ROYAL BAFOKENG PLATINUM

MORE THAN MINING

Condensed Consolidated Interim Results for the six months ended 30 June 2018

MORE THAN MINING >

OUR BUSINESS

OUR VISION

> To seek and deliver the good from mining

OUR MISSION

> To leave a lasting legacy of sustainable benefits for our stakeholders

OUR PURPOSE

> To create economic value for all our stakeholders

WHO WE ARE

> RBPlat is a **50.5% black-owned**, controlled and operated mid-tier platinum group metals (PGMs) producer listed on the JSE on 8 November 2010 (47% free float) | *See www.bafokengplatinum.co.za/our-structure.php for our Group structure*

> First and only **community-owned** company to list on the JSE

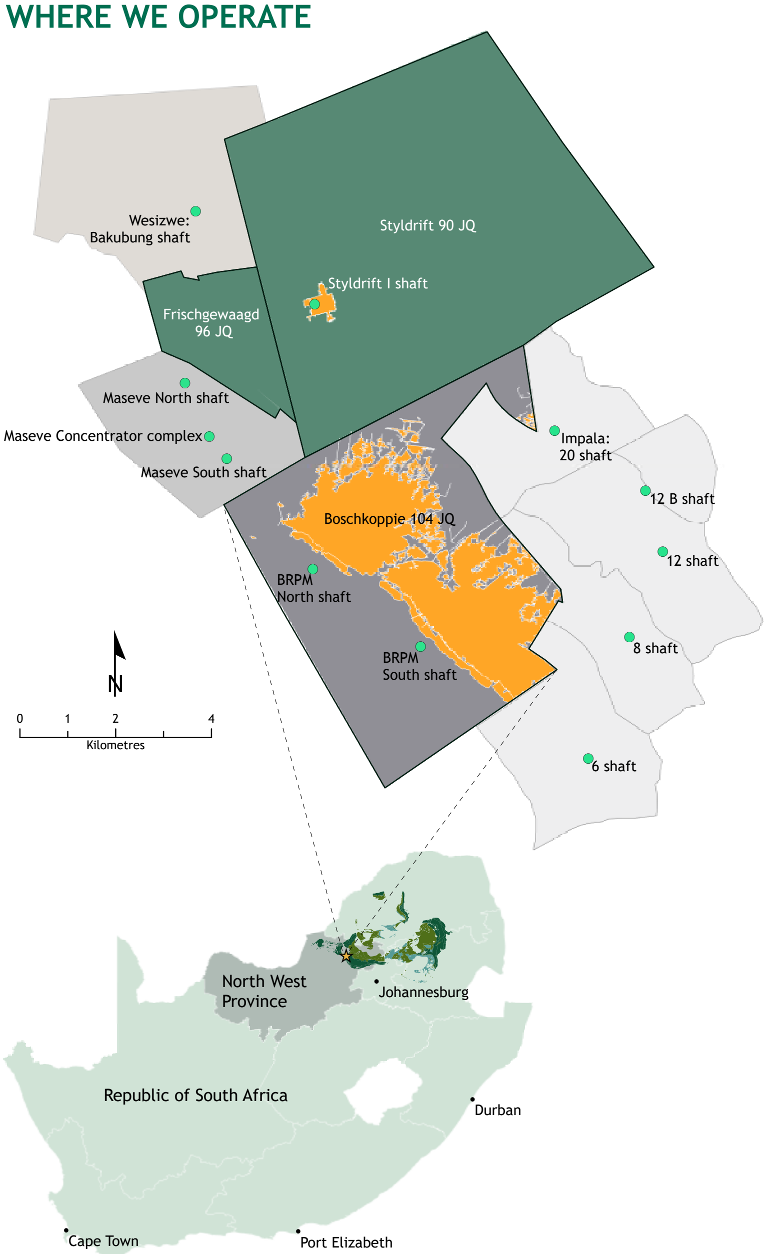
> Originating from the Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV) between the Royal Bafokeng Nation and Anglo American Platinum, which has been **in operation since 2002**

> We own **67% of the BRPM JV**

> Our **broad-based ownership structure** provides stability, certainty and sustainability

> **Benefits** from ownership **flow to the community** in the form of social and economic development

WHERE WE OPERATE



Positioned for long-term growth by increasing our 2016 production by approximately **45%** by 2020, depending on market conditions

Competitive position on the industry cost curve

Organic growth through Styldrift high-margin mechanised operation ramping up to **150ktpm** by year-end 2018

Operational flexibility allows us to be nimble in our decision-making

Experienced management team with the flexibility to adapt rapidly to a changing business environment and the courage to make tough decisions

Independent Board collectively committed to ethical leadership and with the expertise and experience necessary to provide effective leadership

64% of our Board members are independent non-executive directors

55% are HDSAs and

36% are female

KEY FEATURES OF OUR PERFORMANCE

Financial capital

- **1.9% reduction** in fixed cash costs from 72.7% to 70.8%
- Improved **EBITDA** margin of **13.4%** (2017: 6.3%)
- **154.4% increase** in Styldrift on-reef development revenue to **R476.5 million** (2017: R187.3 million)
- Net cash position of **R227.8 million** (2017: R1.7 billion)
- Successful financial **closure of Maseve** acquisition
- Proposed acquisition of Amplats* **33% interest in the BRPM JV** for a consideration of R1 863 million

Manufactured capital

- **69.2% increase** in tonnes milled from Styldrift to 406kt (2017: 240kt)
- **4.2% improvement** in 4E built-up head grade to 3.96g/t (2017: 3.80g/t)
- **5.9% increase** in 4E ounces to 164.5koz (2017: 155.4koz)
- **6.6% increase** in platinum ounces to 106.5koz (2017: 99.9koz)
- **6.1% reduction** in cash operating costs to R1 342 million (2017: R1 429 million)
- **3.5% increase** in unit cost per tonne milled to R1 195 (2017: R1 155)
- **1.5% increase** in unit cost per platinum ounce to R16 159 (2017: R15 913)

Human capital

- **11.3% decrease** in total injury frequency rate (TIFR)
- **3.1% increase** in lost-time injury frequency rate (LTIFR)
- **54.6% increase** in serious injury frequency rate (SIFR)

Natural capital

- **6.4% improvement** in BRPM concentrator energy efficiency
- **R11.2 million** potable water cost savings by using our water treatment plant

* *Anglo American Platinum*

OPERATING AND FINANCIAL STATISTICS

for the six months ended

Description	Unit	30 June 2018	30 June 2017	% change
Safety				
Fatalities	number	**0**	0	0
LTIFR (/1 000 000 hours)*	rate	**2.68**	2.60	(3.1)
SIFR (/1 000 000 hours)*	rate	**2.01**	1.30	(54.6)
TIFR (/1 000 000 hours)*	rate	**9.92**	11.19	11.3
Production				
Total tonnes delivered	kt	**1 516**	1 473	2.9
BRPM	kt	**1 114**	1 235	(9.8)
Styldrift	kt	**402**	238	68.9
Merensky	kt	**1 301**	1 174	10.8
UG2	kt	**215**	298	(27.9)
Total development	km	**17.0**	19.1	(11.0)
Working cost development	km	**13.5**	15.8	(14.6)
Capital development	km	**3.5**	3.3	6.1
IMS panel ratio (BRPM)	ratio	**1.89**	1.54	22.7
Total tonnes milled	kt	**1 529**	1 477	3.5
BRPM	kt	**1 123**	1 237	(9.2)
Styldrift	kt	**406**	240	69.2
Merensky	kt	**1 314**	1 179	11.5
UG2	kt	**215**	298	(27.9)
UG2 % milled	%	**14**	20	(30.0)
Built-up head grade (4E)	g/t	**3.96**	3.80	4.2
BRPM	g/t	**4.17**	4.04	3.2
Styldrift	g/t	**3.36**	2.53	32.8
Merensky	g/t	**3.94**	3.79	4.0
UG2	g/t	**4.07**	3.85	5.7
Metals in concentrate produced				
BRPM JV				
4E	koz	**164.5**	155.4	5.9
Platinum	koz	**106.5**	99.9	6.6
Palladium	koz	**43.8**	35.9	22.0
Rhodium	koz	**9.2**	9.2	—
Gold	koz	**5.1**	4.5	13.3
Iridium	koz	**3.0**	3.1	(3.2)
Ruthenium	koz	**15.6**	15.5	0.6
Nickel	t	**1 091**	956	14.1
Copper	t	**681**	608	12.0
Cobalt	t	**27**	24	12.5
BRPM				
4E	koz	**128.4**	139.8	(8.2)
Platinum	koz	**83.0**	89.8	(7.6)
Palladium	koz	**34.1**	31.7	7.6
Rhodium	koz	**7.3**	8.4	(13.1)
Gold	koz	**3.9**	4.0	(2.5)
Iridium	koz	**2.4**	2.8	(14.3)
Ruthenium	koz	**12.4**	14.1	(12.1)
Nickel	t	**787**	797	(1.3)
Copper	t	**503**	512	(1.8)
Cobalt	t	**20**	21	(4.8)

