



Sibanye**GOLD**
We are One

THE BURNSTONE PROJECT

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In accordance with the requirements imposed by the JSE, Sibanye Gold reports its reserves using the terms and definitions of the SAMREC Code (2007 edition). There are differences between the SAMREC Code and the Security and Exchange Commission's Industry Guide 7. Mineral or ore reserves, as defined under the SAMREC Code, are divided into categories of proved and probable reserves and are expressed in terms of tonnes to be processed at mill feed head grades, allowing for estimated mining dilution, recovery and other factors.

Introduction

- On 14 April 2014, Sibanye concluded the acquisition of Witwatersrand Consolidated Gold Resources Limited (Wits Gold)
- Wits Gold had previously secured an option to acquire Southgold Exploration (Pty) Ltd (Southgold), which owns the Burnstone operation (Burnstone), through a business rescue process
- Following an extensive due diligence, Sibanye indicated its intention to exercise the option to acquire Southgold
- Transaction closure is dependent on Southgold coming out of business rescue



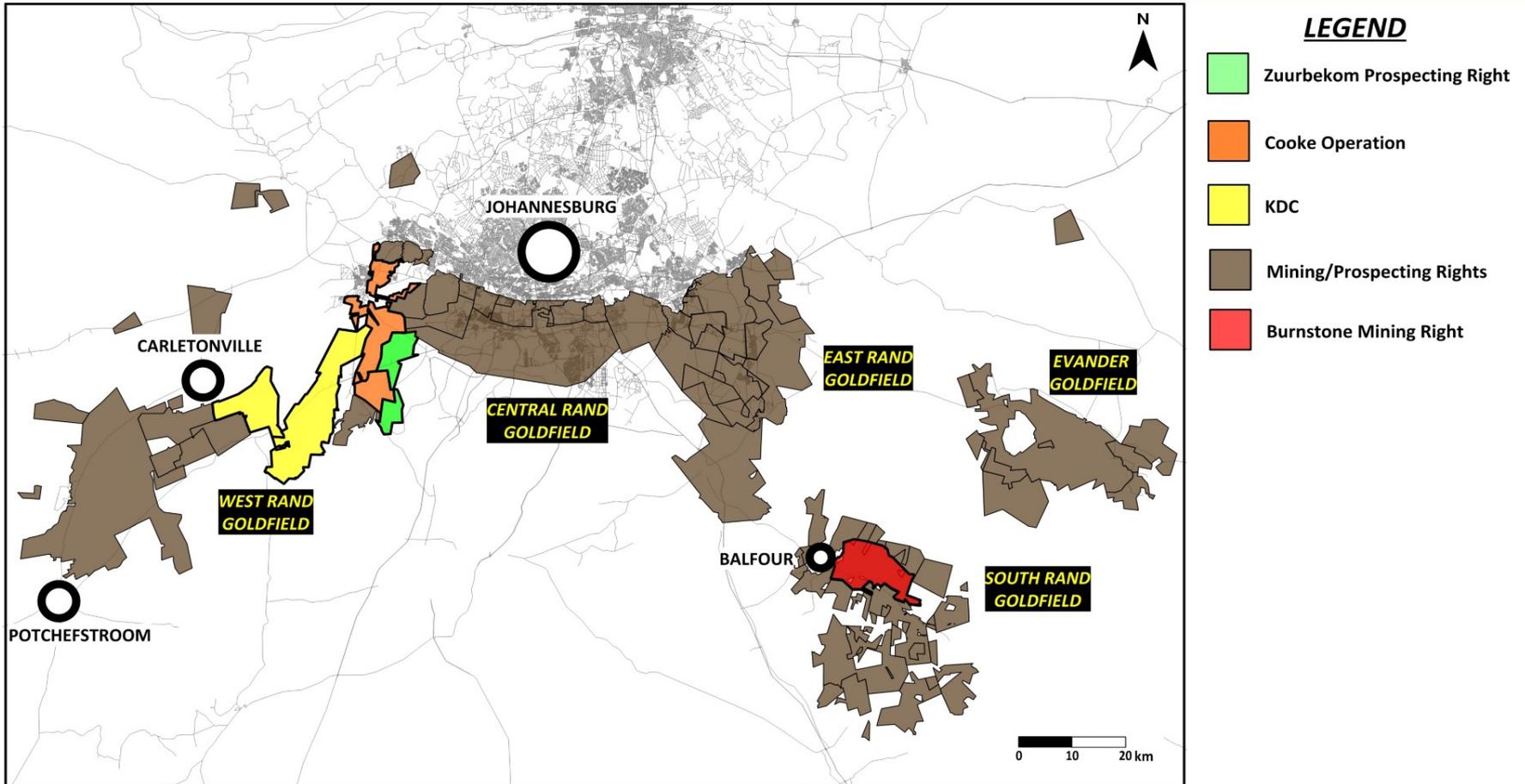
Burnstone: rationale

- Nominal acquisition price
- Over \$500 million of capital already invested
- Existing debt more than halved to \$177.3m
- Commercial repayment terms
- Opportunity to develop a new mine from first principals, supported by existing, newly built, plant and infrastructure
- Shallow operation in a new region of the Wits Basin:
 - lower operational cost
 - undemanding capital – substantial proportion of capital already sunk
 - lower seismicity – improved safety
 - provides a key strategic foothold in the South Rand Basin

