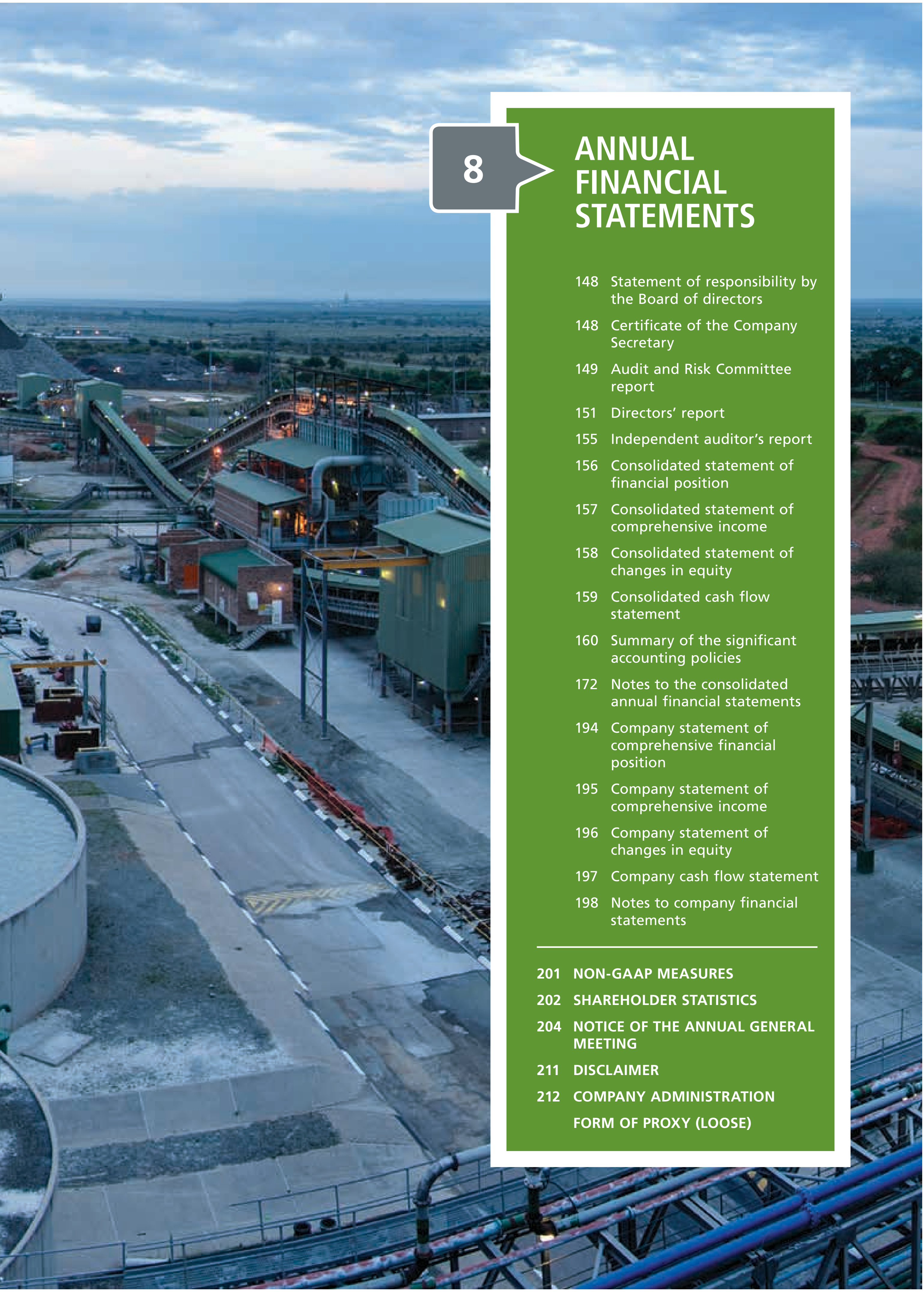

8

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Royal Bafokeng Platinum Group. The financial statements presented on page 151 to 203 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 71 of 2008 of South Africa and include amounts based on judgements and estimates made by management.

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

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

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

Board approval of financial statements

The annual financial statements for the year ended 31 December 2013 are set out on page 151 to 203. The preparation thereof was supervised by the Chief Financial Officer CA(SA) and approved by the Board of directors on 24 February 2014 and are signed on its behalf by:

KD Moroka SC
Chairman

SD Phiri
Chief Executive Officer

CERTIFICATE OF THE COMPANY SECRETARY

I, the undersigned, certify that to the best of my knowledge and in my capacity as the Company Secretary, of the Company has lodged all such returns with the Companies Intellectual and Property Commission in compliance with the Companies Act 71 of 2008.

LC Jooste
Company Secretary

24 February 2014

AUDIT AND RISK COMMITTEE REPORT

RBPlat's independent Audit and Risk Committee presents its report for the financial year ended 31 December 2013. The committee's duties and objectives, as mandated by the Board, allow it to discharge its statutory and other Board-delegated duties in keeping with its terms of reference, which can be found on the Company's website, www.bafokengplatinum.co.za. These duties are briefly set out in this report. Further information can be found on page 120 of the Transparency and accountability section.

Composition, meetings and assessment

The committee consists of five independent non-executive directors. Ms Matsotso Vuso, an independent non-executive director and a member of the committee, resigned on 27 August 2013 from the Board and as a result was also withdrawn as a committee member.

Closed sessions are arranged with key relevant parties and private sessions of members only are held from time to time to ensure confidential assessments and discussions can occur. At least four such meetings are held during the year.

The committee's terms of reference prescribe that the effectiveness of the committee, its chairperson and individual members is assessed annually. The outcome of the 2013 evaluation was positive and indicated significant improvements in the maturity of enterprise risk management structures.

Role and responsibilities

The committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of King III, as well as its additional responsibilities prescribed by its terms of reference which have been endorsed by the Board of directors. Its key areas of responsibilities are to:

> perform its statutory duties as prescribed by the Companies Act, including the appointment and the assessment of the independence of the external auditors
> oversee the integrated reporting process and assess disclosures made to all stakeholders, in conjunction with the Social and Ethics Committee which included the annual financial statements for the year under review
> oversee and assess the governance of risk and related internal control environment, including the role of internal audit
> oversee and assess all internal and external assurance providers
> obtain assurance from internal audit on the effectiveness of internal controls
> assess the expertise and experience of the Chief Financial Officer and the resources within the financial function
> report to the Board and shareholders.

External auditor appointment and independence

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

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

The committee has nominated, for election at the Annual General Meeting, PricewaterhouseCoopers Inc as the external audit firm for the 2014 financial year. The committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors. The designated Audit Partner, having served a five year period, will be rotated and a new designated Audit Partner will be appointed with effect from 16 April 2014.

Financial statements and accounting policies

The committee has assessed the Group's accounting policies and the consolidated annual financial statements as well as the integrated annual report for the year ended 31 December 2013 and is satisfied that they are appropriate and comply in all respects with International Financial Reporting Standards. The committee supports the opinion of the Board and the external auditor with regard to the annual financial statements which have been approved by the Board and will be tabled for shareholders to approve at the next Annual General Meeting of the Company.

Integrated reporting and combined assurance

The committee, together with the Social and Ethics Committee, performs an oversight role with regard to the Group's integrated report, the reporting process including the work done by the external service providers and the information disclosed therein to ensure the reasonable accuracy and consistency thereof. The information is reviewed and ultimately interrogated by the Board at an annual workshop held in January of each year to ensure that the Board is satisfied with the integrity of the integrated report.

Governance of risk

The committee is responsible for overseeing the governance of risk across the Group. The Risk Management Framework and Policy has been revised and adopted by the Board based on the committee's recommendations and its continued implementation will be managed by the Executive: Risk and Assurance, who reports directly to the Chief Executive Officer and to the Audit and Risk Committee.

In the assessment of the effectiveness of internal controls the committee obtained assurance from the outsourced internal auditor, KPMG, that nothing has come to its attention to indicate that internal controls, including internal financial controls, are not working effectively.

AUDIT AND RISK COMMITTEE REPORT (continued)

Internal audit

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

A non-audit services policy, similar to that for external audit, has been established for the internal audit providers, which governs the provision of audit services outside of the internal audit scope and plan.

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

The committee has considered and is satisfied with the appropriateness of the expertise and adequacy of resources within the finance function and with the experience of the Chief Financial Officer in performing the financial responsibilities within the Group.

Going concern

Based on the results of management's assessment of solvency and liquidity and hence the going concern assumption, the committee recommended to the Board that the annual financial statements are appropriately prepared on a going concern basis.

Prof L de Beer
Chairperson of the Audit and Risk Committee

24 February 2014

DIRECTORS' REPORT

Principal activities and profile

Royal Bafokeng Platinum Limited (RBPlat) was incorporated in July 2008 by Royal Bafokeng Holdings (RBH), the investment arm of the Royal Bafokeng Nation (RBN).

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

Results and dividend

The Group's and Company's financial results are set out on page 156 to 203. These financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards AC500, the Companies Act 71 of 2008 and the JSE Listings Requirements and supported by reasonable and prudent judgements where required.

In terms of the current dividend policy the directors do not intend declaring a dividend until the development of the Styldrift I project is complete and production at that operation is at a steady state. Thereafter, a market-related dividend cover ratio is anticipated.

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

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

The Operating context on page 8 provides details of the Group's operating environment. The Group's operational performance for 2013 is discussed on page 51 to 63 and information on our future outlook can be found throughout the report. The Financial capital section on page 41 to 49 and the annual financial statements (page 151 to 203) provide a full description of our financial performance for the year.

Going concern

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

Financial assistance

Shareholders approved the granting of financial assistance subject to the provisions of sections 44 and 45 of the Companies Act, directly or indirectly, to present and future subsidiaries, related or interrelated parties for a period of two years commencing from the date of the resolution, passed on 3 April 2012. This authority will be tabled for renewal at the next Annual General Meeting of the Company.

Corporate governance

A report on our corporate governance and the application of the principles of King III is included on page 117 to 125 and on our website.

Financial risk profile

RBPlat's financial risk profile and policies and its exposures to price risk, credit risk and liquidity risk are discussed on page 128 under Transparency and accountability and in Note 28 of the financial statements.

Health, safety, environment and community

Information on our health, safety and environmental performance and community participation is provided under Natural, Human and Social capital on page 65 to 106.

Employee policies and involvement

The Group's policies and performance regarding employee involvement, disabled employees, labour relations and employee share schemes are provided under Remuneration on page 134 to 138 and Human capital on page 67 to 71.

Repurchase of shares

The Company has not exercised the general authority granted to it to buy back issued ordinary shares. Shareholders will be requested to renew this authority at the next annual general meeting. 281 957 "A1" ordinary shares were repurchased in 2013 at par value of 0.01 cents in terms of the Memorandum of Incorporation.

Material borrowings

For material borrowings please refer to Note 12 of the annual financial statements on page 175.

