flows for the year then ended, and the notes to the company financial statements, which include a summary of significant accounting policies, and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements.

In addition, the directors are responsible for preparing the directors' report.

The directors consider that, in preparing the company financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been complied with for the financial year ended 31 December 2016. The directors are satisfied that the information contained in the company financial statements fairly presents the results of operations for the year and the financial position of the Company at year end. The directors are responsible for the information included in the annual financial report, and are responsible for both its accuracy and its consistency with the company financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Company to enable the directors to ensure that the company financial statements comply with the relevant legislation.

The Company operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and the material risks facing the business are being controlled.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that Sibanye and its subsidiaries will not be going concerns in the year ahead.

Sibanye has adopted a Code of Ethics, applicable to all directors and employees, which is available on Sibanye's website.

The Company's external auditors, KPMG Inc. audited the company financial statements. For their report, see *Accountability–Independent auditor's report*.

The company financial statements were approved by the Board of Directors and are signed on its behalf by:

Neal Froneman
Chief Executive Officer

Charl Keyter
Chief Financial Officer
30 March 2017

COMPANY SECRETARY'S CONFIRMATION

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

Cain Farrel
Company Secretary
30 March 2017

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has formal terms of reference which are updated on an annual basis. The Board is satisfied that the Audit Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, King III and the JSE Listings Requirements.

The Audit Committee consisted of four independent non-executive directors throughout the financial year.

The Board believes that the members collectively possess the knowledge and experience to supervise Sibanye's financial management, internal and external auditors, the quality of Sibanye's financial controls, the preparation and evaluation of Sibanye's company financial statements and Sibanye's financial reporting.

The Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures. However, this is not a guarantee that such risks are eliminated.

It is the duty of the Audit Committee, *inter alia*, to monitor and review:

- the effectiveness of the internal audit function; findings and the appointment of external auditors; reports of both internal and external auditors;
- evaluation of the performance of the CFO;
- the governance of information technology (IT) and the effectiveness of the Company's information systems;
- interim and annual financial and operating reports, the consolidated annual financial statements, the separate company financial statements and all other widely distributed financial documents;
- the Form 20-F filing with the SEC;
- accounting policies of the Company and proposed revisions;
- compliance with applicable legislation, requirements of appropriate regulatory authorities and Sibanye's Code of Ethics;
- the integrity of the annual financial report and associated reports (by ensuring that its content is reliable and recommending it to the Board for approval); and
- policies and procedures for preventing and detecting fraud.

Internal and external auditors have unrestricted access to the Audit Committee, the Audit Committee Chairman and the Chairman of the Board, ensuring that auditors are able to maintain their independence. Both the internal and external auditors report at Audit Committee meetings. The Audit Committee also meets with both internal and external auditors separately without other invitees being present. Management may attend the Audit Committee meetings by invitation.

The Audit Committee is responsible for recommending the appointment of an independent firm of external auditors to the Board who will in turn recommend the appointment to the shareholders.

The Audit Committee is also responsible for determining that the designated appointee has the necessary independence, experience, qualifications and skills, and that audit and other fees are reviewed and approved.

The Audit Committee has reviewed and assessed the independence of the external auditor, and has confirmed in writing that the criteria for independence, as set out in the rules of the Independent Regulatory Board for Auditors and international bodies, have been followed. The Audit Committee is satisfied that KPMG Inc. is independent of the Company.

The Audit Committee approves the annual audit plan presented by the external auditors and monitors progress against the plan. The audit plan provides the Audit Committee with the necessary assurance on risk management, internal control environments and IT governance. The Audit Committee recommends that KPMG Inc. is reappointed for the 2017 financial year with Jacques Erasmus as the designated group audit engagement partner.

The Audit Committee has satisfied itself that both KPMG Inc. and Jacques Erasmus are accredited in terms of the JSE Listings Requirements.

The internal control systems of the Company are monitored by internal auditors who report their findings and recommendations to the Audit Committee and to senior management. The Audit Committee determines the purpose, authority and responsibility of the internal audit function (Internal Audit) in an Internal Audit Charter. The internal audit function is headed by the Vice President: Internal Audit, who may be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the incumbent Vice President: Internal Audit has the requisite skills and experience and that she is supported by a sufficient staff complement with appropriate skills and training.

Sibanye's Internal Audit operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors. The internal audit activities carried out during the year were identified through a combination of the Sibanye Risk Management framework and the risk-based methodologies adopted by Internal Audit. The Audit Committee approves the annual internal audit assurance plan presented by Internal Audit and monitors progress against the plan.

Internal Audit reports deficiencies to the Audit Committee every quarter together with recommended remedial actions, which are then followed up. Internal Audit provided the Audit Committee with a written report, which assessed as adequate the internal controls over financial reporting, IT governance and the risk management process during 2016.

The Audit Committee is responsible for IT governance on behalf of the Board and reviews the report of the IT Senior Manager at each meeting.

The Audit Committee evaluated the expertise and performance of the CFO during 2016. It is satisfied that he has the appropriate expertise and experience to carry out his duties as the CFO of the Company, and is supported by qualified and competent senior staff.

AUDIT COMMITTEE STATEMENT

Based on information from, and discussions with, management and external auditors, the Audit Committee has no reason to believe that there were any material breakdowns in the design and operating effectiveness of internal financial controls during the year and that the financial records may be relied upon as the basis for preparation of the company financial statements.

The Audit Committee has considered and discussed these company financial statements with both management and the external auditors.

During this process, the Audit Committee:

- evaluated significant judgements and reporting decisions;
- determined that the going-concern basis of reporting is appropriate;
- evaluated the material factors and risks that could impact on the annual financial report and associated reports;
- evaluated the completeness of the financial and sustainability discussion and disclosures; and
- discussed the treatment of significant and unusual transactions with management and the external auditors.

The Audit Committee considers that the company financial report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the company financial statements and that the company financial statements comply in all material respects with IFRS, as issued by the IASB, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements. The Audit Committee has recommended to the Board that the company financial statements be adopted and approved by the Board.

Keith Rayner CA(SA)
Chairman: Audit Committee
30 March 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors have pleasure in submitting this report and the Company's financial statements for the year ended 31 December 2016.

PROFILE

BUSINESS OF THE COMPANY

Sibanye is a producer of gold and a major holder of gold resources and reserves in South Africa. The Company is primarily involved in underground and surface gold-mining and related activities, including extraction, and processing. During the year the Company acquired interests in PGM operations (see *Company financial statements–Notes to the company financial statements–Note 11: Investment in subsidiaries*). All of the Company's operations are located in South Africa. At 31 December 2016, Sibanye held gold mineral reserves of 28.7Moz (2015: 23.2Moz) and resources of 102.0Moz (2015: 61.6Moz).

FINANCIAL RESULTS

The information on the financial position of the Company for the year ended 31 December 2016 is set out in the company financial statements including the notes, which appear elsewhere in this company financial report. The income statement for the Company shows a loss of R1,359 million for the year ended 31 December 2016 compared with profit of R1,761 million in 2015.

DIRECTORATE

COMPOSITION OF THE BOARD

There were no changes to the composition of the Board.

ROTATION OF DIRECTORS

Directors retiring in terms of the Company's MOI are Chris Chadwick, Robert Chan, Tim Cumming, Charl Keyter and Sello Moloko.

All the directors are eligible and offer themselves for re-election.

The directors of various subsidiaries of the Company comprise some of the executive officers and one of the executive directors, where appropriate.

DIRECTORS' AND OFFICERS' DISCLOSURE OF INTERESTS IN CONTRACTS

As of the date of this report, none of the directors, officers or major shareholders of Sibanye or, to the knowledge of Sibanye's management, their families, had any interest, direct or indirect, in any transaction during the last fiscal year or in any proposed transaction which has affected or will materially affect Sibanye or its investment interests or subsidiaries. None of the directors or officers of Sibanye or any associate of such director or officer is currently or has been at any time during the past fiscal year materially indebted to Sibanye.

For related party information, see *Company financial statements–Notes to the company financial statements–Note 28: Related-party transactions*.

FINANCIAL AFFAIRS

DIVIDEND POLICY

Sibanye's dividend policy is to return at least 25% to 35% of normalised earnings to shareholders and after due consideration of future requirements the dividend may be increased beyond these levels. Normalised earnings are defined as profit for the year excluding gains and losses on foreign exchange differences and financial instruments, non-recurring items, and share of results of equity-accounted investees after tax.

For the year under review, the Company paid a total dividend of R1,611 million compared with R658 million in 2015.

On 23 February 2017, a final dividend in respect of the six months ended 31 December 2016 of 60 SA cents per share was approved by the Board, resulting in a total dividend of 145 SA cents per share for the year ended 31 December 2016.

BORROWING POWERS

In terms of Clause 4 of the Company's MOI, the borrowing powers of the Company are unlimited. As at 31 December 2016, the borrowings of the Company, was R7,219 million (2015: R1,962 million), see *Company financial statements–Notes to the company financial statements–Note 19: Borrowings*.

Sibanye is subject to financial and other covenants and restrictions under its credit facilities from time to time. Such covenants may include restrictions on Sibanye incurring additional financial indebtedness and obligations to maintain certain financial covenant ratios for as long as any amount is outstanding under such facilities.

SIGNIFICANT ANNOUNCEMENTS

SIBANYE AND THE WATERBERG COAL GROUP TERMINATE DISCUSSIONS – 25 FEBRUARY 2016

Sibanye and Waterberg Coal Company Limited, Firestone Energy Limited, Sekoko Resources Proprietary Limited and Sekoko Coal Proprietary Limited (collectively the Waterberg Coal Group) were unable to agree on revised terms post completion of the due diligence, and accordingly all discussions were terminated.

FINALISATION ANNOUNCEMENT OF THE AQUARIUS TRANSACTION – 22 MARCH 2016

In accordance with the implementation agreement signed in October 2015, Sibanye and Aquarius agreed that the conditions fulfilment date was set as 24 March 2016. On the conditions fulfilment date, the parties confirmed that all of the conditions required for the transaction to proceed were satisfied and exchanged executed copies of the amalgamation agreement, as well as other documentation required for the transaction to become effective.

SIBANYE BOOSTS EDUCATION WITH A R6.2 MILLION FACILITY IN THE FREE STATE – 5 JULY 2016

Sibanye financed and delivered a state-of-the-art, multi-purpose hall, to the Free State Department of Education as per its Social and Labour Plan agreements. The project is a R6.2 million investment that will benefit learners and community members in and around the town of Theunissen in the Free State, within the Masilonyana Local Municipality.

SIBANYE GOLD ENTERS INTO FURTHER SECTION 189 CONSULTATIONS ON THE FUTURE OF THE COOKE 4 OPERATION – 11 JULY 2016

In September 2014, due to historical operational underperformance, Sibanye entered into a period of consultation with relevant stakeholders which, in November 2014, resulted in the stakeholders agreeing to implement specific measures to return the operation to profitability and thereby minimise job losses. Despite intense monitoring and interventions by a joint management and labour committee over the 17 months since the previous section 189 consultation was concluded, the Cooke 4 Operation continued to fall short of production targets and losses continued to accumulate.

In view of the sustained losses at the Cooke 4 Operation and considering the extensive efforts to improve productivity and reduce the operation's cost structures, Sibanye gave notice in terms of section 189A of the Labour Relations Act 66 of 1995.

SIBANYE TAKES OWNERSHIP OF THE RUSTENBURG PLATINUM MINES AND IMPLEMENTS MANAGEMENT CHANGES – 1 NOVEMBER 2016

On 19 October 2016, Sibanye announced that the acquisition, by Sibanye Rustenburg Platinum Mines Proprietary Limited (SRPM) from RPM, of the Rustenburg Operations, was unconditional. This followed, amongst other things, the granting of consent in terms of section 11 of the Mineral and Petroleum Resources Development Act, 2002 for the sale by RPM of the Mining Right and the Prospecting Right to SRPM.

The acquisition of the Rustenburg Operations became effective on 1 November 2016. The Rustenburg Operations Transaction was fully implemented, following settlement of the initial upfront purchase price of R1.5 billion in cash, from Sibanye's existing cash resources and debt facilities.

The BBBEE ownership of SRPM was also agreed and implemented with effect from 1 November 2016 such that Sibanye holds 74% of SRPM, with the remaining 26% held through Newshelf 1335 Proprietary Limited (BBBEE SPV). The shareholders of BBBEECo SPV are Rustenburg Mine Employees Trust (30.4%), Rustenburg Mine Community Development Trust (24.8%) Bakgatla-Ba-Kgafela Investment Holdings (24.8%) and Siyanda Resources Proprietary Limited (20.0%).

SIBANYE ANNOUNCES PROPOSED ACQUISITION OF STILLWATER MINING COMPANY – 9 DECEMBER 2016

Sibanye reached a definitive agreement to acquire Stillwater for US$18/share in cash, or US$2.2 billion in aggregate (approximately R30 billion). The consideration represents a premium of 23% to Stillwater's prior day closing share price, and 20% to Stillwater's 20-day volume-weighted average closing share price.

GOING CONCERN

The company financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors believe that the Company has adequate resources to continue as a going concern for the foreseeable future.

For further details on the Company's liquidity position at 31 December 2016 and the potential impact of the Stillwater Transaction on the Company's liquidity position, see *Company financial statements–Notes to the company financial statements–Note 25.2 Risk management activities.*

LITIGATION

The Company provides occupational healthcare services to its employees through its existing facilities at the various operations. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. Any such increased cost has not yet been quantified. The costs are however also mitigated by advances in technology relating to occupational health. The Company is monitoring developments in this regard.

The principal health risks associated with Sibanye's mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Sibanye's workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD) as well as noise induced hearing loss. The Occupational Diseases in Mines and Works Act, 78 of 1973, or ODMWA, governs the compensation paid to mining employees who contract certain illnesses, such as silicosis. Recently, the South African Constitutional Court ruled that a claim for compensation under ODMWA does not prevent an employee from seeking compensation from its employer in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation, need to be proved on a case by case basis, it is possible that such ruling could expose Sibanye to individual or class action claims related to occupational hazards and diseases (including silicosis). If Sibanye were to face a significant number of such claims and the claims were suitably established against it, the payments of compensation for the claims could have a material adverse effect on Sibanye's results of operations and financial position. In addition, Sibanye may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

On 21 August 2012, a court application was served on a group of respondents that included Sibanye (the August Respondents). On 21 December 2012, a further court application was issued and was formally served on a number of respondents, including Sibanye (the December Respondents) and, again on 10 January 2013, both the August Respondents and the December Respondents (together the Respondents), on behalf of current and former mine workers, and their dependents, of, amongst others, Sibanye and who allegedly contracted silicosis and/or other occupational lung diseases (OLD) (the Class). The court application of 21 August 2012 and 21 December 2012 are together referred to below as the Applications.

Sibanye filed a notice of its intention to oppose the applications and its attorneys to defend the claims.

These Applications requested that the court:

1. As a first phase, certify a class action to be instituted by the applications on behalf of the class, as defined.
2. As a second phase, split the class, as defined into smaller classes based on common legal and factual issues. The Respondents are of the view that the definition of the class in the first phase and the proposed process involving the second phase are contrary to South African legal precedent.
3. In the last phase, bring action wherein they will attempt to hold the respondents liable for silicosis and other OLD and resultant consequences.

The Applications do not identify the number of claims that may be instituted against the Respondents or the quantum of damages that the applicants may seek.

The Applications were heard during the weeks of 12 and 19 October 2015. Judgement was handed down certifying a class action to be instituted.

Anglo American South Africa, Anglo Gold Ashanti Limited, Gold Fields Limited (Gold Fields), Harmony Gold Mining Company Limited and Sibanye announced in November 2014 that they have formed a gold mining industry working group to address issues relating to the compensation and medical care for OLD in the gold mining industry in South Africa. Essentially, the companies are seeking a comprehensive and sustainable solution which deals both with the legacy compensation issues and future legal frameworks which, while being fair to employees, also ensures the future sustainability of companies in the industry.

