ANNUAL FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

for the year ended 31 December 2014

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 202 to 250 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act 71 of 2008 of South Africa 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 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. 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 2014 are set out on pages 202 to 250. The preparation thereof was supervised by the Chief Financial Officer, Martin Prinsloo who is a qualified Chartered Accountant CA(SA) and approved by the Board of directors on 27 February 2015 and are signed on its behalf by:

KD Moroka SC
Chairman

SD Phiri
Chief Executive Officer

CERTIFICATE OF THE COMPANY SECRETARY

for the year ended 31 December 2014

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 compliance with the Companies Act 71 of 2008.

LC Jooste
Company Secretary

27 February 2015

AUDIT AND RISK COMMITTEE REPORT
for the year ended 31 December 2014

I am pleased to present the report for the financial year ended 31 December 2014 of RBPlat's independent Audit and Risk Committee. The Committee's duties and objectives, as mandated by the Board, allow it to discharge its statutory and other Board-delegated duties in accordance with its terms of reference, which are available on the Company's website at www.bafokengplatinum.co.za.

Composition, meetings and assessment

The Committee's membership, as at 31 December 2014, consisted of four independent non-executive directors. Following the resignation of Mr David Noko and Prof Francis Petersen from the Board on 15 September 2014, and their consequent withdrawal as committee members, Mr Mark Moffett and Ms Louisa Stephens were appointed to the Committee on 10 November 2014. Mr Robin Mills remains a member of the Committee, which I chair.

The Committee held four meetings in 2014 and also holds closed sessions with key relevant parties and, from time to time, we hold members only in-camera sessions to allow us to conduct confidential assessments and discussions.

The Committee's terms of reference prescribe that the effectiveness of the Committee, its Chairman and members should be assessed annually. The outcome of the 2014 evaluation was positive.

Role and responsibilities

The Committee has executed its responsibilities in keeping with the recommendations of King III, the JSE Listings Requirements and the Companies Act 71 of 2008 (the Companies Act), as well as the additional responsibilities prescribed by our terms of reference, as endorsed by the Board of directors. Our key areas of responsibilities are to:

- perform our statutory duties as prescribed by the Companies Act
- oversee the integrated reporting process and assess the disclosures made to all stakeholders in conjunction with the Social and Ethics Committee, which includes the Annual Financial Statements for the year under review
- oversee and assess the governance implementation process, as well as the resources allocated to the management of these processes
- oversee and assess risk and compliance management processes and the assurance thereof
- consider the effectiveness of internal controls
- oversee the appointment and functions of internal and external audit and the non-audit services rendered during the year
- assess independence and performance of both the external and internal audit process and providers.

The Committee has also fulfilled its duty to the Board and has assisted the Board in carrying out certain areas of its duties to all its stakeholders.

Financial statements and accounting policies

The Committee assessed the Group's accounting policies and consolidated annual financial statements for the year ended 31 December 2014.

In 2014 the Committee assessed new accounting policies relating to the RBPlat home ownership scheme, which have been implemented in the 2014 consolidated annual financial statements.

The Committee recommended the audited consolidated annual financial statements to the Board for approval. These will be tabled for shareholders' approval at the next Annual General Meeting of the Company.

External auditor appointment and independence

The Committee satisfied itself that the Group's external auditor is independent, which included 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. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. A formal policy governs the process whereby the auditor is considered for non-audit services.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review.

The Committee has nominated PricewaterhouseCoopers Inc. for election at the Annual General Meeting as RBPlat's external auditor for the 2015 financial year. The Committee satisfied itself that the audit firm and designated auditor are accredited in terms of the JSE list of auditors and their advisors.

Integrated reporting and combined assurance

The Committee, together with the Social and Ethics Committee, perform an oversight role with regard to the Group's integrated report, the reporting process and the information disclosed in the report, to ensure the reasonable accuracy and consistency of its content. The information in the integrated report is reviewed and ultimately interrogated by the Board at an annual workshop held in January of every year to ensure that the Board is satisfied with its integrity. The Committee recommended the integrated report to the Board for approval. A combined assurance plan for 2015 has been approved by the Committee.

Governance of risk

The Committee is responsible for overseeing the governance of the risk management function, including operational, financial reporting, fraud, internal control, ICT governance, and compliance risks, among others. The Risk Management Framework and Policy, as adopted by the Board, is implemented with oversight by the Committee. To this end the Committee obtained assurance from KPMG as internal audit that nothing has come to their attention, or our attention as a committee, that gave us reason to believe that the internal controls, including the internal financial controls, were not effective in 2014.

The Committee approved Risk Appetite and Tolerance Policy levels and Framework, in addition to the previously approved ERM policy and framework, as part of its drive to enhance the risk management process and move up the risk maturity curve to an optimised level. The Risk Appetite Statement and Risk Tolerance levels will be concluded in 2015 and will form the basis of the risk monitoring activities.

Internal audit

The Committee is mandated to ensure that the internal audit function is independent, properly resourced and effective. The function is outsourced to KPMG who operates within the scope of an internal audit charter and annual audit plan, which is approved by the Committee.

As with our external audit function, a non-audit services policy governs the provision of services by internal audit that fall outside the internal audit scope and plan.

Evaluation of the expertise and experience of the Chief Financial Officer and the finance function

The Committee satisfied itself that the expertise and resources within the finance function are appropriate, as is the experience of the senior members engaged to perform the financial responsibilities within the Group.

Going concern

Based on the results and the Committee's assessment and the going concern, the Committee was comfortable in recommending to the Board and believes that no material uncertainties existed to negatively impact the going concern of the Company and all entities in the Group will be a going concern for the next financial period and that the going concern basis of accounting was appropriately applied.

Prof L de Beer
Chairperson of the Audit and Risk Committee

27 February 2015

DIRECTORS' REPORT FOR GROUP AND COMPANY
for the year ended 31 December 2014

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).

When the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture between Royal Bafokeng Holdings and Anglo American Platinum Limited was restructured in 2009, control of the mining operations of the joint venture vested in RBPlat, which is a platinum mining vehicle for the RBN. RBPlat operates BRPM and is developing the Styldrift I project. RBPlat's significant reserves and resources can sustain operations for at least the next 60 years.

Results and dividend

The Group's and Company's financial results are set out on pages 202 to 250. These annual financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC), in terms of the Companies Act 71 of 2008, the JSE Listings Requirements and supported by reasonable and prudent judgements where required.

In terms of the current dividend policy the directors do not intend declaring a dividend until the development of the Styldrift I project is complete 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 16 provides details of the Group's operating environment. The Group's operational performance for 2014 is discussed on pages 10 to 13 and information on our future outlook can be found throughout the report. The Financial capital section on page 61 to 73 and the annual financial statements (pages 202 to 250) provide a full description of our financial performance for the year. During 2014 we met our commitment in terms of our three-year wage agreement to deliver homes for enrolled employees. For post year-end events please see Note 35 of the annual financial statements on page 243.

Going concern

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

Financial assistance

Shareholders approved the granting of financial assistance, subject to the provisions of sections 44 and 45 of the Companies Act, directly or indirectly, to present and future subsidiaries, related or interrelated parties for a period of two years commencing from the date of the resolution passed on 16 April 2014. A solvency and liquidity test is performed by the Board six monthly.

Corporate governance

A report on our corporate governance and the application of the principles of King III is included on pages 168 to 179 and on our website www.bafokengplatinum.co.za.

Health, safety, environment and community

Information on our health, safety and environmental performance and community participation is provided under Natural, Human and Social capital on pages 93 to 157.

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 182 to 186 and Human capital on pages 93 to 121.

Repurchase of shares

The Company has not exercised the general authority granted to it by shareholders to buy back issued ordinary shares. Shareholders will be requested to renew this authority at the next annual general meeting. 281 957 "A2" ordinary shares were repurchased in 2014 at par value of 0.01 cents in terms of the Memorandum of Incorporation and the scheme rules regulating the RBPlat Mahube Share Trust.

Material borrowings

For material borrowings please refer to Note 15 of the consolidated annual financial statements on page 223.

Directorate

The directors for the year under review were:

Director	Position	First appointed	Standing for re-election and election	Elected or re-elected at the last AGM
Linda de Beer	Independent non-executive director	1 June 2010		Yes
Robin Mills	Independent non-executive director	20 September 2010	Yes	
Kgomotso Moroka	Chairman and independent non-executive director	1 June 2010		Yes
Steve Phiri	Chief Executive Officer, executive director	1 April 2010	Yes	
Martin Prinsloo	Chief Financial Officer, executive director	2 March 2009	Yes	
Mark Moffett*	Independent non-executive director	22 September 2014	Yes	
Thoko Mokgosi-Mwantembe*	Independent non-executive director	5 November 2014	Yes	
Lucas Ndala	Non-executive director	28 May 2013		Yes
Mike Rogers	Independent non-executive director	7 December 2009		Yes
Louisa Stephens*	Independent non-executive director	22 September 2014	Yes	
David Wilson*	Non-executive director	29 May 2014	Yes	
Nico Muller	Chief Operational Officer (resigned 1 September 2014)	2 March 2009		
David Noko	Independent non-executive director (resigned 15 September 2014)	1 June 2010		
Francis Petersen	Independent non-executive director (resigned 15 September 2014)	1 June 2010		

** The newly appointed director will stand for election at the next Annual General Meeting of the Company*

Directors' and officers' disclosure of interests in contracts

During the period under review and at the time of signing off the integrated report, no contracts were entered into in which directors and officers of the Company had an interest and which would affect the business of the Group.

Service contracts of directors and prescribed officers

The Company has not entered into any contracts other than the normal employment service contracts with executive directors and other prescribed officers.

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 253 to 259).

Furthermore, shareholders authorised that the Board of directors, by way of an ordinary resolution, 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 (MOI) and the JSE Listings Requirements. This authority will be tabled for renewal of the next AGM.

RBPlat subsidiary companies passed special resolutions in 2014 authorising financial assistance to related or inter-related parties in alignment with the authority granted by shareholders at the last Annual General Meeting and in compliance with the Companies Act.

Power of the directors

Subject to RBPlat's 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 Board have been authorised to allot and issue ordinary shares up to a maximum of 5% of the issued share capital of the Company and a further 10% of the issued share capital in return for cash. These powers are exercised in terms of its MOI and resolution passed at the AGM held on 16 April 2014 and will be renewed at the AGM, to be held on 14 April 2015.

Directors' emoluments and compensation

Details of directors' emoluments and related payments can be found in Note 30 of the notes to the consolidated annual financial statements on page 232.

Rights offer and accelated book build

The Board of directors approved the allotment of 11 290 323 ordinary shares at R62 per share in the Company under the Accelerated Book Build Programme and further allotted an additional 14 545 455 ordinary shares at R55 per share under the rights offer in April 2014, raising a total of R1.5 billion in cash.

Share capital

Full details of the authorised and issued share capital of the Company are set out in Note 16 to the consolidated annual financial statements. As at 31 December 2014, there were 192 893 289 ordinary shares in issue at a par value of R0.01 each as well as 281 957 "A3" ordinary shares also issued at R0.01 each. Treasury shares held by the Company are outlined in the notes to the annual financial statements on page 224.

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 2014:

	% holding	Number of shares
Royal Bafokeng Platinum Holdings Proprietary Limited	52.53	101 333 105
Rustenburg Platinum Mines Limited	11.61	22 404 550
Public Investment Corporation (PIC)	5.40	10 418 573

A table detailing an analysis of the Company's shareholding can be viewed on page 252 of the report.

Directors' interest in Royal Bafokeng Platinum Limited

	Number of shares			
	2014 beneficial		2013 beneficial	
	Direct	Indirect	Direct	Indirect
Nico Muller**	**3 613**	**–**	38 459	99 507
Steve Phiri*	**160 513**	**170 730**	148 348	126 328
Martin Prinsloo*	**63 163**	**119 562**	122 548	99 906
Total	**227 289**	**290 292**	309 355	325 741

** Executive directors*

*** Resigned 1 September 2014*

Share disposals

During the year under review the following directors disposed of shares on the market as follows:

	Shares	Share price	Date
Nico Muller	33 898	R65.03	17 March 2014
	38 000	R74.57	18-19 August 2014
Exercised 224 544 share options at a strike price of R40.08	224 544	R65.17	16-26 September 2014
Martin Prinsloo	34 475	R65.03	17 March 2014
	70 000	R74.70	11 August 2014
Steve Phiri	44 830	R65.03	17 March 2014

Share disposals by prescribed officers

	Shares	Share price	Date
Vicky Tlhabanelo (Executive: Human Resources)	27 439	R65.03	17 March 2014

Directors' liabilities

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

RBPlat subsidiary companies

The following companies are wholly owned subsidiaries of Royal Bafokeng Platinum Limited:

> Royal Bafokeng Resources Proprietary Limited (RBR)

> Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS)

> Bafokeng Rasimone Management Services Proprietary Limited (100% held indirectly via Royal Bafokeng Resources Proprietary Limited) (BRMS)

> Friedshelf (RF) 1408 Proprietary Limited (Royal Bafokeng Resources Property Proprietary Limited) (100% held indirectly via Royal Bafokeng Resources Proprietary Limited).

Significant agreements

Amended 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, the distribution policy, accounting and financial concerns, warranties, restrictions on disposals of participation interests and mining rights, dispute resolution and general or miscellaneous concerns. RBR has a 67% participation interest in the BRPM JV and RPM has the remaining 33% participation interest in the BRPM JV. The BRPM JV is an unincorporated joint venture and is consolidated into the group.

Services agreement

As part of the BRPM JV restructuring a services agreement was entered into between RBP MS, RBR and RPM on 9 September 2009 in terms of which RBP MS was appointed as operator of BRPM JV in place of Anglo Platinum Management Services Proprietary Limited (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 17.5% of gross PGM, gold, nickel and copper revenue will be paid for the UG2 and Merensky ore mined from the 20 shaft area. The 6 and 8 shaft royalty agreement was renegotiated in 2013 and is linked to market conditions and therefore the profitability of the Impala Rustenburg operations. In terms of the amended royalty agreement for 6 and 8 shafts, Impala will pay the BRPM JV a royalty that is based upon a factor that is linked to the Impala Rustenburg operations' gross margin with minimum of 5% and a maximum of 25% of gross PGM, gold, nickel and copper revenue.