DIRECTORS' REPORT (continued)

Directorate

The directors as at 31 December 2013 were:

Director	Position	First appointed	Standing for re-election and election	Elected or re-elected at the last AGM
Linda de Beer	Independent non-executive director	1 June 2010	Yes	
Robin Mills	Independent non-executive director	20 September 2010		Yes
Kgomotso Moroka	Chairman and independent non-executive director	1 June 2010	Yes	
Nico Muller	Chief Operating Officer, executive director	2 March 2009		Yes
David Noko	Independent non-executive director	1 June 2010	Yes	
Francis Petersen	Independent non-executive director	1 June 2010		Yes
Steve Phiri	Chief Executive Officer, executive director	1 April 2010		
Martin Prinsloo	Chief Financial Officer, executive director	1 March 2009		Yes
Mike Rogers	Non-executive director	7 December 2009	Yes	
Lucas Ndala	Non-executive director	28 May 2013	Yes	

Directors' and officers' disclosure of interests in contracts

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

Service contracts of directors and prescribed officers

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

Special resolutions

Details of the ordinary and special resolutions to be approved by shareholders at the next Annual General Meeting are outlined in the Notice of Annual General Meeting (page 204 to 210).

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

RBPlat and its subsidiary companies passed special resolutions in 2013 adopting new MOIs in compliance with the Companies Act 71 of 2008.

Power of the directors

Subject to RBPlat's MOI, South African legislation and to any directions given by special resolution, the business of the Group is managed by the Board which may exercise all the powers of the Group. The MOI contains specific provisions concerning the power of RBPlat to borrow money and also the power to purchase its own shares. The directors have been authorised to allot and issue ordinary shares up to a maximum of 5% of the issued share capital of the Company and a further 10% of the issued share capital in return for cash. These powers are exercised in terms of its MOI and resolution passed at the AGM held on 17 April 2013 and will be renewed at the AGM, to be held on 16 April 2014.

Directors' emoluments and compensation

Details of directors' emoluments and related payments can be found in Note 26 of the notes to the consolidated annual financial statements on page 184.

Share capital

Full details of the authorised and issued share capital of the Company are set out in Note 13 to the consolidated annual financial statements. As at 31 December 2013, there were 166 082 443 ordinary shares in issue at a par value of R0.01 each as well as 281 957 "A2" and 281 957 "A3" ordinary shares also issued at R0.01 each. Treasury shares held by the Company are outlined in the notes to the annual financial statements on page 176.

Major shareholders

The following shareholders were the registered beneficial holders of 5% or more of the issued ordinary shares in the Company at 31 December 2013:

	% holding	Number of shares
Royal Bafokeng Platinum Holdings Proprietary Limited	56.39	93 653 084
Rustenburg Platinum Mines Limited	12.47	20 706 512

A table detailing an analysis of the Company's shareholding can be viewed on page 202 of the report.

Directors' interest in Royal Bafokeng Platinum Limited

	Number of shares			
	2013 Beneficial		2012 Beneficial	
	Direct	Indirect	Direct	Indirect
Nico Muller*	38 459	99 507	38 459	66 644
Steve Phiri*	148 348	126 328	148 348	87 986
Martin Prinsloo*	122 548	99 906	152 548	69 694
Total	**309 355**	**325 741**	339 355	224 324

* *Executive directors*

Share disposals

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

	Shares	Share price	Date
Martin Prinsloo	20 000	R59.10	27 December 2013
	8 000	R59.40	30 December 2013
	2 000	R59.00	31 December 2013

Share disposals by prescribed officers and Company Secretary

	Shares	Share price	Date
Mzila Mthenjane (Executive: Business Sustainability) (resigned 01/04/2013)			
Exercised 88 464 share options issued at a strike of R46.13	88 464	R54.56	30 April 2013
Lester Jooste (Company Secretary)	10 385	R59.74	3 December 2013

Directors' liabilities

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

RBPlat subsidiary companies

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

> Royal Bafokeng Resources Proprietary Limited (RBR)
> Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS)
> Bafokeng Rasimone Management Services Proprietary Limited (100% held indirectly via Royal Bafokeng Resources Proprietary Limited) (BRMS)
> Friedshelf 1408 Proprietary Limited (100% held indirectly via Royal Bafokeng Resources Proprietary Limited).

Significant agreements

Amended BRPM Joint Venture Agreement

The BRPM Joint Venture Agreement was entered into on 12 August 2009 by the Royal Bafokeng Nation, Royal Bafokeng Resources (RBR) and Rustenburg Platinum Mines (RPM). It replaced the previous joint venture agreement concluded in August 2002. It sets out the terms and conditions on which the BRPM Joint Venture (JV) will operate and deals with matters such as establishment, duration and dissolution of the joint venture, the participating interests of the joint venture parties and their contributions to the joint venture, including mining infrastructure and mineral rights, management and control of the joint venture, minority protection for RPM, operational concerns such as the appointment of the operator, tailings, insurance, mine health and safety, environmental issues, how RPM's share of concentrate is dealt with, funding of the joint venture, the distribution policy, accounting and financial concerns, warranties, restrictions on disposals of participation interests and mining rights, dispute resolution and general or miscellaneous concerns. RBR has a 67% participation interest in the BRPM JV and RPM has the remaining 33% participation interest in the BRPM JV. The BRPM JV is an unincorporated joint venture.

Services agreement

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

DIRECTORS' REPORT (continued)

Disposal of concentrate agreement

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

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

Impala Platinum royalty agreements

These agreements regulate the terms on which RBR and RPM dispose of their share of the UG2 ore mined by Impala Platinum from their 6 and 8 shafts and the UG2 and Merensky ore mined from their 20 shaft. A royalty equivalent to 17.5% of gross PGM, gold, nickel and copper revenue will be paid for the UG2 and Merensky ore mined from the 20 shaft area. The 6 and 8 shaft royalty agreement was renegotiated in 2013. Due to the operational challenges at Impala Rustenburg operations and the rising costs at the 6 and 8 shafts in particular, RBPlat has agreed with Impala to substitute the royalty payment of 15% of gross PGM, gold, nickel and copper revenue with a royalty payment linked to market conditions and therefore the profitability of the Impala Rustenburg operations. In terms of the amended royalty agreement, Impala will pay the BRPM JV a royalty that is based upon a factor that is linked to the Impala Rustenburg operations' gross margin with minimum of 5% and a maximum of 25% of gross PGM, gold, nickel and copper revenue.

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

Property, plant and equipment

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Royal Bafokeng Platinum Limited

We have audited the consolidated and separate financial statements of Royal Bafokeng Platinum Limited set out on page 156 to 200, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Royal Bafokeng Platinum Limited as at 31 December 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the Directors' report, the Audit and Risk Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: AJ Rossouw

Registered Auditor
2 Eglin Road
Sunninghill
2157

26 February 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	Group 2013 R (million)	Group 2012 R (million)
Assets			
Non-current assets			
Property, plant and equipment	4	9 620.9	8 899.2
Mineral rights	5	6 583.7	6 645.0
Goodwill	6	2 275.1	2 275.1
Environmental trust deposits	7	106.8	103.1
Deferred tax asset	15	24.9	24.6
		18 611.4	17 947.0
Current assets			
Inventories	8	35.5	41.1
Trade and other receivables	9	1 397.7	1 202.4
Held-to-maturity investments	10	–	260.6
Current tax receivable	11	–	0.4
Cash and cash equivalents	12	772.9	649.9
		2 206.1	2 154.4
Total assets		20 817.5	20 101.4
Equity and liabilities			
Share capital	13	1.7	1.7
Share premium	13	7 808.9	7 789.0
Retained earnings		3 889.8	3 605.6
Share-based payment reserve	14	157.7	119.7
Non-controlling interest		4 128.2	3 964.6
Total equity		15 986.3	15 480.6
Non-current liabilities			
Deferred tax liability	15	4 262.0	4 112.6
Long-term provisions	16	69.6	62.5
		4 331.6	4 175.1
Current liabilities			
Trade and other payables	18	499.4	443.3
Current tax payable	11	0.2	2.4
		499.6	445.7
Total liabilities		4 831.2	4 620.8
Total equity and liabilities		20 817.5	20 101.4

The notes on page 160 to 193 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

		Group	
	Notes	2013 R (million)	2012 R (million)
Revenue	19	3 251.1	2 865.3
Cost of sales	22	(2 650.1)	(2 525.5)
Gross profit		601.0	339.8
Other income	20	77.5	66.9
Administrative expenses	22	(105.0)	(101.7)
Finance income	21	42.7	59.7
Finance cost	21	(3.7)	(3.4)
Profit before tax	22	612.5	361.3
Income tax expense	23	(164.7)	(85.6)
Net profit for the year		447.8	275.7
Other comprehensive income		–	–
Total comprehensive income		447.8	275.7
Total comprehensive income attributable to:			
Owners of the Company		284.2	170.3
Non-controlling interest		163.6	105.4
		447.8	275.7
Basic earnings (cents per share)	30	173	104
Diluted earnings (cents per share)	30	173	104

The notes on page 160 to 193 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Number of shares issued*	Ordinary shares* R (million)	Share premium* R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Attributable to owners of the Company R (million)	Non-controlling interest R (million)	Total R (million)
Balance at 31 December 2012	164 150 804	1.7	7 789.0	119.7	3 605.6	11 516.0	3 964.6	15 480.6
Share-based payment charge	–	–	–	57.9	–	57.9	–	57.9
Mahube ordinary shares vested in March 2013	187 971	–	12.2	(12.2)	–	–	–	–
2013 retrenchments (BSP early vesting)**	43 044	–	2.6	(2.6)	–	–	–	–
2010 BSP shares vested in December 2013	77 843	–	5.1	(5.1)	–	–	–	–
Total comprehensive income	–	–	–	–	284.2	284.2	163.6	447.8
Balance at 31 December 2013	**164 459 662**	**1.7**	**7 808.9**	**157.7**	**3 889.8**	**11 858.1**	**4 128.2**	**15 986.3**
Balance at 31 December 2011	163 677 799	1.7	7 759.9	81.1	3 435.3	11 278.0	3 859.2	15 137.2
Share-based payment charge	–	–	–	67.7	–	67.7	–	67.7
IPO shares vested in May 2012	417 416	–	25.9	(25.9)	–	–	–	–
2009 BSP shares vested in December 2012	55 589	–	3.2	(3.2)	–	–	–	–
Total comprehensive income	–	–	–	–	170.3	170.3	105.4	275.7
Balance at 31 December 2012	164 150 804	1.7	7 789.0	119.7	3 605.6	11 516.0	3 964.6	15 480.6

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

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

The notes on page 160 to 193 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

		Group	
	Notes	2013 R (million)	2012 R (million)
Net cash flow generated by operating activities		907.8	732.6
Cash generated by operations	24	875.8	687.3
Interest received		31.1	46.1
Dividends received		18.3	17.9
Tax received	11	1.1	–
Tax paid	11	(18.5)	(18.7)
Net cash flow utilised by investing activities		(784.8)	(1 181.9)
Proceeds from disposal of property, plant and equipment		0.3	–
Acquisitions of property, plant and equipment	4	(1 036.6)	(1 173.9)
Increase in environmental trust deposits	7	(2.4)	(8.0)
Decrease in held-to-maturity investments		253.9	–
Net cash flow generated by financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		123.0	(449.3)
Cash and cash equivalents at beginning of year		649.9	1 099.2
Cash and cash equivalents at end of year	12	772.9	649.9

The notes on page 160 to 193 form an integral part of these consolidated financial statements.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2013

1. General information

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The principal accounting policies adopted in the preparation of the financial statements are set out in Note 2 below. Group in the financial statements refers to the Company, its subsidiaries and controlled special purpose entities.

Summary of significant accounting policies

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

Basis of presentation

The consolidated financial statements have been prepared in accordance with IFRS of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, requirements of the South African Companies Act 71 of 2008, and the JSE Listings Requirements.

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

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

Functional and presentation currency

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

New and revised standards issued adopted that are relevant and effective

The Group has adopted all the new and revised standards issued that are relevant and effective for the accounting period on or after 1 January 2013.