Key terms of the Burnstone acquisition

Offer	<ul style="list-style-type: none"> Sibanye acquires 100% of issued share capital of Southgold (sole owner of Burnstone mine and assets) All shareholder loans and inter-group loans against Southgold
Offer consideration	<ul style="list-style-type: none"> Payment of \$7.25 million on completion of transaction Total debt reduced by 55% to \$177.3 million, back-ranked to new funding and ring-fenced to and repaid from Burnstone free cash flow
New funding	<ul style="list-style-type: none"> Sibanye to provide up to R 950 million, over time, as working capital to support chosen production plan Sibanye loan attracts interest at JIBAR +4% (~9.5%) Sibanye loan to be repaid first: <ul style="list-style-type: none"> 90% free cash to shareholder loan; 10% to debt
Debt settlement	<ul style="list-style-type: none"> On settlement of the Sibanye loan and interest, debt will be repaid from free cash flow: <ul style="list-style-type: none"> 70% to shareholder loan: 30% to debt Moratorium on interest and capital repayments for 36 months from transaction completion Debt attracts interest at LIBOR +4% (~4.5%) Option to settle outstanding balances at any time without penalty Bank debt ring-fenced to Burnstone

Burnstone: location



A new, substantial goldfield

Burnstone mine - overview

- Designed as a shallow (~250m to ~1,000m), semi-mechanised mine
- Mine construction started in 2006
- Mine infrastructure is 90% complete
- Complete metallurgical plant with a nameplate capacity of 125,000tpm
- Total capital expenditure on the operation has been in excess of US\$500m
- All operational licences and permits in place
- Produced approximately 38,000oz of gold before being placed on care and maintenance in mid-2012



