ROYAL BAFOKENG PLATINUM

MORE THAN MINING

CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Who

We are a **mid-tier PGM producer** mining the Merensky and UG2 reefs.

Following our acquisition of Anglo American Platinum's 33% participation interest in the BRPM Joint Venture, held through its wholly owned subsidiary Rustenburg Platinum Mines (RPM), **we became sole owner of our operations** consisting of the:

- Bafokeng Rasimone Platinum Mine (BRPM)
- Styldrift Mine
- BRPM and Maseve concentrators

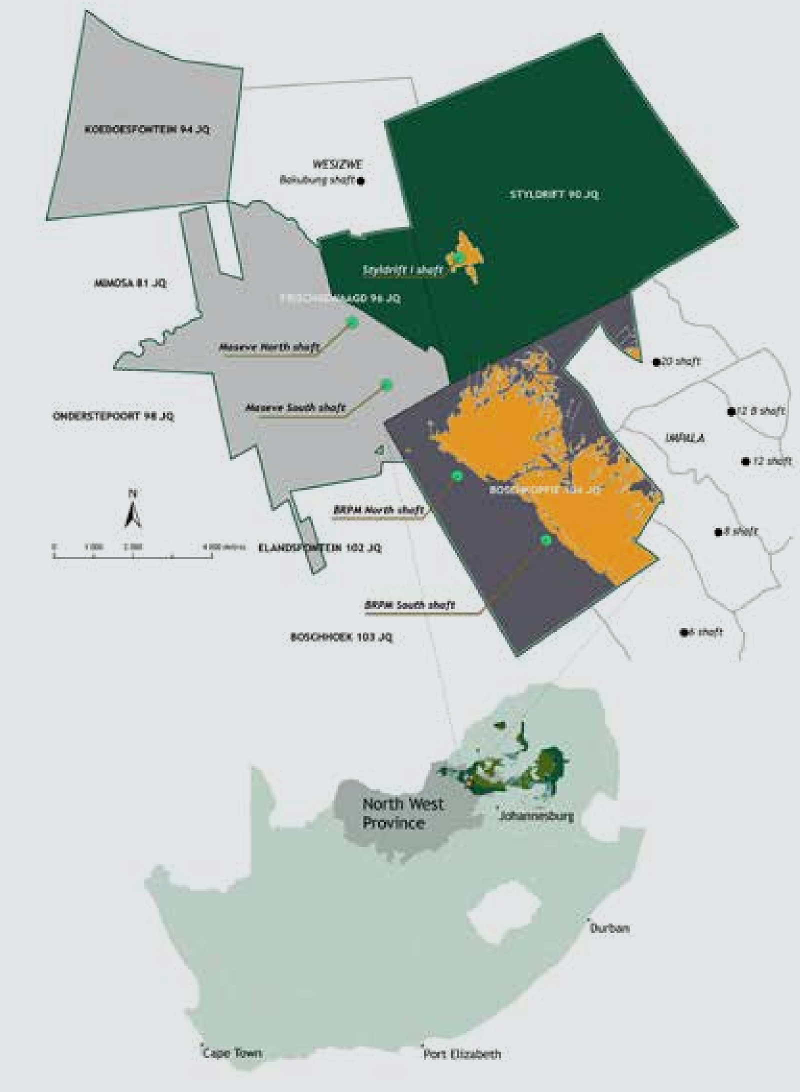
(see our ownership structure at *http://www.bafokengplatinum.co.za/our-structure.php*)

Access to both the Merensky and UG2 reefs, twin concentrating and toll treatment facilities provide for **operational flexibility.**

Organic growth through Styldrift will increase our 2018 production by approximately 40% by 2020.

Agile, dynamic decision-makers with extensive operational experience.

Where



OUR VISION	OUR MISSION	OUR PURPOSE
is to seek and deliver the good from mining	is to leave a lasting legacy of sustainable benefits for our stakeholders	is to create economic value for all our stakeholders

OUR PRODUCT

The resources that we exploit have the following prill split:

THE PRILL SPLIT FOR THE MERENSKY REEF

64.75% platinum	26.70% palladium	4.34% rhodium	4.21% gold

THE PRILL SPLIT FOR THE UG2 REEF

59.15% platinum	29.29% palladium	11.00% rhodium	0.56% gold

What

BRPM

Conventional and hybrid mining

(conventional mining began in 1998)

- 84.9Mt (15.9Moz 4E) resource accessed via twin decline shafts sunk to a depth of less than 500m
- Mining the Merensky and UG2 reefs on the Western Limb of the Bushveld Complex
- Established mining sections 11 to 15 in the mine's North shaft are suited to hybrid mining methods
- Average production of 200ktpm

Styldrift Mine

Mechanised mining

(mechanised bord and pillar operation)

- 263.1Mt (52.4Moz 4E) Merensky and UG2 resource (including Styldrift II) accessed via a Main shaft and a Services shaft sunk to a depth of 753m and 723m, respectively
- Mining the Merensky reef on the Western Limb of the Bushveld Complex
- Steady state production of 230ktpm during the third quarter of 2020

Beneficiation

BRPM concentrator

- Capacity of 250ktpm
- Mill float (MF2) process, which includes three-stage crushing process prior to milling and flotation
- Continuous operations
- Ultra-fine grinding circuit (IsaMill™)
- Produces 2.7t of saleable concentrate from every 100t of virgin rock processed

Maseve concentrator

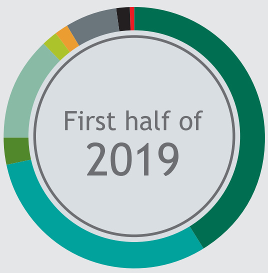
- Capacity of 110ktpm
- MF1 process
- MF2 160/200ktpm upgrade planned for completion in the fourth quarter of 2020
- Producing 2.6t of saleable concentrate from every 100t of virgin rock processed

Smelting and refining

Offtake agreement with Rustenburg Platinum Mines (RPM) for the refining and sale of our concentrate from both operations

Royalty agreements

Through our royalty agreements with Impala Platinum Limited (Implats), which give it the right to mine areas at the extremities of our ore bodies that are close to Implats' shafts, we are able to extract additional value



The revenue we earned from the sale of the concentrate we produced:

- Platinum (41.3%)
- Palladium (30.6%)
- Gold (3.2%)
- Rhodium (12.9%)
- Iridium (1.9%)
- Ruthenium (1.6%)
- Nickel (6.4%)
- Copper (1.8%)
- Cobalt (0.3%)

ESG

RBPlat is a signatory to the UNGC. We also support and are committed to the UN SDGs. We have prioritised the SDGs based on what we believe our contribution to them can be.

ENVIRONMENT

- Both BRPM and Styldrift are ISO 14001 environmental management system certified
- Our voluntary disclosure to the CDP on water and climate change has earned us Management band B scores for both our disclosures, which is above the global mining industry average score of C and the regional average of B-
- To ensure water security we invested in a water treatment plant with the aim of reducing our overall consumption of potable water by reusing process water
- As part of our ongoing efforts to reduce our carbon intensity and improve our energy security we commenced work on a bankable feasibility study on renewable energy

SOCIAL

- To achieve real change for our communities we need to build sustainable value, which is the most challenging part of local economic development. In line with our aspiration to achieve *More than mining* we continue to invest in community training and development, education support, basic infrastructure, health support and enterprise development
- Over 1 000 employees have purchased homes in our Employee Home Ownership Scheme
- 87.1% of our total discretionary procurement was from historically disadvantaged South Africans' businesses

GOVERNANCE AND LEADERSHIP

- Independent Board committed to leading ethically and effectively. Board membership:
  - 58% independent non-executive directors
  - 58% black
  - 33% black females
- Our management team has proven its ability to adapt rapidly to a changing environment and has the courage to make tough decisions
- We have robust risk management and internal controls in place

KEY FEATURES OF OUR PERFORMANCE

FINANCIAL CAPITAL

- EBITDA of **R525.6 million** (2018: R222.5 million)
- EBITDA margin of **16.6%** (2018: 13.4%)
- **1.7%** reduction in fixed cash cost from **70.8%** to **69.1%**
- Loss per share **(LPS) of 70.8** cents (2018: 12.4 cents)
- **R1 029.1 million** raised from rights offer
- Net debt* position of **R284.6 million** (2018: net cash position of R227.8 million)

MANUFACTURED CAPITAL

- **21.1% increase** in total tonnes delivered to 1 836kt (2018: 1 516kt)
- **22.2% increase** in total tonnes milled to 1 869kt (2018: 1 529kt)
- Slower than planned Styldrift ramp-up, however **86.5% increase** in tonnes milled to 757kt (2018: 406kt)
- **21.1% increase** in 4E ounces to 199.2koz (2018: 164.5koz)
- **7.8% increase** in BRPM's cost per tonne milled to R1 288 (2018: R1 195)

HUMAN CAPITAL

- Regrettably **one fatality** at our operations
- **21.6% improvement** in lost time injury frequency rate to 2.10 (2018: 2.68)
- **42.8% improvement** in serious injury frequency rate to 1.15 (2018: 2.01)

NATURAL CAPITAL

- Awarded **CDP B scores** for water and climate change
- **R3.7 million** cost **savings** in potable water by using our water treatment plant

* *Calculated as bank debt less cash and cash equivalents*

OPERATING AND FINANCIAL STATISTICS

for the six months ended

Description	Unit	30 June 2019	30 June 2018	% change
SAFETY				
Fatalities	number	**1.00**	–	(100)
LTIFR (/1 000 000 hours)	rate	**2.10**	2.68	21.6
SIFR (/1 000 000 hours)	rate	**1.15**	2.01	42.8
TIFR (/1 000 000 hours)	rate	**8.80**	9.92	11.3
PRODUCTION				
Total development	km	**18.9**	17.0	11.2
Working cost development	km	**16.3**	13.5	20.7
Capital development	km	**2.6**	3.5	(25.7)
IMS panel ratio (BRPM)	ratio	**2.05**	1.89	8.5
Total tonnes delivered	kt	**1 836**	1 516	21.1
BRPM	kt	**1 096**	1 114	(1.6)
Styldrift	kt	**740**	402	84.1
Merensky	kt	**1 585**	1 301	21.8
UG2	kt	**251**	215	16.7
Total tonnes milled	kt	**1 869**	1 529	22.2
BRPM	kt	**1 112**	1 123	(1.0)
Styldrift	kt	**757**	406	86.5
Merensky	kt	**1 610**	1 314	22.5
UG2	kt	**259**	215	20.5
UG2 % milled	%	**14**	14	0.0
Built-up head grade (4E)	g/t	**3.99**	3.96	0.8
BRPM	g/t	**4.11**	4.17	(1.4)
Styldrift	g/t	**3.81**	3.36	13.4
Merensky	g/t	**3.99**	3.94	1.3
UG2	g/t	**3.96**	4.07	(2.7)
METALS IN CONCENTRATE PRODUCED[1]				
RBPlat				
4E	koz	**199.2**	164.5	21.1
Platinum	koz	**129.2**	106.5	21.3
Palladium	koz	**53.1**	43.8	21.2
Rhodium	koz	**10.7**	9.2	16.3
Gold	koz	**6.1**	5.1	19.6
Iridium	koz	**3.5**	3.0	16.7
Ruthenium	koz	**18.0**	15.6	15.4
Nickel	t	**1 312**	1 091	20.3
Copper	t	**806**	681	18.4
Cobalt	t	**33**	27	22.2
BRPM				
4E	koz	**123.6**	128.4	(3.7)
Platinum	koz	**80.1**	83.0	(3.5)
Palladium	koz	**33.0**	34.1	(3.2)
Rhodium	koz	**6.6**	7.3	(9.6)
Gold	koz	**3.8**	3.9	(2.6)
Iridium	koz	**2.0**	2.4	(16.7)
Ruthenium	koz	**11.0**	12.4	(11.3)
Nickel	t	**783**	787	(0.5)
Copper	t	**534**	503	6.2
Cobalt	t	**19**	20	(5.0)