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

Annual improvements 2011

These annual improvements address six issues in the 2009 – 2011 reporting cycle. It includes changes to:

> IFRS 1 *First time adoption*
> IAS 1 *Financial statement presentation*
> IAS 16 *Property plant and equipment*
> IAS 32 *Financial instruments: Presentation*
> IAS 34 *Interim financial reporting* (effective 1 January 2013).

IFRS 10 *Consolidated financial statements*

> The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements (effective 1 January 2013).

IFRS 12 *Disclosures of interests in other entities*

> IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles (effective 1 January 2013).

IFRS 13 *Fair value measurement*

> IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs (effective 1 January 2013).

IAS 19 *Employee benefits*

> IAS 19 revised includes the requirement for remeasurement to be recognised in other comprehensive income. The revised standard also clarifies the definition of terminations benefits (effective 1 January 2013).

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

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

IAS 32 (Amendment) *Offsetting of financial assets and financial liabilities* (effective for financial periods beginning on/after 1 January 2014) – The application guidance of IAS 32 has been amended to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32, but clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements. No impact expected.

IFRS 7 (Amendment) *Financial instruments: Disclosures* – IFRS 9 *Transitional disclosures* (effective for financial periods beginning on/after 1 January 2015) – The amendment requires additional disclosure on the transition from IAS 39 to IFRS 9. This additional disclosure is only required when an entity adopts IFRS 9 for financial periods beginning on/after 1 January 2013. If an entity adopts IFRS 9 for financial periods beginning on/after 1 January 2012 and before 1 January 2013, the entity can either provide the additional disclosure or restate prior periods. The additional disclosure highlights the changes in classification of financial assets and financial liabilities upon the adoption of IFRS 9. The impact has not as yet been assessed.

IFRS 9 *Financial instruments* (effective for financial periods beginning on/after 1 January 2015):

> IFRS 9, published in November 2009, addresses classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard requires a single impairment method to be used, replacing the numerous impairment methods in IAS 39 that arose from the different classification categories. The standard also removes the requirement to separate embedded derivatives from financial asset hosts (1 January 2013).

> IFRS 9 was amended in October 2010 to incorporate financial liabilities. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 *Financial instruments: Recognition and measurement*, without change, except for financial liabilities that are designated at fair value through profit or loss. The amendment introduces new requirements that address the problem of volatility in profit or loss (P&L) arising from an issuer choosing to measure its own debt at fair value. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss (1 January 2013).

> In December 2011, the effective date of IFRS 9 was delayed. The original effective date for annual periods beginning on/after 1 January 2013 has been delayed to annual periods beginning on/after 1 January 2015. The amendment also modifies the relief from restating prior periods, in that if IFRS 9 is adopted for reporting periods: beginning before 1 January 2012, comparatives do not need to be restated nor do the additional disclosure requirements of IFRS 7 need to be provided; beginning on/after 1 January 2012 and before 1 January 2013, either the additional disclosure required by IFRS 7 must be provided or the prior periods need to be restated; beginning on/after 1 January 2013, the IFRS 7 additional disclosure is required but the entity need not restate prior periods.

The impact has not as yet been assessed.

Amendments to IAS 36 *Recoverable amount disclosures for non-financial assets* (effective for financial periods beginning on/after 1 January 2014) – Early adoption is permitted although the amendments may not be applied before an entity applies IFRS 13. The IASB has amended IAS 36 as follows:

> To remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment

> To require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed

> To require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Immaterial impact expected.

Amendments to IFRS 9 *Financial instruments: Hedge accounting and amendments to IFRS 7 and IAS 39* (the effective date of 1 January 2015 has been removed and the new effective date will be decided upon when the IFRS 9 project is closer to completion) However, entities may still choose to apply IFRS 9 immediately.

Annual improvements to IFRS 2010 to 2012 cycle (effective for financial periods beginning on/after 1 July 2014) – Each of the amendments are summarised below:

IFRS 2 *Share-based payment*

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 December 2013

1. General information (continued)

IAS 16 *Property, plant and equipment,* and IAS 38, *Intangible assets*

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

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

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

IAS 24 *Related party disclosures*

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

2. Group accounting policies

Group and Company financial statements

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

2.1 Subsidiaries

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

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

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

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

Goodwill is tested annually for impairment or whenever there is an impairment indicator. Goodwill is carried at cost less accumulated impairment loss. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

The Group consolidates the BRPM Joint Venture.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Disposal of subsidiaries

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

2.2 Property, plant and equipment and mineral rights

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

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

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

> Any decrease in the liability reduces the cost of the asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss

> Any increase in the liability increases the carrying amount of the asset. An increase to the cost of an asset is tested for impairment when there is an indication of impairment

> These assets are depreciated over their useful lives and are expensed in profit and loss as a cost of production.

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

Buildings	5 – 30 years (straight-line)
Plant and machinery	5 – 30 years (straight-line)
Vehicles and equipment	6 years (straight-line)
Computer equipment and software	3 – 5 years (straight-line)
Furniture and fittings	4 – 10 years (straight-line)
Mining assets (shaft and development)	Units of production
Mineral rights	Units of production

Depreciation rates are reassessed annually.

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

2.3 Exploration and evaluation assets

Exploration and evaluation assets acquired are initially recognised at cost. Once commercial reserves are found, exploration and evaluation assets are transferred to assets under construction. No amortisation is charged during the exploration and evaluation phase.

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

All exploration and evaluation costs incurred as part of normal operations are expensed until the Board concludes that a future economic benefit is more likely than not to be realised, i.e. probable. While the criteria for concluding that expenditure should be capitalised are always the "probability" of future benefits, the information that the Board uses to make that determination depends on the level of exploration.

> Exploration and evaluation expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 December 2013

2. Group accounting policies (continued)

2.3 Exploration and evaluation assets (continued)

> Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the Board is able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A pre-feasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the Board to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditures

> Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a pre-feasibility study. This economic evaluation is distinguished from a pre-feasibility study in that some of the information that would normally be determined in a pre-feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the Board to conclude that more likely than not the Group will obtain future economic benefit from the expenditures.

2.4 Trade receivables

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

2.5 Cash and cash equivalents

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

2.6 Stores and materials

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

2.7 Product inventory

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

2.8 Impairment of assets

2.8.1 Non-financial assets

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

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

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

2.8.2 Goodwill

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

2.9 Revenue recognition

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

Revenue from sale of products is brought to account when the risks and rewards of ownership transfer and it is both probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably, net of value added tax (VAT) and discounts. In terms of the Group's concentrate offtake agreement revenue is therefore recognised on the delivery of concentrate to RPM. Where material is concentrated through a tolling agreement, revenue is also recognised once that concentrate is delivered to RPM.

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

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

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

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

2.10 Leases

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

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

2.11 Financial instruments

Financial assets comprise environmental trust deposit, trade and other receivables (excluding prepaid expenses and VAT refunds), cash and cash equivalents and held-to-maturity investments.

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

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

2.11.1 Financial assets at fair value through profit or loss

Initial recognition

Financial assets at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets other than the environmental trust deposit which is classified as a non-current asset. Financial assets at fair value through profit or loss are initially recognised at fair value. Nedbank equity linked deposits (Note 7) are treated at fair value through profit or loss.

Gains or losses

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

Subsequent measurement

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 December 2013

2. Group accounting policies (continued)

2.11 Financial instruments (continued)

2.11.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables in the statement of financial position excluding prepaid tax, prepaid expenses and VAT refund (Note 9). Environmental trust deposit held in the Standard Bank account and cash and cash equivalents form part of loans and receivables. Loans and receivables are initially recognised at cost.

Subsequent measurement

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

2.11.3 Held-to-maturity investments

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

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

2.11.4 Borrowings (liabilities at amortised cost)

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Group shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

2.11.5 Trade and other payables

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

2.12 Taxation

2.12.1 Current taxation

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

2.12.2 Deferred taxation

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

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

2.13 Fair value estimation

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

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

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

2.14 Offset

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

2.15 Share capital

Ordinary shares are classified as equity.

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

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

2.16 Provisions

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

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

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

2.17 Environmental rehabilitation obligations

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

Decommissioning costs

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

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

Changes in the open pit accrual is recognised in profit or loss as part of cost of sales.

Ongoing rehabilitation cost

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

2.18 BRPM Environmental Rehabilitation Trust

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

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 December 2013

2. Group accounting policies (continued)

2.19 Employee benefits

Short-term employee benefits

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

Defined contribution retirement plans

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

Employee benefits

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

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

Post-employment medical obligations

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

Termination benefits

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

Bonus plans

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

Share-based payments

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

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

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

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

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

2.20 Foreign exchange transactions

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

2.21 Segment reporting

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

3. Critical accounting estimates and assumptions

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

Goodwill (Note 6)

Goodwill was calculated as the difference between the purchase consideration for the 67% interest in the BRPM joint venture and the Group's share of net assets acquired when the Group assumed control over BRPM upon listing on 8 November 2010. No goodwill was attributed to non-controlling shareholders' interest.

Goodwill is allocated to BRPM. The recoverability of goodwill was assessed using the fair value less cost to sell methodology based on the in-situ value for 4E resource ounces outside the life of mine plan and the net present value of the current life of mine plan using the following assumptions:

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

- Platinum US$1 905 per ounce (2012: US$1 850 per ounce)
- Palladium US$920 per ounce (2012: US$994 per ounce)
- A long-term real rand/US dollar exchange rate of R9.64/US$1 (2012: R8.76/US$1)
- A real discount rate of 7.5% was used (2012: 7.5%)
- Life of mine of 30 years (2012: 30 years).

If all assumptions remain unchanged then a decrease of 2.0% (2012: 7.0%) in the sales prices will result in a break-even position. Alternatively if all assumptions remain unchanged a 2.3% (2012: 2%) increase in the discount rate will result in a break-even position. As can be expected the margin is small as the assets were fair valued in 2010.

Mineral rights outside the life of mine plan

For in-situ 4E resource ounces a value of US$10 per 4E ounce (2012: US$10 per 4E ounce) was used. This was based on independent experts' view of the value of these resources at the time of the listing of the Company. Subsequent improvement in the quality of resources would have improved this value.

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

Mineral reserves

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

Factors impacting the determination of proved and probable reserves are:

- The grade of mineral reserves may vary significantly from time to time (i.e. differences between actual grades mined and resource model grades)
- Differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues at mine sites
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Carrying value of property, plant and equipment (Note 4)

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

Accounting treatment of Styldrift I project expenditure (Note 4)

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

On reef development

All on reef development costs are capitalised to the Styldrift I project and is disclosed in Note 4 under capital work in progress. Income generated from the treatment of stockpiles generated from the on reef development tonnes is treated as revenue. The cost of sales associated with this revenue excludes any extractions costs (which form part of development capital expenditure) and includes only the marginal rehandling and processing costs.

Stoping

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 December 2013

3. Critical accounting estimates and assumptions (continued)

Stoping (continued)

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

Production

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

Environmental rehabilitation obligations (Note 16)

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

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

Key assumptions used were:

	2013	2012
Current cost estimate (R million)	179.5	164.3
Real pre-tax risk free discount rate (%)	4	4

Share-based payments

The Group has various share-based payment plans in place. All share-based payment schemes are treated as equity-settled and therefore measured on grant date.