Capital investment has already been made

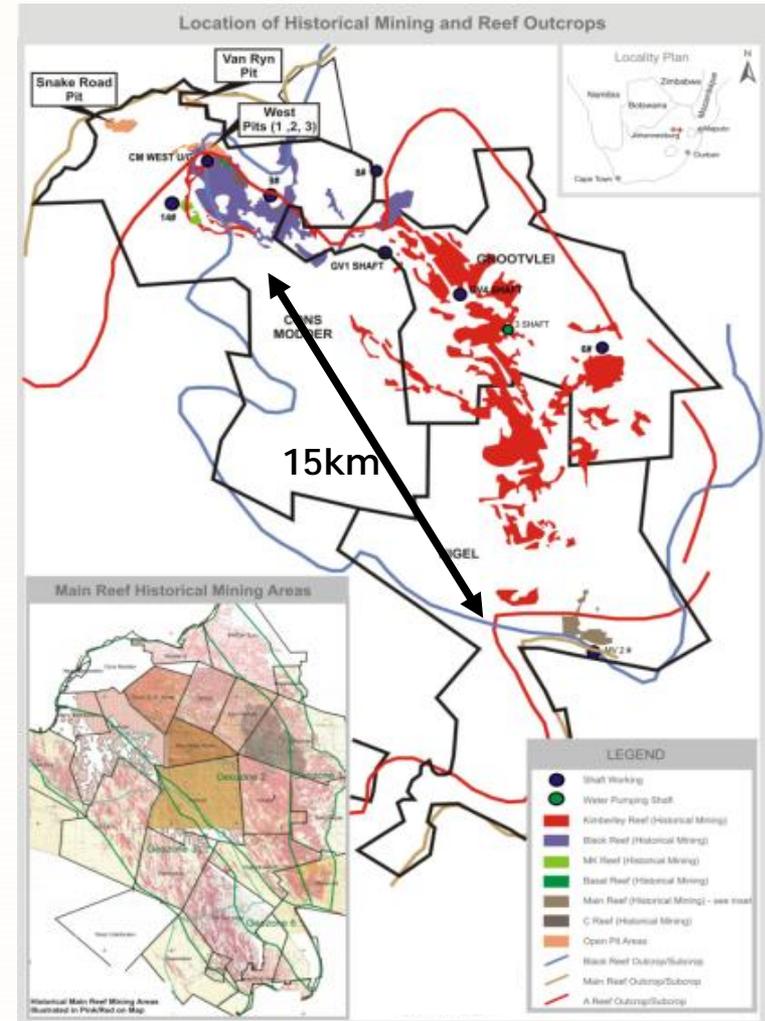
The Sibanye approach

- Design the mine around the orebody
- Develop the mine from a zero base
 - essentially ignore historic mining and mining methods and start with pre-development utilising existing shaft infrastructure
- Leverage off historical learning and studies
 - extensive exploration database (460 boreholes)
 - existing underground sampling and mapping data
 - Gold One's Modder East operation
 - original Burnstone feasibility study (Turgis 2006)
 - Wits Gold/Sibanye due diligence



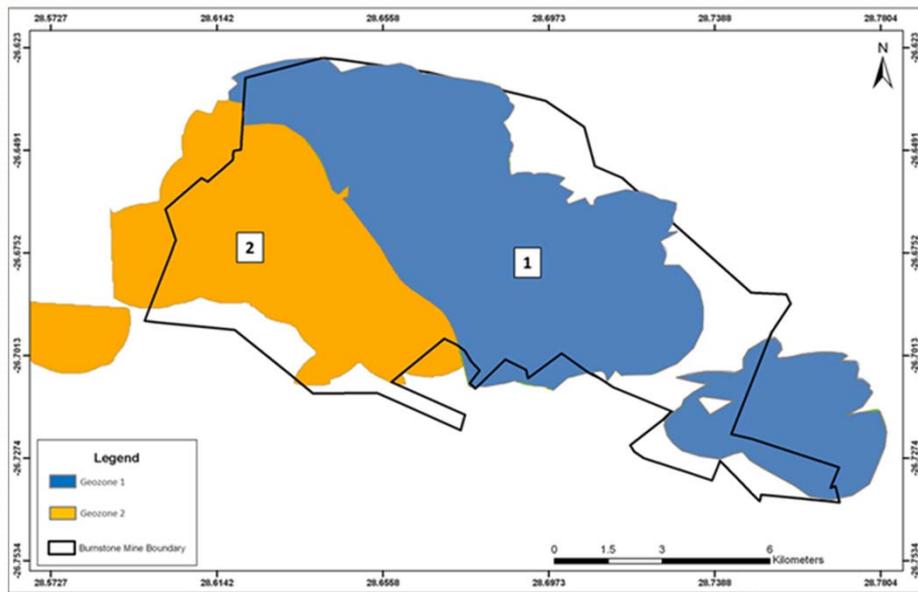
Understanding the orebody

- Two critical aspects of the Burnstone Kimberley Reef were historically poorly understood:
 - channelisation
 - structural complexities
- The Kimberley K9 Reef has however been extensively mined in other areas of the Witwatersrand Basin – not a ‘new’ orebody
 - East Rand Grootvlei Operations
 - Evander Basin
 - West Rand Cooke Operations