We anticipate earning royalties from the 6 and 8 shafts agreement for approximately four 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 at time of listing as part of the business combination. No impairment of property, plant and equipment has been recognised after considering the recoverable amount calculations.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL BAFOKENG PLATINUM LIMITED

for the year ended 31 December 2014

We have audited the consolidated and separate financial statements of Royal Bafokeng Platinum Limited set out on pages 202 to 250, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Royal Bafokeng Platinum Limited as at 31 December 2014, 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2014, we have read the Directors' report, the Audit and Risk Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor

2 Eglin Road
Sunninghill
2157

27 February 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

		Group	
	Notes	2014 R (million)	2013 R (million)
Assets			
Non-current assets		19 960.5	18 558.4
Property, plant and equipment	5	10 889.5	9 567.9
Mineral rights	6	6 518.4	6 583.7
Goodwill	7	2 275.1	2 275.1
Environmental trust deposits	8	113.6	106.8
Employee housing receivable	9	99.4	–
Employee housing benefit	10	36.9	–
Deferred tax asset	19	27.6	24.9
Current assets		3 543.4	2 259.1
Employee housing receivable	9	9.4	–
Employee housing assets	11	54.8	46.5
Employee housing benefit	10	3.0	–
Inventories	12	51.7	35.5
Trade and other receivables	13	1 558.0	1 404.2
Current tax receivable	14	2.3	–
Cash and cash equivalents	15	1 864.2	772.9
Total assets		23 503.9	20 817.5
Equity and liabilities			
Total equity		18 196.3	15 986.3
Share capital	16	1.9	1.7
Share premium	16	9 329.2	7 808.9
Retained earnings		4 330.7	3 889.8
Share-based payment reserve	17	176.6	157.7
Non-distributable reserve	18	71.8	–
Non-controlling interest		4 286.1	4 128.2
Non-current liabilities		4 574.9	4 331.6
Deferred tax liability	19	4 486.7	4 262.0
Long-term provisions	20	88.2	69.6
Current liabilities		732.7	499.6
Trade and other payables	22	726.1	499.4
Employee housing facility	15	6.6	–
Current tax payable	14	–	0.2
Total liabilities		5 307.6	4 831.2
Total equity and liabilities		23 503.9	20 817.5

The notes on pages 206 to 243 form an integral part of these consolidated annual financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

		Group	
	Notes	2014 R (million)	2013 R (million)
Revenue	23	**3 767.5**	3 251.1
Cost of sales	26	**(2 902.2)**	(2 650.1)
Gross profit		**865.3**	601.0
Other income	24	**25.2**	77.5
Administrative expenses	26	**(137.3)**	(105.0)
Finance income	25	**96.4**	42.7
Finance cost	25	**(5.1)**	(3.7)
Profit before tax	26	**844.5**	612.5
Income tax expense	27	**(245.7)**	(164.7)
Net profit for the year		**598.8**	447.8
Other comprehensive income		–	–
Total comprehensive income		**598.8**	447.8
Total comprehensive income attributable to:			
Owners of the Company		**440.9**	284.2
Non-controlling interest		**157.9**	163.6
		598.8	447.8
Basic earnings (cents per share)	34	**239**	173
Diluted earnings (cents per share)	34	**238**	173

The notes on pages 206 to 243 form an integral part of these consolidated annual financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Number of shares issued*	Ordinary shares* R (million)	Share premium R (million)	Share-based payment reserve R (million)	Non-distributable reserves R (million)	Retained earnings R (million)	Attributable to owners of the Company R (million)	Non-controlling interest R (million)	Total R (million)
Balance at 31 December 2013	164 459 662	1.7	7 808.9	157.7	–	3 889.8	11 858.1	4 128.2	**15 986.3**
Share-based payment charge	–	–	–	48.2	–	–	48.2	–	**48.2**
Mahube ordinary shares vested in March 2014	187 971	–	12.2	(12.2)	–	–	–	–	**–**
2011 BSP shares vested in March and April 2014	263 029	–	17.1	(17.1)	–	–	–	–	**–**
Issue of shares – bookbuild	11 290 323	0.1	699.9	–	–	–	700.0	–	**700.0**
Issue of shares – rights offer	14 545 455	0.1	799.9	–	–	–	800.0	–	**800.0**
Costs relating to issue of shares capitalised	–	–	(21.5)	–	–	–	(21.5)	–	**(21.5)**
Costs relating to rights followed on treasury shares	–	–	(6.4)	–	–	–	(6.4)	–	**(6.4)**
Share options exercised	384 217	–	19.1	–	–	–	19.1	–	**19.1**
RPM capital contribution to housing fund	–	–	–	–	71.8	–	71.8	–	**71.8**
Total comprehensive income	–	–	–	–	–	440.9	440.9	157.9	**598.8**
Balance at 31 December 2014	**191 130 657**	**1.9**	**9 329.2**	**176.6**	**71.8**	**4 330.7**	**13 910.2**	**4 286.1**	**18 196.3**
Balance at 31 December 2012	164 150 804	1.7	7 789.0	119.7	–	3 605.6	11 516.0	3 964.6	15 480.6
Share-based payment charge	–	–	–	57.9	–	–	57.9	–	57.9
Mahube ordinary shares vested in March 2013	187 971	–	12.2	(12.2)	–	–	–	–	–
2013 retrenchments (BSP early vesting)**	43 044	–	2.6	(2.6)	–	–	–	–	–
2010 BSP shares vested in December 2013	77 843	–	5.1	(5.1)	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	284.2	284.2	163.6	447.8
Balance at 31 December 2013	164 459 662	1.7	7 808.9	157.7	–	3 889.8	11 858.1	4 128.2	15 986.3

* *The number of shares is net of 1 762 632 (2013:1 622 781) treasury shares relating to the Company's management share incentive scheme and the Mahube Employee Share Trust as shares held by these special purpose vehicles are eliminated on consolidation*

** *18 D1 and below, and 17 D2 and above employees were retrenched in 2013. All retrenchment costs have been fully paid out*

The notes on pages 206 to 243 form an integral part of these consolidated annual financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

		Group	
	Notes	2014 R (million)	2013 R (million)
Net cash flow generated by operating activities		1 426.5	907.8
Cash generated by operations	28	1 358.5	875.8
Interest received		80.3	31.1
Interest paid		(1.1)	–
Dividends received		14.2	18.3
Tax received	14	–	1.1
Tax paid	14	(25.4)	(18.5)
Net cash flow utilised by investing activities		(1 813.9)	(784.8)
Proceeds from disposal of property, plant and equipment		–	0.3
Acquisitions of property, plant and equipment	5	(1 675.6)	(1 036.6)
Acquisition of employee housing assets	11	(138.2)	–
Increase in environmental trust deposits	8	(0.1)	(2.4)
Decrease in held-to-maturity investments		–	253.9
Net cash flow generated by financing activities		1 478.7	–
Issue of ordinary shares – bookbuild		700.0	–
Issue of ordinary shares – rights offer		800.0	–
Costs relating to issue of shares capitalised		(21.5)	–
Costs relating to rights followed on treasury shares		(6.4)	–
Increase in employee housing facility		6.6	–
Net increase in cash and cash equivalents		1 091.3	123.0
Cash and cash equivalents at beginning of year		772.9	649.9
Cash and cash equivalents at end of year	15	1 864.2	772.9

The notes on pages 206 to 243 form an integral part of these consolidated annual financial statements.

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 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 as issued by the International Accounting Standards Board (IASB), including IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act 71 of 2008 of South Africa.

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets, which are measured at fair value.

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.

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

The following standards or amendments to standards are not expected to have an impact on the results of the Group but will affect the disclosure in the financial statements:

Amendment to IAS 16 and IAS 38: *Amendments to Property, Plant and Equipment and Intangible Assets*, clarification of acceptable methods of depreciation and amortisation (effective for financial periods beginning on/after 1 January 2016).

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group:

IFRS 9: *Financial Instruments* (effective for financial periods beginning on/after 1 January 2018)

- In November 2009 the IASB issued IFRS 9 (2009), the first milestone in the project to replace IAS 39. This standard required the classification and measurement of financial assets into only two categories: amortised cost, and fair value through profit or loss (FVPL)
- In October 2010 the IASB published the updated IFRS 9 (2010), *Financial Instruments*, to include guidance on financial liabilities and derecognition of financial instruments, and in particular the requirement to present changes in own credit risk on liabilities at fair value in other comprehensive income (OCI)
- In March 2013, the IASB issued an exposure draft (ED) on limited amendments to IFRS 9 (2010), to address specific application questions raised by interested parties as well as to try and reduce differences with the FASB
- In November 2013, the IASB published the final hedging requirements excluding macro hedging
- In July 2014, the IASB published the new and complete version of IFRS 9 (hereafter IFRS 9 or the new standard), which includes the new hedge accounting, impairment and classification and measurement requirements.

The impact of the standard has not yet been assessed by management.

IFRS 15: *Revenue from Contracts with Customers* (effective for financial periods beginning on/after 1 January 2017)

Early application is permitted. The core principle of the new revenue recognition standard is that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. The most significant changes that flow from that principle are:

> Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
> Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal
> The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may now be recognised over the contract term and vice versa.

The impact of the standard has not yet been assessed by management.

Amendment to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* (effective for financial periods beginning on/after 1 January 2016)

Early application is permitted. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

The impact of the standard is expected to be immaterial.

Amendment to IAS 27: *Equity Method in Separate Financial Statements* (effective retrospectively for financial periods beginning on/after 1 January 2016)

Early application is permitted. The IASB has amended IAS 27, *Separate Financial Statements*, to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. An entity can now account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

a) at cost; or
b) in accordance with IFRS 9; or
c) using the equity method as described in IAS 28.

The impact of the standards is expected to be immaterial.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective prospectively for financial periods beginning on/after 1 January 2016)

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss will be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The impact of the standard has not yet been assessed by management.

Amendment to IAS 1: *Disclosure Initiative* (the amendments are effective for annual periods beginning on or after 1 January 2016)

The transition provisions state that the disclosures in paragraphs 28-30 of IAS 8, that is, those regarding adoption of a new standard/policy, are not required. Early application is permitted. This amendment aims to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved.

The impact of the standard has not yet been assessed by management.

Annual improvements to IFRS 2010 to 2012 cycle effective for financial periods beginning on/after 1 July 2014

Each of the amendments is summarised below:

IFRS 2: *Share-based Payment*

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3*: Business Combinations*

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, *Financial Instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent considerations, both financial and non-financial, are measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. The amendment is effective for business combinations where the acquisition date is on or after 1 July 2014.

1. General information (continued)

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Annual improvements to IFRS 2010 to 2012 cycle effective for financial periods beginning on/after 1 July 2014) (continued)

IFRS 8: *Operating Segments*

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. An entity shall apply this amendment for annual period beginning on/after 1 July 2014.

IFRS 13: *Fair Value Measurement*

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

IAS 16: *Property, Plant and Equipment, and IAS 38, Intangible Assets*

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

> Either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

> The accumulated depreciation is eliminated against the gross carrying amount of the asset.

An entity shall apply this amendment for annual period beginning on/after 1 July 2014.

IAS 24: *Related Party Disclosures*

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the management entity). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. An entity shall apply this amendment for annual periods beginning on/after 1 July 2014.

The impact of the standard has not yet been assessed by management.

Annual improvements for IFRS 2012 to 2014 cycle effective for financial periods beginning on/after 1 July 2016)

Each of the amendments summarised below:

IFRS 5: *Non-current Assets Held-for-sale and Discontinued Operations*

The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

IFRS 7: *Financial Instruments: Disclosures*

There are two amendments to IFRS 7.

1. *Servicing contracts*

   If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.

   IFRS 7 provides guidance on what is meant by continuing involvement in this context. The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment is prospective with an option to apply retrospectively. A consequential amendment to IFRS 1 is included to give the same relief to first-time adopters.

2. *Interim financial statements*

   The amendment clarifies that the additional disclosure required by the amendments to IFRS 7: *Disclosure – Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

IAS 19: *Employee Benefits*

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency in which the liabilities are denominated that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

IAS 34: *Interim Financial Reporting*

The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

The impact of the standards has not yet been assessed by management.

2. Group accounting policies

Group and Company financial statements

These consolidated financial statements incorporate the Company and its subsidiaries and controlled special purpose entities using uniform accounting policies.

2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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 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.

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.

Intercompany 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.

The Group consolidates the BRPM Joint Venture.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. 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 amount 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 directly attributable costs of investment.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Group accounting policies (continued)

2.2 Property, plant and equipment and mineral rights

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 or 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)
Furniture and fittings	4 – 10 years (straight-line)
Mining assets (shaft and development)	Units of production
Mineral rights	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.

2.3 Employee housing assets

Employee housing assets are recognised at cost which consists of the cost of the land and the cost to construct the houses and are classified as current assets as these houses are held primarily for purpose of trading. No depreciation is recognised on the employee houses as the intention is to sell the houses within a short period of time after their construction.

When the employee housing assets are sold to employees, the carrying amount of the house is derecognised. The difference between the proceeds received and the carrying amount of the house is recognised in profit and loss as a gain or loss on disposal of employee housing.

2.4 Exploration and evaluation assets

Exploration and evaluation assets acquired are initially recognised at cost. 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 Board concludes 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 Board uses to make that determination depends on the level of exploration.

> 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 Board is 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 Board to conclude that it is more likely than not that the Group will obtain future economic benefits from the expenditures

2.4 Exploration and evaluation assets (continued)

> 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 Board to conclude that more likely than not the Group will obtain future economic benefits from the expenditures.

2.5 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, e.g. when amounts are overdue for a significant period of time, 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 as an administrative expense.

2.6 Employee housing receivable

The employee housing receivable is 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 the employee housing receivable is established when there is objective evidence, e.g. when instalments are overdue for a significant period of time, that the Group will not be able to collect all amounts due according to the original terms of the sale agreement. 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 as an administrative expense.

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.

2.10 Impairment of assets

2.10.1 Non-financial assets

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 carrying amount that would have existed if the impairment had not been recognised. The reversal of an impairment is recognised in the statement of comprehensive income.

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. Group accounting policies (continued)

2.11 Revenue recognition

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

Revenue from sale of products is brought to account when the risks and rewards of ownership transfer and it is probable that both the economic benefits associated with the transaction will flow to the Group and 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. Where material is concentrated through a tolling agreement, revenue is also recognised once that concentrate is delivered to RPM.

In terms of the agreement, the commodity prices and R: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.

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.

The effective interest rate for the receivable from employees for housing assets is based on a market related interest rate based on average credit profile per band of employees.

