# Statement of responsibility by the Board of directors

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Royal Bafokeng Platinum Group. The financial statements presented on pages 96 to 144 have been prepared in accordance with international Financial Reporting Standards (IFRS) and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and International Financial Reporting Standards (IFRS) that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

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

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company or any entity within the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and of the Group.

## Board approval of financial statements

The annual financial statements for the year ended 31 December 2011 set out on pages 96 to 144 were prepared by the Chief Financial Officer (CA)SA and were approved by the Board of directors on 16 February 2012 and are signed on its behalf by:

**KD Moroka**
Chairman

**SD Phiri**
CEO

# Certificate of the Company Secretary

I, the undersigned, certify that to the best of my knowledge and in my capacity as the Company Secretary, the Company has lodged all such returns with the Companies Intellectual and Property Commission in terms of the Companies Act No 71 of 2008, which came into effect on 1 May 2011.

**LC Jooste**
Company Secretary

16 February 2012

# Audit and Risk Committee report

The Audit and Risk Committee of Royal Bafokeng Platinum Limited (RBPlat) is pleased to present its report for the financial year ended 31 December 2011.

The independent committee appointed by the shareholders discharges both its statutory and Board-delegated duties as outlined in the report below.

## 1. Terms of reference

The committee operates within the framework of Board-approved terms of reference and carries out its mandate in compliance with these terms of reference. A copy of the terms of reference is available on the Company's website.

## 2. Composition, meetings and assessment

The committee consists of five independent non-executive directors. The Chief Executive Officer, Chief Financial Officer together with the chief financial managers within the Group, as well as the external and internal auditors are invited to attend committee meetings. However, closed sessions with the relevant parties, and in-camera sessions of members only occur for the purpose of deliberating on issues that may require some confidential initial assessments. Ms Matsotso Vuso joined the Board on 11 April 2011 and was appointed to the Audit and Risk Committee.

The terms of reference prescribe that the effectiveness of the committee, its Chairman and individual members are assessed annually. The internal evaluation was conducted at year-end and is to be finalised within the first quarter of 2012.

## 3. Role and responsibilities

The committee has executed its responsibilities with consideration of the recommendations of King III and in compliance with the Companies Act No 71 of 2008 and its terms of reference. Where King III recommendations have not yet been applied the reasons have been explained in the governance statement.

### Financial statements and accounting policies

The committee has reviewed the accounting policies and the financial statements of the Group for the year ended 31 December 2011 and is satisfied that they are appropriate and comply with International Financial Reporting Standards. The committee supports the opinion of the Board with regard to the annual financial statements.

### External auditor appointment and independence

The committee has satisfied itself that the external auditor is independent of the Group, which includes considering previous appointments of the auditor, the extent of other work undertaken by the auditor for the Group and compliance with criteria relating to independence or conflicts of interest, as prescribed by the Independent Regulatory Board for Auditors and the Group policy on non-audit services. Requisite assurance was sought and provided by the external auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted external audit fees for the 2011 financial year.

The committee has nominated PricewaterhouseCoopers Inc. as the external audit firm for the 2012 financial year for election at the Annual General Meeting. The committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and advisors.

### Integrated reporting and combined assurance

The committee, together with the Safety, Health and Sustainable Development Committee, performs an oversight role with regard to the Group's integrated report, the reporting process and the information disclosed in the report, to ensure integrity and consistency. Thereafter, the integrated report is considered by the Board for approval. The committee supports the opinion of the Board with regard to the 2011 integrated report.

### Governance of risk

The committee is responsible for governance of the risk management function, incorporating operational; financial; reporting and compliance risks, among others. A formalised risk framework and policy have been established and adopted by the Board, based on the committee's recommendations and its implementation commenced in the current financial year.

### Internal audit

The committee is mandated to ensure that the internal audit function is independent, properly resourced and effective within the Group. The function is outsourced to KPMG who operate within the scope of an internal audit charter adopted by the committee in February 2011.

An internal audit annual plan was approved and the performance of internal audit is measured by the committee against that plan on an ongoing basis. The Chief Audit Executive has direct access to the committee, through the Chairman and the committee assesses the performance of the Chief Audit Executive and the internal audit function annually.

The committee also ensures that cooperation and synergies between the external and internal audit functions are achieved without impacting negatively on the integrity of all assurance processes.

Internal audit provided the committee with a written assessment of the effectiveness of internal controls.

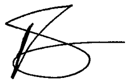
# Audit and Risk Committee report (continued)

**Evaluation of the expertise and experience of the director responsible for finance and the finance function**

The committee has considered and is satisfied with the appropriateness of the expertise and adequacy of resources within the finance function and with the expertise and experience of the director responsible for finance.

**Going concern**

The committee has reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the Group and is comfortable in its recommendation to the Board regarding the annual financial statements that the Group will be a going concern for the next financial period.



**Professor L de Beer**
Chairman

16 February 2012

# Independent auditor's report

## To the members of Royal Bafokeng Platinum Limited

We have audited the Group annual financial statements and the annual financial statements of Royal Bafokeng Platinum Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 96 to 144.

## Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Royal Bafokeng Platinum Limited as at 31 December 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Pricewaterhouse Coopers Inc

**PricewaterhouseCoopers Inc**
AJ Rossouw

Registered Auditor
Sunninghill
23 February 2012

# Directors’ report

## Principal activities and profile

Royal Bafokeng Platinum Limited (RBPlat) was incorporated in July 2008 by Royal Bafokeng Holdings (RBH), the investment arm of the Royal Bafokeng Nation (RBN), and listed on the JSE Limited on 8 November 2010.

When Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture between Royal Bafokeng Holdings and Anglo American Platinum Limited was restructured in 2008 control of the mining operations of the joint venture vested in RBN via RBPlat, which is RBN’s platinum mining investment vehicle.

RBPlat ultimately operates BRPM and is developing the Styldrift I Project. These operations, located in the North West province of South Africa, 120 kilometres from Johannesburg, 30 kilometres from Rustenburg and just 17 kilometres from Phokeng — the capital of the RBN, exploit the Merensky and UG2 reefs. RBPlat’s significant reserves and resources can sustain operations for at least the next 60 years. RBPlat currently employs 8 275 people, 3 028 being its own employees and 5 247 being contractors.

## Results and dividend

The Group’s financial results are set out on pages 102 to 144. These financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards, supported by reasonable and prudent judgements where required.

In terms of the current dividend policy the directors do not intend to declare a dividend until at least 2017, when development of the Styldrift I Project is expected to be completed and production at that operation is at a steady state. Thereafter, a market-related dividend cover ratio is anticipated.

The dividend policy will be reviewed by the directors from time to time, in light of the prevailing business circumstances, investment decisions to be taken, working capital requirements and the available cash of the Group.

## Review of the business, future developments and post statement of financial position events

The Operating context on page 6 provides details of the Group’s operating environment. The Group’s operational performance for 2011 is discussed on page 39 and the future outlook on pages 82 to 83. Economic capital on pages 73 to 81 and the annual financial statements (pages 102 to 144) provide a full description of the financial performance for the year.

## Going concern

The directors believe that the Group has sufficient resources and expected cash flows to continue as a going concern for the next financial year.

## Corporate governance

A report on corporate governance and the application of the recommendations of King III is included on pages 20 to 29 and on our website.

## Financial instruments

RBPlat’s financial risk management objectives and policies and its exposures to price risk, credit risk and liquidity risk are discussed on page 27 under Governance and in Note 30 of the financial statements.

## Health, safety, environment and community

Information on our health, safety and environmental performance and community participation is provided under Human, Social and Natural capital on pages 53 to 72.

## Employee policies and involvement

The Group’s policies and performance regarding employee involvement, disabled employees, labour relations and employee share schemes are provided under Remuneration on pages 30 to 31 and Human capital on pages 59 to 68.

## Directorate

The directors as at 31 December 2011 were:

| Director | Position | First appointed | Standing for re-election |
|---|---|---|---|
| Linda de Beer | Independent non-executive director | 01 June 2010 | Yes |
| Robin Mills | Independent non-executive director | 20 September 2010 | |
| Kgomotso Moroka | Chairman and independent non-executive director | 01 June 2010 | Yes |
| Nico Muller | Chief Operating Officer, executive director | 02 March 2009 | |
| David Noko | Independent non-executive director | 01 June 2010 | |
| Francis Petersen | Independent non-executive director | 01 June 2010 | Yes |
| Steve Phiri | Chief Executive Officer, executive director | 01 April 2010 | Yes |
| Martin Prinsloo | Chief Financial Officer, executive director | 01 March 2009 | |
| Mike Rogers | Non-executive director | 07 December 2009 | |
| Matsotso Vuso* | Independent non-executive director | 11 April 2011 | |

** Appointed during the current year under review. A short profile can be viewed on page 23 of the report.*

## Special resolutions

Details of the ordinary and special resolutions to be approved by shareholders at the next Annual General Meeting are outlined in the Notice of Annual General Meeting (pages 153 to 156).

Furthermore, shareholders also authorised by way of ordinary resolution that the Board of directors would control all unissued ordinary shares and could allot and issue up to 5% of such shares subject to the limitations specified in the Memorandum of Incorporation and the JSE Listings Requirements.

## Power of the directors

Subject to RBPlat's Memorandum of Incorporation (MOI), South African legislation and to any directions given by special resolution, the business of the Group is managed by the Board which may exercise all the powers of the Group. The MOI contains specific provisions concerning the power of RBPlat to borrow money and also the power to purchase its own shares. The directors have been authorised to allot and issue ordinary shares up to a maximum of 5% of the issued share capital of the Company. These powers are exercised in terms of its MOI and resolution passed at the AGM held on 5 April 2011 and will be renewed at the AGM to be held on 3 April 2012.

## Share capital

Full details of the authorised and issued share capital of the Company are set out in Note 15 to the annual financial statements, however, as at 31 December 2011, there were 165 123 082 ordinary shares in issue at a par value of R0.01 each as well as 281 957 "A1"; 281 957 "A2" and 281 957 "A3" ordinary shares.

## Major shareholders

The following shareholders were the registered beneficial holders of 5% or more of the issued ordinary shares in the Company at 31 December 2011:

| | | |
|---|---|---|
| Royal Bafokeng Platinum Holdings (Pty) Limited | 56.72% | 93 653 084 shares |
| Rustenburg Platinum Mines Limited | 12.54% | 20 706 512 shares |

A table detailing an analysis of the Company's shareholding can be viewed on page 143 of the report.

## Directors' interests in Royal Bafokeng Platinum Limited

Details of interest (direct and indirect) in the share capital of the Company of those directors in office as at 31 December 2011 are set out below.

| | Number of shares | | | |
|---|---|---|---|---|
| | 2011 beneficial | | 2010 beneficial | |
| Name of director | Direct | Indirect | Direct | Indirect |
| Linda de Beer | – | – | – | – |
| Robin Mills | – | – | – | – |
| Kgomotso Moroka | – | – | – | – |
| Nico Muller | 48 989* | 137 650 | 74 989 | 103 175 |
| David Noko | – | – | – | – |
| Francis Petersen | – | – | – | – |
| Steve Phiri | 99 174 | 144 004 | 99 174 | 99 174 |
| Martin Prinsloo | 76 281 | 138 145 | 76 281 | 103 670 |
| Mike Rogers | – | – | – | – |
| Matsotso Vuso | – | – | – | – |
| Total | 224 444 | 419 799 | 250 444 | 306 019 |

** Traded 5 000 own purchased IPO shares valued at R274 866 on 10 November 2011 and 21 000 own purchased IPO shares valued at R1 166 393 on 19 December 2011*

# Directors' report (continued)

## Directors' conflict of interest

In terms of the new Companies Act No 71 of 2008 effective from 1 May 2011, King III and the Board's Charter, a director of a company must avoid a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. The Board has established effective procedures to enable the directors of RBPlat to notify the Company of any actual or potential conflict situations and to declare any significant interest in the Company or its contractors.