Description	Unit	30 June 2018	30 June 2017	% change
Metals in concentrate produced continued				
Styldrift				
4E	koz	**36.1**	15.6	131.4
Platinum	koz	**23.5**	10.1	132.7
Palladium	koz	**9.6**	4.2	128.6
Rhodium	koz	**1.8**	0.8	125.0
Gold	koz	**1.2**	0.5	140.0
Iridium	koz	**0.6**	0.3	100.0
Ruthenium	koz	**3.2**	1.4	128.6
Nickel	t	**305**	159	91.8
Copper	t	**178**	96	85.4
Cobalt	t	**8**	3	166.7
Labour				
Working cost labour	number	**5 627**	6 247	9.9
Capital labour	number	**2 893**	1 572	84.0
Stoping crew efficiency	m^2/crew	**343**	352	(2.6)
Tonnes milled/TEC	t/emp	**33.2**	33.0	0.6
Cash operating costs (excluding Styldrift on-reef production)				
Cash operating costs (excluding Styldrift on-reef production)	Rm	**1 342**	1 429	6.1
Cash operating cost/tonne milled	R/t	**1 195**	1 155	(3.5)
Cash operating cost/4E ounce	R/oz	**10 449**	10 227	(2.2)
Cash operating cost/Pt ounce	R/oz	**16 159**	15 913	(1.5)
Capital expenditure				
Total capital expenditure	Rm	**1 381**	847	(63.0)
Expansion capital	Rm	**1 303**	778	(67.5)
Replacement capital	Rm	**21**	10	(110.0)
Stay-in-business (SIB) capital	Rm	**57**	59	3.4
BRPM	Rm	**42**	54	22.2
Styldrift	Rm	**15**	5	(200.0)
SIB % of operating cost (BRPM)	%	**3.2**	3.8	15.8
Financial indicators				
Gross profit	Rm	**155.6**	11.3	1 277.0
Gross profit margin	%	**9.4**	0.7	1 242.9
EBITDA	Rm	**222.5**	100.4	121.6
EBITDA margin	%	**13.4**	6.3	112.7
Average basket price	R/Pt oz	**19 990**	17 745	12.7
Average R:US$ in revenue	R/US$	**12.90**	13.07	(1.3)
ESG information				
Employees	number	**8 553**	7 849	9.0
Total discretionary procurement spend in HDSA companies	%	**85.8**	86.3	(0.6)
GHG emission CO_2e (scope 1 and 2)	tCO_2e	**170 444**	166 275	2.5
Water intensity	Ml/t milled	**0.660**	0.840	21.4
SLP expenditure	Rm	**21.5**	15.9	35.2

** Rebased to injuries per 1 000 000 hours to align with industry best practice.*

COMMENTARY

OVERVIEW

Our performance against our fourth strategic pillar, the pursuit of value-enhancing opportunities, included completing the acquisition of the Maseve operation and announcing RBPlat's purchase of Anglo American Platinum's 33% share of the Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV). The Maseve acquisition provides immediate access to a concentrator plant to treat Styldrift ore beyond 150ktpm and extends the life of BRPM South shaft. The proposed purchase of Anglo American Platinum's stake in the BRPM JV, affords RBPlat the opportunity to gain greater exposure to one of the highest quality Merensky ore bodies remaining at a time when the Styldrift project has largely been de-risked.

The decline in our key safety metrics during the period under review was disappointing. Our lost time and serious injury frequency rates deteriorated by 3.1% and 54.6%, respectively, as BRPM's safety statistics weakened over the period. We are concerned about the increasing frequency of safety incidents and their reduction is a priority at all levels of the business.

Regrettably, subsequent to the reporting period, Mr Venizelos Alfeu, an employee at BRPM South shaft, was fatally injured during a scraper winch accident on 24 July 2018. Our deepest condolences go to the family, friends and colleagues of Mr Alfeu.

BRPM mine production at North shaft remained consistent year-on-year with lower tonnages delivered from South shaft due to the deferral of uneconomic UG2 production resulting in 11koz reduction in 4E ounces from our BRPM operation. The reduction in output was, however, largely offset by lower operating costs which, combined with the benefits accrued from the restructuring process concluded during the second half of 2017, resulted in limited increases in cash operating unit costs.

Styldrift production levels and delivered grades continue to improve as ramp-up progresses towards achieving the 150ktpm production milestone during the fourth quarter of 2018. Good progress has also been made with the rehabilitation and construction of Silo 4 which, as explained in our 2017 integrated report, had been impacted by worse than expected geotechnical conditions. Silo 4 represents the last key piece of capital infrastructure required to sustainably support the production of 150ktpm and will be commissioned during the last quarter of 2018. Ongoing development of face flexibility and the completion of Settler 1 and Silo 3 will continue into the first half of 2019.

FINANCIAL CAPITAL

During the first six months of 2018 RBPlat made significant progress with its strategic value-enhancing transactions. These include:

- Financial closure on Phase 1 of the Maseve acquisition, which relates to the acquisition of immovable property and the Maseve concentrator plant for a consideration of the ZAR equivalent of US$58 million. Following this acquisition the property and concentrator plant were disposed of to the BRPM JV at cost,
- Financial closure on Phase 2 of the Maseve transaction, which relates to the acquisition of 100% of the shares in and shareholder claims owing by Maseve on 26 April 2018, followed the Department of Mineral Resources' (DMR) approval of the Section 11 transfer to RBPlat for a consideration of the ZAR equivalent of US$12 million (refer to note 18), and
- The conclusion of legally binding agreements with Anglo American Platinum's wholly owned subsidiary, Rustenburg Platinum Mines Limited (RPM) on 4 July 2018 for the acquisition of their 33% participating interest in the BRPM JV at a purchase consideration of R1 863 million (refer to note 19).

Notwithstanding a 6.6% increase in total platinum ounce production (including Styldrift on-reef development ounces), the revenue-accounted platinum ounce production from BRPM was 7.6% down on the previous corresponding period (the six months ended 30 June 2017) which, as previously explained, was primarily due to the closure of non-profitable UG2 production at BRPM's South shaft. This reduction was more than offset by a 6.1% reduction in BRPM's cash operating costs combined with the 12.7% improvement in the revenue basket price we achieved. Earnings were, however, negatively affected by:

- A R25.9 million impairment of feasibility study costs previously capitalised in respect of the Styldrift 100ktpm concentrator plant, which we originally envisaged building as an addition to the BRPM concentrator plant, and
- R20.5 million in care and maintenance and operational readiness costs incurred on the newly acquired Maseve concentrator plant and mine in anticipation of the plant being commissioned and ramping up in the second half of 2018.

This resulted in a loss per share (LPS) for the six months ended 30 June 2018, of 12.4 cents (17.3% improvement), compared to a LPS of 15 cents for the previous corresponding period. Headline loss per share (HLPS) amounted to 6.0 cents (60.8% improvement), compared to a HLPS of 15.3 cents for the previous corresponding period.

Net revenue improved by 4.1% from R1 593.9 million in the first half of 2017 to R1 659.6 million for the first half of 2018. This increase in revenue is mainly due to a 12.7% higher realised average rand basket price per platinum ounce at R19 990 (2017: R17 745) which was offset by a 6.6% reduction in BRPM JV's platinum production. Total cost of sales decreased by 5.0% from R1 582.6 million in 2017 to R1 504.0 million in 2018.

During 2017, the RBPlat Group embarked on a process to restructure and right-size the overhead and operational structure of the business to ensure it is appropriate in the current and future market environment. This restructuring, together with other cost-saving initiatives, continued to deliver cost-saving benefits and resulted in a 1.9% reduction in the fixed component of our cash costs from 72.7% in the first half of 2017 to 70.8% in the first half of 2018. BRPM's average cash operating cost per platinum ounce increased by 1.5% from R15 913 to R16 159 due to a 7.6% reduction in platinum ounce production and a 6.1% reduction in cash operating costs.

Our gross profit margin increased from 0.7% for the six months ended 30 June 2017 to 9.4% for the six months ended 30 June 2018. This was due to a 4.1% improvement in net revenue and a 5.0% reduction in total cost of sales.

Earnings before interest, tax and depreciation and amortisation (EBITDA) as a percentage of revenue improved from 6.3% to 13.4%, mainly as a result of increased revenue and reduced costs.

The Styldrift on-reef revenue, credited against capital expenditure on property, plant and equipment, increased by 154.4% to R476.5 million (2017: R187.3 million). Other income decreased by R34.2 million or 41.7%. This was mainly as a result of the once-off inclusion in 2017 of R19.5 million relating to the fair value gain in the derivative liability from the date of issue of the convertible bond on 15 March 2017 to the date that shareholder approval was obtained on 8 May 2017. In addition, the environmental equity-linked deposit, which earned a variable return of R3.2 million in 2017 incurred a variable loss of R6.9 million in 2018.