Levy income is recognised on an accrual basis as it is invoiced every month and is classified as other income for 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 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 environmental trust deposit, trade and other receivables (excluding prepaid expenses and VAT refunds), cash and cash equivalents and the employee housing receivable.

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial liabilities comprise borrowings, shareholder loan, trade and other payables and bank overdraft. The Group classifies its financial liabilities as liabilities at amortised cost.

2.13.1 Financial assets at fair value through profit or loss

Initial recognition

Financial assets at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset is 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 in this category are classified as current assets other than the environmental trust deposit which is classified as a non-current asset. Financial assets at fair value through profit or loss are initially recognised at fair value. Nedbank equity-linked deposits (refer Note 8) are treated at fair value through profit or loss.

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 income, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payment is established.

Subsequent measurement

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

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 (refer Note 13). Environmental trust deposit held in the Standard Bank account (refer Note 8) form part of loans and receivables, and are treated at amortised cost. 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 Receivable from employees for housing assets

Initial recognition

When the employee housing assets are sold to employees, the Group recognises a financial asset receivable from the employee at fair value. The best evidence of the receivable's fair value on initial recognition is the transaction price. However, due to the employees paying a preferential interest rate of CPI plus 1%, the fair value may differ from the transaction price. The Group therefore determined a market-related rate for the financial asset based on an average credit profile per band of employees to determine the effective interest rate for this receivable. The Group recognises the difference between the fair value at initial recognition and the transaction price as an employee benefit.

Subsequent measurement

The financial asset receivable from the employee is accounted for at amortised cost (recognised at fair value on initial recognition and transaction cost) using the appropriate effective interest rate as determined above.

For the financial asset receivable from the employee, the portion to be realised within 12 months from the reporting period is presented as part of current assets, the balance of the amount is presented as a non-current asset in the statement of financial position.

2.13.4 Borrowings (liabilities at amortised cost)

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.

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.

The revolving credit and working capital facilities commitment fees as well as administration fees on guarantees are recognised in profit or loss.

2.13.5 Trade and other payables

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

2. Group accounting policies (continued)

2.14 Taxation

2.14.1 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.

2.14.2 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 amounts 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.

2.15 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

Changes in the rehabilitation provision relating to the open pit mine are recognised in the statement of comprehensive income as part of cost of sales.

Ongoing rehabilitation cost

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

2.20 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.

Environmental trust deposits held in the Nedbank equity-linked deposits are carried in the statement of financial position at fair value and deposits held in the Standard Bank account are carried at amortised cost. Contributions are based on the estimated environmental obligations over the life of a mine. Interest earned on monies paid to the trust is accounted for as finance income and income earned linked to the performance of the equity-linked component of the investment is included in other income. The Group has control over the trust and the special purpose entity is consolidated in the Group.

2.21 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.

A defined contribution plan is a retirement scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation 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, 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 other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus plans

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

Share-based payments

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

> Including any market performance conditions (for example, an entity's share price)

> Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, production targets and remaining an employee of the entity over a specified time period)

> Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all 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 issues 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. Group accounting policies (continued)

2.21 Employee benefits (continued)

Employee housing benefit

The Group recognises the difference between the fair value of the employee housing receivable at initial recognition and the transaction price as an employee benefit. The recognition of the initial difference is amortised over the shorter of the service period of the employee or the loan period. If the employee's service period differs from the initial expectation on occupation date, the change in expectation is recognised as a profit or loss in the statement of comprehensive income. The portion of the short-term employee benefit to be realised within 12 months from the reporting period is presented as part of current assets, the balance of the amount is presented as a non-current asset in the statement of financial position.

2.22 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.

2.23 Segment reporting

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

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:

Goodwill (Note 7)

Goodwill was calculated as the difference between the purchase consideration for the 67% interest in the BRPM Joint Venture and the Group's share of net assets acquired when the Group assumed control over BRPM upon listing on 8 November 2010. 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 costs 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 and mining assets the following key real long-term life of mine prices were used:
> Platinum US$1 777 per ounce (2013: US$1 905 per ounce)
> Palladium US$945 per ounce (2013: US$920 per ounce)
> A long-term real rand/US dollar exchange rate of R11.00/US$1 (2013: R9.64/US$1)
> A real discount rate of 7.5% (2013: 7.5%)
> Life of mine of 30 years (2013: 30 years).

If all assumptions remain unchanged then a decrease of 2.4% (2013: 2.0%) in the sales prices will result in a break-even position. Alternatively if all assumptions remain unchanged, a 1.3% (2013: 2.3%) increase in the discount rate from 7.5% to 8.8% will result in a break-even position. As can be expected the margin is small as the assets were fair valued in 2010.

Mineral rights outside the life of mine plan

For in-situ 4E resource ounces a value of US$10 per 4E ounce (2013: US$10 per 4E ounce) was used. This was based on independent experts' views of the value of these resources at the time of the listing of the Company. Subsequent improvement in the quality of resources would have improved this value.

The recoverable amount of goodwill is based on fair value less costs to sell.

Mineral reserves

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

Factors impacting the determination of proved and probable reserves are:
> The grade of mineral reserves may vary significantly from time to time (i.e. 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 amount 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.

Accounting treatment of Styldrift I project expenditure (Note 5)

The decision when to stop capitalising development costs and start expensing costs at the Styldrift I project requires judgement. The accounting is dependent on where the project is in terms of on reef development, stoping and production.

On reef development

All on reef development costs are capitalised to the Styldrift I project and are disclosed in Note 5 under capital work in progress. Income generated from the treatment of stockpiles generated from the on reef development tonnes is treated as revenue. The cost of sales associated with this revenue excludes any extractions costs (which form part of development capital expenditure) and includes only the marginal rehandling and processing costs.

Stoping

As part of the ramp-up phase of Styldrift I project stoping will commence whilst other parts of the mine are still being developed. The costs incurred during stoping, i.e. the tonnes mined when Styldrift enters the stoping phase, will be capitalised to inventories. These tonnes and their associated costs will not form part of the capital project cost but will be shown as current assets under inventories (stockpiles). As these stockpiles are treated, the costs thereof will be expensed to cost of sales and the associated revenue will be reflected in revenue in the statement of comprehensive income.

Development costs during the ramp-up phase will continue to be capitalised as part of the project.

Production

Once Styldrift I project commences with its production phase, all operating costs will be expensed as cost of sales with the associated revenue shown in the statement of comprehensive income. Ongoing development costs, e.g. the equipping of new levels, will be capitalised. At the production stage, the project will be commissioned and the asset will move from capital work in progress to mining assets and will be depreciated over the life of the Styldrift I project shaft on a unit of production basis.

Environmental rehabilitation obligations (Note 20)

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:

	2014	2013
Current cost estimate R (million)	206.1	179.5
Real pre-tax risk free discount rate (%)	4	4

Share-based payments

The Group has various share-based payment plans in place. 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 audited 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. The employee has to stay in the employ of the Company for the full period of three years to qualify for the bonus shares. On vesting date, the employee receives shares.

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

Forfeitable share plan

The Company has established a forfeitable share plan (FSP) for its executive directors and senior managers. The FSP is linked to future performance of the Company as compared to its peers, utilising the total shareholder return (TSR) as a measure of performance. The Remuneration Committee is responsible for operating the FSP.

Employees participating in the FSP are awarded a number of forfeitable shares, based on their level and responsibility. The Remuneration Committee decides the award policy, which in 2014 was a multiple of total group package (TGP). The shares are held in escrow until they vest. The shares vest in equal tranches on the third, fourth and fifth anniversary of award. The proportion of shares that vest is based on the Company performance on the third anniversary. The employee has to stay in the employ of the Company for the period and the performance criteria have to be met for the shares to vest. On the vesting date, the employee receives shares.

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

3. Critical accounting estimates and assumptions (continued)

Share-based payments (continued)

2010 share option plan

Certain directors and senior managers of the Company (including all 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. Grants in subsequent years are issued at the weighted average trading price on the day prior to the grant date. The fair value of options granted is determined using the binomial model. The volatility was measured based on an analysis of daily share prices over the last four years. The share options vest from year three to five from when they were granted in three equal tranches.

Mahube Employee 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 no longer qualifying as beneficiaries of the Anglo Platinum Group Employee Share Participation Scheme (Kotula). Refer Note 16 where Mahube shares are disclosed.

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 Anglo American Platinum 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. Permanent employees who do not benefit from any other share schemes qualify for Mahube Trust Share Scheme. The beneficiary has to be in the employ of the Company on each distribution date. On distribution date, a third of Mahube's interest in the Company vests and is distributed to the beneficiaries. The first distribution took place on 31 March 2013. The final capital distribution will take place on or about 31 March 2015. Refer Note 30 for details of distribution.

Initial public offering bonus shares

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

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

	Bonus share plan				
	2014	2013	2012	2011	2010
Weighted average share price on grant date (rand)	**64.90**	58.50	57.99	64.12	65.20
Vesting years	**2017**	2016	2015	2014	2013

	Forfeitable share plan				
	2014	2013	2012	2011	2010
Weighted average share price on grant date (rand)	**71.90**	–	–	–	–
Vesting years	**2017 – 2019**	–	–	–	–

	Rights offer				
	2014	2013	2012	2011	2010
Weighted average share price on grant date (rand)	**55.00**	55.00	55.00	–	–
Vesting years	**2017**	2016	2015	–	–

	2010 share option plan				
	2014	2013	2012	2011	2010
Weighted average option value on grant date (rand)	**37.10**	37.41	29.07	–	32.27
Weighted average share price on grant date (rand)	**66.83**	57.61	57.47	–	60.25
Weigted average exercise price (rand)	**66.83**	57.61	57.47	–	60.25
Volatility (%)	**26.22 to 26.73**	47.2 to 57.61	49.5 to 47.8	–	40.3 to 48.2
Dividend yield	–	–	–	–	–
Risk-free interest rate (%)	**7.11 to 8.31**	6.08 to 8.51	7.18 to 8.01	–	7.59 to 8.46
Vesting years	**2017 – 2019**	2016 – 2018	2015 – 2017	2014 – 2016	2013 – 2015

3. Critical accounting estimates and assumptions (continued)

Share-based payments (continued)

Initial public offering bonus shares (continued)

	Mahube Trust share scheme	Initial public offering bonus shares
Weighted average option value on grant date (rand)	44.67	64.90
Weighted average share price on grant date (rand)	65.12	64.90
Volatility (%)	39.8 to 47.8	47.9
Dividend yield	–	–
Risk-free interest rate (%)	7.75 to 7.83	7.52
Vesting years	2013 – 2015	8 May 2012

Refer Note 30 for outstanding shares.

Activity on awards outstanding

	Forfeitable share plan		2010 share option plan		Bonus share plan		Mahube Trust share scheme	
	Forfeitable number of options	Share plan weighted average option price R	Number of options	Weighted average option price R	Number of shares	Weighted average award price R	Number of shares	Weighted average award price R
For the year ended 31 December 2014								
At 1 January 2014	–	–	3 816 185	55.69	1 186 735	59.74	939 857	46.08
Granted	235 195	71.91	898 332	65.83	355 656	64.90	–	–
Forfeited	(50 222)	71.91	(314 542)	59.01	(129 858)	59.40	–	–
Exercised	–	–	(403 554)	47.73	(254 948)	65.14	–	–
Expired	–	–	–	–	–	–	(469 928)	65.25
At 31 December 2014	**184 973**	**71.91**	**3 996 421**	**58.74**	**1 157 585**	**60.17**	**469 929**	**46.08**
For the year ended 31 December 2013								
At 1 January 2014	–	–	3 358 564	55.08	866 337	61.17	1 409 785	44.67
Granted	–	–	691 213	57.61	534 376	58.50	–	–
Forfeited	–	–	(135 128)	57.08	(85 924)	61.58	–	–
Exercised	–	–	(98 464)	46.67	(128 054)	64.13	–	–
Expired	–	–	–	–	–	–	(469 928)	41.86
At 31 December 2013	–	–	3 816 185	55.69	1 186 735	59.74	939 857	46.08

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. Where the final tax outcome 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. Refer to Note 21.5 for the tax contingency note.

Employee home ownership scheme

The employee home ownership scheme arrangement was concluded in May 2014 and involves the construction of 3 500 houses for eligible employees over a five-year period. At 31 December 2014, 422 houses were built, 295 of which were sold to employees.

Employee housing receivable

The fair value of the employee housing receivable is determined using a discounted cash flow model.

The following key assumptions were used in determining the fair value of the housing employee receivable:

- Instalment
  - Initial starting instalment of R2 543
  - Instalment increases on 1 July of each year and is fixed for a period of 12 months.
- Interest accruals
  - Interest rate is charged at 7.6% based on the May CPI rate of the current period plus 1% with a floor rate of 7% (CPI as at May of the current period is 6.7%)
  - Interest rates are adjusted annually effective from 1 July of each calendar year and remain fixed for a period of 12 months
  - The default interest rate for any employee who fails to make a monthly repayment of the instalment is set at the prime interest rate plus 2%

3. Critical accounting estimates and assumptions (continued)

Employee home ownership scheme (continued)

Employee housing receivable (continued)

- Interest accruals (continued)
  - The prime lending rate (defined as the "benchmark rate at which private banks lend out to the public") will be used as the base discount rate with an adjustment for counterparty credit risk (relative to the prime lending rate). This adjustment will be varied by risk grades (ie average credit profile per band).
- Payment period
  - The initial repayment period for the loans is 209 months
  - The repayment period however is adjusted based on interest rate movements.

4. Employee home ownership scheme

During 2013, RBPlat embarked on an initial pilot housing project which will ultimately involve the construction of approximately 3 500 houses for eligible enrolled employees over a five-year period. In December 2013, RBPlat took ownership of the first batch of houses which were recognised as property, plant and equipment. At that stage it was uncertain when the houses would be sold. As the intention is to sell the houses to employees within a 12-month period, the employee housing assets were subsequently reclassified as current assets. At 31 December 2014, 422 houses were built, 295 of which were sold to employees.

Friedshelf (RF) 1408 Proprietary Limited (Friedshelf), a wholly owned subsidiary within the RBPlat group, is a property company which was created in 2013 for the purpose of the housing scheme. All unsold houses are classified as inventory in the books of Friedshelf and on sale of the houses, revenue is recognised. On Group level however, unsold houses are classified as current assets (refer Note 11). On sale of the houses, an employee housing receivable is recognised (refer Note 9). This reclassification occurs because RBPlat is a mining company and is not in the business of buying and selling houses. All houses are sold to employees at cost.