## Directors' liabilities

Directors and officers of the Group are covered by directors' and officers' liability insurance.

## Director's emoluments, compensation and share trading activities

For information regarding the directors' emoluments and share schemes operated by the Group please see pages 99 to 101 of this report.

## RBPlat subsidiary companies

The following companies are subsidiaries of Royal Bafokeng Platinum Limited:

- Royal Bafokeng Resources (Pty) Ltd (100% held directly)
- Royal Bafokeng Platinum Management Services (Pty) Ltd (100% held directly)
- Bafokeng Rasimone Management Services (Pty) Ltd (100% held indirectly via Royal Bafokeng Resources (Pty) Ltd)

## Creditor payment policy and practice

It is Group policy that payments are made in accordance with agreed terms and conditions of payment, provided that all trading terms and conditions have been met by the supplier.

## Memorandum of Incorporation

RBPlat's Memorandum of Incorporation (MOI) may only be amended by special resolution at a general meeting of the shareholders. The MOI as well as the relevent agreements, Charters and terms of reference are in the process of review and will be amended during 2012 to align it with the Companies Act No 71 of 2008.

## Significant agreements

### BRPM Joint Venture Agreement

The BRPM Joint Venture Agreement was entered into on 12 August 2009 by the Royal Bafokeng Nation, Royal Bafokeng Resources (RBR) and Rustenburg Platinum Mines (RPM). It replaced the previous joint venture agreement concluded in August 2002. It sets out the terms and conditions on which the BRPM Joint Venture (JV) will operate and deals with matters such as establishment, duration and dissolution of the joint venture, the participating interests of the joint venture parties and their contributions to the joint venture including mining infrastructure and mineral rights, management and control of the joint venture, minority protection for RPM, operational concerns such as the appointment of the operator, tailings, insurance, mine health and safety, environmental issues, how RPM's share of concentrate is dealt with, funding of the joint venture, distribution policy, accounting and financial concerns, warranties, restrictions on disposals of participation interests and mining rights, dispute resolution and general or miscellaneous concerns.

### Services agreement

As part of the BRPM restructuring a services agreement was entered into between RBPlat Management Services (RBP MS), RBR and RPM on 9 September 2009 in terms of which RBP MS was appointed as operator of BRPM in place of Anglo Platinum Management Services (Pty) Ltd (AMS) with effect from 4 January 2010. In terms of this agreement RBP MS was appointed to provide mining services as an independent contractor and as an agent of the joint venture parties.

### Disposal of Concentrate Agreement

The Disposal of Concentrate Agreement regulates the terms on which RBR disposes of its share of the concentrate produced by the BRPM JV to RPM. The agreement provides for RBR's share of the concentrate produced by the BRPM JV to be sold to, and processed by RPM. RBR is responsible for delivery of the concentrate to RPM's smelting and refining facility situated at Rustenburg, the costs of which are borne by the BRPM JV. Risk and ownership passes to RPM once the concentrate leaves the gates of the concentrator plant.

RBR is obliged to sell and RPM is obliged to purchase 50% of the concentrate of the BRPM JV up until 11 August 2017, the optional termination date in terms of the Disposal of Concentrate Agreement. Thereafter, while RBR retains the right to sell 50% of the BRPM JV concentrate to RPM for the life of BRPM it is also entitled to terminate the relationship on 11 August 2017 by giving written notice by no later than 11 August 2015. Subsequent to this date it is also entitled to terminate the relationship by providing written notice two years prior to each fifth anniversary of 11 August 2017. In respect of 17% of RBR's 67% share of the concentrate, RPM is entitled to terminate the relationship after 11 August 2012 on the occurrence of certain events. None of these events have occurred or are expected to occur in the near term.

### Impala Platinum Royalty Agreements

These agreements regulate the terms on which RBR and RPM dispose of their share of the UG2 ore mined by Impala Platinum from their 6 and 8 shafts and the UG2 and Merensky ore mined from their 20 shaft. A royalty equivalent to 15% of gross PGM, nickel and copper revenue will be paid for the UG2 ore mined from the 6 and 8 shafts and 17.5% for UG2 ore and Merensky ore mined from the 20 shaft area.

We anticipate earning royalties from the 6 and 8 shafts agreement for approximately seven years and from the 20 shaft agreement for approximately 30 years.

## Property, plant and equipment

There were no changes in the nature of property, plant and equipment or in the policy regarding their use during the year under review. Property, plant and equipment was fair valued in November 2010 as part of the business combination. No impairment of property, plant and equipment has been recognised after considering the recoverable amount calculations.

## Emoluments and compensation

**Directors' emoluments and related payments for 2011**

| 2011 | Date appointed | Directors' fee R | Basic salary R | Retirement benefits R | Other benefits R | Discretionary performance bonuses* R | Total R |
|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | |
| Steve Phiri | 01 Apr '10 | – | 2 636 080 | 518 313 | 94 243 | 3 000 000 | 6 248 635 |
| Martin Prinsloo | 01 Mar '09 | – | 2 180 246 | 194 949 | 113 810 | 2 307 084 | 4 796 089 |
| Nico Muller | 02 Mar '09 | – | 2 077 496 | 256 711 | 116 062 | 2 268 432 | 4 718 702 |
| **Non-executive directors** | | | | | | | |
| Kgomotso Moroka | 01 Jun '10 | 1 190 000 | – | – | – | – | 1 190 000 |
| Linda de Beer | 01 Jun '10 | 413 000 | – | – | – | – | 413 000 |
| Robin Mills | 20 Sep '10 | 415 000 | – | – | – | – | 415 000 |
| David Noko | 01 Jun '10 | 535 000 | – | – | – | – | 535 000 |
| Francis Petersen | 01 Jun '10 | 415 000 | – | – | – | – | 415 000 |
| Mike Rogers | 07 Dec '09 | 445 000 | – | – | – | – | 445 000 |
| Matsotso Vuso | 11 Apr '11 | 234 821 | – | – | – | – | 234 821 |
| **Total** | | 3 647 821 | 6 893 822 | 969 973 | 324 115 | 7 575 516 | 19 411 247 |

Non-executive director fees are paid on a quarterly basis.

**Senior management emoluments and related payments for 2011**

| 2011 | Date appointed | Basic salary R | Retirement benefits R | Other benefits R | Discretionary performance bonuses* R | Retention** bonus R | Total R |
|---|---|---|---|---|---|---|---|
| **Senior management** | | | | | | | |
| Vicky Tlhabanelo | 01 Apr '10 | 1 673 560 | 273 594 | 39 241 | 1 836 204 | – | 3 822 599 |
| Mzila Mthenjane | 01 Apr '09 | 1 720 703 | 155 159 | 105 103 | 1 836 204 | – | 3 817 199 |
| Glenn Harris** | 04 Jan '10 | 1 825 312 | 231 953 | 15 240 | 521 136 | 2 071 000 | 4 664 641 |
| Neil Carr | 01 Dec '10 | 1 490 606 | 303 256 | 134 217 | – | – | 1 928 079 |
| **Total** | | 6 710 181 | 963 962 | 293 831 | 4 193 544 | 2 071 000 | 14 232 518 |

** Discretionary performance bonuses were considered when the 2010 financial results were finalised in February 2011*

*** Three-year retention contract expired in May 2011*

**Directors' emoluments and related payments for 2010**

The emoluments pertaining to non-executive directors relate to the period from June 2010 to December 2010 as the Board was constituted in June 2010.

| 2010 | Date appointed | Directors' fee R | Basic salary R | Retirement benefits R | Other benefits R | Discretionary bonuses*** R | Total R |
|---|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | | |
| Steve Phiri | 01 Apr '10 | – | 1 858 037 | 317 536 | 46 503 | – | 2 222 076 |
| Martin Prinsloo | 01 Mar '09 | – | 1 798 490 | 162 206 | 84 999 | – | 2 045 695 |
| Nico Muller | 02 Mar '09 | – | 1 808 719 | 164 052 | 94 245 | – | 2 067 016 |
| **Non-executive directors** | | | | | | | |
| Kgomotso Moroka | 01 Jun '10 | 595 000 | – | – | – | – | 595 000 |
| Linda de Beer | 01 Jun '10 | 206 500 | – | – | – | – | 206 500 |
| Robin Mills | 20 Sep '10 | 87 636 | – | – | – | – | 87 636 |
| David Noko | 01 Jun '10 | 222 500 | – | – | – | – | 222 500 |
| Francis Petersen | 01 Jun '10 | 185 000 | – | – | – | – | 185 000 |
| Mike Rogers | 07 Dec '09 | 192 500 | – | – | – | – | 192 500 |
| **Total** | | 1 489 136 | 5 465 246 | 643 794 | 225 747 | – | 7 823 923 |

**** Discretionary bonuses for executive directors have not been accrued for and were considered once the annual financial results were finalised in February 2011. These bonuses are reflected in the 2011 numbers.*

# Directors' report (continued)

**Interest in RBPlat share schemes for directors, officers, senior executives and managers**

| As of 31 December 2011 | Share options awarded | Award date | Strike price R | Award value R | Vesting dates | Vesting amount |
|---|---|---|---|---|---|---|
| Steve Phiri | 297 521 | 01 Apr '10 | 60.50 | 18 000 020.50 | 01 Apr '13, '14, '15 | One-third at a time |
| Martin Prinsloo | 241 047 | 01 Mar '09 | 36.30 | 8 750 006.10 | 01 Mar '12, '13, '15 | One-third at a time |
| Nico Muller | 224 544 | 01 Jan '09 | 40.08 | 8 999 723.52 | 01 Jan '12, '13, '15 | One-third at a time |
| Kgomotso Moroka | – | – | – | – | – | – |
| Linda de Beer | – | – | – | – | – | – |
| Robin Mills | – | – | – | – | – | – |
| David Noko | – | – | – | – | – | – |
| Francis Petersen | – | – | – | – | – | – |
| Mike Rogers | – | – | – | – | – | – |
| Matsotso Vuso | – | – | – | – | – | – |
| **Senior management** | | | | | | |
| Vicky Tlhabanelo | 72 727 | 01 Apr '10 | 60.50 | 4 399 983.50 | 01 Apr '13, '14, '15 | One-third at a time |
| Mzila Mthenjane | 132 696 | 01 Apr '09 | 46.13 | 6 121 266.48 | 01 Apr '12, '13, '14 | One-third at a time |
| Glenn Harris | 59 525 | 04 Jan '10 | 60.50 | 3 601 262.50 | 04 Jan '13, '14, '15 | One-third at a time |
| Neil Carr | 58 015 | 01 Dec '10 | 65.50 | 3 799 982.50 | 01 Dec '13, '14, '15 | One-third at a time |
| Lester Jooste (Company Secretary) | 40 756 | 01 Jul '10 | 55.21 | 2 250 138.76 | 01 Jul '13, '14, '15 | One-third at a time |

