



ROYAL BAFOKENG
PLATINUM
MORE THAN MINING

Audited Annual Results
for the year ended
31 December 2016



MORE THAN
MINING >

OUR VISION

- > To seek and deliver the good from mining

OUR MISSION

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

OUR PURPOSE

- > To create economic value for all our stakeholders

OUR VALUES

Safety and people first

Mining is a high-risk business and cannot succeed without total trust, respect, teamwork and an uncompromising commitment to safety and people first

Promises delivered

We do what we say we will do

Mutual interests and mutual rewards

We have mutual goals and mutual interests and we depend on each other to realise our vision and mission. We operate in good faith, openly and transparently.

These values are designed to deliver earnings and growth and create shared value for our stakeholders through responsible safe mining

OWNERSHIP

- > RBPlat is a JSE-listed, **52% black-owned**, controlled and operated mid-tier platinum group metals (PGMs) producer

- > RBPlat originates from the Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV) between the Royal Bafokeng Nation and Anglo American Platinum, which has been in operation since 2002, of which RBPlat owns 67%



- > The BRPM JV's operations are located in the North West province of South Africa, 120 kilometres from Johannesburg and 30 kilometres from the city of Rustenburg

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



- > **Benefits** from RBPlat flow to the communities for social and economic development



Value creation driven by a simple, effective and achievable strategy

The four pillars of our strategy have been in place since we took over operational control of the BRPM JV in 2010. Every year the Board and the Executive Committee review our strategy and the key material issues that need to be addressed if we are to achieve our strategic objectives.

- > We measure our achievements in terms of our four strategic pillars by annually setting key financial and non-financial performance indicators
- > We continually measure our performance against these indicators

We identified the following key issues that we need to address in our quest to achieve operational excellence:

- > Achieve zero harm
- > Optimise volumes
- > Reduce unit costs
- > Labour stability
- > Community stability
- > Meet Mining Charter commitments

We believe that building flexibility into our business will increase its sustainability and support productivity improvements. We have identified three key issues that will provide this flexibility in the short, medium and long term:

- > Maintaining our target immediately stopable reserves (IMS) panel ratio
- > Leveraging the flexibility our UG2 mining provides
- > Additional processing capacity



Seek out possible synergies with our neighbours and other potential partners in the platinum industry:

- > Royalty agreements with Impala Platinum
- > Mergers and acquisitions

We believe that by growing organically and using cash flows from existing operations to fund growth, we will be able to use our existing resources to the benefit of all our stakeholders. We will achieve this strategic objective by:

- > Completing Styl drift I
- > Continuing to investigate the feasibility of Styl drift II

Robust and flexible operations

Positioned for long-term growth

- > Low-risk growth: $\pm 70\%$ increase in production by 2020 subject to market conditions
- > RBPlat's assets are the only significant shallow high grade Merensky resources and reserves still available for mining on the Western Limb of the Bushveld Complex in South Africa
- > Inclusive mineral resources of 46.70Moz (4E): 23.25Moz measured, 15.29Moz indicated and 8.16Moz inferred
- > ± 60 years life of mine
- > Competitive position on the industry cost curve

Operational flexibility

- > Shallow long-life Merensky-biased with UG2 mining
- > IMS panel ratio of 1.5
- > Modular approach to processing our PGMs
- > Toll treatment facilities for UG2 ore

Organic growth through Styl drift I

- > High margin mechanised operation
- > Sufficient concentrator capacity to process 150ktpm from Styl drift I
- > Will increase production to 350ktpm by 2020 subject to market conditions

A decisive, experienced management team

Prudent financial management

- > Successful cash preservation strategy supporting organic growth
- > Protected business stability through capex deferral in response to current market conditions
- > Focus on cost management
- > Strong balance sheet

Flexible, rapid responders

- > Ability to respond rapidly and reschedule and restructure operational activities. This allows us to maximise business value by aligning operational activities with prevailing market conditions

Corporate governance and risk management

- > Our Board is committed to providing ethical leadership and maintaining an ethical culture in RBPlat. It ensures that our code of ethics as well as fraud and corruption policy are applied throughout the organisation
- > Enterprise risk management framework is applied across our business
- > We met and exceeded the requirements of the 2010 – 2014 Mining Charter scorecard and continue to apply its final year targets
- > Broad-based ownership structure provides stability, certainty and sustainability in terms of revised Mining Charter black economic empowerment requirements
- > We comply with the JSE Listings Requirements and all relevant laws and regulations

Measuring our performance



FINANCIAL CAPITAL

- ↑ EBITDA of **R489.7 million**
(2015: R297.9 million)
- ↑ EBITDA margin of **14.7%**
(2015: 9.8%)
- ↓ **R585.3 million** in cash generated by operating activities
(2015: R619.2 million)
- ↓ **R835.5 million** in cash reserves
(2015: R917.6 million)
- ↑ **74%** of BRPM JV capex requirements funded from excess cash flows from our BRPM operations and Styldrift I on-reef development revenue
(2015: 30%)



MANUFACTURED CAPITAL

- ↑ **Steady progress** with Styldrift I build-up to **50ktpm**
 - ↑ **12.3% increase** in total tonnes delivered
 - ↑ **9.4% increase** in 4E ounces produced
- 
- ↑ **10.4% increase** in unit cash cost per tonne milled to R1 177
(2015: R1 066)
 - ↑ **7.8% increase** in unit cash cost per Pt ounce to R15 639
(2015: R14 504)



HUMAN CAPITAL

- ### Safety
- ↑ **80.0% improvement** in fatal injury frequency rate (FIFR)
 - ↑ **7.1% improvement** in lost time injury frequency rate (LTIFR)
 - ↓ **62.4% deterioration** in serious injury frequency rate (SIFR)
 - ↑ **31.5% improvement** in total injury frequency rate (TIFR)
- ### Health and wellness
- ↓ **Reduction** in TB incidence rate to 767/100 000
(2015: 937/100 000)



INTELLECTUAL CAPITAL

Measuring our performance

We have measured our performance against our material issues. While we have not identified specific material issues in terms of our intellectual capital, we use our intellectual capital to achieve our material issue targets in financial, manufactured, human, social and relationship and natural capital



SOCIAL AND RELATIONSHIP CAPITAL

↓ **R36.0*** million spent on our **SLP commitment**

(2015: R74.6 million)

** This amount excludes R251.1 million invested in our employee home ownership scheme to date*

↑ **R1.6 billion** spent with **HDSA suppliers**
(79.6% of our total discretionary spend procurement)



NATURAL CAPITAL

↑ **RBPlat awarded CDP A grade for water management** – one of only 24 global leaders in water management

↓ **40.5% decrease** in potable water usage year-on-year

↓ **7.8% reduction** in carbon intensity

↑ **5.6% increase** in total energy consumption as a result of increased activity at Styldrift I



58.6%

increase in revenue
over the past seven years

R6.5 billion

investment in expansion capital
over the past seven years of which 89% was
funded from cash generated by our operations