[1] *Please note any difference in totals in this table is due to rounding*

OPERATING AND FINANCIAL STATISTICS continued

for the six months ended

Description	Unit	30 June 2019	30 June 2018	% change
METALS IN CONCENTRATE PRODUCED CONTINUED				
Styldrift				
4E	koz	**75.6**	36.1	109.4
Platinum	koz	**49.1**	23.5	108.9
Palladium	koz	**20.1**	9.6	109.4
Rhodium	koz	**4.1**	1.8	127.8
Gold	koz	**2.2**	1.2	83.3
Iridium	koz	**1.4**	0.6	133.3
Ruthenium	koz	**7.0**	3.2	118.8
Nickel	t	**529**	305	73.4
Copper	t	**272**	178	52.8
Cobalt	t	**14**	8	75.0
LABOUR				
Working cost labour[2]	number	**8 522**	5 627	(51.4)
Stoping crew efficiency (BRPM)	m^2/crew	**336**	343	(2.0)
Enrolled	m^2/crew	**377**	338	11.5
Contractor	m^2/crew	**329**	344	(4.4)
Tonnes milled/TEC	t/emp	**36.6**	33.2	10.2
OPERATING COST				
RBPlat cash operating cost	Rm	**2 631**	1 342	(96.1)
BRPM	Rm	**1 432**	1 342	(6.7)
Styldrift	Rm	**1 199**	–	(100)
RBPlat cash operating cost/tonne milled	R/t	**1 407**	1 195	(17.7)
BRPM	R/t	**1 288**	1 195	(7.8)
Styldrift	R/t	**1 583**	–	(100)
RBPlat cash operating cost/4E ounce	R/oz	**13 211**	10 449	(26.4)
BRPM	R/oz	**11 589**	10 449	(10.9)
Styldrift	R/oz	**15 865**	–	(100)
Cash operating cost/Pt ounce	R/oz	**20 355**	16 159	(26.0)
BRPM	R/oz	**17 877**	16 159	(10.6)
Styldrift	R/oz	**24 394**	–	(100)
CAPITAL EXPENDITURE				
Total capital expenditure	Rm	**621**	1 381	55.0
Expansion capital	Rm	**562**	1 303	56.9
Replacement capital	Rm	**6**	21	71.4
Stay-in-business (SIB) capital	Rm	**53**	57	7.0
BRPM	Rm	**31**	28	(10.7)
Styldrift	Rm	**20**	15	(33.3)
Concentrators	Rm	**2**	14	85.7
SIB % of operating cost (RBPlat)	%	**2.0**	4.3	53.5
FINANCIAL INDICATORS				
Gross profit	Rm	**48.9**	155.6	(68.6)
BRPM mining segment	Rm	**356.3**	148.3	140.3
Styldrift mining segment	Rm	**(265.5)**	(0.3)	nm
Gross profit margin	%	**1.5**	9.4	(84.0)
EBITDA	Rm	**525.6**	222.5	136.2
EBITDA margin	%	**16.6**	13.4	23.9
Average basket price	R/Pt oz	**24 694**	19 990	23.5
Average R:US$ in revenue	R/US$	**14.47**	12.95	11.7
ESG INFORMATION				
Employees[3]	number	**9 552**	8 553	11.7
Total discretionary procurement spend in HDSA companies	%	**87.1**	85.8	1.5
GHG emission CO_2e (scope 1 and 2)[4]	tCO_2e	**202 148**	156 827[5]	28.9
Water intensity[4]	Ml/kt milled	**0.751**	0.548[5]	37.0
SLP expenditure	Rm	**29.3**	21.5	36.3

[2] *Excludes corporate office employees and capital labour*
[3] *Includes corporate office employees and capital labour*
[4] *2019 numbers include Maseve*
[5] *These numbers are based on revised audited figures at the end of the year*

COMMENTARY

OVERVIEW

During the first half of the year, the PGM market continued to be characterised by buoyant dollar palladium and rhodium prices and rand weakness resulting in a strong and sustained rand basket pricing environment. Within the context of this environment, and in pursuit of our strategic objective of creating value through competitive earnings and growth for all our stakeholders in the short, medium and long term, our operational focus and key objectives remained geared towards:

- Achieving meaningful and sustainable improvements in our key safety metrics in our pursuit of zero harm
- Maintaining stable stakeholder relations through ongoing dialogue and interaction with employees, National Union of Mineworkers (NUM) structures and local communities
- Successfully ramping up Styldrift to 230ktpm during the third quarter of 2020
- Further leveraging our operational flexibility by recommencing UG2 mining at BRPM South shaft and initiating long lead concentrator projects required to optimise and sustain production in the longer term

Despite achieving significant year-on-year improvements in all our key injury frequency rates, we were unable to achieve our objective of eliminating fatal accidents as one of our BRPM employees, Mr Joao Antonio Machava, sadly lost his life in a scraper-related accident at our South shaft operation on 24 June 2019. RBPlats' Board of Directors (the Board), executive and management extend their sincere condolences to the family, friends and colleagues of Mr Machava.

Notwithstanding the fatal accident, we remain confident that our safety strategy and associated safety initiatives, as demonstrated by the year-on-year improvements in our total injury frequency rate (TIFR), lost time injury frequency rate (LTIFR) and serious injury frequency rate (SIFR) of 11.3%, 21.6% and 42.8% respectively, will ultimately yield our objective of achieving a resilient operating culture and the elimination of fatal accidents.

The Group achieved record first half production results supported by the ramp-up of Styldrift, with 4E and platinum production ounces increasing by 21.1% and 21.3%, respectively. BRPM operations achieved satisfactory results, with overall operational flexibility being maintained despite the ongoing depletion of South shaft Merensky reserves — due to a focused redevelopment programme at South shaft to access previously abandoned Merensky reserves. UG2 mining was successfully reinstated at South shaft due to the improved economics of mining this reef and is steadily being ramped up to 20ktpm. Styldrift's ramp-up progressed steadily, albeit at lower than planned production levels due to delays associated with the commissioning of in-stope ore handling infrastructure, operational challenges encountered during the implementation of full calendar operations (FULCO) and difficulties experienced in recruiting and onboarding of skilled, trackless personnel. Our operational and technical team continues to focus on the implementation of systems, installation of infrastructure and recruitment of personnel required to achieve the mine's steady state production milestone of 230ktpm.

Concentrator projects have been initiated to support the Styldrift ramp-up and additional UG2 mining volumes from South shaft post-2020, with regards to milling capacity and tailings storage capacity. These include the Maseve MF2 (160ktpm/200ktpm) upgrade and the Maseve and BRPM tailings storage facility (TSF) upgrades.

Subsequent to the unfortunate events at Vale's Brumadinho iron ore tailings dam in Brazil, RBPlat requested a detailed stability assessment and review of our current tailings storage facilities.

The technical review is being conducted by Knight Piesold and is anticipated to be finalised by the third quarter of this year. Current technical assessments indicate that there are no dam stability concerns, with all key stability safety factors being met or exceeded. TSF monitoring, control and management systems are of a high quality and supported by adequately qualified personnel throughout the entire tailings storage set of activities.

In 2018 we announced the acquisition of the remaining 33% in the BRPM Joint Venture (BRPM JV) from Anglo American Platinum's wholly owned subsidiary, Rustenburg Platinum Mines Limited (RPM). Phase I of the transaction (the acquisition of RPM's 33% participation interest in the BRPM JV for a consideration of R2 177.8 million) was completed in December. In July this year, as part of phase II of the transaction, the Department of Mineral Resources approved the section 11 transfer of RPM's undivided interest in the mining rights attributable to the BRPM JV. In addition to phase I of the transaction having been completed, the conditions precedent to phase II of the transaction have now been met.

FINANCIAL CAPITAL

2019 remains a pivotal year for RBPlat as we are now sole owners of our operations, while ramping up the Styldrift Mine to 230ktpm during the third quarter of 2020. Earnings were, however, negatively affected by:

- High cash costs and high levels of depreciation due to the Styldrift ramp-up
- Interest charges relating to the deferred RPM consideration
- High borrowing costs that were expensed in 2019

This resulted in RBPlat recording a loss per share (LPS) of 70.8 cents during the first six months ended 30 June 2019, compared to a LPS of 12.4 cents for the similar period in 2018.

Styldrift achieved commercial production at the end of the fourth quarter of 2018 and is now included in our consolidated statement of comprehensive income from 1 January 2019. The addition of Styldrift revenue and an improved market environment, assisted in a 90.6% increase in revenue to R3 163.0 million for the period, compared to R1 659.6 million in the 2018 comparative period. With the ramp-up of Styldrift, 4E and platinum production ounces increased by 21.1% and 21.3%, respectively. Platinum contributed 41.3% (2018: 48.9%) to the revenue of our operations in the reporting period, while palladium and rhodium contributed 43.5% (2018: 32.6%). The basket price per platinum ounce increased by 23.5% to R24 693.5 (2018: R19 989.8) assisted by the weakening of the rand, with our average exchange rate received for the period improving 11.7% to R14.47 per US dollar.

The inclusion of Styldrift was also the main contributor to the 107.1% increase in cost of sales to R3 114.1 million (2018: R1 504.0 million). Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased 136.2% from R222.5 million to R525.6 million, with our EBITDA margin increasing to 16.6% from 13.4% in the previous comparative period. RBPlat's consolidated gross profit declined by 68.6% to R48.9 million from R155.6 million in the comparative period. While BRPM achieved a 140.3% growth in gross profit to R356.3 million, Styldrift reported a gross loss of R265.5 million for the period due to high cash costs and high levels of depreciation as a result of the ramp-up.

Our strategic focus in delivering Styldrift has ensured that we continue to see further reduction in the fixed cost component of our cash costs, having achieved a 1.7% improvement in the period under review to 69.1% (2018: 70.8%).