Administration costs decreased by R8.5 million mainly due to savings relating to restructuring costs of R57.1 million incurred in 2017. This decrease was offset by the R25.9 million impairment of feasibility study costs and R20.5 million care and maintenance and operational readiness costs in respect of the newly acquired Maseve concentrator plant and mine, as discussed previously.

Finance income reduced by R24.0 million mainly due to the decrease in cash on hand as a result of the cash consideration paid (R824.8 million including VAT) for the acquisition of Maseve. The transaction was finalised in April 2018. The decrease was, however, countered by the reduction in finance costs from R30.2 million in 2017 to R7.2 million in 2018. The reduction in finance costs was due to RBPlat being able to capitalise a higher proportion of interest on the convertible bond (R65.9 million) in line with the provisions of IAS 23 regarding borrowing costs.

As at 30 June 2018 the RBPlat Group had cash and near cash investments of R727.9 million (2017: R1 664.5 million). Included in this cash balance is restricted cash of R52.5 million ring-fenced for the RBPlat housing project and R84.0 million earmarked for the payment of the convertible bond coupon. Despite a 65.9% increase in the Group capital expenditure from R842.5 million in 2017 to R1 397.8 million in 2018, the Group was still able to fund 40.2% (2017: 36.0%) of the 2018 Group capital expenditure from cash generated by operations together with Styldrift on-reef development revenue receipts.

The Group continues to have R2 billion in debt facilities comprising a seven-year term debt facility of R750 million, a five-year revolving credit facility of R750 million and one-year general banking facilities of R508 million. The revolving credit facility remained undrawn at 30 June 2018 while R500 million of the term debt was drawn down. R119.4 million of the general banking facilities was used for guarantees at 30 June 2018. In terms of the acquisition of the 33% of the BRPM JV mentioned above, one of the conditions precedent to the transaction is that the lenders approve the increase of the existing facilities from R2 billion to R3 billion in order to fund the capital expenditure requirements.

COMMENTARY continued

MANUFACTURED CAPITAL

Production

Tonnes delivered to concentrators increased by 2.9% or 43kt to 1 516kt for the reporting period, with BRPM contributing 1 114kt and Styldrift contributing 402kt. The increasing Merensky tonnages delivered by Styldrift, together with the deferral of mining of the UG2 at South shaft during the second half of 2017, have increased the proportion of the Merensky reef treated to 86%.

Merensky delivered tonnes increased by 127kt or 10.8% to 1 301kt, with the BRPM contribution decreasing by 37kt and Styldrift contribution increasing by 164kt. UG2 delivered tonnes decreased by 27.9% to 215kt as a result of the deferral of uneconomic mining of UG2 at South shaft. Lower UG2 tonnages were more than offset by growing contributions from Styldrift resulting in total tonnes milled improving by 3.5% to 1 529kt compared to the first half of 2017.

The higher proportion of Merensky reef has contributed to a 9.6% increase in tonnages treated at the BRPM concentrator and a 36.8% decrease in toll treatment at Waterval. BRPM concentrator recoveries reduced by 1.4% to 84.9% largely due to grade variability experienced in the Styldrift on-reef development ore in the first quarter and the impact of low-quality ceramic media in our MIG (mainstream inert grinding) circuit during the second quarter. Both the grade and ceramic media performance have stabilised with recoveries returning to normal during May. The treatment plant capacity of 250ktpm at the BRPM concentrator is fully utilised and the further ramp-up of Styldrift to reach 150ktpm will be treated at the Maseve concentrator in the second half of 2018.

BRPM attributable milled volumes decreased by 9.2% to 1 123kt while Styldrift milled volumes increased by 69.2% to 406kt. Merensky tonnes milled increased by 11.5% while UG2 tonnes milled decreased by 27.9% to 1 314kt and 215kt, respectively.

The 4E built-up head grade for the reporting period increased by 4.2% from 3.80g/t (4E) to 3.96g/t (4E). The increase in head grade is mainly attributable to a 32.8% increase in grade at Styldrift as stoping volumes increased 169% and BRPM delivered grades remained consistent.

The 3.5% increase in tonnes milled, combined with the 4.2% increase in built-up head grade and lower concentrator recoveries yielded a 5.9% and 6.6% increase in 4E and platinum ounce production to 164.5koz and 106.5koz respectively.

Total development compared to the first six months of 2017 declined by 2.1km to 17.0km. Capital development for the period increased 6.1% to 3.5km. Styldrift completed 3.3km in-line with ramp up requirements towards 150ktpm. BRPM completed 0.2km to support UG2 mining at North shaft. The BRPM IMS panel ratio remains above the target of 1.50 at 1.89, despite working cost development reducing by 14.6% to 13.5km as the lower development is related to the closure of the UG2 mining sections as well as depletion of the Merensky resource at South shaft.

Working cost labour was reduced by 9.9% or 620 employees to 5 627 employees compared to the 2017 reporting period. Despite this reduction, our total number of employees increased to 8 520 as the ramping up of project construction activities to meet the 150ktpm steady state project schedule at Styldrift required an additional 1 321 capital employees.

Productivity in our two key efficiency metrics of square metres per stoping crew and tonnes milled per total employee costed (t/TEC) declined by 2.6% on a square metre per stoping crew basis at BRPM to 343m^2/crew, while t/TEC increased by 0.6% to 33.2t/TEC.

Operating costs

Our total cash operating costs decreased by 6.1% from R1 429 million to R1 342 million when compared to the first six months of 2017, in line with the cost reductions achieved in the second half of 2017. After excluding the incidental tonnage and ounce contributions from Styldrift, our unit cash costs amounted to R1 195 per tonne milled, R10 449 per 4E ounce and R16 159 per platinum ounce. This equates to a 3.5% increase year-on-year in unit cost per tonne milled, a 2.2% increase in unit cost per 4E ounce and an increase of 1.5% per platinum ounce.

Capital expenditure

The total capital expenditure for the period under review increased by 63.0% to R1 381 million compared to the corresponding period in 2017. Replacement capital increased by R11 million to R21 million in line with Phase III construction activities as the project nears completion.

Expansion capital expenditure increased by 67.5% or R525 million to R1 303 million. The increase in our expenditure is as a direct consequence of accelerating construction activities and on-reef development and stoping related to the 150ktpm ramp-up phase at our Styldrift project.

Stay-in-business (SIB) capital expenditure at BRPM reduced by 22.2% to R42 million compared to the same period in 2017 and made up 3.2% of our operating expenditure. SIB capital expenditure of R15 million was spent at Styldrift to overhaul load haul dump vehicles (LHDs) and drill rigs.

PROJECTS

BRPM Phase III replacement project

The total mining scope of the project has been completed with only construction activities related to services, conveyor belts and associated bulkheads on 14 and 15 levels remaining. A technical planning review of the Phase III extraction schedule has indicated that these levels will only be required to come on line during the second quarter of 2019.

Capital expenditure for the reporting period amounted to R21 million resulting in total project expenditure to date of R1 091 million.

Styldrift expansion project

Our Styldrift development remains focused on establishing the infrastructure, stoping face length and operational resourcing required to reach 150ktpm. Capital expenditure is aligned with project progress requirements while maintaining a healthy balance sheet without impacting our ability to meet the ramp-up schedule. Although the market in the first six months of 2018 has improved year-on-year, non-critical path project work remains deferred.

During the reporting period, a total of 3.3km of capital development was completed on 600 and 642 levels and we delivered 402kt of ore to the concentrator at a built-up head grade of 3.36g/t (4E). The 6.8km overland conveyor belt between Styldrift and the BRPM concentrator and the Services shaft were commissioned, and progress was made on construction of Silos 3 and 4, Ventilation shaft No 3 and settler No 1. Strike conveyors supporting stoping operations, which reduce our reliance on trucking were completed in four stoping sections with a further three expected to be completed by year end.

Geotechnical challenges encountered in the raiseboring and construction of Silos 3 and 4 resulted in revisions to the silo construction methodology to adequately cater for the conditions. Stability of life of mine infrastructure is of paramount importance to support flexibility and the sustainability of mining beyond 150ktpm. The rehabilitation of Silo 4 requires the installation of sixty, six metre diameter by one metre high rings which are backfilled with concrete to ensure stability of the silo. Forty of these rings were completed during the first half of the year with completion of the silo expected during the fourth quarter of 2018. Silo 3 will be commissioned during the second quarter of 2019.

Capital expenditure inclusive of operational expenditure, which we capitalised on the project, amounted to R1 303 million bringing the total capital expenditure for the project to date to R9.76 billion.

HUMAN CAPITAL

Safety, health and wellness

RBPlat, together with our employees and communities, endeavour to create a stable and productive working environment where the health and safety of our employees is of paramount importance. Our journey is one of ongoing improvement towards zero harm therefore, the recent deterioration in some of our key safety metrics is disappointing.

RBPlat aims to achieve a resilient operating culture which supports our goal of zero harm and have identified the current areas of safety focus for the second half of the year:

- Proactively identifying risks and safety hazards
- Safety risks around construction work activities particularly at Styldrift
- Addressing the challenging ground conditions through the addition of additional rock engineering resources
- Ensuring proper pre-work assessments are completed.