The companies have engaged all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

On 13 May 2016, the High court ruled in favour of the applicants and found that there were sufficient common issues to certify two industry-wide classes: (i) a silicosis class comprising current and former mine workers who have contracted silicosis and the dependents of mine workers who have died of silicosis; and (ii) a tuberculosis class comprising current and former mine workers who have worked on the mines for a period of not less than two years and who have contracted pulmonary tuberculosis and the dependents of deceased mine workers who died of pulmonary tuberculosis. The High court ordered a two-stage process in the class action: (i) resolve common issues and allow individuals to opt out, and (ii) allow the individuals to opt in to the class to make claims against the Respondents. The High court also decided that claims for general damages will transmit to the estate of the deceased mine worker who dies after the date of filing of the certification application.

On 3 June 2016, Sibanye and the other Respondents filed an application with the High Court for leave to appeal to the Supreme Court of Appeal. Arguments in the application for leave to appeal were heard on 23 June 2016. On 24 June 2016, leave to appeal was (i) granted in respect of the transferability of general damages claims but (ii) denied in respect of certification of silicosis and tuberculosis classes. On 15 July 2016, Sibanye and the other Respondents each filed petitions with the supreme Court of Appeal for leave to appeal against the certification of the two separate classes for silicosis and tuberculosis.

On 21 September 2016, the Supreme Court of Appeal granted the Respondents leave to appeal against all aspects of the class certification judgement of the High Court delivered in May 2016. The appeal record has been filed.

At this stage, Sibanye can neither quantify the potential liability from the action due to the inherent legal and factual uncertainties with respect to the pending claims and other claims not yet filed against the Company nor can the length of time until finalisation or quantum be estimated.

ADMINISTRATION

Cain Farrel was appointed Company Secretary of Sibanye with effect from 1 January 2013.

With effect from 11 February 2013, Computershare Investor Services Proprietary Limited became the Company's South African transfer secretaries and Capita Asset Services became the United Kingdom registrars of the Company.

AUDITORS

The Audit Committee has recommended to the Board that KPMG Inc. continues in office in accordance with section 90(1) of the Companies Act and in terms of the JSE Listings Requirements. Jacques Erasmus is the designated group audit engagement partner, accredited by the JSE, for Sibanye.

SUBSIDIARY COMPANIES

For details of major subsidiary companies in which the Company has a direct or indirect interest, see *Company financial statements–Notes to the company financial statements–Note 11: Investment in subsidiaries*.

SHARE CAPITAL STATEMENT

AUTHORISED AND ISSUED

At the shareholder's meeting held on 21 November 2012 (Gold Fields being the sole shareholder) the Company's authorised and issued share capital each consisting of 1,000 par value shares of R1.00 each was converted into 1,000 ordinary shares with no par value. The authorised share capital was increased by the creation of a further 999,999,000 ordinary no par value shares, each ranking pari passu in all respects with the existing no par value shares in the Company's share capital so as to result in the Company's authorised share capital being 1,000,000,000 ordinary no par value shares. As at 31 December 2012 the authorised share capital was 1,000,000,000 ordinary no par value shares and the issued share capital was 1,000 ordinary no par value shares.

On 1 February 2013, prior to the unbundling of Sibanye from Gold Fields on 18 February 2013, Gold Fields subscribed for a further 731,647,614 shares in Sibanye for R17,246 million.

The authorised share capital was increased to 2,000,000,000 during the year ended 31 December 2015 and as of 31 December 2015, the authorised share capital was 2,000,000,000 ordinary no par value shares and the issued share capital was 916,140,552 ordinary no par value shares.

During 2016, the Company issued 12,863,790 shares as part of the Sibanye Gold Limited 2013 Share Plan.

As at 31 December 2016, the authorised share capital was 2,000,000,000 ordinary no par value shares and the issued share capital was 929,004,342 ordinary no par value shares.

In terms of the general authority granted at the shareholder's meeting on 24 May 2016, the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company as at 31 December 2015, after setting aside so many ordinary shares as may be required to be allotted and issued pursuant to the share incentive scheme, was placed under the control of the directors.

This authority expires at the next AGM where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary share capital of the Company representing not more than 5% of the issued share capital of the Company from time to time.

REPURCHASE OF SHARES

The Company has not exercised the general authority granted to buy back shares from its issued ordinary share capital granted at the shareholders' meeting held on 24 May 2016.

At the next AGM, shareholders will be asked to approve the general authority for the acquisition by the Company, or a subsidiary of the Company, of its own shares.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SIBANYE GOLD LIMITED

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the separate financial statements of Sibanye Gold Limited ("the Company') set out on pages 13 to 50, which comprise the statement of financial position as at 31 December 2016, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Sibanye Gold Limited as at 31 December 2016, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT OF INVESTMENT IN SUBSIDIARY AND LOAN TO SUBSIDIARIES

Refer to notes 7, 11 and 28 to the financial statements.

The key audit matter

The Company has a 76% shareholding in Newshelf 1114 Proprietary Limited (Newshelf), which in turn owns 100% of Rand Uranium Proprietary Limited (Rand Uranium) and Ezulwini Proprietary Limited (Ezulwini) (together referred to the Cooke Operations). An impairment indicator relating to the investment in Newshelf and the loans receivable from Newshelf and Rand Uranium was identified. The impairment indicators related to operational difficulties being experienced by Rand Uranium and Ezulwini, continued rising operational costs and the decrease in the Rand gold price.

As the Cooke operations continued to fall short of production targets and losses continued to accumulate, the Company impaired the investment in and loan receivable from Newshelf by R709 million and R2.8 billion respectively. The Company also impaired the loan receivable from Rand Uranium by R1.1 billion. These impairment were based on estimated negative future cash flows from these subsidiaries.

The impairments of Newshelf and the Cooke Operations were considered to be a key audit matter due to the significant judgement required in determining the recoverable values of the related assets.

How the matter was addressed in our audit

Our procedures related to the impairment of the investment and loans receivable included, amongst other:

- evaluating the Company's assumptions and estimates used to determine the recoverable values of the investment and loans receivable, including those in the life-of-mine plan in respect of the Cooke Operations. These assumptions and estimates include the Rand gold price, operating and capital expenditure, discount rate and foreign currency exchange rates used in determining the recoverable values;
- assessing the design and operating effectiveness of controls over management's review of the abovementioned assumptions;
- challenging these assumptions by comparing to external benchmarks, as well as evaluating the accuracy of the modeling process by comparing past estimates to actual results and evaluating the assumptions based on our knowledge of the subsidiary's operations and its industry;
- performing sensitivity analyses to consider the impact of changes in assumptions and estimates;
- assessing the adequacy of the Company's disclosures in respect of the impairment recorded, including those disclosures related to the disclosure of significant accounting judgments and estimates used to determine the recoverable values.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Company secretary's confirmation, Report of the audit committee, and the Directors' report as required by the Companies Act of South Africa, and the Statement of responsibility by the board of directors, the Share capital statement, Administrative and corporate information and the Integrated Annual Report. Other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the accounting authority determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT continued

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Sibanye Gold Limited for seven years.

KPMG Inc.
Per Jacques Erasmus
Chartered Accountant (SA)
Registered Auditor
Director
30 March 2017

85 Empire Road
Parktown
2193
Gauteng
South Africa

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

Figures in million - SA rand	Notes	2016	2015	2014
Revenue	3	**24,175.9**	19,742.9	19,898.5
Cost of sales	4	**(17,392.5)**	(16,317.5)	(15,540.4)
Net operating profit		**6,783.4**	3,425.4	4,358.1
Interest income	13	**277.4**	242.2	172.6
Finance expense	5	**(586.7)**	(396.8)	(328.8)
Share-based payments	6	**(240.8)**	(247.4)	(368.8)
Loss on financial instruments		**(931.9)**	(56.0)	(82.1)
Gain on foreign exchange differences		**191.7**	0.9	8.8
Other income		**7.8**	1.1	19.9
Other costs		**(180.7)**	(126.3)	(169.6)
Impairments	7	**(4,700.2)**	-	(504.4)
Gain on disposal of property, plant and equipment	10	**80.7**	49.0	4.7
Restructuring costs		**(121.1)**	(67.2)	(120.7)
Transaction costs		**(84.7)**	(25.7)	(81.9)
Net loss on derecognition of financial guarantee asset and liability		**-**	(158.3)	-
Reversal of impairment		**-**	-	474.1
Profit before royalties and tax		**494.9**	2,640.9	3,381.9
Royalties	8.1	**(512.4)**	(383.9)	(422.1)
(Loss)/profit before tax		**(17.5)**	2,257.0	2,959.8
Mining and income tax	8.2	**(1,341.7)**	(496.4)	(848.3)
(Loss)/profit for the year		**(1,359.2)**	1,760.6	2,111.5

The Company does not have other comprehensive income, therefore no statement of comprehensive income is presented.

The accompanying notes form an integral part of these company financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

Figures in million - SA rand	Notes	2016	2015	2014
ASSETS				
Non-current assets		**26,068.7**	23,570.5	23,807.8
Property, plant and equipment	10	**14,996.8**	14,878.6	15,395.1
Investment in subsidiaries	11	**6,479.0**	1,201.6	1,196.9
Investment in associates	12	**5.0**	5.0	5.0
Investments		**145.5**	145.5	145.5
Related party loans	28	**2,250.4**	5,335.8	5,029.7
Environmental rehabilitation obligation funds	13	**2,178.2**	2,004.0	1,810.1
Other receivable	14	**13.8**	-	-
Financial guarantee asset		**-**	-	225.5
Current assets		**4,120.7**	3,470.2	2,146.5
Inventories	15	**93.6**	45.3	19.8
Trade and other receivables	16	**1,265.9**	1,380.1	779.9
Other receivables	14	**68.6**	-	-
Related party receivable	28	**2,353.1**	1,926.4	1,206.3
Financial guarantee asset		**-**	-	57.1
Cash and cash equivalents	17	**339.5**	118.4	83.4
Total assets		**30,189.4**	27,040.7	25,954.3
EQUITY AND LIABILITIES				
Total equity		**13,095.6**	15,893.4	14,671.9
Stated share capital	18	**21,734.6**	21,734.6	21,734.6
Share-based payment reserve		**2,680.9**	2,508.9	2,389.9
Accumulated loss		**(11,319.9)**	(8,350.1)	(9,452.6)
Non-current liabilities		**12,074.6**	5,237.4	7,289.8
Borrowings	19	**6,469.0**	-	1,481.4
Environmental rehabilitation obligation	20	**1,841.8**	1,579.7	1,759.6
Post-retirement healthcare obligation		**16.3**	16.1	14.9
Share-based payment obligations	6	**-**	118.5	325.7
Deferred tax liabilities	8.3	**3,747.5**	3,523.1	3,708.2
Current Liabilities		**5,019.2**	5,909.9	3,992.6
Borrowings	19	**749.5**	1,961.6	498.1
Share-based payment obligations	6	**204.5**	395.7	18.0
Trade and other payables	21	**2,090.9**	2,077.5	1,932.3
Tax and royalties payable	24	**50.9**	129.9	80.6
Related party payables	28	**1,923.4**	1,345.2	1,266.6
Financial guarantee liability		**-**	-	197.0
Total equity and liabilities		**30,189.4**	27,040.7	25,954.3

The accompanying notes form an integral part of these company financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Figures in million - SA rand	Notes	Stated share capital	Share-based payment reserve	Accumulated loss	Total Equity
Balance at 31 December 2013		**17,245.8**	**2,214.1**	**(10,558.9)**	**8,901.0**
Total comprehensive income for the year		-	-	2,111.5	**2,111.5**
Profit for the year		-	-	2,111.5	**2,111.5**
Share-based payments	6	-	175.8	-	**175.8**
Dividends paid	9	-	-	(1,005.2)	**(1,005.2)**
Shares issued	18	4,488.8	-	-	**4,488.8**
Balance at 31 December 2014		**21,734.6**	**2,389.9**	**(9,452.6)**	**14,671.9**
Total comprehensive income for the year		-	-	1,760.6	**1,760.6**
Profit for the year		-	-	1,760.6	**1,760.6**
Share-based payments	6	-	119.0	-	**119.0**
Dividends paid	9	-	-	(658.1)	**(658.1)**
Balance at 31 December 2015		**21,734.6**	**2,508.9**	**(8,350.1)**	**15,893.4**
Total comprehensive income for the year		-	-	(1,359.2)	**(1,359.2)**
Loss for the year		-	-	(1,359.2)	**(1,359.2)**
Share-based payments	6	-	172.0	-	**172.0**
Dividends paid	9	-	-	(1,610.6)	**(1,610.6)**
Balance at 31 December 2016		**21,734.6**	**2,680.9**	**(11,319.9)**	**13,095.6**

The accompanying notes form an integral part of these company financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

Figures in million - SA rand	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated by operations	22	**9,356.0**	6,119.1	6,927.5
Post-retirement health care payments		**(1.2)**	(0.2)	(2.3)
Cash-settled share-based payments paid	6	**(1,324.4)**	(38.9)	(142.7)
Change in working capital	23	**591.8**	(1,124.1)	(205.6)
		8,622.2	4,955.9	6,576.9
Interest received		**58.8**	127.1	65.6
Interest paid		**(429.9)**	(254.1)	(192.2)
Royalties paid	24.1	**(539.4)**	(372.7)	(649.4)
Tax paid	24.2	**(1,169.3)**	(643.4)	(1,335.9)
Dividends paid	9	**(1,610.6)**	(658.1)	(1,005.2)
Guarantee fee received		**-**	9.6	53.6
Guarantee release fee		**-**	(61.4)	-
Net cash from operating activities		**4,931.8**	3,102.9	3,513.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	10	**(3,043.4)**	(2,728.1)	(2,939.8)
Proceeds on disposal of property, plant and equipment	10	**81.6**	60.6	14.2
Investment in subsidiaries	11	**(6,000.0)**	-	(415.3)
Loan advanced to equity-accounted investee		**(1.9)**	(3.0)	(384.6)
Loan repaid by equity-accounted investee		**-**	20.9	-
Contributions to environmental rehabilitation obligation funds	13	**(34.4)**	(75.2)	(67.3)
Payment of environmental rehabilitation obligation	20	**-**	(0.3)	(10.9)
Related-party loans repaid	28	**(1,396.5)**	(413.1)	(1,168.0)
Related-party loans raised	28	**238.1**	91.2	424.4
Net cash used in investing activities		**(10,156.5)**	(3,047.0)	(4,547.3)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans raised	19	**14,353.5**	1,552.0	1,623.6
Loans repaid	19	**(8,907.7)**	(1,572.9)	(1,639.0)
Net cash from/(used in) financing activities		**5,445.8**	(20.9)	(15.4)
Net increase/(decrease) in cash and cash equivalents		**221.1**	35.0	(1,049.3)
Cash and cash equivalents at beginning of the year		**118.4**	83.4	1,132.7
Cash and cash equivalents at end of the year	17	**339.5**	118.4	83.4

The accompanying notes form an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate (company) financial statements are set out below. Where an accounting policy is specific to a note, the policy is described in the note which it relates to. These policies have been consistently applied to all the periods presented, except for the adoption of new and revised standards and interpretations. The consolidated financial statements of Sibanye and its subsidiaries (the Group) can be found on Sibanye's website (www.sibanyegold.co.za)

1.1 REPORTING ENTITY

Sibanye Gold Limited (Sibanye or the Company) is a South African focused gold producer, listed on the Main Board of the JSE Limited (JSE) and New York Stock Exchange (NYSE). Sibanye's principal operations are Driefontein, Kloof and Beatrix.