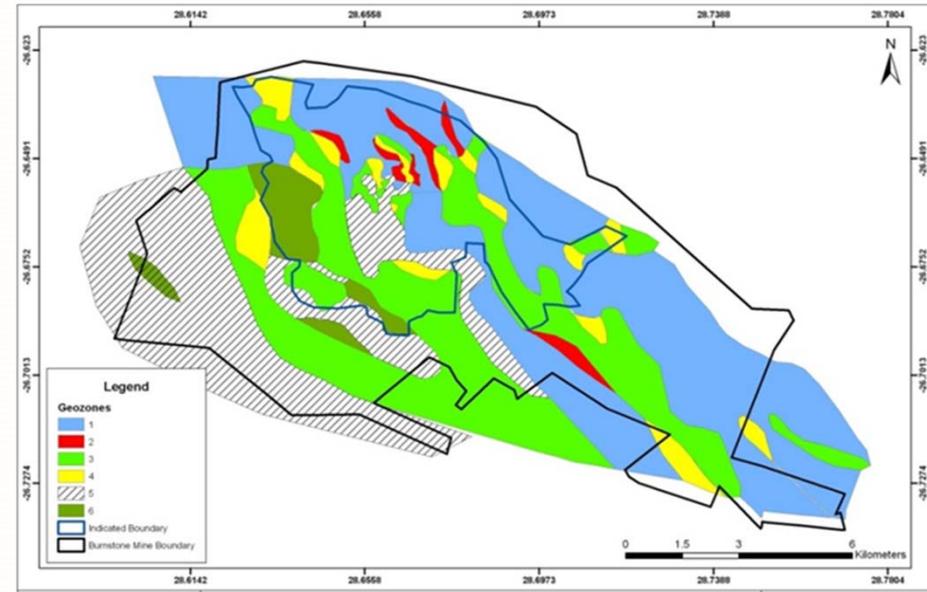


Understanding the orebody: channelisation

- Reef channelisation results in a bimodal grade distribution
- Total payability across the orebody decreases, requiring strict MRM and cut-off grade policies, but allows for selective grade control
- Requires a selective mining method

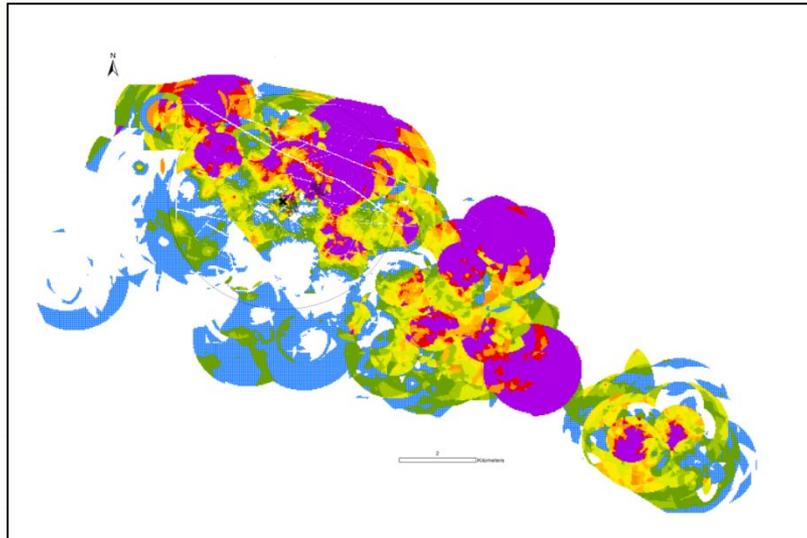


Geozones 2012 (GBG)