COMMENTARY continued

Other income increased by R65.0 million, or 136.0% compared to June 2018. This was partly as a result of the foreign exchange gain resulting from the R27.4 million revaluation of trade receivables and an increase in Impala royalties of 31.3% to R60.9 million. There was no scrapping of assets in the reporting period compared to the R25.9 million in 2018 relating to the feasibility study cost previously capitalised in respect of the addition to the BRPM concentrator plant, originally intended to mill ore from Styldrift. The plant addition was set aside after the acquisition of Maseve, which included a plant with capacity to treat ore from Styldrift.

Finance costs increased from R7.2 million to R263.3 million, mainly as a result of the interest on the RPM deferred consideration of R103.6 million (2018: Rnil), interest on our credit facilities expensed of R62.8 million (2018: Rnil) and interest expensed on the convertible bond of R66.3 million (2018: R3.3 million). Within our RBPlat housing segment, the R24.8 million increase in interest on the PIC housing facility, was offset by an increase in interest received from additional house sales which was the main contributor to the increased finance income from R42.5 million in 2018 to R62.0 million in 2019.

In March 2019, RBPlat successfully completed a capital raise under a rights offer. The proceeds from the capital raised amounted to R1 029.1 million. Overall, 46 777 694 shares were issued at a price of R22.0. The rights offer was oversubscribed and resulted in our free float increasing to 58.8%. R800 million of the proceeds received from the rights offer was utilised to repay the revolving credit facility.

The RBPlat Group had cash and cash equivalents of R675.1 million at 30 June 2019 (2018: R727.9 million) following the successful capital raise of R1 029.1 million. This cash balance includes restricted cash of R106.3 million ringfenced for our Employee Home Ownership Scheme and R84.0 million earmarked for the payment of the convertible bond coupon. RBPlat was able to fund 36.5% (2018: 40.2%) of its capital expenditure from cash generated by its operations.

The Group's R3 billion debt facilities remain in place and comprise a seven-year term debt facility of R750 million (30 June 2018: R750 million), a five-year revolving credit facility of R1 750 million (30 June 2018: R750 million) and one-year general banking facilities of R508 million (2018: R508 million). As at 30 June 2019, RBPlat had drawn down R230 million of the revolving credit facility and R750 million of the term debt facility. As at 30 June 2019, R119.4 million of the general banking facilities had been utilised for guarantees.

MANUFACTURED CAPITAL

Production

The first six months of 2019 were characterised by Styldrift's transition from project to operational status, with progressive production ramp-up towards ultimate steady state in the third quarter of 2020. While a significant amount of project activity still remains, RBPlat's focus is on ensuring our business model and organisational structure yield stable operations at requisite levels of efficiency and productivity.

Total development increased by 1.9km to 18.9km compared to the first half of 2018, with BRPM development increasing by 1.9km to 15.6km and Styldrift achieved 3.3km. The increase in BRPM development is mainly attributable to an increase in working cost development related to the re-establishment of Merensky "white areas" and the recommencement of UG2 mining at South shaft. Styldrift development is in line with life-of-mine (LOM) infrastructure and ore reserve development requirements as the project nears completion of the capital footprint.

Stoping activity for the reporting period amounted to 301 thousand square metres, equating to a 17.6% increase as the contribution from Styldrift increased. The increased Styldrift contribution resulted in the overall built-up head grade for RBPlat increasing from 3.96g/t to 3.99g/t (4E) despite lower UG2 grades impacting on the BRPM head grade which reduced from 4.17g/t to 4.11g/t (4E).

Notwithstanding Eskom load shedding in the first three months of 2019, tonnes delivered to concentrators increased 21.1% or 320kt to 1 836kt for the reporting period compared to the first half of 2018. BRPM contributed 1 096kt and Styldrift 740kt with Merensky delivered tonnes increasing by 284kt, or 21.8% to 1 585kt. UG2 delivered tonnes increased by 16.7% to 251kt.

Increased Styldrift production, combined with a steady BRPM mining performance resulted in total tonnes milled improving by 22.2% to 1 869kt compared to the first six months of 2018. Styldrift attributable milled volumes increased by 86.5% to 757kt, more than offsetting a marginal reduction in BRPM milled volumes. Merensky and UG2 milled tonnes increased by 22.5% and 20.5% to 1 610kt and 259kt respectively. No ore was toll treated during the reporting period.

Overall concentrator recoveries reduced by 1.53% due to the lower MF1 Maseve concentrator circuit recovery potential and downtime experienced on the BRPM secondary mill reported in the first quarter of 2019. BRPM recovery performance has returned to within expected grade recovery range, while Maseve recoveries will improve on completion of the MF2 upgrade planned for completion by the fourth quarter of 2020.

The increase in milled volumes, combined with the marginal increase in built-up head grade and reduced concentrator recoveries yielded a 21.1% and 21.3% increase in 4E and platinum ounce production, with 199.2koz and 129.2koz metals being produced respectively.

Total labour increased by 11.8% compared to 2018, with the increase being directly attributable to the commissioning of the Maseve concentrator during the second half of 2018 and onboarding of staff to meet the Styldrift ramp-up and steady state operating requirements. Working cost labour increased by 51.4% or 2 895 employees to 8 522 employees compared to the comparative period with Styldrift achieving commercial operating status as of January 2019. Capital labour reduced by 65.4% to 1 002 employees in line with the change in Styldrift operating status and current Styldrift, BRPM Phase III and concentrator project resourcing requirements.

RBPlat's productivity, measured by tonnes milled per total employee costed (t/TEC), improved by 10.2% to 36.6 t/TEC as a result of Styldrift now being included in this key performance measure.

Operating costs

Our total cash operating costs increased by R1 289 million to R2 631 million when compared to the first six months of 2018. This is largely due to Styldrift reaching commercial operating status as of January 2019 and its costs no longer being capitalised.

BRPM cash operating costs increased by 6.7% from R1 342 million to R1 432 million in line with production volumes and associated inflation-related increases. Unit cash operating costs for the reporting period amounted to R1 288 per tonne milled, R11 589 per 4E ounce and R17 877 per platinum ounce, equating to a 7.8%, 10.9% and 10.6% increase respectively. Contributors to this higher than planned unit cost increase was the recommencement of mining South shaft UG2 with associated start-up costs following an 18-month dormant period, resulting in low productivity and grade during ramp-up to the envisaged 20ktpm by the fourth quarter of 2019. Furthermore, extra crews were required on South shaft Merensky sections due to mining complex lower efficiency "white areas" as the Merensky resource depletes.

Styldrift cash operating costs for the reporting period amounted to R1 199 million, yielding unit cash operating costs of R1 583 per tonne milled, R15 865 per 4E ounce and R24 394 per platinum ounce.

During the second half of the year Styldrift will continue to focus on establishing the capital footprint to support its 230ktpm ramp-up requirements and build on its first half production performance.

Capital expenditure

Total capital expenditure for the period under review decreased by 55.0% compared to 2018 and amounted to R621 million. Replacement capital reduced by R15 million to R6 million in line with reduced Phase III construction activities as the project nears physical completion.

Expansion capital expenditure reduced by 56.9% or R741 million to R562 million. The reduction in expenditure is as a result of Styldrift reaching commercial operating status in January 2019, and the bulk of the LOM infrastructure required to support ramp-up nearing completion.

Stay-in-business capital expenditure for the reporting period amounted to R53 million or 7.0% lower compared to 2018.

PROJECTS

BRPM North shaft Phase III (replacement project)

The Phase III project extends the North shaft Merensky decline system and associated infrastructure from 10 level to the mine boundary at 15 level. Capital expenditure for the reporting period amounted to R6 million resulting in the total project expenditure to date of R1 126 million. Estimated cost at completion is forecast to be R1.165 billion against a budget of R1.4 billion, indicating a potential saving of R235 million. This project is expected to be complete during the second half of the year.

Styldrift ramp-up (expansion project)

Continuing with ore reserve development and infrastructure establishment required to achieve the third quarter 2020 230ktpm ramp-up milestone remained the primary objective of the project during the reporting period. The operational team has been focused on securing operational stability to achieve, sustain and leverage the operating efficiencies and cost benefits associated with mechanised mining.

Central to this approach was the decision to terminate the services of a mining contractor due to non-compliance and to place the operation on FULCO, taking due cognisance of the operating challenges (artisan/operator availability and competence, operator learning curve duration, operational cycle management, logistic requirements, infrastructure etc.) associated with the implementation.

Securing and onboarding skilled artisans, trackless machine specific skills and commissioning of additional section strike belts presented challenges, resulting in lower than expected tramming fleet availability. This in turn resulted in a shortfall between blasted and hoisted ore tonnes, specifically in the second quarter with an average of 150ktpm being produced in stope while an average of 124ktpm was hoisted. The net impact of this underground ore inventory accumulation is directly reflected in the ounce production and unit operating cost per tonne milled, 4E and platinum ounce for the reporting period.

During the period under review a total of 3 268 metres of development was completed, with more than 800kt of ore broken in stope and 740kt of ore being delivered to the concentrator at a built up head grade of 3.81g/t (4E).

IMS ore reserves play a pivotal role in establishing the operational flexibility to effectively mitigate the impact of geology on a mining operation. The Styldrift Mine design allows for this capacity in two ways, namely spare in-stope IMS panels and an additional four spare IMS sections on completion of the 230ktpm footprint. However, given that this flexibility will only be fully attained on completion of the project footprint, Styldrift remains exposed to production risks because of geology on mineable face length and associated mining efficiencies. The intersection of a known fault in the north and north-eastern sections and footwall shear zone in the south west was no exception and further contributed to lower than planned crew performances in these areas during the reporting period.

Key construction activities presently being undertaken include:
- Completion of the Main pump station and associated settler infrastructure
- Installation of 3 North and South bulkheads and strike belts
- Completion of Silo No.3 and associated transfer conveyor infrastructure on 642 level
- Completion of the last eight trackless workshop bays on 600 level
- Commissioning of Ventilation shaft No.2
- Extension of on-reef dip conveyors on 600 level to the north and south to enhance development and ledging ore handling flexibility
- Completion of the 600 level underground stores
- Construction of underground offices.

Notwithstanding the slower than planned performance during the first six months, ongoing improvements in all key operating metrics are being realised (grade, stope crew efficiency, fleet availability etc.) and we remain confident that Styldrift will achieve its promised operational and cost benefit commitments at steady state.

Capital expenditure on the project for the first half of the year amounted to R536 million bringing total capital expenditure for the project to date to R12.34 billion.

