Consolidated statement of financial position

As at 31 December 2010

		Group	
		2010	2009
	Notes	R (million)	R (million)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**7 337.9**	3 652.1
Mineral rights	5	**5 722.8**	2 925.5
Goodwill	26	**3 037.2**	–
Environmental trust deposit	6	**87.5**	56.4
Deferred tax asset	15	**15.2**	–
		16 200.6	6 634.0
Current assets			
Inventories	7	**48.4**	–
Trade and other receivables	8	**1 046.6**	592.2
Held to maturity investments	9	**250.9**	–
Current tax receivable	10	**4.8**	–
Related party loans	11	**–**	0.2
Cash and cash equivalents	12	**899.4**	51.5
		2 250.1	643.9
Total assets		**18 450.7**	7 277.9
EQUITY AND LIABILITIES			
Share capital	13	**1.7**	1.4
Share premium	13	**7 759.9**	6 817.8
Retained earnings		**3 163.4**	(2.9)
Other reserves	14	**18.8**	–
Non-controlling interest		**3 407.4**	–
Total equity		**14 351.2**	6 816.3
Non-current liabilities			
Deferred tax liability	15	**3 611.3**	323.2
Long-term provisions	16	**73.4**	41.8
		3 684.7	365.0
Current liabilities			
Trade and other payables	18	**414.8**	96.6
		414.8	96.6
Total liabilities		**4 099.5**	461.6
Total equity and liabilities		**18 450.7**	7 277.9

Consolidated statement of comprehensive income

For the year ended 31 December 2010

	Notes	Group 2010 R (million)	Group 2009 R (million)
Revenue	20	**2 106.8**	1 155.0
Cost of sales	23	**(1 605.9)**	(939.1)
Gross profit		**500.9**	215.9
Other income	21	**1.6**	0.8
Profit on remeasurement of previously held interest in BRPM	26	**2 894.8**	–
Administration expenses		**(60.6)**	(31.8)
Finance income	22	**15.7**	6.8
Finance cost	22	**(12.5)**	(309.8)
Profit/(loss) before tax	23	**3 339.9**	(118.1)
Income tax expense	24	**(171.7)**	(5.3)
Profit/(loss) for the year		**3 168.2**	(123.4)
Other comprehensive income			
Revaluation of property, plant and equipment		**–**	793.5
Deferred tax raised on revaluation		**–**	(222.2)
Total other comprehensive income for the year		**–**	571.3
Total comprehensive income		**3 168.2**	447.9
Total comprehensive income consists of:			
– Profit/(loss) for the year		**3 168.2**	(123.4)
– Other comprehensive income		**–**	571.3
		3 168.2	447.9
Profit for the year attributable to:			
Owners of the Company		**3 166.3**	(123.4)
Non-controlling interest		**1.9**	–
		3 168.2	(123.4)
Total comprehensive income attributable to:			
Owners of the Company		**3 166.3**	447.9
Non-controlling interest		**1.9**	–
		3 168.2	447.9
Basic earnings/(loss) (cents per share)	34	**2 243**	(1 072)
Diluted earnings/(loss) (cents per share)	34	**2 241**	(1 072)

Consolidated statement of changes in equity

For the year ended 31 December 2010

	Number of shares issued*	Ordinary shares* Rm	Share premium* Rm	Share based payment reserve Rm	Retained earnings Rm	Attributable to owners of the Company Rm	Non-controlling interest Rm	Total Rm
Balance at 31 December 2009	137 057 500	1.4	6 817.8	–	(2.9)	6 816.3	–	6 816.3
Transactions with shareholders								
Shares issued								
Contingent consideration for the 17% interest in BRPM	10 000 000	0.1	(0.1)	–	–	–	–	–
Shares issued on listing of the Company	16 620 299	0.2	1 005.4	–	–	1 005.6	–	1 005.6
Capitalisation of listing transaction costs	–	–	(63.2)	–	–	(63.2)	–	(63.2)
	163 677 799	1.7	7 759.9	–	(2.9)	7 758.7	–	7 758.7
IFRS 2 charge for the year	–	–	–	18.8	–	18.8	–	18.8
Profit for the year	–	–	–	–	3 166.3	3 166.3	1.9	3 168.2
Non-controlling interest on gaining control of BRPM	–	–	–	–	–	–	3 405.5	3 405.5
Balance at 31 December 2010	**163 677 799**	**1.7**	**7 759.9**	**18.8**	**3 163.4**	**10 943.8**	**3 407.4**	**14 351.2**
Balance at 31 December 2008	100 000	–	–	–	514.0	514.0	–	514.0
Shares issued								
Transactions with shareholders								
Acquisition of RBR	102 181 700	1.1	4 997.0	–	–	4 998.1	–	4 998.1
Acquisition of 17% interest in BRPM	34 775 800	0.3	1 820.8	–	–	1 821.1	–	1 821.1
	137 057 500	1.4	6 817.8	–	514.0	7 333.2	–	7 333.2
Total comprehensive income for the year	–	–	–	–	(123.4)	(123.4)	–	(123.4)
Reclassification of equity items due to restructuring of the Group	–	–	–	–	(393.5)	(393.5)	–	(393.5)
Balance at 31 December 2009	137 057 500	1.4	6 817.8	–	(2.9)	6 816.3	–	6 816.3

**Refer Note 13. The table above excludes the treasury shares relating to the Company's management share incentive scheme and the Mahube Trust as these special-purpose vehicles are consolidated.*

Consolidated cash flow statement

For the year ended 31 December 2010

	Notes	Group 2010 R (million)	Group 2009 R (million)
Cash generated by operations	25	**777.0**	257.3
Interest paid	22	**(9.8)**	(1.9)
Interest received	22	**15.7**	6.8
Tax refund/(paid)	10	**2.4**	(21.4)
Net cash flow generated by operating activities		**785.3**	240.8
Cash impact of the business combination	26	**91.7**	11.3
Increase in held to maturity investments		**(250.9)**	–
Proceeds from disposal of property, plant and equipment		**0.1**	0.0
Acquisition of property, plant and equipment		**(718.5)**	(418.6)
Increase in environmental trust deposit	6	**(2.4)**	(4.8)
Net cash flow utilised by investing activities		**(880.0)**	(412.1)
Issue of ordinary shares net of cost		**942.4**	–
Related party loans received	11	**0.2**	42.1
Net cash flow generated by financing activities		**942.6**	42.1
Net increase/(decrease) in cash and cash equivalents		**847.9**	(129.2)
Cash and cash equivalents at beginning of year		**51.5**	180.7
Cash and cash equivalents at end of year	12	**899.4**	51.5

Summary of the significant accounting policies

For the year ended 31 December 2010

1. General information

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of the financial statements are set out in Note (2) below. Up to date of listing, 8 November 2010, Group in the financial statements refers to the economic entity which includes the Company, Royal Bafokeng Platinum Management Services (Pty) Limited, Royal Bafokeng Resources (Pty) Limited and the interest in the unincorporated BRPM joint venture. On listing the Company assumed control over the Bafokeng Rasimone Mine and Bafokeng Rasimone Management Services (Pty) Limited and thereafter Group refers to the Company, its subsidiaries and controlled special purpose entities.

The following table summarises the Group impact of BRPM:

1 January – 7 December 2009	50% proportionately consolidated
8 December 2009 – 7 November 2010	67% proportionately consolidated
From 8 November 2010	100% consolidated

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to the previous year presented, unless otherwise stated.

Basis of presentation

The consolidated financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), requirements of the South African Companies Act, as amended and the JSE Listings Requirements.

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value. The fair value adjustment on business combination of non-current assets is deemed to be the cost of these assets.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management and the Board's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are declared in Note 3.

Functional and presentation currency

These consolidated financial statements are presented in South African Rand, which is the Company's functional currency. All financial information is presented in Rand million, unless otherwise stated.

New and revised standards issued adopted that are relevant and effective

The Group has adopted all the new and revised standards issued that are relevant and effective for the accounting period on or after 1 January 2009. The most important of these standards are the following:

- *IAS 27 (Revised) Consolidated and separate financial statements* (effective for financial periods beginning on/after 1 July 2009). IAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

Guidance in this standard was used for the derecognition of the interest in the BRPM joint venture (Refer Note 25).

- *IAS 36 (Amendment) Impairment of assets*, effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8 *Operating segments* (that is, before the aggregation of segments with similar economic characteristics). The amendment was adopted without impact.
- *IAS 39 (Amendment) Financial instruments: Recognition and measurement – Eligible hedged items* (effective for financial periods beginning on/after 1 July 2009). The amendment clarifies how the existing principles underlying hedge accounting should be applied in the designation of a one-sided risk in a hedged item, and inflation in a financial hedged item. The amendment was adopted without impact.
- *IFRS 2 (Amendment) Share-based payments – Group cash-settled share-based payment transactions* (effective for financial periods beginning on/after 1 January 2010). The amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendment provides guidance on how to account for group share-based payment schemes in entities' separate financial statements. The amendment incorporates guidance previously included in *IFRIC 8 Scope of IFRS 2* and *IFRIC 11 IFRS 2 – Group and treasury share transactions.* As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment was adopted without impact.