Seven-year financial summary

	Unit	2016	2015	2014	2013	2012	2011	2010
Financial statistics								
Revenue	R (million)	3 342.2	3 044.7	3 767.5	3 251.1	2 865.3	2 974.9	2 106.8
Cash operating costs	R (million)	2 765	2 548	2 361	2 093	2 051	1 802	1 700
EBITDA*	R (million)	489.7	297.9	1 189.4	1 008.0	633.8	1 035.5	815.3
Profit/(loss) attributable to owners of the Company	R (million)	168.3	(3 044.8)	440.9	284.2	170.3	273.4	3 164.8
Headline earnings/(loss)	R (million)	166.7	(159.6)	440.9	283.9	170.3	273.7	290.2
Headline earnings/(loss) per share	cents	86.7	(83.2)	239	173	104	167	191
Normalised headline earnings**	R (million)	119.8	16.4	506.9	348.4	233.2	350.2	399.3
Normalised headline earnings per share**	cents	62.3	8.7	274	212	142	214	283
Weighted average number of ordinary shares in issue for earnings per share	number	192 145 127	191 592 060	184 797 002	164 319 791	163 960 709	163 677 799	141 132 832
Average rand basket price***	R/Pt oz	18 906	17 256	19 842	17 927	16 404	16 282	15 555
Gross profit/(loss) margin	%	7.2	(1.3)	23.0	18.5	11.9	19.0	23.7
EBITDA margin*	%	14.7	9.8	31.6	31.0	22.1	34.8	38.7
Number of shares issued outside the Group at year-end	number	192 277 990	191 743 614	191 130 657	164 459 662	164 150 804	163 677 799	163 677 799
Cash on hand at year-end	R (million)	835.5	917.6	1 864.2	772.9	649.9	1 099.2	899.4
Borrowings	R (million)	434.0	366.9	6.6	–	–	–	–
R:US\$ exchange rate								
Average annual R:US\$ exchange rate	R:US\$	14.70	12.78	10.85	9.65	8.21	7.26	7.30
Year-end R:US\$ exchange rate	R:US\$	13.68	15.50	11.57	10.47	8.47	8.09	6.62
RBPlat share price performance on the JSE (ordinary shares)								
High	cents/share	5 300	5 996	7 690	6 499	6 749	7 001	7 100
Low	cents/share	2 235	2 261	4 740	4 201	4 374	5 261	6 050
Year-end	cents/share	3 561	2 665	5 271	5 900	5 750	5 500	6 675
Volume of shares traded	number	52 887 853	70 395 450	45 595 706	37 834 520	24 529 533	33 584 214	23 296 886
Net cash generated by operating activities	R (million)	585.3	619.2	1 426.5	907.8	732.6	1 025.1	785.3
Net asset value (NAV) per share	cents	58.0	57.0	72.8	72.2	70.2	68.9	66.9
Capital expenditure								
Expansion capital	R (million)	972	1 692	1 365.0	737.0	646.0	635.7	487.9
Replacement capital	R (million)	44	205	204.1	184.0	307.7	376.0	363.4
Stay-in-business (SIB) capital	R (million)	110	112	154.4	137.8	238.3	146.1	97.0
SIB % of operating costs	%	4.0	4.4	6.5	7	12	6	6

* The Company utilises certain non-IFRS performance measures and ratios (e.g. EBITDA) in managing the business and may provide users of the financial information with additional meaningful comparisons between current results and results in the prior periods. 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, the presentation of these measures may not be comparable to similarly titled measures used by other companies

** Normalised headline earnings are based on headline earnings adjusted for fair value depreciation, amortisation and tax thereon

*** Net proceeds from total concentrate sales including revaluation of pipeline divided by total platinum ounces produced

62%

improvement in LTIFR
over the past seven years

59%

improvement in SIFR over
the past seven years

41%

improvement in IMS panel
ratio since 2010

Seven-year operational summary

	Unit	2016	2015	2014	2013	2012	2011	2010
Safety								
Fatal injuries	number	1	5	2	2	1	0	3
LTIFR	/200 000 hours	0.380	0.409	0.533	0.614	0.676	0.897	1.001
SIFR	/200 000 hours	0.216	0.133	0.289	0.265	0.421	0.467	0.531
Section 54 stoppages	number	11	16	10	11	12	12	7
Safety stoppage losses	kt	102	275	79	89	117	92	68
Mining production								
Total tonnes delivered	kt	2 759	2 457	2 471	2 310	2 384	2 284	2 366
Merensky	kt	2 176	1 872	1 908	1 895	1 959	2 026	2 288
UG2 – BRPM	kt	583	585	563	415	425	258	78
Total development	km	36.2	35.5	39.9	36.5	39.4	30.2	33.4
Mining replacement rate – BRPM	m ² /m	36.2	31.9	28.9	32.4	27.1	32.2	35.0
IMS panel ratio – BRPM	ratio	1.58	1.51	1.70	1.52	1.48	1.01	1.12
Concentrator production								
Total tonnes milled	kt	2 762	2 461	2 479	2 301	2 375	2 305	2 407
BRPM concentrator	kt	2 453	2 044	2 112	2 010	2 214	2 162	2 380
Waterfall (toll)	kt	309	417	367	291	160	142	27
BRPM	kt	2 348	2 389	2 467	2 301	2 375	2 305	2 407
Styldrift I	kt	414	72	12	–	–	–	–
Built-up head grade (4E)	g/t	4.03	4.11	4.29	4.38	4.07	4.35	4.31
Merensky	g/t	4.08	4.20	4.45	4.51	4.22	4.44	4.32
UG2	g/t	3.82	3.79	3.74	3.76	3.36	3.60	3.83
Total recovery	%	84.98	85.68	86.05	86.37	86.71	87.47	86.43
4E metals in concentrate	koz	304	278	294	280	269	282	288
Pt metal in concentrate	koz	196	180	190	181	174	183	187
Labour**								
Working cost labour	number	6 271	6 256	6 272	6 180	6 057	6 553++	6 793++
Capital labour	number	1 103	999	2 601	1 727	1 686	1 389	877
Stopping crew efficiencies	m ² /crew	334	321	336	320	307	308	343
Tonnes milled/TEC	t/emp	30.8	31.8*	33.0*	31.6	29.8	29.3	29.5
Operating costs								
Cash operating costs	R (million)	2 765	2 548	2 361	2 093	2 051	1 802	1 700
Cash operating cost per tonne milled	R/t	1 177	1 066	957	920	864	782	707
Cash operating cost per 4E ounce	R/4E oz	10 068	9 359	8 040	7 519	7 616	6 399	5 902
Cash operating cost per Pt ounce	R/Pt oz	15 639	14 504	12 463	11 592	11 775	9 863	9 076

++ 2010 and 2011 numbers are averaged for the year, thereafter year-end numbers are provided

* Milled tonnes per total employee costed have been restated on the basis of a revised calculation methodology to align efficiencies with an average 23 shift roster

** These numbers exclude corporate office employees

ESG information	Unit	2016	2015	2014	2013	2012	2011	2010
Employees	Number	7 400	7 281	8 900	7 929	7 518	8 273	7 669
Total discretionary procurement spend in HDSA companies	%	79.6	74.2	68.1	64.6	59.3	68.0	–
GHG emission CO ₂ e (Scope 1 and 2)	tCO ₂ e	318 220**	304 674	326 606	292 773	320 017	300 396	304 503
Water intensity	ML/t milled	0.986	1.333	1.049	0.908	0.912	0.948	1.002
SLP expenditure	R (million)	287.1	74.6	133.0	105.2	127.1	35.8	1.4*

* Local economic spend prior to start of Mining Charter SLPs in 2010

** The increase in GHG emissions in 2016 is as a result of the increased activity in mechanised mining at Styldrift I

Commentary

Overview

The year under review was marked by unprecedented uncertainty and disappointing economic conditions, both locally and globally. Locally, political activity impacted negatively on our economy, the country's credit rating and investor confidence. Globally, the slowing of the Chinese economy impacted the demand for PGMs, which remained depressed. The tough decision we took in 2015 to scale down development at Styldrift I to preserve cash and maintain a strong balance sheet during what amounted to a crisis for the South African platinum industry has certainly served us well during 2016, during which we were also able to make good progress on our journey towards achieving a resilient safety culture and zero harm.

Human capital

The safety, health and wellness of our employees is paramount to RBPlat achieving its goal of operational excellence. Determined to put a stop to fatal accidents on our operations we developed a revised safety turnaround strategy with a short-, medium- and long-term focus to address leadership, operational design, systems and behaviour. This strategy is based on the principle of achieving zero harm and developing a resilient safety culture. The results we achieved in 2016 show that it has had the desired effect in the areas where we focused, which was historically, where we had fatal accidents.