HUMAN CAPITAL

Safety, health and wellness

Ensuring the safety and health of our employees remains a primary objective in establishing a stable and productive operating environment and achieving our goal of zero harm. Our safety, health and wellness strategies are centred on a holistic approach aimed at realising ongoing improvements, both on and off mine, in all associated key metrics which include:
- Injury frequency rates
- Occupational health (noise-induced hearing loss and TB)
- Non-occupational health-related diseases with the main focus on HIV prevalence and treatment

The focus during the first half of the year was therefore to further capitalise on the improvements and benefits realised through our various internal and community driven programmes implemented to date. These include:
- Rollout of personalised hearing protection
- TB treatment programme

COMMENTARY continued

- HIV prevalence testing and antiretroviral treatment programme
- Employee Platinum Health Wellness programme
- Community TB tracking initiative with the Department of Health.

Labour stability

Due to operational and regional NUM leadership elections, national general elections and pending wage negotiations, maintaining stable stakeholder relations was considered a key success factor to ensure operational continuity during the first half of the year.

We are pleased that we were able to achieve this through ongoing dialogue and interaction with employees, NUM and local community structures alike.

SOCIAL AND RELATIONSHIP CAPITAL

During the period under review we started the implementation of our renewed socio-economic development and enterprise development strategy which aims to empower and capacitate more local companies and entrepreneurs from our local doorstep communities. This initiative aims to build sustainable companies which are not solely dependent on RBPlat or on intermittent awarding of contracts but longer-term business offerings which are more related to core mining and engineering services than only in support type of services. This initiative is embedded within a development support framework which seeks to develop local entrepreneurs into core service providers, to clarify and manage expectations and to empower these small and medium-sized enterprises to also do business with other sectors outside the mining industry. To achieve sustained local economic development, our strategic approach involves continuous business profiling and assessments, executing tailored coaching interventions on an as-needed basis and the continuous identification of and setting aside of procurement opportunities and allocating them in a fair and transparent way. Since the implementation of this strategy in January 2019, we have thus far assessed 100 out of 152 registered local businesses and identified set-aside opportunities for local business. To date, R31.87 million worth of opportunities have already been awarded. This will be an ongoing process. The next phase of our socio-economic development and enterprise development strategy will involve reinforcing the governance structures on all matters pertaining to doorstep procurement and enterprise development, determining and aligning our organisational readiness as well as continued local procurement and development interventions.

We also reviewed our employee housing strategy to ensure that we provide suitable options to our employees, in a cost effective, but sustainable manner. We now have in excess of 1 000 houses purchased and occupied by employees and their families and aim to have 1 500 houses occupied by the end of 2020. We have also made inroads in the planning for other type of social services to enhance the housing development and will be reporting on progress at year-end.

NATURAL CAPITAL

RBPlat is committed to taking a precautionary approach towards the environmental impact of all our activities and to minimise and avoid disturbance and damage to the natural ecosystems. Our operations have certified ISO 14001 Environmental Management Systems and we are signatories to various international sustainability initiatives, enabling us to manage the impact of our activities on the environment and to continually improve on our environmental performance.

We achieved B scores for our voluntary disclosure for climate change and water submissions to the CDP in 2018 (CDP results published in the first quarter of 2019). Our scores exceeded the global metals and mining sector average of C and exceeded the regional average B- score. Our voluntary participation in the CDP allows us to measure our progress towards environmental stewardship and to benchmark and compare our progress against our peers.

Our sustainability and stakeholder engagement framework has been successfully implemented along with the supporting climate change, water and energy management strategies. In line with this framework, our commitment to achieving sustainability, and creating value for all our stakeholders, we have conducted an environmental, social and governance (ESG) survey for our top 50 rand spend suppliers to understand how they are doing in terms of the ESG requirements in their respective businesses. Our suppliers are one of our key stakeholders and important contributors to our value chain, therefore it is important that the suppliers we work with operate in a responsible manner and are accountable for their impacts on the environment, society and broader economy. This exercise is assisting us to align our suppliers to our sustainability strategy and commitments which we have with the rest of the PGM value chain. Based on the analysis of the survey, most of the suppliers are aware of the ESG issues and have systems and policies to manage those. We will unpack the different gaps identified and put systems in place to support our suppliers in the journey of embedding sustainability in their businesses and in doing business with us.

In our journey of adopting the 17 Sustainability Development Goals (SDGs), we have identified the SDG targets we can contribute towards and relevant key performance indicators (KPIs) to enable us to monitor our contribution towards the four main SDGs of our focus (SDG 3 good health and wellbeing; SDG 8 decent work and economic growth; SDG 12 responsible consumption and production; SDG 13 climate change action). This follows the SDG prioritisation process we completed at the end of 2017 and which we will report on with the 2019 financial and operational performance results.

We reduced our potable water cost by R3.7 million during the first half of 2019 by using water from our water treatment plant. However, the use of treated water in BRPM's concentrator decreased to 347.51Ml in the first half of 2019 (2018: 436.79Ml*), and the concentrator achieved an efficiency of 0.514kl per tonne milled greater than the set target of 0.280kl per tonne milled. During the first half of the year, the concentrator's use of recycled water was restricted by the reduced availability of the return water pipeline which had reached its end of life. The installation of a replacement pipeline began in the second half of 2018 and the new pipeline was commissioned in June 2019.

BRPM's potable water efficiency achieved 0.247kl per tonne hoisted above the set target of 0.192kl per tonne hoisted while Styldrift achieved 0.088kl per tonne hoisted, which was 65.8% below its target of 0.257kl per tonne hoisted.

Electricity consumption remains the highest contributor towards total energy used in our operations. Our BRPM concentrator which is the highest consumer of energy in our business achieved an efficiency of 46.39kWh/tonne milled which was 5.3% below the target of 49.00kWh/tonne milled. BRPM achieved an efficiency of 68.57kWh/tonne hoisted, 18.2% above our target of 58.00kWh/tonne hoisted. This is due to the nature of our conventional mining method and the key infrastructure required, of which the base load (fixed load) accounts for at least 75%

** The 2018 number has been restated due to a misstatement in the 2018 interims* of peak load. Optimisation of compressed air generation and the maintenance of the distribution network remains a key focus area with specific emphasis on reducing air leaks. Styldrift achieved 40.40kWh/tonne hoisted, 13.5% below the target of 46.70kWh/tonne hoisted.

In light of the new carbon tax bill which came into effect on 1 June 2019, we continue to monitor our greenhouse gas (GHG) emissions and are in the process of identifying new water and energy efficiency reduction projects with the aim of reducing the GHG emissions. RBPlat has already registered as a category A data provider in terms of the national GHG reporting regulations of 3 April 2017, Notice No. 40762 and annually reports on the related GHG emission to the Department of Environmental Affairs (DEA) now known as the Department of Environment, Fishery and Forestry (DEFF).

Our water and efficiency targets for BRPM and the BRPM concentrator were set for a period of five years in 2015, with a baseline of 2009. The targets are coming to an end this year; and we have started a process of setting new efficiency targets for all operations including Styldrift.

MARKET REVIEW

The platinum price traded above US$900/oz in early April, but declined to US$835/oz by the end of June, this compares to US$850/oz at the end of the comparative period. The rand started the year strong against the US dollar but weakened as the year progressed.

Diesel market share in western Europe continued to decrease in the first half of the year, however, the rate of decline is expected to be slower in 2019 than in 2018. The implementation of stricter emissions legislation in heavy duty vehicles in China and India will be supportive of platinum demand as a result of higher PGM loadings in aftertreatment systems. As part of the Chinese government's "Blue Sky Protection" campaign, the initial plan was for the early implementation of China VI in heavy duty vehicles in several cities and provinces this year. However, recent information suggests that early implementation will no longer be as widespread as previously anticipated. Loadings in India will increase to meet Bharat Stage VI (BSVI) which will be enforced from 2020. BSVI is similar to Euro 6 emissions standards. This legislation is expected to partially offset falling passenger car demand from the European market as well as the global slowdown in light duty vehicle sales.

Platinum jewellery demand in China, the largest jewellery market, has been lacklustre with growth in other jewellery markets such as India and the United States not being able to offset the decline. This weakness in China is expected to continue as retail demand remains subdued. Industrial demand is expected to grow in 2019, however at a lower rate than in 2018, supported by the chemicals sector.

The palladium price increased to US$1 538/oz compared to US$950/oz at the end of the previous corresponding period as the market remained tight.

Vehicle sales in China have been trending downwards for almost a year with excess inventories of unsold cars leading automakers to cut production. Tighter emissions legislation and stricter vehicle testing will drive higher palladium loadings in gasoline vehicles and lead to a step change in demand from China. Demand in the European market is also expected to grow as testing becomes more stringent with real drive emissions.

The large price differential between palladium and platinum as well as the sustained deficits in palladium could lead to substitution, although this may take longer than previously expected.

Rhodium outperformed platinum and palladium, increasing to US$3 350/oz in the first half of the year. The largest component of demand for rhodium is from autocatalysts which is expected to rise.

South African PGM supply is expected to increase marginally from current levels, although wage negotiations and Eskom (rising electricity prices and load shedding) are seen as risks. A surplus is likely to remain in the platinum market in 2019, however, we expect a PGM deficit as a result of continuing deficits in the palladium market.

CHANGES TO THE BOARD

There were a few changes to the Board during the period. RPM nominees Dr Gordon Leslie Smith and Mr Avischen Moodley were appointed to the Board on 2 January 2019 as non-executive directors. Mr Wilson who served on the Board as a non-executive director for five years and was a member of the Social and Ethics Committee resigned on 28 June 2019. The Chairman of the Board as well as the Board express their gratitude to Mr Wilson for his valuable contribution to the Board and the Company during his tenure with RBPlat and wish him every success in his new endeavours.

OUTLOOK

During the second half of the year our focus will be on consolidating the gains made in our key injury frequency rates in support of creating a zero harm operating environment. Operationally the key drivers will be to optimise volumes, contain costs and secure long-term operational flexibility by:

- Successfully concluding wage negotiations
- Clearing the underground ore inventory at Styldrift
- Ensuring the momentum gained at Styldrift during the second quarter is maintained
- Continuing with development and construction activities to support the Styldrift 230ktpm milestone
- Ensuring South shaft UG2 achieves its target of 20ktpm by the fourth quarter of 2019
- Progressing the projects related to the various concentrator upgrades required to support longer-term steady state milling capacity requirements
- Maintaining strict operational and capital cost control and management.

Given production performance during the first half of the year the production guidance for the full year is revised to 3.9Mt – 4.0Mt at a built-up head grade of 4.00g/t – 4.10g/t (4E) due to the slower than forecast ramp-up at Styldrift, partially compensated by increased BRPM tonnage, yielding 4E metal production of between 430koz and 440koz. Total cash operating costs per 4E ounce are forecast to be between:

- R12 500 and R13 300 for the Group
- R11 200 and R11 500 for BRPM
- R14 500 and R15 500 for Styldrift.