- *IFRS 3 (Revised) Business combinations* (effective for financial periods beginning on/after 1 July 2009). The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

  The revised standard was applied to the acquisition on assumption of control of the Bafokeng Rasimone PGM Mine. Refer Note 26.
- *IFRIC 17 Distributions of non-cash assets to owners* (effective for financial periods beginning on/after 1 July 2009). This interpretation clarifies that: (1) A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (2) An entity should measure the dividend payable at the fair value of the net assets to be distributed; and (3) An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit and loss. The interpretation also requires an entity to provide additional disclosure if the net assets being held for distribution to owners meet the definition of a discontinued operation. The interpretation does not apply to common control transactions. The IFRIC was adopted without impact.
- *IFRS 5 Non-current assets held for sale and discontinued operations – Plan to sell the controlling interest in a subsidiary* (effective for financial periods beginning on or after 1 July 2009). This improvement clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale. The amendment was adopted without impact.
- *AC 504: IAS 19(AC 116) The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment* (effective for financial periods beginning on/after 1 April 2009). The South African Interpretation has been issued to provide guidance on the application of *IFRIC 14: IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction, in South Africa* in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956 (the Act)) within the scope of *IAS 19 (AC 116) Employee benefits*. The AC was adopted without impact.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

The following standards, amendments and interpretations to existing standards have been published but are not effective and the Group has not early adopted them:

- *IAS 24 (Revised) Related party disclosures* (effective for financial periods beginning on/after 1 January 2011). The revision simplifies the disclosure requirements for government-related entities and clarifies the definition of related party. No impact expected.
- *IAS 32 (Amendment) Financial instruments: Presentation – Classification of rights issues* (effective for financial periods beginning on/after 1 February 2010). The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. The amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. No impact expected.
- *IFRS 9 Financial instruments* (effective for financial periods beginning on/after 1 January 2013). IFRS 9 addresses classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also removes the requirement to separate embedded derivatives from financial asset hosts. The impact has not been assessed yet.
- *IFRIC 19 Extinguishing financial liabilities with equity instruments* (effective for financial periods beginning on or after 1 July 2010). This interpretation provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. It clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. No impact expected.

Summary of the significant accounting policies continued

For the year ended 31 December 2010

1. General information continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted continued

- *Improvements to IFRS 2010* – Improvements to IFRS is a collection of amendments to International Financial Reporting Standards (IFRS). These amendments are the result of conclusions the Board reached on proposals made in its annual improvements project. No significant impact expected.

2. Group accounting policies

Group and Company financial statements

These consolidated financial statements incorporate the Company and its subsidiaries, controlled special purpose entities and interest in joint ventures using uniform accounting policies.

2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

In the Company financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.2 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. The Group combines its share of the joint venture's individual income and expenses, assets and liabilities, and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gain or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

IFRS is not prescriptive on the change in ownership in a joint venture. The Group follows guidance of IFRS 3 to revalue all assets on a change in percentage interest. When control is assumed over a business that was previously treated as a joint venture, the event is treated as a disposal of the joint venture and a business combination. Any difference in the carrying amount of the interest in the joint venture and the fair value of the interest when control is assumed, is recognised in profit and loss.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Pre-production expenditure, incurred to establish or expand productive capacity, to support and maintain that productive capacity incurred on mines, is capitalised to property, plant and equipment. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended, reduces the capitalised amount. Interest on borrowings, specifically to finance the establishment of mining assets, is capitalised during the construction phase.

The present value of decommissioning cost, which is the dismantling and removal of the asset included in the environmental rehabilitation obligation, is included in the cost of the related assets and changes in the liability resulting from changes in the estimates are accounted for as follows:

- Any decrease in the liability reduces the cost of the asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- Any increase in the liability increases the carrying amount of the asset. An increase to the cost of an asset is tested for impairment when there is an indication of impairment
- These assets are depreciated over their useful lives and are expensed in profit and loss as a cost of production.

Depreciation is calculated to write off the cost of each asset to its residual values over its estimated useful lives and residual value as reassessed on an annual basis and approximates the following:

Buildings	5 – 30 years (straight-line)
Plant and machinery	5 – 30 years (straight-line)
Vehicles and equipment	6 years (straight-line)
Computer equipment and software	3 – 5 years (straight-line)
Mining assets (shaft and development)	Units of production

Depreciation rates are reassessed annually.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds on disposal with carrying amounts and are included in operating profit.

2.4 Mineral rights

Exploration and evaluation assets acquired are initially recognised at cost, and are subsequently adjusted for accumulated amortisation and impairment provision when applicable. Once commercial reserves are found, exploration and evaluation assets are transferred to assets under construction. No amortisation is charged during the exploration and evaluation phase.

For purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with the existing cash-generating units of operating mines that are located in the same geographical region. Where the assets are not associated with a specific cash-generating unit, the recoverable amount is assessed using fair value less cost to sell for the specific exploration area.

All exploration and evaluation costs incurred as part of normal operations are expensed until the directors conclude that a future economic benefit is more likely than not to be realised i.e. probable.

2.5 Goodwill

Goodwill represents the excess of the aggregate of the cost of the acquisition, the non-controlling interest and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is tested annually for impairment or whenever there is an impairment indicator. Goodwill is carried at cost less accumulated impairment loss. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Summary of the significant accounting policies continued

For the year ended 31 December 2010

2. Group accounting policies continued

2.6 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision made for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount, being the present value of expected cash flow, discounted at the original effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and marketing costs.

2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, bank overdraft and other short-term highly liquid investments with original maturities of three months or less. Bank borrowings are shown within borrowings in current liabilities on the balance sheet.

2.8 Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average basis. Obsolete, redundant and slow-moving stores are identified and written down to net realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.9 Product inventory

Product inventory consists of stockpiles of ore mined for processing at a later stage. Stockpiles are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of stockpiles comprises directly attributable mining costs including depreciation. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of processing to concentrate as the final product and selling expenses.

2.10 Impairment of assets

2.10.1 Non-financial assets

Assets that have an indefinite useful life which are not subject to depreciation, are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are considered to be impaired when the higher of the asset's fair value less cost to sell and its value in use is less than the carrying amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount.

The recoverability of the long-term mining assets is based on estimates of future discounted cash flows. These estimates are subject to risks and uncertainties including future metal prices and exchange rates. It is therefore possible that changes can occur which may affect the recoverability of the mining assets. The recoverable amounts of non-mining assets are generally determined by reference to market values. Where the recoverable amount is less than the carrying amount, the impairment is charged against income to reduce the carrying amount to the recoverable amount of the asset. The revised carrying amounts are depreciated over the remaining lives of such affected assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment previously recognised will be reversed when changes in circumstances, that have an impact on estimates, occur after the impairment was recognised. The reversal of an impairment will be limited to the lower of the newly calculated recoverable amount or the book value that would have existed if the impairment had not been recognised. The reversal of an impairment is recognised in profit or loss.

2.10.2 Goodwill

Goodwill is tested annually for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The recoverable amount of the cash-generating unit to which goodwill has been allocated is based on the higher of fair value less cost-to-sell or value-in-use derived from reserve and resource ounce valuation. Impairment write-downs on goodwill may not be reversed.

2.10.3 Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired:

- In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less previously recognised impairment loss, is recognised as an impairment loss. Any fair value loss or reversal thereof is recognised in other comprehensive income. On disposal of available-for-sale assets, previously recognised fair value adjustments are transferred to profit and loss
- A provision for impairment of loans, receivables and advances is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default on or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the trade receivable and advances is reduced through the use of a provision account, and the amount of the loss is recognised as an operating expense. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs.

2.11 Revenue recognition

Income is recognised on an accrual basis when it is both probable that the economic benefits associated with the transaction will flow to the Group and when the amount of the revenue can be measured reliably.

Revenue from sale of products and services is brought to account when the risks and rewards of ownership transfer and it is both probable that the economic benefits associated with the transaction will flow to the Group and when the amount of the revenue can be measured reliably, net of Value Added Tax (VAT) and discounts. In terms of the Group's concentrate offtake agreement revenue is therefore recognised on the delivery of concentrate to RPM.

In terms of the agreement, the commodity prices and ZAR:USD exchange rates used in the calculation of the concentrate payment are based on the average daily rates for the third month following the month of delivery. Payment is due on the last day of the fourth month following delivery.

The adjustment to trade debtors to reflect the actual amount to be received for concentrate sold is recognised through revenue.

Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when it is probable that such income will accrue to the Group.

Dividend income is brought to account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

2.12 Leases

Determining whether an arrangement is, or contains a lease, is based on the substance of the arrangement, and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to control the asset.

Leases where the lessee assumes substantially all of the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lower of the estimated present value of the underlying lease payments and the fair value of the asset. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term and short-term payables respectively. The interest element is expensed to profit or loss, as a finance charge, over the lease period.

Summary of the significant accounting policies continued

For the year ended 31 December 2010

2. Group accounting policies continued

2.12 Leases continued

Leases of assets under which substantially all the benefits and risks of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are expensed to profit or loss on the straight-line basis over the life of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13 Financial instruments

Financial assets comprise available-for-sale financial assets, environmental trust deposit, trade and other receivables (excluding prepaid expenses and VAT refunds), financial assets at fair value through profit and loss, derivative assets, cash guarantees provided, cash and cash equivalents and assets held for sale.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables as well as available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial liabilities comprise borrowings, shareholder loan, liabilities held for sale, derivative liabilities, trade and other payables and bank overdraft. The Group classifies its financial liabilities in the following categories: liabilities at fair value through profit or loss and amortised cost.

2.13.1 Financial assets and liabilities at fair value through profit or loss

Initial recognition

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset and liability are classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets or current liabilities. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value.

Gains or losses

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss as part of other income when the Group's right to receive payment is established.

Subsequent measurement

Financial assets at fair value through profit and loss are subsequently measured at the quoted current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The financial liabilities at fair value through profit or loss are subsequently measured using valuation techniques such as Monte Carlo or discounted cash flows.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

2.13.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables in the balance sheet excluding prepaid tax, prepaid expenses and VAT refund (Note 8). Environmental trust deposit and cash and cash equivalents form part of loans and receivables. Loans and receivables are initially recognised at cost.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

2.13.3 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; while translation differences of non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Gains or losses arising from changes in the fair value of the available-for-sale financial assets category are recognised in equity. Dividend income from available-for-sale financial assets is recognised in the income statement as part of other income when the Group's right to receive payments is established.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.13.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, and are included in non-current assets, except for those with maturities within 12 months from the reporting date which are classified as current assets.

Held-to-maturity investments are subsequently carried at amortised cost using the effective interest method less any accumulated impairment loss.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest rate method: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other

Summary of the significant accounting policies continued

For the year ended 31 December 2010

2. Group accounting policies continued

2.14 Borrowings continued

premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Group shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

When borrowings are utilised to fund qualifying capital expenditure, such borrowing costs that are directly attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing cost are incurred until completion of construction. All other borrowing costs are charged to finance costs.