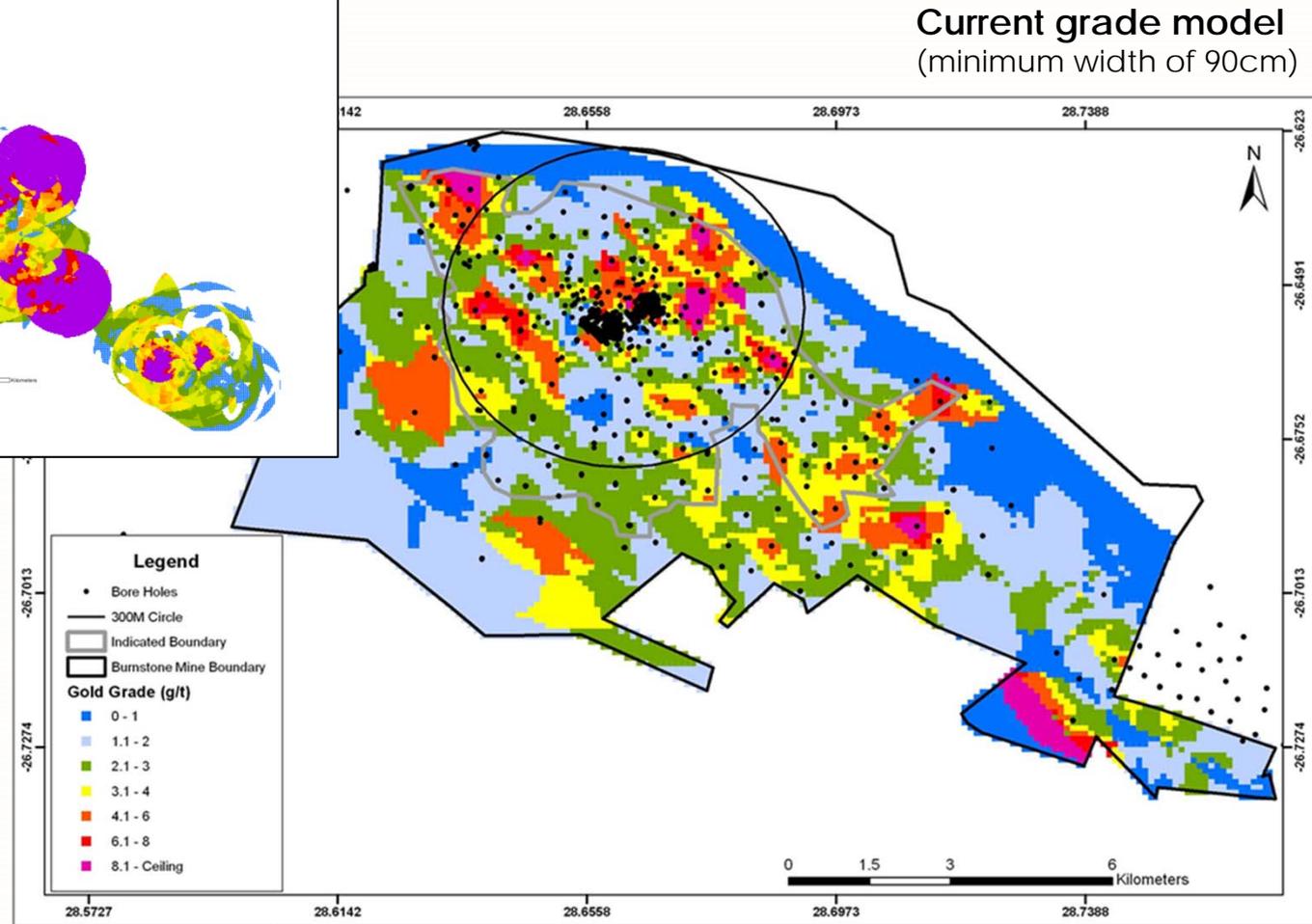


Geozones current

Understanding the orebody: channelisation

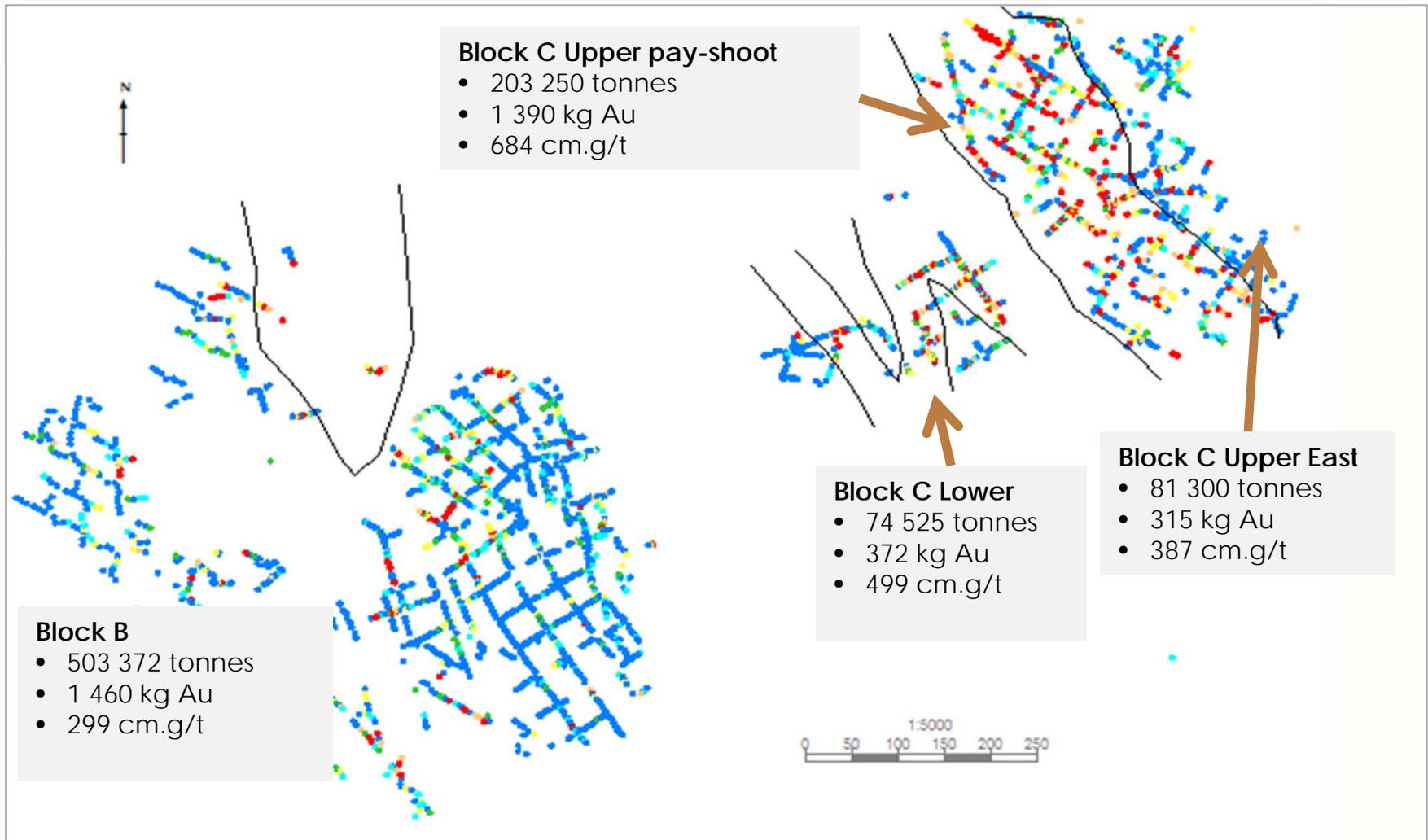


2012 grade model