As at 31 December 2011 no share options have vested and hence no options have been exercised.

| As of 30 December 2011 | Bonus scheme shares | Award date | Issue price R | Award value R | Vesting dates | Vesting amount % |
|---|---|---|---|---|---|---|
| Steve Phiri | 44 830 | 18 Feb '11 | 66.92 | 3 000 024 | 18 Feb '14 | 100 |
| Martin Prinsloo | 27 403 | 03 Dec '09 | 57.48 | 1 575 124 | 03 Dec '12 | 100 |
| | 34 475 | 18 Feb '11 | 66.92 | 2 307 067 | 18 Feb '14 | 100 |
| Nico Muller | 28 186 | 03 Dec '09 | 57.48 | 1 620 131 | 03 Dec '12 | 100 |
| | 33 898 | 18 Feb '11 | 66.92 | 2 268 454 | 18 Feb '14 | 100 |
| Kgomotso Moroka | – | – | – | – | – | – |
| Linda de Beer | – | – | – | – | – | – |
| Robin Mills | – | – | – | – | – | – |
| David Noko | – | – | – | – | – | – |
| Francis Petersen | – | – | – | – | – | – |
| Mike Rogers | – | – | – | – | – | – |
| Matsotso Vuso | – | – | – | – | – | – |
| **Senior management** | | | | | | |
| Vicky Tlhabanelo | 27 439 | 18 Feb '11 | 66.92 | 1 836 218 | 18 Feb '14 | 100 |
| Mzila Mthenjane | 27 439 | 18 Feb '11 | 66.92 | 1 836 218 | 18 Feb '14 | 100 |
| Glenn Harris | 15 096 | 01 Apr '11 | 62.95 | 950 293 | 01 Apr '14 | 100 |
| Neil Carr | – | – | – | – | – | – |
| Lester Jooste (Company Secretary) | 10 385 | 03 Dec '10 | 60.50 | 628 293 | 03 Dec '13 | 100 |

| As of 31 December 2011 | IPO scheme shares matched by the Company at par value | Award date | Issue price R | Award value R |
|---|---|---|---|---|
| Steve Phiri | 99 174 | 08 Nov '10 | 60.50 | 6 000 027 |
| Martin Prinsloo | 76 281 | 08 Nov '10 | 60.50 | 4 615 000 |
| Nico Muller | 74 989 | 08 Nov '10 | 60.50 | 4 536 835 |
| Linda de Beer | – | – | – | – |
| Kgomotso Moroka | – | – | – | – |
| Robin Mills | – | – | – | – |
| David Noko | – | – | – | – |
| Francis Petersen | – | – | – | – |
| Mike Rogers | – | – | – | – |
| Matsotso Vuso | – | – | – | – |

**Interest in RBPlat share schemes for directors, officers, senior executives and managers (continued)**

| As of 31 December 2011 | IPO scheme shares matched by the Company | Award date | Issue price R | Award value R |
|---|---|---|---|---|
| Senior management | | | | |
| Vicky Tlhabanelo* | 27 273 | 08 Nov ’10 | 60.50 | 1 650 017 |
| Mzila Mthenjane* | 16 529 | 08 Nov ’10 | 60.50 | 1 000 005 |
| Glenn Harris* | 31 405 | 08 Nov ’10 | 60.50 | 1 900 003 |
| Neil Carr | – | | – | – |
| Lester Jooste* (Company Secretary) | 11 901 | 08 Nov ’10 | 60.50 | 720 011 |

** These shares are therefore equivalent to what is beneficially directly owned by senior management*

The IPO shares matched and issued by the Company to senior employees who subscribed for shares during the IPO process will vest on 8 May 2012.

**Total share incentive scheme shares issued to date**

| | Opening balance | Closing balance | Total number of “A1", "A2" and "A3” ordinary shares | Total vested/ forfeited | Deemed strike price R | Allocated | Issue dates | Vesting dates |
|---|---|---|---|---|---|---|---|---|
| IPO scheme shares | 417 416 | 417 416 | – | – | 60.50 | – | 08 Nov ’10 | May ’12 |
| Share options issued to date | 2 059 363 | 2 015 028 | – | 44 335 | ** | – | ** | Vesting arrangement is one-third after the third, fourth and fifth anniversary of allocation |
| Bonus scheme shares | 55 589 | 418 859 | – | – | *** | 363 270 | | 100% after three years |
| Mahube share incentive scheme shares | 563 914 | 563 914 | 845 781 | – | 65.12 | – | 27 Jan ’10 | (see page 31) |

*** Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation or market share price and therefore range from R36.30 to R65.50 from January 2009 to December 2010*

**** Bonus scheme shares were issued in two tranches at R66.92 and R62.95*

In terms of the shareholders’ approval obtained on 3 September 2010, the Company was authorised to issue up to 750 000 ordinary shares in respect of the IPO Scheme, 3 000 000 ordinary shares in respect of the Share Option Scheme, 3 250 000 in respect of the Bonus Share Plan and 650 000 ordinary shares in respect of the Mahube Trust. In addition to the ordinary shares to be issued by the Mahube Trust, the 1 500 000 “A1”, 1 500 000 “A2”, 1 500 000 “A3” ordinary shares have been set aside specifically for this scheme.

# Consolidated statement of financial position

*As at 31 December 2011*

| | | Group | |
|---|---|---|---|
| | | 2011 | 2010 Restated* |
| | Notes | R (million) | R (million) |
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 7 999.3 | 7 337.9 |
| Mineral rights | 6 | 6 700.5 | 6 756.7 |
| Goodwill | 7, 27 | 2 275.1 | 2 275.1 |
| Environmental trust deposit | 8 | 92.4 | 87.5 |
| Deferred tax asset | 17 | 34.2 | 15.2 |
| | | 17 101.5 | 16 472.4 |
| Current assets | | | |
| Inventories | 9 | 31.1 | 48.4 |
| Trade and other receivables | 10 | 995.7 | 1 384.5 |
| Held-to-maturity investments | 11 | 264.9 | 250.9 |
| Current tax receivable | 12 | 0.2 | 4.8 |
| Cash and equivalents | 14 | 1 099.2 | 899.4 |
| | | 2 391.1 | 2 588.0 |
| Total assets | | 19 492.6 | 19 060.4 |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 15 | 1.7 | 1.7 |
| Share premium | 15 | 7 759.9 | 7 759.9 |
| Retained earnings | | 3 435.3 | 3 161.9 |
| Share-based payment reserve | 16 | 81.1 | 18.8 |
| Non-controlling interest | | 3 859.2 | 3 721.8 |
| Total equity | | 15 137.2 | 14 664.1 |
| Non-current liabilities | | | |
| Deferred tax liability | 17 | 4 054.1 | 3 901.4 |
| Long-term provisions | 18 | 58.1 | 73.4 |
| | | 4 112.2 | 3 974.8 |
| Current liabilities | | | |
| Trade and other payables | 20 | 239.8 | 421.5 |
| Current tax payable | 12 | 3.4 | – |
| | | 243.2 | 421.5 |
| Total liabilities | | 4 355.4 | 4 396.3 |
| Total equity and liabilities | | 19 492.6 | 19 060.4 |

** Refer Note 4 for details of restatement*

The notes on pages 106 to 135 form an integral part of these financial statements.

# Consolidated statement of comprehensive income

***For the year ended 31 December 2011***

| | | Group | |
|---|---|---|---|
| | | 2011 | 2010 Restated* |
| | Notes | R (million) | R (million) |
| Revenue | 21 | 2 974.9 | 2 106.8 |
| Cost of sales | 24 | (2 408.7) | (1 608.1) |
| Gross profit | | 566.2 | 498.7 |
| Other income | 22 | 54.8 | 1.6 |
| Profit on remeasurement of previously held interest in BRPM | 27 | — | 2 894.8 |
| Administration expenses | | (104.3) | (60.6) |
| Finance income | 23 | 62.6 | 15.7 |
| Finance cost | 23 | (4.9) | (12.5) |
| Profit before tax | 24 | 574.4 | 3 337.7 |
| Income tax expense | 25 | (163.6) | (171.7) |
| Net profit | | 410.8 | 3 166.0 |
| Other comprehensive income | | — | — |
| Total comprehensive income | | 410.8 | 3 166.0 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 273.4 | 3 164.8 |
| Non-controlling interest | | 137.4 | 1.2 |
| | | 410.8 | 3 166.0 |
| Basic earnings (cents per share) | 32 | 167 | 2 242 |
| Diluted earnings (cents per share) | 32 | 167 | 2 240 |

** Refer Note 4 for details of restatement*

The notes on pages 106 to 135 form an integral part of these financial statements.

# Consolidated statement of changes in equity

*For the year ended 31 December 2011*

| | Number of shares issued* | Ordinary shares* | Share premium* | Share-based payment reserve | Retained earnings | Attributable to owners of the company | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|
| | | R (million) | R (million) | R (million) | R (million) | R (million) | R (million) | R (million) |
| Balance at 31 December 2010 (Restated)** | 163 677 779 | 1.7 | 7 759.9 | 18.8 | 3 161.9 | 10 942.3 | 3 721.8 | 14 664.1 |
| Share-based payment charge | | — | — | 62.3 | — | 62.3 | — | 62.3 |
| Profit for the year | | — | — | — | 273.4 | 273.4 | 137.4 | 410.8 |
| Balance at 31 December 2011 | 163 677 779 | 1.7 | 7 759.9 | 81.1 | 3 435.3 | 11 278.0 | 3 859.2 | 15 137.2 |
| 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% 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 |
| Share-based payment charge | — | — | — | 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 |
| As previously reported | 163 677 799 | 1.7 | 7 759.9 | 18.8 | 3 163.4 | 10 943.8 | 3 407.4 | 14 351.2 |
| Purchase price adjustment | — | — | — | — | (1.5) | (1.5) | 314.4 | 312.9 |
| Balance at 31 December 2010 (Restated)** | 163 677 779 | 1.7 | 7 759.9 | 18.8 | 3 161.9 | 10 942.3 | 3 721.8 | 14 664.1 |

* *The number of shares is net of treasury shares relating to the Company's management share incentive scheme and the Mahube Trust as shares held by these special purpose vehicles are eliminated on consolidation*

** *Refer Note 4 for details of restatement*

The notes on pages 106 to 135 form an integral part of these financial statements.

# Consolidated cash flow statement

*For the year ended 31 December 2011*

| | | Group | |
|---|---|---|---|
| | | 2011 | 2010 |
| | Notes | R (million) | R (million) |
| Cash generated by operations | 26 | 998.4 | 777.0 |
| Interest paid | 23 | – | (9.8) |
| Interest received | 23 | 48.6 | 15.7 |
| Tax (paid)/refund | 12 | (21.9) | 2.4 |
| Net cash flow generated by operating activities | | 1 025.1 | 785.3 |
| Net cash flow utilised by investing activities | | (1 151.1) | (880.0) |
| Cash impact of the business combination | 27 | – | 91.7 |
| Increase in held-to-maturity investments | | – | (250.9) |
| Proceeds from disposal of property, plant and equipment | | 0.3 | 0.1 |
| Acquisitions of property, plant and equipment | | (1 146.5) | (718.5) |
| Increase in environmental trust deposit | 8 | (4.9) | (2.4) |
| Net cash flow generated by financing activities | | 325.8 | 942.6 |
| Issue of ordinary shares net of cost | | – | 942.4 |
| Related party loans received | 13 | – | 0.2 |
| Settlement of RPM receivable | 4 | 325.8 | – |
| Net increase in cash and cash equivalents | | 199.8 | 847.6 |
| Cash and cash equivalents at beginning of year | | 899.4 | 51.5 |
| Cash and cash equivalents at end of year | 14 | 1 099.2 | 899.4 |

The notes on pages 106 to 135 form an integral part of these financial statements.