2.15 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Metal purchase commitments are entered into as part of a financing arrangement; these commitments are accounted for, initially at fair value, and subsequently at amortised cost.

2.16 Taxation

2.16.1 Current taxation

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

2.16.2 Deferred taxation

Deferred tax assets and liabilities are determined, using the balance sheet liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted before the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

2.17 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The listed market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price at reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying amounts of current financial assets and current liabilities approximate their fair values.

2.18 Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, including the share incentive trust (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.20 Provisions

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

Provisions are measured using the best estimate of the expenditure required to settle the obligation i.e. the amount the Group would rationally pay to settle the obligation or transfer to a third party.

Where the effect of discounting is material, provisions are discounted to reflect the present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation. Provisions are not recognised for future operation losses.

2.21 Environmental rehabilitation obligations

These long-term obligations result from environmental disturbances associated with the Group's mining operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Decommissioning costs

This cost will arise from rectifying damage caused before production commences. The net present value of future decommissioning cost estimates as at year-end is recognised and provided for in full in the financial statements. The estimates are reviewed annually to take into account the effects of changes in the estimates. Estimated cash flows have been adjusted to reflect risks and timing specific to the rehabilitation liability. Discount rates that reflect the time value of money are utilised in calculating the present value.

Changes in the measurement of the liability, apart from unwinding the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset.

Ongoing rehabilitation cost

The cost of the ongoing current programmes to prevent and control pollution is charged against income as incurred.

2.22 BRPM Environmental Rehabilitation Trust

Contributions are made to this trust fund, created in accordance with statutory requirements to provide for the estimated cost of rehabilitation during and at the end of the life of BRPM.

Deposits into the environmental trust are carried in the balance sheet at fair value. Contributions are based on the estimated environmental obligations over the life of a mine. Income earned on monies paid to the trust is accounted for as investment income. The trust investments are included under held-to-maturity investments as non-current assets. The Group has control over the trust and the special purpose entity is consolidated in the Group.

2.23 Employee benefits

Short-term employee benefits

Remuneration to employees is charged to profit or loss on an ongoing basis. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Defined contribution retirement plans

Employee benefit schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations.

Employee benefits

A defined contribution plan is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates or participates in defined contribution retirement plans for its employees. The pension plans are funded by payments from the employees and by the relevant Group companies' trustee-administered funds, and contributions to these funds are expensed as incurred. The assets of the different plans are held by independently managed trust funds. These funds are governed by the South African Pension Fund Act of 1956.

Summary of the significant accounting policies continued

For the year ended 31 December 2010

2. Group accounting policies continued

2.23 Employee benefits continued

Post-employment medical obligations

The Group provides post-retirement healthcare benefits to qualifying employees and retirees. The expected costs of these benefits are accrued over the period of employment. Valuations of these obligations are carried out annually by independent qualified actuaries. Actuarial gains or losses as a result of these valuations are recognised in profit or loss as incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration production and safety performance. The Group recognises a provision when contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, production targets and remaining an employee of the entity over a specified time period)
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares or issue shares from the share incentive trust. Shares held in the share incentive trust which is consolidated as a special purpose entity are treated as treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

For individual Company accounts, the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2.24 Foreign exchange transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in income under other income.

3. Critical accounting estimates and assumptions

Increase in interest in joint venture December 2009

In December 2009 the entity acquired a further 17% interest in the BRPM joint venture. IFRS is not prescriptive on the accounting treatment of the increase in interest in a joint venture. The Group therefore followed guidance in *IFRS 3 Business combinations* in order to fair value all the assets and liabilities of the BRPM joint venture. RB Resources' original 50% in the BRPM joint venture has been accounted for using the re-measurement approach. Under this approach, the Company's portion of identifiable net assets of the jointly controlled entity that were previously acquired (i.e. the original 50% interest in the BRPM joint venture) is re-measured at fair value at the date of acquisition of the additional investment of 17% with the re-measurement of the original 50% being accounted for as a revaluation surplus and recognised as part of the Company's shareholder equity. The additional interest of 17% has been accounted for at fair value at the date of acquisition. The life of mine value was determined using discounted cash flows. The following key long-term life of mine prices were used: Platinum USD1 375 per oz, Palladium USD379 per oz and Rhodium USD2 500 per oz. A long-term real Rand/USD exchange rate of R9.41/USD was used.

Independent experts were used to value the mineral resources outside the life of mine plan. The valuation was performed using the comparable transaction valuation methodology. This methodology involves determining the *in-situ* mineral reserves and resources of specific properties within the context of other mineral property valuation. For *in-situ* inferred 4E resource ounces a value of USD4.67 per oz was used.

Joint venture accounting for 67% interest in BRPM up to 8 November 2010

The BRPM restructuring transaction involved a change in the participation interest in BRPM from that of joint control (50% RBR:50% RPM) and managed by Anglo Platinum to RBR holding a majority interest (67% RBR:33% RPM) in BRPM and taking over management of the mine via RBP MS from 4 January 2010. However, the amended joint venture agreement required joint control (50% RBR:50% RPM) of the Management Committee of the joint venture up to date of the listing of the Company whereafter RBP will control BRPM.

Because of the joint control the 67% interest in BRPM has been proportionately consolidated until date of listing of RBPlat.

From 8 November 2010 control was assumed over BRPM and the interest was consolidated.

Purchase price allocation 8 November 2010

The Group assumed control over BRPM upon listing on 8 November 2010. The provisional purchase price allocation for the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values required judgement.

The basis for allocating fair value was as follows:

Fair value of the purchase price

The purchase consideration comprises the 67% interest held in the BRPM joint venture. The fair value of this 67% interest was calculated with reference to the market capitalisation obtained on listing. A share price of R60.50 per share and 164 095 215 shares were used for a total market capitalisation of R9 927 million. The net assets of other Group entities that approximate fair value was deducted to provide the fair value of the purchase consideration of R10 002.7 million.

Property, plant and equipment

The fair value of individual items of property, plant and equipment was obtained from an external valuer using a depreciated replacement value as approximation.

Mineral rights included in life of mine plan

The provisional value of mineral reserves relating to the current life of mine plan was valued using a discounted cash flow per the life of mine plan. The following key long-term life of mine prices were used: Platinum USD1 611 per ounce, Palladium USD526 per ounce and Rhodium USD3 853 per ounce. A long-term real Rand/US dollar exchange rate of R8.25/USD1 was used. A real discount rate of 8.3% was used.

Mineral rights outside the life of mine plan

Independent experts were used to value the mineral resources outside the life of mine plan. The valuation was performed using the comparable transaction valuation methodology. This methodology involves determining the in situ mineral reserves and resources of specific properties within the context of other mineral property valuation. For *in situ* inferred 4E resource ounces a value of USD10 per ounce was used.

Deferred tax

Deferred tax was calculated on the full difference between the fair values calculated above and the tax basis at a rate of 28%.

Summary of the significant accounting policies continued

For the year ended 31 December 2010

3. Critical accounting estimates and assumptions continued

Goodwill

Goodwill was calculated as the difference between the purchase consideration and the Group's share of net assets acquired. No goodwill was attributed to non-controlling shareholders' interest.

Goodwill is allocated to BRPM. The recoverability of goodwill was assessed based on the life of mine plan using the same assumptions as disclosed for mineral rights. The recoverable amount of goodwill is based on fair value less costs to sell.

Mineral Reserves

The estimation of reserves impacts the depreciation of property, plant and equipment, the recoverable amount of property, plant and equipment, the timing of rehabilitation expenditure and purchase price allocation.

Factors impacting the determination of proved and probable reserves are:

- the grade of mineral reserves may vary significantly from time to time (ie differences between actual grades mined and resource model grades)
- 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.

Carrying value of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on the historical performance as well as expectations about the future use and therefore require a significant degree of judgement to be applied by management. The depreciation rates represent management's current best estimates of the useful lives of the assets. Residual values of the property, plant and equipment are reviewed at least annually. Adjustment will affect the depreciation charge for the reporting period.

Environmental rehabilitation obligations (Note 16)

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

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

Key assumptions used were:

	2010	2009
Current cost estimate (Rmillion)	**157.0**	102.0
Real pre-tax risk free discount rate (%)	**4**	4

Share-based payments

The Group has various share-based payment plans in place. As the Company was only listed during the year insufficient history of the Company's share price history was available on which to base assumptions. The JSE J153 Platinum index was therefore used as an approximation of key inputs in the valuation of share-based payments. All share-based payment schemes are treated as equity-settled and therefore valued on grant date.

Bonus Share Plan

The Company has established a Bonus Share Plan (BSP) for its executive directors and senior managers, which is linked to the employee's annual cash bonus. The Remuneration Committee of the Company is responsible for operating the BSP.

Following the announcement of the Company's annual results, employees participating in the BSP are awarded a number of bonus shares, which constitute a specified percentage of the employee's annual cash bonus (dependent on job category). Such bonus shares are held on the employee's behalf by an escrow agent for a period of three years after their award.

Shares issued in terms of this scheme are accounted for as equity-settled share-based payments.

3. Critical accounting estimates and assumptions continued

2010 Share Option Plan

Certain directors and senior managers of the Company (including all of the current executive directors of the Company) have been granted options to acquire shares. The options were granted at an initial price, which is linked to the J153 Platinum Index when hired. The strike price of the options was adjusted on listing in accordance with a specified formula and was linked to the Company's share price. The share options vest from year three to five from when they were granted in three equal tranches.

Mahube Trust Share Scheme

The Royal Bafokeng Platinum Mahube Trust (Mahube Trust) has been implemented to replace the value forfeited by qualifying BRMS employees as a result of them no longer qualifying as beneficiaries of the Anglo Platinum Group Employee Share Participation Scheme (Kotula).

Permanent employees of the BRPM are employed by BRMS. Prior to the listing, BRMS was a wholly-owned subsidiary of RPM and qualifying BRMS employees were beneficiaries of Kotula. In terms of the rules of Kotula and as a result of the listing, qualifying BRMS employees forfeited all their benefits under Kotula once ownership of BRMS was transferred from RPM to RB Resources since BRMS was no longer a member of the AngloPlat group of companies. The Company has created the Mahube Trust, an employee share ownership scheme for the benefit of qualifying BRMS employees to replicate the terms and structure, to the extent possible, of Kotula. The final capital distribution will take place on or about 31 March 2015 and the Mahube Trust will terminate on 31 March 2016.