(minimum width of 60cm)



Geology dictates grade distribution

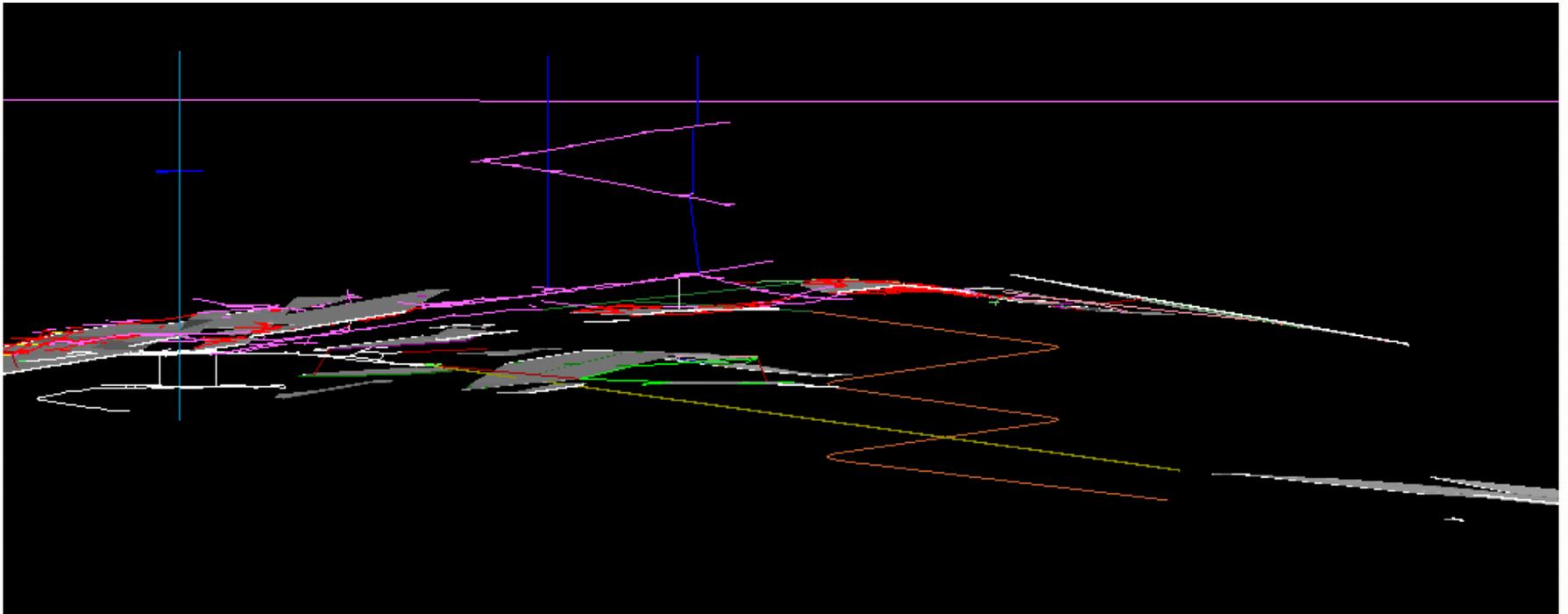
Understanding the orebody: channelisation