Sadly, we did not achieve our goal of zero harm in 2016 and deeply regret that Mr Thabang Clemente Frederick Mokone lost his life in a conveyor belt accident at BRPM North shaft on Thursday, 12 May 2016. Our condolences go to his family, friends and colleagues.

We continued to improve our lost time injury frequency rate (LTIFR) with a 7.1% improvement in 2016 and a 62% improvement since we took over operational control of the BRPM Joint Venture (JV) in January 2010. While we have achieved a 59% improvement in our serious injury frequency rate (SIFR) over the past seven years, our SIFR deteriorated 62.4% year-on-year. The five additional serious injuries we had in 2016 included three fall of ground injuries and two slip and fall injuries.

Noise-induced hearing loss (NIHL) is the most prevalent occupational health issue in our operations. Disappointingly, following a 50% decrease in the number of cases diagnosed with NIHL in 2015, we had three additional cases diagnosed with NIHL exceeding 10% in 2016, which resulted in a 19% increase year-on-year. Identifying the causes of hearing loss is challenging as they include an ageing workforce, exposure to noise during previous employment, non-work related exposure to noise and the impact of antiretroviral (ART) treatment, which can cause hearing loss. We continue to provide our workforce with hearing protection devices and emphasise the importance of wearing these devices in all areas where noise exceeds 85dB.

Fifty-six of our employees and contractors tested positive for TB in 2016, which is a 27% reduction year-on-year. Our HIV incidence rate reduced to 2.08% in 2016 from 3.1% in 2015.

Labour stability

Labour stability continues to play an important role in our performance. In a ballot held by the National Union of Mineworkers (NUM) in 2016, over two-thirds of our workforce voted for having a closed shop agreement in place at RBPlat.

Social and relationship capital

The communities in which we operate are key stakeholders with whom we wish to share the economic value we create and to leave a lasting legacy of sustainable benefits. The new Mining Charter has not yet been finalised and our proposed SLPs, which we submitted for the period 2015 – 2019 have not as yet been approved by the Department: Mineral Resources (DMR). In the meantime, we have continued to apply and, where possible, exceed the targets set for the final year of the previous Mining Charter.

As we advised in 2015, the negative impact of market conditions on our ability to generate revenue meant we had to make some tough budget choices, which included reducing our planned SLP expenditure in 2016 to R36.0 million. We decided that the focus of our SLP in 2016 would be on human resource development and education support. Our education support, which is designed to address maths and science learning, governance and school management skills, has made good progress. Since the start of the project in Charora High School in 2013, the only high school in the communities in which we operate, the number of matric learners writing matric maths has increased by 155% and science learners by 110%. The number of learners who qualify for university entrance has significantly improved for maths and science learners, with 47% of the maths learners qualifying for university entrance.

The improvement in our revenue during 2016, mainly because of the rand depreciating against the US\$, allowed us to increase our SLP expenditure by R1.3 million, which we used to assist farmers in the communities in which we operate who have been badly affected by the prevailing drought conditions.

Financial capital

RBPlat generated headline earnings of 87 cents per share for the year ended 31 December 2016 compared to a headline loss of 83 cents per share for the year ended 31 December 2015. The key driver of the improvement in profitability is a 9.8% increase in revenue from R3 044.7 million for 2015 to R3 342.2 million in 2016 due to a 9.6% higher realised average rand basket price and a 0.6% increase in platinum production from BRPM. The increase in revenue resulted in a gross profit margin of 7.2% in 2016 from a gross loss of 1% in 2015.

BRPM's average cash unit cost per tonne milled increased by 10.4% from R1 066 in 2015 to R1 177 in 2016. The cash unit cost per platinum ounce increased by 7.8% from R14 504 to R15 639, mainly due to above inflationary increases in labour, contractor and utility costs.

Other income increased by R19.4 million or 28.2%, mainly due to a R19 million increase in our royalties from Implats, as well as a R13.2 million increase in the fair value adjustment of the Nedbank equity-linked deposit. This was offset by a R20.1 million reduction in fair value gains on forward exchange contracts and call options.

Administration costs decreased by 5.2% from R164.1 million in 2015 to R155.6 million in 2016.

Finance income decreased from R106.2 million in 2015 to R91.8 million in 2016 due to a reduction in the cash on hand balances when compared to 2015.

The finance cost decreased from R25.1 million in 2015 to R7.4 million in 2016, mainly due to the interest on the RBPlat housing facility being capitalised to housing assets from the start of the 2016 financial year.

RBPlat's income tax expense decreased by R52.2 million as the comparative period's income tax charge included a R50 million once-off charge. The deferred tax credit of R32.4 million for 2016 is significantly less than the R830.2 million in 2015 as the 2015 credit related mainly to the impairment charges processed in 2015.

Net cash flow generated by operations reduced marginally from R619.2 million in 2015 to R585.3 million in 2016. At 31 December 2016 the RBPlat Group had cash and near cash investments of R835.5 million compared to R917.6 million at 31 December 2015.

During 2016, RBPlat funded 74% of its R1.1 billion capital expenditure (net of proceeds from disposal of property, plant and equipment) from cash generated by operations and Styldrift I on-reef development revenue receipts. This represents a significant improvement on the 30% of capital expenditure that was funded from cash generated by operations in 2015.

Commentary continued

Manufactured capital

2016 was a successful year in our operations during which we made steady progress at Styldrift I, achieved a consistent production performance at BRPM and a much-improved safety performance overall.

DMR safety stoppages remained a challenge in 2016. While our estimated milled tonnage lost to DMR stoppages of 102kt in 2016 was 63% less than the estimated 275kt we lost in 2015, during the third quarter of 2016 the industry experienced a sharp increase in the frequency and severity of section 54 instructions, which did not seem to be aligned with the applicable non-conformance. At RBPlat these instructions had a negative impact on output during that quarter, despite an improved safety performance.

The non-severity aligned safety stoppages during the third quarter resulted in a total of 17 production shifts being lost at BRPM, equating to 59.7kt milled or 7koz (4E) recovered.

Overall, we maintained our operational flexibility, achieving a 4.6% increase in our IMS panel ratio at BRPM to 1.58 compared to 2015. This ratio remains above our target of 1.50.

Our key challenges with respect to maintaining Merensky output levels, as well as mining the South shaft UG2 profitably, remain. On average the UG2 grades at BRPM improved by 3.4% year-on-year, while the Merensky tonnes delivered from BRPM declined by 1.4%.

Our key objective in 2016 was to advance the Styldrift I project to an on-reef production rate of 50ktpm by the fourth quarter of 2016 and to increase the capacity of the BRPM concentrator. A total of 410kt of Styldrift I Merensky reef was delivered to the concentrator at an average grade of 3.12g/t (4E) and the upgrading of the BRPM concentrator's metallurgical circuit to 250ktpm was completed in the first half of 2016.

Towards the latter half of 2016 the progress made at Styldrift I, together with the improvements in the rand basket price, allowed RBPlat to commit to the next phase of expansion at Styldrift I, which will ramp-up the mine to 150ktpm and secure the optimal level of Merensky production for RBPlat without the need to incur the significant expenditure required to process production beyond this level.

Overall, our tonnes delivered increased by 12.3% from 2 457kt in 2015 to 2 759kt in 2016. While the total tonnes delivered by BRPM decreased by 1.4% from 2 382kt in 2015 to 2 349kt in 2016, the on-reef development contribution from Styldrift I resulted in our total Merensky tonnes delivered increasing by 16.2% from 1 872kt in 2015 to 2 176kt in 2016. Our UG2 contribution was reduced to 21% in 2016 from 24% in 2015, with UG2 delivered tonnes decreasing by 0.3% year-on-year.

We achieved a 2% increase in total development from 35.5km in 2015 to 36.2km in 2016. While the deferment of the South shaft UG2 footwall development resulted in a 13.5% reduction in development replacement ratio at BRPM year-on-year, primary development at BRPM continues to exceed actual depletion rates.