# Summary of the significant accounting policies

*For the year ended 31 December 2011*

## 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. Group in the financial statements refers to the Company, its subsidiaries, joint ventures and controlled special purpose entities.

**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 No 71 of 2008, 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 IFRS 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 disclosed 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 2 January 2010.

The following standards were adopted without any significant impact to the financial statements:

- IAS 24 (Revised), *Related party disclosures* (effective for financial periods beginning on/after 1 January 2011)
- IAS 32 (Amendment), *Financial instruments: Presentation — Classification of rights issues* (effective for financial periods beginning on/after 1 February 2010)
- Amendment to IFRIC 14, *Pre-payments of a minimum funding requirement* (effective 1 January 2011)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments* (effective for financial periods beginning on or after 1 July 2010)
- The 2010 annual improvements.

**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:

- 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.
- IFRS 10, *Consolidated financial statements* (effective 1 January 2013). The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The IFRS also sets out the accounting requirements for the preparation of consolidated financial statements. No impact is expected.
- IFRS 11, *Joint arrangements* (effective 1 January 2013). The IFRS classifies joint arrangements into two types — joint operations and joint ventures. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. Joint operations are proportionately consolidated and joint ventures are equity accounted. The impact has not been assessed yet.
- IFRS 12, *Disclosures of interests in other entities* (effective 1 January 2013). The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. Although the impact has not been assessed yet, it will only impact disclosure.

## 1. General information (continued)

- IFRS 13, *Fair value measurement* (effective 1 January 2013). The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. No impact expected.
- IAS 19 (revised 2011), *Employee benefits* (effective 1 January 2013). No impact expected.
- IAS 27 (revised 2011), *Separate financial statements* (effective 1 January 2013). The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9, *Financial instruments*. No impact expected.
- IAS 28 (revised 2011), *Associates and joint ventures* (effective 1 January 2013). The standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. No impact expected.
- IFRIC 20, *Stripping costs in the production phase of a surface mine* (effective 1 January 2013). This Interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). No impact expected.
- Improvements to IFRS 2011 — 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. Group accounting policies (continued)

### 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 as a remeasurement of the previously held interest.

### 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 value over its estimated useful life 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. While the criteria for concluding that expenditure should be capitalised are always the 'probability' of future benefits, the information that the directors use to make that determination depends on the level of exploration.

## 2. Group accounting policies (continued)

### 2.4 Mineral rights (continued)

- Exploration and evaluation expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable
- Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A 'pre-feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures
- Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a pre-feasibility study. This economic evaluation is distinguished from a pre-feasibility study in that some of the information that would normally be determined in a pre-feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the directors to conclude that more likely than not the Group will obtain future economic benefit from the expenditures.

### 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.

### 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 statement of comprehensive income within selling and marketing costs.

### 2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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 overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 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. Group accounting policies (continued)

### 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:US$ 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.

## 2. Group accounting policies (continued)

### 2.11 Revenue recognition (continued)

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.

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 environmental rehabilitation liability, liabilities held for sale, derivative liabilities and trade and other payables. 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, 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 or 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 discounted cash flows.

*Impairment*

The Group assesses at each statement of financial position 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. Group accounting policies (continued)

### 2.13 Financial instruments (continued)

#### 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 statement of financial position date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables in the statement of financial position excluding prepaid tax, prepaid expenses and VAT refund (Note 10). 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 statement of financial position 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 statement of comprehensive income. 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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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.

## 2. Group accounting policies (continued)

### 2.14 Borrowings (continued)

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 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.

### 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 statement of financial position date, and any adjustment of tax payable for previous years.

#### 2.16.2 Deferred taxation

Deferred tax assets and liabilities are determined, using the asset and 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 substantively enacted before the statement of financial position 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 statement of financial position 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. Group accounting policies (continued)

### 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 statement of financial position 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.

*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.

## 2. Group accounting policies (continued)

### 2.23 Employee benefits (continued)

*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 statement of comprehensive income, 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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### 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 controlled BRPM.

Because of the joint control the 67% interest in BRPM has been proportionately consolidated until date of listing of RBPlat on 8 November 2010. 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 purchase price allocation for the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values required judgement. In the 2010 financial statements the Group stated that it is still in the process of assessing the fair values allocated to individual components, specifically mineral rights included in life of mine. During 2011, the assessment of fair values allocated to individual components and the purchase price allocation were finalised, resulting in a revised allocation to the fair values of assets, liabilities and goodwill. In terms of the guidance provided in IFRS 3, *Business combinations*, the Group has restated its 2010 statement of financial position, statement of comprehensive income and statement of changes in equity and accompanying notes to reflect the above mentioned changes as if they had occurred at the acquisition date. These changes did not impact the cash flow statement and are illustrated in Note 4.

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.

# Summary of the significant accounting policies (continued)

*For the year ended 31 December 2011*

## 3. Critical accounting estimates and assumptions (continued)

### Purchase price allocation 8 November 2010 (continued)

#### 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 value of mineral reserves relating to the 2010 life of mine plan was valued using a discounted cash flow per the life of mine plan and following a multi-period excess earnings approach. The following key long-term life of mine prices were used: platinum US$1 611 per ounce, palladium US$526 per ounce and rhodium US$3 853 per ounce. A long-term real rand/US dollar exchange rate of R8.25/US$1 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 US$10 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%.

### Goodwill (Note 7)

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 using the fair value less cost to sell methodology based on the *in situ* value for 4E resource ounces outside the life of mine plan and the net present value of the current life of mine plan using the following assumptions:

For mineral rights included in life of mine plan the following key real long-term life of mine prices were used:

- Platinum US$1 611 per ounce (2010: US$1 611 per ounce)
- Palladium US$671 per ounce (2010: US$526 per ounce)
- A long-term real rand/US dollar exchange rate of R8.43/US$1 (2010: R8.25/US$1)
- A real discount rate of 8.3% was used (2010: 8.3%)
- Life of mine of 30 years (2010: 30 years).

Our current life of mine valuation is based on a real long-term platinum basket price of R17 832 (2010: R18 316). As a sensitivity, the break even real long-term platinum basket price for impairment is R17 558. As can be expected, the margin is small as the assets have been fair valued in 2010.

### Mineral rights outside the life of mine plan (Note 6)

For *in situ* inferred 4E resource ounces a value of US$10 per 4E ounce (2010: US$10 per 4E ounce) was used to assess recoverability. This was based on independent experts' view of the value of these resources at the time of the listing of the Company.

### 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 (Note 5)

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.

## 3. Critical accounting estimates and assumptions (continued)

### Environmental rehabilitation obligations (Note 18)

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:

| | 2011 | 2010 Restated |
|---|---|---|
| Current cost estimate (R million) | 156.3 | 139.0 |
| 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 in 2010 insufficient history of the Company's share price 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 for 2010. In 2011, the Company's share data was used. All share-based payment schemes are treated as equity-settled and therefore measured 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.

### 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 was 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 RBR since BRMS was no longer a member of the AngloPlat group of companies. The Group 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 at no cost (with the Company paying for the par value of such shares). The additional shares issued by the Company vest 18 months after the listing on 8 May 2012. 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.

## 3. Critical accounting estimates and assumptions (continued)

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

| | 2010 Bonus Share Plan | 2011 Bonus Share Plan | 2010 Share Option Plan | Mahube Trust Share Scheme | Initial Public Offering bonus shares |
|---|---|---|---|---|---|
| Weighted average option value on grant date (Rand) | 65.20 | 64.12 | 32.27 | 44.67 | 64.90 |
| Weighted average share price on grant date (Rand) | 65.20 | 64.12 | 60.25 | 65.12 | 64.90 |
| Weighted average exercise price (Rand) | — | — | 60.25 | 48.11 | — |
| Volatility (%) | N/A | N/A | 40.3 to 48.2 | 39.8 to 47.9 | 47.9 |
| Dividend yield | — | — | — | — | — |
| Risk free interest rate (%) | 6.19 | 6.19 | 7.59 to 8.46 | 7.75 to 7.83 | 7.52 |
| Vesting years | 2013 | 2014 | 2013 — 2015 | 2014 — 2016 | 8 May 2012 |

Refer to the Directors' report for outstanding shares.

### 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.

## 4. Restatement of prior year statement of financial position, statement of comprehensive income and statement of changes in equity

In the 2010 financial statements the Group stated that it is still in the process of assessing the fair values allocated to individual components, specifically mineral rights included in the life of mine.

During 2011, the assessment of fair values allocated to individual components and the purchase price allocation were finalised, resulting in a revised allocation of the fair values of assets, liabilities and goodwill.

In terms of the guidance provided in IFRS 3, *Business combinations*, the Group has restated its statement of financial position, statement of comprehensive income and statement of changes in equity and accompanying notes, for the 2010 financial year, to reflect the abovementioned changes as if they had occurred at the acquisition date. These changes did not impact the cash flow statement. The 2009 numbers were not impacted by the restatement.

The revised details of net assets acquired and goodwill are as follows:

| R (million) | Restated | 8 November 2010* Previously reported |
|---|---|---|
| Fair value of 67% interest assumed as the purchase price | 10 002.7 | 10 002.7 |
| Purchase consideration allocated to identifiable net assets: | 11 448.2 | 10 371.0 |
| – Property, plant and equipment | 7 212.3 | 7 212.3 |
| – Mineral rights | 6 767.0 | 5 730.9 |
| – Environmental trust deposit | 87.0 | 87.0 |
| – Inventories | 61.3 | 61.3 |
| – Trade and other receivables | 999.5 | 995.7 |
| – Amounts receivable from RPM | 341.0 | 6.9 |
| – Cash and cash equivalents | 277.9 | 277.9 |
| – Deferred tax liability | (3 860.7) | (3 570.6) |
| – Long-term provisions | (67.8) | (67.8) |
| – Trade and other payables | (369.3) | (362.6) |
| Less: Non-controlling interest | (3 720.6) | (3 405.5) |
| Goodwill | 2 275.1 | 3 037.2 |

* *Date of listing of RBPlat*

A multi-period excess earnings model was used to finalise the fair value of mineral rights included in the life of mine resulting in an increase in the value of mineral rights of R1 billion. Uncertainty relating to the amounts receivable from RPM were resolved with a final settlement.

