


# MORE THAN > MINING

INTEGRATED  
ANNUAL REPORT  
**2013**



MORE  
MAHT  
MINING





towards operational  
excellence

---

build flexibility

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grow organically

---

pursue value enhancing  
opportunities

## About our 2013 integrated annual report

This integrated annual report provides an overview of the material economic, environmental and social impacts of Royal Bafokeng Platinum (RBPlat) and the Bafokeng Rasimone Platinum Mine (BRPM) joint venture, which consists of BRPM and the Styldrift I and II projects.

RBPlat's mining operations and projects are located directly south of the Pilanesberg Igneous Complex, in the Western Limb of the Bushveld Igneous Complex in the North West Province of South Africa.

There have been no significant changes regarding the size, structure or ownership of RBPlat.

This is the fourth year RBPlat, which listed on the JSE in 2010, has published an integrated annual report. We have used the International Integrated Reporting Framework to assist us in showing the connectivity between material information on our strategy, governance, performance and prospects and how our strategy affects and is affected by environmental, social and financial issues.

Our approach to reporting is also aligned with our vision *To seek and deliver the good from mining* and our mission *To leave a lasting legacy of sustainable benefits for our stakeholders*.

We believe that reporting in an integrated manner can help our stakeholders make better informed decisions around investments and resource allocation.

In addition to adopting an integrated approach to our reporting, we have applied King III, the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code) and the JSE Limited Listings Requirements and have been guided by the Global Reporting Initiative's (GRI) G3 guidelines and its mining and metals sector supplement, in terms of measuring our progress towards sustainability. This report meets application level B+ of the GRI G3 guidelines. It also forms part of our Communication on Progress to the United Nations Global Compact. A summary of our compliance with the GRI and application of King III is published on our website.

Our annual financial statements, which are compliant with International Financial Reporting Standards (IFRS), start on page 156.

These were audited by PricewaterhouseCoopers Inc. (PwC) whose unqualified audit report appears on page 155. To ensure that we provide our stakeholders with reliable information on our sustainability performance, we also engaged the services of Gilden Assurance to supply independent third party assurance over selected sustainability information included in this report on page 139.

### Establishing materiality

RBPlat defines material issues as those which have the potential to substantially impact on our ability to create and sustain value for our stakeholders. The process we adopted to determine the issues material to our business and our stakeholders is aligned with our organisational decision-making processes and our strategies. By applying the principle of materiality we determined which issues could influence the decisions, actions and performance of our organisation and its stakeholders. We refer you to the operating context and material issues on pages 8 and 20 of this report in which we describe the circumstances in which we operate, the key resources and relationships on which we depend, the key risks and opportunities we face and how material issues can affect our ability to create and sustain value over time.

### Data measurement

We measure data at source (e.g. flow meters are used to measure water consumption, pump meters to measure diesel fuel, etc). Indicator-specific descriptions of data measurement occur throughout the report. Safety, health and environmental data is checked internally and signed off by the Safety Manager, the occupational medical practitioner (medical doctor) and the Safety, Health, Environment and Risk (SHER) Manager. Gilden Assurance undertook assurance on selected indicators related to RBPlat's material issues. Where we believe that a GRI G3 indicator is not applicable we have stated this in the GRI G3 Content Index available on our website. Where possible, we have defined data measurement by means of units of measure. No restatements were made during 2013.

## Navigation icon

To ensure access to any additional information you may require, we have used the icon below to refer you to the relevant page.



Visit [www.bafokengplatinum.co.za/a/s/sustainability\\_performance.pnp](http://www.bafokengplatinum.co.za/a/s/sustainability_performance.pnp) for the GRI G3 Content Index and [www.bafokengplatinum.co.za/a/ff/king-III-assessment-2014-pdf](http://www.bafokengplatinum.co.za/a/ff/king-III-assessment-2014-pdf) for RBPlat's King III application assessment.

## Board approval

The RBPlat Board acknowledges its responsibility for ensuring the integrity of the integrated annual report and to the best of its knowledge and belief the RBPlat integrated annual report for 2013 addresses all material issues and presents fairly the integrated performance of the organisation and its impacts. The report has been prepared in line with best practice and the Board confirms that it has approved this integrated annual report and authorised it for release on 4 March 2014. See page 118 for an explanation of the approval process.

## Give us your feedback

We would welcome your feedback on our reporting for 2013 and any suggestions you have in terms of what you would like to see incorporated in our report for 2014. To do so please contact Lindiwe Montshiwagae at [lindiwe@bafokengplatinum.co.za](mailto:lindiwe@bafokengplatinum.co.za).



*I am privileged to have led the Board of RBPlat through its first four years of operation, to have overseen the initial development of its strategies and the unfolding of these strategies to create a sustainable business.*



## P34 LEADERSHIP REVIEW



## P51 MANUFACTURED CAPITAL



## P41 FINANCIAL CAPITAL



## P65 HUMAN CAPITAL

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# AN OVERVIEW OF OUR BUSINESS

## OUR VISION AND MISSION

- > To seek and deliver the good from mining
- > To leave a lasting legacy of sustainable benefits for our stakeholders

## OUR PURPOSE

- > To create economic value for all our stakeholders



## OUR BUSINESS MODEL

### INPUTS

### ACTIVITIES

### OUTPUTS

### OUTCOMES

## FINANCIAL CAPITAL



- > Reinvested cash flow generated by our operations
- > Efficient systems, controls and processes
- > Equity funding
- > Debt funding

- > Appropriate and responsible allocation of financial capital to the various activities in the business
- > Metal sales
- > Financial accounting
- > Management accounting
- > Organic growth through project development
- > Social licence to operate

- > Cash flow generated by our operations
- > Cash flow generated by royalty agreements

- > Strong balance sheet
- > Able to fund our business and grow organically in a sustainable manner
- > Shareholder returns

## NATURAL CAPITAL



- > Natural resources (minerals, water, land, air, biodiversity)

- > Securing mineral rights
- > Exploration
- > Identifying and mitigating the impact of our mining activities on the natural environment and ensuring they are not long term through effective environmental management
- > Environmental impact assessments
- > Emissions measured and monitored
- > Accurate assessment of resources and reserves

- > Properly disposed of all effluent and waste
- > Carbon footprint reduced
- > Rehabilitate and restore any disturbed land
- > Geological resource model and reserves
- > Resources and reserve statements

- > Increased sustainability through the availability of additional resources and reserves
- > The impact of our mining activities is mitigated

## OUR VALUE CHAIN

- > Exploration
- > Project development
- > Mining
- > Concentrate production
- > People development
- > Suppliers
- > Refiners of our PGM concentrate and marketers of the end product
- > Purchasers of PGMs in the form of ETFs, the automotive, jewellery, electronic, chemical, dental and medical industries

### MANUFACTURED CAPITAL



- > Mineral reserves and resources
- > Mining infrastructure above and below ground
  - Shafts
  - Concentrator plant
  - Tailings and storm water dams
- > Mining equipment and consumables
- > Utilities
- > Mining rights

- > Generation of reserves
- > Mining Merensky and UG2 ore
- > Grow our business organically through our investment in Styldrift I and II
- > Process the ore in our concentrator plant
- > Engineering
- > Safety, health, environment and risk (SHER) management
- > Mineral resource management

- > Merensky and UG2 ore
- > Greenhouse gas emissions
- > Waste material
- > Mine water
- > 4E PGM concentrate
- > Refined 4E PGMs from concentrate supplied to refiners

- > Saleable product that generates our revenue
- > Fully operating mines
- > Beneficiation of PGMs
- > Increased production through organic growth
- > Depletion of resources
- > Rehabilitation

### HUMAN CAPITAL



- > Appropriate skills
- > Ethics and human rights
- > Workforce
- > Organisational structure

- > Training and development
- > Talent management
- > Performance management
- > Ongoing engagement with employees and organised labour
- > Develop labour structures

- > Skilled leaders and employees
- > Productivity

- > A workforce with the skills to maintain a profitable and sustainable business
- > Committed workforce
- > Reduced levels of industrial unrest
- > Safe working environment

### SOCIAL AND RELATIONSHIP CAPITAL



- > Community relations – doorstep and extended communities
- > Employee relations
- > Organised labour
- > Ethics and human rights

- > Investing in communities
- > Meetings with communities and other relevant stakeholders
- > Signatory to the UNGC and developed a Code of Ethics. Both guide our approach to ethics and human rights
- > Social impact assessments

- > Socio-economic development
- > Infrastructure development
- > Community skills development
- > Enterprise development
- > Increased understanding between communities and RBPlat
- > Better working relations
- > Ethical behaviour and adherence to United Nations Global Compact (UNGC) human rights principles

- > More sustainable communities
- > Sustainable small businesses
- > Better community relations
- > An ethical business that respects the rights of its employees and the communities in which it operates



## OUR STRATEGY

The four pillars of our strategy are designed to deliver earnings and growth for all of our stakeholders through responsible safe mining. We measure our progress against these strategies by continually monitoring our performance against our key financial and non-financial performance indicators.

Our strategies are underpinned by our aspiration of achieving *More than mining*.

### INTELLECTUAL CAPITAL

- > Risk management
  - > Reputation and brand
  - > Governance structures
  - > Geological model
  - > Cost management systems
  - > Research and development
  - > Project management systems
- 
- > Industry benchmarking and research
  - > Enterprise risk management
  - > Governance
  - > Manage costs
  - > Research and develop new solutions
  - > Continuous reassessment of effectiveness of systems and processes
- 
- > Risks and opportunities identified, mitigated and exploited
  - > Business well governed
  - > Accurate information and cost efficiencies
- 
- > A well managed ethical business with access to accurate information
  - > Effective systems and processes
  - > Innovative ways of working
  - > Improved productivity and effectiveness
  - > Improved understanding of PGM industry



Our Chief Executive Officer discusses our performance against these strategies on page 36 to 39.





# AN OVERVIEW OF OUR BUSINESS (continued)

## OUR PEOPLE

### OUR VALUES



#### Safety and people first

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



#### Promises delivered

We do what we say we will do.



#### Mutual interests and mutual rewards

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

RBPlat employs around 8 000 people (permanent employees and contractors).

Our investment in the safety, health, wellness, training and development of our employees, and our commitment to transparent engagement with them, contributes to us achieving our strategies through a productive, well-trained and engaged workforce.

### BOARD OF DIRECTORS

Our Board of directors has a wide range of skills, knowledge and experience and is committed to effective corporate governance.

### NON-EXECUTIVE DIRECTORS

By appointing strong, independent non-executive directors we benefit from their wide range of expertise and perspectives and the different thinking they bring to our Board's deliberations.

### EXECUTIVE DIRECTORS



*Steve Phiri*  
Chief Executive Officer



*Martin Prinsloo*  
Chief Financial Officer



*Nico Muller*  
Chief Operating Officer

### SENIOR MANAGEMENT

The members of our senior management team have extensive knowledge of and experience in the platinum mining industry. The profiles of our directors and Executive Committee can be found on page 30 to 33.

## OUR MINING BUSINESS IMPACTS



**Environment**



**Natural resources**



**Our people**



**Community**

## OUR BUSINESS

RBPlat is a black-owned and controlled mid-tier PGMs producer, which originates from a joint venture between Anglo American Platinum and Royal Bafokeng Holdings (RBH), known as the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture, which produced its first platinum concentrate in December 1999. We sell the concentrate we produce to Anglo American Platinum for beneficiation in its refineries.

Following a restructuring of the joint venture in December 2009, RBPlat obtained a 67% majority interest in the joint venture and took over operational control from 4 January 2010. RBPlat translated this interest into a public vehicle through our listing on the JSE Limited (JSE: RBP) on 8 November 2010. (You will find a detailed organogram of RBPlat's ownership structure at [www.bafokengplatinum.co.za/a/structure.php](http://www.bafokengplatinum.co.za/a/structure.php))

The joint venture was formed to exploit PGMs in the Merensky and UG2 reefs on the Boschkoppie, Styldrift and Frischgewaagd farms in the Rustenburg area, which have been identified as hosting the last undeveloped Merensky reef on the

Western Limb of the Bushveld Complex. RBPlat's assets, situated on the northerly extent of the Western Limb, 120km from Johannesburg, 30km from Rustenburg and just 17km from Phokeng, in the North West province of South Africa, are the only significant shallow high grade Merensky resources and reserves still available for mining in South Africa.

### Our existing operations

At BRPM the ore reserve is accessed via two twin decline shaft complexes, North and South shafts, at a depth of less than 500 metres. Our Phase II replacement project, which started in 2005 and was completed in 2012, extended BRPM's North and South shaft complexes from 5 level to 10 level. Our Phase III replacement project, which is currently 57% complete and is due to be completed by the third quarter of 2017, will deepen the North shaft infrastructure to the mine boundary, establish hybrid mining sections from 11 level to 15 level and provide access to 1.4 million PGM 4E ounces.

Our existing concentrator plant has a capacity of 2.4 million tonnes per annum (Mtpa) and produces approximately 180 000 platinum ounces in concentrate and 280 000 4E PGM ounces in concentrate per annum.

### Organic growth

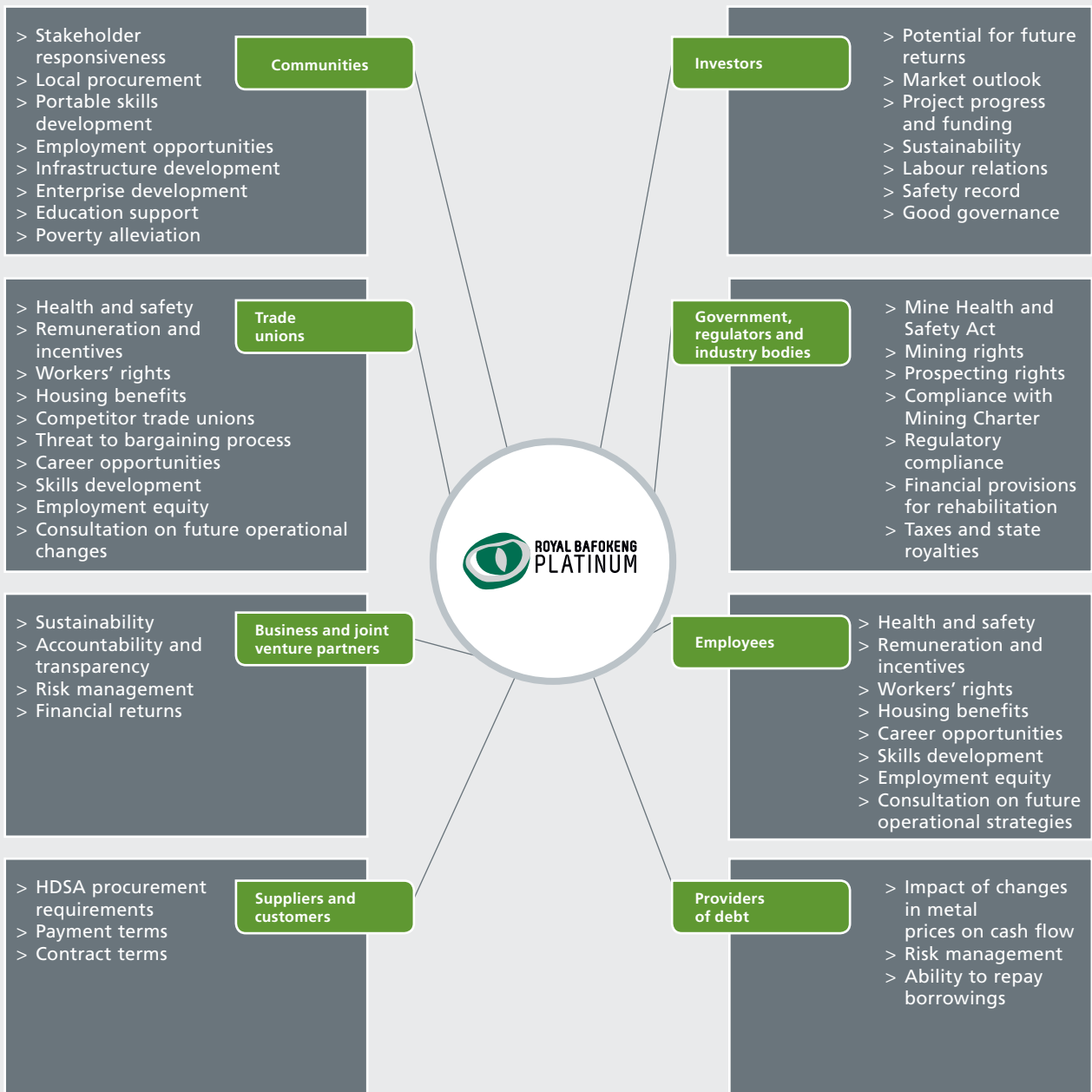
We are developing a new underground mine, Styldrift I, which is expected to reach steady state, employing mechanised mining, by 2018.



*For information on our operations, the expansion of our concentrator plant and our R11 billion Styldrift I project, see page 56 to 63.*

## OUR STAKEHOLDERS AND RELATED MATERIAL ISSUES

Our stakeholders include our investors, potential investors, the communities in which we operate from whom we earn our licence to operate, our employees, trade unions, government, our business partners, suppliers, customers and providers of debt. Our majority shareholder is Royal Bafokeng Holdings (RBH).



## OPERATING CONTEXT

### THE GLOBAL PGM ENVIRONMENT



### KEY INFLUENCES ON OUR GLOBAL ENVIRONMENT:

- > PGM PRICES
- > RAND/US\$ EXCHANGE RATE
- > GLOBAL EMISSIONS LEGISLATION
- > WORLD ECONOMIC GROWTH
- > SUPPLY AND DEMAND
- > RECYCLING

**PGMs PLAY A SIGNIFICANT ROLE IN REDUCING AIR POLLUTION**

### PLATINUM

The automotive industry remains the major driver of platinum demand followed by the demand for jewellery in China

China is the world's **BIGGEST CONSUMER OF PLATINUM** (33% of new metal purchases in 2013)

Source: SFA (Oxford)

### 2013

In 2013, gross demand for platinum was up **1.7% to 7.67 million ounces (Moz)**, with the deficit in the platinum market increasing to **830 kilo ounces (koz)**.

The year saw strong offtake by exchange traded funds (ETF) investors, with ABSA bank's Newplat ETF peaking at **910koz** since its launch in April 2013 to make it the largest global platinum ETF. Net jewellery demand was up slightly by **20koz**. Supply fell by **4.5% to 5.59Moz**.

### 2014

The outlook for **2014 points to industrial demand remaining strong** and the new Euro 6 diesel emission standards in Europe should boost demand due to higher metal loadings per vehicle.

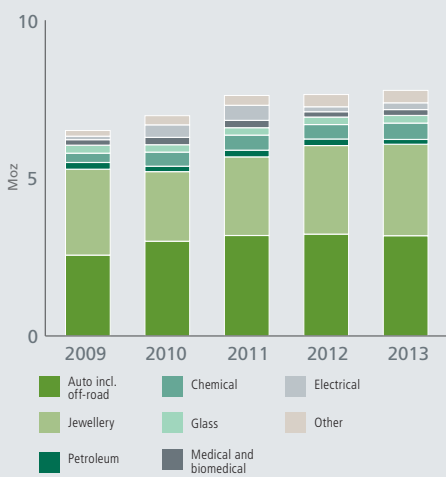
The outlook for jewellery demand is also robust, with potential for growth in platinum jewellery in both China and India. Sales of platinum ETFs are not expected to reach 2013's record level. **Prices are expected to remain flat in 2014** but are expected to rise from 2015. Primary platinum supply is unlikely to grow significantly in 2014.

Platinum group metals (PGMs) are critical to improving air quality. They have a unique set of properties that convert exhaust pollutant emissions from combustion engines to harmless compounds and accordingly have been the main metals used in catalytic converters to date. More vehicles globally must have cleaner emissions, so there will be a growing need for PGMs in future. Several other metals are good oxidation catalysts in other environments, but do not have the thermal durability and resistance to poisoning necessary to survive in the harsh autocatalytic conditions.

Platinum has the widest range of end uses, with autocatalysts comprising 43% of consumption and jewellery 37% in 2013. Chinese jewellery now makes up 26% of total platinum demand and India, the world's largest gold jewellery market, is fast warming to platinum. Platinum is the metal of choice in a wide range of smaller industrial markets too.

Palladium demand is increasingly dominated by its use in autocatalysts, where it forms the bulk of all light-duty gasoline autocatalysts and also plays an increasing role in diesel autocatalysts, while rhodium is almost entirely used in autocatalysts.