Initial Public Offering bonus shares

The Company invited each of the executive directors and certain other employees of the Company to participate in the share offer on listing, on the basis that for each share that they subscribe for, the Company will issue them with an additional share free of charge (with the Company paying for the par value of such shares). The additional shares issued by the Company vest 18 months after the listing. The maximum number of shares for which each director and employee could subscribe to benefit from this scheme were limited based on the specific job grade.

The value of the various share-based payment schemes were calculated using the following inputs:

	2009 Bonus Share Plan	2010 Bonus Share Plan	2009 Share Option Plan	2010 Share Option Plan	Mahube Trust Share Scheme	Initial Public Offering bonus shares
Weighted average option value on grant date (Rand)	39.26	**39.26**	23.37	**32.27**	44.67	64.90
Weighted average share price on grant date (Rand)	65.20	**65.20**	42.11	**60.25**	65.12	64.90
Weighted average exercise price (Rand)	–	**–**	42.11	**60.25**	48.11	–
Volatility (%)	48.4%-43.2%	**48.2%-40.3%**	48.4%-43.2%	**48.2%-40.3%**	47.9%-39.8%	47.9%
Dividend yield (%)	–	**–**	–	**–**	–	–
Risk-free interest rate (%)	7.06%-8.49%	**7.59%-8.64%**	7.06%-8.49%	**7.59%-8.64%**	7.75%-7.83%	7.52%
Vesting years	2012	**2013**	2012-2014	**2013-2015**	2013-2015	18 months from listing date

Income taxes and mining royalties

Significant judgement is required in determining the provision for income taxes and mining royalties. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 determinations are made.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010

4. Property, plant and equipment

	Buildings	Furniture and fittings	Mining assets	Capital work in progress	Plant and machinery	Computer equipment	Vehicles and equipment	Computer software	Rehabili–tation asset	Total
	R (million)	R (million)	R (million)	R (million)	R (million)	R (million)	R (million)	R (million)	R (million)	R (million)
2010										
At 1 January 2010	64.6	–	1 993.3	975.3	586.9	7.0	7.4	6.7	10.9	3 652.1
Additions	22.0	0.5	14.7	398.9	36.7	18.3	1.9	6.0	–	499.0
Disposals	–	–	–	–	–	–	(0.3)	–	–	(0.3)
Depreciation	(3.8)	(0.1)	(184.9)	–	(47.8)	(3.1)	(1.8)	(4.7)	(0.4)	(246.6)
Transfers	13.6	–	–	(93.6)	79.4	0.1	0.5	–	–	–
At 8 November	96.4	0.4	1 823.1	1 280.6	655.2	22.3	7.7	8.0	10.5	3 904.2
Carrying amount of previously held 67% interest in BRPM	(96.4)	(0.1)	(1 823.1)	(1 280.6)	(655.2)	(21.9)	(7.7)	(8.0)	(10.5)	(3 903.5)
Fair value of 100% of BRPM on business combination	72.9	9.7	3 951.4	1 911.3	1 209.1	12.0	18.3	11.9	15.7	7 212.3
Additions from 8 November	0.3	–	0.3	217.6	1.3	1.9	–	2.3	1.6	225.3
Depreciation from 8 November	(0.9)	(0.3)	(78.9)	–	(17.1)	(0.4)	(1.0)	(1.6)	(0.2)	(100.4)
At 31 December 2010	72.3	9.7	3 872.8	2 128.9	1 193.3	13.9	17.3	12.6	17.1	7 337.9
Cost	73.2	10.0	3 951.7	2 128.9	1 210.4	14.3	18.3	14.2	17.3	7 438.3
Accumulated depreciation	(0.9)	(0.3)	(78.9)	–	(17.1)	(0.4)	(1.0)	(1.6)	(0.2)	(100.4)
At 31 December 2010	72.3	9.7	3 872.8	2 128.9	1 193.3	13.9	17.3	12.6	17.1	7 337.9
2009										
At 1 January 2009	20.9	–	621.9	634.3	316.3	4.4	5.8	3.0	6.2	1 612.8
Additions	–	–	22.2	389.5	6.9	–	–	–	2.3	420.9
Depreciation	(2.3)	–	(65.6)	–	(25.2)	(2.3)	(1.8)	(3.1)	(0.4)	(100.7)
Transfers	10.2	–	319.6	(364.0)	25.4	2.8	1.2	4.8	–	–
Revaluation	19.5	–	654.8	–	118.4	0.3	0.3	0.2	–	793.5
Increase in interest in joint venture	16.3	–	440.4	315.5	145.1	1.8	1.9	1.8	2.8	925.6
At 31 December 2009	64.6	–	1 993.3	975.3	586.9	7.0	7.4	6.7	10.9	3 652.1
Cost	100.0	6.2	2 366.9	975.3	834.1	19.7	20.8	12.7	12.9	4 348.6
Accumulated depreciation	(35.4)	(6.2)	(373.6)	–	(247.2)	(12.7)	(13.4)	(6.0)	(2.0)	(696.5)
At 31 December 2009	64.6	–	1 993.3	975.3	586.9	7.0	7.4	6.7	10.9	3 652.1

The Company has the life of mine right to use, but not ownership of assets with a carrying amount of R1 536 112 129 for 100% (2009: R1 144 352 223 for RBPlat's attributable 67%) which are included in balances above.

5. Mineral rights

	Group 2010 R (million)	Group 2009 R (million)
Opening balance at 1 January	**2 925.5**	2 234.4
Amortisation (included in cost of sales)	**(18.3)**	(44.7)
Carrying amount at 8 November	**2 907.2**	
Carrying amount of previously held 67% interest in BRPM	**(2 907.2)**	
17% increase in interest in BRPM		735.8
Fair value of 100% of BRPM on business combination	**5 730.9**	
Amortisation from 8 November (included in cost of sales)	**(8.1)**	
Closing balance at 31 December	**5 722.8**	2 925.5
Cost	**5 730.9**	3 076.7
Accumulated amortisation	**(8.1)**	(151.2)
Closing balance at 31 December	**5 722.8**	2 925.5

In terms of the joint venture agreement between RPM and RBR, RPM contributed its Boschkoppie mining right and the Frischgewaagd prospecting right whilst RBR contributed its Styldrift mining right to BRPM for the full BRPM life of mine. RBR therefore has an undivided 67% participation interest in these rights whilst RPM has an undivided 33% participation interest in these rights. From 8 November 2010, the carrying amount reflects 100% of these rights.

6. Environmental trust deposit

The following table provides a reconciliation of the environment trust deposit:

	Group 2010 R (million)	Group 2009 R (million)
Opening balance at 1 January	**56.4**	37.9
Increase in cash deposit during the year	**–**	1.9
Interest earned on the environmental trust deposit	**1.9**	2.9
17% increase in interest in joint venture	**–**	13.7
Carrying amount at 8 November	**58.3**	
Carrying amount of previously held 67% interest in BRPM	**(58.3)**	–
Fair value of 100% BRPM on business combination	**87.0**	–
Interest earned on the environmental trust deposit from 8 November	**0.5**	–
Closing balance at 31 December	**87.5**	56.4

The Group contributes to the BRPM Environmental Rehabilitation Trust annually. The trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the mine. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected as an environmental trust deposit.

7. Inventories

	Group 2010 R (million)	Group 2009 R (million)
Consumables	**17.4**	–
Stockpiles	**31.0**	–
	48.4	–

All inventories are carried at cost. There was no write down to net realisable value.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

8. Trade and other receivables

	Group	
	2010 R (million)	2009 R (million)
Trade receivables (concentrate debtors)	**1 008.5**	521.0
Other receivables	**21.9**	67.0
VAT receivable	**16.2**	4.2
	1 046.6	592.2

RBR entered into a disposal of concentrate agreement with RPM during 2002 in terms of which RBR's share of the concentrate of the PGMs produced by BRPM will be treated by RPM.

In terms of the agreement, the commodity prices and Rand:USD exchange rates used in the calculation of the concentrate payment is based on the average daily rates for the third month following the month of delivery. Payment is due on the last day of the fourth month following delivery (refer Note 32 for sensitivity analysis).

Concentrate debtors are fair valued every month following delivery until the price is fixed at the end of the third month. In line with industry practice the fair value adjustment is taken through the income statement as an adjustment to revenue.

9. Held to maturity investments

	Group	
	2010 R (million)	2009 R (million)
Investment in vested rights of the NED Investment Trust	**250.0**	–
Accrued dividends	**0.9**	–
	250.9	–

The investment in Nedbank preference shares is made through the acquisition of the vested rights in the NED Investment Trust.

RBPlat invested R250 million on 9 December 2010 on a 180 day notice period earning the following dividend yield:

- R200 million earning 62% of prime nominal annual compounded semi-annually
- R50 million earning 61.57% of prime nominal annual compounded quarterly.

The effective rate at year end was 5.58% (2009: N/A) and 5.54% (2009: N/A) for the two respectively.

At 31 December 2010 dividends of R0.9 million (2009: nil) were earned on the Nedbank preference shares.

10. Current tax receivable

	Group	
	2010 R (million)	2009 R (million)
The movement on the balance can be explained as follows:		
Opening balance at 1 January	**–**	21.3
Income tax charge	**0.4**	–
Business combination	**(7.6)**	–
Tax refund received	**7.6**	–
Interest charge	**–**	0.1
Payment made	**(5.2)**	(21.4)
Closing balance at 31 December	**(4.8)**	–

11. Related party loans

The loan between Royal Bafokeng Management Services (Pty) Limited (RBMS), a fellow subsidiary, bore no interest and had no fixed repayment terms. This loan was repaid in 2010 prior to the listing date.