30% payability but at a 50% higher grade

Understanding the orebody: structure

- Orebody comprises a folded anticline
- Associated with low dip angles and large (>30m) regional faults
- Folding also results in smaller (<2m local faulting)



Requires flexible mining method and optimal footwall infrastructure

Orebody and mining method

Orebody characteristic	Implications for mining method	LHS*	Conventional breast mining
Channelised orebody	Selective mining method	✗	✓
	Exploration ahead of stoping	✗	✓
	Additional face length to provide flexibility	-	-
Narrow reef width	Minimise on reef dilution:	✓	✗
	<ul style="list-style-type: none"> • stoping • development 	✗	✓
	Safety	-	-
Low orebody dip angles	Requires stope cleaning	✗	✓
Local structural discontinuities	Be able to negotiate/reestablish on reef development	✗	✓
	Exploration ahead of mining	✗	✓
	Minimise on reef dilution/reef losses	✗	✓
Regional discontinuities	Optimal/flexible capital infrastructure design	✓	✓

* LHS = Long Hole Stopping mining method attempted by GBG

Orebody lends itself to conventional mining methods

Sticking with a tested approach

- Optimise the LOM through de-risking the start up and delivering Burnstone as an operating mine by:
 - conventional and well understood mining layouts
 - selective breast mining with scraper cleaning
 - micro-hydropower
 - mechanised footwall infrastructure
 - Remove tramming constraints through historically mined reef areas onto footwall drives
 - Conventional and proven ventilation layouts
 - Remove mechanised on reef development to reduce unplanned dilution and loss factors
 - Utilise multiple existing development “attack” points to fast track development and create flexibility
 - Optimise capital development infrastructure but targeting higher grade blocks

Sibanye due diligence study

- Utilising the historical CPR's as a base, Sibanye has completed a due diligence model that is currently being upgraded into a detailed Life of Mine plan that will be associated with SAMREC compliant resources and reserves
- Conceptual model parameters
 - four years of pre-development with limited stoping
 - annual steady state production: ~80,000 - 100,000oz
 - operating cost: ~R 800/ton
 - initial infrastructure capital: ~R180m
 - operating cost: ~US\$ 800/oz*
 - all-in cost: ~US\$ 1,000 - 1100/oz*

*ZAR10:US\$1

Refinement to due diligence study

- Potential to significantly enhance the Burnstone operations economics:
 - optimised grade profile through the application of appropriate cut-off grades
 - channelisation provides an opportunity to enhance operating margins through lower volume, higher grade mining
 - optimise capital development and cash flow by targeting higher grade areas earlier
 - opportunity to reduce capital through targeted footwall development



Way forward

- Commenced with detailed sedimentological and structural modelling to better constrain grade models
 - currently re-logging all boreholes
 - undertake 3D seismic survey (2015)
- Detailed mine plan to enhance early cashflow opportunities
 - completed by Q1 2015
 - update resources and reserves and define optimal cut-off grades
- Commence with final capital infrastructure program to ensure efficient ore and waste tramming (~R180m over 15 month period)



Summary and conclusions

- Burnstone presents an attractive opportunity for Sibanye, from both a strategic and operational perspective
 - purchase of existing infrastructure, underground access and metallurgical plant for \$7.5m
 - favourable debt funding terms
- The Sibanye mine plan has de-risked the Burnstone opportunity by:
 - detailed understanding and review of the orebody
 - application of appropriate and well understood mining methods
 - opportunity to commence immediately with footwall development from multiple attack points
 - an achievable ramp up profile benchmarked against similar operations
- Further enhancement to the project economics without the requirement for material re-work through orebody modelling and associated mine plan optimisation

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QUESTIONS