GROSS DEMAND FOR PLATINUM BY INDUSTRY



Source: SFA (Oxford)

GROSS GLOBAL PLATINUM DEMAND BY REGION



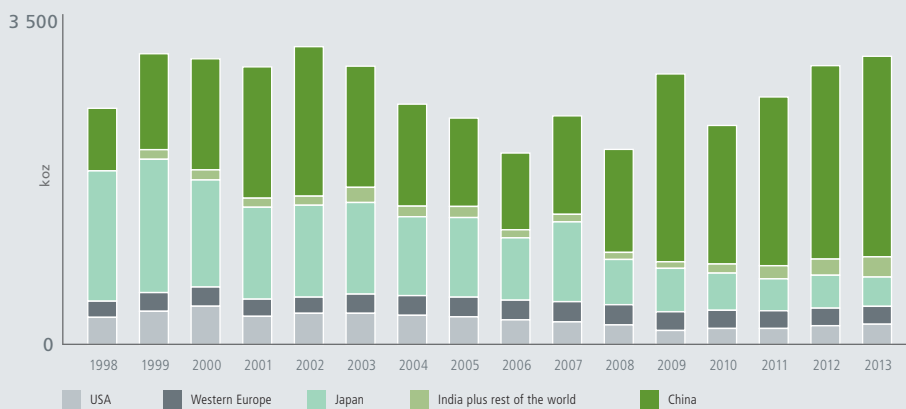
Source: SFA (Oxford)

PLATINUM SUPPLY BY REGION



Source: SFA (Oxford)

PLATINUM JEWELLERY GROSS DEMAND



Source: SFA (Oxford)

The opportunities for growth in China's platinum jewellery market are considerable. Chow Tai Fook, the world's largest jewellery retailer, is continuing its aggressive expansion plans with 360 new stores in the pipeline for 2014.

## OPERATING CONTEXT (continued)

### THE GLOBAL PGM ENVIRONMENT

#### PALLADIUM

Demand growth for palladium is based on strong new car sales growth led by China



#### 2013

Total palladium demand grew by **0.6% to 9.46Moz** in 2013. The gap between palladium supply and demand increased during 2013 with primary supplies declining to **6.27Moz** due to lower Russian stock sales.

Recycling grew by **8.1% to 2.11Moz**. A return to boom conditions in the Chinese car market lifted global palladium usage in autocatalysts by **4.9% to 6.95Moz**.

#### 2014

Higher demand for palladium from the automotive industry is expected to continue in 2014, while the reduction in primary supply in the absence of Russian stock sales will be partially offset by additional recycling.

**Palladium demand is increasingly dominated by autocatalysts**, as the largely gasoline markets in the faster growing countries catch up rapidly with emissions legislation.

#### RHODIUM

Autocatalyst demand returns to growth

Global gross demand for **RHODIUM ROSE BY 4.5%** to 960koz, the highest since 2008

Source: SFA (Oxford)

#### 2013

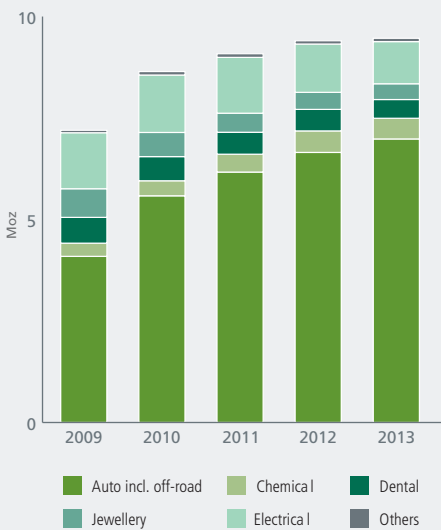
In 2013, global demand for rhodium rose by **4.5% to 960koz**. While supply decreased by **9.1% to 680koz** as UG2 production was trimmed further, the market remains closely balanced and is currently well stocked.

The reduction in the basket price, combined with rising unit costs, has resulted in an unsustainable erosion of margins for a number of smaller-scale, narrow-reef UG2 producers.

#### 2014

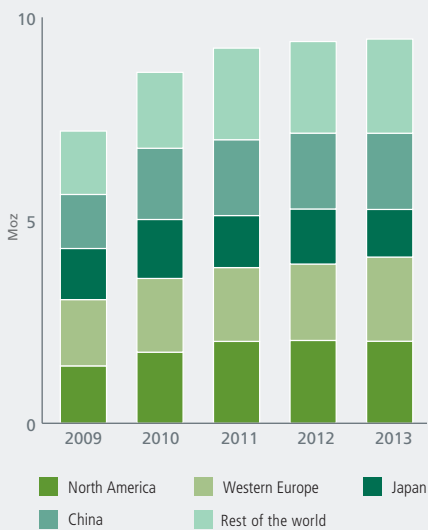
The introduction of **Euro 6 legislation for new models from September 2014** will result in the measurable use of rhodium in diesel catalysts for the first time. Historically, the use of rhodium in light duty diesel vehicles has been almost non-existent because it is mainly used in light duty gasoline vehicles. Supplies of rhodium are expected to show a modest increase during 2014 with the increased recoveries from scrapped autocatalysts being a major contributor to this increase.

GROSS DEMAND FOR PALLADIUM BY INDUSTRY



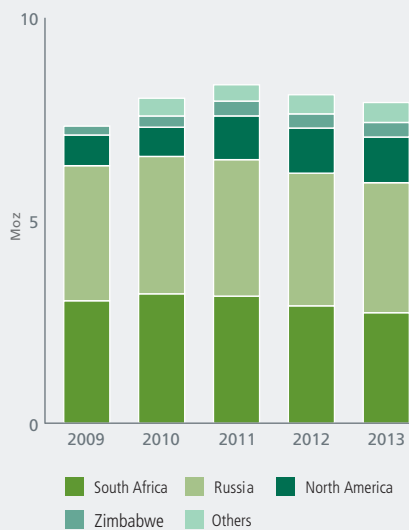
Source: SFA (Oxford)

GROSS DEMAND FOR PALLADIUM BY REGION



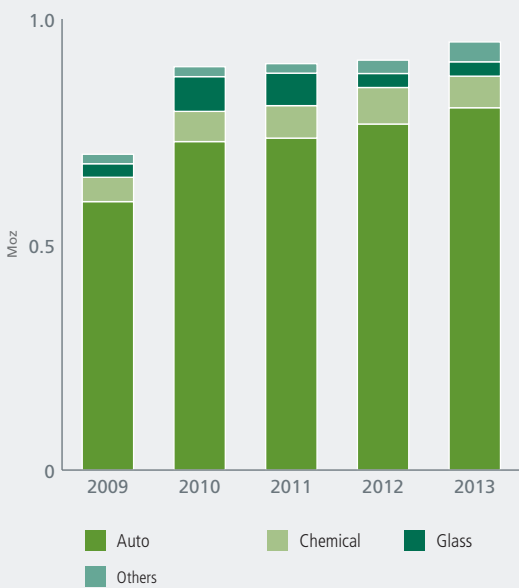
Source: SFA (Oxford)

PALLADIUM SUPPLY BY REGION



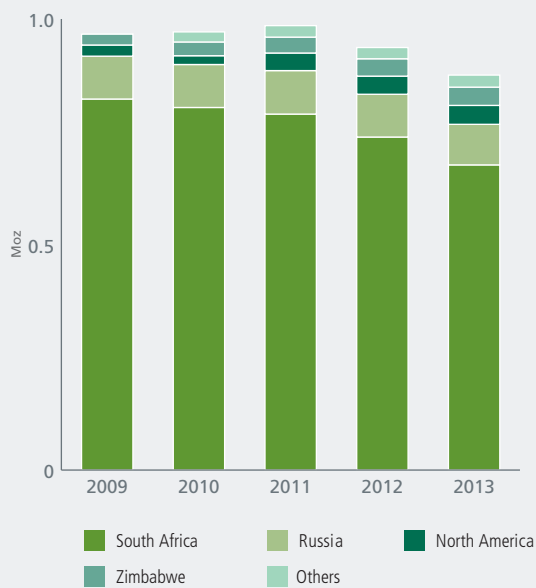
Source: SFA (Oxford)

GROSS RHODIUM DEMAND BY INDUSTRY



Source: SFA (Oxford)

RHODIUM SUPPLY BY REGION



Source: SFA (Oxford)

# OPERATING CONTEXT (continued)

## GLOBAL ECONOMIC CONDITIONS

Demand for virgin PGMs affected by global economic conditions

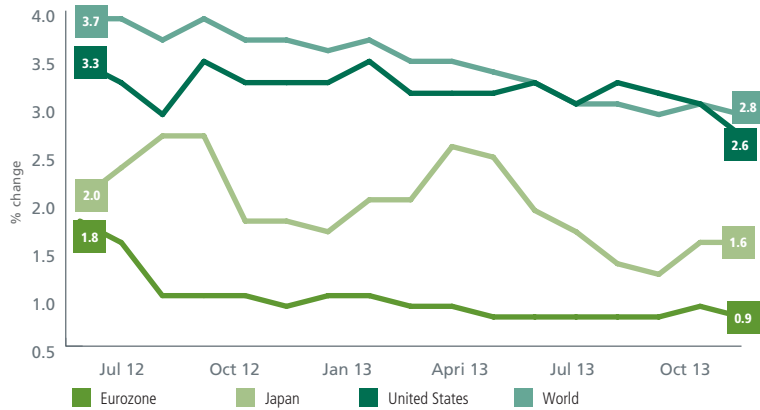


### LEGISLATION

The roll-out of global emissions legislation continues relatively unabated, underpinning PGM demand. China is still in the process of adopting western style emissions legislation, which bodes well for PGMs in the region.

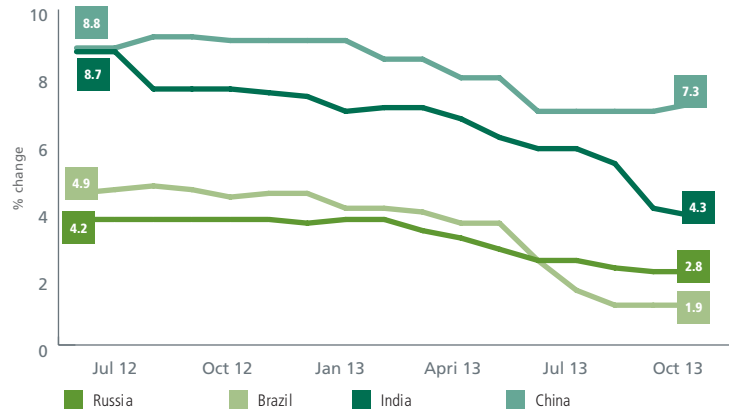
Demand for platinum and palladium used in autocatalysts is set to grow in the future with platinum demand forecast to be up 1.7Moz between 2013 and 2025. Rhodium demand is slowly recovering. At current prices, rhodium remains the most cost-effective, reliable and convenient solution for complying with legislation requiring the avoidance of NOx production.

2014 REAL GDP FORECAST FOR THE DEVELOPED WORLD (REVISED DOWNWARDS DUE TO SLOWER THAN EXPECTED RECOVERY)



Source: SFA (Oxford), Oxford Economics

2014 REAL GDP FORECAST FOR EMERGING MARKETS (REVISED DOWNWARDS DUE TO SLOWER THAN EXPECTED RECOVERY)



Source: SFA (Oxford), Oxford Economics

## GLOBAL EMISSIONS LEGISLATION

Emissions standards	2005	2006	2007	2008	2009	2010	2011	2012	
<b>US EPA</b>									
Light-duty vehicles (LDV)	Tier 2								
Heavy-duty vehicles (HDV)	US 2004			US 2007			US 2010		
Non-road	Tier 4						Tier 4 – big equipment		
<b>Japan</b>									
LDV and HDV	Japan 2005				Japan 2009				
Non-road									
<b>European Union (53% diesel car market)</b>									
LDV	Euro 4				Euro 5 – DPF for diesel				
HDV	Euro 4				Euro 5				
Non-road	Tier 3a					Tier 3b			
<b>South Korea (22% diesel car market)</b>									
LDV and HDV	Euro 4				Euro 5 – DPF for diesel				
Non-road									
<b>India (40% diesel car market)</b>									
LDV and HDV cities	Euro 3				Euro 4				
LDV and HDV national	Euro 2				Euro 3				
<b>Thailand (12% diesel car market)</b>									
LDV	Euro 2	Euro 3							
HDV	Euro 2	Euro 3							
<b>Brazil</b>									
LDV	PL-4				PL-5				
HDV	PP-5			PP-6			PP-7		
<b>Russia</b>									
LDV and HDV	Euro 2			Euro 3		Euro 4			
<b>China</b>									
LDV and HDV (Beijing)	China 2	China 3			China 4				
LDV and HDV (national)	China 2	China 3							

Source: SFA (Oxford)

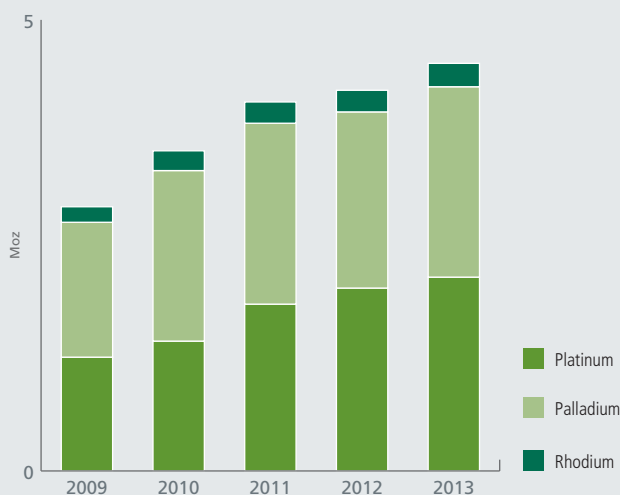


# RECYCLING



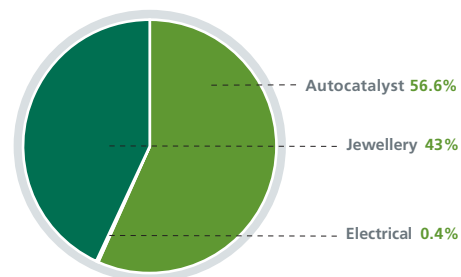
The growth of European and Chinese platinum recycling **LIFTS GLOBAL RECYCLING RATES TO 5% A YEAR** from 2013 to 2020 to potentially breach 3 million ounces by 2020.

## PGM RECYCLING

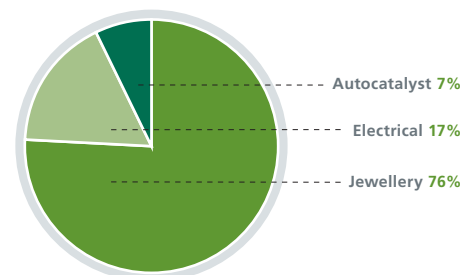


Source: SFA (Oxford)

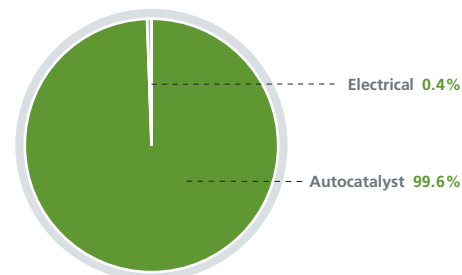
## PLATINUM RECYCLING – 2013



## PALLADIUM RECYCLING – 2013



## RHODIUM RECYCLING – 2013



Source: SFA (Oxford)

2013	2014	2015	2016	2017	2018	2019	2020
	California LEV III			Tier 3	Pd impact		
Thriftling		Phase in					Tier 5??
Thriftling			Japan 2016 (diesel, Nox)				
		Tier 4		Proposed			
	Euro 6		Gasoline PN – Pt filter				Euro 7??
Euro 6 →		Phase in – DOC + DPF					
		Tier 4 – SCR/DOC/DPF					
	Euro 6						
		Tier 4					
					Euro 5??		
					Euro 4??		
Euro 4 – boosts Pt loadings					Euro 5 ??		
Euro 4					Euro 5 ??		
PL-6 (no DPF)						PP-7??	
						PP-8??	
	Euro 5					Euro 6??	
China 5							
	China 4 (might be delayed again)						

# OPERATING CONTEXT (continued)

## THE SOUTH AFRICAN PGM ENVIRONMENT

### PGM INDUSTRY DYNAMICS

- > Contribution to South Africa's mining revenue down 1% year-on-year
- > Depletion of Merensky reef

2000	
Merensky (70%)	UG2 (30%)
2012	
Merensky (30%)	UG2 (70%)

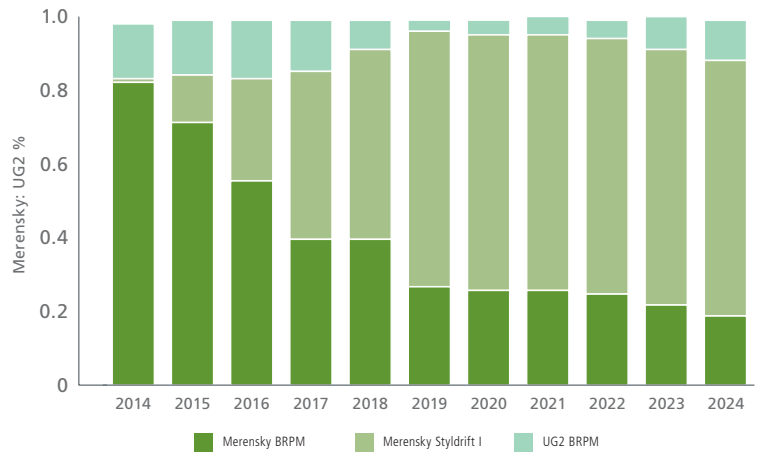
Source: Chamber of Mines – 21 January 2013, RSA PGM Mining Sector Briefing Note

- > Industry average head grade reduced by approximately 40%
- > Platinum production per employee reduced by approximately 40%

**22% DIFFERENCE**  
IN REVENUE FROM AN AVERAGE UG2 PRILL SPLIT COMPARED TO REVENUE FROM THE BRPM JV PRILL SPLIT

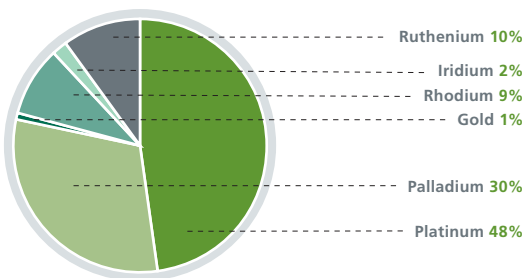
### RBPLAT'S POSITION

#### RBPLAT'S LONG-TERM MERENSKY CONTRIBUTION

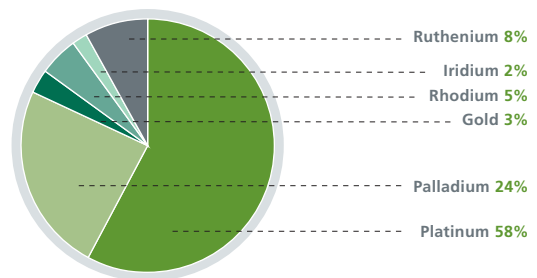


- > High grade Merensky
- > Platinum production per employee of 29.34 ounces
- > Platinum:palladium ratio of 2.3:1
- > High base metal revenue contribution
- > Low cost mechanised mining will make up 50% of production by 2018

#### INDUSTRY AVERAGE UG2 PRILL SPLIT – R9 179 PER 6E OZ



#### BRPM JV PRILL SPLIT – R11 176 PER 6E OZ



## PGM INDUSTRY DYNAMICS

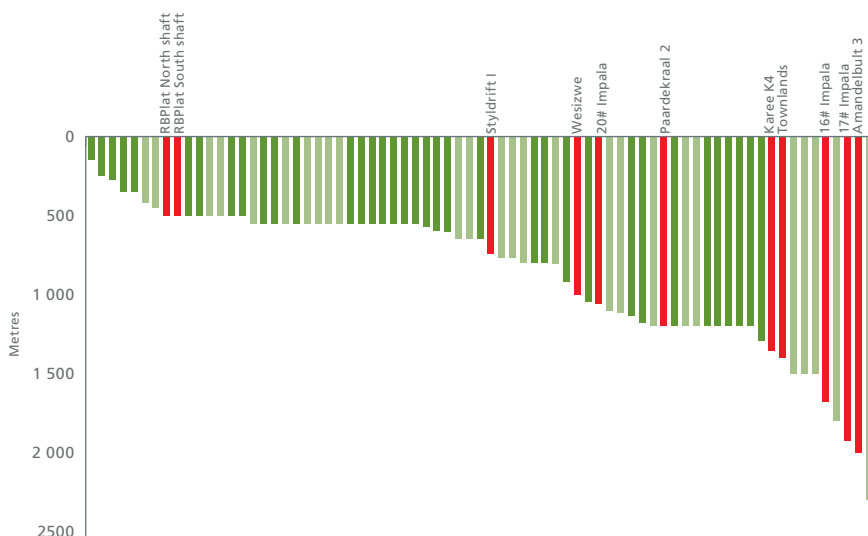
> Deepening mines with most new shafts at an average depth of 1 500 metres

## RBPLAT'S POSITION

> RBPlat's high grade Merensky resources and reserves at shallow depths:

- BRPM – 500 metres
- Styldrift I – 740 metres

### INDUSTRY PLATINUM MINE SHAFT DEPTH



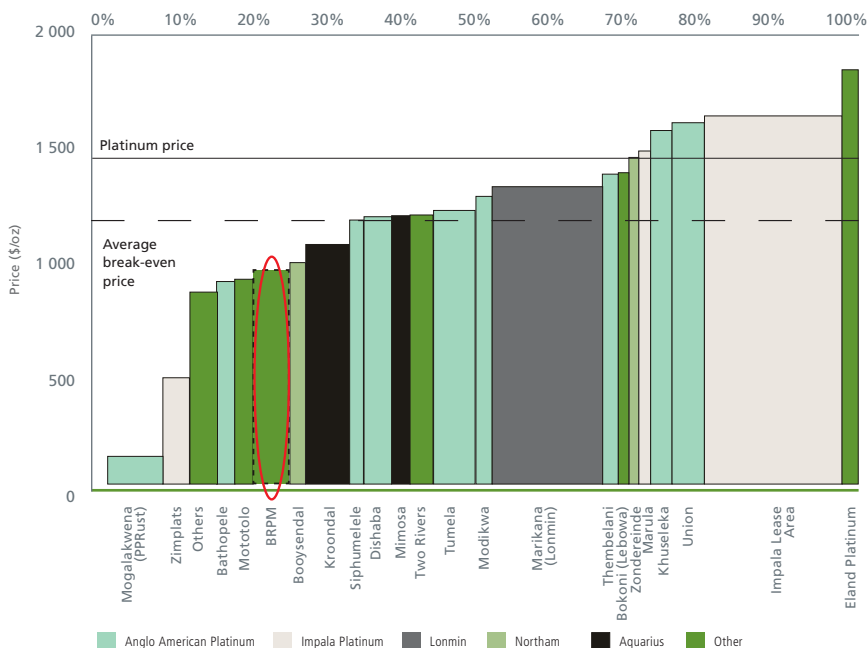
Source: SFA (Oxford)

- > Escalating costs: labour costs, electricity and water
- > Limited resources: water and electricity
- > Reduction in capex
- > Labour unrest

- > Three-year wage agreement expiring June 2014
- > Power and water secured for Styldrift I
- > Continued investment in expansion projects
- > Labour stability

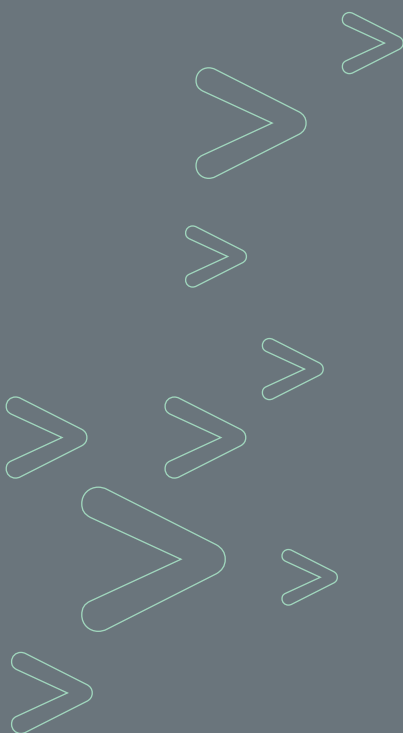
### RBPLAT'S COMPETITIVE POSITION ON THE INDUSTRY COST CURVE

Break-even platinum price (cash cost plus maintenance capital expenditure)



Source: JPMorgan Cazenove (as at 22 January 2014)

- > UNCERTAIN REGULATORY ENVIRONMENT
- > GOVERNMENT EXPECTATIONS
- > SLOW GLOBAL ECONOMIC RECOVERY
- > LABOUR UNREST
- > MARGINS UNDER PRESSURE



**1 500m**  
NEW INDUSTRY MINING DEPTHS

# OPERATING CONTEXT (continued)

## THE SOUTH AFRICAN PGM ENVIRONMENT

**2 530 650**  
DAYS LOST TO  
STRIKE ACTION  
BY 123 551  
EMPLOYEES IN  
SOUTH AFRICA  
IN 2012

Source: IRAS

### PGM INDUSTRY DYNAMICS

- > Labour relations
- > During 2012 (2013 figures for the industry not yet available) the South African platinum industry (Amplats, Implats, Lonmin and RBPlat) with 123 551 employees lost 2 530 650 days due to strike action – the industry continued to experience strikes in 2013, but there were far fewer strikes than in 2012

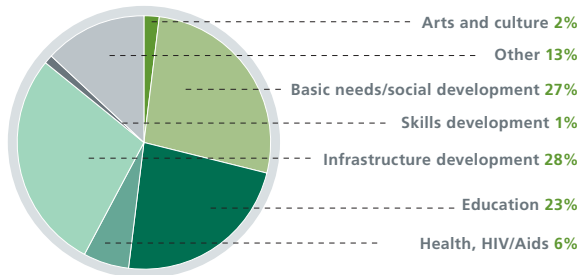
### RBPLAT'S POSITION

- > Three-year wage agreement in place until June 2014
- > In 2012 RBPlat with 6 057 employees lost only 13 days to strike action
- > In 2013 we were fortunate to have a strike-free year

- > Resource nationalism and regulatory uncertainty  
The uncertainty surrounding the proposed amendments to the Mineral and Petroleum Resources Development Act (MPRDA) is having a negative impact on investment in the South African mining sector

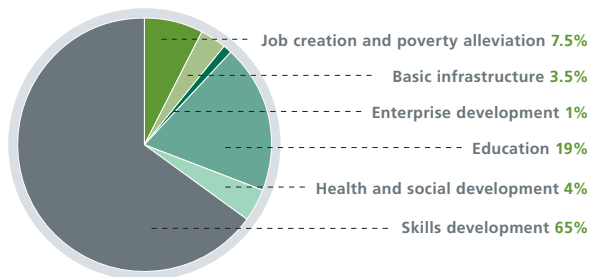
- > Increasing role government expects mining industry to play in meeting socio-economic needs – total mining industry spent R4.3 billion in 2012 and the platinum mining industry spent over R300 million in 2012 on social commitments (including social and labour plans)
- > In 2012 RBPlat spent R127 million on its social and labour plans
- > In 2013 RBPlat spent R105.2 million on its social and labour plans

#### THE CSI ALLOCATION OF THE SA METALS AND MINING INDUSTRY IN 2012 – TOTAL SPEND R3.5 BILLION



Source: IRAS

#### RBPLAT ALLOCATION OF EXPENDITURE ON CSI AND SOCIAL LABOUR PLANS IN 2012\*



Source: IRAS

\* 2012 figures have been used as 2013 figures for the industry are not yet available

## PGM INDUSTRY DYNAMICS

## RBPLAT'S POSITION

> Challenges with meeting black economic empowerment requirements of the Mining Charter Scorecard both in terms of leadership and employment equity

> RBPlat exceeds all the Mining Charter Scorecard requirements in terms of black economic empowerment (see our Mining Charter Scorecard report on our website at [www.bafokengplatinum.co.za/a/bee.php](http://www.bafokengplatinum.co.za/a/bee.php))

> Not complying with social and labour plan targets which could lead to mining licences being suspended or cancelled

> RBPlat has already met and exceeded its social and labour plan targets (see our Mining Charter Scorecard report on our website at [www.bafokengplatinum.co.za/a/bee.php](http://www.bafokengplatinum.co.za/a/bee.php))

> Section 54 safety stoppages in terms of the Mine Health and Safety Act can result in production losses

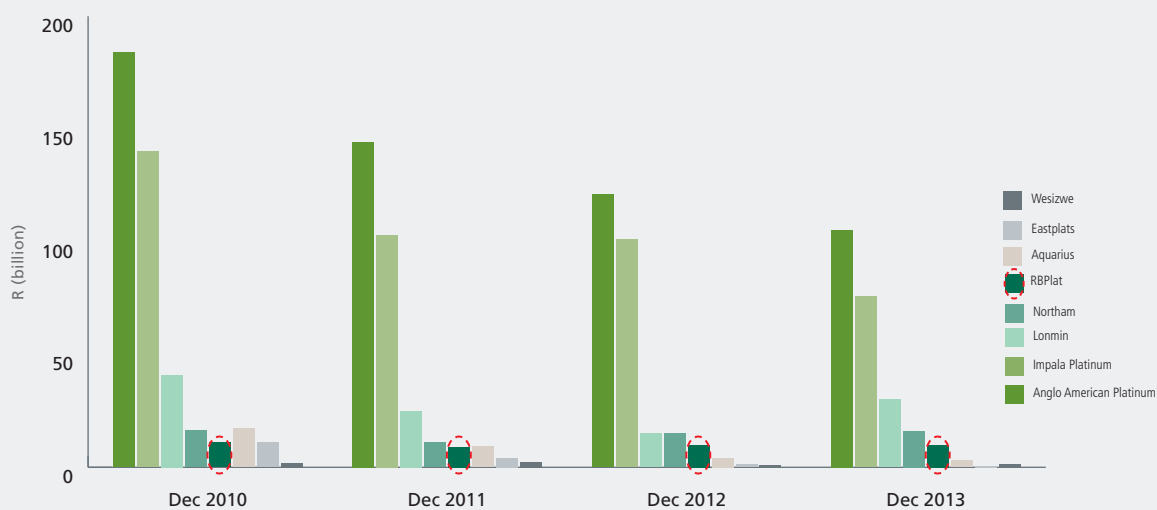
> RBPlat had only 11 section 54 stoppages at its operations during 2013 resulting in a loss of 89 kilo tonnes, which is a 24% decrease year-on-year. We focused on regulatory as well as on mine standard compliance to achieve this result

> Some of the impact of the global and local environment can be seen in the reduction of the market capitalisation of platinum companies listed on the JSE



*For information on the steps we are taking to improve safety standards and achieve zero harm in our operations see page 76 to 79 of this report*

TOP EIGHT PLATINUM MINING COMPANIES BY MARKET CAPITALISATION BETWEEN 2010 AND 2013



Source: Macquarie

# PERFORMANCE



## ACHIEVEMENTS



STYLDRIFT I HAD  
A THIRD  
**FATALITY-FREE  
YEAR**

**↓ 2% DECREASE**  
IN CASH OPERATING  
COST PER PLATINUM  
OUNCE TO R11 592/Pt oz  
(2012: R11 775/Pt oz)

**↓ 37%**  
**REDUCTION**  
IN SERIOUS INJURY  
FREQUENCY RATE

**↑ 66%**  
**INCREASE**  
IN HEADLINE  
EARNINGS PER  
SHARE TO 173c  
(2012: 104c)

**↑ 24% INCREASE**  
**IN CASH**  
**GENERATED** BY  
OPERATING ACTIVITIES  
TO R907.8 MILLION  
(2012: R732.6 million)

**2 304m**  
OF LATERAL  
DEVELOPMENT AT  
STYLDRIFT I

**NET CASH OF**  
**R772.9 MILLION**  
AT YEAR END  
(2012: R910.5 million)

CONSTITUENT OF  
**JSE SRI INDEX**

**UNGEARED**  
BALANCE SHEET  
**R500 MILLION**  
**INCREASE**  
IN REVOLVING CREDIT  
FACILITY TO R1 BILLION  
**R200 MILLION**  
FUNDING FACILITY FOR  
EMPLOYEE HOUSING



## IMPROVEMENTS

**↑ 9% IMPROVEMENT**  
IN LOST TIME INJURY  
FREQUENCY RATE

**↑ 6% IMPROVEMENT**  
IN PRODUCTIVITY TO  
**31.6 TONNES**  
MILLED PER EMPLOYEE  
PER MONTH  
(2012: 29.8 t/emp)

**↑ 5% IMPROVEMENT**  
IN IMMEDIATELY  
STOPABLE RESERVES  
(IMS) TO 6 000m  
(2012: 5 710m)

**↑ 8% IMPROVEMENT**  
IN BUILT-UP HEAD  
GRADE TO 4.38g/t 4E  
(2012: 4.07g/t)

**↑ 4% INCREASE**  
IN 4E PGM OUNCES TO  
**280koz**  
(2012: 269koz)

**↑ MARGINAL INCREASE**  
IN CASH OPERATING  
COST TO  
**R2 093 MILLION**  
(2012: R2 051 million)

**↑ 6.6% IMPROVEMENT**  
IN OUR CARBON  
INTENSITIES



## CHALLENGES

ACHIEVING  
**ZERO HARM**

INDUSTRY LABOUR  
**STABILITY**



**DISAPPOINTMENTS**

**TWO FATALITIES**  
AT BRPM

**↓ 3% DECREASE**  
IN TONNES MILLED TO  
**2 301kt**  
(2012: 2 375kt)

# MATERIAL ISSUES

## THE PROCESS WE FOLLOW TO IDENTIFY OUR MOST MATERIAL ISSUES

### AFFECTED STRATEGIES

#### OPERATIONAL EXCELLENCE

We identify our most material issues during workshops and interviews with our executives, heads of departments in our corporate office and operations. They are also tabled at our Audit and Risk and Social and Ethics committees before being presented to our Board for their approval.

To identify these issues we consider the impact they could have on the safety of our workforce, our profitability and the sustainability of our business.

We identify our stakeholders that could be affected by these issues. They include our employees, contractors, trade unions, investors, the communities in which we operate, government at local, provincial and national level (in particular the Department of Mineral Resources and the South African Revenue Services), our suppliers, business partners and providers of debt. The implementation of our social and labour plans and our community social investment programme affects the Royal Bafokeng Administration and the Royal Bafokeng Institute, who are responsible for land management and education on behalf of the Royal Bafokeng Nation. In turn they can affect our ability to implement these plans as we rely on them to grant us access to the land we need for our projects and they partner with us on education and health projects.



Human capital section on page 66 to 83 (safety performance, labour and trade union stability, implementation of human resource development element of social and labour plans, availability of adequate and appropriate skills)

Manufactured section on page 50 to 63 (life of mine strategy, safety performance, operating costs, project completion and project management)

Social and relationship capital on page 86 to 91 (stakeholder engagement and responsiveness – also in all sections, implementation of social and labour plans)



Issue

#### Labour and trade union stability

Following the labour unrest experienced by the South African mining industry and the platinum mining sector in particular during 2012, labour and trade union stability was a critical focus area for RBPlat during 2013.

#### Stakeholder engagement and responsiveness

Stakeholders play a key role in our sustainability. Identifying our stakeholders, their ability to impact positively or negatively on our business, RBPlat's ability to impact positively or negatively on them and addressing these impacts, is a key material issue for us.




#### Safety performance at both the Bafokeng Rasimone Platinum Mine (BRPM) and Styldrift I project







Increased mining and project activity could result in increased exposure to high energy sources, such as conveyor belts driven by high-powered electrical motors, trackless mining machines and more working places exposed to the possibility of falls of ground in our mines which can lead to loss of life and poor morale. We need to guard against a focus on achieving production targets which could result in unsafe behaviour or unsafe working conditions.

During 2013 the change from vertical to horizontal development at Styldrift Mine increased the safety risk. If we have safety-related stoppages declared, either by our management or the DMR, these could result in loss of revenue and cash flow (loss of value).



### Impact

-  Short term (up to 3 years)
-  Medium term (up to 10 years)
-  Long term (10 years and over)

How we responded to the risks and opportunities this issue raised previously and during 2013	Future outlook	Impact	2013 risk rating
<p>We continually engage with our workforce (employees and contractors) and communities to achieve transparency and mutual understanding of issues and to continue developing and maintaining a healthy relationship.</p> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>&gt; No strikes in 2013</li> <li>&gt; We believe that the improvement to our production bonus structure we agreed in 2012 contributed to increased productivity</li> <li>&gt; Increased productivity by 6% on a milled tonne per employee basis.</li> </ul> <p>We are not directly involved with the negotiation of our contract workers' wages with the union, however, we were able to intervene and facilitate a wage agreement between the union and the contractors.</p> <p>During 2013, as part of a pilot project previously agreed on with trade union representatives, we started building 400 houses for our BRPM employees. By year end 322 houses had been completed and ownership of 106 of these had been transferred to RBPlat. A collective agreement was negotiated with union representatives which sets out the basis for all employee housing arrangements. During 2013, we commenced negotiations with a developmental financial organisation in order to provide reasonably priced funding for our employees.</p>	<p>Our existing three-year wage agreement which expires in June 2014 will be renegotiated. We have already started the planning process and are optimistic that the work we have done towards achieving labour and trade union stability, and the amount of time we are providing for negotiations, will allow us to achieve a solution acceptable to both parties by mid-2014 without any strike action.</p> <p>Styldrift Mine has developed a housing strategy which will be rolled out in line with the mine's ramp-up schedule.</p>		
<p>During 2013 we continued to identify opportunities to engage effectively with our stakeholders. We engage with our stakeholders through formal and informal channels.</p> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>&gt; The labour and trade union stability we have enjoyed during 2013 can be attributed to the continued efforts RBPlat and the unions have made to achieve an effective working relationship</li> <li>&gt; Improved community relationships.</li> </ul>	<p>We believe our commitment to developing enduring stakeholder relationships and partnerships will mature into relationships through which we and our stakeholders can work together to build a sustainable future for us all.</p>		
<p>We continued to implement the safety strategy we introduced in 2011 and to monitor its effectiveness and relevance, provide safety training and introduce a safety culture where everyone takes responsibility for safety.</p> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>&gt; A consistent improvement in our safety performance</li> <li>&gt; BRPM achieved a 48% reduction in SIFR and 21% reduction in LTIFR</li> <li>&gt; Styldrift I had its third fatality-free year.</li> </ul> <p><b>Disappointments</b></p> <ul style="list-style-type: none"> <li>&gt; Despite our efforts to improve our safety performance, tragically we had a construction-related fatality at the South shaft of BRPM and a fall of ground fatality at BRPM North shaft</li> <li>&gt; We were also disappointed not to achieve the targets we set for our LTIFR at both BRPM and Styldrift Mine.</li> </ul>	<p>We believe that achieving a safety culture where everyone takes responsibility for safety will have the greatest impact on our ability to achieve resilience. During 2014 we will continue to work towards achieving this. Future mining developments will bring new safety challenges; these include the mechanised mining of Styldrift I. We will continue to monitor our safety strategy to ensure it remains relevant and effective. The Styldrift I safety team face a particularly challenging 2014 as they will need to manage and monitor the safety risk around a considerable increase in construction activities related to shaft equipping and surface and underground infrastructure construction.</p>		

# MATERIAL ISSUES (continued)

## AFFECTED STRATEGIES

### OPERATIONAL EXCELLENCE



Financial capital section on page 41 to 49 (operating costs)

Manufactured section on page 50 to 63 (life of mine strategy, safety performance, operating costs, project completion and project management)



CEO's strategic review on page 36 to 39 (life of mine strategy)

## Issue

### Operating costs









Above inflation increases in labour costs, electricity costs and materials costs negatively impact our earnings. While we were successful this year in containing costs certain cost increases, such as the cost of electricity, are beyond our control.

### Life of mine strategy

Our previous life of mine strategy was completed under more robust macro-economic conditions and with an expansion-based philosophy. Developments in the macro-economic environment, combined with continued industry cost escalations, have impacted adversely on operating margins placing increased emphasis on the importance of cash preservation, the operating margin of UG2-based operations and the availability of alternative concentrating options for Styldrift I.

### Implementation of our social and labour plans (SLPs)

If the implementation of our SLPs, which are part of RBPlat's commitment in terms of the Mining Charter, was inadequate this could result in disgruntled employees and community members, protest action, violence against our operations and the withdrawal of our mining rights by the DMR. It could also lead to RBPlat losing its social licence to operate, the cessation of our operations and the potential loss of our mining investment and development opportunity.