The revised details of comprehensive income are as follows:

| | 2010 Restated | 2010 Previously reported |
|---|---|---|
| For the year ended 31 December 2010 R (million) | | |
| Amortisation of mineral rights | 28.6 | 26.4 |
| Profit for the year attributable to: | | |
| Owners of the Company | 3 164.5 | 3 166.3 |
| Non-controlling interest | 1.5 | 1.9 |
| Total comprehensive income | 3 166.0 | 3 168.2 |
| Basic earnings per share (cents/share) | 2 242 | 2 243 |
| Diluted earnings per share (cents/share) | 2 240 | 2 241 |

## 5. Property, plant and equipment

| | Buildings | Furniture and fittings and computer ware | Mining assets | Capital work in progress | Plant and machinery | Vehicles and equipment | Total |
|---|---|---|---|---|---|---|---|
| | R (million) | R (million) | R (million) | R (million) | R (million) | R (million) | R (million) |
| **2011** | | | | | | | |
| At 1 January 2011 | 72.3 | 36.2 | 3 889.9 | 2 128.9 | 1 193.3 | 17.3 | 7 337.9 |
| Additions | – | 4.9 | – | 1 111.9 | 29.7 | – | 1 146.5 |
| Disposals and scrapping | – | (0.6) | – | – | – | – | (0.6) |
| Change in estimates of decommissioning asset | – | – | (21.9) | – | – | – | (21.9) |
| Depreciation | (4.4) | (13.9) | (328.5) | – | (109.1) | (6.7) | (462.6) |
| Transfers | 1.6 | 11.2 | 1 140.3 | (1 208.6) | 52.7 | 2.8 | – |
| At 31 December 2011 | 69.5 | 37.8 | 4 679.8 | 2 032.2 | 1 166.6 | 13.4 | 7 999.3 |
| Cost | 74.8 | 54.0 | 5 087.4 | 2 032.2 | 1 292.8 | 21.1 | 8 562.3 |
| Accumulated depreciation | (5.3) | (16.2) | (407.6) | – | (126.2) | (7.7) | (563.0) |
| At 31 December 2011 | 69.5 | 37.8 | 4 679.8 | 2 032.2 | 1 166.6 | 13.4 | 7 999.3 |
| **2010** | | | | | | | |
| At 1 January 2010 | 64.6 | 13.7 | 2 004.2 | 975.3 | 586.9 | 7.4 | 3 652.1 |
| Additions | 22.0 | 24.8 | 14.7 | 398.7 | 36.7 | 1.9 | 499.0 |
| Disposals | – | – | – | – | – | (0.3) | (0.3) |
| Depreciation | (3.8) | (7.9) | (185.3) | – | (47.8) | (1.8) | (246.6) |
| Transfers | 13.6 | 0.1 | – | (93.6) | 79.4 | 0.5 | – |
| At 8 November | 96.4 | 30.7 | 1 833.6 | 1 280.6 | 655.2 | 7.7 | 3 904.2 |
| Carrying amount of previously held 67% interest in BRPM | (96.4) | (30.0) | (1 833.6) | (1 280.6) | (655.2) | (7.7) | (3 903.5) |
| Fair value of 100% of BRPM on business combination | 72.9 | 33.6 | 3 967.1 | 1 911.3 | 1 209.1 | 18.3 | 7 212.3 |
| Additions from 8 November | 0.3 | 4.2 | 1.9 | 217.6 | 1.3 | – | 225.3 |
| Depreciation from 8 November | (0.9) | (2.3) | (79.1) | – | (17.1) | (1.0) | (100.4) |
| At 31 December 2010 Restated | 72.3 | 36.2 | 3 889.9 | 2 128.9 | 1 193.3 | 17.3 | 7 337.9 |
| Cost | 73.2 | 38.5 | 3 969.0 | 2 128.9 | 1 210.4 | 18.3 | 7 438.3 |
| Accumulated depreciation | (0.9) | (2.3) | (79.1) | – | (17.1) | (1.0) | (100.4) |
| At 31 December 2010 Restated | 72.3 | 36.2 | 3 889.9 | 2 128.9 | 1 193.3 | 17.3 | 7 337.9 |

The Company has the life of mine right to use, but not ownership of assets with a carrying amount of R1 383 275 089 (2010: R1 536 112 129) which is included in balances above.

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| **6. Mineral rights** | | |
| Opening balance at 1 January | 6 756.7 | 2 925.5 |
| Amortisation (included in cost of sales) | (56.2) | (28.6) |
| Remeasurement of previously held interest in BRPM | – | 3 859.8 |
| Closing balance at 31 December | 6 700.5 | 6 756.7 |
| Cost | 6 767.0 | 6 767.0 |
| Accumulated amortisation | (66.5) | (10.3) |
| Closing balance 31 December | 6 700.5 | 6 756.7 |

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 the BRPM JV 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.

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| **7. Goodwill** | | |
| Goodwill at cost less impairment | 2 275.1 | 2 275.1 |

The goodwill originated from the deferred tax provided on the fair value of the assets over carrying amount on the obtaining of control of BRPM on date of listing of the Company (8 November 2010). Refer to Note 4 for the restatement of goodwill on finalisation of the purchase price allocation. Goodwill was allocated entirely to the Group's mining operation, its only segment.

Refer Note 3 for the assumptions and sensitivity thereof used in assessing the recoverable amount of goodwill.

There was no impairment of goodwill in the current financial year.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **8. Environmental trust deposit** | | |
| Opening balance at 1 January | 87.5 | 56.4 |
| Interest earned on the environmental trust deposit | 2.4 | 2.4 |
| Increase in cash deposit during the year | 2.5 | – |
| Remeasurement of previously held interest in BRPM | – | 28.7 |
| Closing balance at 31 December | 92.4 | 87.5 |

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. Refer Note 18 for the environmental rehabilitation provision created.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **9. Inventories** | | |
| Consumables | 23.3 | 17.4 |
| Stockpiles | 7.8 | 31.0 |
| Closing balance at 31 December | 31.1 | 48.4 |

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

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| **10. Trade and other receivables** | | |
| Trade receivables (concentrate debtors) | 941.8 | 1 008.5 |
| Other receivables | 53.2 | 25.7 |
| VAT receivable | 0.6 | 16.2 |
| RPM receivable | 0.1 | 334.1 |
| Closing balance at 31 December | 995.7 | 1 384.5 |

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:US$ 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 (refer Note 30 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 statement of comprehensive income as an adjustment to revenue.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **11. Held-to-maturity investments** | | |
| Investment in vested rights of the NED Investment Trust | 250.0 | 250.0 |
| Accrued dividends | 14.9 | 0.9 |
| Closing balance at 31 December | 264.9 | 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 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% (2010: 5.58%) and 5.54% (2010: 5.54%) for the two respectively. For the year ended 31 December 2011 dividends of R14.0 million (2010: R0.9 million) were earned on the Nedbank preference shares.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **12. Current tax payable/(receivable)** | | |
| The movement in the balance can be explained as follows: | | |
| Opening balance at 1 January | (4.8) | – |
| Income tax charge | 29.9 | 0.4 |
| Business combination | – | (7.6) |
| Tax refund received | 4.8 | 7.6 |
| Payment made | (26.7) | (5.2) |
| Closing balance at 31 December | 3.2 | (4.8) |

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| Current tax payable/(receivable) comprises: | | |
| Current tax receivable | (0.2) | (4.8) |
| Current tax payable | 3.4 | – |
| | 3.2 | (4.8) |

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **13. Related party loan** | | |
| Royal Bafokeng Management Services (Pty) Ltd (RBMS) | | |
| At 1 January | – | 0.2 |
| Loan repaid | – | (0.2) |
| Closing balance at 31 December | – | – |

The loan between Royal Bafokeng Management Services (Pty) Ltd (RBMS), a fellow subsidiary, bore no interest and had no fixed repayment terms. It was settled in full prior to listing on 8 November 2010.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **14. Cash and cash equivalents** | | |
| Cash at bank and on hand | 524.0 | 447.9 |
| Short-term bank deposits | 575.2 | 451.5 |
| Closing balance at 31 December | 1 099.2 | 899.4 |

### Facilities

Royal Bafokeng Resources (RBR) entered into a R500 million revolving credit facility (RCF) with Nedbank Capital on 8 January 2010. 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 31 December 2013. There is a commitment fee payable by RBR of 0.75% of the unutilised portion of the facility. To date, nothing is drawn from the R500 million RCF.

The security provided in connection with the RCF includes first ranking mortgage bonds registered by RBR over its Styldrift mining right, a limited guarantee by the Company in favour of Nedbank Capital, a cession and pledge of the Company's shares in and claims against RBR as security for its obligations under the limited guarantee and a subordination by the Company of its claims against RBR in favour of Nedbank Capital. RBR also provides a cession in security pursuant to which it cedes and pledges its rights, title and interest in respect of, or connected with, BRPM and the Joint Venture Agreement. RBR can voluntarily prepay and cancel the facility at any time without penalty.

RBR may also not, without the prior written approval of Nedbank Capital, *inter alia*:

- encumber any of its assets
- make any substantial change to the nature of its business
- dispose of any assets or enter into an amalgamation, demerger, merger or corporate reconstruction (other than certain permitted disposals)
- enter into a transaction or acquisition classified as a Category 1 transaction under the JSE Listings Requirements
- amend any material term of a material contract including the Joint Venture Agreement and the Disposal of Concentrate Agreement although in the latter three cases Nedbank Capital's consent may not be unreasonably withheld.

If RBR undertakes any of these actions without Nedbank's prior written consent, it is obliged, if Nedbank so requires, to immediately repay the RCF.

In addition, RBR entered into a R250 million, RBPlat a R3 million and RBP MS a R5 million working capital facility with Nedbank Capital in September 2010 which is repayable in December 2013. Interest on these facilities is based on a 3-month JIBAR plus a margin of 2.85% nominal annual interest compounded monthly in arrears. There are commitment fees payable on these facilities of 0.75% of the unutilised portion of the facility. The working capital facility will share in the same security as the R500 million RCF with the same restrictions.

At year-end RBR utilised R149.9 million of its working capital facility for guarantees and RBP MS utilised R0.4 million for guarantees. Refer Note 19.1 for further details.

| | Group 2011 R | Group 2010 R |
|---|---|---|
| **15. Share capital and share premium** | | |
| Authorised share capital | | |
| 250 000 000 (2010: 250 000 000) ordinary shares with a par value of R0.01 each | 2 500 000 | 2 500 000 |
| 1 500 000 (2010: 1 500 000) "A1" ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| 1 500 000 (2010: 1 500 000) "A2" ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| 1 500 000 (2010: 1 500 000) "A3" ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| Total authorised share capital | 2 545 000 | 2 545 000 |
| Issued ordinary share capital | | |
| The movement in the issued share capital of the Company is as follows: | | |
| Opening balance 163 677 799 (2010: 137 057 500) ordinary shares with a par value of R0.01 each | 1 636 778 | 1 370 575 |
| 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 |
| 330 521 (2010: 550 848) ordinary shares issued as part of management share incentive scheme | 3 305 | 5 508 |
| 563 914 (2010: 563 914) ordinary shares issued to the Mahube Trust | – | 5 639 |
| Less: Treasury shares | | |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | (3 305) | (5 508) |
| 563 914 (2010: 563 914) ordinary shares issued to the Mahube Trust | – | (5 639) |
| Total 163 677 799 (2010: 163 677 799) ordinary shares | 1 636 778 | 1 636 778 |
| Issued "A1", "A2", "A3" ordinary share capital | | |
| 845 871 "A" ordinary shares issued to the Mahube Trust | – | 8 459 |
| "A1" and "A2" and "A3" ordinary shares issued on equal parts of 281 957 each | | |
| Less: Treasury shares | | |
| 845 871 "A" ordinary shares issued to the Mahube Trust | – | (8 459) |
| Total 845 871 (2010: 845 871) "A" ordinary shares | – | – |
| Share premium | R (million) | R (million) |
| Opening balance | 7 759.9 | 6 817.8 |
| 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 |
| 330 521 (2010: 550 848) ordinary shares issued as part of management share incentive scheme | 21.5 | 33.5 |
| 563 914 (2010: 563 914) ordinary shares issued to the Mahube Trust | – | 36.7 |
| 845 871 "A" ordinary shares issued to the Mahube Trust | – | 23.2 |
| Capitalisation of listing transaction costs to share premium | – | (63.2) |
| Less: Treasury shares | | |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | (21.5) | (33.5) |
| 563 914 (2010: 563 914) ordinary shares issued to the Mahube Trust | – | (36.7) |
| 845 871 "A" ordinary shares issued to the Mahube Trust | – | (23.2) |
| Total share premium | 7 759.9 | 7 759.9 |

The "A" ordinary shares were issued to the Mahube Trust as part of the Company's Employee Share Ownership Plan and these "A" ordinary shares are not listed. The "A" ordinary shares are treated as treasury shares as the Mahube Trust is consolidated as a special purpose vehicle. During the year 330 521 ordinary shares were issued as part of the Company's management staff incentive scheme.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |

## 16. Share-based payment reserve

| | | |
|---|---|---|
| The movement on the other reserves can be attributed to the following: | | |
| Opening balance at 1 January | 18.8 | – |
| Share-based payment charge | 62.3 | 18.8 |
| Closing balance at 31 December | 81.1 | 18.8 |

## 17. Deferred tax

Deferred income tax is calculated in full on the temporary differences under the liability method using the principal tax rate 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.