1.2 BASIS OF PREPARATION

The company financial statements for the year ended 31 December 2016 have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and JSE Listings Requirements. The company annual financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments), which are measured at fair value through profit or loss.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

During the financial year, the following new and revised accounting standards and amendments to standards became effective and had no significant impact on the Company's financial statements:

Pronouncement	Title	Effective date
IAS 1 *Presentation of Financial Statement* (Amendment)	Disclosure Initiative	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to 4 standards	Improvements to IFRSs 2012-2014 cycle	1 January 2016

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS WHICH ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Company's accounting periods beginning on or after 1 January 2017 but have not been early adopted by the Company. The standards, amendments and interpretations that are applicable to the Company are:

Pronouncement	Title	Effective date[1]
IFRS 2 *Share-based payment* (Amendments)	*Classification and Measurement of Share-based Payment Transactions* The amendments clarify three main areas: • The effects of vesting conditions on measurement of a cash-settled share-based payment transaction. • The classification of a share-based payment transaction with net settlement features for withholding tax obligations. • The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.	1 January 2018
IFRS 9 *Financial instruments* (New standard)	IFRS 9 arises from a three-part project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting, and a new impairment model for financial assets.	1 January 2018

Pronouncement	Title	Effective date[1]
	The Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its positions at 31 December 2016, which is subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company does not expect that the new guidance, if applied at 31 December 2016, would have had a significant impact on its balance sheet. The Company expects to continue measuring environmental rehabilitation obligation funds at fair value. Financial assets, and trade and other receivables are held to collect contractual cash flows and have contractual cash flows that are solely payments of principal and interest. The Company therefore expects that these will continue to be measured at amortised cost under IFRS 9. The Company however will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. IFRS 9 requires the Company to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company is assessing the extent of this impact, but, in general, expects that the application of the expected credit loss model will result in earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Company does not intend to adopt IFRS 9 before the effective date.	
IFRS 15 *Revenue from Contracts with Customers* (New standard)	IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretation when it becomes effective. IFRS 15 establishes a single comprehensive five-step model to account for revenue arising from contracts with customers and is based on the core principle that revenue is recognised when control of a good or service transfers to a customer. The Company has performed a preliminary assessment of the potential impact of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Revenue from gold sales is currently recognised when the gold is delivered to the refinery, which is taken to be the point in time at which the related risks and rewards of ownership transfers. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement. The Company expects that the revenue from gold sales will still be recognised when the gold is delivered to the refinery, as this is when control is considered to be transferred. The Company is performing more detailed assessments of the impact resulting from the application of IFRS 15 and expects to disclose additional information before it adopts IFRS 15. The Company does not intend to adopt IFRS 15 before the effective date.	1 January 2018

Pronouncement	Title	Effective date[1]
IFRS 16 *Leases* (New standard)	IFRS 16 replaces the previous lease standard IAS 17 *Leases* and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recognised on balance sheet as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Company plans to assess the potential effect of IFRS 16 on its company financial statements in 2017. The Company does not intend to adopt IFRS 16 before the effective date.	1 January 2019
IAS 7 *Statements of Cash Flows* (Amendment)	*Disclosure initiative* The amendments require entities to disclose information about changes in financing liabilities.	1 January 2017
IAS 12 *Income Taxes* (Amendment)	*Recognition of Deferred Tax Assets for Unrealised Losses* The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017

[1] Effective date refers to annual period beginning on or after said date.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Use of estimates: The preparation of the financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to Mineral Reserves that are the basis of future cash flow estimates and unit-of-production depreciation and amortisation calculations, impairments, reversal of impairments, revenue recognition, write-downs of inventory to net realisable value, deferred tax, borrowings, environmental, reclamation and closure obligations, and contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are discussed under the relevant note of the item affected.

1.3 TRANSACTIONS WITH SHAREHOLDERS OF SIBANYE

Transactions with owners in the capacity as equity participants are not recognised in profit or loss, but instead are recognised in equity with a corresponding change in assets or liabilities.

1.4 FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency) which is South African rand. The company financial statements are presented in South African rand, which is the Company's presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation of monetary assets and liabilities into the functional currency is done as at 31 December 2016. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

1.5 COMPARATIVES

Where necessary comparative periods may be adjusted to conform to changes in presentation.

With effect from 1 April 2016, since acquisition of Aquarius Platinum Limited (Aquarius), the Group changed the reconciliation of the Group's income tax to the South African statutory company tax rate of 28% to better reconcile the effective tax of both the Gold and Platinum divisions, accordingly the Company's reconciliation of the company's income tax has changed to the South African statutory company tax rate of 28% to conform to the Group's presentation. The Group and Company's income tax was previously reconciled to the maximum South African gold mining tax rate of 34%. The previous comparative periods' reconciliation has been changed to conform to the current year's presentation. This change has no effect on financial performance, financial position and cash flows.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 DECEMBER 2016

2. SEGMENT REPORTING

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and is based on individual mining operations. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

	2016					2015					2014				
Figures in million - SA rand	Total Company	Drie-fontein	Kloof	Beatrix	Corporate and reconciling items[1]	Total Company	Drie-fontein	Kloof	Beatrix	Corporate and reconciling items[1]	Total Company	Drie-fontein	Kloof	Beatrix	Corporate and reconciling items[1]
Revenue	**24,175.9**	9,401.1	8,890.9	5,883.9	-	**19,742.9**	8,236.0	6,691.4	4,815.5	-	**19,898.5**	7,829.4	7,502.8	4,566.3	-
Underground revenue	**21,744.8**	8,105.3	8,012.6	5,626.9	-	**17,952.6**	7,284.1	6,112.8	4,555.7	-	**18,316.3**	7,200.2	6,887.3	4,228.8	-
Surface revenue	**2,431.1**	1,295.8	878.3	257.0	-	**1,790.3**	951.9	578.6	259.8	-	**1,582.2**	629.2	615.5	337.5	-
Operating costs[2]	**(14,360.9)**	(5,566.6)	(5,041.0)	(3,753.3)	-	**(13,402.4)**	(5,234.2)	(4,777.2)	(3,391.0)	-	**(12,618.7)**	(4,912.3)	(4,502.3)	(3,204.1)	-
Underground operating costs	**(13,028.9)**	(4,852.1)	(4,609.4)	(3,567.4)	-	**(12,320.6)**	(4,681.2)	(4,454.9)	(3,184.5)	-	**(11,566.7)**	(4,427.6)	(4,087.0)	(3,052.1)	-
Surface operating costs	**(1,332.0)**	(714.5)	(431.6)	(185.9)	-	**(1,081.8)**	(553.0)	(322.3)	(206.5)	-	**(1,052.0)**	(484.7)	(415.3)	(152.0)	-
Operating profit[3]	**9,815.0**	3,834.5	3,849.9	2,130.6	-	**6,340.5**	3,001.8	1,914.2	1,424.5	-	**7,279.8**	2,917.1	3,000.5	1,362.2	-
Amortisation and depreciation	**(3,031.5)**	(1,012.9)	(1,190.7)	(818.0)	(9.9)	**(2,915.1)**	(1,142.6)	(1,029.3)	(739.4)	(3.8)	**(2,921.7)**	(1,129.3)	(1,322.3)	(468.4)	(1.7)
Net operating profit	**6,783.5**	2,821.6	2,659.2	1,312.6	(9.9)	**3,425.4**	1,859.2	884.9	685.1	(3.8)	**4,358.1**	1,787.8	1,678.2	893.8	(1.7)
Interest income	**277.4**	70.8	62.3	34.1	110.2	**242.2**	67.5	50.6	31.3	92.8	**172.6**	48.3	42.7	24.5	57.1
Finance expense	**(586.8)**	(143.1)	(156.0)	(77.6)	(210.1)	**(396.8)**	(147.7)	(150.1)	(57.2)	(41.8)	**(328.8)**	(152.8)	(132.6)	(41.8)	(1.6)
Share-based payments	**(240.8)**	(16.5)	(13.7)	(9.1)	(201.5)	**(247.4)**	(35.1)	(27.6)	(23.5)	(161.2)	**(368.8)**	(69.1)	(58.2)	(45.9)	(195.6)
Net other costs[4]	**(907.8)**	(226.1)	(187.9)	(170.5)	(323.3)	**(180.3)**	(77.9)	(60.4)	(47.3)	5.3	**(223.0)**	(86.3)	(56.6)	(65.9)	(14.2)
Non-recurring items[5]	**(4,830.6)**	(20.8)	15.7	(12.6)	(4,812.9)	**(202.2)**	(2.9)	7.2	(8.4)	(198.1)	**(228.2)**	(95.1)	(152.0)	469.4	(450.5)
Royalties	**(512.4)**	(204.8)	(194.3)	(113.3)	-	**(383.9)**	(196.8)	(98.4)	(88.7)	-	**(422.1)**	(165.5)	(174.5)	(82.1)	-
Current taxation	**(1,117.3)**	(472.3)	(422.0)	(223.0)	-	**(681.5)**	(430.8)	(97.4)	(153.4)	0.1	**(872.7)**	(339.2)	(379.6)	(153.9)	-
Deferred taxation	**(224.4)**	(64.3)	(148.5)	19.4	(31.0)	**185.1**	53.4	0.9	18.0	112.8	**24.4**	9.8	71.3	(128.5)	71.8
(Loss)/profit for the year	**(1,359.2)**	1,744.5	1,614.8	760.0	(5,478.5)	**1,760.6**	1,088.9	509.7	355.9	(193.9)	**2,111.5**	937.9	838.7	869.6	(534.7)
Sustaining capital expenditure	**623.7**	218.5	261.2	84.8	59.2	**568.4**	249.2	225.6	86.1	7.5	**922.9**	465.3	355.7	101.9	-
Ore reserve development	**2,234.8**	779.0	912.9	542.9	-	**2,078.0**	727.0	840.6	510.4	-	**2,009.5**	683.6	879.8	446.1	-
Growth projects	**720.9**	54.1	130.1	0.7	536.0	**81.7**	18.0	63.7	-	-	**7.4**	-	-	-	7.4
Total capital expenditure	**3,579.4**	1,051.6	1,304.2	628.4	595.2	**2,728.1**	994.2	1,129.9	596.5	7.5	**2,939.8**	1,148.9	1,235.5	548.0	7.4

[1] Corporate and reconciling items represents the items to reconcile segment data to company financial statement totals.
[2] Operating costs is defined as cost of sales before amortisation and depreciation.
[3] Operating profit is defined as revenue minus operating cost.
[4] Net other costs consists of loss on financial instruments, gain on foreign exchange differences, other income and other costs as detailed in profit or loss.
[5] Non-recurring items consists of impairment, gain on disposal of property, plant and equipment, transaction costs, restructuring costs, net loss on derecognition of financial guarantee asset and liability and reversal of impairment as detailed in profit or loss.

3. REVENUE

ACCOUNTING POLICY

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be reliably measured.

Revenue arising from gold sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the gold is delivered to the refinery. The price of gold is determined by market forces.

Figures in million - SA rand	2016	2015	2014
Revenue from mining activities	**24,175.9**	19,742.9	19,898.5
Total revenue	**24,175.9**	19,742.9	19,898.5

4. COST OF SALES

ACCOUNTING POLICY

The following accounting policies relates to some costs that are included in cost of sales:

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Pension and provident funds

The Company operates a defined contribution retirement plan and contributes to a number of industry-based defined contribution retirement plans. The retirement plans are funded by payments from employees and the Company.

Contributions to defined contribution funds are expensed as incurred.

Figures in million - SA rand	Notes	2016	2015	2014
Salaries and wages		**(6,670.3)**	(6,151.8)	(5,870.5)
Consumable stores	15	**(3,479.5)**	(3,123.3)	(2,954.4)
Utilities		**(2,893.7)**	(2,660.9)	(2,438.9)
Mine contracts		**(1,230.9)**	(1,048.7)	(949.8)
Other		**(2,321.3)**	(2,495.7)	(2,414.6)
Ore reserve development costs capitalised	10	**2,234.8**	2,078.0	2,009.5
Operating costs		**(14,360.9)**	(13,402.4)	(12,618.7)
Amortisation and depreciation	10	**(3,031.6)**	(2,915.1)	(2,921.7)
Total cost of sales		**(17,392.5)**	(16,317.5)	(15,540.4)

All employees are members of various defined contribution retirement plans. The cost of providing retirement benefits for the year amounted to R513.3 million (2015: R557.3 million and 2014: R512.4 million).

5. FINANCE EXPENSE

ACCOUNTING POLICY

Finance expense comprises interest on borrowings, post-retirement healthcare obligation and environmental rehabilitation obligation offset by borrowing costs capitalised on qualifying assets.

Interest payable on borrowings is recognised in profit or loss over the term of the borrowings using the effective interest method. Cash flows from interest paid are classified under operating activities in the statement of cash flows.

Figures in million - SA rand	Notes	2016	2015	2014
Interest charge on:				
Borrowings - interest paid	19	**(427.5)**	(247.9)	(186.5)
Borrowings - unwinding of amortised cost	19	**(2.0)**	(3.0)	(4.0)
Environmental rehabilitation obligation	20	**(154.8)**	(138.3)	(131.4)
Post-retirement healthcare obligation		**(1.2)**	(1.4)	(1.2)
Other		**(1.2)**	(6.2)	(5.7)
Total finance expense		**(586.7)**	(396.8)	(328.8)

6. SHARE-BASED PAYMENTS

ACCOUNTING POLICY

The Company operates an equity-settled compensation plan in which certain employees of the Company participate. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted.

Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at the grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period based on the Company's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment reserve. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

The Company also operates a cash-settled compensation plan in which certain employees of the Company participate. The grant date fair value of the cash-settled instruments is equal to the value of the equity-settled instrument granted on the same grant date.

The grant date fair value of the cash-settled instruments is recognised as an employee benefit expense over the vesting period based on the Company's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment obligation. At each reporting date the obligation is remeasured to the fair value of the instrument, to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment to gain or loss on financial instrument in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Where the terms of an equity-settled or a cash-settled award are modified, the originally determined expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participant as measured at the date of the modification.

Figures in million - SA rand	Notes	2016	2015	2014
Sibanye Gold Limited 2013 Share Plan[1]	6.1	**(169.1)**	**(114.3)**	**(160.3)**
Performance shares		**(142.9)**	(92.1)	(132.9)
Bonus shares		**(26.2)**	(22.2)	(27.4)
Sibanye Gold Limited Phantom Share Scheme	6.2	**(71.7)**	(133.1)	(208.5)
Performance shares		**(71.7)**	(116.8)	(83.3)
Bonus shares		**-**	(15.2)	(118.5)
Phantom share dividends		**-**	(1.1)	(6.7)
Total share-based payments		**(240.8)**	**(247.4)**	**(368.8)**

[1] Included in the share-based payment reserve is R3.0 million (2015: R4.7 million and 2014: R15.5 million) relating to subsidiaries not included in the equity-settled share-based payment expense, refer to note 11.

6.1 SIBANYE GOLD LIMITED 2013 SHARE PLAN

On 21 November 2012 the shareholder of Sibanye approved the adoption of the Sibanye Gold Limited 2013 Share Plan (SGL Share Plan) with effect from the date of listing. The SGL Share plan provides for two methods of participation, namely Performance Shares (PS) and the Bonus Shares (BS). This plan seeks to attract, retain, motivate and reward participating employees on a basis which seeks to align the interest of such employees with those of the shareholders.

BONUS SHARES

The Remuneration Committee makes an annual award of forfeitable shares to the executive directors, prescribed officers, senior vice presidents and vice presidents. These are referred to as BS. The size of this BS award depends on the individual's annual cash bonus, which is determined by actual performance against predetermined targets.

The face value of the BS award is equal to two-thirds of the actual annual cash bonus and is allocated in the form of restricted forfeitable shares. The BS vest in two equal parts at nine months and eighteen months after the award date. Dividends are payable on the BS during the holding period.

PERFORMANCE SHARES

The Remuneration Committee makes an annual award of conditional shares to the executive directors, prescribed officers, senior vice presidents and vice presidents. These are referred to as PS. The number of PS awarded to an employee is based on the employee's annual guaranteed pay and their grade combined with a factor related to their assessed performance rating for the prior year and using the relevant share price calculation at the offer date.