	RBMS R (million)	RB Impala Holdings R (million)
At 1 January 2010	**0.2**	**–**
Loan repaid	**(0.2)**	**–**
At 31 December 2010	**–**	**–**
At 1 January 2009	**(11.8)**	210.0
Loan received	**(42.1)**	–
Loan settled as part of restructuring (Note 19)	**54.1**	(210.0)
At 31 December 2009	**0.2**	–

12. Cash and cash equivalents

	Group	
	2010 R (million)	2009 R (million)
The cash and cash equivalents are made up of the following:		
Cash at bank and on hand	**447.9**	51.5
Short-term bank deposits	**451.5**	–
	899.4	51.5

Facilities

Royal Bafokeng Resources (RBR) signed an agreement with Rustenburg Platinum Mines Limited (RPM) for a R2 billion facility. The facility was utilised in 2008 and terminated on 31 December 2009. Towards the end of 2009, RBR put in place a R500 million revolving credit facility (RCF) with Nedbank. Interest on the facility is based on JIBAR plus a margin of 2.85% nominal annual compounded quarterly in arrears. The current RCF is repayable in full on 2 December 2013.

In addition, RBR put in place a R250 million overdraft facility, RBPlat a R3 million overdraft facility and RBPMS a R5 million overdraft facility.

The overdraft facilities bear interest at JIBAR plus a margin of 2.85% calculated on a daily basis payable monthly in arrears. The overdraft facilities are available until 31 December 2013 whereafter the facilities are expected to be extended further.

R17.1 million of the overdraft facility has been utilised at year-end for an Eskom guarantee. Refer Note 17.1 for further details.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

13. Share capital and share premium

	Group	
	2010 R	2009 R
Authorised share capital		
250 000 000 (2009: 200 000 000) ordinary shares with a par value of R0.01 each	**2 500 000**	2 000 000
1 500 000 (2009: 0) A1 ordinary shares with a par value of R0.01 each	**15 000**	–
1 500 000 (2009: 0) A2 ordinary shares with a par value of R0.01 each	**15 000**	–
1 500 000 (2009: 0) A3 ordinary shares with a par value of R0.01 each	**15 000**	–
	2 545 000	2 000 000
Issued ordinary share capital		
The movement in the issued share capital of the Company is as follows:		
Opening balance, 137 057 500 (2009: 100 000) ordinary shares with a par value of R0.01 each	**1 370 575**	1 000
102 181 700 ordinary shares issued as compensation for the acquisition of the RBR equity and loans	**–**	1 021 817
34 775 800 ordinary shares issued as compensation for the additional 17% participation interest acquired in the BRPM in December 2009	**–**	347 758
Additional 10 000 000 ordinary shares issued to RPM as deferred compensation	**100 000**	–
16 620 299 ordinary shares issued as primary issue with the listing of the Company	**166 203**	–
550 848 ordinary shares issued as part of the management share incentive scheme	**5 508**	–
563 914 ordinary shares issued to the Mahube Trust	**5 639**	–
Less: Treasury shares		
550 848 ordinary shares issued as part of the management share incentive scheme	**(5 508)**	–
563 914 ordinary shares issued to the Mahube Trust	**(5 639)**	–
Total 163 677 799 shares (2009: 137 057 500 shares)	**1 636 778**	1 370 575
Issued A1, A2, A3 ordinary shares capital		
845 871 A ordinary shares issued to the Mahube Trust	**8 459**	–
A1 and A2 and A3 ordinary shares issued in equal parts of 281 957 each		
Less: Treasury shares		
845 871 A ordinary shares issued to the Mahube Trust	**(8 459)**	–
Total	**–**	–

	Group	
	2010	2009
	R	R

13. Share capital and share premium continued

Share premium

	2010 R	2009 R
Opening balance	**6 817.8**	–
102 181 700 ordinary shares issued as compensation for the acquisition of the RBR equity and loans	**–**	4 997.0
34 775 800 ordinary shares issued as compensation for the additional 17% participation interest acquired in the BRPM in December 2009	**–**	1 820.8
Additional 10 000 000 ordinary shares issued to RPM as deferred compensation	**(0.1)**	–
16 620 299 ordinary shares issued as primary issue with the listing of the Company	**1 005.4**	–
550 848 ordinary shares issued as part of the management share incentive scheme	**33.5**	–
563 914 ordinary shares issued to the Mahube Trust	**36.7**	–
845 871 A1 ordinary shares issued to the Mahube Trust	**23.2**	
Capitalisation of listing transaction costs to share premium	**(63.2)**	
Less: Treasury shares		
550 848 ordinary shares issued as part of the management share incentive scheme	**(33.5)**	
563 914 ordinary shares issued to the Mahube Trust	**(36.7)**	
845 871 A1 ordinary shares issued to the Mahube Trust	**(23.2)**	
Total	**7 759.9**	6 817.8

On 22 September 2010, the Company increased its authorised share capital by creating 50 000 000 ordinary shares; 1 500 000 A1 ordinary shares; 1 500 000 A2 ordinary shares and 1 500 000 A3 ordinary shares. The A ordinary shares will be issued to the Mahube Trust as part of the employee share incentive scheme and these A ordinary shares are not listed.

During the year an additional 100 000 ordinary shares were issued to RPM at par value as deferred compensation for the additional 17% participation interest in the BRPM JV acquired with effect from 7 December 2009.

A further 16 620 299 ordinary shares were issued on 8 November 2010 as part of the primary issue of ordinary shares with the listing of the Company. On the same day, an additional 417 416 ordinary shares were issued and on 3 December 66 716 ordinary shares were issued as part of the Company's management staff incentive scheme.

On 20 December 2010, 563 914 ordinary shares and 845 871 A1 ordinary shares were issued to the Mahube Trust in terms of the Company's ESOP. These shares are treated as treasury shares as the Mahube Trust is consolidated as a special purpose vehicle.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

	Group 2010 R (million)	Group 2009 R (million)
14. Other reserves		
The movement on the other reserves can be attributed to the following:		
Opening balance at 1 January	–	–
Revaluation of property, plant and equipment (Note 4)	–	793.5
Deferred tax raised on revaluation (Note 15)	–	(222.2)
Reclassification of equity items due to restructuring of the RBR group (Note 28)	–	(571.3)
Share-based payment reserve	**18.8**	–
Closing balance at 31 December	**18.8**	–

15. Deferred tax

Deferred income tax is calculated in full on the temporary differences under the liability method using the principal tax rates of 28%. Deferred income tax assets and liabilities are offset when there is legally enforceable right to set off tax assets against the tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2010 R (million)	2009 R (million)
Deferred tax comprises:		
Deferred tax asset	**(15.2)**	–
Deferred tax liability	**3 611.3**	323.2
	3 596.1	323.2

The movement on the deferred tax is as follows:

	Mineral rights R (million)	Property, plant and equipment R (million)	Provisions R (million)	Other R (million)	Total R (million)
2010					
At 1 January 2010	**3.1**	**315.5**	**(11.9)**	**16.5**	**323.2**
Charged to income statement	**–**	**145.9**	**(0.6)**	**0.5**	**145.8**
Carrying amount at 8 November	**3.1**	**461.4**	**(12.5)**	**17.0**	**469.0**
Carrying amount of previously held 67% interest in BRPM (Note 26)	**(3.1)**	**(461.4)**	**12.5**	**(17.0)**	**(469.0)**
Fair value of 100% of BRPM on business combination	**1 604.6**	**1 974.5**	**(33.9)**	**25.4**	**3 570.6**
Charged to income statement from 8 November	**(2.2)**	**30.5**	**(1.6)**	**(1.2)**	**25.5**
At 31 December 2010	**1 602.4**	**2 005.0**	**(35.5)**	**24.2**	**3 596.1**
2009					
At 1 January 2009	1.7	89.6	(4.8)	11.2	97.7
Charged to equity	–	222.2	–	–	222.2
Charged to income statement	2.9	3.2	(7.9)	9.1	7.3
Increase in interest in joint venture (Note 27)	(1.5)	–	3.3	(3.8)	(2.0)
Prior year adjustment	–	0.5	(2.5)	–	(2.0)
At 31 December 2009	3.1	315.5	(11.9)	16.5	323.2

Of the above, approximately R3 582 million (2009: R323.2 million) will realise after 12 months.

	Group	
	2010 R (million)	2009 R (million)

16. Long-term provisions

Decommissioning and rehabilitation provisions

	2010 R (million)	2009 R (million)
Opening balance at 1 January	**41.8**	25.8
Unwinding of discount from 8 November	**2.0**	3.1
Additional provision raised	**1.0**	2.3
17% increase in interest in joint venture	**–**	10.6
Carrying amount at 8 November	**44.8**	41.8
Carrying amount of previously held 67% interest in BRPM	**(44.8)**	–
Fair value of 100% interest in BRPM on business combination	**66.9**	–
Unwinding of discount from 8 November	**0.8**	–
Additional provision raised from 8 November	**4.8**	–
Closing balance at 31 December	**72.5**	41.8
Other provisions	**0.9**	–
Closing balance at 31 December	**73.4**	41.8
Current cost estimate	**157.0**	102.0

The 2010 current cost estimate reflects 100% of BRPM's estimate whilst 2009 reflects 67%.

	Group	
	2010 R (million)	2009 R (million)

17. Contingencies and commitments

17.1 Guarantees

	2010 R (million)	2009 R (million)
Royal Bafokeng Resources (Pty) Limited granted the following guarantees:		
Eskom to secure power supply for Styldrift project development (100% of BRPM) (financial guarantee 6404000082)	**17.1**	
Royal Bafokeng Management Services (Pty) Limited, a fellow subsidiary, granted the following guarantees on behalf of RBR for the rehabilitation of land disturbed by mining:		
Department of Mineral Resources (financial guarantee 36790800258)	**39.9**	39.9
Department of Mineral Resources (financial guarantee 36790901881)	**7.6**	7.6
	64.6	47.5

Refer to Note 16 for the rehabilitation provision relating to guarantees to DMR.

During January 2011 RBR issued a guarantee to the Department of Mineral Resources (DMR) to the value of R44.7 million (financial guarantee 30858003). This relates to RBR's 67% for the rehabilitation of land disturbed by mining and replaces both guarantees issued by Royal Bafokeng Management Services (Pty) Limited above.