Labour stability

Continued engagement with all our stakeholders, coupled with a holistic approach to the training and development of our workforce and the communities we operate in, has been instrumental in maintaining our high levels of labour stability.

SOCIAL AND RELATIONSHIP CAPITAL

The interdependencies between mining companies, PGM producers specifically, and their stakeholders, are becoming more important to the success of the industry than ever before, due to the challenging position most companies find themselves in the current market environment. RBPlat's purpose was always to create economic value for all stakeholders through our commitment to achieving More than mining. However, the advent of Mining Charter 2018, and its focus on specific stakeholders, especially mining communities and employees, has increased their prominence. We need to relook and further enhance the way we engage with our key stakeholders.

The focus of our social investment remains on education support, portable skills development, health and agricultural support with the aim of investing in the current and future sustainability of the communities in which we operate. During the period under review we assessed our progress on the various commitments under our Social and Labour Plan and reignited our focus on being a responsible mining company who, with its stakeholders, works towards creating a better operating environment while at the same time delivering value to our communities and employees.

COMMENTARY continued

We continue to support Charora Secondary School by providing experienced mathematics and science teachers, and are investigating further opportunities to broaden our support of education to include more learners through various initiatives including both traditional educational support and technological interventions to further improve the teaching of mathematics and science in the future.

NATURAL CAPITAL

Mining is an extractive industry and our mining activities inevitably impact on the natural environment. However, RBPlat is committed to ensuring that this impact is minimised and that, as far as possible, we limit our dependence on natural resources like water, and energy and reduce our carbon footprint. Our Sustainability Strategy and Framework has been successfully implemented using various interventions to increase the efficiency of our energy and water usage and reduce our carbon footprint. This is reflected in the comparative data on our efficiencies. We voluntarily report to the CDP on climate change and water. In 2017 we achieved a B band carbon disclosure score for the third year in a row and were awarded a position on the Water A list by the CDP for the second year running. During the period under review we continued reporting on our initiatives to maintain these ratings and align our business to meet the expectations of our various stakeholders in terms of climate change.

Our concentrator, which is the most energy-intensive part of our business, was able to achieve 44kWh per tonne milled, which was 12% below its 2018 target of 50kWh per tonne milled. BRPM achieved an energy efficiency of 66kWh per tonne hoisted, which is 13% higher than the 2017 target (59kWh), but in line with the 2009 baseline of 68kWh per tonne hoisted. We expect the work we are doing on upgrading our compressed air reticulation network to achieve a reduction in our use of compressed air and, consequently, our electricity usage at BRPM in the year under review. We set energy efficiency targets for Styldrift from the fourth quarter of 2017, and performance against these targets is being tracked. However, as Styldrift is still a project and in the process of ramping up, its performance will only be comparable once it reaches steady state.

To reduce our impact on the potable water available from Magalies Water and reduce our costs, we invested in a water treatment plant which allows us to reuse process water, particularly in the BRPM concentrator, which is the greatest consumer of water at our operations. We reduced our potable water cost by R11.2 million during the first half of 2018 by using water from our water treatment plant. The use of treated water in the BRPM concentrator increased to 0.605Ml in the first half of 2018 (2017: 0.563Ml) and it achieved a potable water efficiency of 0.43kl per tonne milled, which was 8.3% above its target for 2018 of 0.40kl per tonne milled. Styldrift's mining potable water efficiency of 0.11kl per tonne hoisted was below its target of 0.29kl per tonne hoisted. While BRPM's potable water efficiency of 0.27kl per tonne hoisted was 15.6% above target, its potable water consumption decreased by 10.6% year-on-year with increased production.

MARKET REVIEW

The platinum price traded above US$1 000/oz in the first quarter of 2018, but declined to US$850/oz by the end of June, its lowest level for the year. While the rand remained relatively strong during the first quarter, it depreciated rapidly in the second quarter to around 13.8:US$. However, this was not enough to lift the platinum price in rand terms and it ended the first half at R11 600/oz, a similar level to the start of the year.

Global refined platinum production is predicted to be down 1.7% year-on-year to 6.0Moz in 2018. While the forecast for South African output has risen due to fewer safety stoppages, and some shafts exceeding guidance, overall production is expected to decline by 0.6% to 4.4Moz. Secondary supply is expected to rise slightly in 2018 on increased autocatalyst recycling volumes.

Diesel demand in Western European car markets continues to decline, despite the effectiveness of the latest platinum-based after treatment systems combined with non-PGM containing selective catalytic reduction catalysts to remove NOx and meet the latest Euro 6d legislative limits. However, this will partially be off-set by higher demand from the global heavy-duty diesel sector. Diesel remains highly competitive by all measures with gasoline and gasoline hybrids to help meet the other major emissions challenge, namely cutting carbon dioxide (greenhouse gas) emissions.

Platinum jewellery looks set for another year without demand growth as weakening demand from China, the largest market, is partially offset by the growing Indian market.

Platinum ETF holdings declined by 137koz to below 2.5Moz in the first half of 2018, while the weakening platinum price encouraged platinum bar purchases in Japan, the largest market for platinum bars.

The palladium price pushed above US$1 100/oz briefly in January, but has mostly traded between US$900/oz and US$1 100/oz over the first six months of 2018. The palladium price ended June at US$950/oz, a decline of 10%, despite the market remaining tight with elevated lease rates.

Palladium demand is forecast to drop slightly in 2018, as an ongoing decline in use in electrical and dental markets outweighs continued growth in autocatalyst use.

Sales in the largest markets for palladium-based autocatalysts, gasoline-dominated China and the US, have been robust so far this year but there are risks of slowing sales growth in the second half of the year. US sales are up nearly 2% year to date, as demand for light-duty trucks and SUVs continues to surge. Chinese sales are up 4.5% year to date in a highly competitive market. Uncertainties over trade tariffs in both these markets may cloud the second half of 2018.

Hybridisation of gasoline powertrains continues, from 48V mild through to full hybrids, securing demand for palladium in autocatalysts while cost-effectively meeting emissions targets now and in the future.

Investors have continued to reduce their palladium ETF holdings with 219koz being sold in the first half of the year. This follows three years of significant declines resulting in global ETF holdings at just above 1Moz at the end of June.

Rhodium has outperformed platinum and palladium, increasing in price by 32% to US$2 260/oz in the first half of the year and, with the market close to balance, further price volatility is possible.

CHANGES TO THE BOARD

There were several changes to the Company's board of directors (the Board) during the period. Mr Robin Mills, who served on the Board for seven years and was a member of the Audit and Risk and Social and Ethics Committees, resigned on 10 April 2018. Ms Linda de Beer, who served on the Board for eight years and was the Chairman of the Audit and Risk Committee, has resigned and will be replaced as Chairman by Ms Louisa Stephens, effective from 6 August 2018. Ms Stephens has been an independent non-executive director of the Board since 29 September 2014. Mr Martin Prinsloo, who has served as Chief Financial Officer (CFO) and executive director since 2009 resigned in April this year and his last day will be 10 August 2018. Mr Hanré Rossouw has been appointed as CFO with effect from 1 October 2018 and in the interim period the Head of Finance, Ms Rotshidzwa Manenzhe, will serve as acting CFO. Mr Obakeng Phetwe and Mr Peter John Ledger were appointed to the Board on 27 February 2018 as non-executive and independent non-executive directors, respectively.

OUTLOOK

Reversing the deterioration in our key safety metrics through a continuous progression towards a resilient safety culture is a key objective for the second half of the year, as we remain committed to our objective of creating a zero harm operating environment.

The second half of this year will see us achieve a number of key strategic objectives with Styldrift reaching 150ktpm in the last quarter of the year as the mine moves from a capital project into an operating mine. The Maseve concentrator, acquired earlier this year, will be commissioned during the third quarter of the year to handle the increasing tonnages delivered from Styldrift. BRPM will continue to benefit from the cost savings achieved in the second half of 2017. Maintaining good relationships with organised labour and our communities has been a powerful driver of our success and will continue to be a core objective in the second half of 2018.

Production guidance for the full year is unchanged at 3.35Mt to 3.50Mt at a 4E built-up head grade of between 3.95g/t and 4.04g/t, of which Styldrift is forecast to deliver between 1.2Mt and 1.3Mt. 4E ounce production is expected to be between 370koz and 387koz for the year with operating cost increases below CPI inflation.

Total capital expenditure for the year is estimated to be between R2.9 billion and R3.1 billion. This includes capitalised operating costs of between R600 million and R800 million for the second half of the year. SIB expenditure will be between 4% and 5% of operating cost for the year.

A limited improvement to the fundamentals of the platinum market is expected in the second half of the year, with a surplus projected at the end of 2018. Demand from diesel car autocatalysts and Chinese jewellery has weakened, and while announcements to cut supply from loss-making mines have been forthcoming, they will have a limited impact on this year's production. Without significant supply cuts from loss-making mines in 2018, limited platinum price upside can be expected. However, while further mine closures would aid the platinum market, they would curtail supply of all the other PGMs, leading to increased volatility of palladium, rhodium, iridium and ruthenium prices.