In line with expectation and guidance we had a 1.9% reduction in overall 4E built-up head grade year-on-year to 4.03g/t. This was due to an increase in on-reef development tonnes from Styldrift I. We achieved a 1% improvement in BRPM's 4E built-up head grade year-on-year to 4.18g/t.

Total milled tonnes increased 12.2% year-on-year while Merensky milled tonnes increased 16.3% compared to last year, with the increased mining volumes from Styldrift I offsetting the 1.7% reduction in BRPM milled tonnes.

At 85.59% the BRPM concentrator recoveries were in line with grade/recovery expectations. We achieved a 9.4% increase in 4E ounce production to 304koz in 2016 from 278koz in 2015 and an 8.9% increase in platinum ounce production to 196koz.

Operating costs

We experienced a 10.4% increase in cost per tonne milled as a result of an 8.5% increase year-on-year in cash operating costs and a 1.7% reduction in BRPM's milled volumes. There was a 7.8% increase year-on-year in cash operating costs per Pt ounce as a result of a 0.6% increase in BRPM's platinum production. Our main drivers of cost increases that exceeded inflation of 6.3% were enrolled labour at 3.3% above, utilities at 4.2% above and contract labour at 6.2% above inflation.

Capital expenditure

There was a 44% decrease in our total capital expenditure year-on-year to R1.126 billion as a result of the scaling down of activities related to the Styldrift I project in response to depressed market conditions. Our replacement capital expenditure at BRPM was reduced by 78.5% due to the completion of the mining scope and deferral of the construction-related scope for the Phase III replacement project to 2017. Our stay-in-business capital expenditure decreased by 1.8% to R110 million (4.0% of operating expenditure).

Projects

North shaft Phase III replacement project involves the extension of the North shaft Merensky decline system and associated infrastructure from 10 level down to the mining boundary at 15 level. The project at year-end was 94% complete with all capital development complete and only the 14 and 15 level construction-related scope, which was deferred to 2017, outstanding. The project remains below budget, with expenditure for 2016 amounting to R44 million and R1 036 million for the project to date. The deferment will have no impact on the mine extraction plan as project completion remains aligned with the revised project milestone dates.

Styldrift I expansion project

Following the Board's decision to align construction activities at Styldrift I with the material reduction in PGM prices in 2015, a revised mining and construction plan was put in place, which was executed during 2016.

The plan focused on developing key shaft infrastructure on 600, 642 and 708 levels, as well as the decline clusters to the north and south on 600 and 642 levels in order to accelerate the establishment of stoping sections. This will enable the mine to sustainably deliver 50ktpm and affords Styldrift I the flexibility to effectively respond to market developments and align its ramp-up accordingly. The infrastructure demonstrated a peak production capacity of 63kt in August 2016.

Notwithstanding the steady progress made during the year and the successful growth in production capacity at Styldrift I to 50ktpm, development progress of 5.0km was below the 6.8km planned for the year as a result of changes in our support methodology and localised geotechnical conditions experienced on 600 and 642 levels. The initiatives introduced during the second half of the year, which included the introduction of dump trucks, mobilisation of additional bolters, LHDs, secondary support crews and the recruitment of key trackless supervisory and operating staff, helped to mitigate these impacts.

The treatment plant at BRPM was also upgraded to 250ktpm during the year to treat the growing volumes being delivered by Styldrift.

Towards the latter half of 2016, the progress made at Styldrift I, as well as the rand basket price improvements, allowed RBPlat to commit to the next phase of expansion at Styldrift I, which will ramp-up the mine to 150ktpm at a capital cost of R4.75 billion by the end of 2018. This expansion phase provides for all the key underground infrastructure required to meet a 230ktpm production level and includes:

- > overland conveyor belt to the BRPM concentrator complex
- > all underground silos and associated conveyor belt systems
- > required water handling and pumping facilities
- > stores and two ventilation shafts.

Commentary continued

The second phase, which will increase production capacity to 230ktpm, remains deferred until the expenditure required for the additional 100ktpm processing module and underground infrastructure will provide an acceptable return. The additional surface and underground infrastructure required to achieve 230ktpm is:

- > 100ktpm concentrator module
- > completion of Settler No.2
- > establishing equipping six additional stoping sections, including all trackless fleet as well as associated on- and off-reef access development.

The overall capital cost for the implementation of Styldrif I has increased. The increase in capital cost compared to the original R11.014 billion is primarily attributable to the combined impact of:

- > increased time-related escalation and fixed overhead costs accrued due to the scaling down of operations announced in August 2015 and the subsequent delay in ramp-up
- > the cost plus contracting strategy adopted with our main shaft sinking contractor (Shaft Sinkers) during 2015 in an attempt to avoid a potential six-month delay that would be incurred if a new contractor were to be mobilised due to the financial demise of Shaft Sinkers
- > changes in mine design and the implementation of new technologies to minimise the impact of revised legislative requirements related to vehicle collision avoidance
- > increased trackless fleet purchase costs associated with the substantial weakening of the rand against the euro over the past three years.

Natural capital

RBPlat as a signatory to the UNGC has endorsed the *Caring for Climate* initiative and we also support the achievement of the UN Sustainable Development Goals (SDGs) wherever possible. During 2016 our Board approved a revised sustainability framework, energy management strategy and our new formalised water management strategy. We voluntarily disclose to the CDP on climate change and water. Our latest CDP climate change performance achieved a score of B, which exceeded the CDP climate change programme average score of C and RBPlat achieved a place on the CDP's Water A list as a result of being one of 24 global leaders and one of only four South African companies awarded an A grade by the CDP for their efforts to manage water more sustainably. During 2016 we reduced our use of potable water by 40.5% following the commissioning of our water treatment plant. Our total energy consumption and greenhouse gas (GHG) emissions increased by 5.6% and 4.3%, respectively, because of the increase in activity at Styldrif I.

The approval of the Section 102 transfer by the DMR in June this year has allowed us to include the Frischgewaagd prospecting right into our current Styldrif mining right. This has resulted in a 41% increase in the Styldrif reserves and an 8% increase in our total reserves. Furthermore Styldrif II, which represents 40% of our overall resource, provides us with further organic growth prospects in the long term.

Market review

Platinum

In 2016 the dollar price fell 6.2% year-on-year to an average of US\$988/oz, which was more than offset by a weaker rand with the rand platinum price increasing by 8.6% to R14 480/oz. However, the rand platinum price fell to below R13 000/oz during December. The automotive industry accounted for 42% of platinum demand in 2016 and is projected to remain flat or slightly lower in 2017. Jewellery remains particularly important to platinum. During 2016 a difficult year in China resulted in weaker platinum jewellery sales. However, the jewellery market is expected to grow in the medium term with the rate of urbanisation in China, the long-term growth in disposable income, and the effectiveness of jewellery promotion programmes driving consumption. The demand for platinum jewellery in India continues to rise, showing an estimated 15% increase in 2016. Investors continued to support platinum with global exchange traded fund (ETFs) holdings only losing just over 100koz by September.

Palladium

Palladium prices outperformed platinum during 2016, starting the year at just less than US\$550/oz and finishing the year at over US\$700/oz. Demand growth for palladium in 2017 is expected to remain relatively flat. Investors took the opportunity to sell into high prices with 630koz of palladium ETFs being redeemed. The palladium market remains in a structural deficit.

Rhodium

The rhodium price averaged at US\$694/oz for 2016 and the market was largely uneventful. Interest in the metal appeared to pick up towards the end of the year with prices rising over US\$800/oz. The market is expected to remain in surplus in 2017 unless there is a contraction in supply.

Outlook

Our focus will remain on achieving operational excellence, zero fatalities, continuing to improve our safety performance, improving productivity levels at BRPM and delivering 50ktpm from Styldrift I during 2017.