Previously, the actual number of PS which could vest from previous awards was determined by Sibanye's share price performance measured against the performance of Harmony Gold Mining Company Limited (Harmony) and Pan African

Resources plc (Pan Africa) over a performance period of three years. The number of PS which finally vested was based on the relative change in the Sibanye share price compared to the respective change in the share prices of the other two peer-group companies, with discretion allowed due to the small sample size. For any Performance Share award to be settled by executives, an internal company performance target was required to be met before the external relative measure is applied.

This threshold performance criterion for vesting of any PS was set at the achievement of at least 85% of Sibanye's expected gold production over the three-year measurement period as set out in the business plans of Sibanye as approved by the Board. Only once this internal measure had been achieved, would the external measure (Sibanye's share price performance measured against the abovementioned companies) be applied to determine the scale of the vesting of awards of PS.

Various concerns have been expressed by representatives of the investor community relating to the performance conditions applicable on the vesting of PS. Specifically, concerns were expressed that:

- a peer group comprising only two other companies was not sufficiently robust for the evaluation of Sibanye's performance over the vesting period; and
- the condition of an 85% threshold as an internal target for gold produced over the three year period under which the PS would not vest was insufficiently stretching.

A review has been conducted to identify appropriate adjustments to the implementation policy that would appropriately address these concerns and provide for enhanced alignment with shareholder interests. The decisions resulting from this review and the revised policy, inter alia, are disclosed below. These will be applicable for all Performance Share awards from 1 March 2016 onwards.

Annual conditional awards of PS will continue to be made to the executive directors, prescribed officers, senior vice presidents and vice presidents, and this element will be the primary form of share-based long term incentivisation.

PS vest no earlier than the third anniversary of their award, to the extent that Sibanye has met specified performance criteria over the intervening period. Essentially the number of shares that vest will depend on the extent to which Sibanye's has performed over the intervening three year period relative to two particular performance criteria, Total Shareholder Return and Return on Capital Employed. These are considered to be the most widely acceptable vesting performance measures suited to aligning the outcome of long term share incentive awards with shareholders' interests. This change will result in a possible vesting percentage ranging from 0% in the case of very poor performance to 100% vesting of the awarded PS in the event of having achieved stretched performance outcomes.

FOR ALLOCATIONS FROM MARCH 2016 ONWARDS

The performance criteria used to govern the vesting PS are determined by the Remuneration Committee and communicated in award letters to participants. The following two performance conditions, applied with the indicated weightings, were implemented for determining the vesting of future awards effective from March 2016 onwards.

Total Shareholder Return (TSR) – 70% Weighting

Total shareholder return (TSR) will be measured against a benchmark of eight mining and resource companies, a few of which can be deemed direct competitors, but collectively they can be deemed to be an alternative investment portfolio for Sibanye's Shareholders. TSR is generally recognised as the most faithful indicator of shareholder value creation. It is used extensively internationally and increasingly in South Africa, sometimes as a single metric but most often as one of two or three weighted performance metrics. In a few cases an absolute target is set, but most often it is targeted in relation to a peer or comparator group of "like" companies.

Percentage vesting is determined based on a peer group curve that is constructed on a market capitalisation weighted basis. The annual TSR (TSR_{ANN}) is determined for each of the companies in the peer group. The peer group companies are sorted from lowest to highest TSR_{ANN}. The average market capitalisation based on daily closing price is determined for each company, and each peer company is assigned its proportion of the overall average market capitalisation of the peer group. The peer company TSR curve is plotted at the midpoint of each company's percentage of peer group market capitalisation on a cumulative basis above the worse performing companies in the peer group. In the event that one or more of the peer companies become ineligible for comparison, a peer company curve based on the companies remaining in the peer group will be utilised.

The cumulative position of Sibanye's TSR_{ANN} is then mapped onto the TSR curve for the peer group to determine the percentile at which Sibanye performed over the vesting period. The performance curve governing vesting is:

Total Shareholder return element of performance conditions Percentile on peer group TSR curve	% vesting
0%	0%
10%	0%
20%	0%
30%	5%
40%	20%
50%	35%
60%	55%
70%	75%
80%	90%
90%	100%
100%	100%

The eight peer group comparator companies for TSR comprises of similar market capitalisation companies reflective of the expected positioning of Sibanye over the short to medium term as a value driven multi-commodity resources company with a specific focus on gold and platinum and are set out in the table below:

Peer group companies for TSR comparison
African Rainbow Minerals Limited
AngloGold Ashanti Limited (AngloGold Ashanti)
Anglo American Platinum Limited (Anglo American Platium)
Exxaro Resources Limited
Gold Fields Limited (Gold Fields)
Harmony
Impala Platinum Holdings Limited
Northam Platinum Limited

Return on capital employed (ROCE) – 30% Weighting

Return on capital employed (ROCE) is a profitability ratio that measures how efficiently a company generates profits from its capital employed. This measure has been adopted as there has been a shift toward “excess returns” – “excess returns” provide a more central role in determining the current and potential value of a business. There is an increased focus on measuring and forecasting returns earned by businesses on both investments made in the past and expected future investments. For Sibanye, ROCE is to be evaluated against the company’s cost of capital (Ke). A minimum threshold on the performance scale for ROCE is set as equalling the cost of capital, Ke, which would lead to the ROCE element contributing 0% towards the performance condition. Delivering a return that exceeds Ke by 6% or more would be regarded as a superior return representing the maximum 100% on the performance scale and full vesting in respect of the ROCE element. The performance curve governing vesting will be as follows:

ROCE element of performance condition Annual ROCE	% vesting
$\leq K_e$	0%
K_e + 1%	16.7%
K_e + 2%	33.3%
K_e + 3%	50.0%
K_e + 4%	66.7%
K_e + 5%	83.3%
K_e + 6%	100%

The overall performance condition will be determined by adding 70% of the Total Shareholder return element to 30% of the Return on Capital Employed element. Furthermore should the board, at its sole discretion, determine that there is evidence of extreme environmental, social and governance (ESG) malpractice during the Vesting Period, up to 20% of the PS that would otherwise settle on vesting may be forfeited.

As indicated, the performance criteria described above govern vesting of all awards effective from 1 March 2016. Should any further adjustment be made they will govern future offers but will not be applied retrospectively.

The inputs to the models for options granted during the year were as follows:

Performance shares (PS) 2016	*MONTE CARLO SIMULATION*	*Bonus Shares (BS)* 2016
55.12%	– weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	**55.15%**
3	– expected term (years)	**n/a**
n/a	– expected term (months)	**9 or 18**
3.75%	– expected dividend yield	**3.75%**
8.51%	– weighted average three-year risk-free interest rate (based on SA interest rates)	**7.78%**
n/a	– marketability discount	**1.60%/0.69%**
50.81	– weighted average fair value	**54.27/53.02**

FOR ALLOCATIONS UP TO FEBRUARY 2016

The Remuneration Committee makes an annual conditional award of PS to the CEO, CFO, senior vice presidents and vice presidents. The number of PS awarded to an employee is based on the employee's annual guaranteed remuneration, grade and performance. The actual number of PS which vest is determined by Sibanye's share price performance measured against the performance of a peer group, being Harmony, Pan African and Gold One International Limited (subsequently delisted), over a performance period of three years. This peer group is determined and approved by the Remuneration Committee. The PS, which vest, are based on the relative change in the Sibanye share price compared to the respective share prices of the individual companies within the peer group and with discretion allowed due to the small sample size. For any PS award to be settled to executives, an internal company performance target is required to be met before the external relative measure is applied. The target performance criterion is set at 85% of Sibanye's expected gold production over the three-year measurement period as set out in the business plans of Sibanye as approved by the Board. Only once the internal measure has been achieved, will the external measure (Sibanye's share price performance measured against the abovementioned peer group) be applied to determine the scale of the vesting of awards of PS.

The Remuneration Committee makes an annual conditional award of BS to each executive director and senior executive. The size of the award depends on the individual's annual cash bonus, which is determined by actual performance against predetermined targets. Restricted BS are allocated on the ratio of two-thirds of an individual's annual bonus. The BS vest in two equal parts at nine months and 18 months after the award date. Dividends are payable on the BS during the holding period.

The fair value of the above PS equity instruments granted during the period were valued using the Monte Carlo Simulation model. For the BS equity instruments, a future trading model is used to estimate the loss in value to the holders of BS due to trading restrictions. The actual valuation is developed using a Monte Carlo analysis of the future share price of Sibanye.

The inputs to the models for options granted during the years ended 31 December 2015 and 2014 were as follows:

Performance shares (PS)			*Bonus Shares (BS)*	
2014	**2015**	***MONTE CARLO SIMULATION***	**2015**	**2014**
56.4%	42.3%	– weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	42.3%	56.4%
3	3	– expected term (years)	n/a	n/a
n/a	n/a	– expected term (months)	9 - 18	9 - 18
4.7%	4.9%	– expected dividend yield	4.9%	4.7%
5.7%	6.4%	– weighted average three-year risk-free interest rate (based on SA interest rates)	6.4%	5.7%
n/a	n/a	– marketability discount	2.1%	2.2%
38.61	37.41	– weighted average fair value	25.56	24.94

The compensation cost related to awards not yet recognised under the plan at 31 December 2016 amounts to R247.0 million and is to be spread over 3 years. 4,066,984 options that had vested were exercisable as at 31 December 2016.

At the Annual General Meeting the directors of Sibanye were authorised to issue and allot all or any of such shares required for the plans, but in aggregate all plans may not exceed 70,619,126 (10%) of the total issued ordinary share capital of the Company. An individual participant may also not be awarded an aggregate of shares from all or any such plans exceeding 7,061,913 (1%) of the Company's total issued ordinary share capital. The unexercised options and shares under all plans represented 14,928,590 (2%) of the total issued ordinary share capital of Sibanye at 31 December 2016.

OPTIONS GRANTED, EXERCISED AND FORFEITED UNDER THIS PLAN

Performance shares (PS)				*Bonus Shares (BS)*		
2014	**2015**	**2016**	**Number of instruments**	**2016**	**2015**	**2014**
28,083,703	23,289,262	**9,398,072**	Outstanding at beginning of the year	**417,266**	595,012	1,135,455
			Movement during the year:			
2,953,057	3,059,058	**5,103,184**	Granted during the year	**504,739**	862,702	1,275,979
(5,567,771)	(16,690,497)	**(3,832,758)**	Exercised and released	**(667,063)**	(1,010,209)	(1,672,579)
(2,179,727)	(259,751)	**(57,719)**	Forfeited	**(4,115)**	(30,239)	(143,843)
23,289,262	9,398,072	**10,610,779**	**Outstanding at end of the year**	**250,827**	417,266	595,012

DIRECTORS AND PRESCRIBED OFFICERS' EQUITY-SETTLED INSTRUMENTS

The directors and prescribed officers of Sibanye held the following equity-settled instruments in the above Sibanye Gold Limited 2013 Share Plan at 31 December 2016:

	2015	Instruments granted	Equity-settled instruments exercised during the year			2016
	Number of instruments	Number of instruments	Number of instruments	Average price	Share proceeds in Rands	Number of instruments
Executive directors						
Neal Froneman	2,579,432	1,186,314	2,344,312	38.73	90,805,896	1,421,434
Charl Keyter	708,026	669,348	779,014	23.93	18,644,698	598,360
Prescribed officers						
Hartley Dikgale	294,164	265,242	271,171	23.42	6,351,537	288,235
Dawie Mostert	322,685	309,584	287,038	24.21	6,949,764	345,231
Jean Nel[1]	-	166,151	-	-	-	166,151
Themba Nkosi[2]	-	67,666	-	-	-	67,666
Wayne Robinson	157,030	195,770	28,118	24.41	686,257	324,682
Richard Stewart	319,368	188,623	23,821	22.02	524,481	484,170
Robert van Niekerk	576,956	518,251	649,287	23.58	15,311,318	445,920
John Wallington[3]	-	126,740	-	-	-	126,740

[1] Appointed as a prescribed officer on 13 April 2016, resigned as a prescribed officer on 1 November and will forfeit the instruments granted after his notice period.

[2] Appointed as a prescribed officer on 4 July 2016.

[3] Appointed as a prescribed officer on 1 February 2016.

6.2 SIBANYE GOLD LIMITED 2013 PHANTOM SHARE SCHEME

On 14 May 2013 Sibanye's Remuneration Committee limited the issuance of share options for the 2013 allocation under the SGL Share Plan to senior management only. Middle and certain senior management, who previously participated in the equity-settled share option scheme, now participate in a cash-settled share scheme, the Sibanye Gold 2013 Phantom Share Scheme (the SGL Phantom Scheme). Notwithstanding that the SGL Phantom Scheme is not subject to compliance with the JSE Listings Requirements as it is a purely cash-settled remuneration scheme, the SGL Share Plan rules apply, in all material aspects, to the SGL Phantom Scheme, other than the issue of new shares to participants.

Details of the phantom shares granted under this scheme to employees are detailed below:

Performance shares (PS)				*Bonus Shares (BS)*		
2014	**2015**	**2016**	**Number of instruments**	**2016**	**2015**	**2014**
13,727,945	18,966,208	**17,258,326**	Outstanding at beginning of the year	**-**	1,482,685	5,417,623
			Movement during the year:			3,056,590
6,106,128	-	**-**	Granted during the year	**-**	-	
(58,160)	(662,139)	**(12,110,981)**	Vested and paid	**-**	(1,438,754)	(6,762,108)
(809,705)	(1,045,743)	**(561,182)**	Forfeited	**-**	(43,931)	(229,420)
18,966,208	17,258,326	**4,586,163**	**Outstanding at end of the year**	**-**	-	1,482,685

The grant date fair value of the above PS and BS cash-settled instruments granted during the year were valued using the Monte Carlo Simulation model and a future trading model, respectively, as with the equity settled instruments above. As the cash-settled and equity-settled instruments are issued on the same day the grant date fair value assumptions of the cash-settled instruments is the same as for the equity-settled instruments.

The fair value of the cash-settled instruments at reporting date, used to value the share-based payment obligation, is determined using the same assumptions as for the grant date valuation. However, the respective models take into account the actual share data of the peer group for the period from the grant date to the reporting date.

The compensation cost related to awards not yet recognised under the scheme at 31 December 2016 amounts to R11.2 million and is to be spread over 3 months.

Reconciliation of the share-based payment obligation:

Figures in million - SA rand	2016	2015	2014
Balance at beginning of the year	**514.2**	343.7	101.3
Share-based payments expense	**71.7**	133.1	208.5
Fair value loss on obligations[1]	**943.0**	76.3	176.6
Cash-settled share-based payments paid[2]	**(1,324.4)**	(38.9)	(142.7)
Balance at end of the year	**204.5**	514.2	343.7
Reconciliation of the non-current and current portion of the share-based payment obligations:			
Share-based payment obligations	**204.5**	514.2	343.7
Current portion of share-based payment obligations	**(204.5)**	(395.7)	(18.0)
Non-current portion of share-based payment obligations	**-**	118.5	325.7

[1] The fair value adjustment at reporting date is included in loss on financial instruments in profit or loss and not as part of share-based payments expense.

[2] Payments made during the year relates to vesting of shares to employees and proportionate vesting of shares to employees and proportionate vesting of shares to employees that have left the Group in good faith.

7. IMPAIRMENTS

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company assesses the recoverabily of the carrying value of investments in subsidiaries and loans receivable from subsidiaries with reference to the underlying net asset value (NAV) of the entities. Where these entities are mining operations, expected future cash flows are used to determine the recoverable amount of the underlying NAV. These future cash flows are inherently uncertain and could materially change over time. The underlying NAV is significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected commodity price, foreign currency exchange rates, and estimates of production costs, future capital expenditure and discount rates.