The employee housing receivable is recognised at fair value using a discounted cash flow model. Refer to Note 3 where the fair value assumptions have been disclosed. The difference that arises between the loan amount outstanding and the fair value of the employee housing receivable is recognised as an employee housing benefit (refer Note 10). A Nedbank housing facility was drawn to fund a portion of the purchase of the employee houses, which is recognised as a liability (refer Note 15).

5. Property, plant and equipment

	Buildings R (million)	Furniture and fittings and computer ware R (million)	Mining assets (including decom-missioning asset) R (million)	Capital work in progress R (million)	Plant and machinery R (million)	Vehicles and equipment R (million)	Total R (million)
At 1 January 2014	70.7	94.1	5 060.8	3 255.6	1 078.8	7.9	9 567.9
Additions	0.4	0.4	–	1 681.7	–	–	1 682.5
Change in estimates of decommissioning asset	–	–	10.0	–	–	–	10.0
Depreciation	(3.8)	(34.3)	(188.2)	–	(144.1)	(0.5)	(370.9)
Transfers	13.8	15.3	238.2	(356.2)	87.4	1.5	–
At 31 December 2014	**81.1**	**75.5**	**5 120.8**	**4 581.1**	**1 022.1**	**8.9**	**10 889.5**
Cost	100.2	160.8	6 024.5	4 581.1	1 571.9	31.4	12 469.9
Accumulated depreciation	(19.1)	(85.3)	(903.7)	–	(549.8)	(22.5)	(1 580.4)
At 31 December 2014	**81.1**	**75.5**	**5 120.8**	**4 581.1**	**1 022.1**	**8.9**	**10 889.5**
Cost	80.7	84.1	5 553.9	2 593.6	1 394.8	28.4	9 735.5
Accumulated depreciation	(9.8)	(29.3)	(544.0)	–	(238.6)	(14.6)	(836.3)
At 1 January 2013	70.9	54.8	5 009.9	2 593.6	1 156.2	13.8	8 899.2
Additions	–	0.2	–	1 040.4	–	–	1 040.6
Change in estimates of decommissioning asset	–	–	1.3	–	–	–	1.3
Depreciation	(5.5)	(21.7)	(171.5)	–	(167.1)	(7.4)	(373.2)
Transfers	5.3	60.8	221.1	(378.4)	89.7	1.5	–
At 31 December 2013	70.7	94.1	5 060.8	3 255.6	1 078.8	7.9	9 567.9
Cost	86.0	145.1	5 776.3	3 255.6	1 484.5	29.9	10 777.4
Accumulated depreciation	(15.3)	(51.0)	(715.5)	–	(405.7)	(22.0)	(1 209.5)
At 31 December 2013	70.7	94.1	5 060.8	3 255.6	1 078.8	7.9	9 567.9

The Company has the life of mine right to use, but not ownership of assets with carrying amount of R1 076 944 883 (2013: R1 157 302 195) which is included in balances above.
Exploration and evaluation costs relating to Styldrift II incurred in the current year and included in capital WIP additions were R32.4 million (2013: R45.9 million).

Included in the 2014 additions is a non-cash amount of R6.9 million (2013: R4.0 million) which relates to Styldrift I project share-based payment charges capitalised (refer Note 17).

	Group	
	2014 R (million)	2013 R (million)
6. Mineral rights		
Opening balance at 1 January	**6 583.7**	6 645.0
Amortisation (included in cost of sales)	**(65.3)**	(61.3)
Closing balance at 31 December	**6 518.4**	6 583.7
Cost	**6 767.0**	6 767.0
Accumulated amortisation	**(248.6)**	(183.3)
Closing balance at 31 December	**6 518.4**	6 583.7

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. Royal Bafokeng Resources therefore has an undivided 67% participation interest in these rights whilst RPM has an undivided 33% participation interest in these rights.

	Group	
	2014 R (million)	2013 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). Goodwill was allocated entirely to the Group's mining operation.

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	
	2014 R (million)	2013 R (million)
8. Environmental trust deposits		
Environmental trust deposit held in Standard Bank account		
Opening balance at 1 January	**4.6**	2.2
Interest earned on environmental trust deposit (refer Note 25)	**0.1**	0.1
Increase in cash deposit during the year	**–**	2.3
Closing balance at 31 December	**4.7**	4.6
Environmental trust deposit held in Nedbank equity-linked deposit account		
Opening balance at 1 January	**102.2**	100.9
Fair value adjustment of the Nedbank equity-linked deposits (refer Note 24)	**6.7**	1.3
Fair value at 31 December	**108.9**	102.2
Total	**113.6**	106.8

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 20 for the environmental rehabilitation provision created.

According to the terms of the Nedbank equity-linked deposit, the deposit amount is guaranteed and will earn a guaranteed 3% per annum (naca) interest. In addition, there is a variable return component of which R55.9 million (2013: R58.8 million) of the R100.4 million (2013: R98.0 million) deposit is linked to the Bettabeta CIS BGreen portfolio exchange traded fund performance and the remaining R44.5 million (2013: R39.2 million) is linked to the FTSE/JSE Shareholder Weighted Top 40 Index performance. The variable return is capped based on a participation interest percentage of the growth in the relevant index to maturity. The Nedbank equity-linked deposits have been invested for a one-/two-/three-/four-/five-year period to ensure flexibility for when the cash will be required for rehabilitation.

The Nedbank equity-linked deposits are fair valued every month and the fair value adjustment is taken through the statement of comprehensive income as an adjustment to other income.

9. Employee housing receivable

	Group 2014 R (million)	Group 2013 R (million)
Opening balance	–	–
Houses sold to employees during the year (inclusive of VAT)	148.0	–
Interest capitalised	1.8	–
Employee housing benefit reallocation*	(41.0)	–
Closing balance at 31 December	108.8	–
Split between:		
Non-current portion of employee housing receivable	99.4	–
Current portion of employee housing receivable	9.4	–

There was no impairment of employee housing receivable in the current financial year.

** Fair value adjustment (refer Note 10)*

10. Employee housing benefit

	Group 2014 R (million)	Group 2013 R (million)
Opening balance	–	–
Additions for the year (reallocations from employee housing receivable) (Refer Note 3)	41.0	–
Amortisation charge for the year	(1.1)	–
Closing balance at 31 December	39.9	–
Split between:		
Non-current portion of employee housing benefit	36.9	–
Current portion of employee housing benefit	3.0	–

11. Employee housing assets

	Group 2014 R (million)	Group 2013 R (million)
Opening balance	46.5	–
Additions for the year	138.2	46.5
Houses sold to employees during the year (exclusive of VAT)	(129.9)	–
Closing balance at 31 December	54.8	46.5

12. Inventories

	Group 2014 R (million)	Group 2013 R (million)
Consumables	23.0	17.2
Stockpiles	28.7	18.3
Closing balance at 31 December	51.7	35.5

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

13. Trade and other receivables

	Group 2014 R (million)	Group 2013 R (million)
Trade receivables (RPM concentrate debtors – Refer Note 29)	1 344.6	1 313.2
Impala royalty receivable (refer Note 29)	10.8	10.9
VAT receivable	31.1	26.5
RPM capital contribution to housing costs (refer Note 18)	71.8	–
Other receivables	99.7	53.6
Closing balance at 31 December	1 558.0	1 404.2

13 Trade and other receivables (continued)

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 JV will be treated by RPM.

In terms of the disposal of concentrate agreement, the commodity prices and R: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 32.1 for sensitivity analysis).

Concentrate debtors are remeasured every month following delivery of the concentrate until the price is fixed at the end of the third month following delivery. The remeasurement is taken through the statement of comprehensive income as an adjustment to revenue.

14. Current tax (receivable)/payable

	Group	
	2014 R (million)	2013 R (million)
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**0.2**	2.0
Income tax charge	**23.7**	15.6
Refund to SARS for incorrect receipt	**(0.8)**	1.1
Payment made	**(25.4)**	(18.5)
Closing balance at 31 December	**(2.3)**	0.2
Current tax (receivable)/payable comprises:		
Current tax receivable	**(2.3)**	–
Current tax payable	**–**	0.2
Closing balance at 31 December	**(2.3)**	0.2

15. Cash and cash equivalents

	Group	
	2014 R (million)	2013 R (million)
Cash at bank and on hand	**431.0**	252.1
Short-term bank deposits	**1 433.2**	520.8
Closing balance at 31 December	**1 864.2**	772.9
The cash and cash equivalents above are split as follows:		
Cash and cash equivalents – 100% BRPM JV	**411.4**	195.0
Cash and cash equivalents – RBPlat corporate office	**1 452.8**	577.9
Closing balance at 31 December	**1 864.2**	772.9

Facilities

Royal Bafokeng Resources (RBR) cancelled its R1 billion revolving credit facility (RCF) with Nedbank Capital during July 2014. The RCF incurred commitment fees of 0.625% of the unutilised portion of the facility up to 29 June 2014 and 0.725% from 30 June 2014 until cancellation occurred. The RCF will be superseded with term debt to be raised for the completion of the Styldrift I project.

In addition, RBR has a R450 million, RBPlat a R3 million and RBPlat MS a R5 million working capital facility with Nedbank Capital. R200 million of the R450 million was allocated for the RBPlat housing facility. The closing balance of the reducing guarantee at year end is R3.5 million (refer Note 21.1).

Interest on the working capital facilities is based on a three-month JIBAR plus a margin of 2.45% nominal annual interest compounded monthly in arrears and it is repayable by 31 December 2015. There are commitment fees payable on these facilities of 0.625% of the unutilised portion of the facilities.

At year end RBR utilised R156.9 million (2013: R353.4 million) of its working capital facility for guarantees and R6.6 million in respect of the employee housing facility. RBP MS utilised R0.4 million (2013: R0.4 million) for guarantees. Refer Note 21.1 for further details.

The Group's facilities are shown in the table below:

	Facility amount	Utilised amount	Available funds	Repayment date
2014 committed facilities R (million)				
Nedbank RCF*	**–**	**–**	**–**	**31 December 2015**
Nedbank working capital facilities	**458.0**	**163.9**	**294.1**	**31 December 2015**
Total	**458.0**	**163.9**	**294.1**	
2013 committed facilities R (million)				
Nedbank RCF	1 000.0	–	1 000.0	31 December 2015
Nedbank working capital facilities	458.0	353.8	104.2	31 December 2015
Total	1 458.0	353.8	1 104.2	

** Facility cancelled during July 2014.*

	Group 2014 R	Group 2013 R
16. Share capital and share premium		
Authorised share capital		
250 000 000 (2013: 250 000 000) ordinary shares with a par value of R0.01 each	**2 500 000**	2 500 000
1 500 000 (2013: 1 500 000) "A1" ordinary shares with a par value of R0.01 each	**15 000**	15 000
1 500 000 (2013: 1 500 000) "A2" ordinary shares with a par value of R0.01 each	**15 000**	15 000
1 500 000 (2013: 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 164 459 662 (2013: 164 150 804) ordinary shares with a par value of R0.01	**1 644 596**	1 641 508
11 290 323 ordinary shares issued in terms of the bookbuild	**112 903**	–
14 545 455 ordinary shares issued in terms of the rights offer	**145 455**	–
590 851 (2013: 534 376) ordinary shares issued as part of management share incentive scheme	**5 909**	5 344
187 971 (2013: 187 971) Mahube ordinary shares vested in March	**1 880**	1 880
263 029 BSP shares vested in February and April 2014	**2 630**	–
384 217 ordinary shares issued as a result of share options exercised	**3 842**	–
43 044 BSP shares early vested with 2013 retrenchments	**–**	430
77 843 BSP shares vested in December 2013	**–**	778
Less: Treasury shares		
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**(5 909)**	(5 344)
Total 191 130 657 (2013: 164 459 662) ordinary shares	**1 911 306**	1 644 596
Issued "A1", "A2", "A3" ordinary share capital		
Opening balance 563 941 (2013: 845 871) "A" ordinary shares issued to Mahube Trust	**8 459**	8 459
"A1" and "A2" and "A3" ordinary shares issued on equal parts of 281 957 each		
281 957 "A1" ordinary shares repurchased and cancelled in 2013	**(2 819)**	(2 819)
281 957 "A2" ordinary shares repurchased and cancelled in 2014	**(2 819)**	–
Closing balance 281 957 (2013: 563 914) "A3" ordinary shares issued to Mahube Trust	**2 821**	5 640
Less: Treasury shares		
281 957 "A" ordinary shares issued to Mahube Trust	**(2 821)**	(5 640)
Total 281 957 (2013: 563 914) "A" ordinary shares	**–**	–
As at 31 December 2014, the treasury shares outstanding amounted to 1 762 632 shares (2013: 1 622 781 shares).		
Share premium	**R (million)**	R (million)
Opening balance	**7 808.9**	7 789.0
11 290 323 ordinary shares issued in terms of the bookbuild	**699.9**	–
14 545 455 ordinary shares issued in terms of the rights offer	**799.9**	–
Costs relating to issue of shares capitalised	**(21.5)**	–
Costs relating to rights followed on treasury shares	**(6.4)**	–
263 029 BSP shares vested in March and April 2014	**17.1**	–
384 217 ordinary shares issued as a result of share options exercised	**19.1**	–
590 851 (2013: 534 376) ordinary shares issued as part of the Company's management share incentive scheme	**42.5**	31.2
Mahube ordinary shares vested in March	**12.2**	12.2
BSP early vested with 2013 retrenchments	**–**	2.6
BSP shares vested in December 2013	**–**	5.1
Less: Treasury shares		
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**(42.5)**	(31.2)
Total share premium	**9 329.2**	7 808.9

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 590 851 (2013: 534 376) ordinary shares were issued as part of the Company's management staff incentive scheme.

	Group 2014 R (million)	Group 2013 R (million)
17. Share-based payment reserve		
The movement can be attributed to the following:		
Opening balance at 1 January	157.7	119.7
Share-based payment charge to statement of comprehensive income	41.3	53.9
Share-based payment charge capitalised to the Styldrift I project (refer Note 5)	6.9	4.0
Mahube ordinary shares vested in March 2014	(12.2)	(12.2)
BSP shares vested in March and April 2014	(17.1)	–
BSP shares early vested – 2013 retrenchments	–	(2.6)
BSP shares vested in December 2013	–	(5.1)
Closing balance at 31 December	176.6	157.7

Refer Note 3 for critical accounting estimates and assumptions used for the RBPlat share schemes.