In the short to medium term we expect market conditions to be similar to those experienced in 2016. As a result, our focus will remain on the four pillars of our strategy, which continue to be effective. We will remain focused on:

- > improving our safety performance
- > containing the increase in operating costs, especially our fixed costs, increasing volumes and optimising grades in an environment where:
 - > maintaining BRPM's operational flexibility will become increasingly more challenging as its South shaft Merensky reserves are depleting
 - > the South shaft UG2 remains marginal under current market conditions
 - > we progress Styldrift I's capital construction programme and ramp-up in a volatile market
- > prudent financial management
- > delivering on organic growth by achieving the ramp-up of Styldrift I to 150ktpm by 2018.

Joint venture production for 2017, subject to any unforeseen operational disruptions or change in UG2 mining at South shaft, is forecast to increase to between 2.75Mt and 2.90Mt at a 4E built-up head grade of 3.94g/t to 4.04g/t. The reduction in built-up head grade is directly attributable to the high percentage of on-reef development at Styldrift I which will contribute to our overall production.

Total capital expenditure for 2017, including escalation and contingencies, is forecast at approximately R3.2 billion, the key driver being the Styldrift I capital construction programme. SIB capital expenditure is forecast at between 4% and 6% of operating expenditure.

Our business is very sensitive to the movement of the rand against the US\$, which can have a negative or positive impact on our rand basket price. We are, as we have shown in the past, able to react rapidly to the impact, positive or negative, of a major change in circumstances, such as the rand basket price would have on our ability to deliver on our strategic objectives and in particular our ability to grow organically.

While the outstanding issues in terms of the new Mining Charter are still with us in 2017, RBPlat is well positioned in terms of our black empowerment qualifications and on levels of local and HDSA procurement. The mining industry does, however, have major concerns regarding the proposed ministerial skills development fund and the affordability of a contribution of 1% of annual turnover towards local and community development and labour sending areas.

Directors' responsibility statement

The summary consolidated annual financial statements included in this announcement are the full responsibility of the directors. The directors confirm that the financial information has been correctly extracted from the underlying 2016 audited consolidated annual financial statements.

Summary consolidated statement of financial position as at 31 December 2016

	Notes	Group		% change
		2016 audited R (million)	2015 audited R (million)	
Assets				
Non-current assets		17 614.3	17 148.8	2.7
Property, plant and equipment		10 587.2	10 129.7	4.5
Mineral rights		5 729.3	5 766.0	(0.6)
Goodwill		863.3	863.3	—
Environmental trust deposits, guarantees and investments		147.0	114.9	27.9
Employee housing loan receivable		167.2	157.7	6.0
Employee housing benefit		46.5	51.4	(9.5)
Insurance investment		35.0	31.0	12.9
Deferred tax asset		38.8	34.8	11.5
Current assets		2 703.6	2 610.5	3.6
Employee housing benefit		4.2	4.3	(2.3)
Employee housing assets		377.3	264.2	42.8
Inventories		79.4	55.1	44.1
Trade and other receivables		1 405.6	1 365.7	2.9
Current tax receivable		1.6	3.6	(55.6)
Cash and cash equivalents	4	835.5	917.6	(8.9)
Total assets		20 317.9	19 759.3	2.8
Equity and liabilities				
Total equity		14 813.9	14 484.3	2.3
Share capital		1.9	1.9	—
Share premium		9 400.8	9 366.1	0.4
Retained earnings		1 454.2	1 285.9	13.1
Share-based payment reserve		216.2	194.7	11.0
Non-distributable reserve		82.5	71.8	14.9
Non-controlling interest		3 658.3	3 563.9	2.6
Non-current liabilities		4 165.0	4 125.7	1.0
Deferred tax liability		3 635.3	3 663.7	(0.8)
PIC housing facility	5	434.0	366.9	18.3
Restoration and rehabilitation provision and other		95.7	95.1	0.6
Current liabilities		1 339.0	1 149.3	16.5
Trade and other payables		449.3	388.4	15.7
RPM payable		889.7	760.9	16.9
Total equity and liabilities		20 317.9	19 759.3	2.8

The notes on pages 18 to 27 form an integral part of these summary consolidated annual financial statements.

Note: The summary consolidated statement of financial position, summary consolidated statement of comprehensive income and summary consolidated statement of cash flows are only summaries of the full set of the 2016 consolidated financial statements available online and do not contain full details. Any investment decisions by investors or shareholders should be based on consideration of the full set of consolidated financial statements published online on RBPlat's website.

Summary consolidated statement of comprehensive income for the year ended 31 December 2016

	Notes	Group		% change
		2016 audited R (million)	2015 audited R (million)	
Revenue	8	3 342.2	3 044.7	9.8
Cost of sales	9	(3 101.5)	(3 084.5)	(0.6)
Cost of sales excluding depreciation, amortisation and movement in inventories		(2 803.6)	(2 640.2)	(6.2)
Depreciation and amortisation		(312.0)	(429.2)	27.3
Increase/(decrease) inventories		14.1	(15.1)	193.4
Gross profit/(loss)		240.7	(39.8)	704.8
Other income		88.1	68.7	28.2
Administration expenses		(155.6)	(164.1)	5.2
Corporate office		(138.4)	(126.3)	(9.6)
Housing project		(17.2)	(37.8)	54.5
Impairment of non-financial assets		(2.6)	(4 466.2)	99.9
Finance income		91.8	106.2	(13.6)
Finance cost		(7.4)	(25.1)	70.5
Profit/(loss) before tax		255.0	(4 520.3)	105.6
Income tax credit		7.7	753.3	(99.0)
Income tax expense		(24.7)	(76.9)	67.9
Deferred tax credit		32.4	830.2	(96.1)
Net profit/(loss) for the period		262.7	(3 767.0)	107.0
Other comprehensive income		—	—	—
Total comprehensive income/(loss)		262.7	(3 767.0)	107.0
Total comprehensive income/(loss) attributable to:				
Owners of the Company		168.3	(3 044.8)	105.5
Non-controlling interest		94.4	(722.2)	113.1
Basic earnings/(loss) per share (cents/share)	14	87.6	(1 589.2)	105.5
Diluted earnings/(loss) per share (cents/share)	14	87.5	(1 589.2)	105.5
Headline earnings/(loss) per share (cents/share)	14	86.7	(83.2)	204.2

The notes on pages 18 to 27 form an integral part of these summary consolidated annual financial statements.

Summary consolidated statement of changes in equity for the year ended 31 December 2016

	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)	Attribu- table to owners of the Company R (million)	Non- con- trolling interest R (million)	Total R (million)
2016									
Balance at 31 December 2015	191 743 614	1.9	9 366.1	194.7	71.8	1 285.9	10 920.4	3 563.9	14 484.3
Share-based payment charge	—	—	—	52.8	—	—	52.8	—	52.8
2013 BSP shares vested in April 2016	534 376	—	31.3	(31.3)	—	—	—	—	—
Share options exercised	—	—	3.4	—	—	—	3.4	—	3.4
RPM contribution to housing project	—	—	—	—	10.7	—	10.7	—	10.7
Total comprehensive income	—	—	—	—	—	168.3	168.3	94.4	262.7
Balance at 31 December 2016	192 277 990	1.9	9 400.8	216.2	82.5	1 454.2	11 155.6	3 658.3	14 813.9
2015									
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
Share-based payment charge	—	—	—	55.0	—	—	55.0	—	55.0
Mahube ordinary shares vested 31 March 2015	187 972	—	12.2	(12.2)	—	—	—	—	—
2012 BSP shares vested in April 2015	424 985	—	24.7	(24.7)	—	—	—	—	—
Total comprehensive loss	—	—	—	—	—	(3 044.8)	(3 044.8)	(722.2)	(3 767.0)
Balance at 31 December 2015	191 743 614	1.9	9 366.1	194.7	71.8	1 285.9	10 920.4	3 563.9	14 484.3

* The number of shares is net of 3 558 475 (2015: 1 982 760) 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.