The palladium market is predicted to remain in deficit for 2018, though slightly softer than it was in 2017. The deficit is maintained by robust demand for palladium-based autocatalysts for gasoline and gasoline hybrid light vehicles in growth markets, set against lower supply from South Africa and Russia.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Notes	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)	2018 vs 2017 % change	Full year 31 December 2017 audited R (million)
Assets					
Non-current assets		**20 245.7**	18 133.9	11.6	18 448.3
Property, plant and equipment		**13 589.4**	11 113.6	22.3	11 912.2
Mining rights		**5 670.8**	5 708.1	(0.7)	5 686.5
Goodwill		**–**	863.3	(100.0)	–
Environmental trust deposit and guarantee investments		**186.6**	156.7	19.1	164.7
Employee housing receivable		**517.2**	172.7	199.5	439.5
Employee housing benefit		**196.7**	45.6	331.4	163.2
Housing insurance investment		**39.2**	36.0	8.9	35.7
Deferred tax asset		**45.8**	37.9	20.8	46.5
Current assets		**3 392.0**	3 860.9	(12.1)	3 697.1
Employee housing benefit		**14.1**	4.2	235.7	11.8
Employee housing assets		**653.7**	578.3	13.0	579.3
Inventories		**172.1**	93.7	83.7	105.6
Trade and other receivables		**1 823.8**	1 517.7	20.2	1 667.1
Current tax receivable		**0.4**	2.5	(84.0)	0.2
Cash and cash equivalents	6	**727.9**	1 664.5	(56.3)	1 333.1
Total assets		**23 637.7**	21 994.8	7.5	22 145.4
Equity and liabilities					
Total equity		**14 619.4**	15 021.0	(2.7)	14 423.9
Share capital		**2.0**	1.9	5.3	1.9
Share premium		**9 824.2**	9 643.2	1.9	9 643.2
Retained earnings		**677.5**	1 425.4	(52.5)	701.5
Share-based payment reserve		**245.1**	208.2	17.7	240.8
Non-distributable reserve		**82.5**	82.5	(0.0)	82.5
Non-controlling interest		**3 788.1**	3 659.8	3.5	3 754.0
Non-current liabilities		**6 582.8**	5 297.8	(24.3)	5 837.7
Deferred tax liability		**3 812.4**	3 697.2	(3.1)	3 774.3
Convertible bond liability	7	**959.6**	909.0	(5.6)	932.4
Interest-bearing borrowings	8	**500.1**	–	(100.0)	–
PIC housing facility	9	**1 132.9**	592.0	(91.4)	975.0
Restoration, rehabilitation and other provisions		**177.8**	99.6	(78.5)	156.0
Current liabilities		**2 435.5**	1 676.0	(45.3)	1 883.8
Trade and other payables		**648.2**	586.9	(10.4)	544.9
Current tax payable		**–**	1.2	100.0	5.0
RPM payable		**1 787.3**	1 087.9	(64.3)	1 333.9
Total equity and liabilities		**23 637.7**	21 994.8	7.5	22 145.4

The notes on pages 14 to 23 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)	2018 vs 2017 % change	Full year 31 December 2017 audited R (million)
Revenue	10	**1 659.6**	1 593.9	4.1	3 498.5
Cost of sales	11	**(1 504.0)**	(1 582.6)	5.0	(3 186.5)
Cost of sales excluding depreciation, amortisation and movement in inventories		**(1 364.6)**	(1 435.5)	4.9	(2 845.7)
Depreciation and amortisation		**(178.3)**	(166.1)	(7.3)	(361.3)
Increase/(decrease) in inventories		**38.9**	19.0	104.7	20.5
Gross profit		**155.6**	11.3	1 277	312.0
Other income		**47.8**	82.0	(41.7)	150.5
Administration expenses		**(152.5)**	(161.0)	5.3	(256.2)
Corporate office		**(126.5)**	(95.9)	(31.9)	(189.4)
Housing project		**(5.5)**	(8.0)	31.3	(17.8)
Maseve care and maintenance and operational readiness costs		**(20.5)**	–	(100.0)	–
Restructuring costs		**–**	(57.1)	(100.0)	(49.0)
Impairment of non-financial assets		**(27.3)**	(0.5)	(5 360.0)	(864.3)
Finance income		**42.5**	66.5	(36.1)	137.4
Finance cost		**(7.2)**	(30.2)	76.6	(52.3)
Profit/(loss) before tax		**58.9**	(31.9)	284.6	(572.9)
Income tax (expense)/credit	12	**(48.8)**	4.6	(1 160.9)	(84.1)
Income tax expense		**(10.1)**	(11.3)	10.6	(31.5)
Deferred tax (expense)/credit		**(38.7)**	15.9	(343.4)	(52.6)
Net profit/(loss) for the period		**10.1**	(27.3)	137.0	(657.0)
Other comprehensive income		**–**	–	–	–
Total comprehensive income/(loss)		**10.1**	(27.3)	137.0	(657.0)
Attributable to owners of the Company		**(24.0)**	(28.8)	16.7	(752.7)
Attributable to non-controlling interest		**34.1**	1.5	2 173.3	95.7
Basic (LPS)/EPS (cents/share)	15	**(12.4)**	(15.0)	17.3	(390.6)
Diluted (LPS)/EPS (cents/share)	15	**(12.4)**	(15.0)	17.3	(390.6)
(HLPS)/HEPS (cents/share)	15	**(6.0)**	(15.3)	60.8	56.4
Diluted (HLPS)/HEPS (cents/share)	15	**(6.0)**	(15.3)	60.8	56.4

The notes on pages 14 to 23 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2018

	Number of shares	Ordinary shares R (million)	Share premium R (million)	Share-based payment reserve R (million)	Non-distri-butable reserves R (million)	Retained earnings R (million)	Attribu-table to owners of the Company R (million)	Non-con-trolling interest R (million)	Total R (million)
Balance at 1 January 2017 (audited)	192 277 990	1.9	9 400.8	216.2	82.5	1 454.2	11 155.6	3 658.3	14 813.9
Share-based payment charge	–	–	–	32.0	–	–	32.0	–	32.0
2014 BSP shares vested in April 2017	590 851	–	40.0	(40.0)	–	–	–	–	–
Convertible bond – equity portion	–	–	202.4	–	–	–	202.4	–	202.4
Total comprehensive loss	–	–	–	–	–	(28.8)	(28.8)	1.5	(27.3)
Balance at 30 June 2017 (reviewed)	192 868 841	1.9	9 643.2	208.2	82.5	1 425.4	11 361.2	3 659.8	15 021.0
Share-based payment charge	–	–	–	32.6	–	–	32.6	–	32.6
Total comprehensive loss	–	–	–	–	–	(723.9)	(723.9)	94.2	(629.7)
Balance at 31 December 2017 (audited)	192 868 841	1.9	9 643.2	240.8	82.5	701.5	10 669.9	3 754.0	14 423.9
Share-based payment charge	**–**	**–**	**–**	**30.8**	**–**	**–**	**30.8**	**–**	**30.8**
2015 BSP shares vested in April 2018	**467 587**	**–**	**26.5**	**(26.5)**	**–**	**–**	**–**	**–**	**–**
Issue of shares – Maseve acquisition	**4 871 335**	**0.1**	**154.5**	**–**	**–**	**–**	**154.6**	**–**	**154.6**
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**(24.0)**	**(24.0)**	**34.1**	**10.1**
Balance at 30 June 2018 (reviewed)	**198 207 763**	**2.0**	**9 824.2**	**245.1**	**82.5**	**677.5**	**10 831.3**	**3 788.1**	**14 619.4**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 June 2018

	For the six months ended			
	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)	2018 vs 2017 % change	Year ended 31 December 2017 audited R (million)
Cash flows from operating activities				
Cash generated by operations	**150.4**	122.0	23.3	569.5
Interest paid	**(0.4)**	(0.5)	(20.0)	(42.8)
Interest received	**57.1**	58.3	(2.1)	114.7
Dividend received	**0.9**	1.6	(43.8)	2.1
Tax refund	**–**	1.1	(100.0)	2.4
Tax paid	**(15.3)**	(11.9)	(28.6)	(27.5)
Net cash flow generated by operating activities	**192.7**	170.6	13.0	618.4
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(1 397.8)**	(842.5)	(65.9)	(2 138.3)
Acquisition of Maseve net of cash	**(729.1)**	–	(100.0)	–
Styldrift on-reef development revenue receipts	**412.0**	181.6	126.9	451.1
Acquisition of housing assets	**(165.8)**	(183.3)	9.5	(493.9)
Increase in insurance investment	**(2.9)**	–	(100.0)	–
Deposit paid for Maseve acquisition	**–**	–	–	(41.4)
Employee housing loan receivable repayments	**1.0**	–	100.0	1.3
Increase in environmental trust deposits and investments	**(13.8)**	(6.5)	(112.3)	(9.8)
Net cash flow utilised by investing activities	**(1 896.4)**	(850.7)	(122.9)	(2 231.0)
Cash flows from financing activities				
Increase in amounts owing to RPM	**453.5**	198.1	128.9	444.2
Proceeds from interest-bearing borrowings	**500.0**	–	100.0	–
Proceeds from convertible bonds issued	**–**	1 200.0	(100.0)	1 200.0
Cost relating to issue of convertible capitalised	**–**	(29.0)	100.0	(29.0)
Drawdown of PIC housing facility	**185.0**	140.0	32.1	535.0
Repayment of PIC housing facility	**(40.0)**	–	(100.0)	(40.0)
Net cash flow generated by financing activities	**1 098.5**	1 509.1	(27.2)	2 110.2
Net increase/(decrease) in cash and cash equivalents	**(605.2)**	829.0	(173.0)	497.6
Cash and cash equivalents at beginning of the year	**1 333.1**	835.5	59.6	835.5
Cash and cash equivalents at end of the year	**727.9**	1 664.5	(56.3)	1 333.1