How we responded to the risks and opportunities this issue raised previously and during 2013	Future outlook	Impact	2013 risk rating
<p>The three-year wage agreement we concluded in 2011 has provided predictability and the incentive to improve productivity levels included in the agreement has been effective.</p>	<p>In 2014 we need to renegotiate the wage agreement we have with our permanent employees.</p>		
<p>In 2013 we implemented a cost management project, which focused on a labour review, key contracts and initiatives to eliminate wastage and improve cost management responsibilities and controls.</p>	<p>Cost containment and reduction remain key focus areas in our business.</p>		
<p>This year we designed and began implementing our shared services strategy. Our aim is to optimise our organisational structure and achieve synergies between both services and functions that are traditionally included in a shared services function and certain services that traditionally are not included in a shared services model, such as engineering and process functions.</p>	<p>The implementation of the phased roll-out of our shared services strategy and changes to our organisational structure, is designed to ensure we both contain and, where possible, reduce the costs we can influence.</p>		
<p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>&gt; The increase in our cash operating costs per tonne milled was contained at 6% which is in line with CPIX for 2013</li> <li>&gt; Cash operating costs per 4E ounce and platinum ounce decreased by 1% and 2%, respectively</li> <li>&gt; We began the phased roll-out of shared services functions for BRPM and Styldrift mines</li> <li>&gt; RBPlat achieved a 19% reduction in electricity consumption.</li> </ul>			
<p>Unlike most South African platinum miners RBPlat still has substantial shallow high grade Merensky resources and reserves available, which gives us the option to focus on our business, that of mining and processing Merensky reef, while conducting trial mining on the UG2 reef. The aim of our trial mining is to seek the optimal solution for extracting the UG2 reef when the PGM market supports a value-enhancing business case.</p>	<p>The future sustainability of RBPlat depends on our substantial mineral resources and reserves. The strategy we adopt for mining these can have a major impact on the longevity of our mines and the short-, medium- and long-term profitability of our business.</p>		
<p>We have demonstrated the social relevance of RBPlat through innovative and effective community development projects and improved the alignment between our SLP objectives, integrated development plans (IDPs) and other regional development programmes, including the Royal Bafokeng Nation's (RBN) Masterplan.</p> <p>In order to manage expectations and understand changing needs we improved our engagement with our stakeholders, including our communities and our workforce. We also invested in development opportunities that will empower our employees and the community beyond the life of the mine and fulfil the social component of our mine closure plan.</p> <p><b>Achievements</b></p> <p>We have spent R276 million on our SLP commitments between 2010 and 2013 which is 2% above our original SLP commitment. When consultation with our communities made it clear that making changes to our original SLP commitment would more effectively address their needs we made these adjustments in consultation with the DMR.</p>	<p>Both BRPM and Styldrift are due to renew their SLPs which gives us a further opportunity to engage with our communities and the Rustenburg Local Municipality with the aim of drawing up plans that will allow us to deliver projects that can have a positive and sustainable impact on the socio-economic future of our communities.</p>		

# MATERIAL ISSUES (continued)

## AFFECTED STRATEGIES

### OPERATIONAL EXCELLENCE



Remuneration report on page 134 to 138 (establishing suitable remuneration and reward structures)

### OPERATIONAL EXCELLENCE AND GROW ORGANICALLY



Operating context on page 8 to 17 (global economic and market conditions)



Human capital section on page 66 to 83 (safety performance, labour and trade union stability, implementation of human resource development element of social and labour plans, availability of adequate and appropriate skills)

## Issue

### Establishing suitable remuneration and reward structures linked to performance that are acceptable to our employees and our investors

We received feedback from some of our investors following the release of our Integrated Annual Report for 2012 that they would like our Remuneration report to contain more detail on how RBPlat measures and rewards the performance of its directors and executives. They also wanted more information on our share scheme plans.

We need to ensure that the performance of our managers and executives is measured and rewarded in terms of a combination of business and individual key performance measurements, which include financial and non-financial performance indicators.

We have a production bonus structure in place for employees at BRPM which is working well.

### Global economic and market conditions

The global economy and market conditions can have a positive or negative impact on our earnings. Low platinum group metals (PGM) demand in major markets as a result of a sluggish global economy and depressed PGM prices have had a negative impact on our revenue for some time. Currency fluctuations can also reduce our earnings and cash flow. This year the weak performance of the rand against the US dollar worked in our favour and increased our earnings.

### Styldrift I project management

The completion of a project, like our Styldrift I project, can be affected by many things including construction delays, a change in scope, the failure of contractors and insufficient electricity to support mining and processing functions. If we are unable to complete our Styldrift I project on time it will have a negative impact on our reputation, costs, future revenues and our ability to achieve our organic growth strategy.

### Availability of adequate and appropriate skills

While ensuring we have adequate and appropriate skills available to meet production targets remains a material issue for us, it is not currently a critical issue.

How we responded to the risks and opportunities this issue raised previously and during 2013	Future outlook	Impact	2013 risk rating
<p>During 2013 we refined and restructured our executive remuneration and reward structures in terms of the measurement of performance against a scorecard that measures specific business and individual financial and non-financial performance targets. This process measures past, current and future performance.</p> <p><b>Striving to improve</b> After much debate and engagement with our executives we have finalised a new executive remuneration and reward scorecard. We will be inviting our investors to vote on our remuneration structure at our Annual General Meeting in 2014.</p> <p>RBPlat is committed to providing our stakeholders with the information they want and to do so each year we try to improve our reporting. We have increased the depth of our reporting on remuneration and hope that it now meets our investors' requirements.</p>	<p>We will continue to refine and modify our remuneration and reward structures to ensure they support our strategies and are linked to performance that is acceptable to our employees and our investors.</p>		 12
<p>RBPlat implemented effective and sustaining cost efficiency and productivity improvement programmes, including labour reductions, in order to maintain healthy margins. We introduced our cash preservation strategy in 2012 which includes continual review of capital requirements to help us maintain the cash flow we require to fund the Styldrift I project.</p>	<p>The South African PGM industry faces a range of challenges, which are affecting its profitability and ability to attract investors. We are working together with members of our industry to find ways to address these issues.</p>		 10
<p>The major design optimisation process we undertook for Styldrift I together with the revised processing strategy resulted in a revision of the scope, schedule and cost of this project.</p> <p>Dedicated owner teams are assigned to all our projects to ensure effective project execution and we hold regular dedicated project progress meetings.</p> <p>We monitor and manage the social, environmental and ethical risks attached to a project.</p> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>&gt; We have reduced Styldrift I project costs by R787 million</li> <li>&gt; Our rigorous planning, cost control and risk management has resulted in an excellent track record in this regard, with Styldrift I remaining on schedule and on budget.</li> </ul>	<p>The Styldrift I project is progressing to plan and we expect the change in its scope to have a positive impact on our future revenue streams. We will continue to engage with Eskom regarding our future electrical requirements and Eskom's ability to meet these.</p>		 6
<p>We previously identified the skills we require for our current and future operations and have taken steps to ensure we will have adequate and appropriate skills available to meet our production targets. These include integrated local community skills development, which begins with maths and science education in local schools and goes on to skills training, artisan training, training of trackless operators and a tertiary education bursary and a graduate programme.</p> <p>We engage local community members when employment opportunities become available and have established a local skills database.</p> <p>Adequate remuneration for skills also plays an important role in ensuring we have adequate and appropriate skills available.</p>	<p>While we currently have adequate and appropriate skills available we have identified that this may not be the case once Styldrift I goes into production. Ensuring that Styldrift I has the appropriate skills available when it goes into production remains a key focus and we have taken steps to ensure we do have adequate skills available for our future organic growth (see page 72 to 74 of the Human capital section of this report).</p>		 12

## MATERIAL ISSUES (continued)

### AFFECTED STRATEGIES

#### BUILD FLEXIBILITY AND GROW ORGANICALLY



Natural capital section on page 94 to 101 (limited resources, mineable reserves available on a sustainable basis)

#### OPERATIONAL EXCELLENCE, BUILD FLEXIBILITY AND GROW ORGANICALLY

### Issue

#### Mineable reserves available on a sustainable basis

To ensure BRPM has mineable reserves available on a sustainable basis we need to build the flexibility into our operations that allows us to adapt to changes in the economic environment and maintain the consistent production levels that will allow us to achieve the revenue and earnings we need to fund the development of Styldrift I and progress Styldrift II through the necessary study phases.

#### Limited resources

A limited supply of electricity and water could negatively impact our operations and, as we have already mentioned, a delay in Eskom's build programme could affect Styldrift Mine's ability to meet its ramp-up schedule.

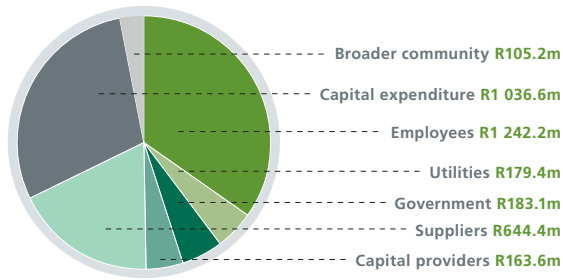
Our operations are in the North West province of South Africa, which is a water-scarce area. We require water and electricity to run our operations and our employees need water and electricity in their homes.

How we responded to the risks and opportunities this issue raised previously and during 2013	Future outlook	Impact	2013 risk rating
<p>To achieve sustainable mineable reserves we aimed to increase our primary development in the short term to create sufficient face length through immediately stopable reserves (IMS), which are fully equipped, and spare mining faces that can be mined immediately with a panel ratio of 1.5 per stoping crew.</p>	<p>We will continue to work to ensure RBPlat has sufficient IMS. Our flexibility is further increased by the Styldrift I project delivering on schedule and the potential prospects of our exploration at Styldrift II.</p>		 13
<p>We have secured an adequate power supply for the construction phase of the Styldrift I project and continue to interact with Eskom regarding our requirements for the mine at full production.</p> <p>We continue to identify further opportunities to make our operations more energy efficient and have designed the Styldrift Mine to be energy efficient.</p> <p>The concentrator plant at BRPM is currently the greatest user of potable water from Magalies Water. The construction of a water treatment plant at BRPM will allow us to remove the nitrates from mine water and make it suitable for use in most of the concentrator processes that require water. A water treatment plant has also been installed at Styldrift I. This will considerably reduce our requirements from Magalies Water.</p> <p><b>Achievements</b></p> <p>In the last quarter of 2013 we obtained the approvals we needed from both the Department of Environmental Affairs and Tourism and the Department of Mineral Resources to install a water treatment plant at BRPM to treat excess mine water. Mine water becomes contaminated during the blasting process and the plant will be used to remove nitrates and other contaminants from the mine water.</p>	<p>The limited availability of both water and electricity in the short to medium term is a concern. We do, however, expect the current limited electricity supply situation to be resolved in the medium to long term. The installation of a water treatment plant at BRPM will go ahead in 2014 and, once completed, is expected to reduce BRPM's requirement from Magalies Water by approximately four megalitres per day. The treatment plant is modular so its treatment capacity can be increased if required.</p>		 11

# WEALTH CREATION

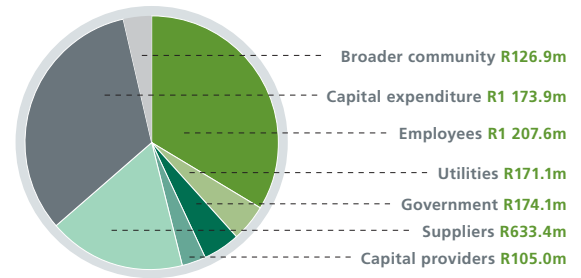
## VALUE ADDED STATEMENT – 2013

Total value distributed by the Group in 2013 was R3 554.5 million

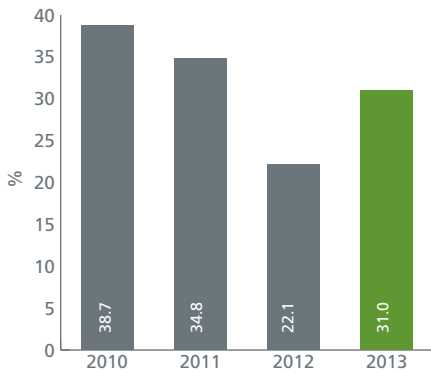


## VALUE ADDED STATEMENT – 2012

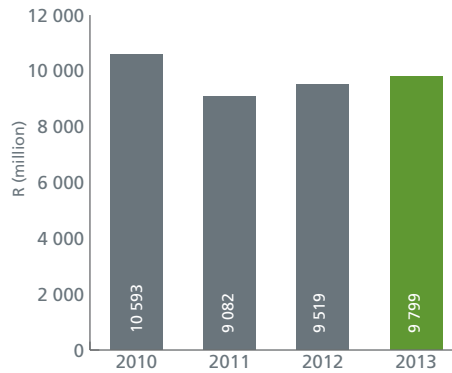
Total value distributed by the Group in 2012 was R3 592 million



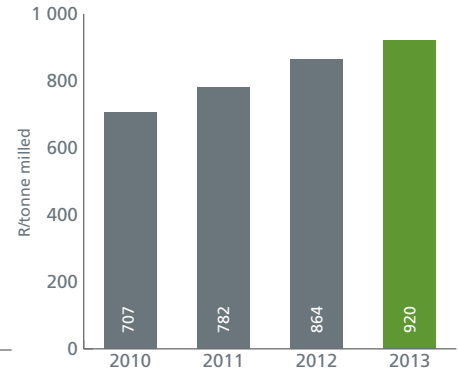
## EBITDA MARGIN



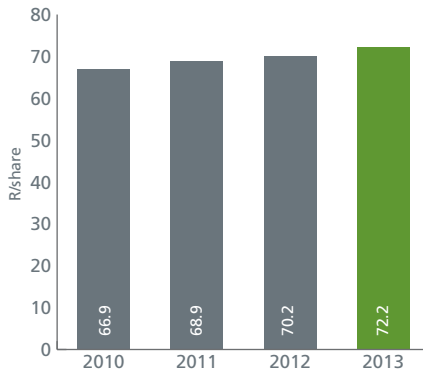
## MARKET CAPITALISATION



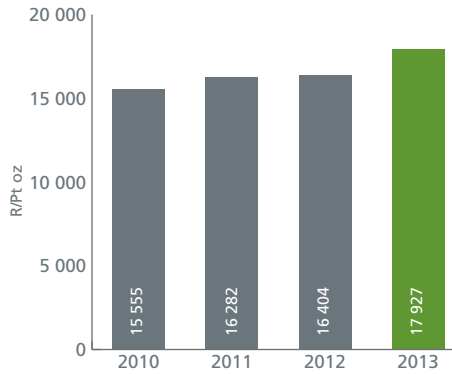
## CASH OPERATING COSTS



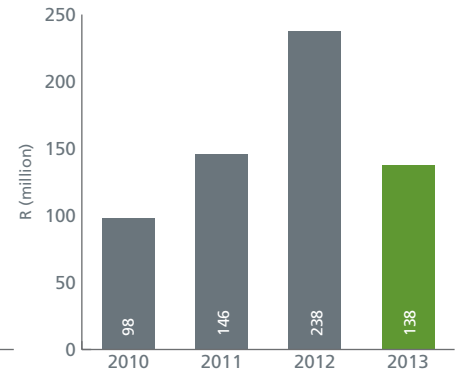
## NET ASSET VALUE PER SHARE



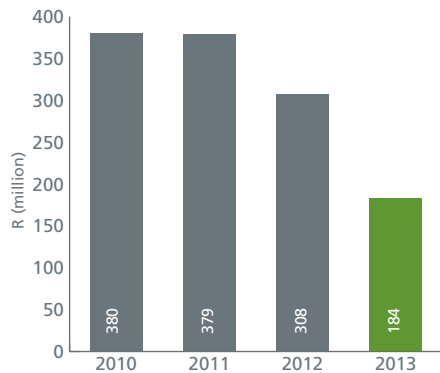
## AVERAGE REVENUE BASKET PRICE\*



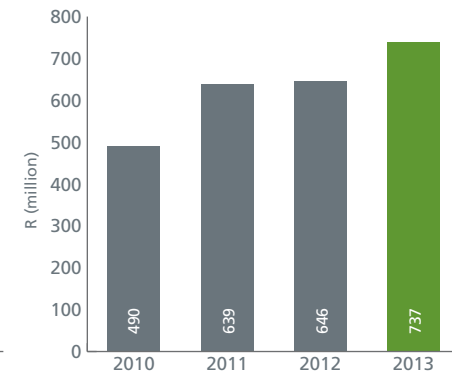
## STAY-IN-BUSINESS CAPITAL EXPENDITURE\*



## REPLACEMENT CAPITAL EXPENDITURE\*



## EXPANSION CAPITAL EXPENDITURE\*



\*100% BRPM JV



## THE CASE FOR INVESTING IN RBPLAT

1	<b>Black-owned and controlled mid-tier PGMs producer listed on the Johannesburg Stock Exchange Limited (JSE) and a Constituent of the JSE SRI index</b>	<p>RBPlat complies with and exceeds the 2014 Mining Charter requirements in terms of black economic empowerment. It is community owned through Royal Bafokeng Holdings' 56.4% shareholding. Current social and labour plans, which are aligned with local government and RBN development plans, have been completed and RBPlat has met or exceeded all other Mining Charter Scorecard requirements.</p>
2	<b>Long-term high-grade Merensky resource</b>	<p>In 2000 70% of South Africa's PGM production was derived from mining Merensky reef and 30% was derived from UG2 reef. Today, because of the depletion of the Merensky reef approximately 30% of total PGM production is derived from the Merensky reef horizon with the balance made up mostly through the extraction of UG2. Current market conditions favour the extraction of Merensky reef due to its more favourable PGM prill split and natural PGM hedge (attributable to its higher base metal contribution) when compared to UG2.</p> <p>RBPlat has the advantage of having access to 108 million tonnes of Merensky resource at 7.37g/t 4E through the Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture, and with Styldrift I set to reach full production in 2019, our operations will remain Merensky biased for the foreseeable future.</p>
3	<b>Long-term shallow depth mining (&gt;60-year life of mine)</b>	<p>RBPlat is mining BRPM at an average depth of 500 metres and Styldrift I will be mined at an average depth of 740 metres. The industry's average depth for new shafts is 1 500 metres. The BRPM Joint Venture has a total 4E resource base of 72.4Moz (57.6Moz measured and indicated) giving a life of mine in excess of 60 years.</p>
4	<b>Competitive position on the industry cost curve</b>	<p>The graph on page 15 shows how well our existing BRPM operation is positioned on the industry cost curve. By 2019 50% of our production will be low-cost mechanised mining.</p>
5	<b>Maximising existing assets</b>	<p>Since taking over management of BRPM in 2010 we have increased our operational flexibility by increasing our immediately stopable reserves (IMS), (see the Manufactured capital section on page 54), contained costs (see Financial capital on page 46 and Intellectual capital on page 114), improved our safety record (see pages 54 and 79) and focused on maintaining the sustainability of the business in the short, medium and long term.</p>
6	<b>Growing organically</b>	<p>Currently, RBPlat is one of the few platinum companies investing in growth. Our R11.0 billion Styldrift I expansion project (using mechanised mining) will increase our production by 2019, in line with our revised ore processing strategy and prevailing market conditions. Styldrift II (still under exploration) is set to contribute further to our organic growth.</p>
7	<b>Strong cash flows</b>	<p>To date our organic growth capital expenditure has predominantly been funded from our cash flows. In 2013 we generated sufficient cash from our operations to cover most of our capital expenditure during the year.</p>
8	<b>Labour and trade union stability</b>	<p>We currently have a three-year wage agreement in place, which expires in June 2014, and the improvement to our production bonus structure we agreed on in 2012 has worked well in 2013.</p> <p>We had no strikes in 2013 and increased productivity by 6% on a milled tonne per total employee costed basis.</p> <p>For more information on our labour relations, refer to Stakeholder responsiveness section in the Human resources section of this report on page 68.</p>
9	<b>Prime location on Western Limb of Bushveld Complex</b>	<p>Fifteen years of operation. We have well-developed infrastructure and are ideally positioned for regional consolidation with neighbouring mines. We have already pursued value enhancing opportunities with one of our neighbours, Impala Platinum (see the CEO's review on page 36 and the Financial capital section on page 41).</p>
10	<b>Effective risk management and governance</b>	<p>RBPlat has adopted the three lines of defence model (see page 131) as part of our holistic enterprise risk management framework, strong governance structures, procedures and processes.</p>

## BOARD OF DIRECTORS

### Non-executive directors



**ADVOCATE KGOMOTSO MOROKA SC (59)** Chairman (independent)  
**BProc, LLB**

Kgomotso joined our Board as Chairman and independent non-executive director on 1 June 2010. A practising advocate, she is Chairman of the Nomination Committee and a member of the combined Remuneration and Nomination Committee and a permanent invitee to all other committee meetings.



**PROFESSOR LINDA DE BEER (44)** (independent Chairman of the Audit and Risk Committee)  
**CA(SA), MCom (Tax)**

Linda joined the RBPlat Board as an independent non-executive director on 1 June 2010. An independent reporting and governance advisor and visiting professor at the University of the Witwatersrand, she is involved in local and international accounting and audit standard setting.



**ROBIN MILLS (67)** (independent)

**BSc (Eng) (Rand) Mining, CEng, FIMMM, FSAIMM**

Robin joined our Board as an independent non-executive director on 20 September 2010. He is a partner in a mining equity fund: Arman Capital Advisory LLP. Robin is a member of the Audit and Risk and the Social and Ethics committees.



**DAVID NOKO (56)** (independent)

**Dip Mech Eng, Postgraduate diploma in Company Direction, MBA (Edinburgh)**

David joined the Board as an independent non-executive director on 1 June 2010. Currently Vice President for Sustainable Development at AngloGold Ashanti, he is Chairman of our Remuneration Committee and a member of the Audit and Risk, Social and Ethics and the combined Remuneration and Nomination committees.



**PROFESSOR FRANCIS PETERSEN (49)** (independent)

**BEng (Chem), MEng (Metal), PhD (Eng), MNACI, PrEng, FSAIMM, FSAAE**

Francis was appointed to our Board as an independent non-executive director on 1 June 2010. Dean of the Faculty of Engineering and Built Environment at the University of Cape Town, he is a member of our Audit and Risk and Social and Ethics committees.