Bonus share plan

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

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

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

2010 share option plan

Certain directors and senior managers of the Company (including all of the current executive directors of the Company) have been granted options to acquire shares. The options were granted at an initial price which was linked to the J153 Platinum Index when hired. The strike price of the options was adjusted on listing in accordance with a specified formula and was linked to the Company's share price. The fair value of options granted is determined using the binomial model. The volatility was measured based on a statistical analysis of daily share prices of similar companies over the last five years. The share options vest from year three to five from when they were granted in three equal tranches.

Mahube Trust share scheme

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

Permanent employees of the BRPM are employed by BRMS. Prior to the listing, BRMS was a wholly-owned subsidiary of RPM and qualifying BRMS employees were beneficiaries of Kotula. In terms of the rules of Kotula and as a result of the listing, qualifying BRMS employees forfeited all their benefits under Kotula once ownership of BRMS was transferred from RPM to RBR since BRMS was no longer a member of the Anglo American Platinum group of companies. The Group created the Mahube Trust, an employee share ownership scheme for the benefit of qualifying BRMS employees to replicate the terms and structure, to the extent possible, of Kotula. Permanent employees who do not benefit from any other share schemes qualify for Mahube Trust Share Scheme. The beneficiary has to be in the employ of the Company on each distribution date. On distribution date, a third of Mahube's interest in the Company vests and is distributed to the beneficiaries. The first distribution took place on 31 March 2013. The final capital distribution will take place on or about 31 March 2015. Refer Note 26 for details of distribution.

Initial public offering bonus shares

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

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

	2013 Bonus share plan	2012 Bonus share plan	2011 Bonus share plan	2010 Bonus share plan
Weighted average option value on grant date (Rand)	58.50	57.99	64.12	65.20
Weighted average share price on grant date (Rand)	58.50	57.99	64.12	65.20
Weighted average exercise price (Rand)	–	–	–	–
Volatility (%)	n/a	n/a	n/a	n/a
Dividend yield	–	–	–	–
Risk-free interest rate (%)	6.90	6.19	6.19	6.19
Vesting years	2016	2015	2014	2013

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

	Mahube Trust share scheme	Initial public offering bonus shares
Weighted average option value on grant date (Rand)	44.67	64.90
Weighted average share price on grant date (Rand)	65.12	64.90
Weighted average exercise price (Rand)	48.11	–
Volatility (%)	39.8 to 47.8	47.9
Dividend yield	–	–
Risk-free interest rate (%)	7.75 to 7.83	7.52
Vesting years	2014 – 2016	8 May 2012

Refer Note 26 for outstanding shares.

Activity on awards outstanding

	2010 share option plan		Bonus share plan		Mahube Trust share scheme	
	Number of options	Weighted average option price	Number of shares	Weighted average award price	Number of shares	Weighted average award price
For the year ended 31 December 2013						
At 1 January 2013	3 358 564	55.08	866 337	61.17	1 409 785	44.67
Granted	691 213	57.61	534 376	58.50	–	–
Forfeited	(135 128)	57.08	(85 924)	61.58	–	–
Exercised	(98 464)	46.67	(128 054)	64.13	–	–
Expired	–	–	–	–	(469 928)	41.86
At 31 December 2013	3 816 185	55.69	1 186 735	59.74	939 857	46.08

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

3. Critical accounting estimates and assumptions (continued)

Activity on awards outstanding (continued)

	2010 share option plan		Bonus share plan		Mahube Trust share scheme		Initial public offering bonus shares	
	Number of options	Weighted average option price	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price
For the year ended 31 December 2012								
At 1 January 2012	2 366 547	55.09	457 969	64.09	1 409 785	44.67	417 416	60.50
Granted	1 178 104	56,02	424 985	57,99	–	–	–	
Forfeited	(186 087)	61.09	(16 617)	60.57	–	–	–	
Exercised	–	–	–	–	–	–	(417 416)	
Expired	–	–	–	–	–	–	–	
At 31 December 2012	3 358 564	55.08	866 337	61.17	1 409 785	44.67	–	60.50

Income taxes and mining royalties

Significant judgement is required in determining the provision for income taxes and mining royalties. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determinations are made. Refer to Note 17.5 for the tax contingency note.

4. Property, plant and equipment

	Buildings R (million)	Furniture and fittings and computer ware 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)
2013							
At 1 January 2013	70.9	54.8	5 009.9	2 593.6	1 156.2	13.8	8 899.2
Additions	53.0	0.2	–	1 040.4	–	–	1 093.6
Change in estimates of decommissioning asset	–	–	1.3	–	–	–	1.3
Depreciation	(5.5)	(21.7)	(171.5)	–	(167.1)	(7.4)	(373.2)
Transfers	5.3	60.8	221.1	(378.4)	89.7	1.5	–
At 31 December 2013	123.7	94.1	5 060.8	3 255.6	1 078.8	7.9	9 620.9
Cost	139.0	145.1	5 776.3	3 255.6	1 484.5	29.9	10 830.4
Accumulated depreciation	(15.3)	(51.0)	(715.5)	–	(405.7)	(22.0)	(1 209.5)
At 31 December 2013	123.7	94.1	5 060.8	3 255.6	1 078.8	7.9	9 620.9
2012							
At 1 January 2012	69.5	37.8	4 679.8	2 032.2	1 166.6	13.4	7 999.3
Additions	–	0.5	–	1 173.2	–	0.2	1 173.9
Change in estimates of decommissioning asset	–	–	(0.7)	–	–	–	(0.7)
Depreciation	(4.5)	(13.1)	(136.4)	–	(112.4)	(6.9)	(273.3)
Transfers	5.9	29.6	467.2	(611.8)	102.0	7.1	–
At 31 December 2012	70.9	54.8	5 009.9	2 593.6	1 156.2	13.8	8 899.2
Cost	80.7	84.1	5 553.9	2 593.6	1 394.8	28.4	9 735.5
Accumulated depreciation	(9.8)	(29.3)	(544.0)	–	(238.6)	(14.6)	(836.3)
At 31 December 2012	70.9	54.8	5 009.9	2 593.6	1 156.2	13.8	8 899.2

The Company has the life of mine right to use, but not ownership of assets with carrying amount of R1 157 302 195 (2012: R1 244 947 580) which is included in balances above.

Exploration and evaluation costs relating to Styldrift II incurred in the current year and included in capital WIP additions were R45.9 million (2012: R7.7 million).

Included in the 2013 additions is a non-cash amount of R4 million which relates to Styldrift I project share-based payment charges capitalised (Refer Note 14). The 2013 additions to buildings of R53 million is a non-cash amount which relates to the housing project.

	Group	
	2013 R (million)	2012 R (million)

5. Mineral rights

	2013 R (million)	2012 R (million)
Opening balance at 1 January	6 645.0	6 700.5
Amortisation (included in cost of sales)	(61.3)	(55.5)
Closing balance at 31 December	**6 583.7**	6 645.0
Cost	6 767.0	6 767.0
Accumulated amortisation	(183.3)	(122.0)
Closing balance at 31 December	**6 583.7**	6 645.0

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

6. Goodwill

	Group 2013 R (million)	Group 2012 R (million)
Goodwill at cost less impairment	**2 275.1**	2 275.1

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

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

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

7. Environmental trust deposits

	Group 2013 R (million)	Group 2012 R (million)
Environmental trust deposit held in Standard Bank account		
Opening balance at 1 January	2.2	92.4
Interest earned on the environmental trust deposit (Refer Note 21)	0.1	2.3
Increase in cash deposit during the year	2.3	4.7
Transfer to Nedbank equity linked deposit account	–	(97.2)
Closing balance at 31 December	**4.6**	2.2
Environmental trust deposit held in Nedbank equity linked deposit account		
Opening balance at 1 January	100.9	–
Transfer from Standard Bank account	–	97.2
Interest earned on the Nedbank equity linked deposits	–	1.0
Fair value adjustment of the Nedbank equity linked deposits (Refer Note 20)	1.3	2.7
Fair value at 31 December	**102.2**	100.9
Total	**106.8**	103.1

The Group contributes to the BRPM Environmental Rehabilitation Trust annually. The trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the mine. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected as an environmental trust deposit. Refer Note 16 for the environmental rehabilitation provision created.

During 2012, R97.2 million of the environmental trust deposit held in a Standard Bank account was transferred to a Nedbank equity linked deposit account in order to maximise the return on this investment for the BRPM Environmental Rehabilitation Trust. According to the terms of the Nedbank equity linked deposit, the deposit amount is guaranteed and will earn a guaranteed 3% per annum (naca) interest. In addition, there is a variable return component of which R58.8 million (2012: R58.3 million) of the R98.0 million (2012: R97.2 million) deposit is linked to the Bettabeta CIS BGreen portfolio exchange traded fund performance and the remaining R39.2 million (2012: R38.9 million) is linked to the FTSE/JSE Shareholder Weighted Top 40 Index performance. The variable return is capped based on a participation interest percentage of the growth in the relevant index to maturity. The Nedbank equity linked deposits have been invested for a one-year/two-year/three-year/four-year/five-year period to ensure flexibility for when the cash will be required for rehabilitation.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	Group 2013 R (million)	Group 2012 R (million)
8. Inventories		
Consumables	**17.2**	29.5
Stockpiles	**18.3**	11.6
Closing balance at 31 December	**35.5**	41.1

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

	Group 2013 R (million)	Group 2012 R (million)
9. Trade and other receivables		
Trade receivables (RPM concentrate debtors – Refer Note 25)	**1 313.2**	1 059.9
Impala royalty receivable (Refer Note 25)	**10.9**	20.3
Other receivables	**53.6**	41.7
VAT receivable	**20.0**	80.5
Closing balance at 31 December	**1 397.7**	1 202.4

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

In terms of the disposal of concentrate agreement, the commodity prices and R:US$ exchange rates used in the calculation of the concentrate payment are based on the average daily rates for the third month following the month of delivery. Payment is due on the last day of the fourth month following delivery (Refer Note 28 for sensitivity analysis).

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

	Group 2013 R (million)	Group 2012 R (million)
10. Held-to-maturity investments		
Investment in vested rights of the NED Investment Trust	**–**	250.0
Accrued dividends	**–**	10.6
Closing balance at 31 December	**–**	260.6

The investment in Nedbank preference shares is made through the acquisition of the vested rights in the NED Investment Trust. During 2012 RBPlat invested R250 million on 180-day notice period earning the following dividend yield:

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

From 26 March 2013, RBPlat invested R150 million on a 30-day notice period and R100 million on a 14-day notice period earning the following dividend yield:

- R100 million earning 53% of prime nominal annual compounded semi-annually
- R150 million earning 55% of prime nominal annual compounded semi-annually.

The effective rate at year end was 4.66% (2012: 5.45%).

The R250 million was re-invested from 26 March 2013 to improve cash flow flexibility for the Group and classified as cash and cash equivalents in 2013 (Refer Note 12).