The notes on pages 14 to 23 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2018

1 Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with and contain information required by the International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

2 Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The principal accounting policies used by the Group are consistent with those of the previous period, except for the adoption of IFRS 9: *Financial instruments* and IFRS 15: *Revenue from contracts with customers*. The adoption of these standards had no material impact on the financial results of this review period.

3 Independent review by the auditors

These condensed consolidated interim financial statements have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. A copy of the auditor's report on the condensed consolidated interim financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditor's report. The preparation of these interim financial statements was supervised by the Finance Director, Mr MJL Prinsloo, (CA)SA.

4 Capital commitments

Capital commitments relate to the Styldrift I and BRPM Phase III projects.

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Contracted commitments	**1 404.8**	931.5
Approved expenditure not yet contracted for	**5 499.3**	4 661.0
Total	**6 904.1**	5 592.5

The capital commitments reflect 100% of the BRPM JV project commitments. In terms of the BRPM JV Agreement, Royal Bafokeng Resources Proprietary Limited must fund 67% thereof and Rustenburg Platinum Mines Limited (RPM) the remaining 33%.

Should either party elect not to fund its share, its interest will be diluted according to the terms of the BRPM JV Agreement.

5 Contingencies

5.1 Guarantees issued

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Eskom guarantee to secure power supply for the Styldrift I project	**17.1**	17.1
Eskom early termination guarantee for the Styldrift I project	**17.5**	17.5
Eskom connection charges guarantee for the Styldrift I project	**40.0**	40.0
Eskom security guarantee for power supply to the Styldrift I project	**42.7**	42.7
Anglo American Platinum guarantee for environmental rehabilitation liability*	**–**	82.6
DMR guarantee for environmental rehabilitation liability	**1.3**	1.3
Rental guarantees	**0.8**	0.7
Total bank guarantees issued at 30 June	**119.4**	201.9
DMR guarantee for the Styldrift II project (100% BRPM JV)	**45.7**	45.7
DMR guarantee for environmental rehabilitation liability	**260.4**	150.7
Total insurance guarantees issued at 30 June	**306.1**	196.4

*During 2017, the bank guarantees issued for RBPlat's attributable 67% share of the BRPM JV environmental rehabilitation liabilities were replaced with insurance guarantees. The insurance guarantees were issued by the BRPM JV to cover 100% of the BRPM JV environmental rehabilitation liability.

5.2 Guarantees received from Anglo American Platinum

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
For Anglo American Platinum's 33% share of the Eskom guarantee to secure power supply for the Styldrift I project	**(5.6)**	(5.6)
For Anglo American Platinum's 33% share of the Eskom early termination guarantee for the Styldrift I project	**(5.8)**	(5.8)
For Anglo American Platinum's 33% share of the Eskom connection charges guarantee for the Styldrift I project	**(13.2)**	(13.2)
For Anglo American Platinum's 33% share of the Eskom security guarantee for power supply to the Styldrift I project	**(14.1)**	(14.1)
Total guarantees received at 30 June	**(38.7)**	(38.7)

5.3 Contingencies

The BRPM JV has exposure to remediate groundwater and soil pollution where the JV operates. The operations continue to monitor and mitigate impacts if and when they arise. Our groundwater pollution plume model was updated in 2017 to quantify the size and rate of the plume movement. Remediation recommendations are currently being reviewed to determine the 2018 implementation plan.

The ultimate outcome of the matter cannot presently be determined and no liability has been raised in the interim financial statements. BRPM's water treatment plant reduces our dependence on Magalies Water.

6 Available funds

RBPlat had cash and cash equivalents on hand at 30 June 2018 of R727.9 million. Included in this cash balance is restricted cash of R52.5 million ring-fenced for the RBPlat housing project and R84 million earmarked for the payment of the convertible bond coupon. RBPlat has R2 billion debt facilities available as at 30 June 2018. The debt facilities consist of a seven year term debt facility of R750 million bearing interest at JIBAR plus a margin of 3.7%, a five year revolving credit facility of R750 million bearing interest at JIBAR plus a margin of 3.75% and 1 year general banking facilities of R508 million bearing interest at prime less 0.25%. R119.4 million of the general banking facilities were utilised for guarantees while R500 million of the term debt facility was utilised to fund capital expenditure as at 30 June 2018.

RBPlat's revolving credit facility remained undrawn at 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2018

7 Convertible bonds

RBPlat issued 120 000 7% senior unsecured convertible bonds for R1.2 billion on 15 March 2017. Shareholders' approval for the conversion of the convertible bonds was obtained on 8 May 2017. The bonds are convertible into ordinary shares of RBPlat at the option of the holder at an initial conversion price of R42.9438. The conversion price is subject to customary adjustments for reconstructions of equity. These customary adjustments maintain the relative rights of the bondholders. Interest on the bonds is payable semi-annually in arrears on 16 March and 16 September of each year for five years ending 16 September 2022.

The bonds are listed on the JSE Main Board under stock code number RBPCB.

The R1.2 billion convertible bond was initially recognised as a R300.6 million derivative liability and a R899.4 million liability.

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
7.1 Derivative — initial recognition	–	300.6
Less: Fair value up to date of shareholder approval	–	(19.5)
Derivative fair value at date of shareholder approval (8 May 2017)	–	281.1
Less: Derivative derecognised	–	(281.1)
Derivative balance at 30 June	–	–
7.2 Convertible bond equity		
Equity recognised on date of shareholder approval (8 May 2017)	**281.1**	281.1
Less: Deferred tax recognised on equity portion	**(78.7)**	(78.7)
Net equity recognised as per statement of changes in equity	**202.4**	202.4
7.3 Convertible bond liability		
Opening balance	**932.4**	–
Liability — initial recognition	–	899.4
Less: Transaction costs capitalised	–	(29.0)
Plus: Fair value interest*	**69.2**	38.6
Less: Interest paid	**(42.0)**	–
Convertible bond liability at 30 June	**959.6**	909.0

** In 2018, R65.9 million of the fair value interest was capitalised at RBPlat Group level.*

The carrying amount of the liability portion at initial recognition was measured as the difference between the cash proceeds and the fair value of the embedded derivative. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds using the effective interest rate method.

8 Interest-bearing borrowings

During the period under review, the term debt facility was utilised to fund capital expenditure requirements. The term debt facility is R750 million accruing interest at JIBAR plus a margin of 3.7%. RBPlat did not breach any convenants.

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Opening balance	–	–
Drawdowns during the period	**500.0**	–
Interest charged	**6.3**	–
Repayments	**(6.2)**	–
Closing balance	**500.1**	–

9 PIC housing facility

The PIC facility was used to fund the construction of houses for Phase 2 of the RBPlat housing project as well as the insurance investment. The PIC facility is a R2.2 billion facility accruing interest at CPI plus a margin of 1%. Security for the PIC facility is ring-fenced to the RBPlat housing project assets with no recourse to the BRPM JV business.

The Group recognises the difference between the fair value of the PIC housing facility at initial recognition and the transaction price as a fair value adjustment to the loan. The initial difference is amortised over the term of the PIC housing facility.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. On this basis, the interest expense on the PIC housing facility is capitalised to employee housing assets.

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Opening balance	975.0	434.0
Plus: Drawdowns	185.0	140.0
Less: Repayment	(40.0)	—
Plus: Contractual interest charge capitalised to loan	32.6	17.3
Plus: Fair value interest charge capitalised to loan	4.3	1.7
Less: Amortisation of fair value adjustment to loan	(24.0)	(1.0)
Closing balance	**1 132.9**	592.0

10 Revenue

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Concentrate sales — production from BRPM concentrator	1 486.4	1 373.7
UG2 toll concentrate sales	173.2	220.2
Total revenue	1 659.6	1 593.9

Styldrift on-reef development revenue not included above but credited against property, plant and equipment for the six months ended 30 June 2018 amounted to R476.5 million (2017: R187.3 million).