The notes on pages 18 to 27 form an integral part of these summary consolidated annual financial statements.

Summary consolidated statement of cash flows for the year ended 31 December 2016

	Notes	Group		% change
		2016 audited R (million)	2015 audited R (million)	
Cash flows from operating activities				
<i>Cash generated by operations</i>		528.8	601.9	(12.1)
Interest paid		(0.2)	(0.6)	66.7
Interest received		74.4	86.4	(13.9)
Dividend received		5.0	9.7	(48.5)
Tax refund		2.5	0.4	525.0
Tax paid		(25.2)	(78.6)	67.9
Net cash flow generated by operating activities		585.3	619.2	(5.5)
<i>Cash flows from investing activities</i>				
Proceeds from disposal of property, plant and equipment		47.2	0.4	11 700
Acquisition of property, plant and equipment		(1 136.5)	(2 018.4)	43.7
Styldrift on-reef development revenue receipts		273.9	–	100.0
Acquisition of employee housing assets		(83.2)	(262.5)	68.3
Acquisition of insurance investment		(2.9)	(30.0)	90.3
Increase in environmental trust deposits and investments		(20.1)	(2.8)	(617.9)
Call option premiums paid		–	(9.2)	100.0
Net cash flow utilised by investing activities		(921.6)	(2 322.5)	(60.3)
<i>Cash flows from financing activities</i>				
Decrease in amount owing to RPM		128.8	436.4	(70.5)
Drawdown of PIC housing facility		40.0	326.9	(87.8)
RPM contribution to housing fund received		82.5	–	100.0
Proceeds from share options exercised		2.9	–	100.0
Decrease in employee housing facility		–	(6.6)	100.0
Net cash flow generated by financing activities		254.2	756.7	(66.4)
Net decrease in cash and cash equivalents		(82.1)	(946.6)	91.3
Cash and cash equivalents at beginning of the year		917.6	1 864.2	(50.8)
Cash and cash equivalents at end of the year	4	835.5	917.6	(8.9)

The notes on pages 18 to 27 form an integral part of these summary consolidated annual financial statements.

Notes to the summary consolidated annual financial statements for the year ended 31 December 2016

1 Basis of preparation

The summary consolidated annual financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements (JSE Listings Requirements) for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the previous consolidated annual financial statements.

The summary consolidated annual financial statements for the year ended 31 December 2016 were prepared under the supervision of the Financial Director, Martin Prinsloo CA(SA).

2 Accounting policies

The summary consolidated annual financial statements have been prepared under the historical cost convention. The principal accounting policies used by the Group are consistent with those of the previous period, except for the adoption of various revised and new standards. The adoption of these standards had no material impact on the financial results of this review period.

3 Audit opinion

These summary consolidated annual financial statements for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers Inc., who expressed an unqualified opinion thereon. The auditor also expressed an unqualified opinion on the consolidated annual financial statements from which these summary consolidated annual financial statements were derived. A copy of the auditor's report on the summary consolidated annual financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the registered office of Royal Bafokeng Platinum Limited, together with the annual financial statements identified in the respective auditor's report.

4 Available funds

RBPlat had cash and near cash investments on hand at 31 December 2016 of R835.5 million. Included in the R835.5 million cash balance is restricted cash of R39.0 million ring-fenced for the RBPlat housing project. The Group has an intra-month funding working capital requirement which is met through a R458 million working capital facility of which R202.0 million has been utilised for guarantees at 31 December 2016.

5 PIC housing facility

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

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

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. On this basis, the interest expense on the PIC housing facility is capitalised to employee housing assets from 2016.

as at 31 December	Group	
	2016 R (million)	2015 R (million)
Opening balance	366.9	–
Plus: Drawdowns	40.0	326.9
Plus: Transaction costs capitalised to loan	–	22.3
Plus: Contractual interest charge capitalised to loan	24.2	15.1
Plus: Fair value interest charges capitalised to loan	4.4	3.7
Less: Amortisation of fair value adjustment to loan	(1.5)	(1.1)
Closing balance	434.0	366.9

6 Capital commitments

Capital commitments relate to the Styldrift I and BRPM Phase 3 projects.

as at 31 December	Group	
	2016 R (million)	2015 R (million)
Contracted commitments	485.3	608.7
Approved expenditure not yet contracted for	3 311.3	4 523.0
Total	3 796.6	5 131.7

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

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

Notes to the summary consolidated annual financial statements for the year ended 31 December 2016

7 Guarantees and contingencies

7.1 Guarantees

as at 31 December	Group	
	2016 R (million)	2015 R (million)
<i>Royal Bafokeng Resources Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:</i>		
Eskom to secure power supply for Styldrift I development	17.1	17.1
Eskom early termination guarantee for Styldrift I	17.5	17.5
Eskom connection charges guarantee for Styldrift I	40.0	40.0
Anglo American Platinum for rehabilitation of land disturbed by mining activities at the BRPM JV	82.6	82.6
Eskom connection charges guarantee for Styldrift I project	42.7	–
Department: Mineral Resources for the rehabilitation of land disturbed by prospecting/mining	1.3	1.3
<i>Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:</i>		
Tsogo Sun guarantees arising from lease agreements	0.8	0.4
Total bank guarantees issued at 31 December	202.0	158.9
Department: Mineral Resources for prospecting, exploration, mining or production operations for Styldrift II project	45.7	–
Total insurance guarantees issued at 31 December	45.7	–

7.2 Contingent liability

BRPM JV may have a potential exposure to remediate groundwater and soil pollution that may exist where the JV operates. The operations continue to monitor and mitigate impacts if and when they arise. Our groundwater pollution plume model will be updated in 2017 to qualify the size and rate of the plume movement. This will assist us in determining appropriate remediation actions.

The ultimate outcome of the matter cannot presently be determined and no liability has been raised in the annual financial statements. BRPM constructed a water treatment plant in 2015 which has reduced our dependence on Magalies Water.

8 Revenue

for the year ended 31 December	Group	
	2016 R (million)	2015 R (million)
Concentrate sales – production from BRPM concentrator	2 991.4	2 607.1
UG2 toll concentrate sales	350.8	437.6
Total revenue	3 342.2	3 044.7

Revenue and concentrate trade debtors are fair valued every month following the month of delivery of the concentrate to RPM until the price is fixed in the third month following delivery.

The fair value adjustment is recognised in revenue.

9 Cost of sales

for the year ended 31 December	Group	
	2016 R (million)	2015 R (million)
Labour	1 072.4	946.3
Utilities	252.5	233.5
Contractor costs	701.6	633.4
Materials and other mining costs	695.8	694.5
Materials and other mining costs for BRPM JV	738.2	734.7
Elimination of intergroup management fee	(42.4)	(40.2)
Movement in inventories	(14.1)	15.1
Depreciation – Property, plant and equipment	275.3	366.9
Amortisation – Mineral rights	36.7	62.3
Share-based payment expense	27.4	29.5
Social and labour plan expenditure	35.6	63.8
State royalties	12.4	10.4
Styl drift incidental expenses	–	5.5
Retrenchment costs	–	20.5
Other	5.9	2.8
Total cost of sales	3 101.5	3 084.5

Notes to the summary consolidated annual financial statements for the year ended 31 December 2016

10 Related party transactions

The Group is controlled by Royal Bafokeng Platinum Holdings Proprietary Limited (incorporated in South Africa), which owns 51.74% of RBPlat's shares. RPM owns 11.44% of RBPlat's shares and the remaining 36.82% are widely held.