	Group	
	2013 R (million)	2012 R (million)

11. Current tax payable/(receivable)

	2013 R (million)	2012 R (million)
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**2.0**	3.2
Income tax charge	**15.6**	17.5
Tax refund received	**1.1**	–
Payment made	**(18.5)**	(18.7)
Closing balance at 31 December	**0.2**	2.0
Current tax payable/(receivable) comprises:		
Current tax receivable	**–**	(0.4)
Current tax payable	**0.2**	2.4
Closing balance at 31 December	**0.2**	2.0

	Group	
	2013 R (million)	2012 R (million)

12. Cash and cash equivalents

	2013 R (million)	2012 R (million)
Cash at bank and on hand	**252.1**	428.3
Short-term bank deposits	**520.8**	221.6
Closing balance at 31 December	**772.9**	649.9
The cash and cash equivalents above are split as follows:		
Cash and cash equivalents – 100% BRPM JV	**195.0**	311.1
Cash and cash equivalents – RBPlat corporate office	**577.9**	338.8
Closing balance at 31 December	**772.9**	649.9

Facilities

Royal Bafokeng Resources (RBR) increased its R500 million revolving credit facility (RCF) with Nedbank Capital to R1 billion mid 2013. The RCF bears interest at JIBAR plus a margin of 2.45% nominal annual compounded quarterly in arrears for an aggregate amount up to R500 million and JIBAR plus a margin of 2.60% nominal annual compounded quarterly in arrears on all RCF amounts outstanding in excess of an aggregate amount of R500 million and is repayable by 31 December 2015. In addition, commitment fees of 0.625% of the unutilised portion of the facility is payable up to 29 June 2014 and 0.725% from 30 June 2014 to 31 December 2015. To date, nothing is drawn from the R1 billion RCF.

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

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

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

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

In addition, RBR has a R450 million, RBPlat a R3 million and RBPlat MS a R5 million working capital facility with Nedbank Capital. During 2013 RBR's working capital facility increased from R250 million to R450 million. The additional R200 million is to be utilised for the RBPlat housing facility.

Interest on the working capital facilities is based on a three-month JIBAR plus a margin of 2.45% nominal annual interest compounded monthly in arrears and it is repayable by 31 December 2015. There are commitment fees payable on these facilities of 0.625% of the unutilised portion of the facilities. The working capital facilities will share in the same security as the R1 billion RCF with the same restrictions.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

12. Cash and cash equivalents (continued)

At year end RBR utilised R353.4 million (2012: R149.9 million) of its working capital facility for guarantees and RBP MS utilised R0.4 million (2012: R0.4 million) for guarantees. Refer Note 17.1 for further details.

For 2013, short term bank deposits include R253.9 million relating to the investment in vested rights of the NED Investment Trust reclassified from held-to-maturity investments to cash and cash equivalents (Refer Note 10).

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

2013 committed facilities R (million)	Facility amount	Utilised amount	Available funds	Repayment date
Nedbank RCF	1 000.0	–	1 000.0	31 December 2015
Nedbank working capital facilities	458.0	353.8	104.2	31 December 2015
Total	**1 458.0**	**353.8**	**1 104.2**	
2012 committed facilities R (million)				
Nedbank RCF	500.0	–	500.0	31 December 2015
Nedbank working capital facilities	258.0	150.3	107.7	31 December 2015
Total	758.0	150.3	607.7	

R53 million of the working capital facility was drawn down in January 2014 and the housing guarantee of R200 million was reduced accordingly to R147 million.

13. Share capital and share premium

	Group 2013 R	Group 2012 R
Authorised share capital		
250 000 000 (2012: 250 000 000) ordinary shares with a par value of R0.01 each	2 500 000	2 500 000
1 500 000 (2012: 1 500 000) "A1" ordinary shares with a par value of R0.01 each	15 000	15 000
1 500 000 (2012: 1 500 000) "A2" ordinary shares with a par value of R0.01 each	15 000	15 000
1 500 000 (2012: 1 500 000) "A3" ordinary shares with a par value of R0.01 each	15 000	15 000
Total authorised share capital	**2 545 000**	2 545 000

	R	R
Issued ordinary share capital		
The movement in the issued share capital of the Company is as follows:		
Opening balance 164 150 804 (2012: 163 677 799) ordinary shares with a par value of R0.01	1 641 508	1 636 778
534 376 (2012: 424 985) ordinary shares issued as part of management share incentive scheme	5 344	4 250
417 416 IPO shares vested in May 2012	–	4 174
55 589 BSP shares vested in December 2012	–	556
187 971 Mahube ordinary shares vested in March 2013	1 880	–
43 044 BSP shares early vested with 2013 retrenchments	430	–
77 843 BSP shares vested in December 2013	778	–
Less: Treasury shares		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(5 344)	(4 250)
Total 164 459 662 (2012: 164 150 804) ordinary shares	**1 644 596**	1 641 508
Issued "A1", "A2", "A3" ordinary share capital		
Opening balance 845 871 (2012: 845 871) "A" ordinary shares issued to the Mahube Trust	8 459	8 459
"A1" and "A2" and "A3" ordinary shares issued on equal parts of 281 957 each		
281 957 "A1" ordinary shares repurchased and cancelled	(2 819)	–
Closing balance 563 914 (2012: 845 871) "A2" and "A3" ordinary shares issued to Mahube Trust	5 640	8 459
Less: Treasury shares		
563 914 "A" ordinary shares issued to the Mahube Trust	(5 640)	(8 459)
Total 563 914 (2012: 845 871) "A" ordinary shares	–	–

As at 31 December 2013, the treasury shares outstanding amounted to 1 622 781 shares.

	Group	
	R (million)	R (million)

13. Share capital and share premium (continued)

	R	R
Share premium		
Opening balance	**7 789.0**	7 759.9
534 376 (2012: 424 985) ordinary shares issued as part of the Company's management share incentive scheme	**31.2**	24.6
IPO shares vested in May 2012	**–**	25.9
BSP shares vested in December 2012	**–**	3.2
Mahube ordinary shares vested in March 2013	**12.2**	–
BSP early vested with 2013 retrenchments	**2.6**	–
BSP shares vested in December 2013	**5.1**	–
Less: Treasury shares		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	**(31.2)**	(24.6)
Total share premium	**7 808.9**	7 789.0

The "A" ordinary shares were issued to the Mahube Trust as part of the Company's employee share ownership plan and these "A" ordinary shares are not listed.

The "A" ordinary shares are treated as treasury shares as the Mahube Trust is consolidated as a special purpose vehicle.

During the year 534 376 (2012: 424 985) ordinary shares were issued as part of the Company's management staff incentive scheme.

14. Share-based payment reserve

	Group	
	2013 R (million)	2012 R (million)
The movement can be attributed to the following:		
Opening balance at 1 January	**119.7**	81.1
Share-based payment charge to statement of comprehensive income	**53.9**	67.7
Share-based payment charge capitalised to the Styldrift I project (Refer Note 4)	**4.0**	–
IPO shares vested in May 2012	**–**	(25.9)
BSP shares vested in December 2012	**–**	(3.2)
Mahube ordinary shares vested in March 2013	**(12.2)**	–
BSP shares early vested – 2013 retrenchments	**(2.6)**	–
BSP shares vested in December 2013	**(5.1)**	–
Closing balance at 31 December	**157.7**	119.7

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

15. Deferred tax

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

	Group	
	R (million)	R (million)
Deferred tax comprises:		
Deferred tax asset	**(24.9)**	(24.6)
Deferred tax liability	**4 262.0**	4 112.6
Closing balance at 31 December	**4 237.1**	4 088.0

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

15. Deferred tax (continued)

The movement on the deferred tax is as follows:

	Mineral rights R (million)	Property, plant and equipment R (million)	Provisions R (million)	Other R (million)	Total R (million)
2013					
At 1 January 2013	**1 860.6**	**2 240.6**	**(31.0)**	**17.8**	**4 088.0**
Charged to statement of comprehensive income	**(17.2)**	**167.3**	**8.5**	**(9.5)**	**149.1**
At 31 December 2013	**1 843.4**	**2 407.9**	**(22.5)**	**8.3**	**4 237.1**
2012					
At 1 January 2012	1 876.1	2 168.3	(33.9)	9.4	4 019.9
Charged to statement of comprehensive income	(15.5)	72.3	2.9	8.4	68.1
At 31 December 2012	1 860.6	2 240.6	(31.0)	17.8	4 088.0

Tax losses, included in RBP MS not recognised as deferred tax assets, amount to R73.4 million (2012: R45.7 million).

Of the deferred tax liability, approximately R3 829 million (2012: R3 742.5 million) will realise after 12 months.

16. Long-term provisions

	Group 2013 R (million)	Group 2012 R (million)
Restoration and rehabilitation opening balance at 1 January	**61.6**	57.2
Unwinding of discount	**3.7**	3.4
Change in estimate of provision taken to statement of comprehensive income	**2.1**	1.7
Change in estimate of provision taken to decommissioning asset	**1.3**	(0.7)
Restoration and rehabilitation closing balance at 31 December	**68.7**	61.6
Other provisions	**0.9**	0.9
Closing balance at 31 December	**69.6**	62.5

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

Refer Note 7 for the environmental trust deposits made to fund this estimate and Note 17.1 for guarantees issued to fund the remainder.

	Group 2013 R (million)	Group 2012 R (million)

17. Contingencies and commitments

17.1 Guarantees issued

	2013 R (million)	2012 R (million)
Royal Bafokeng Resources Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift project development (performance guarantee 30823102)	17.1	17.1
Eskom early termination guarantee for Styldrift (performance guarantee 31160603)	17.5	17.5
Eskom connection charges guarantee for Styldrift (performance guarantee 31173918)	40.0	40.0
Anglo American Platinum for the rehabilitation of land disturbed by mining activities at BRPM (financial guarantee 31247601)	77.5	75.3
DMR for the rehabilitation of land disturbed by prospecting/mining (financial guarantee 32388608)	1.3	–
Housing guarantee (financial guarantee 32237804)	200.0	–
Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:		
Tsogo Sun guarantee arising from lease agreement (financial guarantee 31101003)	0.3	0.3
Tsogo Sun guarantee arising from lease agreement (financial guarantee 31100309)	0.1	0.1
Total guarantees issued at 31 December	353.8	150.3

The housing guarantee of R200 million was reduced to R147 million in January 2014 as R53 million was drawn from the Nedbank working capital facilities.

Royal Bafokeng Platinum Limited granted a security guarantee in favour of Nedbank Capital in respect of the RCF. Refer Note 12 for further details.

17.2 Guarantees received from Anglo American Platinum

	2013 R (million)	2012 R (million)
For Anglo American Platinum's 33% of the Eskom guarantee to secure power supply for Styldrift project development (performance guarantee M523084)	(5.6)	(5.6)
For Anglo American Platinum's 33% of Eskom early termination guarantee for Styldrift (performance guarantee M529349)	(5.8)	(5.8)
For Anglo American Platinum's 33% of the Eskom connection charges guarantee for Styldrift (performance guarantee M529350)	(13.2)	(13.2)
Total guarantees received at 31 December	(24.6)	(24.6)

17.3 Capital commitment in respect of property, plant and equipment

	2013 R (million)	2012 R (million)
Commitments contracted for	918.3	499.0
Approved expenditure not yet contracted for	6 432.7	7 903.9
Total	7 351.0	8 402.9

The commitments reflect 100% of the BRPM JV project commitments. Effectively RBR must fund 67% thereof and RPM the remaining 33%. Should either party elect not to fund their share, the participation interest in BRPM JV will be diluted according to the terms reflected in the BRPM JV agreement.

17.4 Operating commitments

The Group leases offices for its corporate office in Johannesburg and for BRPM's finance function in Rustenburg under operating lease agreements. The corporate office lease term is five years and it is renewable at the end of the lease period at market rates. The finance office lease in Rustenburg is renewable year-on-year at market rates.