11 Cost of sales

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Labour	511.9	543.6
Utilities	129.6	122.5
Contractor costs	411.5	396.1
Materials and other mining costs	270.6	337.0
Materials and other mining costs for BRPM JV	304.2	367.1
Elimination of intergroup charges	(33.6)	(30.1)
Movement in inventories	(38.9)	(19.0)
Depreciation	158.7	144.9
Amortisation	19.6	21.2
Share-based payment expense	12.9	14.2
Social and labour plan expenditure	19.4	14.8
State royalties	7.1	6.0
Other	1.6	1.3
Total cost of sales	**1 504.0**	1 582.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2018

12 Income tax expense

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Income tax expense	(10.1)	(11.3)
Current year	(10.1)	(11.3)
Prior year	–	–
Deferred tax (expense)/credit	(38.7)	15.9
Current year	(38.7)	15.9
Prior year	–	–
Total income tax (expense)/credit	(48.8)	4.6
Tax rate reconciliation:		
Profit/(loss) before tax	58.9	(31.9)
Tax credit/(expense) calculated at a tax rate of 28% (2017: 28%)	(16.5)	8.9
Non-taxable income – dividends	0.3	0.4
Non-taxable income – other	0.2	1.6
Tax on BRPM JV – NCI share	4.9	4.2
Capital gains tax	1.2	–
Transaction costs	(3.6)	–
Legal fees	(1.2)	–
Other non-deductible expenses	(1.9)	(0.6)
Impairment	(7.3)	–
Prior year adjustment	(8.0)	–
Tax losses not recognised	(16.9)	(9.9)
	(48.8)	4.6
Effective tax rate	83%	14%

13 Related party transactions

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Amount owing by RPM for concentrate sales	1 579.4	1 342.0
Amount owing to RPM for contribution to BRPM JV	1 948.7	1 249.1
Amount owing by Impala Platinum Limited to BRPM JV	29.1	26.1
Transactions during the six months:		
Concentrate sales to RPM (including Styldrift on-reef development revenue)	2 136.1	1 781.2
Impala Platinum Limited royalty income	46.4	39.1
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewage plant	5.2	5.5
Royal Marang Hotel for accommodation and conferences	0.1	0.3
Geoserve Exploration Drilling Company for exploration drilling	0.1	2.4
Trident South Africa (Pty) Ltd for steel supplies	4.1	0.7
Mtech Industrial for supply and installation of heat pumps	–	–
The MSA Group for consulting services	0.0	0.1
Fees paid to non-executive directors (RBH/Mogs)	0.2	0.3

14 Dividends

No dividends have been declared or proposed in the current period (2017: nil).

15 Basic and headline (loss)/earnings

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Basic (loss)/earnings – attributable to owners of the Company R (million)	(24.1)	(28.8)
Adjustments net of tax	12.5	(0.6)
Headline (loss)/earnings R (million)	(11.6)	(29.4)
Weighted average number of ordinary shares in issue for basic and headline earnings per share	193 866 262	192 425 299
Weighted average number of ordinary shares in issue for diluted earnings and diluted headline earnings per share	221 809 760	202 619 383
Basic (loss)/earnings per share (cents/share)	(12.4)	(15.0)
Diluted (loss)/earnings per share (cents/share)*	(12.4)	(15.0)
Headline (loss)/earnings per share (cents/share)	(6.0)	(15.3)
Diluted headline (loss)/earnings per share (cents/share)*	(6.0)	(15.3)

* *Diluted earnings per share is the same as earnings per share as potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.*

16 Impairment review

The impairment review process did not result in the identification of any impairment indicators, consequently, no impairment was noted. Included in the impairment of non-financial assets as disclosed in the statement of comprehensive income is an impairment amount of R25.9 million relating to the write-off of feasibility study costs previously capitalised in respect of the Styldrift 100ktpm concentrator plant, which was originally envisaged to be built as an addition to the BRPM concentrator plant and did not result from the impairment review process.

17 Financial risk management

Financial risk factors: Fair value determination

The table below analyses financial instruments at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the financial assets and financial liabilities measured at fair value as well as the financial assets and financial liabilities measured at amortised cost but for which fair value disclosure are provided at 30 June:

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2018			
Financial assets at fair value through profit or loss			
Environmental trust deposits[1]	**–**	**29.6**	**–**
Insurance investment[2]	**–**	**39.2**	**–**
Loans and receivables			
Employee housing loan receivable[4]	**–**	**–**	**517.2**
Financial liabilities at fair value through profit or loss			
Forward exchange contracts[3]			
Financial liabilities at amortised cost			
Convertible bond liability[4]	**–**	**–**	**959.6**
PIC housing facility[4]	**–**	**–**	**1 132.9**
2017			
Financial assets at fair value through profit or loss			
Environmental trust deposits[1]	–	97.3	–
Insurance investment[2]	–	36.0	–
Loans and receivables	–		
Employee housing loan receivable[4]	–	–	172.7
Financial liabilities at fair value through profit or loss	–		
Forward exchange contracts[3]	–	0.3	–
Financial liabilities at amortised cost	–		
Convertible bond liability[4]	–	–	909.0
PIC housing facility[4]	–	–	592.0

[1] This was valued using the level 2 fair values which are directly derived from the Shareholders Weighted Top 40 Index (Swix 40) on the JSE and the CoreShare Green portfolio Exchange Traded Fund.

[2] The fair value was determined using market prices for listed investments and discounted cash flow models for unlisted investments.

[3] The fair values of the forward exchange contracts and call options are based on mark-to-market values.

[4] The fair value was determined using a discounted cash flow model.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2018

17 Financial risk management continued

Fair value measurements using significant unobservable inputs (level 3)

for the six months ended	30 June 2018 reviewed R (million)	30 June 2017 reviewed R (million)
Loans and receivables		
Employee housing loan receivable*		
Opening balance at 1 January	**439.5**	167.2
Plus/(less): Houses sold to employees during the period/(cancellation of sales)	**131.2**	2.7
Plus: Interest capitalised (including fair value interest adjustment)	**(8.7)**	5.4
Less: Settlement of employee housing loan receivable	**(1.0)**	(0.9)
Less: Impairment	**(0.1)**	–
Less: Employee housing benefit reallocation	**(43.7)**	(1.7)
Closing balances at 30 June	**517.2**	172.7
Financial liabilities at amortised cost		
PIC housing facility**		
Opening balance at 1 January	**975.0**	434.0
Plus: Draw downs	**185.0**	140.0
Plus: Contractual and fair value interest charges capitalised to the loan	**26.8**	19.0
Less: Repayment	**(40.0)**	–
Less: Amortisation of fair value adjustment to loan	**(14.0)**	(1.0)
Closing balances at 30 June	**1 132.8**	592.0

* *Interest on employee housing loan receivable is charged at CPI plus 1% with a floor rate of 7%. The fair value of the employee housing receivable is determined using a discounted cash flow model using the prime lending rate (defined as the "benchmark rate at which private banks lend out to the public"), adjusted for counterparty credit risk.*

** *The contractual rate on the PIC loan is CPI plus 1%. The Group determined a market-related rate for the financial liability based on the rate of debt funding available to the Group at that specific point in time.*

18 Business combination

On 5 April 2018, RBPlat concluded the acquisition of the plant transaction (Phase 1) while on 26 April 2018, RBPlat concluded the acquisition of a 100% controlling interest of the share capital of Maseve Investments 11 Proprietary Limited (Maseve) (Phase 2) from Platinum Group Metals (RSA) Proprietary Limited and Africa Wide Mineral Prospecting and Exploration Proprietary Limited. Immediately before the acquisition of the controlling interest, PTM (RSA) and Africa Wide held 82.9% and 17.1% respectively. Accordingly, RBPlat and PTM (RSA) implemented a scheme of arrangement under sections 114 and 115 of the Companies Act where RBPlat acquired 100% of the issued share capital of Maseve Investments 11 Proprietary Limited. The combined transaction was for a total consideration of US$70 million (R891.9 million). The acquisition of the plant and shares was seen as one transaction and was classified as an acquisition of a business, in accordance with IFRS 3: *Business Combinations*.

Maseve Investments 11 Proprietary Limited is a mining company incorporated in South Africa operating in the North West province. The mine is currently on care and maintenance. In addition to the mining rights and other assets, the company owns a concentrator complex designed to process PGMs.

The business combination benefits the Group in that it provides RBPlat with immediate access to a concentrator plant which will be used to treat ore from Styldrift I as well as the strategic flexibility to extend the life of mine of South shaft Merensky. The mine business will be part of the head office segment while the concentrator complex will be part of the mining segment.