	Group 2014 R (million)	Group 2013 R (million)
18. Non-distributable reserve		
Capital contribution from RPM relating to the housing project	71.8	–
Closing balance at 31 December	71.8	–

	Group 2014 R (million)	Group 2013 R (million)
19. 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 a legally enforceable right to set off tax assets against the tax liabilities and when the deferred income taxes relate to the same fiscal authority.		
Deferred tax comprises:		
Deferred tax asset	(27.6)	(24.9)
Deferred tax liability	4 486.7	4 262.0
Closing balance at 31 December	4 459.1	4 237.1

	Mineral rights R (million)	Property, plant and equipment R (million)	Provisions R (million)	Other R (million)	Total R (million)
2014					
At 1 January 2014	1 843.4	2 407.9	(22.5)	8.3	4 237.1
Charged to statement of comprehensive income	(18.3)	185.6	(6.5)	61.2	222.0
At 31 December 2014	1 825.1	2 593.5	(29.0)	69.5	4 459.1
2013					
At 1 January 2013	1 860.6	2 240.6	(31.0)	17.8	4 088.0
Charged to statement of comprehensive income	(17.2)	167.3	8.5	(9.5)	149.1
At 31 December 2013	1 843.4	2 407.9	(22.5)	8.3	4 237.1

Tax losses included in RBP MS which are not recognised as deferred tax assets, amount to R98.2 million (2013: R73.4 million). Of the deferred tax liability, approximately R4 020 million (2013: R3 829 million) will realise after 12 months.

	Group 2014 R (million)	Group 2013 R (million)
20. Long-term provisions		
Restoration and rehabilitation opening balance at 1 January	**68.7**	61.6
Unwinding of discount	**4.0**	3.7
Change in estimate of provision taken to statement of comprehensive income	**5.5**	2.1
Change in estimate of provision taken to decommissioning asset	**10.0**	1.3
Restoration and rehabilitation closing balance at 31 December	**88.2**	68.7
Other provisions	**–**	0.9
Closing balance at 31 December	**88.2**	69.6

Refer Note 3 for critical accounting estimates and assumptions used in the environmental rehabilitation obligation calculation.

Refer Note 8 for the environmental trust deposits made to fund this estimate and Note 21.1 for guarantees issued to fund the remainder.

	Group 2014 R (million)	Group 2013 R (million)
21. Contingencies and commitments		
21.1 Guarantees issued		
Royal Bafokeng Resources Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift project development (performance guarantee 30823102)	**17.1**	17.1
Eskom early termination guarantee for Styldrift (performance guarantee 31160603)	**17.5**	17.5
Eskom connection charges guarantee for Styldrift (performance guarantee 31173918)	**40.0**	40.0
Anglo American Platinum for the rehabilitation of land disturbed by mining activities at BRPM (financial guarantee 31247601)	**77.5**	77.5
DMR for the rehabilitation of land disturbed by prospecting/mining (financial guarantee 32388608)	**1.3**	1.3
Housing guarantee (financial guarantee 32237804)*	**3.5**	200.0
Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Tsogo Sun guarantee arising from lease agreement (financial guarantee 31101003)	**0.3**	0.3
Tsogo Sun guarantee arising from lease agreement (financial guarantee 31100309)	**0.1**	0.1
Total guarantees issued at 31 December	**157.3**	353.8

** The housing guarantee of R200 million reduces as the funds are drawn from the Nedbank working capital facilities or funded from cash resources.*

	Group 2014 R (million)	Group 2013 R (million)
21.2 Guarantees received from Anglo American Platinum		
For Anglo American Platinum's 33% of the Eskom guarantee to secure power supply for Styldrift project development (performance guarantee M523084)	**(5.6)**	(5.6)
For Anglo American Platinum's 33% of Eskom early termination guarantee for Styldrift (performance guarantee M529349)	**(5.8)**	(5.8)
For Anglo American Platinum's 33% of the Eskom connection charges guarantee for Styldrift (performance guarantee M529350)	**(13.2)**	(13.2)
Total guarantees received at 31 December	**(24.6)**	(24.6)
21.3 Capital commitment in respect of property, plant and equipment		
Commitments contracted for	**887.4**	918.3
Approved expenditure not yet contracted for	**5 008.7**	6 432.7
Total	**5 896.1**	7 351.0

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 participation interest in BRPM JV will be diluted according to the terms reflected in the BRPM JV agreement.

21.4 Operating 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 rates. The finance office lease in Rustenburg was renewable year-on-year at market rates. The finance office in Rustenburg was purchased subsequent to year end.

21. Contingencies and commitments (continued)

21.4 Operating commitments (continued)

The future aggregate lease payments under these operating leases are as follows:

	Group	
	2014 R (million)	2013 R (million)
No later than one year	**1.6**	1.5
Later than one year and no later than five years	**1.3**	3.0
Total	**2.9**	4.5

21.5 Tax contingency

On 31 January 2013 Royal Bafokeng Resources Proprietary Limited (RBR) received notice from the South African Revenue Services (SARS) that they have completed an audit of RBR's 2008 to 2010 tax assessments and that they intend reopening these assessments to effect certain proposed adjustments. These proposed adjustments primarily relate to SARS intending to disallow interest on shareholder's loans amounting to R586 million previously deducted by RBR and allowed by SARS in the 2008 and 2009 income tax assessments. On 19 February 2014, RBR received revised assessments from SARS for the 2008, 2009 and 2010 years amounting to R437.5 million comprising income tax of R106 million, penalties of R246.4 million and interest of R85.1 million, payable within seven days. RBR lodged an objection against these assessments and an application to suspend payment of taxes in terms of section 164(2) of the Tax Administration Act. SARS disallowed RBR's objection and RBR lodged a notice of appeal in November 2014. Based on independent advice and consultation to date, RBR remains confident that it has a reasonable prospect of successfully defending this matter.

22. Trade and other payables

	Group	
	2014 R (million)	2013 R (million)
Trade payables	**132.7**	46.8
Payroll accruals	**41.4**	32.8
Other accruals	**148.7**	206.3
Amounts owing to RPM per contribution to BRPM JV (refer Note 29)	**403.3**	213.4
VAT payable	**–**	0.1
Total	**726.1**	499.4

23. Revenue

	Group	
	2014 R (million)	2013 R (million)
Revenue from concentrate sales – production from BRPM concentrator	**3 339.6**	2 944.7
Revenue from UG2 toll concentrate	**427.9**	306.4
Total	**3 767.5**	3 251.1

Revenue and concentrate debtors are fair valued every month following the month of delivery of concentrate to Rustenburg Platinum Mines Limited (RPM) until the price is fixed in the third month following delivery. The fair value adjustment is recognised in revenue.

This means that revenue reflected for the financial years above includes the revaluation of the October, November and December concentrate deliveries of the previous year and the current year's October, November and December concentrate deliveries are remeasured at year end at the average prices for December. The realised prices for a specific financial year will only be finalised in January, February and March of the following financial year as the prices for deliveries for the last three months of the financial year are then fixed.

Included in the 2014 revenue from concentrate sales produced from the BPRM concentrator is revenue of R5.6 million (2013: R11.9 million) generated from the on reef development from the Styldrift I project.

	Group	
	2014 R (million)	2013 R (million)
24. Other income		
Impala royalty (Group resources mined by Impala Platinum Limited)	18.2	75.2
Fair value adjustment of the Nedbank equity-linked deposit (refer Note 8)	6.7	1.3
Levy and other income from housing assets	0.3	–
Other income	–	1.0
Total	25.2	77.5

The Impala royalty consists of royalties received from Impala for mining from their 6 and 8 shafts and 20 shaft area. Up to 30 September 2013 Impala paid a 15% of revenue royalty to BRPM JV for 6 and 8 shaft area. During 2013 the parties renegotiated the royalties receivable for 6 and 8 shafts with effect from 1 October 2013 from a 15% of revenue basis to a percentage of revenue calculated by applying a factor that is linked to the Impala Rustenburg operations' gross profit margin with a minimum of 5% and a maximum of 25% of revenue. Impala pays a 17.5% of revenue royalty to BRPM JV for the 20 shaft area.

During the year R16.6 million (2013: R72.8 million) royalties were received for the 6 and 8 shaft area and R1.6 million (2013: R2.4 million) for the 20 shaft area.

	Group	
	2014 R (million)	2013 R (million)
25. Net finance income		
The net finance income consists of the following:		
Interest received on environment trust deposit (refer Note 8)	0.1	0.1
Interest received on investments	82.0	31.0
Interest received on employee housing receivable	4.0	–
Dividend income	10.3	11.6
Total finance income	96.4	42.7
Interest expense	(1.1)	–
Unwinding of discount on decommissioning and restoration provision	(4.0)	(3.7)
Total finance cost	(5.1)	(3.7)
Net finance income	91.3	39.0

26. Profit before tax

	Group 2014 R (million)	2013 R (million)
Included in the profit before tax are the following items:		
On-mine costs:		
– Labour	**883.8**	773.3
– Utilities	**208.5**	179.4
– Contractor costs	**541.9**	489.0
– Movement in inventories	**(10.4)**	(6.6)
– Materials and other mining costs	**692.5**	615.8
– Materials and other mining costs – BRPM JV	**729.7**	651.0
– Elimination of intergroup management fee	**(37.2)**	(35.2)
State royalties	**12.6**	10.9
Depreciation – Property, plant and equipment	**369.8**	372.2
Amortisation – Mineral rights	**65.3**	61.3
Share-based payment expense	**21.8**	35.8
Social and labour plan expenditure	**110.3**	91.0
Retrenchments*	**–**	21.2
Styldrift incidental expenses	**3.8**	4.8
Other	**2.3**	2.0
Total cost of sales	**2 902.2**	2 650.1
Administrative expenses consist of the following corporate office expenses:		
Advisory fees	**7.7**	6.5
Legal fees	**3.7**	4.7
Employee costs (including directors' emoluments)	**70.4**	61.3
Mahube Trust expenditure	**1.5**	1.3
Depreciation of RBP MS non-current assets	**1.1**	1.0
Nedbank revolving credit facility commitment fee	**2.7**	3.8
Fees for guarantees	**2.5**	3.7
Share-based payment expense	**19.5**	18.1
Industry membership contributions	**2.0**	1.4
Rent for corporate office	**2.2**	1.9
Administration cost relating to housing	**14.0**	–
Amortisation of employee housing benefit	**1.1**	–
Other	**8.9**	1.3
Total administrative expenses	**137.3**	105.0
External and internal audit fees for the Group		
External and internal audit fees included in profit before tax		
External audit fees		
– Fees for audit	**1.6**	2.0
– Other fees	**0.8**	0.4
	2.4	2.4
Internal audit fees	**1.6**	1.1

** 18 D1 and below, and 17 D2 and above employees were retrenched in 2013. All retrenchment costs have been fully paid out.*

	Group	
	2014 R (million)	2013 R (million)
27. Income tax expense		
Income tax	(23.7)	(15.6)
Deferred tax		
– Current tax	(222.0)	(149.1)
Total	(245.7)	(164.7)
Tax rate reconciliation:		
Profit before tax	844.5	612.5
Tax calculated at a tax rate of 28%	(236.5)	(171.5)
Non-taxable income	4.7	10.4
Tax losses not recognised	(13.9)	(3.6)
	(245.7)	(164.7)
Effective tax rate (%)	29.1	26.9

An unredeemed capital allowance of R1 001.6 million (2013: R697.3 million) is carried over to 2015.

	Group	
	2014 R (million)	2013 R (million)
28. Cash generated by operations		
Cash generated by operations is calculated as follows:		
Profit before tax	844.5	612.5
Adjustment for:		
Depreciation of property, plant and equipment	370.9	373.2
Amortisation of employee housing benefit	1.1	–
Amortisation of mineral rights	65.3	61.3
Share-based payment expense	41.3	53.9
Change in estimate of provision taken to the statement of comprehensive income	5.5	2.1
Write off of post retirement medical aid provision no longer required	(0.9)	–
Finance cost	5.1	3.7
Finance income	(96.4)	(42.7)
Equity-linked return on BRPM Environmental Trust	(6.7)	(1.3)
Profit on disposal of property, plant and equipment	–	(0.3)
	1 229.7	1 062.4
Changes in working capital	128.8	(186.6)
(Increase)/decrease in inventories	(16.2)	5.6
Increase in trade and other receivables (excludes RPM receivable capital contribution to housing costs)	(81.7)	(195.3)
Increase in trade and other payables (excludes accrual for SBP expense capitalised)	226.7	3.1
Cash generated by operations	1 358.5	875.8

29. Related party transactions

- The Group is controlled by Royal Bafokeng Platinum Holdings Proprietary Limited (incorporated in South Africa), which owns 52.53% of RBPlat's shares
- Rustenburg Platinum Mines Limited (RPM) owns 11.61% of RBPlat's shares
- The remaining 35.86% of the shares are widely held
- RPM also holds the remaining 33% participation interest in the BRPM JV
- The Group's ultimate parent is Royal Bafokeng Holdings Proprietary Limited (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 BRPM JV to RPM for further processing by RPM. Refer to the Directors' report for further details of significant contracts with RPM

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

	Issued capital amount		Interest in capital	
Name	2014 R	2013 R	2014 %	2013 %
Direct investment				
Royal Bafokeng Platinum Management Services Proprietary Limited	**1 000**	1 000	**100**	100
Royal Bafokeng Resources Proprietary Limited	**320**	320	**100**	100
Indirect investment via Royal Bafokeng Resources Proprietary Limited				
Bafokeng Rasimone Management Services Proprietary Limited	**1 000**	1 000	**100**	100
BRPM JV – participation interest	**–**	–	**67**	67
Friedshelf (RF) 1408 Proprietary Limited	**100**	100	**100**	100

Transactions between the Company, its subsidiaries and joint venture are eliminated on consolidation. Refer Notes 21.1 and 21.2 for related party guarantees.