Group capital expenditure is forecast to remain unchanged at approximately R1.7 billion, with SIB expenditure between 4% and 5% of operating cost for the year.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)	2019 vs 2018 % change	Year ended 31 December 2018 audited R (million)
ASSETS					
Non-current assets		**21 722.6**	20 245.7	7.3	21 483.8
Property, plant and equipment	4	**14 843.7**	13 589.4	9.2	14 661.5
Mining rights		**5 589.0**	5 670.8	(1.4)	5 647.7
Right-of-use assets	20	**32.2**	–	100.0	–
Environmental trust deposit and guarantee investments		**235.5**	186.6	26.2	227.0
Employee housing loan receivable		**675.0**	517.2	30.5	611.4
Employee housing benefit		**243.1**	196.7	23.6	226.5
Housing insurance investment		**42.3**	39.2	7.9	39.9
Deferred tax asset		**61.8**	45.8	34.9	69.8
Current assets		**4 104.6**	3 392.0	21.0	4 026.7
Employee housing benefit		**17.9**	14.1	27.0	16.4
Employee housing assets		**750.9**	653.7	14.9	774.2
Inventories		**171.6**	172.1	(0.3)	130.2
Trade and other receivables	5	**2 488.9**	1 823.8	36.5	2 222.1
Current tax receivable		**0.2**	0.4	(50.0)	0.2
Cash and cash equivalents	8	**675.1**	727.9	(7.3)	883.5
Total assets		**25 827.2**	23 637.7	9.3	25 510.6
EQUITY AND LIABILITIES					
Total equity		**16 561.3**	14 619.4	13.3	15 729.0
Stated capital*		**11 118.8**	9 826.2	13.2	10 063.1
Retained earnings		**5 160.0**	677.5	661.6	5 327.7
Share-based payment reserve		**282.5**	245.1	15.3	338.2
Non-distributable reserve		**–**	82.5	(100.0)	–
Non-controlling interest		**–**	3 788.1	(100.0)	–
Non-current liabilities		**7 911.2**	6 582.8	(20.2)	9 025.2
Deferred tax liability		**3 118.8**	3 812.4	18.2	3 195.9
Convertible bond liability	9	**1 018.1**	959.6	(6.1)	986.7
PIC housing facility		**1 431.1**	1 132.9	(26.3)	1 299.6
Interest-bearing borrowings	10	**959.1**	500.1	(91.8)	1 650.0
RPM deferred consideration	11	**1 074.4**	–	(100.0)	1 621.6
Lease liabilities	20	**22.4**	–	(100.0)	–
Restoration, rehabilitation and other provisions		**287.3**	177.8	(61.6)	271.4
Current liabilities		**1 354.7**	2 435.5	44.4	756.4
Trade and other payables		**686.8**	648.2	(6.0)	677.1
Current tax payable		**3.0**	–	(100.0)	13.4
Current portion of interest-bearing borrowings	10	**0.6**	–	(100.0)	65.9
Current portion of RPM deferred consideration	11	**650.8**	–	(100.0)	–
Current portion of lease liabilities	20	**13.5**	–	(100.0)	–
RPM payable		**–**	1 787.3	100.0	–
Total equity and liabilities		**25 827.2**	23 637.7	(9.3)	25 510.6

* *In 2019, share capital and share premium were reallocated to stated capital. The 2018 comparatives were restated and disclosed in line with this change. There is no change in the overall amount disclosed*

The notes on pages 14 to 26 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)	2019 vs 2018 % change	Year ended 31 December 2018 audited R (million)
Revenue	12	**3 163.0**	1 659.6	90.6	3 627.1
Cost of sales	13	**(3 114.1)**	(1 504.0)	(107.1)	(3 317.2)
Cost of sales excluding depreciation, amortisation and movement in inventories		**(2 645.8)**	(1 364.6)	(93.9)	(2 922.0)
Depreciation and amortisation		**(504.0)**	(178.3)	(182.7)	(380.1)
Increase/(decrease) in inventories		**35.7**	38.9	(8.2)	(15.1)
Gross profit		**48.9**	155.6	(68.6)	309.9
Other income		**112.8**	47.8	136.0	124.0
Administration expenses		**(175.4)**	(152.5)	(15.0)	(284.0)
Corporate office		**(126.0)**	(126.5)	0.4	(264.5)
Housing project		**(37.0)**	(5.5)	(572.7)	21.3
Maseve care and maintenance and other costs		**(12.4)**	(20.5)	39.5	(40.8)
Gain on bargain purchase		**–**	–	–	118.3
Scrapping of non-financial assets		**–**	(27.3)	100.0	(26.3)
Finance income		**62.0**	42.5	45.9	100.9
Finance cost	14	**(263.3)**	(7.2)	(3 556.9)	(26.8)
(Loss)/profit before tax		**(215.0)**	58.9	(465.0)	316.0
Income tax credit/(expense)	15	**50.6**	(48.8)	203.7	(60.5)
Current tax expense		**(19.1)**	(10.1)	(89.1)	(35.3)
Deferred tax credit/(expense)		**69.7**	(38.7)	280.1	(25.2)
Net (loss)/profit for the period		**(164.4)**	10.1	(1 727.7)	255.5
Other comprehensive income		**–**	–	–	–
Total comprehensive (loss)/profit attributable to:		**(164.4)**	10.1	(1 727.7)	255.5
Owners of the Company		**(164.4)**	(24.0)	(585.0)	155.6
Non-controlling interest		**–**	34.1	(100.0)	99.9
Basic (LPS)/EPS (cents/share)	18	**(70.8)**	(12.4)	(471.0)	78.1
Diluted (LPS)/EPS (cents/share)	18	**(70.8)**	(12.4)	(471.0)	73.3
Basic (HLPS)/HEPS (cents/share)	18	**(70.8)**	(6.0)	(1 080.0)	25.0
Diluted (HLPS)/HEPS (cents/share)	18	**(70.8)**	(6.0)	(1 080.0)	25.0

The notes on pages 14 to 26 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019

	Number of shares	Stated capital restated* 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)
2018								
Balance at 1 January 2018 (audited)	192 868 841	9 645.1	240.8	82.5	701.5	10 669.9	3 754.0	14 423.9
Share-based payment charge	–	–	30.8	–	–	30.8	–	30.8
2015 BSP shares vested in April 2018	467 587	26.5	(26.5)	–	–	–	–	–
Issue of shares^	4 871 335	154.6	–	–	–	154.6	–	154.6
Total comprehensive (loss)/income	–	–	–	–	(24.0)	(24.0)	34.1	10.1
Balance at 30 June 2018 (reviewed)	198 207 763	9 826.2	245.1	82.5	677.5	10 831.3	3 788.1	14 619.4
Share-based payment charge	–	–	93.1	–	–	93.1	–	93.1
Issue of shares^	9 791 823	239.9	–	–	–	239.9	–	239.9
Costs relating to issue of shares capitalised	–	(3.0)	–	–	–	(3.0)	–	(3.0)
Total comprehensive income	–	–	–	–	179.6	179.6	65.8	245.4
Transaction with non-controlling interest	–	–	–	–	4 388.1	4 388.1	(3 853.9)	534.2
Transfer from non-distributable reserve	–	–	–	(82.5)	82.5	–	–	–
Balance at 31 December 2018 (audited)	207 999 586	10 063.1	338.2	–	5 327.7	15 729.0	–	15 729.0
2019								
IFRS 16 adjustment	**–**	**–**	**–**	**–**	**(3.3)**	**(3.3)**	**–**	**(3.3)**
Adjusted balance at 1 January 2019	**207 999 586**	**10 063.1**	**338.2**	**–**	**5 324.4**	**15 725.7**	**–**	**15 725.7**
Share-based payment charge	**–**	**–**	**0.5**	**–**	**–**	**0.5**	**–**	**0.5**
2016 BSP shares vested in April 2019	**1 449 783**	**56.2**	**(56.2)**	**–**	**–**	**–**	**–**	**–**
Issue of shares	**46 777 694**	**1 029.1**	**–**	**–**	**–**	**1 029.1**	**–**	**1 029.1**
Costs relating to issue of shares capitalised	**–**	**(29.6)**	**–**	**–**	**–**	**(29.6)**	**–**	**(29.6)**
Total comprehensive loss	**–**	**–**	**–**	**–**	**(164.4)**	**(164.4)**	**–**	**(164.4)**
Balance at 30 June 2019 (reviewed)	**256 227 063**	**11 118.8**	**282.5**	**–**	**5 160.0**	**16 561.3**	**–**	**16 561.3**

^ 4 871 335 shares were issued for the acquisition of Maseve and 9 791 823 shares were issued as part of the initial consideration for the acquisition of the remaining 33% in the BRPM JV

** In 2019, share capital and share premium were reallocated to stated capital. The 2018 comparatives were restated and disclosed in line with this change. There is no change in the overall total disclosed*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 30 June 2019

	For the six months ended			
	30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)	2019 vs 2018 % change	Year ended 31 December 2018 audited R (million)
Cash flows from operating activities				
Cash generated by operations	**234.0**	150.4	55.6	581.1
Interest paid	**(99.3)**	(0.4)	(24 725.0)	(0.7)
Interest received	**55.0**	57.1	(3.7)	108.5
Dividend received	**0.2**	0.9	(77.8)	3.9
Tax paid	**(29.5)**	(15.3)	(92.8)	(26.9)
Net cash flow generated by operating activities	**160.4**	192.7	(16.8)	665.9
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**0.7**	–	100.0	–
Acquisition of property, plant and equipment	**(641.7)**	(1 397.8)	54.1	(3 510.9)
Acquisition of Maseve net of cash	**–**	(729.1)	100.0	(658.0)
Styldrift on-reef development revenue receipt	**–**	412.0	(100.0)	973.4
Acquisition of employee housing assets	**(28.7)**	(165.8)	82.7	(343.4)
Acquisition of housing insurance investment	**–**	(2.9)	100.0	(3.0)
Employee housing loan receivable repayments	**2.8**	1.0	180.0	2.4
Increase in environmental trust deposits and investments	**(4.4)**	(13.8)	68.1	(61.0)
Net cash flow utilised by investing activities	**(671.3)**	(1 896.4)	64.6	(3 600.5)
Cash flows from financing activities				
Contributions from RPM	**–**	453.5	(100.0)	768.3
Drawdown of PIC housing facility	**75.0**	185.0	59.5	384.5
Repayment of PIC housing facility	**–**	(40.0)	100.0	(80.0)
Proceeds from interest-bearing borrowings	**175.5**	500.0	64.9	2 015.0
Transaction costs on interest-bearing borrowings	**–**	–	–	(15.0)
Repayment of interest-bearing borrowings	**(941.4)**	–	(100.0)	(270.0)
Initial payment for acquisition of non-controlling interest	**–**	–	–	(554.7)
Principal elements of lease payments	**(6.1)**	–	(100.0)	–
Proceeds from issue of shares	**1 029.1**	–	100.0	239.9
Costs relating to share issue	**(29.6)**	–	100.0	(3.0)
Net cash flow generated by financing activities	**302.5**	1 098.5	(72.5)	2 485.0
Net decrease in cash and cash equivalents	**(208.4)**	(605.2)	65.6	(449.6)
Cash and cash equivalents at beginning of period	**883.5**	1 333.1	(33.7)	1 333.1
Cash and cash equivalents at end of period	**675.1**	727.9	(7.3)	883.5

The notes on pages 14 to 26 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2019

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with and contain information required by the International Financial Reporting Standard, IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the provisions of the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The interim report does not include all the notes typically included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 31 December 2018 and any public announcements made during the interim reporting period.