**LUCAS NDALA (39)**  
Non-executive director

**CA(SA), PGDM (UCT)**

Lucas was appointed to our Board as a non-executive director on 28 May 2013. He is currently the Chief Executive Officer of Mining Oil and Gas Services (MOGS), having previously held the position of Chief Financial Officer of Royal Bafokeng Holdings (Pty) Ltd since 2008. Lucas currently attends both the Remuneration and Nomination and Audit and Risk committees as an invitee.



**MIKE ROGERS (69)**  
Non-executive director

**BSc (Eng) (Rand) Mining, PrEng, FSAIMM**

Mike, who was appointed to the Board as a non-executive director on 7 December 2009, is Chairman of the Social and Ethics Committee and a member of the combined Remuneration and Nomination Committee. In his former role as Executive Head of Joint Ventures at Anglo American Platinum he gained an in-depth understanding of RBPlat's operations. In February 2014, Mike became an independent non-executive director, having completed a three-year cooling off period since retiring from Anglo American Platinum.

## Executive directors



**STEVE PHIRI (57)**  
Chief Executive Officer

**BJuris, LLB, LLM, Dip Corp Law**

Steve was appointed to the Board as Chief Executive Officer (CEO) on 1 April 2010. He chairs the Executive Committee and the BRPM Joint Venture Management Committee and attends all committee meetings as an invitee. Steve was CEO of Merafe Resources, a company listed on the JSE, for six years before joining RBPlat.



**NICO MULLER (47)**  
Chief Operating Officer

**BSc (Mining Engineering)**

Nico was appointed Chief Operating Officer (COO) and an executive director on 2 March 2009. He is a member of the Executive Committee and a permanent invitee to the Social and Ethics and Audit and Risk committees and is a member of the BRPM Joint Venture Management Committee. Before joining RBPlat he held senior managerial positions at De Beers, Consolidated Mines, Anglovaal Mining and African Rainbow Minerals.



**MARTIN PRINSLOO (45)**  
Chief Financial Officer

**BCom (Hons) Acc, CA(SA)**

Martin was appointed Chief Financial Officer (CFO) and an executive director on 1 March 2009. He attends all Audit and Risk Committee meetings as a permanent invitee and is a member of the Executive Committee and the BRPM Joint Venture Management Committee. Before joining RBPlat Martin acted as CFO at Anglo American Platinum and was a member of the Executive Committee.

## EXECUTIVE COMMITTEE



**NEIL CARR (54)**  
**Head of Projects and Engineering**  
**BSc (Mechanical Engineering), EDP**

Neil has 31 years' experience in the platinum mining industry. Prior to joining RBPlat in 2010 he held senior management and leadership positions in Lonmin for 20 years and Impala for nine years.



**REG HAMAN (39)**  
**Executive: Risk and Assurance**  
**MBA, PGDBA, Graduate diploma in Company Direction NHD, ND**

Reg has 18 years' experience in risk and governance and has held senior executive positions in various sectors including mining and financial services. He is the past President of the Institute of Risk Management of South Africa and served on the King III risk management working group.



**GLENN HARRIS (52)**  
**General Manager BRPM**  
**NHD (Metals), BTech, MDP, MMCC**

General Manager of BRPM since 2006, Glenn has 29 years' experience in mining, 19 of which have been in platinum mining.



**STEVE PHIRI (57)**  
**Chief Executive Officer**



**NICO MULLER (47)**  
**Chief Operating Officer**



**Martin Prinsloo (45)**  
**Chief Financial Officer**



Curricula vitae on page 31



## CHAIRMAN'S LETTER TO STAKEHOLDERS



*Adv Kgomotso Moroka SC* Chairman

At the beginning of 2013, South Africa looked forward to celebrating former President Nelson Mandela's ninety-fifth birthday. By the end of the year, after a lengthy illness, he had passed. The world mourned his passing and celebrated his life. His passing served to remind us of the legacy he bequeathed to all South Africans as a result of his commitment to democracy and the rule of law and the example of tolerant and selfless leadership he set us all. It is my hope that all South Africans, inspired by the example he has set us and underpinned by our constitutional order, will ensure that his legacy lives on as a shining example of a democratic free society.

I am privileged to have led our Board through the first four years of RBPlat's operation, to have overseen the initial development of its strategies and the unfolding of these strategies to create a sustainable business.

During 2013 we delivered against all our strategic goals except our key goal of zero harm. Sadly, we did not achieve a fatality-free year at BRPM. On Wednesday, 8 May 2013 Mr Robert Mohlaoli Mohoanyane was fatally injured at BRPM's South shaft, 9 level, in a construction-related incident. On 7 December 2013 Mr Thembele Kibida was fatally injured in a fall of ground incident in BRPM's North shaft. The Board extends its condolences to their families, friends and colleagues for their loss.

I would like to congratulate the team at Styldrift I on its third fatality-free year.

We continue to deliver against our strategic objective of achieving organic growth through the development of Styldrift I, which is moving ever closer to start ramping up in 2015. All our other projects, which are contributing to our achievement of operational excellence, are ahead of schedule and under budget.

In terms of achieving operational excellence the team at BRPM has done an excellent job of reducing and containing costs, increasing productivity and building flexibility.

Key sustainability targets for RBPlat are implementing the energy reduction projects that were identified during a gap analysis conducted at BRPM in 2012, reducing our greenhouse gas emissions and our reliance on Magalies Water.

This year we re-examined our life of mine strategy in view of current and expected short- to medium-term market conditions. After much deliberation we announced on 12 November 2013 that we would be placing increased focus on our more profitable core business of mining and processing the Merensky reef. We also had to decide on a concentrator solution for Styldrift I and after considering a wide range of options presented by our technical team I believe we chose the best possible solution, in terms of both cost and process efficiencies.

For more information on our projects see page 59 to 62, for our costs see pages 47 and 112, on our strategic goals see page 37 and for increasing productivity see page 55.





A rock drill operator training session in progress at BRPM

## Our reporting

The independent internal and external assurance processes we have adopted contribute to the quality and accuracy of our reporting.

Our commitment to continually improving the quality of our reporting resulted in our integrated annual report for the financial year ended 31 December 2012 being placed fourth in the top ten of the EY Excellence in Integrated Reporting Awards 2013. Our social responsibility achieved recognition when we qualified for the JSE Socially Responsible Investment (SRI) Index for the second year running. We also continue to perform well against the Mining Charter Scorecard.

## Stakeholder responsiveness

Effective stakeholder engagement and responsiveness, particularly at operational level, plays a key role in labour and union stability and, of course, in the ability of a company to keep operating. I congratulate everyone involved in the engagement process at our operations for the excellent job they have done in keeping our operations strike-free this year.

While the Board delegates some of its responsibilities for engagement with our shareholders and potential investors to the RBPlat management team, its members interact with shareholders at our Annual

General Meetings and at presentations made by RBPlat's executive management team when we release our annual and half-year results.

In my role as Chairman of RBPlat I met with the Chairman of our major shareholder, Royal Bafokeng Holdings and with the Queen Mother and the Kgosi of the Royal Bafokeng Nation. I have also accompanied our Chief Executive Officer to various industry forums and community functions during 2013.

## Regulatory environment

The uncertainty regarding the proposed amendments to the Mineral and Petroleum Resources Development Bill which I mentioned last year is still with us and it continues to impact our industry's ability to attract investment.

## The Board

I would like to acknowledge the value our Board members added to our debates around the key strategic decisions we needed to make this year and their contribution to the performance of the Board's committees, which play a key role in the governance of RBPlat.

Assisted by the very able RBPlat management team we will monitor global and local economic conditions and, when necessary, as we have in the past we will

respond rapidly to changes in the environment to ensure the sustainability of our business.

## Thanks

On behalf of the Board I thank everyone at RBPlat for their contribution to a peaceful and productive year at our operations.

**Adv Kgomotso Moroka SC**  
Chairman

## CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW



**Steve Phiri** Chief Executive Officer

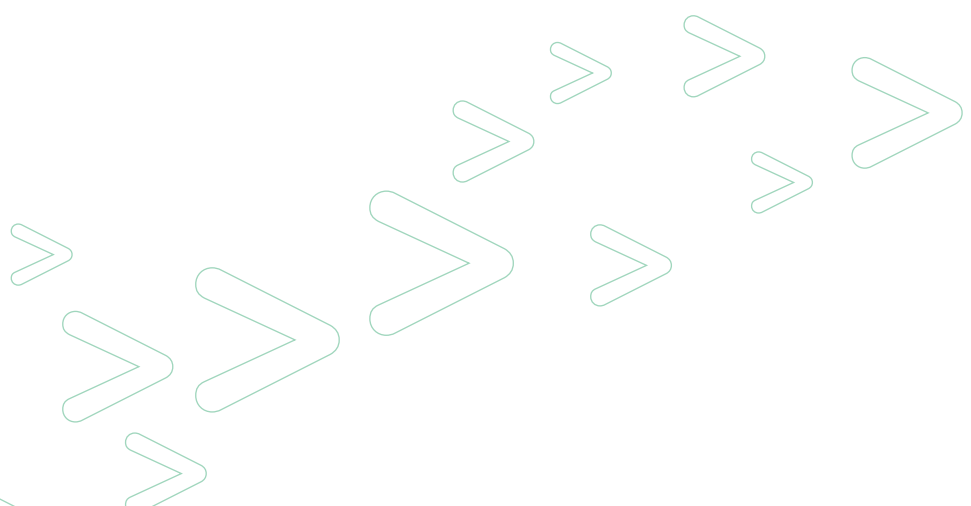
Much has been written and said about the devastating labour unrest, unfavourable market conditions and rising costs which hit the South African mining industry in 2012. While 2013 has also been a very challenging year for most members of the platinum industry in terms of the need to restructure to cope with the current economic circumstances and constant strike activity, at RBPlat we were fortunate to be able to restructure our workforce and end the year without a single production day lost to strikes.

Sadly, as our Chairman has already mentioned, we did not achieve our goal of zero harm this year. Any death is a death too many and we continue to do everything we can to keep our people safe. I'm encouraged by the continuing improvement in our lost time injury and serious injury statistics. I believe that the hard work

everyone at RBPlat is putting into developing a culture where every person takes responsibility for their own safety and the safety of their colleagues will help us achieve in a fatality-free year in 2014.

The four pillars of our strategy have been in place since we took over the BRPM Joint Venture in 2010. Four years later I would like to review our progress against these strategies and assess how relevant they still are.

As you can see from the table on the next page there is only one area where we have not made progress towards achieving our strategic objectives and that is our target of achieving zero harm. As I said previously, we hope that by developing a culture where every person takes responsibility for their own safety and the safety of their colleagues we will achieve zero harm.







Main and Services shaft headgear at Styldrift I

STRATEGY PILLAR	PROGRESS		
<p><b>Towards operational excellence</b> We identified the following key issues that we currently need to address in our quest to achieve operational excellence.</p>	Achieve zero harm	Not achieved	Human capital, page 76
	Productivity	Achieved	Manufactured capital, pages 55 and 57
	Reduce costs through efficiencies	Achieved	Manufactured and Financial capital, pages 47 and 57
	Effective employee engagement	Achieved	Manufactured capital page 53 and Human resources page 68
<p><b>Build flexibility</b> We believe that building flexibility into our business will increase its sustainability. We have identified three key issues that will provide this flexibility in the short, medium and long term.</p>	Accelerated ore reserve development	Achieved	We have changed this strategy this year to meet market conditions – see my comments on page 39
	Increase the production of UG2 ore	Partially achieved	Manufactured capital, page 55
	Replenish our ore stockpile to ensure uninterrupted concentrator operation	Partially achieved	Manufactured capital, page 54 to 56
<p><b>Grow organically</b> We believe that by growing organically and using cash flows from existing operations to fund growth, we will be able to exploit our existing resources to the benefit of all our stakeholders. We have identified three current and future issues that could affect the delivery of the Styldrift I project.</p>	Funding	Partially achieved	Financial capital, page 46
	Community engagement	Achieved	Human capital, page 68 Social and relationship capital, pages 87 and 91 and Manufactured capital, page 53
	Operational readiness including adequate power supply	Achieved	Manufactured capital, page 62
<p><b>Pursue value enhancing opportunities</b> Seek out possible synergies with our neighbours and other potential partners in the platinum industry and consider possible mergers and acquisitions.</p>	Royalty agreements with Impala Platinum Regional consolidation and/or cooperation	Partially achieved	See my comments in this section of the report on page 39 also see Financial capital on page 45

Legend:

- not achieved
- partially achieved
- achieved

## CHIEF EXECUTIVE OFFICER'S STRATEGIC REVIEW (continued)



BRPM concentrator plant

We have achieved the operational flexibility we wanted to achieve and have contained unit costs on a rand per tonne basis in line with the inflation rate. We will be maintaining our focus on containing and, wherever possible, reducing costs. Our grade has also improved considerably, largely due to the flexibility we have achieved, which has resulted in a 2% reduction in our cash unit costs per platinum ounce. Our projects remain on schedule or ahead of schedule, with our biggest project, Styldrift I, doing well in this regard.

We have provided you with references in the table to further detail.

### Stakeholder responsiveness

We take our relationships with our stakeholders very seriously. As you will see we discuss them in each section of this report. Stakeholder engagement is an important part of the responsibilities of all our senior executives. To assist us with this role and with our external and internal communication we have appointed an Executive: Corporate Affairs, Mpueleng Poee, who is a member of our Executive Committee. I have no doubt that having someone with an overview of our

engagement and responsiveness at all levels of the organisation will help us improve the effectiveness of our engagement with all our stakeholders.

### Market outlook

#### Platinum

During 2013 the platinum price declined 4% year-on-year to an average of US\$1 486/oz. The price peaked at US\$1 733/oz in February when producers announced restructuring plans, but fell to a low of US\$1 320/oz in late June. The first mention of quantitative easing tapering around this time prompted the gold price to collapse from above US\$1 600/oz to below US\$1 300/oz and there was a general exit from commodities. Significant rand weakening also lowered the floor price in South Africa.

Global platinum mine supply decreased by 4.5% to 5.59Moz in 2013, with South African output decreasing to 4Moz. However, recycling increased by 6% to 2.15Moz, which resulted in a net 2% drop in total platinum supply to 7.74Moz for the year.

Demand for platinum increased by 1.7% to 7.7Moz during 2013, with the deficit, including investment, in the platinum market

increasing to more than 800koz. The year saw strong offtake by exchange traded funds (ETF) investors. ABSA's Newplat ETF peaked at 910koz since its launch in April 2013 and by year end was the largest global platinum ETF.

Automotive platinum demand decreased by 2.9% in 2013 after remaining flat at just over 3Moz in 2011 and 2012. Jewellery demand increased by 100koz in 2013, driven by lower prices, more store expansions and wedding registrations in China, platinum jewellery's largest market. The increase in other industrial demand from 1.7Moz in 2012 to 1.83Moz in 2013 was as a result of growth in chemical and electrical end uses and some recovery in the glass sector.

#### Palladium

In 2013, total palladium demand grew by an estimated 0.6% to 9.5Moz. A return to strong growth conditions in the Chinese car market lifted global palladium usage in autocatalysts by 5% to 7Moz. While recycling grew by 8% to 2.1Moz the gap between palladium supply and demand increased in 2013 and primary supplies declined to 6.3Moz. This decline was due to mine closures and lower Russian stock sales,

however, lease rates remain low which indicates that currently global inventories are ample to meet growing demand.

### Rhodium

The rhodium price dropped 16% year-on-year to an average US\$1 066/oz, prompting further UG2 mine closures and effectively shutting down over 90koz of rhodium production capacity annually in South Africa since 2011. The reduction in the basket price, combined with rising unit costs, has resulted in an unsustainable erosion of margins for a number of smaller-scale, narrow-reef UG2 producers.

In 2013, global demand for rhodium rose by 4.5% to 960koz, and although supply decreased by 9.1% to 680koz as UG2 production was trimmed further, the market remains closely balanced and is currently well stocked. Rhodium is the best catalyst metal for removing nitrous oxides, the remaining tough target on the way to cleaner air.

### Future outlook

In the year ahead primary platinum supply is likely to remain flat year-on-year, but further growth in recycling may offset this. Demand is expected to increase from current levels, particularly as the decline in auto sales in Europe appears to have bottomed out in 2013 and are expected to grow in 2014. This, combined with higher metal loadings per vehicle associated with the promulgation of Euro 6 tailpipe emissions legislation, will kick start the automotive demand recovery in Europe.

The South African rand weakened to a five-year low in early January as AMCU-led strikes took place at the major platinum producers. This is likely to cap any significant price gains for platinum in the near term, however, the long-term fundamentals of the platinum market are very much intact. Tighter emissions legislation that has been implemented in established markets will roll out to emerging markets in future, particularly as diesel fuel quality improves. There are also positive signs that platinum jewellery has gained a foothold in the Indian market and has the ability to prosper going forward.

Higher demand for palladium from the automotive industry is expected to continue in 2014, while the reduction in primary supply in the absence of Russian stock sales will be partially offset by additional recycling.

Palladium demand is increasingly dominated by autocatalysts, as the largely gasoline markets in the faster growing countries catch up rapidly with emissions legislation.

The introduction of Euro 6 legislation for new models from September 2014 will result in the measurable use of rhodium in diesel catalysts for the first time. Historically, the use of rhodium in light duty diesel vehicles has been almost non-existent because it is mainly used in light duty gasoline vehicles. Supplies of rhodium are expected to show a modest increase during 2014 with the increased recoveries from scrapped autocatalysts being a major contributor to this increase.

### Our view of the future

By 2019 the organic growth we will have gained from Styldrift I will have increased our production, in line with our revised ore processing strategy and prevailing market conditions. With a life of mine of 30 years it will make a major contribution to our fortunes in the medium and long term.

The other long-term potential we have for organic growth is Styldrift II which represents 40% of our total resources.

We announced on 12 November 2013 that after undertaking a detailed strategic review of our operating activities and long-term capital expenditure commitments, we will be focusing on our more profitable core business, which is mining and processing the Merensky reef. At the same time we will continue with trial mining of the UG2 reef with the aim of improving our ability to extract the UG2 ore, so we are well prepared to extract the best possible value from mining UG2 when the time is right.

At the same time we announced that we had made a decision regarding a processing solution for the Styldrift I Merensky ore. We will be upgrading and expanding our existing concentrator plant at BRPM to handle the ore from Styldrift I. This solution supports our decision to maximise the commercial strength of our Merensky value chain. We have also built into this processing solution flexibility that allows for further upgrades and possibly an expansion to process UG2 ore should market conditions improve. This decision will reduce our capital expenditure by R750 million.

In terms of value enhancing opportunities, after discussion with Impala Platinum we have renegotiated our royalty agreement with them to the benefit of both parties. The details of the new agreement are discussed in the Financial capital section of this report on page 45.

Regional consolidation and/or cooperation in the Western Bushveld Complex is the best route in terms of our future growth, be it in the form of joint ventures, mergers or cooperative partnerships.

I believe it can happen. It will take patience and corporate maturity, and we have plenty of that, as we will be busy with the ramp-up of Styldrift I for a while yet.

A challenge we will have in 2014 is the renegotiation of our wage agreement, which expires at the end of June 2014. We are hopeful that the relationships we have worked hard at establishing with the unions and our workforce, which are based on mutual respect and understanding, will result in a win-win wage negotiation.

In 2012 I mentioned that we need to reconfirm who has a constitutional responsibility for communities and who has a secondary and supporting responsibility for them and to re-establish the partnership between government and the private sector, which currently is not ideal.

Regrettably, uncertainty regarding the regulatory environment for South African mining companies remains a deterrent to investment in growth in our industry. We are optimistic that a win-win solution will be found between the Department of Mineral Resources (DMR) and the Chamber of Mines in addressing areas of disagreement in the Mineral and Petroleum Resources Development Act (MPRDA).

### In conclusion

I am very proud of the achievements of our management team, employees and contract workers and thank them all for the excellent work they have done this year. My thanks also go to our joint venture partners and to our Board of directors for their valuable contribution to our deliberations and decision-making in a year during which we had to make some important strategic decisions.