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

	Group 2013 R (million)	Group 2012 R (million)
No later than one year	1.5	1.6
Later than one year and no later than five years	3.0	4.9
Total	4.5	6.5

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for the year ended 31 December 2013

17. Contingencies and commitments (continued)

17.5 Tax contingency

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

18. Trade and other payables

	Group 2013 R (million)	Group 2012 R (million)
Trade payables	214.3	293.5
Provisions and accruals	285.0	149.8
VAT payable	0.1	–
Total	499.4	443.3

19. Revenue

	Group 2013 R (million)	Group 2012 R (million)
Revenue from concentrate sales – production from BRPM concentrator	2 944.7	2 720.9
Revenue from UG2 toll concentrate	306.4	144.4
Total	3 251.1	2 865.3

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

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

Included in the 2013 revenue from concentrate sales produced from the BPRM concentrator is revenue of R11.9 million (2012: nil) generated from the on-reef development from the Styldrift I project.

20. Other income

	Group 2013 R (million)	Group 2012 R (million)
Impala royalty (Group resources mined by Impala Platinum Limited)	75.2	61.8
Fair value adjustment of the Nedbank equity linked deposit (Refer Note 7)	1.3	2.7
Other income	1.0	2.4
Total	77.5	66.9

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

Impala pays a 17.5% of revenue royalty to BRPM JV for the 20 shaft area.

During the year R72.8 million (2012: R61.7 million) royalties were received for the 6 and 8 shaft area and R2.4 million (2012: R0.1 million) for the 20 shaft area.

	Group	
	2013 R (million)	2012 R (million)

21. Net finance income

	2013 R (million)	2012 R (million)
The net finance income consists of the following:		
Interest received on environment trust deposit (Refer Note 7)	0.1	3.3
Interest received on bank accounts	31.0	42.8
Dividend income	11.6	13.6
Total finance income	42.7	59.7
Unwinding of discount on decommissioning and restoration provision	(3.7)	(3.4)
Total finance cost	(3.7)	(3.4)
Net finance income	39.0	56.3

22. Profit before tax

	2013 R (million)	2012 R (million)
Included in the profit before taxation are the following items:		
On-mine costs:		
– Labour	773.3	753.1
– Utilities	179.4	171.1
– Contractor costs	489.0	478.4
– Movement in inventories	(6.6)	(3.9)
– Materials and other mining costs	615.8	614.7
– Materials and other mining costs – BRPM JV	651.0	648.0
– Elimination of intergroup management fee	(35.2)	(33.3)
State royalties	10.9	9.6
Depreciation – Property, plant and equipment	372.2	272.1
Amortisation – Mineral rights	61.3	55.5
Share-based payment expense	35.8	43.6
Social and labour plan expenditure	91.0	126.9
Retrenchments*	21.2	–
Styldrift incidental expenses	4.8	–
Other	2.0	4.4
Total cost of sales	2 650.1	2 525.5
Administration expenses consists of the following corporate office expenses:		
Advisory fees	6.5	4.9
Legal fees	4.7	0.9
Employee costs (including directors' emoluments)	61.3	56.4
Mahube Trust expenditure	1.3	1.1
Depreciation of RBP MS non-current assets	1.0	1.2
Nedbank revolving credit facility commitment fee	3.8	1.6
Fees for guarantees	3.7	2.0
Share-based payment expense	18.1	24.1
Industry membership contributions	1.4	1.6
Rent for corporate office	1.9	2.0
Other	1.3	5.9
Total administration expenses	105.0	101.7
External and internal audit fees for the Group		
External and internal audit fees included in profit before tax		
External audit fees		
– Fees for audit	2.0	1.6
– Other fees	0.4	0.3
	2.4	1.9
Internal audit fees	1.1	1.0

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

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for the year ended 31 December 2013

	Group	
	2013 R (million)	2012 R (million)
23. Income tax expense		
Income tax	(15.6)	(17.5)
Deferred tax		
– Current tax	(149.1)	(68.1)
	(164.7)	(85.6)
Tax rate reconciliation:		
Profit before tax	612.5	361.3
Tax calculated at a tax rate of 28%	(171.5)	(101.2)
Non-deductible expenses	–	–
Non-taxable income	10.4	10.8
Prior year adjustment	–	14.4
Tax loss not recognised	(3.6)	(9.6)
	(164.7)	(85.6)
Effective tax rate (%)	26.9	23.7

An unredeemed capital allowance of R697.3 million (2012: R640.2 million) is carried over to 2014.

	2013 R (million)	2012 R (million)
24. Cash generated by operations		
Cash generated by operations is calculated as follows:		
Profit before tax	612.5	361.3
Adjustment for:		
Depreciation – property, plant and equipment	373.2	273.3
Amortisation – mineral rights	61.3	55.5
Share-based payment expense	53.9	67.7
Fair value adjustment of Nedbank equity linked deposits	(1.3)	(2.7)
Finance cost	3.7	3.4
Finance income	(42.7)	(59.7)
Increase in rehabilitation provision	2.1	1.7
Profit on disposal of property, plant and equipment	(0.3)	–
	1 062.4	700.5
Changes in working capital	(186.6)	(13.2)
Decrease/(increase) in inventories	5.6	(10.0)
Increase in trade and other receivables	(195.3)	(206.7)
Increase in trade and payables	3.1	203.5
Cash generated by operations	875.8	687.3

25. Related party transactions

The Group is controlled by Royal Bafokeng Platinum Holdings Proprietary Limited (incorporated in South Africa), which owns 56.39% of RBPlat's shares. Rustenburg Platinum Mines Limited (RPM) owns 12.47% of RBPlat's shares and the remaining 31.14% of the shares are widely held. RPM also holds the remaining 33% participation interest in the BRPM JV. The Group's ultimate parent is Royal Bafokeng Holdings Proprietary Limited (incorporated in South Africa) (RBH). RBH is an investment holding company with a large number of subsidiaries. At present, RBR sells its 67% share of the concentrate produced by BRPM JV to RPM for further processing by RPM. Refer to the Directors' report for further details of significant contracts with RPM.

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

	Issued capital amount		Interest in capital	
Name	2013 R	2012 R	2013 %	2012 %
Direct investment				
Royal Bafokeng Platinum Management Services Proprietary Limited	**1 000**	1 000	**100**	100
Royal Bafokeng Resources Proprietary Limited	**320**	320	**100**	100
Indirect investment via Royal Bafokeng Resources Proprietary Limited				
Bafokeng Rasimone Management Services Proprietary Limited	**1 000**	1 000	**100**	100
BRPM JV – participation interest	**–**	–	**67**	67
Friedshelf 1408 Proprietary Limited	**100**	100	**100**	100

Transactions between the Company, its subsidiaries and joint venture are eliminated on consolidation. Refer Notes 17.1 and 17.2 for related party guarantees.

The following transactions were carried out with related parties:

	Group	
	2013 R (million)	2012 R (million)
BRPM Joint Venture balances at 31 December:		
Amount owing by RPM for concentrate sales (Refer Note 9)	**1 313.2**	1 059.9
Amount owing to RPM for contribution to BRPM JV (working capital nature)	**213.4**	223.1
BRPM Joint Venture transactions:		
Concentrate sales to RPM (Refer Note 19 and Directors' report)	**3 251.1**	2 865.3
Associate of holding company balances:		
Amount owing by Impala Platinum Limited for the fourth quarter royalty (Refer Note 9)	**10.9**	20.3
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)	**10.7**	20.6
Impala Platinum Limited for royalty income (an associate of RBH) (Refer Note 20 and Directors' report)	**75.2**	61.8
Geoserve Exploration Drilling Company for exploration drilling on Boschkoppie and Styldrift (a subsidiary of RBH)	**23.2**	15.6
Trident South Africa Proprietary Limited for steel supplies (a subsidiary of RBH)	**0.8**	5.7
Tarsus Technologies for electronic equipment purchases (a subsidiary of RBH)	**2.4**	3.5
Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH)	**0.7**	0.3

Details relating to key management emoluments (prescribed officers), share options and shareholdings in the Company are disclosed in Note 26.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

26. Emoluments and compensation

26.1 Directors and senior management emoluments

Directors' emoluments and related payments for 2013

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

* *Non-executive director fees are paid on a quarterly basis and their fees accrued for the year were approved at the Annual General Meeting held on 17 April 2013*
** *Resigned on 27 April 2013*

Senior management emoluments and related payments for 2013

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

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

26. Emoluments and compensation (continued)

26.1 Directors and senior management emoluments (continued)

Directors' emoluments and related payments for 2012

	Date appointed	Directors' fee R	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Total R
2012							
Executive directors							
Steve Phiri	1 Apr '10	–	2 768 860	586 627	95 433	2 502 600	5 953 520
Martin Prinsloo	1 Mar '09	–	2 338 071	212 298	103 355	2 042 375	4 696 099
Nico Muller	2 Mar '09	–	2 194 994	312 598	97 392	1 898 960	4 503 944
Non-executive directors*							
Kgomotso Moroka	1 Jun '10	1 249 798	–	–	–	–	1 249 798
Linda de Beer	1 Jun '10	433 753	–	–	–	–	433 753
Robin Mills	20 Sep '10	439 465	–	–	–	–	439 465
David Noko	1 Jun '10	565 495	–	–	34 200**	–	599 695
Francis Petersen	1 Jun '10	415 000	–	–	–	–	415 000
Mike Rogers	7 Dec '09	468 531	–	–	30 000**	–	498 531
Matsotso Vuso	11 Apr '11	344 065	–	–	–	–	344 065
Total		3 916 107	7 301 925	1 111 523	360 380	6 443 935	19 133 870

* *Non-executive director fees are paid on a quarterly basis*
** *Fee paid for ad hoc meetings where specialised services were rendered by the respective directors*

Senior management emoluments and related payments for 2012

	Date appointed	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Retention bonus R	Total R
2012							
Senior management							
Vicky Tlhabanelo	1 Apr '10	1 731 078	359 056	21 960	1 244 358	–	3 356 452
Mzila Mthenjane	1 Apr '09	1 855 571	151 367	105 157	1 201 132	–	3 313 227
Glenn Harris	4 Jan '10	1 950 788	248 190	23 086	1 308 016	–	3 530 080
Neil Carr	1 Dec '10	1 712 860	376 715	126 395	1 060 009	–	3 275 979
Velile Nhlapo	1 Feb '12	1 862 610	150 845	15 000	–	–	2 028 455
Reginald Haman	1 Oct '12	438 758	49 000	12 242	–	–	500 000
Total		9 551 665	1 335 173	303 840	4 813 515	–	16 004 193

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

	Share options awarded*	Award date	Strike price R	Award value R	Vesting dates	Vesting amount %
As of 31 December 2013						
Executive and non-executive directors						
Steve Phiri	297 521	1 Apr '10	60.50	18 000 021	1 Apr '13, '14, '15	33
Martin Prinsloo	241 047	1 Mar '09	36.30	8 750 006	1 Mar '12, '13, '14	33
Nico Muller	224 544	1 Jan '09	40.08	8 999 724	1 Jan '12, '13, '14	33
Senior management						
Vicky Tlhabanelo	72 727	1 Apr '10	60.50	4 399 984	1 Apr '13, '14, '15	33
Glenn Harris	59 525	4 Jan '10	60.50	3 601 263	4 Jan '13, '14, '15	33
Velile Nhlapo	164 725	1 Feb '12	57.09	9 404 150	1 Feb '15, '16, '17	33
Neil Carr	72 519	1 Dec '10	65.50	4 749 995	1 Dec '13, '14, '15	33
Reginald Haman	163 599	1 Oct '12	48.90	7 999 991	1 Oct '15, '16, '17	33
Mpueleng Pooe	136 770	1 Oct '13	61.42	8 400 413	1 Oct '16, '17, '18	33
Lester Jooste (Company Secretary)	40 756	1 Jul '10	55.21	2 250 139	1 Jul '13, '14, '15	33