Figures in million - SA rand	Notes	2016	2015	2014
Impairment of investment in subsidiaries	11	**(725.6)**	-	-
Impairment of loan to subsidiaries	28	**(3,974.6)**	-	-
Impairment of loan to equity-accounted investee		**-**	-	(329.5)
Impairment of property, plant and equipment	10	**-**	-	(155.5)
Impairment of investment in equity-accounted investee		**-**	-	(19.4)
Total impairments		**(4,700.2)**	-	(504.4)

IMPAIRMENT OF INVESTMENTS AND LOANS TO SUBSIDIARIES

The Company has a 76% holding in Newshelf 1114 Proprietary Limited (Newshelf 1114), which consists of a 100% shareholding in Rand Uranium Proprietary Limited (Rand Uranium) and Ezulwini Proprietary Limited (Ezulwini or Cooke 4), collectively referred to as Cooke Operations.

Despite intense monitoring and interventions by a joint management and labour committee since the previous section 189 consultation was concluded, the Cooke 4 Operation continued to fall short of production targets and losses continued to accumulate. In view of the sustained losses at the Cooke 4 Operation and considering the extensive efforts to improve productivity and reduce the operation's cost structures, Sibanye gave notice in terms of section 189 of the Labour Relations Act 66 of 1995. As a result a decision was taken during the six months ended 30 June 2016 to impair the Cooke 4 Operation's mining assets in the Group's consolidated financial statements.

As a result of a decrease in the rand gold price from 30 June 2016 and continued losses, a decision was taken during the six months ended 31 December 2016, to impair the goodwill allocated to the Cooke cash-generating unit (CGU) and the Cooke 1, 2 and 3 mining assets in the Group's consolidated financial statements.

As a result of the above impairments of the underlying assets of the Company's investment in Newshelf 1114 a decision was taken to fully impair the Company's investment in Newshelf 1114 and loan receivable by R709.2 million and R2,824.2 million, respectively. A decision was also taken to partially impair the Company's loan receivable from Rand Uranium by R1,147.7 million.

The remainder of the impairment relates to the impairment of the Company's investment in Agrihold Proprietary Limited by R16.4 million as the company is no longer operating and the impairment of a loan to Golden Oils Proprietary Limited (R2.7 million) after the company was deregistered during the year.

8. ROYALTIES, AND MINING AND INCOME TAX, AND DEFERRED TAX

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company is subject to income tax in South Africa. Significant judgement is required in determining the liability for income tax due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in South Africa. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

The Company's gold mining operations are taxed on a variable rate that increases as the profitability of the operation increases. The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when the temporary differences will reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year. Calculating the future profitability of the operations is inherently uncertain and could materially change over time.

Additionally, future changes in tax laws in South Africa could limit the ability of the Company to obtain tax deductions in future periods.

ACCOUNTING POLICY

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred tax.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, and interest in associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, provisions, unutilised capital allowances and tax losses carried forward.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or unutilised capital allowances can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

8.1 ROYALTIES

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined (mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty Act) and unrefined (mineral resources that have undergone limited beneficiation as defined in Schedule 2 of the Royalty Act) minerals payable to the State. The royalty in respect of refined minerals (which include gold refined to 99.5% and above) is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% of mining revenue has been introduced on refined minerals. The effective rate of royalty tax payable for the year ended 31 December 2016 was approximately 2.1% (2015: 1.9% and 2014: 2.1%) of gold mining revenue.

Figures in million - SA rand	Notes	2016	2015	2014
Current year charge		**(512.4)**	(383.9)	(422.1)
Total royalties	24.1	**(512.4)**	(383.9)	(422.1)

8.2 MINING AND INCOME TAX

The components of mining and income tax are the following:

Figures in million - SA rand	Notes	2016	2015	2014
Mining tax		**(1,031.6)**	(665.5)	(847.9)
Non-mining tax		**(85.7)**	(16.0)	(24.8)
Total current tax	24.2	**(1,117.3)**	(681.5)	(872.7)
Deferred tax	8.3	**(224.4)**	185.1	24.4
Total mining and income tax		**(1,341.7)**	(496.4)	(848.3)

Reconciliation of the Company's mining and income tax to the South African statutory company tax rate of 28%:

Figures in million - SA rand	2016	2015	2014
South African statutory tax rates			
Mining tax[1]	**Y=34-170/X**	Y=34-170/X	Y=34-170/X
Non-mining tax[2]	**28.0%**	28.0%	28.0%
Company tax rate	**28.0%**	28.0%	28.0%
Tax on profit before tax at maximum South African statutory company tax rate	**4.9**	(632.0)	(828.7)
South African mining tax formula rate adjustment	**160.8**	122.6	153.7
Non-deductible share-based payments	**(47.3)**	(32.0)	(44.9)
Non-deductible impairments	**(1,316.1)**	-	(97.7)
Net other non-taxable income and non-deductible expenditure	**(84.2)**	18.7	(30.7)
Change in estimated deferred tax rate[3]	**(59.8)**	(28.8)	-
Non-taxable gain on derecognition of financial guarantee liability	**-**	55.1	-
Mining and income tax	**(1,341.7)**	(496.4)	(848.3)

[1] Gold mining tax is determined according to a formula which takes into account the profit and revenue attributable to mining operations. Mining taxable income is determined after the deduction of all mining capital expenditure, with the provision that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating mining tax. In the formula above, Y is the percentage rate of tax payable and X is the ratio of mining profit, after the deduction of redeemable capital expenditure, to mining revenue expressed as a percentage.

[2] Non-mining income consists primarily of interest income.

[3] The change in the estimated long term deferred tax rate, as a result of applying the mining tax formula as described in footnote 1, at which the temporary differences will reverse amounted to a tax charge of R59.8 million for the year ended 31 December 2016 (2015: R28.8 million).

8.3. DEFERRED TAX

The detailed components of the net deferred tax liabilities which result from the differences between the amounts of assets and liabilities recognised for financial reporting and tax purposes in different accounting periods are:

Figures in million - SA rand	Notes	2016	2015	2014
Included in the statement of financial position as follows:				
Deferred tax liabilities		**3,747.5**	3,523.1	3,708.2
Net deferred tax liabilities		**3,747.5**	3,523.1	3,708.2
Reconciliation of the deferred tax balance:				
Balance at beginning of the year		**3,523.1**	3,708.2	3,732.6
Deferred tax recognised in profit or loss	8.2	**224.4**	(185.1)	(24.4)
Balance at end of the year		**3,747.5**	3,523.1	3,708.2
Deferred tax liabilities				
Mining assets		**3,943.3**	3,837.3	3,928.4
Environmental rehabilitation obligation funds		**543.7**	498.7	452.1
Other		**64.2**	17.3	93.3
Gross deferred tax liabilities		**4,551.2**	4,353.3	4,473.8
Deferred tax assets				
Environmental rehabilitation obligation		**(496.4)**	(418.2)	(464.0)
Other provisions		**(253.0)**	(276.6)	(216.0)
Share-based payment obligation		**(54.3)**	(135.4)	(85.6)
Gross deferred tax assets		**(803.7)**	(830.2)	(765.6)
Net deferred tax liabilities		**3,747.5**	3,523.1	3,708.2

9. DIVIDENDS

ACCOUNTING POLICY

Dividends are recognised only when such dividends are declared.

Cash flows from dividends paid are classified under operating activities in the statement of cash flows.

Figures in million - SA rand	2016	2015	2014
Dividend declared and paid	**1,610.6**	658.1	1,005.2
Dividend per share - cents	**175**	72	125

The dividend declared and paid relates to the final dividend of 90 SA cents per share or R825.4 million in respect of the six months ended 31 December 2015 declared 24 February 2016 and the interim dividend of 85 SA cents per share or R785.2 million in respect of the six months ended 30 June 2016 declared on 24 August 2016.

10. PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Carrying value of property, plant and equipment

All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from proved and probable Mineral Reserves.

Mobile and other equipment are depreciated over the shorter of the estimated useful life of the asset or the estimate of mine life based on proved and probable Mineral Reserves.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable Mineral Reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves.

These factors could include:

- Changes in proved and probable Mineral Reserves;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in Mineral Reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units (CGUs) and individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumptions may change which may then impact the Company estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing expected future cash flows to these carrying values. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each group of assets. Expected future cash flows used to determine the value in use and fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Pre-production

The Company assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Company considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain commercial levels of production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or ore reserve development.

Mineral Reserves estimates

Mineral Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. In order to calculate the reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and grade of the Mineral Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Company is required to determine and report, inter alia, on the Mineral Reserves in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Estimates of Mineral Reserves may change from period to period due to the change in economic assumptions used to estimate Mineral Reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable reserves may affect the Company's financial results and position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Depreciation and amortisation charges to profit or loss may change as these are calculated on the units-of production method, or where the useful lives of assets change;
- Decommissioning site restoration and environmental provisions may change where changes in ore reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

ACCOUNTING POLICY

Mineral and surface rights

Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the carrying amount has exceeded its recoverable amount, impairment is recognised in profit or loss in the year that such determination is made.

Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

These costs which include the purchase price of assets used in the construction of the mine, expenditure incurred to evaluate and develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand productive capacity, are capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of ore bodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met. Access to individual orebodies exploited by the Company is limited to the time span of the respective mining leases.

Land

Land is shown at cost and is not depreciated.

Other assets

Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights, land and all the assets of the non-mining operations.

Amortisation and depreciation of mining assets

Amortisation and depreciation is determined to give a fair and systematic charge in profit or loss taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- Mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable Mineral Reserves above infrastructure.
- Proved and probable Mineral Reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.
- Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives.

Depreciation of non-mining assets

Non-mining assets are recorded at cost and depreciated on a straight-line basis over their current expected useful lives to their residual values as follows:

- Vehicles: 5 years
- Computers: 3 years
- Furniture and equipment: 1 - 10 years

The assets' useful lives, depreciation methods and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment

Recoverability of the carrying values of long-term assets or CGUs of the Company are reviewed whenever events or changes in circumstances indicate that such carrying value may not be recoverable. To determine whether a long-term asset or CGU may be impaired, the higher of value in use (defined as: the present value of future cash flows expected to be derived from an asset or CGU) or fair value less costs to sell (defined as: the price that would be received to sell an asset in an orderly transaction between market participants at the measured rate, less the costs of disposal) is compared to the carrying value of the asset/unit.

A CGU is defined by the Company as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally for the Company this represents an individual operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts of a mine are impaired if the shaft is closed.

Impairment losses are recognised in profit or loss. Impairment recognised in respect of a CGU is allocated first to goodwill to that particular CGU and thereafter to the individual assets in the CGU.

When any infrastructure is closed down or placed on care and maintenance during the year, any carrying value attributable to that infrastructure is impaired. Expenditure incurred on care and maintenance is recognised in profit or loss.

When the review of the events or changes in circumstances of an asset or CGU that was previously impaired indicate that such historical carrying value is recoverable, the impairment is reversed. The impairment is only reversed to such an amount that the new carrying amount does not exceed the historical carrying amount. Reversal of impairment losses are recognised in profit or loss. Reversal of impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

Derecognition of property, plant and equipment

Property, plant and equipment is derecognised on disposal or closure of a shaft when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Exploration and evaluation expenditure

All exploration and evaluation expenditure, prior to obtaining the legal rights to explore a specific area, is recognised in profit or loss. After the legal rights to explore are obtained, exploration and evaluation expenditure, comprising the costs of acquiring prospecting rights and directly attributable exploration expenditure, is capitalised as a separate class of property, plant and equipment or intangible assets, on a project-by-project basis, pending determination of the technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting a mineral resource is generally considered to be determinable through a feasibility study and when proven reserves are determinable to exist. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to another appropriate class of property, plant and equipment. Subsequently, all cost directly incurred to prepare an identified mineral asset for production is capitalised to mine development assets. Amortisation of these assets commences once these assets are available for use, which is expected to be when the mine is in commercial production. These assets will be measured at cost less accumulated amortisation and impairment losses.

Figures in million - SA rand	Notes	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation	Exploration and evaluation assets
31 December 2016					
Cost					
Balance at beginning of the year		**49,037.8**	47,767.8	998.8	271.2
Additions		**3,043.4**	3,001.7	0.7	41.0
Change in estimates of rehabilitation assets	20	**107.3**	-	107.3	-
Disposals		**(57.0)**	(56.3)	(0.7)	-
Balance at end of the year		**52,131.5**	**50,713.2**	**1,106.1**	**312.2**
Accumulated depreciation, amortisation and impairment					
Balance at beginning of the year		**34,159.2**	33,236.3	922.9	-
Amortisation and depreciation	4	**3,031.6**	3,009.4	22.2	-
Disposals		**(56.1)**	(56.1)	-	-
Balance at end of the year		**37,134.7**	**36,189.6**	**945.1**	**-**
Carrying value at end of the year		**14,996.8**	**14,523.6**	**161.0**	**312.2**

Figures in million - SA rand	Notes	Total	Mine development, infrastructure and other	Land, mineral rights and rehabilitation	Exploration and evaluation assets
31 December 2015					
Cost					
Balance at beginning of the year		**46,661.3**	45,090.8	1,316.9	253.6
Additions		**2,728.1**	2,710.5	-	17.6
Change in estimates of rehabilitation assets	20	**(317.9)**	-	(317.9)	-
Disposals		**(33.7)**	(33.5)	(0.2)	-
Balance at end of the year		**49,037.8**	**47,767.8**	**998.8**	**271.2**
Accumulated depreciation, amortisation and impairment					
Balance at beginning of the year		**31,266.2**	30,375.6	890.6	-
Amortisation and depreciation	4	**2,915.1**	2,882.8	32.3	-
Disposals		**(22.1)**	(22.1)	-	-
Balance at end of the year		**34,159.2**	**33,236.3**	**922.9**	**-**
Carrying value at end of the year		**14,878.6**	**14,531.5**	**75.9**	**271.2**

11. INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICY

The carrying value of a subsidiary is stated at cost less accumulated impairment losses.

Loss of control

When the Company loses its power over the relevant activities of a subsidiary, it derecognises the investment in subsidiary and any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Figures in million - SA rand	Notes	2016	2015	2014
The company has a 100% beneficial holding in:				
St Helena Proprietary Limited[1]		**12.1**	12.1	12.1
Sibanye Gold Protection Services Limited[1]		**23.1**	21.5	18.9
Sibanye Gold Shared Services Proprietary Limited[1]		**19.8**	19.8	18.6
Sibanye Gold Academy Proprietary Limited[1]		**8.7**	7.3	6.4
Witwatersrand Consolidated Gold Resources Proprietary Limited		**415.3**	415.3	415.3
Agrihold Proprietary Limited[2]		**-**	16.4	16.4
Golden Hytec Farming Proprietary Limited[3]		**-**	-	-
M Janse van Rensburg Proprietary Limited[3]		**-**	-	-
Milen Mining Proprietary Limited[3]		**-**	-	-
West Driefontein Gold Mining Company Proprietary Limited[3]		**-**	-	-
Witwatersrand Deep Investments Proprietary Limited[3]		**-**	-	-
The company has less than a 100% beneficial holding in:				
Newshelf 1114 Proprietary Limited[4,5]		**-**	709.2	709.2
Sibanye Platinum Proprietary Limited[6]		**6,000.0**	-	-
Bushbuck Ventures Proprietary Limited[3,7]		**-**	-	-
Oryx Ventures Proprietary Limited[3,7]		**-**	-	-

Balance at end of the year	**6,479.0**	1,201.6	1,196.9

[1] *The increase of these investments relates to equity-settled share-based payments, relating to Sibanye shares, issued to employees of these subsidiaries.*
[2] *The investment in Agrihold was fully impaired during the year, refer to note 7.*
[3] *This is a nominal amount shown as zero due to rounding.*
[4] *The company has a 76% holding in Newshelf 1114, which consists of a 100% shareholding in Rand Uranium and Ezulwini, collectively referred to as Cooke.*
[5] *The investment in Newshelf 1114 was fully impaired during the year, refer to note 7.*
[6] *The Company has a 100% holding in Sibanye Platinum Proprietray Limited (Sibanye Platinum). On 12 April 2016, Sibanye Platinum acquired all of the shares in Aquarius Platinum Limited (Aquarius), and Sibanye Platinum Bermuda Proprietary Limited (a whoilly owned subsidiary of Sibanye Platinum) and Aquarius were amalgamated. Aquarius' ownership in its subsidiaries remained unchanged. On 19 October 2016, Sibanye Rustenburg Platinum Mines Proprietray Limited (SRPM) obtained control of the Rustenburg Operations. Sibanye Platinum has a 74% benefical holding in SRPM.*
[7] *The company has a 95% beneficial holding in Bushbuck Ventures Proprietary Limited and Oryx Ventures Proprietary Limited.*

12. INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

An associate is an investment over which the Company exercises significant influence, but not control. Associates are accounted for from the date that significant influence is obtained to the date that the Company ceases to have significant influence.