**Steve Phiri**  
Chief Executive Officer

*See page 45 for information on how we are reducing our capital expenditure and for information on our renegotiated royalty agreement with Impala.*





1

## FINANCIAL CAPITAL



### ACHIEVEMENTS



- > Significant cash generation by operations
- > R500 million increase in revolving credit facility available to R1 billion
- > R200 million funding facility for employee housing
- > Newly optimised life of mine and processing strategy
- > Impala 6# and 8# royalty agreement renegotiated

### IMPROVEMENTS



- > Improved revenue basket price
- > Cost management reporting

### CHALLENGES



- > Maximising local procurement
- > Market conditions
- > Tax dispute relating to 2008 and 2009

### DISAPPOINTMENTS



- > US dollar metal price performance

## FINANCIAL CAPITAL

### > KEY MATERIAL ISSUES

- > Global economic and market conditions
- > Improved funding flexibility
- > Implementation of social licence to operate
- > Stakeholder engagement and responsiveness

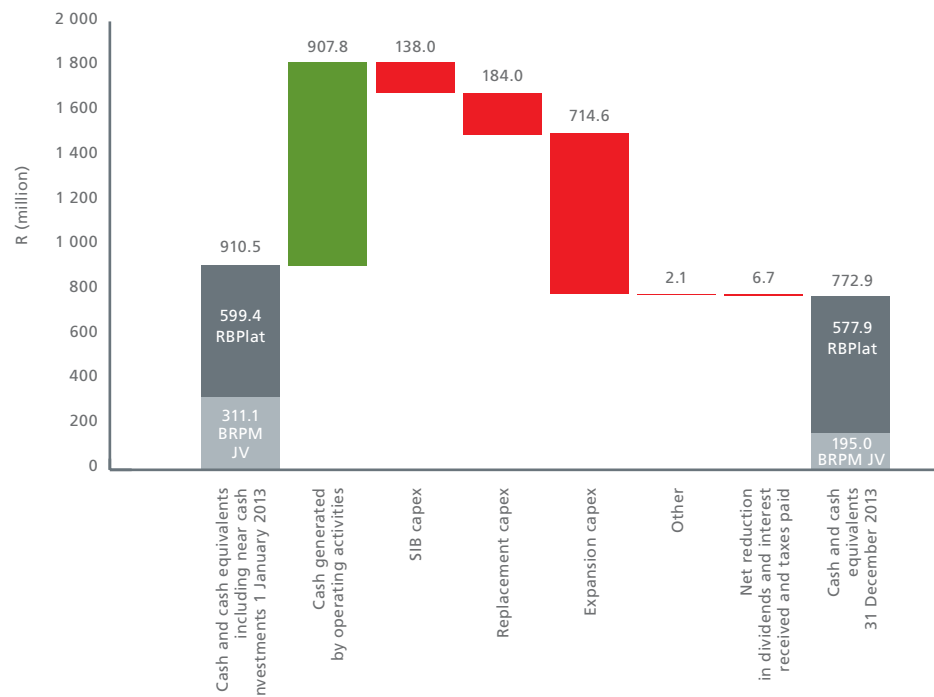


**Martin Prinsloo** Chief Financial Officer

In 2013, our focus has been on achieving cost reductions, without impacting negatively on safety, quality of production, or sustainable cash flow generation. We began with the restructuring of our labour force, where our approach was to right size on all levels starting with management and moving down through the whole organisation.

We were also able to take advantage of our newly achieved independence from Anglo American Platinum's (Amplats) systems and supply chain. In 2012 we said we would be focusing on improving cost reporting, management and control. Having taken ownership of our supply chain and our ICT systems during 2012 we now had the opportunity to review our supply chain costs and our systems.

#### CASH FLOW ANALYSIS



For more information on our supply chain cost review see page 112.

Our cash flow generation this year has exceeded all of our expectations as it funded R907.8 million (86%) of our total BRPM Joint Venture capital expenditure for the year of R1 058.8 million, including the R737 million invested in the Styldrift I and II projects. This left the Group with a cash or near cash balance of R772.9 million at year end. Our solid results can be attributed to our effective management of costs during the year and our operational performance, assisted by a weak rand. This is despite the fact that the replacement of the mill end in

our concentrator negatively impacted our cash flow as we lost 15 days of concentrate production during August. This means that the processing of ore produced by BRPM was delayed and as a result we will not receive payment for this concentrate until early 2014, but we incurred the cost for its mining and processing during 2013. In accordance with our agreement with Amplats who smelts and refines our concentrate, we receive payment for our concentrate four months after it is delivered to Amplats for processing. If the negative

cash flow effect of this 15-day mill stoppage is taken into account, it implies that virtually all of our capital expenditure would once again have been serviced by cash flow generated from our operations.

#### FINANCIAL SUMMARY AND STATISTICS

	2013 R (million)	2012 R (million)	2011 R (million)	2013 vs 2012 % change
<b>Revenue</b>	<b>3 251.1</b>	2 865.3	2 974.9	13.5
Cost of sales	<b>(2 650.1)</b>	(2 525.5)	(2 408.7)	(4.9)
Gross profit	<b>601.0</b>	339.8	566.2	76.9
Other income	<b>77.5</b>	66.9	54.8	15.8
Administration expenses	<b>(105.0)</b>	(101.7)	(104.3)	(3.2)
Net finance income	<b>39.0</b>	56.3	57.7	(30.7)
<b>Profit before tax</b>	<b>612.5</b>	361.3	574.4	69.5
Taxation	<b>(164.7)</b>	(85.6)	(163.6)	(92.4)
Non-controlling interest	<b>(163.6)</b>	(105.4)	(137.4)	(55.2)
<b>Profit attributable to owners of the Company</b>	<b>284.2</b>	170.3	273.4	66.9
<b>Headline earnings</b>	<b>283.9</b>	170.3	273.7	66.7
Headline earnings per share (cents per share)	<b>173</b>	104	167	66.3
Normalised headline earnings*	<b>348.4</b>	233.2	350.2	49.4
Normalised headline earnings per share (cents per share)*	<b>212</b>	142	214	49.3
<b>Weighted average number of ordinary shares in issue for earnings per share</b>	<b>164 319 791</b>	163 960 709	163 677 799	0.2
EBITDA	<b>1 008.0</b>	633.8	1 035.5	59.0
Average annual R:US\$ exchange rate	<b>9.65</b>	8.21	7.26	17.5
Closing R:US\$	<b>10.47</b>	8.47	8.09	23.6
Average basket price (R/Pt oz)***	<b>17 927</b>	16 404	16 282	9.3
Gross profit margin (%)	<b>18.5</b>	11.9	19.0	55.4
EBITDA margin (%)**	<b>31.0</b>	22.1	34.8	40.3
<b>Statement of cash flows</b>				
Cash generated by operating activities	<b>907.8</b>	732.6	1 025.1	23.9
Capital expenditure (100% BRPM)	<b>1 058.8</b>	1 192.3	1 163.6	11.2
Cash, net of debt (including preference share investment)	<b>772.9</b>	910.5	1 364.1	(15.1)
<b>RBPlat share performance on JSE</b>				
Ordinary shares (cents/share)				
– High	<b>6 499</b>	6 749	7 001	(3.7)
– Low	<b>4 201</b>	4 374	5 261	(4.0)
– Year end	<b>5 900</b>	5 750	5 500	2.6
Volume of shares traded	<b>37 834 520</b>	24 529 533	33 584 214	54.2
Number of shares issued outside the Group at year end	<b>164 459 662</b>	164 150 804	163 677 799	0.2

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

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

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

## FINANCIAL CAPITAL (continued)



*Stockpile at the BRPM concentrator in September 2013*

During 2013 we also had some incidental revenue for the first time from the processing of on-reef development ore from Styl drift I amounting to R11.9 million.

In 2012 we predicted that we would experience some level of improvement in our revenue basket during 2013 and this proved to be the case. Our basket price improved by 9.3% from R16 404 per platinum ounce in 2012 to R17 927 per platinum ounce in 2013. This was mainly due to the weakening in the ZAR:USD exchange rate from an average of R8.21 in 2012 to an average of R9.65 in 2013.

### Stakeholder responsiveness

The main focus of our stakeholder engagement with regard to Financial capital is with our investors and our providers of debt. We also engage with the

South African Revenue Service (SARS). Communication takes place with our investors on the JSE's Securities Exchange News Service (SENS), through our integrated annual report, our interim and year end results presentations and a range of presentations we make to investors both in South Africa and internationally. We also arrange investor visits to our operations. Investors get the opportunity to receive responses to their questions in these presentations and visits and at our Annual General Meeting. Telephone and email communication takes place daily. When we published our 2012 integrated annual report some investors told us they would prefer to see more detail in our remuneration reporting. We took their comments seriously and have included more detail in our report this year.

Notwithstanding the fact that we have not had any cash drawdown at year end of our working capital facilities, we continue to engage with our debt providers and provide them with a quarterly "financial health certificate" of the business in which we set out the various financial health ratios of the business. During 2013 we have also taken our debt providers on a site visit to our operations. SARS representatives are invited and attend our interim and full year results presentations and our Group has a dedicated SARS relationship manager with whom we regularly engage.

*For more details on remuneration, see page 134 to 138.*





## SUMMARISED STATEMENT OF FINANCIAL POSITION

	2013 R (million)	2012 R (million)	2011 R (million)	2013 vs 2012 % change
<b>Non-current assets</b>	<b>18 611.4</b>	17 947.0	17 101.5	3.7
Property, plant and equipment	9 620.9	8 899.2	7 999.3	8.1
Mineral rights	6 583.7	6 645.0	6 700.5	(0.9)
Goodwill	2 275.1	2 275.1	2 275.1	–
Environmental trust deposit	106.8	103.1	92.4	3.6
Deferred tax asset	24.9	24.6	34.2	1.2
<b>Current assets</b>	<b>2 206.1</b>	2 154.4	2 391.1	2.4
Accounts receivable, inventories and other	1 433.2	1 243.9	1 027.0	15.2
Cash and cash equivalents (including preference share investment)	772.9	910.5	1 364.1	(15.1)
<b>Total assets</b>	<b>20 817.5</b>	20 101.4	19 492.6	3.6
Total equity	15 986.3	15 480.6	15 137.2	3.3
Non-current liabilities	4 331.6	4 175.1	4 112.2	3.7
Deferred tax liability	4 262.0	4 112.6	4 054.1	3.6
Long-term provisions	69.6	62.5	58.1	11.4
Current liabilities	499.6	445.7	243.2	12.1
<b>Total equity and liabilities</b>	<b>20 817.5</b>	20 101.4	19 492.6	3.6

### Renegotiation of Impala royalty agreement

In 2013 we renegotiated the terms and conditions of the 6 and 8 shaft royalty agreement with Impala Platinum (Impala), which we originally concluded in 2010. The agreement gives Impala the right to mine a demarcated southern portion of our Boschkoppie property from its 6 and 8 shafts for a royalty payment of 15% of revenue earned, with Impala bearing all the associated mining, safety, health and environmental risks. Due to the operational challenges experienced by Impala at its Rustenburg operations and the rising costs at its 6 and 8 shafts in particular, we agreed with Impala that we would substitute the royalty payment of 15% of revenue earned with a royalty payment linked to market conditions and the profitability of its Rustenburg operations. From October 2013 we have received a royalty payment ranging between 5% and 25% of revenue earned depending on Impala's profitability at its Rustenburg operations. We believe that the amended terms of the royalty agreement align the interests of both businesses and are therefore in the interest of our shareholders. The terms and conditions of our 20 shaft royalty agreement with Impala remain unchanged at 17.5% of revenue.

### New life of mine strategy

During our strategic review of our operating activities and long-term capital

expenditure commitments conducted in 2013 we noted that a tonne of our UG2 is worth approximately 25% less than that of our Merensky tonne. This is mainly due to:

- > lower delivered grade
- > lower platinum content in our UG2
- > lower amounts of base metals in our UG2
- > lower concentrator recovery.

We evaluated a number of ore processing options and made the decision to upgrade the BRPM concentrator to treat the Merensky ore from both BRPM and Styldrift I.

As a result, our decision to focus on our more profitable core business – the mining and processing of the Merensky reef – with its higher margins will allow us to maximise the commercial strength of our operations.

This decision has resulted in a saving of R750 million in the Group's processing capital expenditure as detailed below (see page 59 of the Manufactured capital section of this report for more information on this strategy) and a 25% improvement in our enterprise internal rate of return (IRR).

### Ore processing strategy

The upgrading and expanding of the existing concentrator at BRPM to provide a processing solution for the Merensky ore from Styldrift I is estimated to cost R2 billion. This represents a reduction in

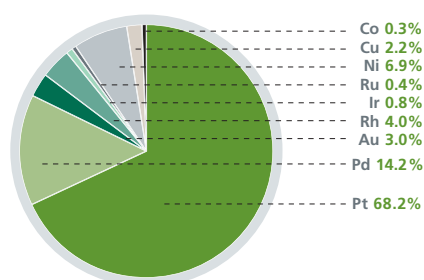
capital expenditure of approximately R750 million on the Joint Venture's combined original capital expenditure plan of R2.4 billion for the development of a concentrator plant at Styldrift I, plus a R300 million plant upgrade at BRPM to treat the UG2 ore and an additional R50 million, provided for UG2 blending. We have therefore revised our overall capital expenditure budget for the Styldrift I project from R11.4 billion to R11.0 billion and we have reduced the BRPM capital expenditure budget by R350 million resulting in a combined reduction of R750 million.

### Capital expenditure

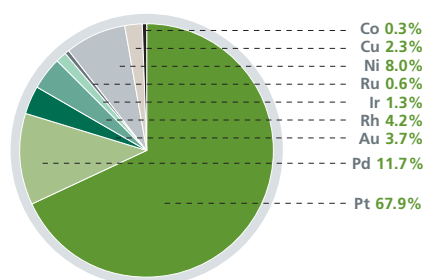
Capital expenditure for the year, consisting of stay-in-business, replacement and expansion capital expenditure at the BRPM JV, amounted to R1 058.8 million compared to R1 192.3 million in 2012, which is a reduction of 11%. The reduction is due to lower stay-in-business capital expenditure and under expenditure on the the North shaft Phase III replacement project. The reduction in our capital expenditure was not due to delays in our projects. Total capital expenditure for the Group is anticipated to more than double to approximately R2.4 billion in 2014 given the accelerated capital expenditure profile at Styldrift I.

## FINANCIAL CAPITAL (continued)

### CONTRIBUTION PER METAL TO REVENUE – 2013



### CONTRIBUTION PER METAL TO REVENUE – 2012



In 2012 we advised that we expected the capital expenditure at Styldrift I would result in increased demand on our surplus cash resources in 2013 and, as initially anticipated, we would start tapping into our debt facilities for this purpose during the course of 2013. However, our ability to generate cash flows during 2013 meant we were able to fund all our capital expenditure from our cash resources.

### Funding strategy

In July 2013 RBPlat's revolving credit facility with Nedbank was increased from R500 million to R1 billion and the working capital facilities for the Group were increased from R258 million to R458 million to provide sufficient funding flexibility to allow RBPlat to execute its signalled equity capital raise when most opportune. To date the revolving credit facility remains undrawn.

The RBPlat Group provided a R200 million guarantee for the 400 houses that were built as phase 1 of the Group's housing project. The increase in the working capital facility to R458 million was utilised for this guarantee. As the houses are completed and handed over to the Group by the developer, this guarantee will gradually convert into a funding facility. Post year end, R53 million of this guarantee has been converted to a funding facility in respect of the first 106 houses that were handed over.

The R200 million housing working capital facility represents an interim arrangement to facilitate employee home ownership and the third party funding of it.

RBPlat intends to finalise its funding solution in respect of the Styldrift I project during 2014 through the combination of an equity capital raising amounting to between 10% and 25% of the Company's prevailing market capitalisation, and a structured debt funding package that will ensure that the

Group's gearing level would not exceed 30% at peak funding levels in 2016. The Group currently has R772.9 million cash and cash equivalent resources on hand of which R708.6 million is attributable to RBPlat.

### Headline earnings

The Group's headline earnings increased by R113.6 million from R170.3 million in 2012 to R283.9 million in 2013. This increase reflects the improved PGM rand basket price and cost saving initiatives implemented in 2013. Headline earnings per share for 2013 of 173 cents is 66% higher than the 104 cents per share reported in 2012.

### Revenue

Our revenue of R3 251.1 million for 2013 was 13.5% higher than the revenue of R2 865.3 million for 2012. The increase is due to a 9.3% increase in our rand basket price and a 4% increase in production volumes.

Revenue from production through the BRPM concentrator increased by 8.2% from R2 720.9 million to R2 944.7 million. The 2013 revenue number included R11.9 million generated from the processing of on-reef development ore from the Styldrift I project.

Revenue from toll concentrating of UG2 increased by 112.2% from R144.4 million in 2012 to R306.4 million in 2013 due to an 82% increase in toll production volumes and an increase in the rand basket price.

### Gross profit

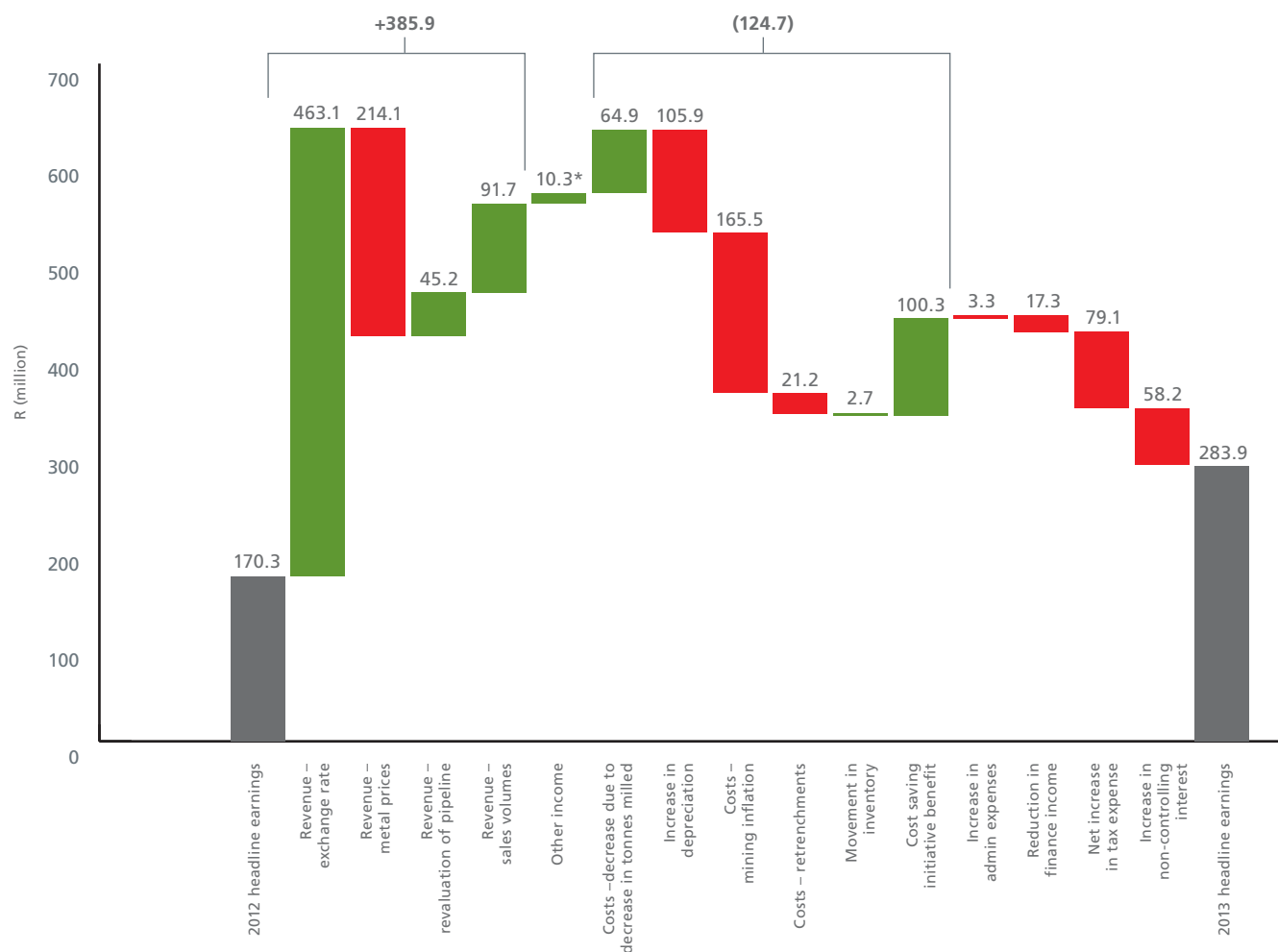
Our gross profit margin improved significantly from 11.9% in 2012 to 18.5% in 2013. This was due to a 13.5% increase in revenue combined with a marginal increase in cost of sales as a result of our focus on cost management in 2013.