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

26. Emoluments and compensation (continued)

26.1 Directors and senior management emoluments (continued)

	Bonus scheme shares	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
As of 31 December 2013						
Executive and non-executive directors						
Steve Phiri	44 830	18 Feb '11	66.92	3 000 024	18 Feb'14	100
	43 156	1 Apr '12	57.99	2 502 616	1 Apr '15	100
	38 342	1 Apr '13	58.50	2 243 007	1 Apr ' 16	100
Martin Prinsloo	34 475	18 Feb '11	66.92	2 307 067	18 Feb '14	100
	35 219	1 Apr '12	57.99	2 042 350	1 Apr '15	100
	30 212	1 Apr '13	58.50	1 767 402	1 Apr '16	100
Nico Muller	33 898	18 Feb '11	66.92	2 268 454	18 Feb '14	100
	32 746	1 Apr '12	57.99	1 898 940	1 Apr '15	100
	32 863	1 Apr '13	58.50	1 922 486	1 Apr '16	100
Senior management						
Vicky Tlhabanelo	27 439	18 Feb ' 11	66.92	1 836 218	18 Feb '14	100
	26 823	1 Apr '12	57.99	1 555 465	1 Apr '15	100
	23 630	1 Apr '13	58.50	1 382 355	1 Apr '16	100
Glenn Harris	15 096	1 Apr '11	62.95	950 293	1 Apr '14	100
	22 556	1 Apr '12	57.99	1 308 022	1 Apr '15	100
	23 991	1 April '13	58.50	1 403 474	1 Apr '16	100
Neil Carr	22 849	1 Apr '12	57.99	1 325 014	1 Apr '15	100
	22 097	1 Apr '13	58.50	1 292 674	1 Apr '16	100
Velile Nhlapo	24 045	1 Apr '13	58.50	1 406 633	1 Apr '16	100
Lester Jooste (Company Secretary)	10 385	3 Dec '10	60.50	628 293	3 Dec '13	100
	11 548	1 Apr '12	57.99	669 669	1 Apr '15	100
	11 132	1 Apr '13	58.50	651 222	1 Apr '16	100

	IPO scheme shares matched by the Company at par value	Award date	Issue price R	Award value R	Shares sold	Balance	Value of balance of shares R
As of 31 December 2013							
Executive directors							
Steve Phiri	99 174	8 Nov '10	60.50	6 000 027	25 000	74 174	4 487 527
Martin Prinsloo	76 276	8 Nov '10	60.50	4 614 698	10 000	66 276	4 009 698
Nico Muller	74 989	8 Nov '10	60.50	4 536 835	74 989	–	–
Senior management							
Vicky Tlhabanelo	27 273	8 Nov '10	60.50	1 650 017	11 300	15 973	966 367
Glenn Harris	31 405	8 Nov '10	60.50	1 900 003	31 405	–	–
Lester Jooste (Company Secretary)	11 901	8 Nov '10	60.50	720 011	1 350	10 551	638 336

For details of each sale please see page 153 and for previous year's sales please see the 2012 integrated annual report.

26. Emoluments and compensation (continued)

26.2 Group incentive share scheme

Total Group share incentive scheme shares issued to date

	Opening balance	Cumulative closing balance	Total number of "A2" and "A3" ordinary shares	Deemed strike price R	Issue dates	Vested/ excercised and forfeited	Vesting dates	Vesting amount %
IPO scheme shares	417 416	417 416	–	60.50	8 Nov '10	417 416	8 May '12	100
Share options issued to date	3 295 986	3 816 185	–	*	*	233 592	*	33 over three years
Bonus scheme shares								
2009 allocations	–	55 589	–	57.48	3 Dec '09	55 589	3 Dec '12	100
2010 allocations	55 589	133 432	–	65.00	1 Dec '10	77 843	1 Dec '13	100
2011 allocations	133 432	463 953	–	66.92	18 Feb '11 and	–	18 Feb 2014 and	100
				66.92	1 Apr '11	16 077	1 April '14	100
2012 allocations	463 953	888 938	–	57.99	1 Apr '12	12 121	1 Apr '15	100
2013 allocations	888 938	1 423 314	–	58.50	1 Apr '13	22 013	1 Apr '16	100
Mahube share incentive scheme shares	563 914	563 914	563 914#	65.12	27 Jan '10	187 971	31 Mar '13 31 Mar '14 31 Mar '15	33 over three years

* *Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation (historically) or market share price and therefore range from R36.30 to R70.00 from January 2009 to December 2013. The options vest at a rate of one third after the third, fourth and fifth anniversary dates*

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

At the AGM on 17 April 2013, shareholders approved ordinary resolution 16, which authorises the Company to issue up to 9 932 884 ordinary shares in respect of all employee share incentive schemes. With a total of 6 220 829 securities already being utilised, 3 712 055 shares remain available to the RBPlat employee share schemes.

Furthermore, the new scheme approved by shareholders in April 2013, is being introduced for executive and general management, the salient features of which can be found on page 137. The scheme aligns the share plan with King III recommendations in terms of linking such long-term incentives to performance.

27. Dividends

No dividends have been declared or proposed in the current year (2012: nil).

28. Financial risk management

28.1 Financial risk factors

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

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

28. Financial risk management (continued)

28.1 Financial risk factors (continued)

Categories of financial instruments and fair value

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

		Carrying amount		Fair values	
	Notes	2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
Financial assets					
Financial assets at fair value through profit or loss					
Environmental trust deposits	7	102.2	100.9	102.2	100.9
Loans and receivables					
Trade and other receivables	9	1 377.7	1 121.9	1 377.7	1 121.9
Environmental trust deposits	7	4.6	2.2	4.6	2.2
Cash and cash equivalents	12	772.9	649.9	772.9	649.9
Held-to-maturity investments					
Investment in vested rights of the NED Investment Trust	10	–	260.6	–	260.6
Total financial assets		2 257.4	2 135.5	2 257.4	2 135.5
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	18	499.3	443.3	499.3	443.3
Total financial liabilities		499.3	443.3	499.3	443.3

28.1.1 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar as the BRPM JV concentrate revenue is impacted by the R:US$ exchange rate. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. It is anticipated that foreign currency purchases of mining equipment for the Styldrift project will increase significantly in 2014/2015.

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

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

Revenue and concentrate debtors are remeasured every month following the month of delivery until the price is fixed in the third month. The remeasurement is recognised in revenue.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Notes	2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
Financial assets					
Trade and other receivables still subject to price fluctuations		944.5	791.9	±94.5	±79.2
Trade and other receivables not subject to price fluctuations		368.7	268.0	–	–
Total	9	1 313.2	1 059.9	±94.5	±79.2

28. Financial risk management (continued)

28.1 Financial risk factors (continued)

28.1.1 Market risk (continued)

Commodity price risk

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

In terms of the disposal of concentrate agreement between RBR and RPM the commodity prices and R:US$ exchange rates used in the calculation of the concentrate payment are based on the average daily rates applicable for the third month following the month of delivery, leaving the Group exposed to the commodity price and exchange rate fluctuations until the price is fixed in the third month following the delivery month. Payment is due on the last day of the fourth month following the delivery month.

Revenue and concentrate debtors are remeasured every month following the delivery month until prices are fixed in the third month. The remeasurement is recognised in revenue.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2013 R (million)**	2012 R (million)	**2013 R (million)**	2012 R (million)
Financial assets					
Trade and other receivables still subject to price fluctuations		**944.5**	791.9	**±94.5**	±79.2
Trade and other receivables not subject to price fluctuations		**368.7**	268.0	**–**	–
Total	9	**1 313.2**	1 059.9	**±94.5**	±79.2

Equity price risk

The Group is exposed to equity price risk in respect of the environmental trust deposits invested in the Nedbank equity linked deposits. Refer Note 7.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2013 R (million)**	2012 R (million)	**2013 R (million)**	2012 R (million)
Financial assets					
Environmental trust deposits	7	**102.2**	100.9	**±5.1**	±5.0

Cash flow and fair value interest rate risk

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

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2013 R (million)**	2012 R (million)	**2013 R (million)**	2012 R (million)
Financial assets					
Environmental trust deposits	7	**4.6**	99.4	**–**	±1.0
Cash and cash equivalents	12	**772.9**	649.9	**±5.1**	±4.3

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

28. Financial risk management (continued)

28.1 Financial risk factors (continued)

28.1.2 Credit risk

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

The Group's trade debtor credit risk is limited to one customer as all metals in concentrate are sold to Rustenburg Platinum Mines Limited (RPM). RPM has never defaulted on meeting its obligation. The value of the receivable at year end was R1 313.2 million (2012: R1 059.9 million). The credit risk relates to overall risk of the Anglo American Platinum Group, the world's largest platinum producer.

With regard to the cash resources, the Group is exposed to the credit risk of the Nedbank Group, Standard Bank and FirstRand Bank Limited. At year end, the Group invested R250 million (2012: R250 million) in Nedbank preference shares and had R155.2 million (2012: R115.3 million) on call with Nedbank, R166 million (2012: R120.5 million) on call with FirstRand Bank Limited and R195 million (2012: R311 million) on call with Standard Bank. All these banks have a credit rating of at least AA- (zaf).

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

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

28.1.3 Liquidity risk

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

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash investments) (Notes 10 and 12) on the basis of expected cash flow.

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

	Notes	Less than one year R (million)	Between one and two years R (million)	Between two and five years R (million)	Over five years R (million)
2013					
Trade and other payables (excluding VAT)	18	**499.3**	**–**	**–**	**–**
Financial guarantees	17.1	**147.0**	**–**	**75.0**	**78.8**
2012					
Trade and other payables (excluding VAT)	18	443.3	–	–	–
Financial guarantees	17.1	–	–	75.0	75.3

28.1.4 Capital risk management

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

28.1.5 Fair value determination

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (level 3).

The only financial asset carried at fair value is the equity linked component of the BRPM Environmental Trust deposit. This was valued using the level 2 fair values which are directly derived from the Shareholders Weighted Top 40 Index (SWIX 40) on the JSE and the Bettabeta CIS BGreen portfolio exchange traded fund.

28. Financial risk management (continued)

28.1 Financial risk factors (continued)

28.1.5 Fair value determination

The following table presents the Group's assets that are measured at fair value at 31 December:

	Notes	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
2013				
Environmental trust deposits	7	–	102.2	–
2012				
Environmental trust deposits	7	–	100.9	–

29. Segmental reporting

The Group is currently operating one mine with two decline shafts and the Styldrift I project. These operations are located in the North West province of South Africa, 120 kilometres from Johannesburg, 30 kilometres from Rustenburg and 17 kilometres from Phokeng. The BRPM operation is treated as one operating segment.