18 Business combination continued

The following table summarises the consideration paid for the acquisition of Maseve:

	As at 30 June 2018 R (million)
Consideration	
Cash	**(737.3)**
Equity interest in RBPlat*	**(154.6)**
Total consideration	**(891.9)**
Less: cash balance acquired	**3.8**
	(888.1)

** 4 871 335 of RBPlat shares at R31.7366 per share were issued as part payment of the purchase consideration. The fair value of the shares issued was based on the share price on the date the consideration was payable.*

The fair value of the identifiable assets and liabilities assumed has not been determined as at 30 June 2018. This is due to the technical nature of the fair value determination required. RBPlat cannot determine at this stage if we have goodwill or gains on bargain purchase. The values of assets acquired and liabilities assumed included in the consolidated interim financial statements are based on the book values of those assets and liabilities in the books of Maseve immediately before the acquisition (after the assets were impaired to net realisable values in Maseve's books).

Acquisition-related costs

Acquisition-related costs of R4 million were charged to operating expenses in profit or loss and included in operating cash flows for the year ended 30 June 2018. Total acquisition-related costs since the inception of the transaction amount to R12.9 million.

The acquired business contributed revenues of Rnil and net loss of R1.5 million to the Group for the period from 26 April 2018 to 30 June 2018. If the acquisition had occurred on 1 January 2018, consolidated revenue and consolidated loss after tax for the half-year ended 30 June 2018 would have been R1 659.6 and R0.7 respectively.

19 Subsequent events

On 4 July 2018, Royal Bafokeng Resources Proprietary Limited (RBR), a wholly owned subsidiary of Royal Bafokeng Platinum Limited, concluded legally binding agreements with Rustenburg Platinum Mines Limited (RPM), a wholly owned subsidiary of Anglo American Platinum Limited, whereby RBR acquires RPM's 33% participation interest in the BRPM JV for a purchase consideration of R1 863 million. The purchase consideration will be settled through an up-front cash payment equal to the net proceeds that RBPlat will receive from the placement of 9 791 823 RBPlat shares (capital raising), estimated to raise approximately R200 million, with the remaining balance (deferred consideration) being settled in three equal tranches after 1.5 years, 2.5 years and 3.5 years. The deferred consideration will bear interest at a 2% premium above the average RBR bankers' lending rate and RBR has the option to elect to settle each of the three tranches of the deferred consideration in cash or through the issue of RBPlat shares to RPM.

The transaction remains subject to a number of conditions precedent including RBPlat shareholders' approval, conclusion of the capital raising, RBR lenders' consent for the transaction and to increase its existing debt facilities from R2 billion to R3 billion, and section 11 consent from the Department: Mineral Resources.

SEGMENTAL INFORMATION

for the six months ended 30 June 2018

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. 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 of the Company that makes strategic decisions.

The Group is currently operating one mine with two decline shafts and the Styldrift I project. These operations are located in the North West province of South Africa. BRPM and Styldrift (Styldrift I and II) are shown as separate segments. In addition, due to the different nature and significance of the employee home ownership scheme, it was decided to show housing as a separate segment. Currently Styldrift I and II are aggregated into a single reportable segment as it is one mining right. The Styldrift II pre-feasibility study has been completed. Once a feasibility study is completed, it will move into development phase and may then be reported on as a separate segment.

Segmental statement of comprehensive income

	For the six months ended							For the six months ended						
	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2018 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	2018 total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2017 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	2017 total R (million)
Revenue	1659.6	–	1 659.6	118.7	56.5	(175.2)	1 659.6	1 593.9	–	1 593.9	4.2	–	(4.2)	1 593.9
Cost of sales	(1 511.3)	(0.3)	(1 511.6)	(118.3)	(26.7)	152.6	(1 504.0)	(1 585.4)	(0.1)	(1 585.5)	(3.1)	(27.2)	33.2	(1 582.6)
Cash cost of sales excluding depreciation and amortisation	(1 391.8)	–	(1 391.8)	(118.3)	(7.1)	152.6	(1 364.6)	(1 459.6)	–	(1 459.6)	(3.1)	(6.0)	33.2	(1 435.5)
Depreciation	(158.4)	(0.3)	(158.7)	–	–	–	(158.7)	(144.8)	(0.1)	(144.9)	–	–	–	(144.9)
Amortisation	–	–	–	–	(19.6)	–	(19.6)	–	–	–	–	(21.2)	–	(21.2)
Movement in inventories	38.9	–	38.9	–	–	–	38.9	19.0	–	19.0	–	–	–	19.0
Gross profit/(loss) per segment and total	148.3	(0.3)	148.0	0.4	29.8	(22.6)	155.6	8.5	(0.1)	8.4	1.1	(27.2)	29.0	11.3
Other income	45.0	–	45.0	2.6	0.8	(0.6)	47.8	50.2	1.8	52.0	2.0	27.3	0.7	82.0
Total administration expenditure	–	(19.1)	(19.1)	(5.5)	(118.0)	(9.9)	(152.5)	(57.1)	–	(57.1)	(8.0)	(101.7)	5.8	(161.0)
Impairment of non-financial assets	–	(25.9)	(25.9)	(1.4)	–	–	(27.3)	–	–	–	(0.5)	–	–	(0.5)
Net finance income	6.6	2.6	9.2	11.5	(57.6)	72.2	35.3	6.1	0.6	6.7	14.2	3.1	12.3	36.3
Profit/(loss) before tax per segment and total	199.9	(42.7)	157.2	7.6	(145.0)	39.1	58.9	7.7	2.3	10.0	8.8	(98.5)	47.8	(31.9)
Taxation							(48.8)							4.6
Profit/(loss) after tax							10.1							(27.3)
Attributable to owners of the Company							(24.0)							(28.8)
Attributable to non-controlling interest							34.1							1.5

Segmental reporting (continued)

Segmental statement of financial position

	For the six months ended							For the six months ended						
	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2018 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	2018 total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2017 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	2017 total R (million)
Non-current assets	5 138.5	8 522.2*	13 660.7	757.0**	16 963.3	(11 135.3)	20 245.7	4 504.3	6 910.8	11 415.1	258.1	16 436.0	(9 975.3)	18 133.9
Allocation of mineral rights	742.2	4 924.7	5 666.9	–	(5 666.9)	–	–	934.1	4 774.0	5 708.1	–	(5 708.1)	–	–
Non-current assets after allocation of mineral rights	5 880.7	13 446.9	19 327.6	757.0	11 296.4	(11 135.3)	20 245.7	5 438.4	11 684.8	17 123.2	258.1	10 727.9	(9 975.3)	18 133.9
Current assets	1 984.9	436.7	2 421.6	739.9	555.5	(325.0)	3 392.0	1 525.8	252.4	1 778.2	665.5	1 426.7	(9.5)	3 860.9
Total assets per statement of financial position	7 865.6	13 883.6	21 749.2	1 496.9	11 851.9	(11 460.3)	23 637.7	6 964.2	11 937.2	18 901.4	923.6	12 154.6	(9 984.8)	21 994.8
Non-current liabilities	98.0	14.1	112.1	1 198.6	5 321.2	(49.1)	6 582.8	85.2	13.1	98.3	593.3	7 568.6	(2 962.4)	5 297.8
Current liabilities	6 125.0	294.2	6 419.2	49.2	126.9	(4 159.8)	2 435.5	3 994.8	101.9	4 096.7	102.2	183.2	(2 706.1)	1 676.0
Total liabilities per statement of financial position	6 223.0	308.3	6 531.3	1 247.8	5 448.1	(4 208.9)	9 018.3	4 080.0	115.0	4 195.0	695.5	7 751.8	5 668.5	6 973.8

* *Includes Styldrift II exploration and evaluation costs.*

** *Employee housing loan receivable is classified as non-current as repayment of the capital portion of these receivables is expected to commence after 12 months from date of statement of financial position.*

Segmental statement of cash flows

	For the six months ended						For the six months ended					
	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2018 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	2018 total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment 2017 R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	2017 total R (million)
Net cash flow generated/(utilised) by operating activities	256.5	2.6	259.1	9.8	(76.2)	192.7	42.6	1.2	43.8	72.0	54.8	170.6
Net cash flow generated/(utilised) by investing activities	(95.9)	(1 628.7)	(1 724.6)	(167.7)	(4.1)	(1 896.4)	(71.1)	(596.1)	(667.2)	(183.3)	(0.2)	(850.7)
Net cash flow generated/(utilised) by financing activities	(242.6)	1 626.1	1 383.5	145.0	(430.0)	1 098.5	5.5	594.9	600.4	140.0	768.7	1 509.1
Net (decrease)/increase in cash and cash equivalents	(82.0)	–	(82.0)	(12.9)	(510.3)	(605.2)	(23.0)	–	(23.0)	28.7	823.3	829.0
Cash and cash equivalents at beginning of period	571.2	–	571.2	65.4	696.5	1 333.1	370.5	–	370.5	39.0	426.0	835.5
Cash and cash equivalents at end of period	489.2	–	489.2	52.5	186.2	727.9	347.5	–	347.5	67.7	1 249.3	1 664.5

ADMINISTRATION

Shareholders' diary

Financial year-end:
31 December of each year

Interim period-end:
30 June of each year

Administration

Company registered office
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ISIN: ZAE000149936
Bond code: RBPCB
ISIN: ZAE000243853

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