The following transactions were carried out with related parties:

	Group	
	2014 R (million)	2013 R (million)
BRPM Joint Venture balances at 31 December:		
Amount owing by RPM for concentrate sales (refer Note 13)	**1 344.6**	1 313.2
Amount owing to RPM for contribution to BRPM JV (working capital nature) (refer Note 22)	**403.3**	213.4
Amount owing by RPM for housing project costs	**71.8**	–
BRPM Joint Venture transactions:		
Concentrate sales to RPM (refer Note 23 and Directors' report)	**3 767.5**	3 251.1
Associate of holding company balances:		
Amount owing by Impala Platinum Limited for the fourth quarter royalty (refer Note 13)	**10.8**	10.9
Fellow subsidiaries and associates of holding company transactions:		
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewage plant (a subsidiary of RBH)	**7.2**	10.7
Impala Platinum Limited for royalty income (an associate of RBH) (refer Note 24 and Directors' report)	**18.2**	75.2
Geoserve Exploration Drilling Company for exploration drilling on Boschkoppie and Styldrift (a subsidiary of RBH)	**17.0**	23.2
Trident South Africa Proprietary Limited for steel supplies (a subsidiary of RBH)	**1.6**	0.8
Tarsus Technologies for electronic equipment purchases (a subsidiary of RBH)	**1.6**	2.4
Royal Bafokeng Administration – bulk water supply (a subsidiary of RBH)	**5.1**	–
MTech Industrial – supply and install heat pumps (a subsidiary of RBH)	**2.7**	–
Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH)	**0.9**	0.7

Details relating to key management emoluments (prescribed officers), share options and shareholdings in the Company are disclosed in Note 30.

30. Emoluments and compensation

30.1 Directors and senior management emoluments

Directors' emoluments and related payments for 2014

	Date appointed	Resignation date	Directors' fee R	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Total R
2014								
Executive directors								
Steve Phiri	1 Apr '10		–	3 368 974	766 710	123 816	3 388 604	7 648 104
Martin Prinsloo	2 Mar '09		–	2 671 356	243 624	130 322	2 471 425	5 516 727
Nico Muller	2 Mar '09	01 Sep '14	–	1 914 842	272 698	637 527	2 424 787	5 249 854
Non-executive directors*								
Kgomotso Moroka	1 Jun '10		1 317 345	–	–	–	–	1 317 345
Linda de Beer	1 Jun '10		460 957	–	–	–	–	460 957
Robin Mills	20 Sep '10		507 107	–	–	–	–	507 107
David Noko**	1 Jun '10	15 Sep '14	451 884	–	–	–	–	451 884
Francis Petersen	1 Jun '10	15 Sep '14	477 107	–	–	–	–	477 107
Mike Rogers	7 Dec '09		528 001	–	–	–	–	528 001
Mark Moffett	22 Sep '14		94 859	–	–	–	–	94 859
Lucas Ndala**	28 May '13		289 117	–	–	–	–	289 117
Louisa Stephens**	22 Sep '14		94 859	–	–	–	–	94 859
Thoko Mokgosi-Mwantembe	5 Nov '14		67 074	–	–	–	–	67 074
David Wilson**	29 Apr '14		263 909	–	–	–	–	263 909
Total			4 552 219	7 955 172	1 283 032	891 665	8 284 816	22 966 904

* *Non-executive director fees are paid on a quarterly basis and their fees accrued for the year were approved at the Annual General Meeting held on 16 April 2013*
** *Fees paid to Cela Corp Proprietary Limited (David Noko), MOGS Proprietary Limited (Lucas Ndala), Prime Select Holdings (Louisa Stephens) and Royal Bafokeng Holdings (David Wilson)*

Senior management emoluments and related payments for 2014

	Date appointed	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses* R	Underground market premium R	Total R
2014							
Senior management							
Glenn Harris	4 Jan '10	2 301 610	302 613	39 150	1 983 348	136 239	4 762 960
Mpueleng Pooe	1 Oct '13	1 845 986	168 008	86 106	–	–	2 100 100
Neil Carr	1 Dec '10	2 093 469	450 882	107 893	1 924 808	–	4 577 052
Reginald Haman	1 Oct '12	2 112 800	239 036	104 016	1 907 322	–	4 363 174
Velile Nhlapo**	1 Feb '12	1 222 600	92 024	559 351	2 041 947	67 956	3 983 878
Vicky Tlhabanelo	1 Apr '10	1 904 574	425 194	32 422	1 778 784	–	4 140 974
Total		11 481 039	1 677 757	928 938	9 636 209	204 195	23 928 138

* *Discretionary performance bonuses were considered when the 2013 financial results were finalised in February 2014*
** *Resigned 30 April 2014*

30. Emoluments and compensation (continued)

30.1 Directors and senior management emoluments (continued)

Directors' emoluments and related payments for 2013

	Date appointed	Directors' fee R	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Total R
2013							
Executive directors							
Steve Phiri	1 Apr '10	–	3 196 499	714 343	113 628	2 242 988	6 267 458
Martin Prinsloo	2 Mar '09	–	2 458 934	224 335	105 675	1 767 380	4 556 324
Nico Muller	2 Mar '09	–	2 356 930	335 828	120 920	1 922 478	4 736 156
Non-executive directors*							
Kgomotso Moroka	1 Jun '10	1 269 730	–	–	–	–	1 269 730
Linda de Beer	1 Jun '10	440 671	–	–	–	–	440 671
Robin Mills	20 Sep '10	447 620	–	–	–	–	447 620
David Noko	1 Jun '10	575 660	–	–	–	–	575 660
Francis Petersen	1 Jun '10	447 620	–	–	–	–	447 620
Mike Rogers	7 Dec '09	476 375	–	–	–	–	476 375
Matsotso Vuso**	11 Apr '11	239 648	–	–	–	–	239 648
Lucas Ndala	23 May '13	190 784	–	–	–	–	190 784
Total		4 088 108	8 012 363	1 274 506	340 223	5 932 846	19 648 046

* *Non-executive director fees are paid on a quarterly basis*
** *Resigned 27 April 2013*

Senior management emoluments and related payments for 2013

	Date appointed	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses* R	Retention bonus R	Total R
2013							
Senior management							
Glenn Harris	4 Jan '10	2 050 798	262 262	35 765	1 403 448	121 044	3 873 317
Mpueleng Pooe	1 Oct '13	462 922	42 002	20 101	–	–	525 025
Mzila Mthenjane**	1 Apr '09	658 157	52 076	33 716	1 296 826	–	2 040 775
Neil Carr	1 Dec '10	1 813 601	398 075	29 782	1 292 649	–	3 534 107
Reginald Haman	1 Oct '12	1 877 832	187 696	84 440	–	–	2 149 968
Velile Nhlapo	1 Feb '12	2 162 521	173 888	155 028	1 406 632	128 410	4 026 479
Vicky Tlhabanelo	1 Apr '10	1 805 872	396 153	29 824	1 382 366	–	3 614 215
Total		10 831 703	1 512 152	388 656	6 781 921	249 454	19 763 886

* *Discretionary performance bonuses were considered when the 2012 financial results were finalised in February 2013*
** *Resigned 1 April 2013*

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

	Share options awarded*	Award date	Strike price R	Award value R	Vesting dates	% vested to date
As of 31 December 2014						
Executive and non-executive directors						
Steve Phiri	297 521	1 Apr '10	60.50	**18 000 021**	1 Apr '13, '14, '15	**66**
Martin Prinsloo	241 047	2 Mar '09	36.30	**8 750 006**	1 Mar '12, '13, '14	**100**
Senior management						
Vicky Tlhabanelo	121 288	1 Apr '10	60.50	**7 337 924**	1 Apr '13, '14, '15	**66**
Glenn Harris	87 789	4 Jan '10	60.50	**5 311 235**	4 Jan '13, '14, '15	**66**
Neil Carr	116 030	1 Dec '10	65.50	**7 599 965**	1 Dec '13, '14, '15	**66**
Reginald Haman	163 599	1 Oct '12	48.90	**7 999 991**	1 Oct '15, '16, '17	**–**
Mpueleng Pooe	136 770	1 Oct '13	61.42	**8 400 413**	1 Oct '16, '17, '18	**–**
Lester Jooste (Company Secretary)	40 756	1 Jul '10	55.21	**2 250 139**	1 Jul '13, '14, '15	**66**

* *Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation or market share price*

30. Emoluments and compensation (continued)

30.1 Directors and senior management emoluments (continued)

	Forfeitable share plan	Bonus scheme shares	Rights offer shares	Award date	Issue price R	Award value R	Vesting dates	Vesting %
As of 31 December 2014								
Executive and non-executive directors								
Steve Phiri	–	–	3 539	14 Apr '14	55.00	194 645	1 Apr '15	100
	–	–	3 144	14 Apr '14	55.00	172 933	1 Apr'16	100
	–	43 156	–	1 Apr '12	57.99	2 502 616	1 Apr '15	100
	–	38 342	–	1 Apr '13	58.50	2 243 007	1 Apr '16	100
	–	26 106	–	1 Apr '14	71.91	1 877 282	1 Apr '17	100
	56 443	–	–	1 Apr '14	71.91	4 058 816	1 Apr '17, 18, 19	33.3*
Martin Prinsloo	–	–	2 888	14 Apr '14	55.00	158 847	1 Apr '15	100
	–	–	2 478	14 Apr '14	55.00	136 264	1 Apr'16	100
	–	35 219	–	1 Apr '12	57.99	2 042 350	1 Apr '15	100
	–	30 212	–	1 Apr '13	58.50	1 767 402	1 Apr '16	100
	–	19 040	–	1 Apr '14	71.91	1 369 166	1 Apr '17	100
	29 725	–	–	1 Apr '14	71.91	2 137 525	1 Apr '17, 18, 19	33.3*
Senior management								
Vicky Tlhabanelo	–	–	2 200	14 Apr '14	55.00	120 979	1 Apr '15	100
	–	–	1 938	14 Apr '14	55.00	106 578	1 Apr'16	100
	–	26 823	–	1 Apr '12	57.99	1 555 465	1 Apr '15	100
	–	23 630	–	1 Apr '13	58.50	1 382 355	1 Apr '16	100
	–	13 704	–	1 Apr '14	71.91	985 455	1 Apr '17	100
	19 655	–	–	1 Apr '14	71.91	1 413 391	1 Apr '17, 18, 19	33.3*
Glenn Harris	–	–	1 850	14 Apr '14	55.00	101 734	1 Apr'16	100
	–	–	1 967	14 Apr '14	55.00	108 206	1 Apr'17	100
	–	22 556	–	1 Apr '12	57.99	1 308 022	1 Apr '15	100
	–	23 991	–	1 April '13	58.50	1 403 474	1 Apr '16	100
	–	15 820	–	1 Apr '14	71.91	1 137 616	1 Apr '17	100
	20 620	–	–	1 Apr '14	71.91	1 482 856	1 Apr '17, 18, 19	33.3*
Neil Carr	–	–	1 874	14 Apr '14	55.00	103 055	1 Apr '15	100
	–	–	1 812	14 Apr '14	55.00	99 664	1 Apr'16	100
	–	22 849	–	1 Apr '12	57.99	1 325 014	1 Apr '15	100
	–	22 097	–	1 Apr '13	58.50	1 292 674	1 Apr '16	100
	–	14 829	–	1 Apr '14	64.90	1 066 353	1 Apr '17	100
	20 621	–	–	1 Apr '14	71.91	1 482 856	1 Apr '17, 18, 19	33.3*
Reginald Haman	14 694	–	–	1 Apr '14	71.91	1 056 646	1 Apr '17, 18, 19	33.3*
Lester Jooste (Company Secretary)	–	–	947	14 Apr '14	55.00	52 085	1 Apr '15	100
	–	–	913	14 Apr '14	55.00	50 208	1 Apr'16	100
	–	11 548	–	1 Apr '12	57.99	669 669	1 Apr '15	100
	–	11 132	–	1 Apr '13	58.50	651 222	1 Apr '16	100
	–	10 164	–	1 Apr '14	71.91	730 893	1 Apr '17	100

** 33.3% over a period of three years*

30. Emoluments and compensation (continued)

30.1 Directors and senior management emoluments (continued)

	IPO scheme shares matched by the Company	Award date	Deemed issue price R	Rights offer shares R	Issue price R	Award values R	Shares sold 2013 R	Shares sold 2014 R	Balance of shares R	Value of balance of shares R
As of 31 December 2014										
Executive directors										
Steve Phiri	99 174	8 Nov 2010	60.50	12 165	55.00	6 669 102	25 000	–	86 339	5 156 602
Martin Prinsloo	76 272	8 Nov 2010	60.50	10 615	55.00	5 198 281	10 000	13 724	63 163	3 762 979
Senior management										
Vicky Tlhabanelo	27 273	8 Nov 2010	60.50	3 546	55.00	1 845 047	11 300	–	19 519	1 161 397
Glenn Harris	31 405	8 Nov 2010	60.50	–	–	1 900 003	31 405	–	–	–
Lester Jooste (Company Secretary)	11 901	8 Nov 2010	60.50	1 841	55.00	821 266	1 350	–	12 392	739 591

30.2 Group incentive share scheme

Total Group share incentive scheme shares issued to date

	Opening balance	Cumulative closing balance	Total number "A3" ordinary shares	Deemed strike price R	Issue dates	Vested/exercised and forfeited (cumulative)	Vesting dates	Vesting %
IPO scheme shares	417 416	417 416	–	60.50	8 Nov '10	417 416	8 May '12	100
Share options issued to date	3 816 185	4 473 589	–	*	*	(60 692)	*	33.3 over three years
Bonus scheme shares								
2009 allocations	–	55 589	–	57.48	3 Dec '09	55 589	3 Dec '12	100
2010 allocations – BSP	55 589	133 432	–	65.00	1 Dec '10	77 843	1 Dec '13	100
2011 allocations – BSP	133 432	463 953	–	66.92	18 Feb '11 and	–	18 Feb 2014 and	100
				66.92	1 Apr '11	330 521	1 April '14	100
2012 allocations – BSP	463 953	888 938	–	57.99	1 Apr '12	49 604	1 Apr '15	100
2013 allocations – BSP	888 958	1 423 314	–	58.50	1 Apr '13	91 879	1 Apr '16	100
2014 allocations – BSP	1 423 314	1 778 970	–	71.91	1 Apr '14	18 681	1 Apr '17	100
2014 allocations – FSP	1 778 970	2 014 165	–	71.91	1 Apr '14	50 222	1 Apr '17, 18, 19	
2014 share issues^	2 014 165	2 398 382	–	–		–		–
Mahube share incentive scheme shares	563 914	563 914	281 957#	65.12	27 Jan '10	375 942	31 Mar '13 31 Mar '14 31 Mar '15	33.3 over three years

* *Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation (historically) or market share price and therefore range from R36.30 to R74.39 from January 2009 to December 2014. The options vest at a rate of one third after the third, fourth and fifth anniversary dates*

\# *281 957 "A1" ordinary shares were repurchased and cancelled in 2013 and 281 957 "A2"ordinary shares were repurchased and cancelled in 2014*

^ *Share options exercised*

At the AGM on 17 April 2013, shareholders approved ordinary resolution 16, which authorises the Company to utilise up to 9 932 884 ordinary shares in respect of all employee share incentive schemes. With a total of 7 195 879 securities already being utilised, 2 736 987 shares remain available to the RBPlat employee share schemes.