### SALES VOLUMES

		2013	2012	2011	2013	2012	2011
		Sales volume			Average price achieved*		
		US\$					
Platinum	Pt oz	181 351	174 665	182 712	1 418/oz	1 552/oz	1 697/oz
Palladium	Pd oz	74 009	72 007	74 820	719/oz	649/oz	720/oz
Gold	Au oz	8 771	8 761	9 806	1 309/oz	1 672/oz	1 716/oz
Rhodium	Rh oz	15 431	14 488	14 260	977/oz	1 143/oz	1 789/oz
Iridium	Ir oz	5 062	4 813	4 762	642/oz	1 037/oz	1 095/oz
Ruthenium	Ru oz	26 232	24 858	24 475	64/oz	92/oz	137/oz
Nickel	Ni t	1 822	1 875	2 071	6.47/lb	7.68/lb	9.63/lb
Copper	Cu t	1 171	1 175	1 302	3.21/lb	3.50/lb	3.28/lb

\* Grossed up to 100% from amount received in terms of the disposal of concentrate agreement, excludes pipeline revaluation

## HEADLINE EARNINGS VARIANCE ANALYSIS



\* Excludes profit on disposal of property, plant and equipment

### Cash operating costs

BRPM's average cash unit cost per tonne milled increased by 6% from R864 in 2012 to R920 in 2013. The cash unit cost per platinum ounce decreased by 2% from R11 775 to R11 592 due to an improved built-up head grade during 2013. We are proud of our outstanding cost management performance which we attribute to improved mining flexibility and specific cost reduction strategies and initiatives. The BRPM Joint Venture remains at the lower end of the industry cost curve (refer to the JP Morgan Cazenove industry cost curve graph on page 15 of the Operating context in this report).

### Depreciation

Depreciation charges included in cost of sales increased by 37% from R272.1 million in 2012 to R372.2 million in 2013. The increase was due to:

- > a 4% increase in production which increased the units of production depreciation charge
- > R1 billion capitalised of the R2.4 billion BRPM Phase II Merensky replacement project commissioned in June 2012 and depreciated for a full year in 2013 compared to a six-month depreciation in 2012
- > Phase III capitalisation in 2013
- > the start of the depreciation of the ICT and supply chain migration costs in 2013

> amendments to the remaining useful lives of specific items of the concentrator plant following a detailed review conducted in 2013.

### Social and labour plan (SLP) expenditure

Total SLP expenditure for 2013 amounted to R105.2 million of which R91 million was expensed and R14.2 million was capitalised to the Styldrift I project. This is 17% lower than the 2012 SLP spend of R126.9 million as part of our progression towards normalised levels.

### Administration costs

Administration costs increased marginally by 3.2% from R101.7 million in 2012 to R105.0 million in 2013 due to a specific focus on cost saving measures.

## FINANCIAL CAPITAL (continued)

### VALUE ADDED STATEMENT

	2013 R (million)	2012 R (million)	2011 R (million)
<b>Value added by operations – revenue</b>	<b>3 251.1</b>	2 865.3	2 974.9
Add: Other income	76.2	64.2	54.8
Add: Net finance income	39.0	56.3	58.6
<b>Total value added</b>	<b>3 366.3</b>	2 985.8	3 088.3
<b>Value distribution</b>			
<b>Employees and contractors of BRPM</b>	<b>1 181.7</b>	1 145.7	973.9
Contractor payments	489.0	478.4	377.0
Salaries, wages and bonuses including retirement benefit funds and healthcare funds	773.3	753.1	673.9
Retrenchment payments	21.2	–	–
Share-based payment expense	35.8	43.6	33.1
PAYE deduction	(121.9)	(114.6)	(97.2)
UIF	(7.9)	(7.8)	(7.1)
SDL	(7.8)	(7.0)	(5.8)
<b>Corporate office employees and non-executive directors</b>	<b>60.5</b>	61.9	58.3
Salaries, wages and bonuses, including retirement benefits funds and healthcare funds	61.3	55.5	43.1
Share-based payment expense	18.1	24.1	29.2
PAYE deduction	(18.2)	(16.9)	(13.5)
UIF	(0.1)	(0.1)	(0.1)
SDL	(0.6)	(0.7)	(0.4)
<b>Water and electricity providers</b>	<b>179.4</b>	171.1	144.5
Magalies Water	15.1	14.6	10.8
Eskom	164.3	156.5	133.7
<b>Government</b>	<b>183.1</b>	174.2	168.0
Mining and non-mining income tax (excludes deferred tax)	15.6	17.5	29.9
Royalties	10.9	9.6	14.1
PAYE deducted from employees	140.2	131.5	110.7
UIF	8.0	7.9	7.1
SDL	8.4	7.7	6.2
<b>Providers of capital</b>	<b>163.6</b>	105.4	137.4
Non-controlling interest	163.6	105.4	137.4
<b>Suppliers of materials</b>	<b>365.2</b>	407.6	391.5
<b>Suppliers of services</b>	<b>254.6</b>	203.7	239.4
<b>Suppliers of corporate office services and goods</b>	<b>24.6</b>	22.1	32.1
<b>Capital expenditure</b>	<b>1 036.6</b>	1 173.9	1 146.5
<b>Broader community</b>	<b>105.2</b>	126.9	35.9
Social and labour plan – HRD expenditure expensed	76.0	81.6	25.3
Social and labour plan – CED expenditure expensed	15.0	45.3	10.5
Social and labour plan – CED expenditure capitalised	14.2	–	–
Other (sponsorships and administration)	–	–	0.1
<b>Total value distribution</b>	<b>3 554.5</b>	3 592.0	3 327.5
<b>Net reserves used by Group</b>	<b>(188.2)</b>	(607.3)	(239.2)
Depreciation and amortisation	434.5	327.6	518.8
Deferred tax	149.1	68.1	133.7
Utilisation of shareholder fund for capital investment	(771.8)	(1 003.0)	(891.7)

### Other income

Other income increased by 16% from R66.9 million in 2012 to R77.5 million in 2013. The increase is mainly due to the increase in the royalty income from Impala from R61.8 million in 2012 to R75.2 million in 2013.

### Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA as a percentage of revenue increased from 22.1% in 2012 to 31% in 2013 as a result of increased revenue and our improved cost management performance.

### Finance income

Finance income decreased by 28.5% from R59.7 million in 2012 to R42.7 million as more cash reserves were invested in the BRPM Joint Venture on average throughout the year.

### Taxation

Current income tax reduced by 11% from R17.5 million in 2012 to R15.6 million in 2013 mainly due to the reduction in taxable non-mining income, i.e. interest income. Deferred tax increased by 119% from R68.1 million in 2012 to R149.1 million in 2013 due to increased BRPM JV profits.

### Dividend policy

As previously indicated, the payment of our first dividend is likely to occur in 2018 when the Styldrift I project is scheduled to achieve steady state production.

### Adding value

During 2013 our most important means of adding value was through:

- > paying wages, benefits and bonuses to our employees
- > paying taxes and royalties to government
- > where possible sourcing goods and services from local suppliers and helping these suppliers build capacity in their businesses
- > our capital investment in the organic growth of our business through Styldrift I and II is building future value for all our stakeholders and in particular our shareholders

- > the socio-economic development contributions we make to the communities in which we operate.

Our ability to add value depends on our ongoing profitability. As a result the value we are able to add is affected by increases in our input costs, higher government taxes and more stringent regulations.

### Subsequent event

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.

### Future outlook

Subsequent to year end the revenue basket price has improved significantly to above R19 000 per platinum ounce, mainly as a result of an accelerated depreciation of the SA rand against the US dollar to in excess of R11 to the dollar. Although the rand is not necessarily expected to remain at these weak levels, we do anticipate an improved average revenue basket for 2014 compared with 2013. We expect this to be through the combination of some improvement, albeit marginal, in metal prices due to sustained annual deficits, resulting from industry-wide labour unrest causing some depletion of above-ground stocks together with a weaker exchange rate.

2014 will be characterised by increased activity with related accelerated capital expenditure at Styldrift I.

Key deliverables for 2014 will be:

- > the protection of business continuity through maintaining flexibility in the business
- > honouring our social licence to operate and the successful pro-active conclusion of a mutually beneficial wage agreement with our workforce

- > the finalisation of our funding solution in respect of the Styldrift I project through the combination of an equity capital raising and a structured debt funding package
- > the review and improvement of our management accounting systems.

Our operational focus will remain on cost management, containment and control although it is anticipated that it would become progressively more difficult to deliver cost saving benefits of the magnitude that were achieved during 2013.

We will continue to evaluate regional and other opportunities to add value to our business.



2

## MANUFACTURED CAPITAL



### ACHIEVEMENTS



- > No strikes or any form of labour unrest
- > 2% decrease in cash unit cost per Pt oz
- > Development and implementation of shared services
- > 37% improvement in SIFR
- > All Styldrift I sinking milestones achieved

### IMPROVEMENTS



- > 9% improvement in LTIFR
- > 4% increase in 4E ounce production
- > 8% increase in built-up head grade
- > 5% improvement in IMS face length
- > 6% improvement in milled tonnes per employee

### CHALLENGES



- > Wage negotiations
- > Stakeholder responsiveness
- > Delivered volumes
- > Maintaining Styldrift I project schedule
- > Drive to zero harm

### DISAPPOINTMENTS



- > Two fatalities at BRPM

## MANUFACTURED CAPITAL

### > KEY MATERIAL ISSUES

- > Drive towards zero harm
- > Maintain business continuity – new wage agreement scheduled for 2014
- > Optimise ounce output
- > Enhance operational excellence
- > Maintain capital efficiency
- > Styldrift project execution
- > Optimise long-term business strategy/profitability



*Nico Muller* Chief Operating Officer

### Key features of 2013

- > Two fatal injuries
- > SIFR and LTIFR improved by 37% and 9% respectively
- > Improved business continuity due to fewer safety stoppages and no labour-related disruptions
- > Immediately stopable ore reserve panel ratio above 1.5
- > 4E built-up head grade improved by 8%
- > PGM ounce production up 4%
- > Cash unit cost per platinum ounce down 2%
- > Styldrift I project progress on schedule and within budget
- > Revised concentrating strategy approved.

### OUR FOCUS 2014

- > Achieve a resilient safety and health culture through leadership, values, skills development and behaviour
- > Reduce exposure to fall of ground injuries through implementing the trigger action response plan (TARP)
- > Reduce equipment and machinery related injuries through improved warning devices on winch installations
- > Improve health and wellness through mitigating harmful exposures and increasing medical surveillance
- > Further strengthen our relationships with employees, unions and communities to reduce the likelihood of operational disruptions
- > Social and labour plan renewals
- > Maximise ounce production by maintaining current grades and optimising mill throughput
- > Utilise the increased IMS to leverage increased productivity and maintain operating cost control
- > Maintain capital discipline through regular review of all capital projects
- > Execution of Styldrift I project to schedule and costs with particular focus on shaft sinking, equipping, lateral development and underground bulk infrastructure
- > Continue developing Styldrift operational readiness through capacitating site management with appropriate resources, systems and strategic partnerships
- > Implement new concentrator strategy and optimise long-term extraction strategy
- > The BRPM South shaft UG2 trial mining remains a vital part of the equation.

### Overview

In many ways our operating results in 2013 are the culmination of a number of our long-term strategies, which are centred around achieving sustainable performance, and the support and commitment of our employees, unions and the communities in which we operate.

We would like to thank our leadership, management, employees, unions, the communities in which we operate and the government institutions with which we interact, for the contribution they all made to achieving the harmony, stability and continuity that was a feature of our operations and projects during 2013. Their commitment and trust were key drivers of our positive business performance.

The regular engagement that our Chief Executive Officer has with our employees at all levels, which is characterised by open, honest and direct two-way communication, has made an important contribution to the development of mutual trust and understanding, both in our operations and in the communities in which we operate.





*Mechanised mining at Styldrift I*

An important step we took in 2013 was the development of our revised ore processing strategy for RBPlat. We believe that the revised strategy will further augment our current operational strategies and ensure our long-term sustainability in the current macro-economic environment without sacrificing our future UG2 treatment requirements should market conditions improve.

During 2013 we entered the final year of our three-year wage agreement which ends in June 2014. Part of this wage agreement was our commitment to building homes for our employees. The first phase of our housing development for BRPM employees was well under way by the end of the 2013.

### **Safety, health and the environment**

Our respect and care for our employees, and our understanding that it is not possible to achieve sustainable business performance without high health and safety standards and performance, drive our long-term health and safety strategies.

The RBPlat safety strategy, which we finalised in 2011 and began implementing in 2012, has set us on a journey to resilience, and zero harm, which is reflected in the continuing overall improvement in most of our group health and safety performance measures. Our lost time injury frequency rate (LTIFR) and serious injury frequency rate (SIFR), which have improved for the third

consecutive year, decreased by 9% and 37% respectively when compared to 2013.

Regrettably, we recorded two fatal injuries at BRPM in 2013. Any death is one too many and we remain determined to eliminate the risk of injury and loss of life at all our operations through an extensive focus on our safety, health and environment (SHE) strategy.

### **Safety stoppages**

During 2013 our operations were issued with 11 Section 54 stop notices by the Department of Mineral Resources (DMR). We estimate that we lost approximately 89kt milled during these stoppages compared to the 117kt lost during 2012.

### **Health and wellness**

No new cases of occupational illnesses or diseases were reported or diagnosed in RBPlat's operations during 2013. We halved the new HIV infection rate in our operations during 2013 and our contractors are now required to enroll all their employees on a medical aid which ensures that their employees gain access to the antiretroviral (ART) treatment they require. We believe that the drop in the new HIV infection rate indicates that our HIV awareness programme is effective.

### **Environment**

We rolled out our RBPlat environmental strategy during 2013 and achieved a very pleasing environmental performance in

2013, with no environmental incidents and an excellent improvement in energy efficiency and water use reduction. We also received approval for the construction of an onsite water treatment plant at BRPM, which will, in the future, further reduce our water requirement from Magalies Water.

### **Stakeholder responsiveness**

Both BRPM and Styldrift I have a history of engaging with their employees and the unions. Our ability to communicate effectively with our employees limited the impact on our operations of the strikes that plagued our industry in 2012.

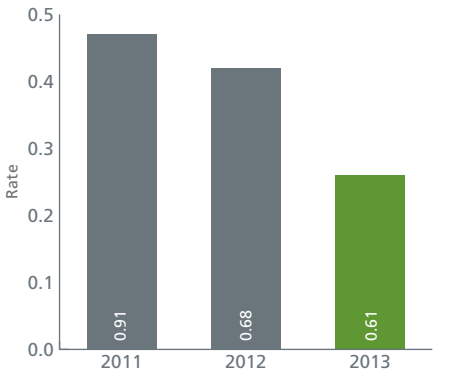
The commitment to engagement of our management team and union leadership continued to strengthen our employee relations during 2013, allowing us to have a year of labour and union stability.

*For more information on our housing development, see page 21, for our safety performance and what we are doing to achieve resilience see page 76 to 79 and for our environmental progress see page 93 to 101.*

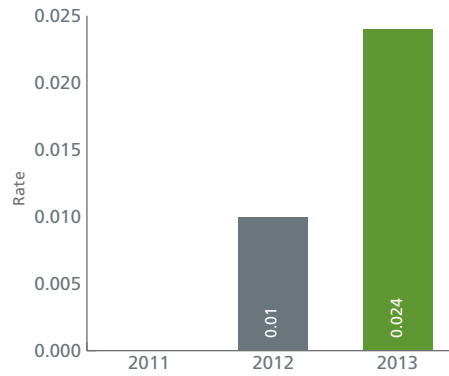


## MANUFACTURED CAPITAL (continued)

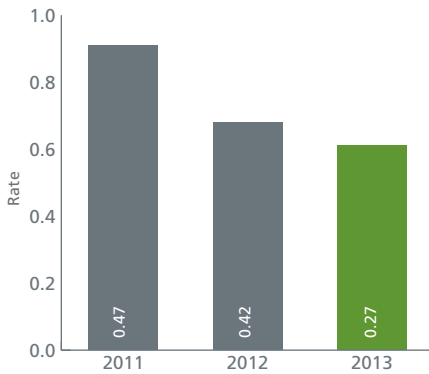
RBPLAT LTIFR (/200 000 HOURS)



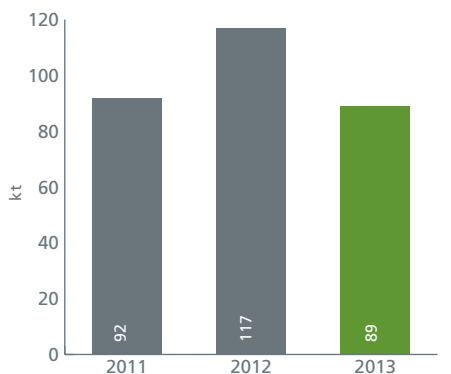
RBPLAT FIFR (/200 000 HOURS)



RBPLAT SIFR (/200 000 HOURS)



MILLED TONNES LOST – SAFETY STOPPAGES



### Our engagement with our communities

We focused this year on finding ways to improve our communication with the communities in which we operate and our ability to address their issues. To achieve this BRPM and Styldrift I meet with community leaders monthly to share information of concern to the communities and matters that affect our operations. These meetings have improved communication with community leaders and provided a forum through which issues can be addressed.

During 2013 we delivered on our social and labour plan commitments and other issues raised by communities. We also regularly met with the Royal Bafokeng Administration (RBA), and the Rustenburg Local Municipality to develop longer-term plans that are aligned with the needs of the area.

The employment of local community members at Styldrift I remains a priority and to this end we spent over R6 million in 2013 to develop and train local community members in the mining and engineering disciplines.

Both Styldrift I and BRPM are due to renew their five-year social and labour plans and we will be aligning these social and labour plans for joint execution. We will also be engaging with our stakeholders to ensure we develop plans which address community needs. We believe that this approach will allow us not only to meet community needs, but it will also help us execute and deliver our projects on time.

We would also like to include our neighbours in our plans, which we believe would allow us as a mining community to make a much greater impact on community needs. We recognise that it will take time to achieve our goal but because we believe it will bring greater sustainability to the communities in which we operate, we are prepared to invest time and effort to achieve it.

Styldrift I engaged its neighbouring mines, Anglo American Platinum, PTM, Wesizwe and Impala Platinum, on a number of issues during 2013 including the work carried out on potential concentrator synergies, training facilities, housing infrastructure and joint community development projects.

### Operating results

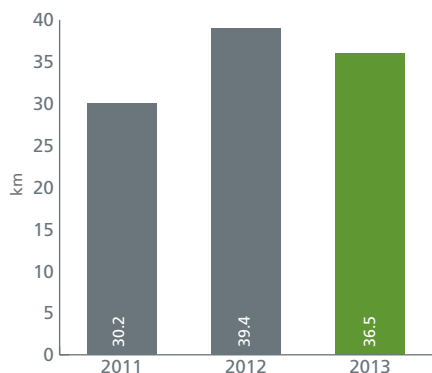
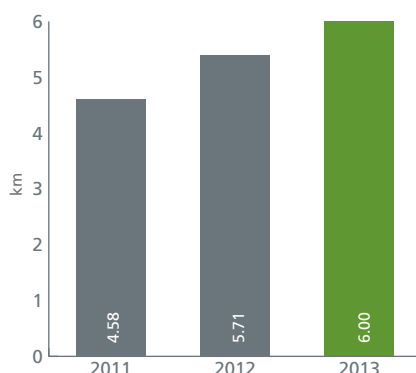
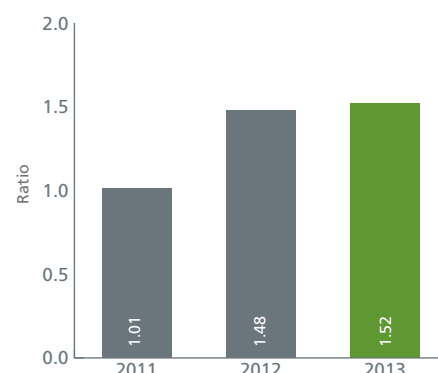
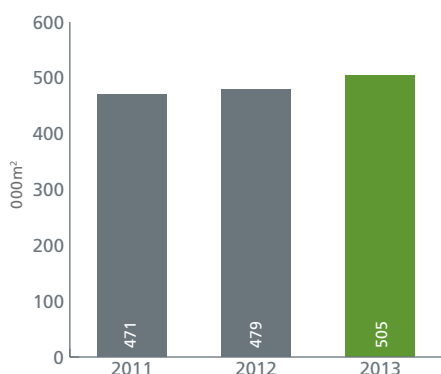
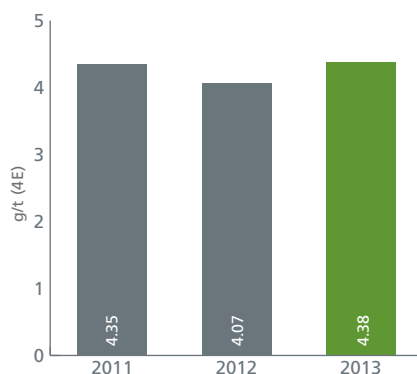
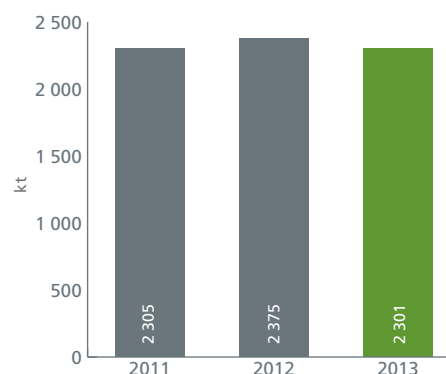
We reported previously that the lack of operational flexibility at BRPM through immediately stopable ore reserves (IMS) has been a critical constraint to our achieving operational excellence since RBPlat assumed operational control in 2010. This was the result of the loss of a large portion of the ore reserves in BRPM's North West block at North shaft in 2007/8, due to the intersection of iron rich replacement pegmatoid (IRUP) and historical delays associated with the Merensky Phase II decline development project.