Also during February 2011, RPM provided RBR with a guarantee of its 33% share of the Eskom guarantee amounting to R5.6 million.

17.2 Commitments in respect of property, plant and equipment

	2010 R (million)	2009 R (million)
The following expenditure will be funded internally and from external borrowings, where necessary. At year-end, no assets have been encumbered by loans or pledged as collateral.		
Commitments contracted for	**960.8**	264.6
Approved expenditure not yet contracted	**8 262.1**	6 443.1
2010: 100% (2009: 67%)	**9 222.9**	6 707.7

The 2010 commitments reflect 100% of the BRPM project commitments. Effectively RBR must fund 67% thereof and RPM the remaining 33%.

Should either party elect not to fund their share, the interest will be diluted according to the terms reflected in the BRPM JV agreement.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

	Group	
	2010	2009
	R (million)	R (million)

18. Trade and other payables

The balance consists of:		
Trade and other payables	**405.7**	84.0
VAT payable	**9.1**	12.6
	414.8	96.6

19. Shareholder loan

The movements on the shareholder's loan were as follows:		
Balance at 1 January	**–**	2 577.0
Interest charge capitalised	**–**	304.8
Loan settlement of RBMS loan on effective date (Note 11)	**–**	54.1
Loan settlement of RB Impala Holdings loan on effective date (Note 11)	**–**	(210.0)
Shareholder's loan capitalised on effective date (Note 29)	**–**	(2 725.9)
	–	–

The interest bearing loan related to the purchase of mineral rights and accrued interest at the average long-term risk-free interest rate (R157 government bond) plus 5% per month. Royal Bafokeng Resources (Pty) Limited had an obligation to apply its entire free cash flow in settlement of the interest bearing obligations until such time as the loan capital and accrued interest has been settled in full. The loan was settled in full on 7 December 2009 through the issue of shares in RBR.

	Group	
	2010	2009
	R (million)	R (million)

20. Revenue

Revenue from concentrate sales	**2 094.7**	1 155.0
Revenue from management fee	**12.1**	–
	2 106.8	1 155.0

21. Other income

Other income consists of the following:		
Local sales – scrap	**0.7**	0.8
Dividends on held to maturity investment	**0.9**	–
	1.6	0.8

22. Net finance cost

	Group 2010 R (million)	Group 2009 R (million)
The net finance cost consists of the following:		
Interest received on environmental trust deposit	**2.4**	2.9
Interest received on bank accounts	**13.3**	3.9
	15.7	6.8
Interest paid on shareholder loan	**–**	(304.8)
Interest paid on bank account	**(9.8)**	(1.8)
Interest paid to SARS	**–**	(0.1)
Unwinding of discount on decommissioning and restoration provision	**(2.7)**	(3.1)
	(12.5)	(309.8)
Net finance income/(costs)	**3.2**	(303.0)

Interest paid on bank account includes R9.8 million (2009: nil) paid to Nedbank in respect of the revolving credit facility utilised prior to the listing of the Company.

23. Profit before tax

	Group 2010 R (million)	Group 2009 R (million)
Included in the profit before taxation are the following items:		
On-mine costs:		
– Labour	**489.5**	322.5
– Utilities	**87.6**	44.0
– Contractor costs	**264.1**	157.6
– Materials and other mining costs	**362.6**	265.5
State royalties	**8.4**	–
Depreciation – Property, plant and equipment	**347.0**	100.7
Amortisation – Mineral rights	**26.4**	44.7
Share-based payment expenses	**7.2**	–
Other	**13.1**	4.1
Total cost of sales	**1 605.9**	939.1
Included in administration expenses:		
Advisory fees	**7.2**	7.8
Audit fees		
– Fees for audit	**0.8**	0.5
– Other fees	**0.4**	–
Legal fees	**1.0**	8.5
Loss on sale of fixed assets	**0.2**	–
Employee costs (including directors' emoluments)	**26.3**	11.7
Depreciation of RBP MS non-current assets	**0.2**	0.0
Nedbank revolving credit facility arranging fee	**1.3**	2.5
Nedbank revolving credit facility commitment fee	**1.8**	–
Share-based payment expense	**11.6**	–
Directors' and officers' liability insurance – general	**0.5**	–
Listing expenditure not capitalised to share premium	**3.8**	–

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

24. Income tax expenses

	Group	
	2010 R (million)	2009 R (million)
Income tax	**(0.4)**	–
Deferred tax		
– Current year	**(171.3)**	(3.3)
– Prior year adjustment	**–**	(2.0)
	(171.7)	(5.3)

The tax on the Group's profit before tax differs from the theoretical amount that would be raised using the South African tax rate as follows:

	2010 R (million)	2009 R (million)
Profit/(loss) before tax	**3 339.9**	(118.1)
Tax calculated at a tax rate of 28%	**(935.2)**	33.1
Non-deductible expenses	**(47.4)**	(36.4)
Non-taxable income	**810.9**	0.0
Prior year adjustment	**–**	(2.0)
	(171.7)	(5.3)
Effective tax rate (%)	**5.14**	(4.49)

An unredeemed capital allowance of R178.3 million (2009: R370.2 million) is carried forward to 2011.

25. Cash generated by operations

	Group	
	2010 R (million)	2009 R (million)
Cash generated from operations is calculated as follows:		
Profit/(loss) before tax	**3 339.9**	(118.1)
Adjustment for:		
Depreciation	**347.0**	100.7
Amortisation	**26.4**	44.7
Share-based payment	**18.8**	–
Finance cost	**12.5**	309.8
Finance income	**(15.7)**	(6.8)
Profit on remeasurement of previously held interest in BRPM (Note 26)	**(2 894.8)**	–
Loss on sale of fixed assets	**0.2**	–
	834.3	330.3
Changes in working capital	**(57.3)**	(73.0)
(Increase)/decrease in inventories	**(28.1)**	–
(Increase)/decrease in trade and other receivables	**(119.5)**	44.1
Increase/(decrease) in trade and payables	**90.3**	(117.1)
Cash generated by operations	**777.0**	257.3

26. Acquisition of BRPM

In terms of the restructuring agreements entered into in December 2009. from date of listing RBPlat obtained the power to appoint the majority of the management committee members of BRPM and therefore obtained control of BRPM. The Company was listed on 8 November 2010. In line with the requirements of *IFRS 3 Business combinations*. where a business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.

26.1 Profit on remeasurement of previously held interest in BRPM

The profit on the remeasurement of the previously held interest in BRPM was determined as follows:

	R (million)
Fair value of 67% previously held equity interest	**10 002.7**
Carrying amount of 67% previously held equity interest	**7 107.9**
– Property, plant and equipment	**3 903.5**
– Mineral rights	**2 907.2**
– Environmental trust deposit	**58.3**
– Inventories	**41.0**
– Trade and other receivables	**660.2**
– Cash and cash equivalents	**186.2**
– Deferred tax liability	**(469.0)**
– Long-term provisions	**(44.8)**
– Trade and other payables	**(134.7)**
Profit on remeasurement of previously held interest in BRPM	**2 894.8**

26.2 Business combination

The fair value of the investment disposed of, being the 67% interest in BRPM, is deemed to be the consideration for the investment acquired, being the 67% interest in BRPM subsidiary.

	R (million)
Fair value of 67% interest assumed as the purchase price	**10 002.7**
1. The purchase price was provisionally allocated to identifiable net assets as follows:	**10 371.0**
– Property, plant and equipment	**7 212.3**
– Mineral rights	**5 730.9**
– Environmental trust deposit	**87.0**
– Inventories	**61.3**
– Trade and other receivables[2]	**1 002.6**
– Cash and cash equivalents	**277.9**
– Deferred tax liability	**(3 570.6)**
– Long-term provisions	**(67.8)**
– Trade and other payables[3]	**(362.6)**
Less: Non-controlling interest	**(3 405.5)**
Difference between purchase consideration and fair value of net assets acquired recognised as goodwill[4]	**3 037.2**
Cash in previously held interest	**186.2**
Cash held after business combination	**277.9**
Cash impact of the business combination	**91.7**

The Company is still in process of assessing the fair values allocated to the individual components. For purchase price allocation purposes in particular consideration is given to mineral rights included in the life of mine. A multi period excess earnings model will be used and finalised within twelve months from date of listing.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

26. Acquisition of BRPM continued

26.2 Business combination continued

2. The fair value of trade receivables acquired is equal to the previous carrying amount of the receivables. The full amount is expected to be collected in the next four months. Refer Note 32 for potential movements in the fair value of these debtors.
3. There were no contingent liabilities acquired that had to be recognised as liabilities.
4. The goodwill acquired relates to deferred tax recognised on the difference between the fair value of assets acquired and the tax deductible amount. Goodwill is not deductible for tax purposes. The basis for calculating the fair value of assets and liabilities was used to assess the need for any potential impairment of goodwill. Refer to Note 3 for the assumptions used.

Included in the results for the year are additional amounts relating to this business combination representing the 33% non-controlling interest as follows:

Additional revenue: R142.1 million
Additional net profit before tax R24.1 million

Had the business combination occurred at the beginning of the year then the results of the Group would have been impacted as follows:

R million	Reported results	Pro-forma results	Difference
Revenue	2 106.8	2 914.4	807.6
Cost of sales	(1 605.9)	(2 254.7)	(648.8)
Gross profit	500.9	659.7	158.8
Profit before tax	3 339.9	3 500.4	160.5
Tax	(171.7)	(180.0)	(8.3)
Profit for the year	3 168.2	3 320.4	152.2

The increases reflect the additional 33% non-controlling interest impact.

Cost of sales was also increased with pro-forma depreciation assuming that the fair value adjustments made as at the acquisition date were the fair value adjustments made at the beginning of the year.

27. Interest in joint venture

The Group had a 67% participation interest in BRPM, whose main business is the mining of platinum group metals. The following amounts represent the Group's 67% share of the assets and liabilities and results of the joint venture, as included in the consolidated balance sheet and income statement. From 8 November 2010, control was assumed and 100% of all line items were recognised.