Associates are initially accounted for at fair value when significant influence is obtained and subsequently at cost (initial fair value) less accumulated impairment losses.

The Company holds the following investments in associates:

Figures in million - SA rand	Notes	2016	2015	2014
Rand Refinery	12.1	**-**	-	19.4
Living Gold	12.2	**5.0**	5.0	5.0
Balance before impairment		**5.0**	5.0	24.4
Impairment on Rand Refinery		**-**	-	(19.4)
Balance at end of the year		**5.0**	5.0	5.0

12.1 RAND REFINERY

Sibanye has a 33.1% interest in Rand Refinery, a company incorporated in the Republic of South Africa, which is involved in the refining of bullion and by-products sourced from, inter alia, South African and foreign gold producing mining companies.

On 18 December 2014, Rand Refinery drew down R1.029 billion under a R1.2 billion subordinated shareholders loan (the Facility), with Sibanye's proportional share being R384.6 million. Amounts drawn down under the Facility are repayable within two years from the first draw down date. If the loan is not repaid within two years, it will automatically convert into equity in Rand Refinery. Interest under the Facility is at JIBAR plus a margin of 3.5%. Sibanye has subordinated all claims it might have against Rand Refinery as part of the Facility agreement. During the year R40.5 million (31 December 2015: 37.3 million and 31 December 2014: R1.2 million) interest on the loan accrued and was capitalised to the loan (refer to note 28).

12.2 LIVING GOLD

Sibanye has a 50% interest in Living Gold Proprietary Limited (Living Gold), a company incorporated in the Republic of South Africa, involved in growing and processing agricultural products. This allows the management of Living Gold to appoint 50% of the directors and manage the entity. Sibanye has assessed that the management of Living Gold controlled the entity in terms of IFRS 10 Consolidated Financial Statements, as a result Living Gold was de-recognised as a subsidiary in 2014, and accounted for as an associate.

13. ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS

ACCOUNTING POLICY

The Company's rehabilitation obligation funds includes equity-linked investments that are fair valued at each reporting date. The fair value is calculated with reference to underlying equity instruments using industry valuation techniques and appropriate models. While Sibanye's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the investments.

Annual contributions are made to dedicated environmental rehabilitation obligation funds to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The amounts contributed to these funds are included under non-current assets and are measured at fair value through profit or loss. Interest earned on monies paid to rehabilitation funds is accrued on a time proportion basis and is recorded as interest income.

In addition, bank guarantees are provided for funding shortfalls of the environmental rehabilitation obligations.

Figures in million - SA rand	Notes	2016	2015	2014
Balance at beginning of the year		**2,004.0**	1,810.1	1,588.1
Contributions		**34.4**	75.2	67.3
Interest income		**128.7**	110.2	92.0
Fair value adjustment[1]		**11.1**	8.5	62.7
Balance at end of the year		**2,178.2**	2,004.0	1,810.1
Environmental rehabilitation obligation funds comprise of the following:				
Restricted cash[2]		**352.3**	131.0	100.8
Funds		**1,825.9**	1,873.0	1,709.3

[1] The environmental rehabilitation trust fund includes equity-linked investments that are fair valued at each reporting date.
[2] The funds are set aside to serve as collateral against the guarantees made to the Department of Minerals and Resources (DMR) for environmental rehabilitation obligations.

14. OTHER RECEIVABLE

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Expected future cash flows used to determine the fair value of the other receivable (namely the rates and taxes receivable) is inherently uncertain and could materially change over time. It is significantly affected by a number of factors including discount rates.

ACCOUNTING POLICY

The other receivable was initially recognised at fair value. Subsequent to initial recognition it is measured at amortised cost.

Figures in million - SA rand	2016	2015	2014
Rates and taxes receivable	**82.4**	**-**	**-**
Total other receivable	**82.4**	-	-
Reconciliation of the non-current and current portion of the other receivable			
Other receivable	**82.4**	-	-
Current portion of other receivable	**(68.6)**	-	-
Non-current portion of other receivable	**13.8**	-	-

15. INVENTORIES

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot gold prices at the reporting date, less estimated costs to complete production and bring the product to sale. Future gold price fluctuations could negatively impact the valuation of inventory. If any inventories are expected to be realised in the long-term horizon, estimated future sales prices are used for valuation purposes.

ACCOUNTING POLICY

The Company's inventories comprise consumable stores. Inventory is valued at the lower of cost and net realisable value. The Company values gold-in-process when it can be reliably measured. Consumable stores are valued at weighted average cost after appropriate provision for surplus and slow-moving items.

Figures in million - SA rand	2016	2015	2014
Consumable stores[1]	**55.5**	45.3	19.8
Gold-on-hand	**38.1**	-	-
Total inventories	**93.6**	45.3	19.8

[1] The cost of consumable stores consumed during the year and included in operating cost amounted to R3,479.5 million (2015: R3,123.3 million and 2014: R2,954.4 million).

16. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less allowance for impairment. Estimates made for impairment are based on a review of all outstanding amounts at year end. Irrecoverable amounts are written off during the period in which they are identified.

Figures in million - SA rand	2016	2015	2014

Trade receivables	**561.9**	810.1	309.5
Other trade receivables	**75.0**	51.6	87.3
Payroll debtors	**91.8**	92.8	83.8
Interest receivable	**5.1**	7.1	11.6
Financial assets	**733.8**	961.6	492.2
Prepayments	**269.7**	113.9	61.5
Value added tax	**262.4**	304.6	226.2
Total trade and other receivables	**1,265.9**	1,380.1	779.9

17. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at amortised cost which is deemed to be fair value as they have a short-term maturity.

Figures in million - SA rand	2016	2015	2014
Cash at the bank and on hand	**339.5**	118.4	83.4
Total cash and cash equivalents	**339.5**	118.4	83.4

18. STATED SHARE CAPITAL

ACCOUNTING POLICY

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Figures in thousand	Notes	2016	2015	2014
Authorised number of shares		**2,000,000**	2,000,000	1,000,000
Reconciliation of issued number of shares				
Number of shares in issue at beginning of the year		**916,140**	898,840	735,079
Shares issued under SGL Share Plan		**12,864**	17,300	6,866
Shares issued as consideration for the acquisition of Cooke		**-**	-	156,895
Number of shares in issue at end of the year		**929,004**	916,140	898,840

The authorised share capital was increased to 2,000,000,000 during the year ended 31 December 2015.

In terms of the general authority granted by the shareholders of the Company on 24 May 2016, the Board may issue authorised but unissued ordinary share capital representing not more than 5% of the issued share capital of the Company at 31 December 2015 in accordance with the memorandum of incorporation and the Companies Act.

All the Sibanye ordinary shares rank pari passu in all respects, there being no conversion or exchange rights attached thereto, and all of the ordinary shares will have equal rights to participate in capital, dividend and profit distributions by the Company.

19. BORROWINGS

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Expected future cash flows used to determine the fair value of borrowings are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the expected gold price, foreign currency exchange rates, and estimates of production costs, future capital expenditure and discount rates.

ACCOUNTING POLICY

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Figures in million - SA rand	Notes	2016	2015	2014
R6.0 billion revolving credit facility	19.1	**5,100.0**	-	-
US$350 million revolving credit facility	19.2	**1,369.0**	-	-

R4.5 billion Facilities	19.3	**-**	1,961.6	1,979.5
Other borrowings	19.4	**749.5**	-	-
Total borrowings		**7,218.5**	1,961.6	1,979.5
Reconciliation of the non-current and current portion of the borrowings:				
Borrowings		**7,218.5**	1,961.6	1,979.5
Current portion of borrowings		**(749.5)**	(1,961.6)	(498.1)
Non-current portion of borrowings		**6,469.0**	-	1,481.4

The current portion of borrowings will be repaid out of operational cash flows or it will be refinanced by utilising available Company facilities.

19.1 R6.0 BILLION REVOLVING CREDIT FACILITY

On 15 November 2016, Sibanye cancelled and refinanced the R4.5 billion Facilities by drawing R3.2 billion under the R6.0 billion revolving credit facility (RCF). The purpose of the facility was to refinance the R4.5 billion Facilities, finance ongoing capital expenditure, working capital and general corporate expenditure requirements which may include the financing of future acquisitions of business combinations.

Terms of the R6.0 billion RCF	
Facility:	R6.0 billion
Interest rate:	JIBAR
Interest rate margin:	2.4%
Term of loan:	Three years
Borrowers:	Sibanye, Sibanye Rustenburg Platinum Mines Proprietary Limited (SRPM) and Kroondal
Security and/or guarantors:	The facility is unsecured and guaranteed by Sibanye, Rand Uranium, SRPM and Kroondal.

Figures in million - SA rand	**2016**	**2015**	**2014**
Loans raised	**5,100.0**	-	-
Balance at end of the year	**5,100.0**	-	-

19.2 US$350 MILLION REVOLVING CREDIT FACILITY

On 24 August 2015 Sibanye entered into a US$300 million syndicated RCF agreement. On 15 February 2016 the facility increased to US$350 million. The purpose of the facility was to finance ongoing capital expenditure, working capital and general corporate expenditure requirements which may include the financing of future acquisitions of business combinations.

Terms of the US$350 million RCF		
Facility:	US$350 million RCF (31 December 2015: US$300 million RCF)	
Interest rate:	LIBOR	
Interest rate margin:	2% per annum	
Utilisation Fees	Where the total outstanding loans under the RCF fall within the range of the percentage of the total loan as set out below, Sibanye shall pay a utilisation fee equal to the percentage per annum set out opposite such percentage range.	
	% of the total loans	**Utilisation fee**
	Less than or equal to 33⅓%	0.15%
	Greater than 33⅓% and less than or equal to 66⅔%	0.30%
	Greater than 66⅔%	0.50%
Term of loan:	Three years	
Borrowers:	Sibanye, SRPM and Kroondal	
Security and/or guarantors:	The facility is unsecured and guaranteed by Sibanye, Rand Uranium, SRPM and Kroondal.	

Figures in million - SA rand	**2016**	**2015**	**2014**
Loans raised	**2,771.5**	-	-
Loans repaid	**(1,211.6)**	-	-
Gain on foreign exchange differences	**(190.9)**	-	-
Balance at end of the year	**1,369.0**	-	-

19.3 R4.5 BILLION FACILITIES

Sibanye entered into the R4.5 billion Facilities on 13 December 2013. The R4.5 billion Facilities was used to refinance the unbundling bridge loan facilities.

Terms of the R4.5 billion Facilities	
Facility:	R2.5 billion revolving credit facility (RCF)
	2.0 billion term loan facility (Term Loan)
Interest rate:	JIBAR
Interest rate margin:	RCF: 2.85%
	Term Loan: 2.75%
Term of loan:	Three years
Repayment period:	The Term Loan will be repaid in equal six-monthly instalments of R250 million, with the R750 million balance and any amounts outstanding under the RCF due for settlement on final maturity, being 13 December 2016.
Security and/or guarantors:	The Facilities are unsecured and guaranteed by Rand Uranium and Ezulwini.
Cancellation:	These facilities were cancelled and repaid on 15 November 2016.

Figures in million - SA rand	Notes	2016	2015	2014
Balance at beginning of the year		**1,961.6**	1,979.5	1,990.9
Loans raised		**1,936.4**	1,000.0	884.6
Loans repaid		**(3,900.0)**	(1,020.9)	(900.0)
Unwinding of amortised cost	5	**2.0**	3.0	4.0
Balance at end of the year		**-**	1,961.6	1,979.5
Reconciliation of facilities:				
Term loan		**-**	998.0	1,494.9
RCF		**-**	963.6	484.6

19.4 OTHER BORROWINGS

SHORT-TERM CREDIT FACILITIES

Sibanye has uncommitted loan facilities with various banks to fund capital expenditure and working capital requirements at its operations. These facilities have no fixed terms, are short-term in nature and interest rates are market related.

Figures in million - SA rand	2016	2015	2014
Loans raised	**4,545.6**	552.0	739.0
Loans repaid	**(3,796.1)**	(552.0)	(739.0)
Balance at end of the year	**749.5**	-	-

19.5 THE EXPOSURE TO INTEREST RATE CHANGES AND THE CONTRACTUAL REPRICING DATES

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

Figures in million - SA rand	2016	2015	2014
Floating rate with exposure to change in JIBAR	**5,849.5**	1,961.6	1,979.5
Floating rate with exposure to change in LIBOR	**1,369.0**	-	-
Non-current borrowings exposed to interest rate changes	**7,218.5**	1,961.6	1,979.5
The Group has the following undrawn borrowing facilities:			
Committed	**4,322.5**	6,198.4	1,494.9
Uncommitted	**200.5**	548.0	484.6
Total undrawn facilities	**4,523.0**	6,746.4	1,979.5
All of the above facilities have floating rates. The undrawn committed facilities have the following expiry dates:			
– within one year	**-**	1,536.4	-
– later than one year and not later than two years	**3,422.5**	-	1,494.9
– later than two years and not later than three years	**900.0**	4,662.0	-
Total undrawn committed facilities	**4,322.5**	6,198.4	1,494.9

19.6 CAPITAL MANAGEMENT

The Company's primary objective with regards to managing its capital is to ensure that there is sufficient capital available to support the funding requirements of the Company, including capital expenditure, in a way that: optimises the cost of capital; maximises shareholders' returns; and ensures that the Company remains in a sound financial position.

There were no changes to the Company's overall capital management approach during the current year.

The Company manages and makes adjustments to the capital structure as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. Opportunities in the market are also monitored closely to ensure that the most efficient funding solutions are implemented.

The Company monitors capital using the ratio of net external debt to earnings before interest, taxes, depreciation and amortisation (EBITDA), but does not set absolute limits for this ratio. The Company is comfortable with a ratio of net debt to EBITDA of one times or lower.

Figures in million - SA rand	Notes	2016	2015	2014
Borrowings[1]		**7,218.5**	1,961.6	1,979.5
Cash and cash equivalents[2]	17	**339.5**	118.4	83.4
Net debt[3]		**6,879.0**	1,843.2	1,896.1
EBITDA[4]		**9,815.0**	6,340.5	7,279.8
Net debt to EBITDA (Ratio)[5]		**0.70**	0.29	0.26

[1] *EBITDA is net operating profit before depreciation and amortisation.*
[2] *Net debt to EBITDA ratio is defined as net debt as at the end of a reporting period divided by EBITDA of the 12 months ended on the same reporting date.*

20. ENVIRONMENTAL REHABILITATION OBLIGATION

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

ACCOUNTING POLICY

Provisions are recognised when the Company has a present obligation, legal or constructive resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with applicable environmental and regulatory requirements.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. Changes in estimates are capitalised or reversed against the relevant asset to the extent that it meets the definition of dismantling and removing the item and restoring the site on which it is located. Costs that relate to an existing condition caused by past operations and do not have a future economic benefit are recognised in profit or loss. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. The present value of environmental disturbances created are capitalised to mining assets against an increase in the environmental rehabilitation obligation.

Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control environmental disturbances is charged against income as incurred. The unwinding of the discount due to the passage of time is recognised as finance cost, and the capitalised cost is amortised over the remaining lives of the mines.