2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The principal accounting policies used by the Group are in terms of IFRS and consistent with those applied in the previous period, except for the adoption of IFRS 16: *Leases*. Refer note 20 for additional disclosure relating to the adoption of IFRS 16.

3. INDEPENDENT REVIEW BY THE AUDITORS

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R (million)	Furniture, fittings and computer equipment R (million)	Mining assets (including decommissioning asset) R (million)	Capital work-in-progress R (million)	Plant and machinery R (million)	Vehicles and equipment R (million)	Total R (million)
2019							
At 1 January 2019 (audited)	**318.9**	**36.6**	**2 908.1**	**9 717.1**	**1 678.0**	**2.9**	**14 661.6**
Additions	**15.3**	**1.2**	**181.7**	**333.3**	**100.5**	**9.0**	**641.0**
Disposal	**–**	**–**	**–**	**–**	**(0.6)**	**–**	**(0.6)**
Depreciation	**(9.2)**	**(12.4)**	**(110.1)**	**–**	**(315.2)**	**(11.4)**	**(458.3)**
Transfers	**216.5**	**24.3**	**6 008.0**	**(9 063.9)**	**2 747.3**	**67.8**	**–**
At 30 June 2019 (reviewed)	**541.5**	**49.7**	**8 987.7**	**986.5**	**4 210.0**	**68.3**	**14 843.7**
Cost or valuation	**595.1**	**241.6**	**12 902.6**	**1 008.9**	**5 709.9**	**113.3**	**20 571.4**
Accumulated depreciation and impairment	**(53.6)**	**(191.9)**	**(3 914.9)**	**(22.4)**	**(1 499.9)**	**(45.0)**	**(5 727.7)**
At 30 June 2019 (reviewed)	**541.5**	**49.7**	**8 987.7**	**986.5**	**4 210.0**	**68.3**	**14 843.7**
2018							
At 1 January 2018 (audited)	90.9	40.4	2 928.3	7 705.4	1 144.9	2.3	11 912.2
Additions	0.1	6.2	13.5	2 063.2	36.8	0.4	2 120.2
Acquisition of Maseve assets at fair value	238.4	5.5	62.2	–	692.0	1.6	999.7
Change in estimate of decommissioning asset	–	–	15.9	–	–	–	15.9
Scrapping of assets		(0.4)	–	(25.9)	–	–	(26.3)
Depreciation	(10.5)	(17.7)	(121.4)	–	(209.0)	(1.5)	(360.1)
Transfers	–	2.6	9.6	(25.6)	13.3	0.1	–
At 31 December 2018 (audited)	318.9	36.6	2 908.1	9 717.1	1 678.0	2.9	14 661.6
Cost or valuation	363.3	216.1	6 712.9	9 739.5	2 863.1	36.5	19 931.4
Accumulated depreciation and impairment	(44.4)	(179.5)	(3 804.8)	(22.4)	(1 185.1)	(33.6)	(5 269.8)
At 31 December 2018 (audited)	318.9	36.6	2 908.1	9 717.1	1 678.0	2.9	14 661.6

During 2018, Styldrift Mine was in the development phase resulting in significant amounts of capital expenditure classified as capital work-in-progress. Effective 1 January 2019, Styldrift reached commercial production and the costs relating to its 150ktpm capacity were reclassified from capital work-in-progress to different classes of assets and depreciation on these assets commenced.

Styldrift continues to incur costs under capital work-in-progress mainly in order to reach 230ktpm capacity while BRPM continues to incur stay-in-business (SIB) capital expenditure necessary to sustain operations.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. On this basis, R7.1 million (2018: R131.7 million) of the convertible bond fair value interest expense, R7.0 million (2018: R55.0 million) of the term debt and revolving credit facility interest expense was capitalised.

5. TRADE AND OTHER RECEIVABLES

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
Trade receivables (RPM concentrate debtors)	**2 326.4**	2 015.9
Impala royalty receivable	**42.0**	31.4
VAT receivable	**19.6**	63.2
Styldrift deposit	**27.1**	26.3
Maseve restricted cash	**28.4**	28.4
Other receivables	**45.4**	56.9
Closing balance	**2 488.9**	2 222.1

6. CAPITAL COMMITMENTS

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

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
Contracted commitments	**970.1**	861.1
Approved expenditure not yet contracted for	**2 596.8**	2 951.5
Total	**3 566.9**	3 812.6

7. CONTINGENCIES

7.1 Guarantees issued

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
Eskom guarantee to secure power supply for the Styldrift project	**17.1**	17.1
Eskom early termination guarantee for the Styldrift project	**17.5**	17.5
Eskom connection charges guarantee for the Styldrift project	**40.0**	40.0
Eskom security guarantee for power supply to the Styldrift project	**42.7**	42.7
DMR guarantee for environmental rehabilitation liability	**1.3**	1.3
Rental guarantees	**0.8**	0.8
Total bank guarantees issued at 30 June	**119.4**	119.4
DMR guarantee for the Styldrift project	**45.7**	45.7
DMR guarantee for environmental rehabilitation liability	**260.4**	260.4
Total insurance guarantees issued at 30 June	**306.1**	306.1

7.2 Contingencies

Royal Bafokeng Resources (RBR) has exposure to remediate groundwater and soil pollution where RBR operates. The groundwater pollution plume model was updated in 2018 and the updated model was used to simulate/predict future mining-related groundwater impacts. Based on the groundwater model update, a project was initiated in 2018 to monitor the groundwater movement on a continuous basis using borehole loggers. The purpose of the project is to accurately quantify the size and the rate of movement of the pollution plume. The project will be completed in Q1 2020. The ultimate outcome of the matter cannot presently be determined and no liability has been raised in the interim financial statements.

7.3 Contingent liability — Maseve acquisition

Post-implementation of the Maseve transaction, Africa Wide Mineral Prospecting and Exploration Proprietary Limited (Africa Wide) which held 17.1% of the shares in Maseve prior to the implementation of the share transaction, instituted legal proceedings against Platinum Group Metals (RSA) Proprietary Limited (PTM), RBPlat and Maseve, in terms of which it seeks to have the Maseve transaction declared unlawful and invalid, or alternatively to be paid an increased amount for its Maseve shares, which it argues were undervalued. On 20 September 2018 we advised security holders that PTM's legal advisers and senior council were of the view that the claim of Africa Wide, was weak and that there are strong prospects of success on this matter. The matter is ongoing.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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8. AVAILABLE FUNDS

RBPlat had cash and cash equivalents on hand at 30 June 2019 of R675.1 million. Included in this cash balance is restricted cash of R106.3 million ring-fenced for the RBPlat housing project and R84 million earmarked for the payment of the convertible bond coupon. RBPlat has R3 billion debt facilities (collectively known as the enlarged debt) available as at 30 June 2019. The debt facilities consist of a seven-year term debt facility of R750 million bearing interest at JIBAR plus a margin of 3.7%, a five-year revolving credit facility of R750 million bearing interest at JIBAR plus a margin of 3.75%, a five-year revolving credit facility of R1 billion bearing interest at JIBAR plus a margin of 3.25% and one-year general banking facilities of R508 million bearing interest at prime less 0.25%. In total, R750 million of term debt and R230 million of revolving credit facilities were drawn as at 30 June 2019. An amount of R119.4 million of the general banking facilities was utilised for guarantees at 30 June 2019.

9. CONVERTIBLE BOND LIABILITY

RBPlat issued 120 000 7% senior unsecured convertible bonds for R1.2 billion on 15 March 2017. Shareholders' approval for the conversion of the convertible bonds was obtained on 8 May 2017. The bonds are convertible into ordinary shares of RBPlat at the option of the holder at a conversion price of R40.7896 (initial conversion price of R42.9438). The conversion price is subject to customary adjustments for reconstructions of equity. These customary adjustments maintain the relative rights of the bondholders. Interest on the bonds is payable semi-annually in arrears on 16 March and 16 September of each year for five years ending 16 September 2022.

The bonds are listed on the JSE main board under stock code number RBPCB.

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
9.1 Convertible bond equity		
Opening balance at 1 January	**202.4**	202.4
Net equity recognised as per statement of changes in equity	**202.4**	202.4
9.2 Convertible bond liability		
Opening balance	**986.7**	932.4
Plus: Fair value interest*	**73.4**	138.3
Less: Interest paid	**(42.0)**	(84.0)
Convertible bond liability at 30 June	**1 018.1**	986.7

** In 2019, R7.1 million (2018: R131.7 million) of the fair value interest was capitalised at RBPlat Group level*

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

10. INTEREST-BEARING BORROWINGS

The facilities were utilised to fund capital expenditure requirements.

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
Opening balance at 1 January	1 715.9	–
Fair value at initial recognition	–	2 015.0
Transaction costs capitalised	–	(30.0)
Drawdowns during the period	175.5	–
Repayments	(941.4)	(270.0)
Interest capitalised	0.6	0.9
Unwinding of transaction costs capitalised	9.1	–
Closing balance	959.7	1 715.9
Split between:		
Non-current portion on interest-bearing borrowings	959.1	1 650.0
Current portion of interest-bearing borrowings	0.6	65.9
	959.7	1 715.9

The following covenants are applicable to the existing facilities:

Financial covenants

RBR shall ensure that the following financial covenants will be met:

- Cumulative debt service coverage ratio (DSCR) shall exceed 1.25 times for measurement periods ending between 2017 and 2020
- DSCR shall exceed 1.25 times for measurement periods ending between 2021 and 2023
- Cumulative loan life coverage ratio (LLCR) shall exceed 1.50 times for measurement periods ending between 2017 and 2020
- LLCR shall exceed 1.75 times for measurement periods ending between 2021 and 2023
- Net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) shall not exceed 2.00 times
- Net debt to equity shall not exceed 1.00 time
- Interest cover ratio is at least 4.00 times

Bond repayment covenants

RBR shall ensure that on the fourth anniversary of financial close:

- The DSCR exceeds 1.50 times
- The LLCR exceeds 2.00 times
- Net debt to EBITDA shall not exceed 1.25 times

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for the six months ended 30 June 2019

11. RPM DEFERRED CONSIDERATION

RBPlat acquired the remaining 33% participating interest in the BRPM JV from RPM. The purchase consideration was funded by a combination of cash, proceeds from a capital raise and the remaining balance was deferred.