The Group's ultimate parent is Royal Bafokeng Holdings Proprietary Limited (RBH). RBH is an investment holding company with a large number of subsidiaries and associates and is incorporated in South Africa.

for the year ended 31 December	Group	
	2016 R (million)	2015 R (million)
BRPM JV balances at 31 December:		
Amount owing by RPM for concentrate sales	1 313.0	1 181.5
Amount owing to RPM for contribution to BRPM JV (working capital nature)	1 051.0	839.7
Amount owing by RPM for housing project costs	—	71.8
BRPM JV transactions:		
Concentrate sales to RPM	3 705.5	3 099.3
Associate of holding company balances at 31 December:		
Amount owing by Impala Platinum Limited for the fourth quarter royalty	22.2	12.7
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)	8.4	10.3
Impala Platinum Limited for royalty income (an associate of RBH)	65.7	46.7
Geoserve Exploration Drilling Company for exploration drilling on Boschkopie and Styl drift (a subsidiary of RBH)	3.4	7.9
Trident South Africa Proprietary Limited for steel supplies (a subsidiary of RBH)	4.4	3.6
Mtech Industrial for supply and installation of heat pumps (a subsidiary of RBH)	0.4	1.3
Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH)	0.6	0.4
Praxima Holding for payroll administration fees (an associate of RBH)	0.1	0.1
Fees paid to non-executive directors (RBH/Mogs)	0.7	0.7

11 Dividends

No dividends have been declared or proposed in the current period (2015: nil).

12 Financial risk management

Financial risk factors: Fair value determination

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

- 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 and 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 financial assets 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 31 December.

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2016			
<i>Financial assets at fair value through profit or loss</i>			
Environmental trust deposits ¹	–	94.9	–
Insurance investment ²	–	35.0	–
<i>Loans and receivables</i>			
Employee housing loan receivable ⁴	–	–	167.2
<i>Financial assets at fair value through profit or loss</i>			
Forward exchange contracts ³	–	2.7	–
<i>Financial liabilities at amortised cost</i>			
PIC housing facility ⁴	–	–	434.0
2015			
<i>Financial assets at fair value through profit or loss</i>			
Environmental trust deposits ¹	–	107.4	–
Insurance investment ²	–	31.0	–
Forward exchange contracts and call options ³	–	11.9	–
<i>Loans and receivables</i>			
Employee housing loan receivable ⁴	–	–	157.7
<i>Financial liabilities at amortised cost</i>			
PIC housing facility ⁴	–	–	366.9

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 Coeshares Green portfolio Exchange Traded Fund.

2. The fair values were determined using market prices for listed investments and discounted cash flow models for unlisted investments.

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

4. The fair values were determined using discounted cash flow models.

Notes to the summary consolidated annual financial statements for the year ended 31 December 2016

13 Segmental reporting

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

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

13.1 Segmental statement of comprehensive income

	For the year ended 31 December 2016					For the year ended 31 December 2015					
	BRPM mining segment R (million)	Styldrift mining segment R (million)	BRPM JV mining segment R (A + B) (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	BRPM mining segment R (A) (million)	Styldrift mining segment R (B) (million)	BRPM JV mining segment R (A + B) (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Concentrate sales	3 342.2	—	3 342.2	—	—	3 034.0	10.7	3 044.7	—	—	3 044.7
Cost of sales	(3 129.2)	(0.3)	(3 129.5)	—	28.0	(2 933.8)	(6.1)	(2 939.9)	—	(144.6)	(3 084.5)
Cash cost of sales excluding depreciation and amortisation	(2 868.3)	—	(2 868.3)	—	64.7	(2 664.5)	(5.5)	(2 670.0)	—	29.8	(2 640.2)
Depreciation	(275.0)	(0.3)	(275.3)	—	—	(254.2)	(0.6)	(254.8)	—	—	(254.8)
Additional depreciation and amortisation on purchase price allocation of mining assets	—	—	—	—	(36.7)	—	—	—	—	(174.4)	(174.4)
Movement in inventories	14.1	—	14.1	—	—	(15.1)	—	(15.1)	—	—	(15.1)
Gross profit/(loss) per segment and total	213.0	(0.3)	212.7	—	28.0	100.2	4.6	104.8	—	(144.6)	(39.8)
Other income	75.1	8.9	84.0	2.7	1.4	67.1	(1.0)	66.1	2.8	(0.2)	68.7
Total administration expenditure	—	—	—	(17.2)	(138.4)	—	—	—	(37.8)	(126.3)	(164.1)
Administration expenditure	—	—	—	(14.3)	(136.8)	—	—	—	(34.9)	(125.3)	(160.2)
Depreciation	—	—	—	(0.2)	(1.6)	—	—	—	—	(1.0)	(1.0)
Amortisation of employee housing benefit and fair value adjustment to loan	—	—	—	(2.7)	—	—	—	—	(2.9)	—	(2.9)
Impairment on non-financial assets	(0.9)	(0.9)	(1.8)	(0.8)	—	(3 052.4)	—	(3 052.4)	(2.0)	(1 411.8)	(4 466.2)
Net finance income	10.8	—	10.8	28.6	45.0	8.4	0.3	8.7	6.6	65.8	81.1
Finance income	16.6	1.4	18.0	28.6	45.2	13.2	1.4	14.6	26.2	65.4	106.2
Finance cost	(5.8)	(1.4)	(7.2)	—	(0.2)	(4.8)	(1.1)	(5.9)	(19.6)	0.4	(25.1)
Profit/(loss) before tax per segment and total	298.0	7.7	305.7	13.3	(64.0)	(2 876.7)	3.9	(2 872.8)	(30.4)	(1 617.1)	(4 520.3)
Taxation	—	—	—	—	7.7	—	—	—	—	—	753.3
Profit/(loss) after tax	298.0	7.7	305.7	13.3	(56.3)	(2 876.7)	3.9	(2 872.8)	(30.4)	(1 617.1)	(3 767.0)
Attributable to owners of the Company	168.3	—	168.3	—	—	—	—	—	—	—	(3 044.8)
Attributable to non-controlling interest	94.4	—	94.4	—	—	—	—	—	—	—	(722.2)

13.2 Segmental statement of financial position

	As at 31 December 2016					As at 31 December 2015						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Non-current assets	4 262.5	6 628.0	10 890.5	252.5**	6 471.3	17 614.3	4 794.0	5 585.2	10 379.2	240.6	6 529.0	17 148.8
Allocation of mineral rights and segments	955.3	4 774.0*	5 729.3	—	(5 729.3)	—	992.0	4 774.0	5 766.0	—	(5 766.0)	—
Non-current assets after allocation of mineral rights	5 217.8	11 402.0	16 619.8	252.5	742.0	17 614.3	5 786.0	10 359.2	16 145.2	240.6	763.0	17 148.8
Current assets	1 587.1	249.2	1 836.3	428.3	439.0	2 703.6	1 553.9	101.1	1 655.0	342.0	613.5	2 610.5
Employee housing current assets	—	—	—	381.5	—	381.5	—	—	—	268.5	—	268.5
Inventories	56.3	23.1	79.4	—	—	79.4	37.3	17.8	55.1	—	—	55.1
Trade and other receivables	1 160.3	226.1	1 386.4	7.8	11.4	1 405.6	1 190.5	83.3	1 273.8	13.0	78.9	1 365.7
Current tax receivable	—	—	—	—	1.6	1.6	—	—	—	—	3.6	3.6
Cash and cash equivalents	370.5	—	370.5	39.0	426.0	835.5	326.1	—	326.1	60.5	531.0	917.6
Total assets per statement of financial position	6 804.9	11 651.2	18 456.1	680.8	1 181.0	20 317.9	7 339.9	10 460.3	17 800.2	582.6	1 376.5	19 759.3
Non-current liabilities	81.7	12.5	94.2	435.5	3 635.3	4 165.0	82.0	13.1	95.1	366.9	3 663.7	4 125.7
Deferred tax liability***	—	—	—	—	3 635.3	3 635.3	—	—	—	—	3 663.7	3 663.7
PIC housing facility	—	—	—	434.0	—	434.0	—	—	—	366.9	—	366.9
Restoration and rehabilitation provision and other	81.7	12.5	94.2	1.5	—	95.7	82.0	13.1	95.1	—	—	95.1
Current liabilities	3 334.2	77.9	3 412.1	26.1	(2 099.2)	1 339.0	3 148.4	108.1	3 256.5	259.5	(2 366.7)	1 149.3
Trade and other payables	149.4	77.9	227.3	26.1	195.9	449.3	603.8	108.1	711.9	259.5	(583.0)	388.4
RBR payable	2 133.8	—	2 133.8	—	(2 133.8)	—	1 704.9	—	1 704.9	—	(1 704.9)	—
RPM payable	1 051.0	—	1 051.0	—	(161.3)	889.7	839.7	—	839.7	—	(78.8)	760.9
Total liabilities per statement of financial position	3 415.9	90.4	3 506.3	461.6	1 536.1	5 504.0	3 230.4	121.2	3 351.6	626.4	1 297.0	5 275.0

* Includes Styldrift II exploration and evaluation costs.