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

	2013 R (million)	2012 R (million)
Concentrate sales	3 251.1	2 865.3
Cash cost of sales	(2 092.8)	(2 050.6)
Depreciation	(262.7)	(170.9)
Other operating income	76.8	64.9
Share-based payment expenses (non-cash)	(35.8)	(43.6)
Other operating expenditure	(112.4)	(127.5)
Net finance income	6.0	10.3
Segmental profit before tax	830.2	547.9
Additional depreciation on purchase price allocation (PPA) adjustment and amortisation	(170.8)	(156.7)
Overheads of corporate office and royalties	(115.9)	(111.3)
Consolidation adjustments	36.0	33.9
Other income and net finance income	33.0	47.5
Profit before tax per the statement of comprehensive income	612.5	361.3
Taxation	(164.7)	(85.6)
Non-controlling interest	(163.6)	(105.4)
Contribution to basic earnings	284.2	170.3
Contribution to headline earnings	283.9	170.3
Segment total assets	7 960.0	7 109.1
Segment non-current assets	7 166.7	6 365.5
Segment current assets	793.3	743.6
PPA adjustment to carrying amount of PPE (includes mineral rights)	9 096.9	9 268.4
Corporate assets and consolidation adjustments (includes goodwill)	3 760.6	3 723.9
Total assets per the statement of financial position	**20 817.5**	**20 101.4**
Segment total liabilities	270.0	249.3
Segment non-current liabilities	68.6	61.5
Segment current liabilities	201.4	187.8
Corporate liabilities and consolidation adjustments	299.0	256.6
Unallocated liabilities (tax and deferred tax)	4 262.2	4 115.0
Total liabilities per the statement of financial position	**4 831.2**	**4 620.9**
Group capital expenditure per cash flow statement	1 036.6	1 173.9

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

29. Segmental reporting (continued)

	BRPM JV	
	2013 R (million)	2012 R (million)
Segment cash flow statement		
Net cash flow generated by operating activities	958.1	565.7
Cash generated by operations	863.8	499.7
Interest received	9.7	12.2
Royalty income received	84.6	53.8
Net cash flow utilised by investing activities	(1 056.9)	(1 200.3)
Proceeds from disposal of property, plant and equipment	0.3	–
Acquisitions of property, plant and equipment	(1 054.8)	(1 192.3)
Increase in environmental trust deposits	(2.4)	(8.0)
Net cash flow generated by financing activities	(17.3)	562.5
Cash (distributions to)/investments by BRPM JV shareholders (RBR and RPM)	(17.3)	562.5
Net decrease in cash and cash equivalents	(116.1)	(72.1)
Cash and cash equivalents at beginning of year	311.1	383.2
Cash and cash equivalents end of year	195.0	311.1

For a reconciliation of the segment cash and cash equivalents at the end of year to that of the Group, Refer Note 12.

30. Earnings per share

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

	Group	
	2013	2012
Number of shares issued	166 082 443	165 548 067
Mahube Trust	(563 914)	(563 914)
Management incentive scheme	(1 367 725)	(1 306 354)
Number of shares issued outside the Group	164 150 804	163 677 799
Adjusted for weighted shares issued during the year	168 987	282 910
Weighted average number of ordinary shares in issue for earnings per share	164 319 791	163 960 709
Management incentive scheme	149 113	139 362
Weighted average number of ordinary shares in issue for diluted earnings per share	164 468 904	164 100 071
Profit attributable to owners of the Company R (million)	284.2	170.3
Basic earnings per share (cents/share)	173	104
Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for earnings per share.		
Diluted earnings per share (cents/share)	173	104
Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares.		
Headline earnings		
Profit attributable to owners of the Company is adjusted as follows:		
Profit attributable to owners of the Company R (million)	284.2	170.3
Adjustment net of tax:		
Profit on disposal of property, plant and equipment R (million)	(0.3)	–
Headline earnings R (million)	283.9	170.3
Basic headline earnings (cents per share)	173	104
Diluted headline earnings (cents per share)	173	104

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	Company 2013 R (million)	Company 2012 R (million)
Assets			
Non-current assets			
Investment in subsidiaries	2	6 819.2	6 819.2
Intercompany loans		592.0	537.9
		7 411.2	7 357.1
Current assets			
Held-to-maturity investments	3	–	260.6
Other receivables		5.7	3.1
Current tax receivable	4	–	0.3
Cash and cash equivalents		566.5	324.8
		572.2	588.8
Total assets		7 983.4	7 945.9
Equity and liabilities			
Share capital	5	1.7	1.7
Share premium	5	7 856.6	7 848.9
Share-based payment reserve		46.2	35.8
Retained earnings		78.6	59.5
		7 983.1	7 945.9
Current liabilities			
Accruals		0.2	–
Current tax payable	4	0.1	–
		0.3	–
Total equity and liabilities		7 983.4	7 945.9

The notes on page 198 to 200 form an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

		Company	
	Notes	2013 R (million)	2012 R (million)
Dividend income		11.6	13.6
Finance income		17.6	28.4
Other income		0.7	2.0
Administration expenses		(8.1)	(9.0)
Profit before tax		21.8	35.0
Income tax expense	6	(2.7)	(5.5)
Profit for the year		19.1	29.5
Other comprehensive income		–	–
Total comprehensive income		19.1	29.5

The notes on page 198 to 200 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Number of shares issued	Ordinary shares R (million)	Share premium R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Total R (million)
Balance at 31 December 2012	165 560 589	1.7	7 848.9	35.8	59.5	7 945.9
Share-based payment charge	–	–	–	18.1	–	18.1
2010 BSP vested in December 2013	77 843	–	5.1	(5.1)	–	–
2013 retrenchments (BSP early vesting)	43 044	–	2.6	(2.6)	–	–
"A1" ordinary shares repurchased and cancelled	(281 957)	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	19.1	19.1
Balance at 31 December 2013	**165 399 519**	**1.7**	**7 856.6**	**46.2**	**78.6**	**7 983.1**
Balance at 31 December 2011	165 087 584	1.7	7 819.8	40.8	30.0	7 892.3
Share-based payment charge	–	–	–	24.1	–	24.1
IPO shares vested May 2012	417 416	–	25.9	(25.9)	–	–
2009 BSP vested in December 2012	55 589	–	3.2	(3.2)	–	–
Total comprehensive income for the year	–	–	–	–	29.5	29.5
Balance at 31 December 2012	165 560 589	1.7	7 848.9	35.8	59.5	7 945.9

The notes on page 198 to 200 form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2013

		Company	
	Notes	2013 R (million)	2012 R (million)
Cash generated by operations	7	8.3	14.2
Finance income		17.6	28.4
Dividends received		18.3	17.9
Income tax paid		(2.3)	(5.6)
Net cash flow generated by operating activities		41.9	54.9
Decrease in held-to-maturity investments		253.9	–
Net cash flow generated by investing activities		253.9	–
Related party loans granted		(54.1)	(310.2)
Net cash flow utilised by financing activities		(54.1)	(310.2)
Net increase/(decrease) in cash and cash equivalents		241.7	(255.3)
Cash and cash equivalents at beginning of year		324.8	580.1
Cash and cash equivalents at end of year		566.5	324.8

The notes on page 198 to 200 form an integral part of these financial statements.

NOTES TO COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. General information, basis of preparation and accounting policies

The general information, basis of preparation and accounting policies are disclosed on page 160 to 169.

	Company	
	2013 R (million)	2012 R (million)
2. Investment in subsidiaries		
Investment in subsidiaries		
Investment in subsidiaries is accounted for at cost less any impairment provision in the Company's financial statements.		
Investments in unlisted companies at cost:		
Direct investment in subsidiaries consists of:		
1 000 ordinary shares with a par value of R1 each in Royal Bafokeng Platinum Management Services Proprietary Limited (100% interest)	**–**	–
320 ordinary shares with a par value of R1 each in Royal Bafokeng Resources Proprietary Limited (100% interest)	**6 819.2**	6 819.2
	6 819.2	6 819.2

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

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

	2013 R (million)	2012 R (million)
3. Held-to-maturity investments		
Investment in vested rights of the NED investment Trust	**–**	250.0
Accrued dividends	**–**	10.6
	–	260.6

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

During 2012, RBPlat invested R250 million on a 180-day notice period. This investment matured on 26 March 2013 and was thereafter invested on a 30-day notice period and classified as cash and cash equivalents in 2013.

From 26 March 2013, RBPlat invested R150 million, on a 30-day notice period and R100 million on a 14-day notice period, earning the following dividend yield:

- R100 million earning 53% of prime nominal annual compound semi-annually
- R150 million earning 55% of prime nominal annual compound semi-annually

For the year ended 31 December 2013 dividends of R11.6 million (2012: R13.6 million) was earned on the Nedbank preference shares.

	Company	
	2013 R (million)	2012 R (million)
4. Current tax payable/(receivable)		
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**(0.3)**	(0.2)
Income tax charge	**2.7**	5.5
Tax refund received	**0.2**	–
Payment made	**(2.5)**	(5.6)
Closing balance at 31 December	**0.1**	(0.3)

5. Share capital and share premium

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

	Company 2013 R	Company 2012 R
Authorised share capital		
250 000 000 (2012: 250 000 000) ordinary shares with a par value of R0.01 each	2 500 000	2 500 000
1 500 000 (2012: 1 500 000) "A1" ordinary shares with a par value of R0.01 each	15 000	15 000
1 500 000 (2012: 1 500 000) "A2" ordinary shares with a par value of R0.01 each	15 000	15 000
1 500 000 (2012: 1 500 000) "A3" ordinary shares with a par value of R0.01 each	15 000	15 000
Total authorised share capital	**2 545 000**	2 545 000
Issued ordinary share capital	**R**	R
Opening balance 164 714 718 (2012: 164 241 713) ordinary shares with a par value of R0.01 each	1 647 147	1 642 417
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	5 344	4 250
417 416 IPO shares vested in May 2012	–	4 174
55 589 BSP shares vested in December 2012	–	556
43 044 BSP shares early vested with 2013 retrenchments	430	–
77 843 BSP shares vested in December 2013	778	–
Less: Treasury shares		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(5 344)	(4 250)
Total 164 835 605 (2012: 164 714 718) ordinary shares	**1 648 355**	1 647 147
Issued "A1", "A2", "A3" ordinary shares		
Opening balance 845 871 (2012: 845 871) "A1", "A2", "A3" ordinary shares with a par value of R0.01 each	8 459	8 459
281 957"A1" ordinary shares repurchased and cancelled	(2 819)	–
Total 563 914 (2012: 845 871) "A2", "A3" ordinary shares	**5 640**	8 459
Share premium	**R (million)**	R (million)
Opening balance	7 848.9	7 819.8
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	31.2	24.6
IPO shares vested in May 2012	–	25.9
BSP shares vested in December 2012	–	3.2
BSP shares early vested with 2013 retrenchments	2.6	–
BSP shares vested in December 2013	5.1	–
Less: Treasury shares		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(31.2)	(24.6)
Total	**7 856.6**	7 848.9

The "A" ordinary shares were issued to the Mahube Trust as part of the employee share ownership plan and these "A" ordinary shares are not listed. The "A1" ordinary shares were repurchased and cancelled in 2013.

534 376 ordinary shares were issued on 1 April 2013 (2012: 424 985) as part of the Company's management incentive scheme.

NOTES TO COMPANY FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	Company	
	2013 R (million)	2012 R (million)
6. Income tax expense		
Income tax	2.7	5.5
Tax rate reconciliation:		
Profit before tax	21.8	35.0
Tax calculated at a tax rate of 28%	(6.1)	(9.8)
Non-deductible expenses	–	–
Non-taxable income	3.4	4.3
	(2.7)	(5.5)
Effective tax rate (%)	12.4	15.7
7. Cash generated by operations		
Profit before tax	21.8	35.0
Finance income	(29.2)	(42.0)
Share-based payment expense	18.1	24.1
Increase/(decrease) in accruals	0.2	(0.7)
Increase in other receivables	(2.6)	(2.2)
Cash generated by operations	8.3	14.2