Figures in million - SA rand	Notes	2016	2015	2014
Balance at beginning of the year		**1,579.7**	1,759.6	1,660.7
Interest charge[1]	5	**154.8**	138.3	131.4
Payment of environmental rehabilitation obligation		**-**	(0.3)	(10.9)
Change in estimates[2]	10	**107.3**	(317.9)	(21.6)
Balance at end of the year		**1,841.8**	1,579.7	1,759.6

[1] *The provision is calculated based on the discount rates of 8.5% – 10.2% (2015: 9.2% - 10.2% and 2014: 7.2% - 8.6%).*

[2] *Changes in estimates are defined as changes in reserves and corresponding changes in life of mine, changes in discount rates, and changes in laws and regulations governing environmental matters.*

The Company's mining operations are required by law to undertake rehabilitation works as part of their ongoing operations. The Company makes contributions into environmental rehabilitation obligation funds (refer to note 13) and holds guarantees to fund the estimated costs.

21. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of wages and salaries, annual leave and other benefits due to be settled within twelve months of the reporting date are measured at rates which are expected to be paid when the liability is settled.

All other employee entitlement liabilities are measured at the present value of estimated payments to be made in respect of services rendered up to reporting date.

Figures in million - SA rand	2016	2015	2014
Trade creditors	**234.7**	243.5	251.9
Accruals and other creditors	**650.3**	650.6	643.0
Payroll creditors	**667.3**	721.8	628.3
Leave pay accrual	**516.3**	445.7	401.7
Other	**22.3**	15.9	7.4
Total trade and other payables	**2,090.9**	2,077.5	1,932.3

22. CASH GENERATED BY OPERATIONS

Figures in million - SA rand	Notes	2016	2015	2014
(Loss)/profit for the year		**(1,359.2)**	1,760.6	2,111.5
Royalties	8.1	**512.4**	383.9	422.1
Mining and income tax	8.2	**1,341.7**	496.4	848.3
Interest income		**(277.4)**	(242.2)	(172.6)
Finance expense	5	**586.7**	396.8	328.8
Profit before interest, royalties and tax		**804.2**	2,795.5	3,538.1
Non-cash and other adjusting items:				
Amortisation and depreciation	4	**3,031.6**	2,915.1	2,921.7
Share-based payments	6	**240.8**	247.4	368.8
Loss on financial instruments		**931.9**	56.0	82.1
Gain on foreign exchange differences		**(190.9)**	(4.2)	(8.8)
Gain on disposal of property, plant and equipment		**(80.7)**	(49.0)	(4.7)
Impairments	7	**4,700.2**	-	504.4
Reversal of impairment		**-**	-	(474.1)
Net loss on derecognition of financial guarantee asset and liability		**-**	158.3	-
Recognition of other receivable	14.1	**(82.4)**	-	-
Other		**1.3**	-	-
Total cash generated by operations		**9,356.0**	6,119.1	6,927.5

23. CHANGE IN WORKING CAPITAL

Figures in million - SA rand	2016	2015	2014
Inventories	**(48.3)**	(25.5)	(15.8)
Trade, related and other receivables	**(312.5)**	(1,320.3)	(927.0)
Trade, related and other payables	**952.6**	221.7	737.2
Total change in working capital	**591.8**	(1,124.1)	(205.6)

24. ROYALTIES AND TAX PAID

24.1 ROYALTIES PAID

Figures in million - SA rand	Notes	2016	2015	2014
Royalties payable at beginning of the year		**23.9**	12.7	240.0
Royalties	8.1	**512.4**	383.9	422.1
Royalties paid		**(539.4)**	(372.7)	(649.4)
Royalties payable at end of the year		**(3.1)**	23.9	12.7

24.2 TAX PAID

Figures in million - SA rand	Notes	2016	2015	2014
Tax payable at beginning of the year		**106.0**	67.9	527.2
Current tax	8.2	**1,117.3**	681.5	872.7
Tax paid		**(1,169.3)**	(643.4)	(1,332.0)
Tax payable at end of the year		**54.0**	106.0	67.9

25. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial instruments recognised in the statement of financial position include cash and cash equivalents, trade and other receivables, borrowings, and trade and other payables.

The Company initially recognises loans and receivables on the date they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Any interest in such transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each item.

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and those event(s) had an impact on the estimated future cash flows of that asset, that can be estimated reliably. Impairment losses are recognised through profit or loss.

On derecognition of a financial asset or liability, the difference between the carrying amount of the asset or liability and the sum of the consideration received and cumulative gains recognised in equity is recognised in profit or loss.

Refer to the relevant notes for the accounting policies of the following financial assets and financial liabilities:

- Environmental rehabilitation obligation funds
- Other receivable
- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables

25.1 ACCOUNTING CLASSIFICATIONS AND MEASUREMENT OF FAIR VALUES

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- **Trade and other receivables/payables, and cash and cash equivalents**

  The carrying amounts approximate fair values due to the short maturity of these instruments.
- **Investments and environmental rehabilitation obligation funds**

  The fair value of publicly traded instruments is based on quoted market values. The environmental rehabilitation obligation funds are stated at fair value based on the nature of the funds' investments.
- **Borrowings**

  The fair value of borrowings approximates its carrying amounts as the impact of credit risk is included in the measurement of carrying amounts.
- **Financial instruments**

  The fair value of financial instruments is estimated based on ruling market prices, volatilities and interest rates at 31 December 2016. All derivatives are carried on the statement of financial position at fair value.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- **Level 1:** unadjusted quoted prices in active markets for identical asset or liabilities;
- **Level 2:** inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set out the Company's significant financial instruments measured at fair value by level within the fair value hierarchy:

	Carrying value				Fair Value			
Figures in million - SA rand	**Fair value through profit or loss**	**Loans and other receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2016								
Financial assets								
Measured at fair value:								
- Environmental rehabilitation obligation funds[1]	**2,178.2**	**-**	**-**	**2,178.2**	**2,178.2**	**-**	**-**	**2,178.2**
Not measured at fair value:								
- Other receivable	**-**	**82.4**	**-**	**82.4**				
Financial liabilities								
Not measured at fair value:								
- Borrowings	**-**	**-**	**(7,218.5)**	**(7,218.5)**				
31 December 2015								
Financial assets								
Measured at fair value:								
- Environmental rehabilitation obligation funds[1]	2,004.0	-	-	2,004.0	2,004.0	-	-	2,004.0
Financial liabilities								
Not measured at fair value:								
- Borrowings	-	-	(1,961.6)	(1,961.6)				

[1] *Environmental rehabilitation obligation funds comprises interest-bearing short-term investments valued using quoted market prices.*

25.2 RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Company is exposed to market risks, including commodity price, foreign currency, interest rate, liquidity and credit risk associated with underlying assets, liabilities and anticipated transactions. In order to manage these risks, the Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

CONTROLLING AND MANAGING RISK IN THE COMPANY

Sibanye has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Sibanye's Board of Directors (the Board). Management of financial risk is centralised at Sibanye's treasury department (Treasury), which acts as the interface between Sibanye's Operations and counterparty banks. Treasury manages financial risk in accordance with the policies and procedures established by the Board and executive committee.

The Board has approved dealing limits for money market, foreign exchange and commodity transactions, which Treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the CFO.

The objective of Treasury is to manage all financial risks arising from the Company's business activities in order to protect profit and cash flows. Treasury activities of Sibanye and its subsidiaries are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activities are currently performed within the Treasury Framework with appropriate resolutions from the Board, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Company are defined as follows:

- **Liquidity risk management:** the objective is to ensure that the Company is able to meet its short-term commitments through the effective and efficient management of cash and usage of credit facilities.
- **Currency risk management:** the objective is to maximise the Company's profits by minimising currency fluctuations.
- **Funding risk management:** the objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.
- **Investment risk management:** the objective is to achieve optimal returns on surplus funds.
- **Interest rate risk management:** the objective is to identify opportunities to prudently manage interest rate exposures.
- **Counterparty exposure:** the objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Company is limited to a maximum investment of 2.5% of the financial institutions' equity, which is dependent on the institutions' credit rating. The credit rating used is Fitch Ratings' short-term credit rating for financial institutions.

- **Commodity price risk management:** commodity risk management takes place within limits and with counterparts as approved in the treasury framework.

CREDIT RISK

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Company has reduced its exposure to credit risk by dealing with a number of counterparties. The Company approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

The carrying value of the financial assets represents the combined maximum credit risk exposure of the Company.

Trade receivables are reviewed on a regular basis and an allowance for impairment is raised when they are not considered recoverable. Trade receivables comprise banking institutions purchasing commodities. These receivables are currently in a sound financial position and no impairment has been recognised.

Receivables that are past due but not impaired total R7.4 million (2015: R3.2 million and 2014: R16.6 million). At 31 December 2016, receivables of R2.3 million (2015: R1.5 million and 2014: R0.2 million) are considered impaired and are provided for.

Concentration of credit risk on cash and cash equivalents and non-current assets is considered minimal due to the abovementioned investment risk management and counterparty exposure risk management policies.

LIQUIDITY RISK

In the ordinary course of business, the Company receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Company's normal and contingency funding requirements.

The following are contractually due, undiscounted cash flows resulting from maturities of financial liabilities including interest payments:

Figures in million - SA rand	Total	Within one year	Between one and five years	After five years
31 December 2016				
Trade and other payables	**1,574.6**	**1,574.6**	**-**	**-**
Borrowings				
- Capital	**7,218.5**	**749.5**	**6,469.0**	**-**
- Interest	**-**	**-**	**-**	**-**
Total	**8,793.1**	**2,324.1**	**6,469.0**	**-**
31 December 2015				
Trade and other payables	1,631.8	1,631.8	-	-
Borrowings[1]				
- Capital	1,963.6	1,963.6	-	-
- Interest	168.7	168.7	-	-
Total	3,764.1	3,764.1	-	-

[1] Borrowings - JIBAR and LIBOR at 31 December 2016 adjusted by specific facility agreement of 2.75% and 4.00%, respectively.

Working capital and going concern assessment

The Company's current liabilities exceeded its current assets by R898.5 million as at 31 December 2016 (2015: R2,439.7 million). Sibanye generated cash from operating activities of R5,010.2 million for the year ended 31 December 2016.

The Group has entered into a definitive agreement to acquire all of the outstanding common stock of Stillwater for US$18.00 per share, or US$2.2 billion (approximately R30 billion) in cash (the Stillwater Transaction). The consideration represents a premium of 23% to Stillwater's prior day closing share price, and 20% to Stillwater's 20-day volume-weighted average closing share price. Sibanye has obtained a US$2.65 billion bridge facility from a syndicate of banks initially led by Citibank and HSBC only to fund the Stillwater acquisition, refinance existing indebtedness at Stillwater, and pay certain related fees, costs and expenses. Together with cash on hand, the Bridge Facility is sufficient to fully fund the Stillwater Transaction and is expected to close in the second quarter of 2017.

Post-closing of the Stillwater Transaction, the Group expects to raise in the capital markets new equity and debt, primarily through a proposed rights offer (maximum US$1.3 billion) and a bond issue, both of which is envisaged to be underwritten by the bridge facility arranging and funding banks, negotiation of which is ongoing, with the objective of maintaining a strong balance sheet and its dividend policy, and preserving its long-term financial flexibility. To enhance its capital structure and financing mix, the Group will also evaluate additional financing structures, which may include, among others, streaming facilities and the issuance of warrants and convertible bonds, all of which will be assessed considering prevailing market conditions, exchange rates and commodity prices. Consistent with its long-term strategy, the Group plans to deleverage over time to its targeted leverage (net debt to EBITDA ratio) of no greater than 1.0x EBITDA.

The Bridge Facility currently provides for the equity refinancing to be concluded by 31 October 2017 with the balance to be refinanced within 1 year of closing of the Stillwater Transaction.

The Group's leverage ratio post the conclusion of the Stillwater Transaction and prior to the proposed rights offer is expected to peak at no more than 3.3x EBITDA. Cash generated from operations and the proceeds of the proposed rights offer is expected to reduce Sibanye's leverage ratio to below 2.2x by 31 December 2017, with the targeted leverage ratio of no greater than 1.0x EBITDA achieved shortly after 31 December 2018.

Aside from the Bridge Facility, the Group and the Company has further committed unutilised debt facilities at 31 December 2016 of R4.3 billion (2015: R6.2 billion).

The directors believe that the cash generated by its operations, the Stillwater Transaction Bridge Facility and the remaining balance of the Group's revolving credit facilities will enable the Group to continue to meet its obligations as they fall due. However, if the Stillwater Transaction is not successful, the directors still believe that the cash generated by its operations and the remaining balance of the Group's revolving credit facilities will enable the Group to continue to meet its obligations as they fall due. The company financial statements for the year ended 31 December 2016, therefore, have been prepared on a going concern basis.

MARKET RISK

The Company is exposed to market risks, including foreign currency, commodity price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, the Company may enter into derivative financial instruments to manage some of these exposures (refer to sensitivity analysis further in this note).

SENSITIVITY ANALYSIS

The sensitivity analysis shows the effects of reasonable possible changes of relevant risk variables on profit or loss or shareholders' equity. The Company is exposed to commodity price, currency and interest rate risks. The effects are determined by relating the reasonable possible change in the risk variable to the balance of financial instruments at period end date.

The amounts generated from the sensitivity analyses are forward-looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Foreign currency sensitivity

General and policy

In the ordinary course of business, the Company enters into transactions, such as gold sales, denominated in foreign currencies, primarily US dollar. Although this exposes the Company to transaction and translation exposure from fluctuations in foreign currency exchange rates, the Company does not generally hedge this exposure, although it could be considered for significant expenditures based in foreign currency or those items which have long lead times to produce or deliver. Also, the Company on occasion undertakes currency hedging to take advantage of favourable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainably high levels.

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. This includes but is not limited to the US$350 million RCF (refer note 19.2).

Foreign currency economic hedging experience

As at 31 December 2016, 2015 and 2014 there were no material foreign currency contract positions.

During the years ended 31 December 2016, 2015 and 2014, no forward cover was taken out to cover various commitments of Sibanye's operations.

Foreign currency sensitivity analysis

Sibanye's operations are all located in South Africa and its revenues are equally sensitive to changes in the US dollar gold price and the rand/US dollar exchange rate (the exchange rate). Depreciation of the rand against the US dollar results in Sibanye's revenues and operating margin increasing. Conversely, should the rand appreciate against the US dollar, revenues and operating margins would decrease. The impact on profitability of any change in the exchange rate can be substantial. Furthermore, the exchange rates obtained when converting US dollars to rand are set by foreign exchange markets over which Sibanye has no control. The relationship between currencies and commodities, which includes the gold price, is complex and changes in exchange rates can influence commodity prices and vice versa.

A sensitivity analysis of the mark-to-market valuation has not been performed as there were no material foreign currency contracts as at 31 December 2016, 2015 and 2014.

Commodity price sensitivity

The market price of gold has a significant effect on the results of operations of the Company and the ability of the Company to pay dividends and undertake capital expenditures. The gold price has historically fluctuated widely and is affected by numerous industry factors over which the Company does not have any control. The aggregate effect of these factors on the gold price, all of which are beyond the control of the Company, is impossible for the Company to predict.

Commodity price hedging policy

As a general rule, the Company does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Commodity hedging could, however, be considered in future under one or more of the following circumstances: to protect cash flows at times of significant capital expenditure; financing projects or to safeguard the viability of higher cost operations.

To the extent that it enters into commodity hedging arrangements, the Company seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counterparties is affiliated with, or related to parties of the Company.

Commodity price hedging experience

As of 31 December 2016, 2015 and 2014, no commodity price derivative instruments were entered into.

Commodity price contract position

As of 31 December 2016, 2015 and 2014, Sibanye had no outstanding commodity price contracts.

Interest rate sensitivity

General

The Company's income and operating cash flows are dependent of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings.