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| *Deferred tax comprises:* | | |
| Deferred tax asset | (34.2) | (15.2) |
| Deferred tax liability | 4 054.1 | 3 901.4 |
| | 4 019.9 | 3 886.2 |

The movement on the deferred tax is as follows:

| | Mineral rights | Property, plant and equipment | Provisions | Other | Total |
|---|---|---|---|---|---|
| | R (million) | R (million) | R (million) | R (million) | R (million) |
| 2011 | | | | | |
| At January 2011 | 1 892.5 | 2 005.0 | (35.5) | 24.2 | 3 886.2 |
| Charged to statement of comprehensive income | (16.4) | 163.3 | 1.6 | (14.8) | 133.7 |
| At 31 December 2011 | 1 876.1 | 2 168.3 | (33.9) | 9.4 | 4 019.9 |
| 2010 | | | | | |
| At January 2010 | 3.1 | 315.5 | (11.9) | 16.5 | 323.2 |
| Charge to statement of comprehensive income | (2.2) | 176.4 | (2.2) | (0.7) | 171.3 |
| Remeasurement of previously held interest in BRPM | 1 891.6 | 1 513.1 | (21.4) | 8.4 | 3 391.7 |
| At 31 December 2010 | 1 892.5 | 2 005.0 | (35.5) | 24.2 | 3 886.2 |

Of the above, approximately R3 661.1 million (2010: R3 582 million) will realise after 12 months.

| | Group | |
|---|---|---|
| | 2011 R | 2010 |
| | R (million) | R (million) |

## 18. Long-term provisions

| | | |
|---|---|---|
| Restoration and rehabilitation opening balance at 1 January | 72.5 | 41.8 |
| Unwinding of discount from | 4.9 | 2.8 |
| Change in estimate of provision | (20.2) | 5.8 |
| Remeasurement of previously held interest in BRPM | – | 22.1 |
| Restoration and rehabilitation closing balance at 31 December | 57.2 | 72.5 |
| Other provisions | 0.9 | 0.9 |
| Closing balance at 31 December | 58.1 | 73.4 |
| Current cost estimate of restoration and rehabilitation | 156.3 | 139.0 |

Refer Note 8 for the environmental trust deposit made to fund this estimate and Note 19.1 for guarantees issued to fund the remainder. The change in estimate of the provision is mainly due to the increase in the life of mine.

| | | Group 2011 R (million) | Group 2010 R (million) |
|---|---|---|---|
| **19.** | **Contingencies and commitments** | | |
| **19.1** | **Guarantees issued** | | |
| | *Royal Bafokeng Resources (Pty) Ltd, a wholly-owned subsidiary of RPBlat, granted the following guarantees:* | | |
| | Eskom to secure power supply for Styldrift project development (financial guarantee 30823102) | 17.1 | 17.1 |
| | Eskom early termination guarantee for Styldrift (financial guarantee 31160603) | 17.5 | – |
| | Eskom connection charges guarantee for Styldrift (financial guarantee 31173918) | 40.0 | – |
| | Anglo American Platinum for the rehabilitation of land disturbed by mining activities at BRPM | 75.3 | – |
| | *Royal Bafokeng Platinum Management Services (Pty) Ltd, a wholly-owned subsidiary of RBPlat, granted the following guarantees:* | | |
| | Tsogo Sun guarantee arising from lease agreement (financial guarantee 31101003) | 0.3 | – |
| | Tsogo Sun guarantee arising from lease agreement (financial guarantee 31100309) | 0.1 | – |
| | *Royal Bafokeng Management Services (Pty) Ltd, a fellow subsidiary of RBPlat, 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 |
| | Department of Mineral Resources (financial guarantee 36790901881) | – | 7.6 |
| | Total guarantees issued at 31 December | 150.3 | 64.6 |
| | Guarantees received from Anglo American Platinum | | |
| | For Anglo American Platinum's 33% of the Eskom guarantee to secure power supply for Styldrift project development (financial guarantee M523084) | (5.6) | – |
| | For Anglo American Platinum's 33% of Eskom early termination guarantee for Styldrift (financial guarantee M529349) | (5.8) | – |
| | For Anglo American Platinum's 33% of the Eskom connection charges guarantee for Styldrift (financial guarantee M529350) | (13.2) | – |
| | Total guarantees received at 31 December | (24.6) | – |
| | Refer to Note 18 for rehabilitation provision relating to guarantee to DMR. | | |
| **19.2** | **Capital commitment in respect of property, plant and equipment** | | |
| | Commitments contracted for | 771.9 | 960.8 |
| | Approved expenditure not yet contracted for | 8 737.9 | 8 262.1 |
| | Total | 9 509.8 | 9 229.9 |
| | The commitments reflect 100% of the BRPM JV 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. | | |
| **19.3** | **Operating lease commitments** | | |
| | The Group leases offices for its corporate office in Johannesburg and for BRPM's finance function in Rustenburg under operating lease agreements. The corporate office lease term is five years and it is renewable at the end of the lease period at market rate. The finance office lease in Rustenburg is renewable year-on-year at market rate. The future aggregate lease payments under these operating leases are as follows: | | |
| | No later than one year | 1.7 | 0.6 |
| | Later than one year and no later than five years | 6.5 | – |
| | Total | 8.2 | 0.6 |

| | Group 2011 R (million) | Group 2010 R (million) |
|---|---|---|
| **20. Trade and other payables** | | |
| Trade and other payables | 238.0 | 412.4 |
| VAT payable | 1.8 | 9.1 |
| | 239.8 | 421.5 |

| | Group 2011 R (million) | Group 2010 R (million) |
|---|---|---|
| **21. Revenue** | | |
| Revenue from concentrate sales – production from BRPM concentrator | 2 846.6 | 2 094.7 |
| Revenue from UG2 toll concentrate | 128.3 | – |
| Revenue from management fee | – | 12.1 |
| | 2 974.9 | 2 106.8 |

| | Group 2011 R (million) | Group 2010 R (million) |
|---|---|---|
| **22. Other income** | | |
| Local sales – scrap | – | 0.7 |
| Net income from settlement of intercompany balances with RPM | 28.9 | – |
| Impala royalty (Group resources mined by Impala Platinum Limited) | 24.9 | – |
| Other income | 1.0 | 0.9 |
| | 54.8 | 1.6 |

| | Group 2011 R (million) | Group 2010 R (million) |
|---|---|---|
| **23. Net finance cost** | | |
| The net finance cost consists of the following: | | |
| Interest received on environment trust deposit | 2.4 | 2.4 |
| Interest received on bank accounts | 46.2 | 13.3 |
| Dividends received | 14.0 | – |
| Total finance income | 62.6 | 15.7 |
| Interest paid on bank account | – | (9.8) |
| Unwinding of discount on decommissioning and restoration provision | (4.9) | (2.7) |
| Total finance cost | (4.9) | (12.5) |
| Net finance income | 57.7 | 3.2 |

Interest paid on bank account was nil (2010: R9.8 million) paid to Nedbank in respect of the revolving credit facility utilised prior to the listing of the Company on 8 November 2010.

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| **24. Profit before tax** | | |
| Included in the profit before taxation are the following items: | | |
| On-mine costs: | | |
| — Labour | 673.9 | 489.5 |
| — Utilities | 144.5 | 87.6 |
| — Contractor costs | 377.0 | 264.1 |
| — Movement in inventories | 23.3 | (15.0) |
| — Materials and other mining costs | 614.8 | 401.5 |
| — Elimination of intergroup management fee | (31.5) | (23.9) |
| State royalties | 14.1 | 8.4 |
| Depreciation — Property, plant and equipment | 462.1 | 347.0 |
| Amortisation — Mineral rights | 56.2 | 28.6 |
| Share-based payment expenses | 33.1 | 7.2 |
| Social and labour plan expenditure | 35.8 | 7.6 |
| Other | 5.4 | 5.5 |
| Total cost of sales | 2 408.7 | 1 608.1 |
| Included in corporate office expenses are: | | |
| Advisory fees | 5.7 | 7.2 |
| Legal fees | 1.2 | 1.0 |
| Loss on sales and scrapping of fixed assets | 0.3 | 0.2 |
| Employee costs (including directors' emoluments) | 43.1 | 26.3 |
| Mahube Trust expenditure | 1.1 | 0.1 |
| Depreciation of RBP MS non-current assets | 0.5 | 0.2 |
| Nedbank revolving credit facility arranging fee | — | 1.3 |
| Nedbank revolving credit facility commitment fee | 3.3 | 1.8 |
| Administration fees for guarantees | 1.4 | — |
| Share-based payment expense | 29.2 | 11.6 |
| Directors' and officers' liability insurance — general | 0.4 | 0.5 |
| Industry membership contributions | 0.5 | — |
| Rent for corporate office | 1.7 | 0.8 |
| Listing expenditure not capitalised to share premium | — | 3.8 |
| External and internal audit fees for the Group | | |
| External and internal audit fees included in cost of sales are: | | |
| External audit fees | | |
| — Fees for audit | 1.3 | 0.7 |
| Internal audit fees | 0.7 | 0.7 |
| External and internal audit fees included in corporate office expenses are: | | |
| External audit fees | | |
| — Fees for audit | 0.8 | 0.8 |
| — Other fees | 0.1 | 0.4 |
| Internal audit fees | 0.2 | — |

| | Group | |
|---|---|---|
| | 2011 | 2010 Restated |
| | R (million) | R (million) |
| **25. Income tax expense** | | |
| Income tax | (29.9) | (0.4) |
| Deferred tax | | |
| — Current tax | (133.7) | (171.3) |
| | (163.6) | (171.7) |
| Tax rate reconciliation: | | |
| Profit before tax | 574.4 | 3 337.7 |
| Tax calculated at a tax rate of 28% | (160.8) | (934.6) |
| Non-deductible expenses | (6.9) | (48.0) |
| Non-taxable income | 4.1 | 810.9 |
| | (163.6) | (171.7) |
| Effective tax rate (%) | 28.44 | 5.14 |

An unredeemed capital allowance of R281.5 million (2010: R178.3 million) carried over to 2012.