The deferred consideration escalates at a rate equal to the interest rate charged by lenders to RBR, on the enlarged debt plus a premium of 2%. The deferred consideration is repayable in three annual payments, each equal to one-third of the deferred consideration balance owing as at that date, with the first payment due on the first business day following 18 months from the effective date, and the second and third payment are due on the first and second anniversary thereof, respectively. The transaction effective date was 11 December 2018.

At the Group's election, all or part of the deferred consideration may be settled through the issue of RBPlat shares to RPM.

as at	**30 June 2019 reviewed R (million)**	31 December 2018 audited R (million)
Opening balance	**1 621.6**	–
Transaction date value	**–**	2 177.8
Less: Repayment	**–**	(567.7)
Interest capitalised	**103.6**	11.5
Closing balance at 31 December	**1 725.2**	1 621.6
Split between:		
Non-current portion of interest bearing borrowings	**1 074.4**	1 621.6
Current portion of interest bearing borrowings	**650.8**	–
	1 725.2	1 621.6

12. REVENUE

for the six months ended	**30 June 2019 reviewed R (million)**	30 June 2018 reviewed R (million)*
Revenue from contract with customers	**3 086.4**	1 613.7
Other revenue	**76.6**	45.9
Total	**3 163.0**	1 659.6

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

13. COST OF SALES

for the six months ended	**30 June 2019 reviewed R (million)**	30 June 2018 reviewed R (million)
Labour	**978.0**	511.9
Utilities	**196.5**	129.6
Contractor costs	**551.7**	411.5
Movement in inventories	**(35.7)**	(38.9)
Materials and other mining costs	**867.8**	270.6
Materials and other mining costs	**905.0**	304.2
Elimination of intergroup charges	**(37.2)**	(33.6)
Depreciation	**445.3**	158.7
Amortisation	**58.7**	19.6
Share-based payment expense	**10.8**	12.9
Social and labour plan expenditure	**29.3**	19.4
State royalties	**15.6**	7.1
Other	**(3.9)**	1.6
Total cost of sales	**3 114.1**	1 504.0

14. FINANCE COSTS

for the six months ended	30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)
Interest expense – RPM deferred consideration	**(103.6)**	–
Interest expense – PIC housing facility	**(24.8)**	–
Interest expense – Convertible bond	**(73.4)**	(69.2)
Interest expense – Long-term borrowings	**(69.8)**	–
Interest expense – Short-term borrowings	**(0.2)**	(0.6)
Interest expense – Lease liability	**(2.0)**	–
Unwinding of discount on decommissioning and restoration provision	**(3.6)**	(3.3)
Less: Capitalisation of interest expense	**14.1**	65.9
Total finance cost	**(263.3)**	(7.2)

15. INCOME TAX CREDIT/(EXPENSE)

for the six months ended	30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)
Income tax expense	**(19.1)**	(10.1)
Current year	**(19.1)**	(10.1)
Prior year	**–**	–
Deferred tax credit	**69.7**	(38.7)
Current year	**69.7**	(38.7)
Prior year	**–**	–
Total income tax credit/(expense)	**50.6**	(48.8)
Tax rate reconciliation:		
(Loss)/profit before tax	**(215.0)**	58.9
Tax credit/(expense) calculated at a tax rate of 28% (2018: 28%)	**60.2**	(16.5)
Non-taxable income – dividends	**0.1**	0.3
Non-taxable income – other	**–**	0.2
Tax on BRPM JV – NCI share	**–**	4.9
Capital gains tax	**–**	1.2
Transaction costs	**–**	(3.6)
Legal fees	**(1.0)**	(1.2)
Other non-deductible expense	**(0.2)**	(1.9)
Impairment	**–**	(7.3)
Prior year adjustment	**–**	(8.0)
Tax losses not recognised	**(8.5)**	(16.9)
	50.6	(48.8)
Effective tax rate (%)	**23.5**	82.9

16. RELATED PARTY TRANSACTIONS

Related party balances

as at	30 June 2019 reviewed R (million)	31 December 2018 audited R (million)
Amount owing by RPM for concentrate sales	**2 326.4**	2 015.9
Amount owing by Impala Platinum Limited to RBR operations	**42.0**	31.4

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16. RELATED PARTY TRANSACTIONS (continued)

Transactions during the six months

for the six months ended	30 June 2019 reviewed R (million)	30 June 2018 reviewed R (million)
Concentrate sales to RPM	**3 163.0**	2 136.1*
Impala Platinum Limited royalty income	**60.9**	46.4
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewage plant	**15.1**	5.2
Royal Marang Hotel for accommodation and conferences	**0.1**	0.1
Geoserve Exploration Drilling Company for exploration drilling	**1.9**	0.1
Trident South Africa Proprietary Limited for steel supplies	**6.1**	4.1
Mtech Industrial for supply and installation of heat pumps	**0.3**	–
Fees paid to non-executive directors (RBH)	**0.3**	0.2

** 2018 includes Styldrift on-reef development revenue*

17. DIVIDENDS

No dividends have been declared or proposed in the current period (2018: nil).

18. BASIC AND HEADLINE LOSS

for the six months ended	30 June 2019 reviewed	30 June 2018 reviewed
Basic loss – Attributable to owners of the Company R (million)	**(164.4)**	(24.1)
Adjustments net of tax R (million)*	**–**	12.5
Headline loss R (million)	**(164.4)**	(11.6)
Weighted average number of ordinary shares in issue for basic and headline earnings per share	**232 246 550**	193 866 262
Weighted average number of ordinary shares in issue for diluted earnings and diluted headline earnings per share	**321 543 833**	221 809 760
Basic loss per share (cents/share)	**(70.8)**	(12.4)
Diluted loss per share (cents/share)#	**(70.8)**	(12.4)
Headline loss per share (cents/share)	**(70.8)**	(6.0)
Diluted headline loss per share (cents/share)#	**(70.8)**	(6.0)

** In 2019, adjustments net of tax includes gain on disposal of assets amounting to R86 371*
 # The effects of anti-dilutive potential ordinary shares are ignored in the calculation of diluted loss per share and diluted headline loss per share

19. FINANCIAL RISK MANAGEMENT

Fair value determination

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

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
30 June 2019 (reviewed)			
At fair value			
Environmental trust deposits[1]	**–**	**25.7**	**–**
Housing insurance investment[2]	**–**	**–**	**42.3**
RPM concentrate debtors[4]	**–**	**2 326.4**	**–**
At amortised costs			
Employee housing loan receivable[3]	**–**	**–**	**675.0**
Impala royalty receivables	**42.0**	**–**	**–**
Other receivables (excluding VAT)	**–**	**100.9**	**–**
Financial liabilities at amortised cost			
Convertible bond liability[3]	**–**	**–**	**1 018.1**
PIC housing facility[3]	**–**	**–**	**1 431.1**

[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
[2] The fair value was determined using market prices for listed investments and discounted cash flow models for unlisted investments
[3] The fair value was determined using a discounted cash flow model
[4] The fair value was determined using the commodity prices and foreign exchange rates

19. FINANCIAL RISK MANAGEMENT (continued)

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
31 December 2018 (audited)			
At fair value			
Environmental trust deposits[1]	–	24.5	–
Housing insurance investment[2]	–	–	39.9
RPM concentrate debtors[4]	–	2 015.9	–
At amortised costs			
Employee housing loan receivable[3]	–	–	611.4
Impala royalty receivables	31.4	–	–
Other receivables (excluding VAT)	–	115.3	–
Financial liabilities at amortised cost			
Convertible bond liability[3]	–	–	986.7
PIC housing facility[3]	–	–	1 299.6

[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*
[2] *The fair value was determined using market prices for listed investments and discounted cash flow models for unlisted investments*
[3] *The fair value was determined using a discounted cash flow model*
[4] *The fair value was determined using the commodity prices and foreign exchange rates*

20. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17: *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. (The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.65%.)

The Group did not have leases previously classified as finance leases.

	1 January 2019 reviewed R (million)
Operating lease commitments disclosed as at 31 December 2018	**10.7**
Impact of discounting	**(1.2)**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**9.5**
(*Less*): Short-term leases recognised on a straight-line basis as expense	**–**
(*Less*): Low-value leases recognised on a straight-line basis as expense	**–**
Add/(less): Adjustments as a result of a different treatment of extension and termination options	**32.4**
Lease liability recognised as at 1 January 2019	**41.9**
Of which are:	
Current lease liabilities	**16.5**
Non-current lease liabilities	**25.4**
	41.9

The associated right-of-use assets for leases were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

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20. CHANGES IN ACCOUNTING POLICIES (continued)

The recognised right-of-use assets relate to the following types of assets:

as at	30 June 2019 reviewed R (million)
Properties	4.4
Equipment	27.8
Total right-of-use assets	**32.2**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

as at	1 January 2019 reviewed R (million)
Right-of-use assets	38.7
Lease liabilities	(41.9)
Lease equalisation reserve	0.5
Retained earnings	3.3
Deferred tax	(0.6)
	–

The net impact on retained earnings at 1 January 2019 was a decrease of R3.3 million.

Impact on segment disclosures and earnings per share

Adjusted comprehensive income/loss, segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Right-of-use assets and lease liabilities are now included in segment assets and liabilities. The following segments were affected by the change in policy:

	For the six months ended 30 June 2019		
	BRPM mining segment R (million)	Styldrift mining segment R (million)	RBPlat corporate R (million)
Right-of-use assets	18.1	9.7	4.4
Lease liabilities	(19.6)	(10.7)	(5.6)
Lease straight-lining reserve (previously in other payables)	–	–	0.6
Retained earnings	1.2	0.9	1.2
Deferred tax	–	–	(0.6)
Comprehensive income	0.3	0.1	–

Practical expedients applied

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4: *Determining whether an Arrangement contains a Lease*.

20. CHANGES IN ACCOUNTING POLICIES (continued)

The Group's leasing activities and how these are accounted for

The Group leases various mining equipment and office building. Rental contracts are typically made for fixed periods of one to six years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability
- Any lease payments made on or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less, while leases of low value assets relate to printer rentals.

Variable lease payments

The lease agreements that the Group entered into did not contain variable lease payments.

Extension and termination options

Extension and termination options are included in a number of equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Residual value guarantees

The lease agreements that the Group entered into do not include residual value guarantee.

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21. SEGMENTAL REPORTING

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

The Group is currently operating two mines, namely BRPM and Styldrift. These operations are located in the North West province of South Africa. BRPM and Styldrift are shown as separate segments. In addition, due to the different nature and significance of the employee home ownership scheme, it was decided to show housing as a separate segment.