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

*** R1.3 billion of the deferred tax liability is attributable to BRPM mining segment and R2.3 billion to Styldrift mining segment (Styldrift I and Styldrift II).

Notes to the summary consolidated annual financial statements for the year ended 31 December 2016

13.3 Segmental statement of cash flows

For the year ended 31 December 2016

For the year ended 31 December 2015

	BRPM mining segment R (million)	Stydrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Net cash flow generated/ (utilised) by operating activities	518.5	1.4	519.9	25.7	39.7	585.3
<i>Cash flows from investing activities</i>						
Proceeds on disposal of property, plant and equipment	2.1	45.1	47.2	—	—	47.2
Acquisition of property, plant and equipment	(155.0)	(1 011.8)	(1 166.8)	(1.1)	31.4	(1 136.5)
Stydrift on-reef development revenue receipts	—	273.9	273.9	—	—	273.9
Acquisition of employee housing assets	—	—	—	(83.2)	—	(83.2)
Acquisition of insurance investment	—	—	—	(2.9)	—	(2.9)
Increase in environmental trust deposits	(20.1)	—	(20.1)	—	—	(20.1)
Call option premiums paid	—	—	—	—	—	—
Net cash flow (utilised)/ generated by investing activities	(173.0)	(692.8)	(865.8)	(87.2)	31.4	(921.6)
<i>Cash flows from financing activities</i>						
Cash investments by/ (distributions to) BRPM JV shareholders	(51.1)	691.4	640.3	—	(511.5)	128.8
Drawdowns of PIC housing facility	—	—	—	40.0	—	40.0
(Decrease)/increase in intercompany loans	—	—	—	(250.0)	250.0	—
RPM contribution to housing fund received	(250.0)	—	(250.0)	250.0	82.5	82.5
Proceeds from share options exercised	—	—	—	—	2.9	2.9
Decrease in employee housing facility	—	—	—	—	—	—
Net cash flow (utilised)/ generated by financing activities	(301.1)	691.4	390.3	40.0	(176.1)	254.2
Net increase/(decrease) in cash and cash equivalents	44.4	—	44.4	(21.5)	(105.0)	(82.1)
Cash and cash equivalents at beginning of year	326.1	—	326.1	60.5	531.0	917.6
Cash and cash equivalents at end of year	370.5	—	370.5	39.0	426.0	835.5

	BRPM mining segment R (million)	Stydrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Net cash flow generated/ (utilised) by operating activities	622.5	44.9	667.4	(11.5)	(36.7)	619.2
<i>Cash flows from investing activities</i>						
Proceeds on disposal of property, plant and equipment	0.4	—	0.4	—	—	0.4
Acquisition of property, plant and equipment	(317.0)	(1 746.5)	(2 063.5)	—	45.1	(2 018.4)
Stydrift on-reef development revenue receipts	—	—	—	—	—	—
Acquisition of employee housing assets	—	—	—	(262.5)	—	(262.5)
Acquisition of insurance investment	—	—	—	(30.0)	—	(30.0)
Increase in environmental trust deposits	(2.8)	—	(2.8)	—	—	(2.8)
Call option premiums paid	—	(9.2)	(9.2)	—	—	(9.2)
Net cash flow (utilised)/ generated by investing activities	(319.4)	(1 755.7)	(2 075.1)	(292.5)	45.1	(2 322.5)
<i>Cash flows from financing activities</i>						
Cash investments by/ (distributions to) BRPM JV shareholders	(388.4)	1 710.8	1 322.4	—	(886.0)	436.4
Drawdowns of PIC housing facility	—	—	—	326.9	—	326.9
(Decrease)/increase in intercompany loans	—	—	—	34.7	(34.7)	—
RPM contribution to housing fund received	—	—	—	—	—	—
Proceeds from share options exercised	—	—	—	—	—	—
Decrease in employee housing facility	—	—	—	—	(6.6)	(6.6)
Net cash flow (utilised)/ generated by financing activities	(388.4)	1 710.8	1 322.4	361.6	(927.3)	756.7
Net increase/(decrease) in cash and cash equivalents	(85.3)	—	(85.3)	57.6	(918.9)	(946.6)
Cash and cash equivalents at beginning of year	411.4	—	411.4	2.9	1 449.9	1 864.2
Cash and cash equivalents at end of year	326.1	—	326.1	60.5	531.0	835.5

14 Earnings/(loss) per share

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

for the year ended 31 December	Group	
	2016	2015
Number of shares issued	195 836 465	193 726 374
Mahube Trust	—	—
Management incentive scheme	(4 092 851)	(2 595 717)
Number of shares issued outside the Group	191 743 614	191 130 657
Adjusted for weighted shares issued during the year	401 513	461 403
Weighted average number of ordinary shares in issue for earnings per share	192 145 127	191 592 060
Dilutive potential of ordinary shares relating to management incentive schemes	186 357	25 136
Weighted average number of potential dilutive ordinary shares in issue	192 331 484	191 617 196
Profit/(loss) – attributable to owners of the Company R (million)	168.3	(3 044.8)
Adjustments net of tax and non-controlling interest R (million)	(1.6)	2 885.2
Headline earnings/(loss) R (million)	166.7	(159.6)
Basic earnings/(loss) per share (cents/share)	87.6	(1 589.2)
Diluted earnings/(loss) per share (cents/share)	87.5	(1 589.2)
Headline earnings/(loss) per share (cents/share)	86.7	(83.2)
Diluted headline earnings/(loss) per share (cents/share)	86.6	(83.2)

Administration

Shareholders' diary

Financial year end:
31 December of each year

Interim period end:
30 June of each year

Integrated report and annual financial statements

(mailed to shareholders)
7 March 2017

Administration

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

The Pivot
No 1 Monte Casino Boulevard
Block C
4th Floor
Fourways
Johannesburg
2021
South Africa

PO Box 2283
Fourways
2055
South Africa

Company Secretary

Lester Jooste
Email: lester@bafokengplatinum.co.za
Telephone: +27 10 590 4519
Telefax: +27 086 572 8047

Investor relations

Lindiwe Montshiwagae
Email: lindiwe@bafokengplatinum.co.za
Telephone: +27 10 590 4510
Telefax: +27 086 219 5131

Public Officer

Reginald Haman
Email: Reginald@bafokengplatinum.co.za
Telephone: +27 10 590 4533
Telefax: +27 086 219 5131

Independent external auditors

PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill
Johannesburg
2157
South Africa

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

PO Box 61051
Marshalltown
2107
South Africa
Telephone: +27 11 370 5000
Telefax: + 27 11 688 5200

Sponsor

Merrill Lynch South Africa Proprietary Limited
1 Sandton Drive
Sandhurst
Johannesburg
2196
South Africa



www.bafokengplatinum.co.za