	2009 R (million)
Property, plant and equipment	3 652.1
Mineral rights	2 925.5
Environmental trust deposit	56.4
Current assets	638.5
Total assets	7 272.5
Deferred tax liability	323.2
Provisions	41.8
Current liabilities	92.2
Total liabilities	457.2
Net assets	6 815.3
Revenue	1 155.0
Profit before amortisation of mineral rights and tax	301.3
Amortisation of mineral rights	(78.6)
Profit before tax	222.7

There were no contingent liabilities relating to the Group's interest in the joint venture in 2009.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

	Group 2009 R (million)

28. Increase in interest in joint venture in December 2009

	Group 2009 R (million)
Purchase consideration:	
– Shares issued	0.4
– Share premium raised	1 820.8
Purchase consideration settled in shares	1 821.2
Purchase consideration settled in cash	–
Total purchase consideration	1 821.2
Fair value of net assets acquired	1 821.2
Cash implication of transaction:	
Additional 17% interest acquired in cash and cash equivalents of joint venture	11.3
Cash inflow on acquisition	11.3

29. Reclassification of equity items due to restructuring of the RBPlat Group in December 2009

The RBH Group restructured its holding of RBR effective 7 December 2009 to facilitate the indirect listing of RBR through the Company. This restructure resulted in RBR becoming a wholly-owned subsidiary of the Company. 102 181 700 ordinary shares with a par value of R0.01 were issued as compensation for the acquisition of the fair value of RBR's assets and liabilities.

	Group 2009 R (million)
Compensation for fair value received in restructuring:	
– Shares issued	1.0
– Share premium raised	4 997.0
Total consideration	4 998.0
Fair value received from RBR due to restructuring	4 998.0
Compensation settled in cash	–

29. Reclassification of equity items due to restructuring of the RBPlat Group continued

Due to the restructuring and the fair value of the assets and liabilities obtained from the RBR group, the net effect on the equity components supporting the net asset value was as follows:

	Group 2009 R (million)
Revaluation reserve	571.3
Other reserves	1 307.3
Retained earnings	393.5
Shareholders' loan capitalised (Note 19)	2 725.9
Equity components alternatively obtained	4 998.0
Compensation for equity components obtained:	
– Shares issued	1.0
– Share premium raised	4 997.0
	4 998.0

30. Related party transactions

	Group 2010 R (million)	Group 2009 R (million)
Balances at 31 December:		
Loan from Royal Bafokeng Management Services (Pty) Limited	**–**	(0.2)
Amount owing by RPM for concentrate sales	**1 008.5**	521.0
Amount owing to RPM for contribution to BRPM	**69.7**	–
Transactions during the year:		
Interest on shareholder's loan	**–**	(304.8)
Concentrate sales to RPM	**2 094.8**	1 155.0
Royal Bafokeng Platinum Management Services management fee charged to BRPM	**12.1**	–

For key management employee benefits refer to the directors' report.

31. Dividends

No dividends have been declared or proposed in the current year (2009: nil).

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

32. Financial risk management

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out in terms of policies approved by the Audit and Risk Committee and the Board of Directors, which set guidelines to identify, evaluate and hedge financial risks in close co-operation with the Group's operating unit. The Audit and Risk Committee and the Board provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative instruments, and investment of excess liquidity.

Categories of financial instruments and fair values

The following table represents the Group's assets and liabilities that are measured at fair value (all financial instruments are carried at amortised cost):

		Carrying values		Fair values	
		2010	2009	2010	2009
Financial assets	**Note**	**R (million)**	**R (million)**	**R (million)**	**R (million)**
Environmental trust deposit	6	**87.5**	56.4	**87.5**	56.4
Trade and other receivables	8	**1 008.5**	521.0	**1 008.5**	521.0
Related party loans	11	**–**	0.2	**–**	0.2
Cash and cash investments	9 & 12	**1 150.3**	51.5	**1 150.3**	51.5
		2 246.3	629.1	**2 246.3**	629.1
Financial liabilities					
Trade and other payables	18	**414.8**	96.6	**414.8**	96.6
Financial guarantee	17	**17.1**	–	**17.1**	–
		431.9	96.6	**431.9**	96.6

32.1.1 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar as the concentrate revenue is impacted by the Rand:USD exchange rate. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Royal Bafokeng Resources entered into a disposal of concentrate agreement with Rustenburg Platinum Mines during 2002 in terms of which RBR's 67% share of the concentrate of the PGMs produced by BRPM will be treated by RPM.

In terms of the agreement, the commodity prices and Rand:USD exchange rates used in the calculation of the concentrate payment is based on the average daily rates for the third month following the month of delivery. Payment is due on the last day of the fourth month following the month of delivery.

Revenue and concentrate debtors are fair valued every month following the month of delivery until the price is fixed in the third month. In line with industry practice the fair value adjustment is recognised in revenue.

32. Financial risk management continued

32.1 Financial risk factors continued

32.1.1 Market risk continued

Sensitivity analysis:

Foreign exchange risk sensitivity analysis presents the effect of a 10% change in the year-end exchange rate on financial instruments in the statement of financial position, statement of total comprehensive income and therefore equity.

		Statement of financial position		Statement of total comprehensive income	
		2010	2009	2010	2009
	Note	R (million)	R (million)	R (million)	R (million)
Financial assets					
Trade receivables	8	**1 008.5**	521.0	**±80.9**	±41.2

Commodity price risk

Commodity price risk refers to the risk of changes in fair value or cash flows of financial instruments as a result of the changes in commodity prices. It is specifically applicable to the concentrate debtor (Rustenburg Platinum Mines).

In terms of the disposal of concentrate agreement between Royal Bafokeng Resources and Rustenburg Platinum Mines the commodity prices and Rand:USD exchange rates used in the calculation of the concentrate payment are based on the average daily rates applicable for the third month following the month of delivery, leaving the Group exposed to the commodity price and exchange rate fluctuations until the price is fixed in the third month following the delivery month. Payment is due on the last day of the fourth month following the delivery month.

Revenue and concentrate debtors are fair valued every month following the delivery month until prices are fixed in the third month. In line with industry practice, the fair value adjustment is recognised in revenue.

		Statement of financial position		Statement of total comprehensive income	
		2010	2009	2010	2009
	Note	R (million)	R (million)	R (million)	R (million)
Financial assets					
Trade receivables	8	**1 008.5**	521.0	**±80.9**	±41.2

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

32. Financial risk management continued

32.1 Financial risk factors continued

32.1.1 Market risk continued

Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and liabilities. The Group monitors its exposure to fluctuating interest rates. Cash and cash equivalents are primarily invested with short-term maturity dates, which expose the Group to cash flow interest rate risk. The Group does not have any fixed rate financial instruments which could expose it to fair value interest rate risk.

Sensitivity analysis:

Interest rate risk sensitivity analysis presents the effect of 100 basis points up and down in the interest rate in the financial statement of total comprehensive income.

		Statement of financial position		Statement of total comprehensive income	
		2010	2009	2010	2009
	Note	R (million)	R (million)	R (million)	R (million)
R (million)					
Financial assets					
Environmental trust deposit	6	**87.5**	56.4	**±0.9**	±0.6
Financial liabilities					
Shareholder loan	19	**–**	2 725.9	**–**	±3.0

32.1.2 Credit risk

Credit risk arises from the risk that the financial asset counterpart may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying value of all the financial assets. The potential concentration of credit risk could arise in cash and cash equivalents, trade receivables and other financial assets.

The Group's trade debtor credit risk is limited to one customer as all metals in concentrate are sold to Rustenburg Platinum Mines Limited (RPM). RPM has never defaulted on meeting its obligation. The value of the receivable at year-end was R1 008.5 million (2009: R521.0 million). The credit risk relates to overall risk of the Anglo Platinum Group.

With regard to the cash resources, the Group is exposed to the credit risk of the Nedbank Group, Standard Bank and FirstRand Bank Limited. At year-end, the Group invested R250 million in Nedbank preference shares and had R157.2 million on call with Nedbank, R450 million on call with FirstRand Bank Limited and R290.6 million on call with Standard Bank. All these banks have a credit rating of at least AA-(zaf).

Default for reporting purposes is measured as payments outstanding for more than four months. Interest is charged at prime rate on late payments.

No financial assets were past due for the current or the comparative periods under review. No terms relating to financial assets have been renegotiated resulting in assets not being past due.

32. Financial risk management continued

32.1 Financial risk factors continued

32.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Board aims to maintain flexibility in funding by keeping committed and uncommitted credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash investments) (Notes 9 and 12) on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within one year equal their carrying amount as the impact of discounting is insignificant.

	Note	Less than 1 year R (million)	Between 1 and 2 years R (million)	Between 2 and 5 years R (million)	Over 5 years R (million)
2010					
Trade and other payables	18	**414.8**	**–**	**–**	**–**
2009					
Trade and other payables	18	96.6	–	–	–
		96.6	–	–	–

32.2 Capital risk management

The Group defines total capital as 'equity' in the statement of financial position plus debt. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

Notes to the consolidated annual financial statements

For the year ended 31 December 2010 continued

33. Segmental reporting

The Group is currently operating one mine with two decline shafts. This operation is treated as one operating segment and therefore no separate segmental reporting is provided.

The Executive Committee of the Company is regarded as the Chief Operating Decision Maker.