Segmental statement of comprehensive income

	For the six months ended 30 June 2019							For the six months ended 30 June 2018						
	BRPM mining segment R (million)	Styldrift mining segment R (million)	RBR operations segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	Total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	Total R (million)
Revenue	1 959.7	1 203.3	3 163.0	79.3	57.8	(137.1)	3 163.0	1659.6	–	1 659.6	118.7	56.5	(175.2)	1 659.6
Cost of sales	(1 603.4)	(1 468.8)	(3 072.2)	(79.3)	(74.1)	111.5	(3 114.1)	(1 511.3)	(0.3)	(1 511.6)	(118.3)	(26.7)	152.6	(1 504.0)
Cash cost of sales excluding depreciation and amortisation	(1 455.5)	(1 214.9)	(2 670.4)	(79.3)	(15.4)	119.3	(2 645.8)	(1 391.8)	–	(1 391.8)	(118.3)	(7.1)	152.6	(1 364.6)
Depreciation	(163.2)	(274.3)	(437.5)	–	–	(7.8)	(445.3)	(158.4)	(0.3)	(158.7)	–	–	–	(158.7)
Amortisation	–	–	–	–	(58.7)	–	(58.7)	–	–	–	–	(19.6)	–	(19.6)
Movement in inventories	15.3	20.4	35.7	–	–	–	35.7	38.9	–	38.9	–	–	–	38.9
Gross profit/(loss) per segment and total	356.3	(265.5)	90.8	–	(16.3)	(25.6)	48.9	148.3	(0.3)	148.0	0.4	29.8	(22.6)	155.6
Other income	91.0	13.3	104.3	5.0	4.3	(0.8)	112.8	45.0	–	45.0	2.6	0.8	(0.6)	47.8
Administration expenses	(11.7)	–	(11.7)	(37.0)	(101.6)	(25.1)	(175.4)	–	(19.1)	(19.1)	(5.5)	(118.0)	(9.9)	(152.5)
Scrapping of non-financial assets	–	–	–	–	–	–	–	–	(25.9)	(25.9)	(1.4)	–	–	(27.3)
Net finance income	5.6	2.5	8.1	15.5	(232.9)	8.0	(201.3)	6.6	2.6	9.2	11.5	(57.6)	72.2	35.3
Profit/(loss) before tax per segment and total	441.2	(249.7)	191.5	(16.5)	(346.5)	(43.5)	(215.0)	199.9	(42.7)	157.2	7.6	(145.0)	39.1	58.9
Taxation							50.6							(48.8)
(Loss)/profit after tax							(164.4)							10.1
Attributable to owners of the Company							(164.4)							(24.0)
Attributable to non-controlling interest							–							34.1

21. SEGMENTAL REPORTING (continued)

Segmental statement of financial position

	As at 30 June 2019							As at 31 December 2018						
	BRPM mining segment R (million)	Styldrift mining segment R (million)	RBR operations segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	Total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Consoli-dation adjustments R (million)	Total R (million)
Non-current assets	4 389.0	10 487.3	14 876.3	963.8	16 766.5	(10 884.0)	21 722.6	4 467.5	10 165.2	14 632.7	881.5**	17 067.6	(11 097.9)	21 483.9
Allocation of mineral rights	704.0	4 885.0	5 589.0	–	(5 589.0)	–	–	723.0	4 924.7	5 647.7	–	(5 647.7)	–	–
Non-current assets after allocation of mineral rights	5 093.0	15 372.3	20 465.3	963.8	11 177.5	(10 884.0)	21 722.6	5 190.5	15 089.9	20 280.4	881.5	11 419.9	(11 097.9)	21 483.9
Current assets	2 088.5	973.4	3 061.9	894.7	380.1	(232.1)	4 104.6	2 145.4	805.4	2 950.8	872.5	449.3	(245.9)	4 026.7
Total assets per statement of financial position	7 181.5	16 345.7	23 527.2	1 858.5	11 557.6	(11 116.1)	25 827.2	7 335.9	15 895.3	23 231.2	1 754.0	11 869.2	(11 343.8)	25 510.6
Non-current liabilities	108.0	25.1	133.1	1 523.7	6 267.4	(13.0)	7 911.2	92.3	18.6	110.9	1 381.6	7 524.6	8.1	9 025.2
Current liabilities	7 370.3	196.2	7 566.5	23.3	924.7	(7 159.8)	1 354.7	7 163.6	201.6	7 365.2	63.0	361.8	(7 033.6)	756.4
Total liabilities per statement of financial position	7 478.3	221.3	7 699.6	1 547.0	7 192.1	(7 172.8)	9 265.9	7 255.9	220.2	7 476.1	1 444.6	7 886.4	(7 025.5)	9 781.6

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

Segmental statement of cash flows

	For the six months ended 30 June 2019						For the six months ended 30 June 2018					
	BRPM mining segment R (million)	Styldrift mining segment R (million)	RBR operations segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Total R (million)	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (million)	RBPlat housing R (million)	RBPlat corporate R (million)	Total R (million)
Net cash flow generated/(utilised) by operating activities	374.8	(103.2)	271.6	(10.4)	(100.8)	160.4	256.5	2.6	259.1	9.8	(76.2)	192.7
Net cash flow generated/(utilised) by investing activities	(89.3)	(535.9)	(625.2)	(25.9)	(20.2)	(671.3)	(95.9)	(1 628.7)	(1 724.6)	(167.7)	(4.1)	(1 896.4)
Net cash flow generated/(utilised) by financing activities	(519.0)	639.1	120.1	75.0	107.4	302.5	(242.6)	1 626.1	1 383.5	145.0	(430.0)	1 098.5
Net (decrease)/increase in cash and cash equivalents	(233.5)	–	(233.5)	38.7	(13.6)	(208.4)	(82.0)	–	(82.0)	(12.9)	(510.3)	(605.2)
Cash and cash equivalents at beginning of period	639.0	–	639.0	67.6	176.9	883.5	571.2	–	571.2	65.4	696.5	1 333.1
Cash and cash equivalents at end of period	405.5	–	405.5	106.3	163.3	675.1	489.2	–	489.2	52.5	186.2	727.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2019

22. SUBSEQUENT EVENTS

On 16 July 2019, the Department of Mineral Resources confirmed that it has granted unconditional consent in terms of section 11(1) of the Mineral and Petroleum Resources and Development Act, 2002, to the transfer of RPM's undivided interest in the mining rights. Accordingly, in terms of phase II of the transaction, RBR will proceed to register full title in respect of RPM's 33% undivided interest in the mining rights attributable to the BRPM JV (which entails consolidating RPM's 33% participation interest with the 67% already held by RBR in such mining rights). Accordingly, the Company confirms that in addition to phase I of the transaction having been completed, the conditions precedent to phase II of the transaction have now been met.

23. GOING CONCERN

The going concern basis of accounting has been adopted in preparing the financial statements. The directors have no reason to believe that the Company and the Group will not be a going concern in the foreseeable future.

ADMINISTRATION

Shareholders' diary

Financial year-end:
31 December of each year

Interim period-end:
30 June of each year

Administration

Company registered office
Royal Bafokeng Platinum Limited
Registration number: 2008/015696/06
Share code: RBP
ISIN: ZAE000149936
Bond code: RBPCB
ISIN: ZAE000243853

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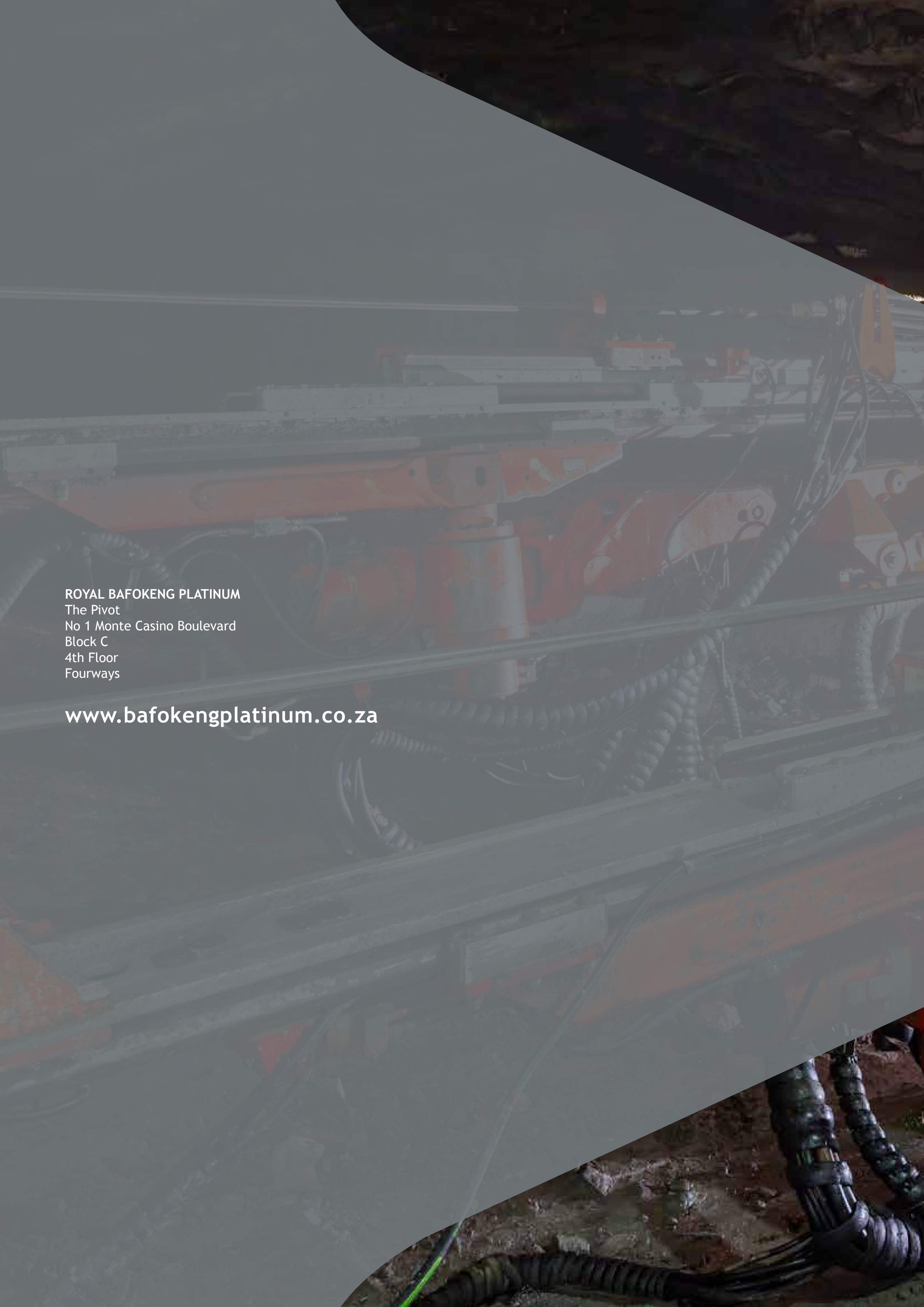
South Africa

Debt sponsor

Rand Merchant Bank
1 Merchant Place
Corner Rivonia Road and Fredman Drive
Sandton
2196



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