31. Dividends

No dividends have been declared or proposed in the current year (2013: nil).

32. Financial risk management

32.1 Financial risk factors

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

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

Categories of financial instruments and fair value

The following table represents the Group's assets and liabilities at fair value (all financial instruments are carried at amortised cost except for the Nedbank equity-linked deposit in the environmental trust deposit which is carried at fair value):

		Carrying amount		Fair values	
	Notes	**2014 R (million)**	2013 R (million)	**2014 R (million)**	2013 R (million)
Financial assets					
Financial assets at fair value through profit or loss					
Environmental trust deposits	8	**108.9**	102.2	**108.9**	102.2
Loans and receivables					
Environmental trust deposits	8	**4.7**	4.6	**4.7**	4.6
Employee housing receivable	9	**149.8**	–	**108.8**	–
Trade and other receivables (excluding VAT)	13	**1 526.9**	1 377.7	**1 526.9**	1 377.7
Cash and cash equivalents	15	**1 864.2**	772.9	**1 864.2**	772.9
Total financial assets		**3 654.5**	2 257.4	**3 613.5**	2 257.4
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables (excluding VAT and payroll accruals)	22	**684.7**	466.5	**684.7**	466.5
Total financial liabilities		**684.7**	466.5	**684.7**	466.5

32.1.1 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar as the BRPM JV concentrate revenue is impacted by the R:US$ exchange rate. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. It is anticipated that foreign currency purchases of mining equipment for the Styldrift project will increase significantly in 2015.

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

In terms of the agreement, the commodity prices and R: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 the month of delivery.

Revenue and concentrate debtors are remeasured every month following the month of delivery until the price is fixed in the third month. The remeasurement 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 comprehensive income and therefore equity.

32. Financial risk management (continued)

32.1 Financial risk factors (continued)

32.1.1 Market risk (continued)

		Statement of financial position		Statement of comprehensive income	
	Notes	**2014 R (million)**	2013 R (million)	**2014 R (million)**	2013 R (million)
Financial assets					
Trade and other receivables still subject to price fluctuations		**959.8**	944.5	**±95.9**	±94.5
Trade and other receivables not subject to price fluctuations		**384.8**	368.7	**–**	–
Total	13	**1 344.6**	1 313.2	**±95.9**	±94.5

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 (RPM).

In terms of the disposal of concentrate agreement between RBR and RPM the commodity prices and R: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 remeasured every month following the delivery month until prices are fixed in the third month. The remeasurement is recognised in revenue.

Sensitivity analysis

Commodity price risk sensitivity analysis presents the effect of a 10% change in the year end commodity price on financial instruments in the statement of financial position, statement of comprehensive income and therefore equity.

		Statement of financial position		Statement of comprehensive income	
	Note	**2014 R (million)**	2013 R (million)	**2014 R (million)**	2013 R (million)
Financial assets					
Trade and other receivables still subject to price fluctuations		**959.8**	944.5	±95.9	±94.5
Trade and other receivables not subject to price fluctuations		**384.8**	368.7	–	–
Total	13	**1 344.6**	1 313.2	±95.9	±94.5

Equity price risk

The Group is exposed to equity price risk in respect of the environmental trust deposits invested in the Nedbank equity-linked deposits. Refer Note 8.

Sensitivity analysis

Equity price risk sensitivity analysis presents the effect of a 5% change in the Bettabeta CIS BGreen portfolio exchange traded fund and FTSE/JSE shareholder weighted Top 40 Index performance for the year.

		Statement of financial position		Statement of comprehensive income	
	Note	**2014 R (million)**	2013 R (million)	**2014 R (million)**	2013 R (million)
Financial assets					
Environmental trust deposits	8	**108.9**	102.2	±5.5	±5.1

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.

32. Financial risk management (continued)

32.1 Financial risk factors (continued)

32.1.1 Market risk (continued)

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2014 R (million)**	2013 R (million)	**2014 R (million)**	2013 R (million)
Financial assets					
Environmental trust deposits	8	**4.7**	4.6	–	–
Employee housing receivable	9	**108.8**	–	±0.8	–
Cash and cash equivalents	15	**1 864.2**	772.9	±13.4	±5.1

32.1.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty 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, the employee housing receivable, and other financial assets and financial guarantees. Refer Note 21.1 for financial guarantees.

The Group's trade debtor credit risk is limited to one customer as all metals in concentrate are sold to Rustenburg Platinum Mines Limited (RPM). RPM has never defaulted on meeting its obligation. The value of the receivable at year end was R1 344.6 million (2013: R1 313.2 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 reputable financial institutions with a credit rating of at least AA- (zaf).

With regard to the employee housing receivable, the Group is exposed to the credit risk of employees as houses are sold to employees on credit. The value of the receivable at year end is R108.8 million (2013: nil).

Default for reporting purposes is measured as payments outstanding for more than four months. Interest is charged at prime rate on late payments. Default for the employee housing receivable is measured as payments outstanding for more than one month. Where employees have missed one or more instalments, interest is charged at prime rate plus 2%. At year end, none of the employees have defaulted on meeting their obligation.

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

32.1.3 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) (Note 15) 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.

32. Financial risk management (continued)

32.1 Financial risk factors (continued)

32.1.3 Liquidity risk (continued)

	Notes	Less than one year R (million)	Between one and two years R (million)	Between two and five years R (million)	Over five years R (million)
2014					
Trade and other payables	22	**684.7**	–	–	–
Financial guarantees	21.1	**3.5**	–	**0.4**	**78.8**
Employee housing facility	15	**6.6**	–	–	–
2013					
Trade and other payables	22	466.6	–	–	–
Financial guarantees	21.1	147.0	–	0.4	78.8
Employee housing facility	15	–	–	–	–

32.1.4 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 managing capital.

32.1.5 Fair value determination

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

> Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

> Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

> Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the environmental trust deposit that is measured at fair value and the employee housing receivable that is measured at amortised cost but for which fair value disclosure is provided at 31 December:

	Notes	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2014				
Financial assets at fair value through profit or loss				
Environmental trust deposits[1]	**8**	–	**108.9**	–
Financial assets at amortised cost				
Employee housing receivable[2]	**9**	–	–	**108.8**
2013				
Financial assets at fair value through profit or loss				
Environmental trust deposits[1]	8	–	102.2	–
Financial assets at amortised cost				
Employee housing receivable[2]	9	–	–	–

1. This was valued using the level 2 fair values which are directly derived from the Shareholders Weighted Top 40 Index (SWIX 40) on the JSE and the Bettabeta CIS BGreen portfolio exchange traded fund

2. The fair value was determined using a discounted cash flow model. Refer Note 3 for the inputs used to determine the fair value measurement

33. Segmental reporting

The Group is currently operating one mine with two decline shafts and the Styldrift I project. These operations are located in the North West province of South Africa, 120 kilometres from Johannesburg, 30 kilometres from Rustenburg and 17 kilometres from Phokeng. With the increase in the capital spend and progress on the Styldrift 1 project, it was decided to show BRPM and Styldrift I as separate segments from 2014 onwards. In addition, due to the different nature and significance of the employee home ownership scheme, it was also decided to show housing as a separate segment.

The Executive Committee of the Company is regarded as the chief operating decision-maker.

33. Segmental reporting (continued)

33.1 Segmental statement of comprehensive income

	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total 2014 R (million)	BRPM JV mining segment* R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	2013 R (million)
Concentrate sales	3 761.9	5.6	3 767.5	–	–	3 767.5	3 251.1	–	–	3 251.1
Houses sold to employees	–	–	–	129.9	(129.9)	–	–	–	–	–
Cash cost of sales	(2 363.9)	–	(2 363.9)	–	37.2	(2 326.7)	(2 092.8)	–	36.0	(2 056.8)
Cost of housing assets for employees	–	–	–	(129.9)	129.9	–	–	–	–	–
Depreciation	(258.8)	–	(258.8)	–	–	(258.8)	(262.7)	–	–	(262.7)
Movement in inventories	10.4	–	10.4	–	–	10.4	6.6	–	–	6.6
Other operating income	20.2	4.6	24.8	0.4	–	25.2	76.8	–	–	76.8
Share-based payment expenses (non-cash)	(21.8)	–	(21.8)	–	(19.5)	(41.3)	(35.8)	–	–	(35.8)
Other operating expenditure	(318.4)	(13.3)	(331.7)	–	215.3	(116.4)	(119.0)	–	–	(119.0)
Administration expenditure and royalties	–	–	–	(14.0)	(115.2)	(129.2)	–	–	(115.9)	(115.9)
Amortisation of employee housing benefit	–	–	–	(1.1)	–	(1.1)	–	–	–	–
Additional depreciation and amortisation on purchase price allocation	–	–	–	–	(176.3)	(176.3)	–	–	(170.8)	(170.8)
Net finance income	7.2	0.7	7.9	(7.1)	90.4	91.2	6.0	(0.1)	33.1	39.0
Profit before tax per segment and total	836.8	(2.4)	834.4	(21.8)	31.9	844.5	830.2	(0.1)	(217.6)	612.5
Taxation						(245.7)				(164.7)
Non-controlling interest						(157.9)				(163.6)
Contribution to basic earnings per share						440.9				284.2
Contribution to headline earnings per share						440.9				283.9

* *The comparative information has not been split between the BRPM and Styldrift mining segments as these two segments form the BRPM JV*

33. Segmental reporting (continued)

33.2 Segmental statement of financial position

	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total 2014 R (million)	BRPM JV mining segment* R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	2013 R (million)
Segment total assets	5 504.8	4 392.3	9 897.1	245.7	–	10 142.8	8 423.8	53.0	–	8 476.8
Segment non-current assets	4 286.6	4 357.7	8 644.3	139.8	–	8 784.1	7 166.7	53.0	–	7 219.7
Segment current assets	1 218.2	34.6	1 252.8	105.9	–	1 358.7	1 257.1	–	–	1 257.1
PPA adjustment to carrying amount of PPE (includes mineral rights)	–	–	–	–	8 920.6	8 920.6	–	–	9 096.9	9 096.9
Corporate assets and consolidation adjustments	–	–	–	–	301.2	301.2	–	–	195.8	195.8
Goodwill	–	–	–	–	2 275.1	2 275.1	–	–	2 275.1	2 275.1
Cash and cash equivalents	411.4	–	411.4	2.9	1 449.9	1 864.2	195.0	–	577.9	772.9
Total assets per the statement of financial position	5 916.2	4 392.3	10 308.5	248.6	12 946.8	23 503.9	8 618.8	53.0	12 145.7	20 817.5
Segment total liabilities	1 771.7	12.7	1 784.4	270.6	(261.8)	1 793.2	928.8	53.1	–	981.9
Segment non-current liabilities	77.8	10.4	88.2	–	6.6	94.8	68.6	–	–	68.6
Segment current liabilities	1 693.9	2.3	1 696.2	270.6	(268.4)	1 698.4	860.2	53.1	–	913.3
Current liabilities and consolidation adjustments	–	–	–	–	(972.2)	(972.2)	–	–	(412.9)	(412.9)
Unallocated liabilities (tax and deferred tax)	–	–	–	–	4 486.7	4 486.7	–	–	4 262.2	4 262.2
Total liabilities per the statement of financial position	1 771.7	12.7	1 784.4	270.6	3 252.7	5 307.7	928.8	53.1	3 849.3	4831.2
Group capital expenditure per cash flow statement	389.3	1 327.3	1 716.6	0.4	(41.4)	1 675.6	1 054.8	–	(18.2)	1 036.6

** The comparative information has not been split between the BRPM and Styldrift mining segments as these two segments form the BRPM JV*

33. Segmental reporting (continued)

33.3 Segmental statement of cash flows

	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustments R (million)	Total 2014 R(million)	BRPM JV mining segment* R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustments R (million)	2013 R(million)
Segment cash flow statement										
Net cash flow generated by operating activities	1 368.1	1.7	1 369.8	(73.8)	130.5	1 426.5	958.1	(0.1)	(50.2)	907.8
Cash generated by operations	1 337.7	1.7	1 339.4	(65.4)	66.0	1 340.0	863.8	–	(72.6)	791.2
Dividends received	–	–	–	–	14.2	14.2	–	–	18.3	18.3
Interest received	11.9	–	11.9	2.7	65.7	80.3	9.7	–	21.4	31.1
Interest paid	–	–	–	(11.1)	10.0	(1.1)	–	(0.1)	0.1	–
Tax paid	–	–	–	–	(25.4)	(25.4)	–	–	(17.4)	(17.4)
Royalty income received	18.5	–	18.5	–	–	18.5	84.6	–	–	84.6
Net cash flow utilised by investing activities	(389.4)	(1 327.3)	(1 716.7)	(138.6)	41.4	(1 813.9)	(1 056.9)	–	272.1	(784.8)
Proceeds from disposal of PPE	–	–	–	–	–	–	0.3	–		0.3
Decrease in held-to-maturity investments	–	–	–	–	–	–	–	–	253.9	253.9
Acquisition of PPE	(389.3)	(1 327.3)	(1 716.6)	(0.4)	41.4	(1 675.6)	(1 054.8)	–	18.2	(1 036.6)
Acquisition of housing assets	–	–	–	(138.2)	–	(138.2)	–	–	–	–
Increase in environmental trust deposits	(0.1)	–	(0.1)	–	–	(0.1)	(2.4)	–	–	(2.4)
Net cash flow generated by financing activities	(762.3)	1 325.6	563.3	215.3	700.1	1 478.7	(17.3)	–	17.3	–
Cash investments by/(distributions to) BRPM JV shareholders	(762.3)	1 325.6	563.3	–	(563.3)	–	(17.3)	–	17.3	–
Issue of ordinary shares net of cost	–	–	–	–	1 478.5	1 478.5	–	–	–	–
Costs relating to rights followed on treasury shares	–	–	–	–	(6.4)	(6.4)	–	–	–	–
Increase in housing facility	–	–	–	–	6.6	6.6	–	–	–	–
Increase in intercompany loans	–	–	–	215.3	(215.3)	–	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	216.4	–	216.4	2.9	872.0	1 091.3	(116.1)	–	239.1	123.0
Cash and cash equivalents at beginning of period	195.0	–	195.0	–	577.9	772.9	311.1	–	338.8	649.9
Cash and cash equivalents end of the year	411.4	–	411.4	2.9	1 449.9	1 864.2	195.0	–	577.9	772.9

** The comparative information has not been split between the BRPM and Styldrift mining segments as these two segments form the BRPM JV*

34. 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	
	2014	2013
Number of shares issued	167 737 114	166 082 443
Mahube Trust	(281 957)	(563 914)
Management incentive scheme	(2 995 495)	(1 367 725)
Number of shares issued outside the Group	164 459 662	164 150 804
Adjusted for weighted shares issued during the year	20 337 340	168 987
Weighted average number of ordinary shares in issue for earnings per share	184 797 002	164 319 791
Management incentive scheme	476 576	149 113
Weighted average number of ordinary shares in issue for diluted earnings per share	185 273 578	164 468 904
Profit attributable to owners of the Company R (million)	440.9	284.2
Basic earnings per share (cents/share)	239	173
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 earnings per share		
Diluted earnings per share (cents/share)	238	173
Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares		
Headline earnings		
Profit attributable to owners of the Company is adjusted as follows:		
Profit attributable to owners of the Company R (million)	440.9	284.2
Adjustment net of tax:		
Profit on disposal of property, plant and equipment R (million)	–	(0.3)
Headline earnings R (million)	440.9	283.9
Basic headline earnings (cents per share)	239	173
Diluted headline earnings (cents per share)	238	173

35. Subsequent events

On 14 January 2015, RBPlat announced that it has served formal notice to terminate its contract with Shaft Sinkers as its principal shaft sinking and development contractor on 14 January 2015, for all work related to the sinking, lining, equipping and commissioning of the Main and Services shafts and all related station and off-station development for the Styldrift I Project.