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |

## 26. Cash generated by operations

| | 2011 R (million) | 2010 R (million) |
|---|---|---|
| Cash generated by operations is calculated as follows: | | |
| Profit before tax | 574.4 | 3 337.7 |
| Adjustment for: | | |
| Depreciation | 462.6 | 347.0 |
| Amortisation | 56.2 | 28.6 |
| Share-based payment | 62.3 | 18.8 |
| Finance cost | 4.9 | 12.5 |
| Finance income | (62.6) | (15.7) |
| Increase in rehabilitation provision | 1.7 | — |
| Profit on remeasurement of previously held interest in BRPM (Note 27.1) | — | (2 894.8) |
| Loss on sales and scrapping of fixed assets | 0.3 | 0.2 |
| | 1 099.8 | 834.3 |
| Changes in working capital | (101.4) | (57.3) |
| Decrease/(increase) in inventories | 17.3 | (28.1) |
| Decrease/(increase) in trade and other receivables | 63.0 | (119.5) |
| (Decrease)/increase in trade and payables | (181.7) | 90.3 |
| Cash generated by operations | 998.4 | 777.0 |

## 27. 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.

### 27.1 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:

| | 2010 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 |

## 27. Acquisition of BRPM (continued)

### 27.2 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 Joint Venture.

| R (million) | 2010 Restated |
|---|---|
| Fair value of 67% interest assumed as the purchase price | 10 002.7 |
| Purchase consideration allocated to identifiable net assets: | 11 448.2 |
| – Property, plant and equipment | 7 212.3 |
| – Mineral rights | 6 767.0 |
| – Environmental trust deposit | 87.0 |
| – Inventories | 61.3 |
| – Trade and other receivables | 999.5 |
| – Intercompany balances | 341.0 |
| – Cash and cash equivalents | 277.9 |
| – Deferred tax liability | (3 860.7) |
| – Long-term provisions | (67.8) |
| – Trade and other payables | (369.3) |
| Less: Non-controlling interest | (3 720.6) |
| Goodwill | 2 275.1 |
| Cash in previously held interest | 186.2 |
| Cash held after business combination | 277.9 |
| Cash impact of the business combination | 91.7 |

1. The fair value of trade receivables acquired is equal to the previous carrying amount of the receivables. The full amount was expected to be collected within four months. Refer Note 30 for potential movements in the fair value of these debtors.
2. There were no contingent liabilities acquired that had to be recognised as liabilities.
3. 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 2010 year were 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) | 2010 Reported results Restated | Pro-forma results | Difference |
|---|---|---|---|
| Revenue | 2 106.8 | 2 914.4 | 807.6 |
| Cost of sales | (1 608.1) | (2 254.7) | (646.6) |
| Gross profit | 498.7 | 659.7 | 161.0 |
| Profit before tax | 3 337.7 | 3 500.4 | 162.7 |
| Tax | (171.7) | (180.0) | (8.3) |
| Profit for the year | 3 166.0 | 3 320.4 | 154.4 |

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.

## 28. Related party transactions

The Group is controlled by Royal Bafokeng Platinum Holdings (Pty) Ltd (incorporated in South Africa), which owns 56.72% of RBPlat's shares. Rustenburg Platinum Mines Limited (RPM) owns 12.54% of RBPlat's shares and the remaining 30.74% of the shares are widely held. RPM also holds the remaining 33% participation interest in BRPM. The Group's ultimate parent is Royal Bafokeng Holdings (Pty) Ltd (incorporated in South Africa) (RBH). RBH is an investment holding company with a large number of subsidiaries. At present, RBR sells its 67% share of the concentrate produced by the BRPM JV to RPM for further processing by RPM. Refer to the Directors' report for further details of significant contracts with RPM.

## 28. Related party transactions (continued)

Investments in subsidiaries and the BRPM Joint Venture and the degree of control exercised by the Company are:

| | Issued capital amount | | Interest in capital | |
|---|---|---|---|---|
| | R | R | % | % |
| Name | 2011 | 2010 | 2011 | 2010 |
| **Direct investment** | | | | |
| Royal Bafokeng Platinum Management Services (Pty) Ltd | 1 000 | 1 000 | 100% | 100% |
| Royal Bafokeng Resources (Pty) Ltd | 320 | 320 | 100% | 100% |
| **Indirect investment via Royal Bafokeng Resources (Pty) Ltd** | | | | |
| Bafokeng Rasimone Management Services (Pty) Ltd | 1 000 | 1 000 | 100% | 100%* |
| BRPM — participation interest | — | — | 67% | 67% |

** Interest acquired on date of listing of the Company (8 November 2010)*

Transactions between the Company, its subsidiaries and joint venture are eliminated on consolidation. Refer Note 19.1 for related party guarantees.

The following transactions were carried out with related parties:

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| | R (million) | R (million) |
| **Joint venture balances at 31 December:** | | |
| Amount owing by RPM for concentrate sales (Refer Note 10) | 941.8 | 1 008.5 |
| Amount owing to RPM for contribution to BRPM (working capital nature) | 37.5 | 69.7 |
| There were no balances with other related parties. | | |
| **Joint venture transactions:** | | |
| Concentrate sales to RPM (Refer Note 21 and Directors' report) | 2 974.9 | 2 094.8 |
| **Fellow subsidiary transactions:** | | |
| Royal Bafokeng Platinum Management Services (Pty) Ltd management fee charged to BRPM prior to 8 November 2010 | — | 12.1 |
| Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewerage plant (a subsidiary of RBH) | 15.6 | 5.6 |
| Royal Bafokeng Management Services (Pty) Ltd fees of administrative nature (a subsidiary of RBH) | — | 0.8 |
| Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH) | 0.5 | 0.1 |
| Geoserve Exploration Drilling Company for exploration drilling on Boschkoppie and Styldrift (a subsidiary of RBH) | 15.5 | — |
| Tarsus Technologies for electronic equipment purchases (a subsidiary of RBH) | 0.8 | 0.1 |
| Zurich Insurance Company of SA for underwriting a portion of BRPM insurance (an associate of RBH) | 0.7 | 0.8 |
| Impala Platinum Limited for royalties received (an associate of RBH) (Refer Directors' report) | 24.9 | — |

Details relating to key management emoluments (prescribed officers), share options and shareholdings in the Company are disclosed on page 99 to 101.

## 29. Dividends

No dividends have been declared or proposed in the current year (2010: nil).

## 30. Financial risk management

### 30.1 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.

## 30. Financial risk management (continued)

### 30.1 Financial risk factors (continued)

**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 amount | | Fair values | |
|---|---|---|---|---|---|
| | | 2011 | 2010 Restated | 2011 | 2010 Restated |
| | Notes | R (million) | R (million) | R (million) | R (million) |
| Financial assets | | | | | |
| Environmental trust deposit | 8 | 92.4 | 87.5 | 92.4 | 87.5 |
| Trade and other receivables | 10 | 995.1 | 1 368.3 | 995.1 | 1 368.3 |
| Held-to-maturity investments | 11 | 264.9 | 250.9 | 264.9 | 250.9 |
| Cash and cash investments | 14 | 1 099.2 | 1 150.3 | 1 099.2 | 1 150.3 |
| Total financial assets | | 2 451.6 | 2 857.0 | 2 451.6 | 2 857.0 |
| Financial liabilities | | | | | |
| Trade and other payables | 20 | 239.8 | 421.5 | 239.8 | 421.5 |
| Total financial liabilities | | 239.8 | 421.5 | 239.8 | 421.5 |

#### 30.1.1 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:US$ 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:US$ 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.

*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 | |
|---|---|---|---|---|---|
| | | 2011 | 2010 Restated | 2011 | 2010 Restated |
| | Note | R (million) | R (million) | R (million) | R (million) |
| Financial assets | | | | | |
| Trade receivables | 10 | 941.8 | 1 008.5 | ±64.7 | ±80.9 |

*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:US$ 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.

## 30. Financial risk management (continued)

### 30.1 Financial risk factors (continued)

#### 30.1.1 Market risk (continued)

*Commodity price risk (continued)*

| | | Statement of financial position | | Statement of total comprehensive income | |
|---|---|---|---|---|---|
| | | 2011 | 2010 Restated | 2011 | 2010 Restated |
| | Note | R (million) | R (million) | R (million) | R (million) |
| Financial assets | | | | | |
| Trade receivables | 10 | 941.8 | 1 008.5 | ±64.7 | ±80.9 |

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 | |
|---|---|---|---|---|---|
| | | 2011 | 2010 Restated | 2011 | 2010 Restated |
| Financial assets | Note | R (million) | R (million) | R (million) | R (million) |
| Financial assets | | | | | |
| Environmental trust deposit | 8 | 92.4 | 87.5 | ±1.0 | ±0.9 |

#### 30.1.2 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 amount 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 R941.8 million (2010: R1 008.5 million). The credit risk relates to overall risk of the Anglo American Platinum Group, the world's largest platinum producer.

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 R235.2 million on call with Nedbank, R474.6 million on call with FirstRand Bank Limited and R383 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.

#### 30.1.3 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 11 and 14) 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.

## 30. Financial risk management (continued)

### 30.1 Financial risk factors (continued)

#### 30.1.3 Liquidity risk (continued)

| | 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) |
|---|---|---|---|---|---|
| 2011 | | | | | |
| Trade and other payables | 20 | 239.8 | – | – | – |
| Current tax payable | 12 | 3.4 | – | – | – |
| 2010 | | | | | |
| Trade and other payables | 20 | 421.5 | – | – | – |

### 30.2 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 are 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.

## 31. Segmental reporting

The Group is currently operating one mine with two decline shafts and the Styldrift I Project. The BRPM operation is treated as one operating segment.