As at 31 December 2016, the Company's total borrowings amounted to R7,218.5 million (2015: R1,961.6 million and 2014: R1,979.5 million). The Company generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances. Refer to note 19 for all the borrowings and the relevant interest rates per facility.

The portion of Sibanye's interest-bearing borrowings at period end that is exposed to interest rate fluctuations is R7,218.5 million (2015: R1,961.6 million and 2014: R1,979.5 million). This debt is normally rolled for periods between one and three months and is therefore exposed to the rate changes in this period.

R5,849.5 million (2015: R1,961.6 million and 2014: R1,979.5 million) of the total borrowings at the end of the period is exposed to changes in the JIBAR rate and R1,369.0 million (2015: Rnil and 2014: R nil) is exposed to changes in the LIBOR rate. The relevant interest rates for each facility are described in note 19.

The table below summarises the effect of a change in finance expense on the Company's profit or loss had JIBAR and LIBOR differed as indicated. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant. All financial instruments with fixed interest rates that are carried at amortised cost are not subject to the interest rate sensitivity analysis.

Interest rate sensitivity analysis

	Change in interest expenses for a change in interest rate					
Figures in million - SA rand	**-1.5%**	**-1.0%**	**-0.5%**	**0.5%**	**1.0%**	**1.5%**
31 December 2016						
- JIBAR	**45.6**	**30.4**	**15.2**	**(15.2)**	**(30.4)**	**(45.6)**
- LIBOR[1]	**-**	**-**	**-**	**(13.6)**	**(27.2)**	**(40.8)**
Change in finance expense	**45.6**	**30.4**	**15.2**	**(28.8)**	**(57.6)**	**(86.4)**
31 December 2015						
- JIBAR	35.4	23.6	11.8	(11.8)	(23.6)	(35.4)
- LIBOR[1]	-	-	-	(4.6)	(9.2)	(13.8)
Change in finance expense	35.4	23.6	11.8	(16.4)	(32.8)	(49.2)

[1] No interest rate sensitivity analysis has been performed for a reduction in LIBOR due to LIBOR being less than 0.5%, a decrease in LIBOR would have no impact on the Company's profit or loss.

26. COMMITMENTS

Figures in million - SA rand	Notes	2016	2015	2014
Capital expenditure				
- Authorised		**2,166.4**	2,153.5	3,298.9
Kloof		**1,256.0**	1,307.7	1,851.0
Driefontein		**780.4**	725.5	1,177.1
Beatrix		**130.0**	120.3	270.8
- Contracted for		**262.5**	262.5	316.4
Other guarantees		**55.5**	55.5	55.5

Commitments will be funded from internal sources and to the extent necessary from borrowings. This expenditure primarily relates to hostel upgrades, mining activities and infrastructure.

27. CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within the control of the Company occur or fail to occur or for contingent liabilities where a present obligation arising from a past event exists but is not recognised because either it is not probable that an out-flow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be determined with sufficient reliability. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

POST CLOSURE WATER MANAGEMENT LIABILITY

The Company has identified a risk of potential long-term Acid Mine Drainage (AMD) and other groundwater pollution issues which are currently being experienced by peer mining groups. AMD relates to the acidification and contamination of naturally occurring water resources by pyrite-bearing ore contained in underground mines and in rock dumps, tailings dams and pits on the surface. The Company has not been able to reliably determine the financial impact that AMD might have on the Company, nor the timing of possible out flow, however, the Company has adopted a proactive approach by initiating projects such as Sibanye Amanzi (long-term water management strategy), the acquisition and development of innovative treatment technologies; and the development of regional mine closure models to predict water quality impacts. The Company operates a comprehensive water quality monitoring program, including bio-monitoring, as an early detection of potential AMD.

No adjustment for the effects that may result from AMD and other groundwater pollution issues, if any, have been made in the consolidated financial statements other than in the environmental rehabilitation obligation (refer to note 20).

OCCUPATIONAL HEALTHCARE SERVICES

The Company provides occupational healthcare services to its employees through its existing facilities at the various operations. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. Any such increased cost cannot be quantified. The costs are however also mitigated by advances in technology relating to occupational health. The Company is monitoring developments in this regard.

The principal health risks associated with Sibanye's mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Sibanye's workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD) as well as noise induced hearing loss. The Occupational Diseases in Mines and Works Act, 78 of 1973 (ODMWA), governs the compensation paid to mining employees who contract certain illnesses, such as silicosis. The South African Constitutional Court has ruled that a claim for compensation under ODMWA does not prevent an employee from seeking compensation from its employer in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation, need to be proved on a case-by-case basis, it is possible that such ruling could expose Sibanye to individual or class action claims related to occupational hazards and diseases (including silicosis). If Sibanye were to face a significant number of such claims and the claims were suitably established against it, the payments of compensation for the claims could have a material adverse effect on Sibanye's results of operations and financial position. In addition, Sibanye may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

On 21 August 2012, a court application was served on a group of respondents that included Sibanye (the August Respondents). On 21 December 2012, a further court application was issued and was formally served on a number of respondents, including Sibanye (the December Respondents) and, again on 10 January 2013, both the August Respondents and the December Respondents (together the Respondents), on behalf of current and former mine workers, and their dependents, of, amongst others, Sibanye and who allegedly contracted silicosis and/or other occupational lung diseases (OLD) (the Class). The court application of 21 August 2012 and 21 December 2012 are together referred to below as the Applications.

Sibanye filed a notice of its intention to oppose the applications and its attorneys to defend the claims.

These Applications requested that the court:

1. As a first phase, certify a class action to be instituted by the applicants on behalf of the class, as defined.
2. As a second phase, possibly split the class, as defined into smaller classes based on common legal and factual issues. The Respondents are of the view that the definition of the class in the first phase and the proposed process involving the second phase are contrary to South African legal precedent.
3. In the last phase, bring an action wherein they will attempt to hold the respondents liable for silicosis and other OLD and resultant consequences.

The Applications do not identify the number of claims that may be instituted against the Respondents or the quantum of damages that the applicants may seek.

The Applications were heard during the weeks of 12 and 19 October 2015. Judgement was handed down certifying a class action to be instituted.

Anglo American South Africa, AngloGold Ashanti, Gold Fields, Harmony and Sibanye announced in November 2014 that they have formed a gold mining industry working group to address issues relating to the compensation and medical care for OLD in the gold mining industry in South Africa. Essentially, the companies are seeking a comprehensive and sustainable solution which deals both with the legacy compensation issues and future legal frameworks which, while being fair to employees, also ensures the future sustainability of companies in the industry.

The companies have engaged all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended.

On 13 May 2016, the High court ruled in favour of the applicants and found that there were sufficient common issues to certify two industry-wide classes: (i) a silicosis class comprising current and former mine workers who have contracted silicosis and the dependents of mine workers who have died of silicosis; and (ii) a tuberculosis class comprising current and former mine workers who have worked on the mines for a period of not less than two years and who have contracted pulmonary tuberculosis and the dependents of deceased mine workers who died of pulmonary tuberculosis. The High court ordered a two-stage process in the class action: (i) resolve common issues and allow individuals to opt out, and (ii) allow the individuals to opt in to the class to make claims against the Respondents. The High court also decided that claims for general damages will transmit to the estate of the deceased mine worker who dies after the date of filing of the certification application.

On 3 June 2016, Sibanye and the other Respondents filed an application with the High Court for leave to appeal to the Supreme Court of Appeal. Arguments in the application for leave to appeal were heard on 23 June 2016. On 24 June 2016, leave to appeal was (i) granted in respect of the transferability of general damages claims but (ii) denied in respect of certification of silicosis and tuberculosis classes. On 15 July 2016, Sibanye and the other Respondents each filed petitions with the supreme court of Appeal for leave to appeal against the certification of the two separate classes for silicosis and tuberculosis.

On 21 September 2016, the Supreme Court of Appeal granted the Respondents leave to appeal against all aspects of the class certification judgement of the High Court delivered in May 2016. The appeal record has been filed.

At this stage, Sibanye can neither quantify the potential liability from the action due to the inherent legal and factual uncertainties with respect to the pending claims and other claims not yet filed against the Company nor can the length of time until finalisation or quantum be estimated.

28. RELATED-PARTY TRANSACTIONS

Sibanye entered into related-party transactions with key management, its associates and its subsidiaries during the year as detailed below. The transactions with these related parties are generally conducted with terms comparable to transactions with third parties, however in certain circumstances such as related-party loans, the transactions were not at arm's length.

RAND REFINERY

Rand Refinery, in which Sibanye holds a 33.1% interest, has an agreement with the Company whereby it refines all the Company's gold production. No dividends were received during the years ended 31 December 2016, 2015 and 2014. For the year ending 31 December 2016, the Company paid refining fees to Rand Refinery and received interest (refer to note 12.1 for the loan to Rand Refinery).

KEY MANAGEMENT REMUNERATION

The executive directors and prescribed officers were paid the following remuneration during the year:

Figures in thousands – SA Rand	Salary	Annual bonus accrued for 2016 paid in 2017	Share proceeds and dividends on Bonus Shares	Pension scheme total contributions	Expense allowance	2016	2015
Executive directors							
Neal Froneman	7,791	4,180	91,758	863	135	**104,727**	19,886
Charl Keyter	4,292	2,090	19,266	605	46	**26,299**	13,119
Prescribed officers							
Hartley Dikgale	2,840	1,245	6,577	187	–	**10,849**	5,368
Dawie Mostert	2,886	1,288	7,176	361	–	**11,711**	5,974
Jean Nel[1]	3,460	1,622	–	–	–	**5,082**	–
Themba Nkosi[2]	1,549	1,227	–	175	–	**2,951**	–
Wayne Robinson	3,772	1,365	745	298	–	**6,180**	6,180
Richard Stewart	3,067	1,353	574	337	–	**5,331**	5,152
Robert van Niekerk	3,852	1,626	15,835	422	–	**21,725**	15,734
John Wallington[3]	3,134	1,264	–	550	–	**4,948**	–
Total	36,643	17,260	141,921	3,798	181	**199,803**	71,410

[1] Appointed as a prescribed officer on 13 April 2016 and resigned as a prescribed officer on 1 November 2016.
[2] Appointed as a prescribed officer on 4 July 2016.
[3] Appointed as a prescribed officer on 1 February 2016.

The non-executive directors were paid the following fees during the year:

Figures in thousands – SA Rand	Directors' fees	Committee fees	Expense allowance	2016	2015
Non-executive directors					
Chris Chadwick	857	242	–	**1,099**	1,047
Robert Chan	857	242	270	**1,369**	1,047
Tim Cumming	857	433	47	**1,337**	1,278
Barry Davison	857	554	–	**1,411**	1,387
Rick Menell	857	715	30	**1,602**	1,535
Sello Moloko	1,621	–	–	**1,621**	1,544
Nkosemntu Nika	857	403	–	**1,260**	1,200
Keith Rayner	857	673	–	**1,530**	1,420
Sue van der Merwe	857	282	–	**1,139**	1,085
Jerry Vilakazi	857	312	–	**1,169**	1,113
Jiyu Yuan	857	121	–	**978**	604
	10,191	**3,977**	**347**	**14,515**	13,263

The directors' and prescribed officers' share ownership at 31 December 2016 was:

	Number of shares 2016	2015
Executive directors		
Neal Froneman	**804,402**	164,832
Charl Keyter	**469,954**	227,898
Non-executive directors		
Sello Moloko	**46,000**	-
Chris Chadwick	**88**	88
Tim Cumming	**100**	100
Barry Davison	**500,000**	500,000
Rick Menell	**44,800**	44,800
Keith Rayner	**45,000**	60,000
Sue van der Merwe	**424**	-
Total share ownership by directors	**1,910,768**	997,718
Prescribed officers		
Hartley Dikgale	**175,215**	-
Themba Nkosi	**367**	-
Richard Stewart	**12,854**	-
Total share ownership by directors and prescribed officers	**2,099,204**	997,718

OTHER RELATED-PARTY TRANSACTIONS AND BALANCES

The table below details the transactions and balances between the Company and its related-parties:

Figures in million - SA rand	Notes	2016	2015	2014
Interest income from Rand Refinery	12.1	**40.2**	37.3	1.2
Expenditure		**(925.5)**	(657.6)	(977.2)
Refining fees paid to Rand Refinery		**(44.4)**	(30.8)	(30.6)
Administration fees paid to Sibanye Gold Shared Services		**(114.2)**	(121.4)	(176.5)
Security fees paid to Sibanye Gold Protection Services		**(294.7)**	(253.9)	(265.8)
Training fees paid to Sibanye Gold Academy		**(197.6)**	(251.5)	(258.6)
Medical fees paid to St Helena Hospital		**(274.6)**	-	(245.7)
Loan Receivable from associate		**79.3**	37.2	55.1
Rand Refinery	12.1	**403.9**	363.7	384.6
Impairment of Rand Refinery Loan		**(329.5)**	(329.5)	(329.5)
Living Gold Proprietary Limited		**4.9**	3.0	-
Loan Receivable from Subsidiaries		**2,171.1**	5,298.6	4,974.6
Newshelf 1114[1]		**-**	2,774.5	2,728.5
Rand Uranium[2]		**1,147.6**	2,291.6	2,021.6
Witwatersrand Consolidated Gold Resources Proprietary Limited		**988.3**	198.3	198.3
St Helena		**22.0**	22.0	22.0
Other Subsidiaries		**13.2**	12.2	4.2
Trade receivables from related parties		**2,353.1**	1,926.4	1,206.3
Sibanye Gold Shared Services		**1,999.1**	1,914.6	1,168.0
Sibanye Rustenburg Platinum Mines		**145.4**	-	-
Sibanye Gold Academy		**70.3**	0.6	0.4
Sibanye Gold Protection Services		**64.8**	0.3	1.0
Rand Uranium		**27.5**	6.5	30.8
Other Subsidiaries		**46.0**	4.5	6.0
Trade payables to related parties		**(1,530.3)**	(591.1)	(514.6)
Sibanye Gold Shared Services		**(1,442.7)**	(571.3)	(473.9)
Sibanye Gold Academy		**(39.5)**	(15.1)	(21.0)
Other Subsidiaries		**(48.1)**	(4.7)	(19.7)
Loan payable to Subsidiaries		**(393.1)**	(754.1)	(752.0)
Ezulwini		**(373.1)**	(396.2)	(389.1)
Sibanye Gold Protection Services		**(20.0)**	(20.0)	(20.0)
Sibanye Gold Shared Services		**-**	(329.0)	(334.0)
Other Subsidiaries		**-**	(8.9)	(8.9)

[1] The loan receivable from Newshelf 1114 was fully impaired during the year, refer to Note 7.
[2] The loan receivable from Rand Uranium was partially impaired during the year, refer to Note 7.

29. EVENTS AFTER THE REPORTING DATE

There were no events that could have a material impact on the financial results of the Company after 31 December 2016, other than those disclosed below.

FINAL DIVIDEND DECLARED

On 23 February 2017 a final dividend in respect of the six months ended 31 December 2016 of 60 SA cents per share was approved by the Board resulting in a total dividend of 145 SA cents per share for the year ended 31 December 2016. This dividend is not reflected in these financial statements. The final dividend will be subject to Dividend Withholding Tax.

ADMINISTRATIVE AND CORPORATE INFORMATION

SIBANYE GOLD LIMITED

Incorporated in the Republic of South Africa
Registration number 2002/031431/06
Share code: SGL
Issuer code: SGL
ISIN – ZAE E000173951

LISTINGS

JSE: SGL
NYSE: SBGL

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Neal Froneman (CEO)
Charl Keyter (CFO)
Chris Chadwick[2]
Robert Chan[2]
Timothy Cumming[1]
Barry Davison[1]
Rick Menell[1]
Nkosemntu Nika[1]
Keith Rayner[1]
Susan van der Merwe[1]
Jerry Vilakazi
Jiyu Yuan[2]
[1] *Independent non-executive*
[2] *Non-executive*

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