34. Basic and diluted earnings per share

The weighted average number of ordinary shares in issue outside the Group for the purposes of basic earnings per share and the weighted average number of ordinary shares for diluted earnings per share are calculated as follows:

	Group	
	2010 Number	2009 Number
Number of shares issued	**164 792 561**	137 057 500
Mahube Trust	**(563 914)**	–
Management incentive scheme	**(550 848)**	–
Number of shares issued outside the Group	**163 677 799**	137 057 500
Adjusted for weighted shares issued during the year	**(22 544 967)**	(125 544 375)
Weighted average number of ordinary shares in issue for earnings per share	**141 132 832**	11 513 125
Management incentive scheme	**152 700**	–
Weighted average number of ordinary shares in issue for diluted earnings per share	**141 285 532**	11 513 125
Profit attributable to owners of the Company R(million)	**3 166.3**	(123.4)
Basic earnings per share (cents/share)	**2 243**	(1 072)
Basic earnings per share calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for basic earnings per share		
Diluted earnings per share (cents/share)	**2 241**	(1 072)
Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for diluted earnings per share		
Headline earnings		
Profit/(loss) attributable to owners of the Company is adjusted as follows:		
Profit/(loss) attributable to the owners of the Company R(million)	**3 166.3**	(123.4)
Adjustments net of tax:		
Profit on remeasurement of previously held interest in BRPM R(million)	**(2 894.8)**	–
Loss on disposal of property, plant and equipment R(million)	**0.2**	–
Headline earnings R(million)	**271.7**	(123.4)
Basic headline earnings per share (cents/share)	**192**	(1 072)
Diluted headline earnings per share (cents/share)	**192**	(1 072)

Company statement of financial position

For the year ended 31 December 2010

	Notes	Company 2010 R (million)	Company 2009 R (million)
ASSETS			
Non-current assets			
Investments	2	**6 819.2**	6 819.2
Current assets			
Held to maturity investments	3	**250.9**	–
Inter company loans		**174.2**	–
Current tax receivable		**0.3**	–
Cash and cash equivalents		**598.8**	–
		1 024.2	–
Total assets		**7 843.4**	6 819.2
EQUITY AND LIABILITIES			
Share capital	4	**1.7**	1.4
Share premium	4	**7 819.8**	6 817.8
Share based payment reserve		**11.6**	–
Retained loss		**(2.0)**	(0.0)
		7 831.1	6 819.2
Current liabilities			
Accruals		**12.3**	–
Total equity and liabilities		**7 843.4**	6 819.2

Company statement of comprehensive income

For the year ended 31 December 2010

	Company	
	2010 R (million)	2009 R (million)
Dividend income	0.9	–
Interest income	5.9	–
Administration expenses	(4.5)	–
Listing fees not capitalised to share premium	(3.8)	–
Loss before tax	(1.5)	–
Income tax expense	(0.5)	–
Loss for the year	(2.0)	–
Other comprehensive income	–	–
Total comprehensive loss	(2.0)	–

Company cash flow statement

For the year ended 31 December 2010

	Notes	2010 R (million)	2009 R (million)
Cash generated by operations	5	16.5	–
Finance income		5.9	–
Tax paid		(0.8)	–
Net cash flow utilised by operating activities		21.6	–
Increase in held to maturity investments		(250.9)	–
Net cash flow generated by investing activities		(250.9)	–
Issue of ordinary shares net of cost		1 002.3	–
Related party loans granted		(174.2)	–
Net cash flow generated by financing activities		828.1	–
Net increase in cash and cash equivalents		598.8	–
Cash and cash equivalents at beginning of year		–	–
Cash and cash equivalents at end of year		598.8	–

Company statement of changes in equity

For the year ended 31 December 2010

	Number of shares issued *	Ordinary shares Rm	A Ordinary shares Rm	Share premium Rm	Share based payment reserve Rm	Retained earnings Rm	Total Rm
Balance at 31 December 2009	137 057 500	1.4	–	6 817.8	–	(0.0)	6 819.2
Transactions with shareholders							
Shares issued							
Contingent consideration for the 17% interest in BRPM	10 000 000	0.1	–	(0.1)	–	–	–
Shares issued on the listing of the Company	16 620 299	0.2	–	1 005.4	–	–	1 005.6
Capitalisation of listing transaction costs		–	–	(63.2)	–	–	(63.2)
	163 677 799	1.7	–	7 759.9	–	–	7 761.6
Issue of ordinary shares to Mahube Trust	563 914	0.0	–	36.7	–	–	36.7
Issue of A ordinary shares to Mahube Trust	845 871	–	0.0	23.2	–	–	23.2
IFRS 2 charge for the year		–	–	–	11.6	–	11.6
Total comprehensive loss for the year		–	–	–	–	(2.0)	(2.0)
Balance at 31 December 2010	**165 087 584**	**1.7**	**–**	**7 819.8**	**11.6**	**(2.0)**	**7 831.1**
Balance at 31 December 2008	100 000	0.0	–	–	–	0.0	–
Transactions with shareholders							
Shares issued							
Acquisition of RBR	102 181 700	1.1	–	4 997.0	–	–	4 997.0
Acquisition of 17% interest in BRPM	34 775 800	0.3	–	1 820.8	–	–	1 820.8
Total comprehensive income		–	–	–	–	(0.0)	–
Balance at 31 December 2009	137 057 500	1.4	–	6 817.8	–	(0.0)	6 817.8

Notes to the Company financial statements

For the year ended 31 December 2010

1. General information, basis of preparation and accounting policies

The general information, basis of preparation and accounting policies are disclosed on page 118 to 131.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any impairment provision in the Company's financial statements.

	Company	
	2010 R (million)	2009 R (million)
2. Investment in subsidiaries		
Investments in unlisted companies at cost:		
Direct investment		
1 000 ordinary shares with a par value of R1.00 each in Royal Bafokeng Platinum Management Services (Pty) Limited (100% interest)	**0.0**	0.0
320 ordinary shares with a par value of R1.00 each in Royal Bafokeng Resources (Pty) Limited (100% interest)	**6 819.2**	6 819.2
	6 819.2	6 819.2

Indirect investment in subsidiaries consists of:

Bafokeng Rasimone Management Services (Pty) Limited (100% interest)

All subsidiaries are incorporated in South Africa.

3. Held to maturity investments

	2010 R (million)	2009 R (million)
Investment in vested rights of the NED Investment Trust	**250.0**	–
Accrued dividends	**0.9**	–
	250.9	–

The investment in Nedbank preference shares is made through the acquisition of the vested rights in the NED Investment Trust. RBPlat invested R250 million on 9 December 2010 on a 180 day notice period earning the following dividend yield:

- R200 million earning 62% of prime nominal annual compounded semi-annually
- R50 million earning 61.57% of prime nominal annual compounded quarterly.

At 31 December 2010 dividends of R0.9 million (2009: nil) accrued on the Nedbank preference shares.

Notes to the Company financial statements continued

For the year ended 31 December 2010

4. Share capital and share premium

The authorised and issued share capital of the Company is as follows:

	Company 2010 R	Company 2009 R
Authorised share capital		
250 000 000 (2009: 200 000 000) ordinary shares with a par value of R0.01 each	**2 500 000**	2 000 000
1 500 000 (2009:0) A1 ordinary shares with a par value of R0.01 each	**15 000**	–
1 500 000 (2009:0) A2 ordinary shares with a par value of R0.01 each	**15 000**	–
1 500 000 (2009:0) A3 ordinary shares with a par value of R0.01 each	**15 000**	–
	2 545 000	2 000 000
Issued ordinary share capital		
Opening balance 137 057 500 (2009: 100 000) ordinary shares with a par value of R0.01 each	**1 370 575**	1 000
102 181 700 ordinary shares issued as compensation for the acquisition of the RBR equity and loans	**–**	1 021 817
34 775 800 ordinary shares issued as compensation for the additional 17% participation interest acquired in the BRPM in December 2009	**–**	347 758
Additional 10 000 000 ordinary shares issued to RPM as deferred compensation	**100 000**	–
16 620 299 ordinary shares issued as primary issue with the listing of the Company	**166 203**	–
550 848 ordinary shares issued as part of the management share incentive scheme	**5 508**	–
563 914 ordinary shares issued to the Mahube Trust	**5 639**	–
Less: Treasury shares		
550 848 ordinary shares issued as part of the management share incentive scheme	**(5 508)**	–
Total 164 241 713 shares (2009: 137 057 500 shares)	**1 642 417**	1 370 575
Issued A1 ordinary share capital		
845 871 A1 ordinary shares issued to the Mahube Trust	**8 459**	–
Total	**8 459**	–
Share premium	**R (million)**	R (million)
Opening balance	**6 817.8**	–
102 181 700 ordinary shares issued as compensation for the acquisition of the RBR equity and loans	**–**	4 997.0
34 775 800 ordinary shares issued as compensation for the additional 17% participation interest acquired in the BRPM in December 2009	**–**	1 820.8
Additional 10 000 000 ordinary shares issued to RPM as deferred compensation	**(0.1)**	–
16 620 299 ordinary shares issued as primary issue with the listing of the Company	**1 005.4**	–
550 848 ordinary shares issued as part of the management share incentive scheme	**33.5**	–
563 914 ordinary shares issued to the Mahube Trust	**36.7**	–
845 871 A1 ordinary shares issued to the Mahube Trust	**23.2**	
Capitalisation of listing transaction costs to share premium	**(63.2)**	
Less: Treasury shares		
550 848 ordinary shares issued as part of the management share incentive scheme	**(33.5)**	
Total	**7 819.8**	6 817.8

Notes to the Company financial statements continued

For the year ended 31 December 2010 continued

4. Share capital and share premium continued

On 22 September 2010, the Company increased its authorised share capital by creating 50 000 000 ordinary shares; 1 500 000 A1 ordinary shares; 1 500 000 A2 ordinary shares and 1 500 000 A3 ordinary shares. The A ordinary shares will be issued to the Mahube Trust as part of the employee share incentive scheme and these A ordinary shares are not listed.

During the year an additional 100 000 ordinary shares were issued to RPM at par value as deferred compensation for the additional 17% participation interest in the BRPM JV acquired with effect from 7 December 2009.

A further 16 620 299 ordinary shares were issued on 8 November 2010 as part of the primary issue of ordinary shares with the listing of the Company. On the same day, an additional 417 416 ordinary shares were issued and on 3 December 66 716 ordinary shares were issued as part of the Company's management staff incentive scheme.

On 20 December 2010, 563 914 ordinary shares and 845 871 A1 ordinary shares were issued to the Mahube Trust in terms of the Company's ESOP.

5. Cash generated by operations

	2010 R (million)	2009 R (million)
Loss before tax	(1.5)	–
Finance income	(5.9)	–
Share based payment	11.6	–
Increase in accruals	12.3	–
Cash generated by operations	**16.5**	–