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

| | BRPM 2011 R (million) | BRPM 2010 R (million) |
|---|---|---|
| Concentrate sales | 2 974.9 | 2 914.4 |
| Cash cost of sales | (1 802.4) | (1 700.4) |
| Depreciation | (357.1) | (285.7) |
| Other operating income | 29.0 | 1.8 |
| Other operating expenditure | (101.7) | (40.2) |
| Net finance income | 5.2 | 4.6 |
| Segmental profit before tax | 747.9 | 894.5 |
| Additional depreciation on purchase price allocation (PPA) adjustment and amortisation | (161.2) | (140.7) |
| Overheads of corporate office | (104.3) | (60.6) |
| Consolidation adjustments | 10.0 | 244.5 |
| Other income | 29.6 | 2 894.8 |
| Finance income | 52.4 | 4.0 |
| Finance cost | – | (9.8) |
| Profit before tax per the statement of comprehensive income | 574.4 | 3 337.7 |
| Taxation | (163.6) | (171.7) |
| Non-controlling interest | (137.4) | (1.2) |
| Contribution to basic earnings | 273.4 | 3 164.8 |
| Contribution to headline earnings | 273.7 | 270.2 |
| Segment assets | 6 626.8 | 5 915.3 |
| PPA adjustment to carrying amount of PPE (includes mineral rights) | 9 407.1 | 9 491.3 |
| Corporate assets and consolidation adjustments (includes goodwill) | 3 458.7 | 3 653.8 |
| Total assets per the statement of financial position | 19 492.6 | 19 060.4 |
| Segment liabilities | 245.1 | 269.7 |
| Corporate liabilities and consolidation adjustments | 52.8 | 225.2 |
| Unallocated liabilities (tax and deferred tax) | 4 057.5 | 3 901.4 |
| Total liabilities per the statement of financial position | 4 355.4 | 4 396.3 |
| Cash inflow from operating activities | 1 025.1 | 785.3 |
| Cash flow utilised by investing activities | (1 151.1) | (880.0) |
| Cash inflow from financing activities | 325.8 | 942.6 |
| Capital expenditure | 1 146.5 | 718.5 |

## 32. 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 | |
|---|---|---|
| | 2011 | 2010 Restated |
| | Number | Number |
| Number of shares issued | 165 123 082 | 164 792 561 |
| Mahube Trust | (563 914) | (563 914) |
| Management incentive scheme | (881 369) | (550 848) |
| Number of shares issued outside the Group | 163 677 799 | 163 677 799 |
| Adjusted for weighted shares issued during the year | – | (22 544 967) |
| Weighted average number of ordinary shares in issue for earnings per share | 163 677 799 | 141 132 832 |
| Management incentive scheme | 462 537 | 152 700 |
| Weighted average number of ordinary shares in issue for diluted earnings per share | 164 140 336 | 141 285 532 |
| Profit attributable to owners of the Company R (million) | 273.4 | 3 164.8 |
| Basic earnings per share (cents/share) | 167 | 2 242 |
| Basic 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. | | |
| Diluted earnings per share (cents/share) | 167 | 2 240 |
| 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 attributable to owners of the Company is adjusted as follows: | | |
| Profit attributable to owners of the Company R (million) | 273.4 | 3 164.8 |
| Adjustment 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) | 0.3 | 0.2 |
| Headline earnings R (million) | 273.7 | 270.2 |
| Basic headline earnings (cents per share) | 167 | 191 |
| Diluted headline earnings (cents per share) | 166 | 191 |

## 33. Events after the reporting date

There were no significant events post the date of the statement of financial position.

# Company statement of financial position

*As at 31 December 2011*

| | | Company | |
|---|---|---|---|
| | | 2011 | 2010 |
| | Notes | R (million) | R (million) |
| **ASSETS** | | | |
| Non-current assets | | | |
| Investments | 2 | 6 819.2 | 6 819.2 |
| Current assets | | | |
| Held-to-maturity investments | 3 | 264.9 | 250.9 |
| Prepayments | | 0.9 | — |
| Intercompany loans | | 227.7 | 174.2 |
| Current tax receivable | 4 | 0.2 | 0.3 |
| Cash and cash equivalents | | 580.1 | 598.8 |
| | | 1 073.8 | 1 024.2 |
| Total assets | | 7 893.0 | 7 843.4 |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 5 | 1.7 | 1.7 |
| Share premium | 5 | 7 819.8 | 7 819.8 |
| Share-based payment reserve | | 40.8 | 11.6 |
| Retained earnings/(loss) | | 30.0 | (2.0) |
| | | 7 892.3 | 7 831.1 |
| Current liabilities | | | |
| Accruals | | 0.7 | 12.3 |
| Total equity and liabilities | | 7 893.0 | 7 843.4 |

| | Company |
|---|---|

# Company statement of comprehensive income

***For the year ended 31 December 2011***

| | Notes | 2011<br>R (million) | 2010<br>R (million) |
|---|---|---|---|
| Dividend income | | 14.0 | 0.9 |
| Interest income | | 32.0 | 5.9 |
| Other income | | 0.7 | – |
| Administration expenses | | (7.8) | (4.5) |
| Listing fees not capitalised to share premium | | – | (3.8) |
| Profit/(loss) before tax | | 38.9 | (1.5) |
| Income tax for the year | 6 | (6.9) | (0.5) |
| Profit/(loss) for the year | | 32.0 | (2.0) |
| Other comprehensive income | | – | – |
| Total comprehensive income | | 32.0 | (2.0) |

# Company statement of changes in equity

*For the year ended 31 December 2011*

| | Number of shares issued | Ordinary shares | "A" ordinary shares | Share premium | Share-based payment reserve | Retained earnings/ (loss) | Total |
|---|---|---|---|---|---|---|---|
| | | R (million) | R (million) | R (million) | R (million) | R (million) | R (million) |
| Balance at 31 December 2010 | 165 087 584 | 1.7 | – | 7 819.8 | 11.6 | (2.0) | 7 831.1 |
| Share-based payment charge | | | | | 29.2 | | 29.2 |
| Total comprehensive income for the year | | | | | | 32.0 | 32.0 |
| Balance at 31 December 2011 | 165 087 584 | 1.7 | – | 7 819.8 | 40.8 | 30.0 | 7 892.3 |
| 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 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 |
| Issues 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 |
| Share-based payment charge | | – | – | – | 11.6 | – | 11.6 |
| Total comprehensive loss for the year | | – | – | – | – | (2.0) | (2.0) |
| Balance at 31 December 2010 | 165 087 584 | 1.7 | 0.0 | 7 819.8 | 11.6 | (2.0) | 7 831.1 |

# Company cash flow statement

***For the year ended 31 December 2011***

| | | Company | |
|---|---|---|---|
| | | 2011 | 2010 |
| | Notes | R (million) | R (million) |
| Cash generated by operations | 7 | 9.6 | 16.5 |
| Finance income | | 32.0 | 5.9 |
| Tax paid | | (6.8) | (0.8) |
| Net cash flow ulitised by operating activities | | 34.8 | 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 | | (53.5) | (174.2) |
| Net cash flow (utilised)/generated by financing activities | | (53.5) | 828.1 |
| Net (decrease)/increase in cash and cash equivalents | | (18.7) | 598.8 |
| Cash and cash equivalents at beginning of year | | 598.8 | – |
| Cash and cash equivalents at end of year | | 580.1 | 598.8 |

# Notes to the Company financial statements

*For the year ended 31 December 2011*

## 1. General information, basis of preparation and accounting policies

The general information, basis of preparation and accounting policies are disclosed on pages 106 to 118 and the Directors' report are disclosed on pages 96 to 101.

Investment in subsidiaries

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

| | Notes | Company 2011 R (million) | Company 2010 R (million) |
|---|---|---|---|
| **2. Investment in subsidiaries** | | | |
| Investments in unlisted companies at cost: | | | |
| *Direct investments in subsidiaries consist of:* | | | |
| 1 000 ordinary shares with a par value of R1 each in Royal Bafokeng Platinum Management Services (Pty) Ltd (100% interest) | | 0.0 | 0.0 |
| 320 ordinary shares with a par value of R1 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) Ltd (100%)

All subsidiaries are incorporated in South Africa.

The 67% participation interest in the BRPM Joint Venture is held by Royal Bafokeng Resources (Pty) Ltd.

| | Company 2011 R (million) | Company 2010 R (million) |
|---|---|---|
| **3. Held-to-maturity investments** | | |
| Investment in vested rights of the NED investment Trust | 250.0 | 250.0 |
| Accrued dividends | 14.9 | 0.9 |
| | 264.9 | 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 compound semi-annually
- R50 million earning 61.57% of prime nominal annual compound quarterly.

For the year ended 31 December 2011 dividends of R14.0 million (2010: R0.9 million) accrued on the Nedbank preference shares.

| | Company 2011 R (million) | Company 2010 R (million) |
|---|---|---|
| **4. Current tax receivable** | | |
| The movement in the balance can be explained as follows: | | |
| Opening balance at 1 January | (0.3) | – |
| Income tax charge | 6.9 | 0.5 |
| Tax refund received | 0.3 | – |
| Payment made | (7.1) | (0.8) |
| Closing balance at 31 December | (0.2) | (0.3) |

| | Company | |
|---|---|---|
| | 2011 | 2010 |
| | R | R |
| **5. Share capital and share premium** | | |
| *The authorised and issued share capital of the Company is as follows:* | | |
| Authorised share capital | | |
| 250 000 000 (2010: 250 000 000) ordinary shares with a par value of R0.01 each | 2 500 000 | 2 500 000 |
| 1 500 000 (2010: 1 500 000) “A1” ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| 1 500 000 (2010: 1 500 000) “A2” ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| 1 500 000 (2010: 1 500 000) “A3” ordinary shares with a par value of R0.01 each | 15 000 | 15 000 |
| Total authorised share capital | 2 545 000 | 2 545 000 |
| Issued ordinary share capital | | |
| Opening balance 164 241 713 (2010: 137 057 500) ordinary shares with a par value of R0.01 each | 1 642 417 | 1 370 575 |
| Additional 10 000 000 ordinary shares issued to RPM as deferred compensation | – | 100 000 |
| 16 620 299 ordinary shares issued as primary issue with listing of the Company | – | 166 203 |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | 3 305 | 5 508 |
| 563 914 (2010: 563 914) ordinary shares issued to the Mahube Trust | – | 5 639 |
| Less: Treasury shares | | |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | (3 305) | (5 508) |
| Total 164 241 713 (2010: 164 241 713) ordinary shares | 1 642 417 | 1 642 417 |
| Issued “A1”, “A2”, “A3” ordinary shares | | |
| Opening balance 845 871 (2010: 0) “A1”, “A2”, “A3” ordinary shares with a par value of R0.01 each | 8 459 | – |
| 845 871 “A1”, “A2”, “A3” ordinary shares issued to the Mahube Trust | – | 8 459 |
| Total 845 871 (2010:845 871) “A1” ordinary shares | 8 459 | 8 459 |
| Share premium | R (million) | R (million) |
| Opening balance | 7 819.8 | 6 817.8 |
| 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 |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | 21.5 | 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 per share premium | – | (63.2) |
| Less: Treasury shares | | |
| 330 521 (2010: 550 848) ordinary shares issued as part of the management share incentive scheme | (21.5) | (33.5) |
| Total | 7 819.8 | 7 819.8 |

The “A” ordinary shares were issued to the Mahube Trust as part of the employee share ownership plan and these “A” ordinary shares are not listed.

168 081 ordinary shares were issued on 18 February 2011 and 162 440 ordinary shares on 1 April 2011 as part of the Company’s management staff incentive scheme.

| | 2011 | 2010 |
|---|---|---|
| | R (million) | R (million) |
| **6. Income tax expense** | | |
| Income tax | 6.9 | 0.5 |
| Tax rate reconciliation: | | |
| Profit/(loss) before tax | 38.9 | (1.5) |
| Tax calculate at a tax rate of 28% | (10.9) | 0.4 |
| Non-deductible expenses | – | (1.2) |
| Non-taxable income | 4.0 | 0.3 |
| | (6.9) | (0.5) |
| Effective tax rate (%) | 17.7 | 33.3 |

# Notes to the Company financial statements (continued)

*For the year ended 31 December 2011*

| | 2011<br>R (million) | 2010<br>R (million) |
|---|---|---|
| **7. Cash generated by operations** | | |
| Profit/(loss) before tax | 38.9 | (1.5) |
| Finance income | (46.0) | (5.9) |
| Share-based payment expenses | 29.2 | 11.6 |
| (Decrease)/increase in accruals | (11.6) | 12.3 |
| Increase in prepayments | (0.9) | — |
| Cash generated by operations | 9.6 | 16.5 |