As part of the company's ongoing risk mitigation strategy for the business, RBPlat commenced with a process in 2014 to contract directly, where appropriate, with all project related suppliers and have available all critical equipment required to continue with the shaft equipping and construction.

Furthermore, RBPlat is engaging with all interested parties including Shaft Sinkers, their employees, union representatives and Aveng Mining Shafts and Underground, a division of Aveng Africa Limited which was appointed in September 2013 as mining contractor for the ramp-up of the Styldrift I Project, to identify and implement mechanisms required to secure the continued services of the employees on site and minimise the impact on the project.

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Notes	Company 2014 R (million)	2013 R (million)
Assets			
Non-current assets		8 101.5	7 411.2
Investment in subsidiaries	2	6 819.2	6 819.2
Intercompany loans	3	1 282.3	592.0
Current assets		1 442.9	572.2
Other receivables		7.1	5.7
Current tax receivable	4	0.3	–
Cash and cash equivalents		1 435.5	566.5
Total assets		9 544.4	7 983.4
Equity and liabilities			
Total equity		9 544.3	7 983.1
Share capital	5	1.9	1.7
Share premium	5	9 364.7	7 856.6
Share-based payment reserve	6	48.6	46.2
Retained earnings		129.1	78.6
Current liabilities		0.1	0.3
Accruals		0.1	0.2
Current tax payable	4	–	0.1
Total equity and liabilities		9 544.4	7 983.4

The notes on pages 248 to 250 form an integral part of these annual financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

		Company	
	Notes	2014 R (million)	2013 R (million)
Dividend income		**10.3**	11.6
Finance income		**66.8**	17.6
Other income		**–**	0.7
Administrative expenses		**(10.9)**	(8.1)
Profit before tax		**66.2**	21.8
Income tax expense	7	**(15.7)**	(2.7)
Profit for the year		**50.5**	19.1
Other comprehensive income		**–**	–
Total comprehensive income		**50.5**	19.1

The notes on pages 248 to 250 form an integral part of these annual financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Number of shares issued	Ordinary shares R (million)	Share premium R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Total R (million)
Balance at 31 December 2013	165 399 519	1.7	7 856.6	46.2	78.6	7 983.1
Share-based payment expense	–	–	–	19.5	–	19.5
2011 BSP vested in March and April 2014	263 029	–	17.1	(17.1)	–	–
Issue of shares – bookbuild	11 290 323	0.1	699.9	–	–	700.0
Issue of shares – rights offer	14 545 455	0.1	799.9	–	–	800.0
Costs relating to issue of shares capitalised	–	–	(21.5)	–	–	(21.5)
"A2" ordinary shares repurchased and cancelled	(281 957)	–	–	–	–	–
Share options exercised	384 217	–	19.1	–	–	19.1
Rights followed on treasury shares	–	–	(6.4)	–	–	(6.4)
Total comprehensive income	–	–	–	–	50.5	50.5
Balance at 31 December 2014	**191 600 586**	**1.9**	**9 364.7**	**48.6**	**129.1**	**9 544.3**
Balance at 31 December 2012	165 560 589	1.7	7 848.9	35.8	59.5	7 945.9
Share-based payment expense	–	–	–	18.1	–	18.1
2010 BSP vested in December 2013	77 843	–	5.1	(5.1)	–	–
2013 retrenchments (BSP early vesting)	43 044	–	2.6	(2.6)	–	–
"A1" ordinary shares repurchased and cancelled	(281 957)	–	–	–	–	–
Total comprehensive income	–	–	–	–	19.1	19.1
Balance at 31 December 2013	165 399 519	1.7	7 856.6	46.2	78.6	7 983.1

The notes on pages 248 to 250 form an integral part of these annual financial statements.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Notes	Company 2014 R (million)	Company 2013 R (million)
Net cash flow generated by operating activities		52.5	23.8
Cash generated by operations	8	(12.4)	(9.8)
Finance income		66.8	17.6
Dividends received		14.2	18.3
Income tax paid		(16.1)	(2.3)
Net cash flow generated by investing activities		–	253.9
Decrease in held-to-maturity investments		–	253.9
Net cash flow utilised by financing activities		816.5	(36.0)
Related party loans granted*		(1 083.5)	(36.0)
Proceeds on related party loans*		412.7	–
Issue of ordinary shares – bookbuild		700.0	–
Issue of ordinary shares – rights offer		800.0	–
Costs relating to issue of shares capitalised		(21.5)	–
Costs relating to rights followed on treasury shares		(6.4)	–
Proceeds from share option vested and exercised		15.2	–
Net increase/(decrease) in cash and cash equivalents		869.0	241.7
Cash and cash equivalents at beginning of year		566.5	324.8
Cash and cash equivalents at end of year		1 435.5	566.5

The notes on pages 248 to 250 form an integral part of these annual financial statements.

** Adjusted for non-cash items*

1. General information, basis of preparation and accounting policies

The general information, basis of preparation and accounting policies are disclosed on pages 206 to 220.

	Company	
	2014 R (million)	2013 R (million)
2. Investment in subsidiaries		
Investment in subsidiaries is accounted for at cost less any impairment provision in the Company's financial statements.		
Investments in unlisted companies at cost:		
Direct investment in subsidiaries consists of:		
> 1 000 ordinary shares with a par value of R1 each in Royal Bafokeng Platinum Management Services Proprietary Limited (100% interest)	**–**	–
> 320 ordinary shares with a par value of R1 each in Royal Bafokeng Resources Proprietary Limited (100% interest)	**6 819.2**	6 819.2
Closing balance at 31 December	**6 819.2**	6 819.2

Indirect investment in subsidiaries consists of:
> Bafokeng Rasimone Management Services Proprietary Limited (100%)
> Friedshelf 1408 (RF) Proprietary Limited (100%)
All subsidiaries are incorporated in South Africa.

The 67% participation interest in the BRPM Joint Venture is held by Royal Bafokeng Resources Proprietary Limited.

	Company	
	2014 R (million)	2013 R (million)
3. Intercompany loans		
Royal Bafokeng Platinum Management	**152.0**	114.9
Royal Bafokeng Resources Proprietary Limited	**1 130.3**	477.1
	1 282.3	592.0

	Company	
	2014 R (million)	2013 R (million)
4. Current tax payable/(receivable)		
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**0.1**	(0.3)
Income tax charge	**15.7**	2.7
Tax refund received	**–**	0.2
Payment made	**(16.1)**	(2.5)
Closing balance at 31 December	**(0.3)**	0.1

	Company	
	2014 R (million)	2013 R (million)

5. Share capital and share premium

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

	2014 R (million)	2013 R (million)
Authorised share capital		
250 000 000 (2013: 250 000 000) ordinary shares with a par value of R0.01 each	**2 500 000**	2 500 000
1 500 000 (2013: 1 500 000) "A1" ordinary shares with a par value of R0.01 each	**15 000**	15 000
1 500 000 (2013: 1 500 000) "A2" ordinary shares with a par value of R0.01 each	**15 000**	15 000
1 500 000 (2013: 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	R	R
Opening balance 164 835 605 (2013: 164 714 718) ordinary shares with a par value of R0.01 each	**1 648 355**	1 647 147
11 290 323 ordinary shares issued in terms of the bookbuild	**112 903**	–
14 545 455 ordinary shares issued in terms of the rights offer	**145 455**	–
263 029 BSP shares vested in February and April 2014	**2 630**	
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**5 909**	5 344
Share options exercised	**3 842**	
43 044 BSP shares early vested with 2013 retrenchments	**–**	430
77 843 BSP shares vested in December 2013	**–**	778
Less: Treasury shares		
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**(5 909)**	(5 344)
Total 191 318 629 (2013: 164 835 605) ordinary shares	**1 913 185**	1 648 355
Issued "A1", "A2", "A3" ordinary shares		
Opening balance 563 914 (2013: 845 871) "A2", "A3" ordinary shares with a par value of R0.01 each	**5 640**	8 459
281 957"A1" ordinary shares repurchased and cancelled	**–**	(2 819)
281 957"A2" ordinary shares repurchased and cancelled	**(2 819)**	–
Total 281 957 (2012: 563 914) "A3" ordinary shares	**2 821**	5 640
Share premium	**R (million)**	R (million)
Opening balance	**7 856.6**	7 848.9
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**42.5**	31.2
11 290 323 ordinary shares issued in terms of the bookbuild	**699.9**	–
14 545 455 ordinary shares issued in terms of the rights offer	**799.9**	–
Costs relating to issue of shares capitalised	**(21.5)**	–
Rights followed on treasury shares	**(6.4)**	–
263 029 BSP shares vested in December 2013	**17.1**	–
BSP shares early vested with 2013 retrenchments	**–**	2.6
BSP shares vested in December 2013	**–**	5.1
Share options exercised	**19.1**	–
Less: Treasury shares		
590 851 (2013: 534 376) ordinary shares issued as part of the management share incentive scheme	**(42.5)**	(31.2)
Total	**9 364.7**	7 856.6

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. The "A1" and "A2" ordinary shares were repurchased and cancelled in 2013 and 2014 respectively.

590 851 ordinary shares were issued on 1 April 2014 (2013: 534 376) as part of the Company's management incentive scheme.

6. Share-based payment reserve

	Company 2014 R (million)	Company 2013 R (million)
Opening balance	46.2	35.8
Share-based payment expense	19.5	18.1
BSPs vested	(17.1)	(7.7)
Closing balance	48.6	46.2

7. Income tax expense

	Company 2014 R (million)	Company 2013 R (million)
Income tax	15.7	2.7
Tax rate reconciliation		
Profit before tax	66.2	21.8
Tax calculated at a tax rate of 28%	(18.5)	(6.1)
Non-taxable income	2.8	3.4
	(15.7)	(2.7)
Effective tax rate (%)	23.7	12.4

8. Cash generated by operations

	Company 2014 R (million)	Company 2013 R (million)
Profit before tax	66.2	21.8
Finance income	(77.1)	(29.2)
Changes in working capital	(1.5)	(2.4)
(Decrease)/increase in accruals	(0.1)	0.2
Increase in other receivables	(1.4)	(2.6)
Cash generated by operations	(12.4)	(9.8)

NON-IFRS MEASURES
for the year ended 31 December 2014

The Company utilises certain non-IFRS performance measures and ratios in managing the business and may provide users of the financial information with additional meaningful comparisons between current results and results in the prior period. Non-IFRS financial measures should be viewed in addition to and not as an alternative for the reported operating results or cash flow from operations or any other measure of performance prepared in accordance with IFRS. In addition, these measures may not be comparable to similarly titled measures used by other companies.

Normalised headline earnings and normalised HEPS

Normalised headline earnings and normalised HEPS are non-IFRS measures used by the Group in evaluating the Group's performance against its competitors. This supplements the IFRS measures as normalised headline earnings and normalised HEPS are calculated by adjusting basic earnings and EPS for the year with:

> profit or loss on disposal of property, plant and equipment
> the fair value depreciation of property, plant and equipment that arose as a consequence of the purchase price allocations completed in terms of IFRS 3: *Business Combinations*
> the fair value amortisation of mineral rights that arose as a consequence of the purchase price allocations completed in terms of IFRS 3: *Business Combinations* and
> tax implications of above adjustments.

The reconciliation of basic earnings to normalised headline earnings is shown below:

	2014	2013
Basic earnings R (million)	440.9	284.2
Fair value depreciation and amortisation	91.7	89.6
Tax impact of above adjustments	(25.7)	(25.1)
Normalised basic earnings R (million)	506.9	348.7
Profit on disposal of property, plant and equipment	–	(0.3)
Normalised headline earnings R (million)	506.9	348.4

The reconciliation of normalised EPS to the relevant IFRS EPS is shown below:

	2014	2013
EPS (cents per share)	239	173
Profit on disposal of property, plant and equipment	–	–
HEPS (cents per share)	239	173
Fair value depreciation and amortisation	49	55
Tax impact of above adjustments	(14)	(16)
Normalised HEPS (cents per share)	274	212

EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA). The EBITDA gives an indication of the current operational profitability of the business.

The reconciliation of EBITDA to the relevant IFRS profit before tax is shown below:

	2014 R (million)	2013 R (million)
Profit before tax	844.5	612.5
Less: Finance income	(96.4)	(42.7)
Plus: Finance cost	5.1	3.7
Plus: Depreciation	370.9	373.2
Plus: Amortisation	65.3	61.3
EBITDA	1 189.4	1 008.0