In 2010 we initiated mining on the UG2 reef horizon at BRPM to improve operational flexibility by providing access to a secondary reef horizon. By 2013 the UG2 contribution had increased to approximately 18% of our total production and we expect it to remain at this level for the next few years.

Our second core strategy, to improve operational flexibility at BRPM, was to increase the IMS face length through a sustained increase in the rate of development, redevelopment, ledging and equipping. Our persistent focus on this strategy over a two-year period increased the IMS panel to stoping team ratio from below 1.0 to above 1.5. From a strategic perspective this has been one of the most important structural improvements we have achieved to date and it has contributed to a number of important performance improvements in 2013 including safety, grade, labour productivity and ultimately operating costs achieved.



For more information on training and development of community members see pages 73 and 88, for our shareholder engagement see pages 68, 87 and 91.

**TOTAL DEVELOPMENT****IMS FACE METRES AVAILABLE****IMS PANEL RATIO****STOPPING SQUARE METRES****TOTAL BUILT-UP HEAD GRADE (4E)****TOTAL TONNES MILLED****Mining**

Our overall development reduced by 8% from 39.4km to 36.5km, which is mainly attributable to the normalisation of our working cost development rate, in line with our overall depletion and IMS requirements.

Our IMS face length improved by a further 5% to 6km, with our targeted panel ratio of 1.5 panels per stopping crew, being achieved during the first quarter of 2013 and ending on 1.52 for the year. Going forward our key focus will be on optimising the distribution of the IMS on a level by level basis.

Stopping production improved by 6% with a total of 505 000m<sup>2</sup> being mined, compared to 479 000m<sup>2</sup> in 2012. This increased performance was a direct result of our improved IMS position and the reduced number of safety-related stoppages we experienced during the year.

Our delivered tonnes, however, reduced by 3% to 2 310kt year-on-year despite the improvement we achieved in stopping efficiencies. The main contributor to this lower performance was the shortfall in sweepings and vamping tonnes. BRPM implemented remedial action during the year and this should provide upside in 2014.

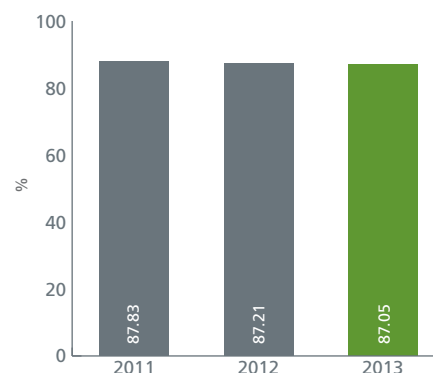
**UG2**

UG2 production remained at similar levels to 2012 with a total of 415kt being delivered to the concentrators, which contributed 18% to the overall delivered tonnes.

To date, the UG2 Central High facies mined at BRPM North shaft, which is characterised by a wide (1.5m) mineralised zone with relatively low structural complexity, has made a significant economic contribution to our business and we expect it to continue doing so going forward.

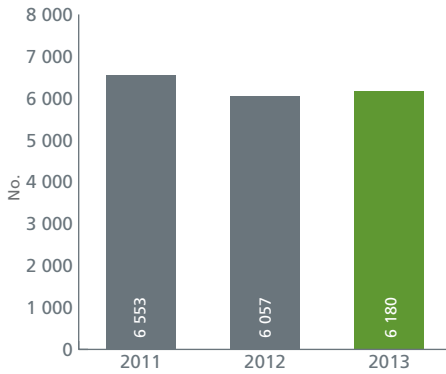
The UG2 General facies at BRPM South shaft has, however, proved to be more challenging to mine due to a narrower (60cm) mineralised zone and increased structural complexity, which together translate into lower delivered grades and ultimately lower margins.

We initiated a trial mining campaign on the South shaft UG2 in the latter half of 2013 to evaluate different methods (up-dip mining and pre-development of breast stopes) with the objective of improving the delivered grade and mining efficiencies.

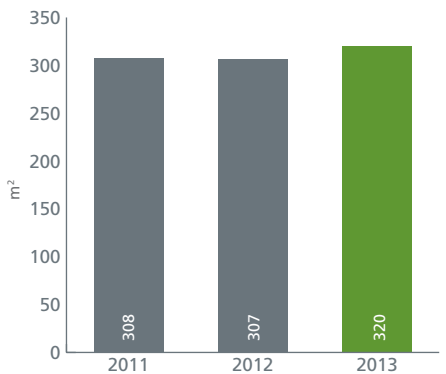
**BRPM PLANT CONCENTRATE RECOVERY (4E)**

## MANUFACTURED CAPITAL (continued)

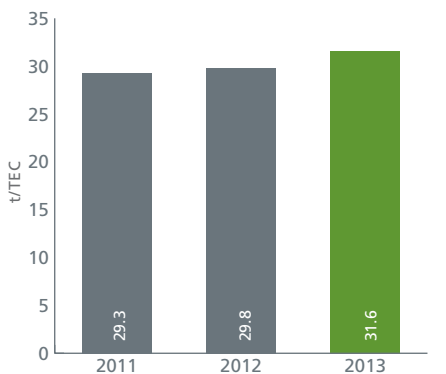
### WORKING COST LABOUR



### m<sup>2</sup> PER STOPPING CREW



### TONNES MILLED/WORKING COST EMPLOYEE



Although the campaign has yielded improvements in stope team efficiencies and delivered grade (with the delivered grade increasing by 3% from 2.96g/t 4E to 3.05g/t 4E), more work is required to refine our mining approach to achieve the planned grade of 3.51 g/t 4E. In order to continue refining our mining method trial mining will continue in 2014, while processing capacity is available in the BRPM concentrator plant.

#### Grade

Our overall built-up head grade improved by 8% from 4.07g/t (4E) to 4.38g/t (4E). The grade benefited from the normalisation of development rates, a reduction in off-reef mining due to increased IMS, higher in-situ reef grades, no processing of low grade stockpile material (as was the case in 2012) and the recovery of high grade fines from the crusher classifier overflow (CCO) thickener during the mill repair.

The head grade is, however, expected to reduce by 4% in 2014 as a result of an increase in the on-reef development contribution from the Phase III project to overall ROM volumes.

#### Concentrating

Our total milled tonnes decreased by 3% to 2 301kt from 2 375kt in 2012, with 2 010kt being milled at the BRPM concentrator and 291kt at the Waterval concentrator. The throughput at the BRPM concentrator was impacted by the replacement of the primary mill discharge end during August, following a wear-related failure, which resulted in a 15-day shutdown. During the shutdown a 90kt Merensky stockpile accumulated ahead of the concentrator.

Once the repair was completed, the BRPM concentrator preferentially treated Merensky ore in the second half of the year, with the bulk of BRPM's UG2 ore being processed at the Waterval concentrator. This treatment strategy resulted in the UG2 volumes treated at the BRPM concentrator reducing to 7% compared to 12% in 2012, but the overall UG2 contribution remained in line with that of 2012 at 18%. All our accumulated Merensky stocks were depleted by year end. The BRPM concentrator recovery at 87.05% was in line with our expectations.

4E ounce production increased by 4% to 280koz compared to 2012, with the 3% reduction in tonnes milled being offset by the 8% increase in the built-up head grade.

#### Labour

By year end our working cost labour complement at BRPM was 2% higher at 6 180, compared with 6 057 in 2012. However, we achieved a 9% reduction in our average working cost labour to 6 060 in 2013 (2012: 6 633). This marginal increase in our labour was required to address the shortfall in sweeping and vamping tonnages experienced in the first half of the year. Stopping and vamping crew complements were revised to address the shortfall.

Stopping crew efficiencies improved by 4% to 320m<sup>2</sup>/crew, with the overall labour efficiency on a tonne per working cost employee increasing by 6% from 29.8t/employee to 31.6 t/employee.

Capital labour increased from 1 686 to 1 727. The reduction in Phase II capital labour was offset by an increase in labour at Styldrift I, in line with the project construction requirements.

#### KEY FOCUS AREA

#### STATUS

Labour and trade union stability	No labour disruptions at BRPM.
	Two-year wage agreement for volume contractors.
Talent management and succession planning	Leadership pipeline developed.
	Skills matrix developed.
	Performance management established.
Mining charter targets	Already exceeded 2014 targets.
Training and development	Our focus changed from technical skills to leadership development.
Community development	Addressed in the Social and relationship capital section of this report on page 85 to 91.
Leadership development	23 employees completed the Foundation Management Programme and 19 employees completed the Management Development Programme. One employee, who successfully completed the Graduate Development Programme, has been appointed as production manager at BRPM's North shaft.

## Cash operating costs

Cash operating costs increased by 2% to R2 093 billion and the unit cost per tonne milled by 6% to R920 per tonne milled. This was due to the 3% reduction in tonnes treated. Our unit operating cost per platinum ounce benefited from the 8% increase in built-up head grade, which resulted in a 4% increase year-on-year in the metals produced and as a result it decreased by 2% to R11 592 per ounce.

We mainly attribute our operating cost performance during 2013 to working cost labour reductions at the end of 2012, rationalisation of key mining and supply contracts, productivity improvements enabled by the increase in IMS, the establishment of shared services between BRPM and Styldrift I and improved cost management.

## Capital expenditure

Stay-in-business (SIB) capital ended the year at R138 million which was R100 million or 42% down from 2012. We attribute this substantial reduction in SIB capital to the completion of the following once off projects during 2012:

- > establishing ICT independence from Anglo American Platinum (R40.3 million)
- > tailings line replacement, water separation and Larox® projects (R33.7 million)
- > deferral of South shaft chairlift (R22.5 million)
- > equipping of IMS (R11.2 million).

SIB capital during 2013 was 7% of operating costs, well within our target range of between 6% and 8%.

During 2013 our replacement capital consisted of the Merensky Phase II and Phase III decline extension projects at BRPM North and South shafts. Phase II, which extended both declines from level 5 to level 10, concluded in 2012 and resulted in a reduction in expenditure from R308 million in 2012 to R184 million in 2013. Phase III capital expenditure is forecast to remain between R180 million and R200 million per annum until the project is completed in 2017.

Expansion capital expenditure increased by 14% or R91 million in line with the Styldrift I construction schedule and Styldrift II study programme for 2013.

## RBPlat operating statistics

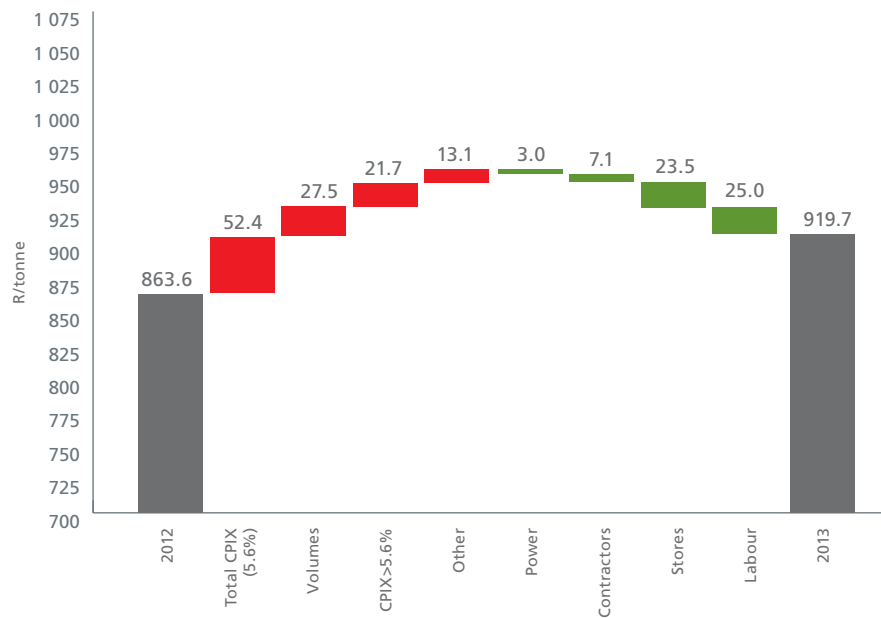
Description	Unit	Var %**	Var	2013	2012	2011
<b>Safety</b>						
Fatal injuries	No.	(100)	(1)	<b>2</b>	1	0
LTIFR	/200,000	9	0.06	<b>0.61</b>	0.68	0.91
SIFR	/200,000	37	0.16	<b>0.27</b>	0.42	0.47
<b>Mining production</b>						
Stoping square metres	000m <sup>2</sup>	6	26	<b>505</b>	479	471
Total tonnes delivered	kt	(3)	(74)	<b>2 310</b>	2 384	2 284
Merensky	kt	(3)	(64)	<b>1 895</b>	1 959	2 026
UG2	kt	(2)	(10)	<b>415</b>	425	258
Development	km	(8)	(3)	<b>36.5</b>	39.4	30.2
Stoping to development replacement rate	m <sup>2</sup> /m	(19)	5.3	<b>32.4</b>	27.1	32.2
Immediately stoppable reserves	km	5	0.3	<b>6.00</b>	5.71	4.58
Delivered ROM grade (4E)	g/t	4	0.2	<b>4.31</b>	4.14	4.27
Merensky delivered grade (4E)	g/t	3	0.1	<b>4.45</b>	4.30	4.36
UG2 delivered grade (4E)	g/t	10	0.3	<b>3.70</b>	3.38	3.54
<b>Concentrator production</b>						
Total tonnes milled	kt	(3)	(73)	<b>2 301</b>	2 375	2 305
BRPM tonnes milled	kt	(9)	(204)	<b>2 010</b>	2 214	2 162
Waterval tonnes milled	kt	82	131	<b>291</b>	160	142
Merensky	kt	(4)	(71)	<b>1 887</b>	1 958	2 047
UG2	kt	(1)	(2)	<b>414</b>	417	258
UG2%	%	–	–	<b>18</b>	18	11
UG2 BRPM	%	(47)	(5)	<b>6</b>	12	5
Built-up head grade (4E)	g/t	8	0.31	<b>4.38</b>	4.07	4.35
Built-up Merensky head grade (4E)	g/t	7	0.29	<b>4.51</b>	4.22	4.44
Built-up UG2 head grade (4E)	g/t	12	0.40	<b>3.76</b>	3.36	3.60
Recovery 4E (total concentrating)	%	(0.4)	(0.34)	<b>86.37</b>	86.71	87.47
Recovery BRPM concentrator	%	(0.2)	(0.16)	<b>87.05</b>	87.21	87.83
4E metals in concentrate	koz	3.8	10	<b>280</b>	269	282
Platinum metal in concentrate	koz	4.1	7	<b>181</b>	174	183
Safety stoppage losses	kt	(23)	(27)	<b>89</b>	117	92
Safety stoppage losses	4E koz	(28)	(3.87)	<b>10.2</b>	14.0	11.5
<b>Labour</b>						
Total labour	No.	(2)	(164)	<b>7 907</b>	7 743	7 942
Working cost labour	No.	(2)	(123)	<b>6 180*</b>	6 057*	6 553
Capital labour	No.	(2)	(41)	<b>1 727*</b>	1 686	1 389
m <sup>2</sup> per stoping crew	m <sup>2</sup> /crew	4	13	<b>320</b>	307	308
Tonnes milled per working cost employee	t/emp	6	1.8	<b>31.6</b>	29.8	29.3
<b>Operating expenditure</b>						
Cash operating costs	R'm	(2)	(42)	<b>2 093</b>	2 051	1 802
Cash unit cost	R/t	(6)	(56)	<b>920</b>	864	782
Cash unit cost	R/4E oz	1	97	<b>7 519</b>	7 616	6 399
Cash unit cost	R/Pt oz	2	183	<b>11 592</b>	11 775	9 863
<b>Capital expenditure</b>						
Total capital expenditure	R'm	11	133	<b>1 059</b>	1 192	1 164
SIB	R'm	42	100	<b>138</b>	238	146
Replacement	R'm	40	124	<b>184</b>	308	379
Expansion	R'm	(14)	(91)	<b>737</b>	646	639

\* The 2013 and 2012 numbers are year end numbers while numbers for 2011 is averaged for the year

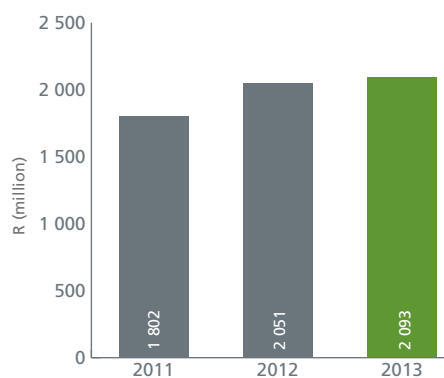
\*\* Please note that any difference in variance percentages in this table and the text of this section are due to rounding

## MANUFACTURED CAPITAL (continued)

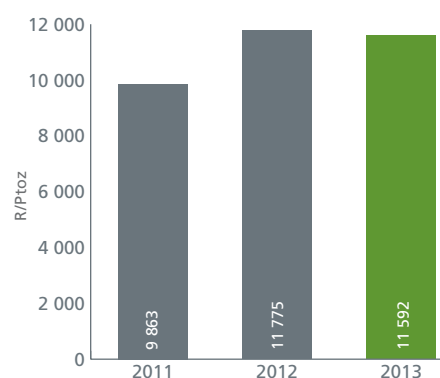
**BRPM JV R/TONNE MILLED YEAR-ON-YEAR COMPARISON**



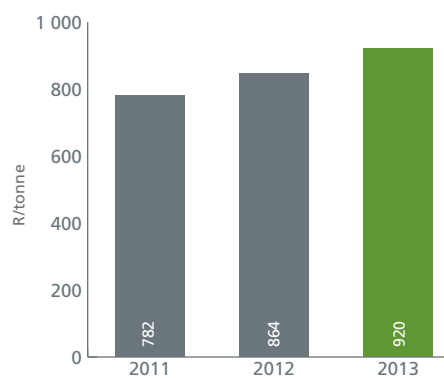
**TOTAL BRPM JV CASH COST**



**CASH ON MINE COST/PLATINUM OUNCE**



**CASH ON MINE COST/TONNE MILLED**



## BRPM capital projects

The two key capital projects at BRPM comprise the Phase III North shaft Merensky replacement project and the North shaft chairlift project.

### Phase III North shaft replacement project

By extending the North shaft Merensky decline system and associated infrastructure from 10 level to the mining boundary at 15 level the Phase III project extends the life of Merensky at North shaft. The project commenced in November 2010 and by the end of 2013 was 57% complete against a planned completion of 52%, i.e. 5% or 75 days ahead of schedule. Project completion is scheduled for 2017.

Capital expenditure on this project during 2013 was R184 million. The cumulative project expenditure at year end was R585 million, with a R40 million declared saving to date. Completion of the project is scheduled for 2017 with a current estimated saving at completion of R100 million against the approved project budget of R1 409 billion.

### North shaft chairlift project

The North shaft chairlift project, which includes the development and installation of a chairlift from surface to 5 level, commenced in June 2011 and ended 2013 at 83% complete against a planned completion of 86%. The shortfall between actual and planned completion is the result of an amended construction strategy, which will allow for the civil, mechanical and electrical construction to be completed concurrently at the end of mining, as opposed to a modular level by level approach during the development phase. The forecast completion date for the project remains on schedule for the first quarter of 2015.

Capital expenditure on this project during 2013 was R42 million. The cumulative project expenditure at year end was R71 million against a planned expenditure of R92 million. The variance is attributed to the shortfall in project progress and a decision to delay the procurement of the chairlift drive stations due to the change in construction strategy. The project expenditure is forecast to end within the approved project budget of R110 million at project completion.

## Revised ore processing strategy

PGM basket price trends and the escalation of industry operating costs necessitated a strategic review of the role of UG2, and in particular the UG2 General Facies mined at BRPM's South shaft, in RBPlat's long-term production profile.

At the same time we evaluated opportunities to utilise excess industry processing capacity, or the joint development of shared concentrator infrastructure, against the construction of a new standalone concentrator for Styldrift I. Synergies were evaluated in collaboration with our neighbours Anglo American Platinum, Impala Platinum and Wesizwe. The spirit of co-operation between all the parties involved in searching for the optimal technically achievable and commercially viable solution exceeded all our expectations.

We identified five potential ore processing options and undertook studies into the technical and commercial viabilities of each option.

The options we considered included:

- > Styldrift I standalone 230ktpm concentrator
- > RBPlat/Wesizwe joint concentrator
- > RBPlat/Impala ore processing synergy
- > RBPlat/Anglo American Platinum ore processing synergy
- > RBPlat BRPM concentrator upgrade.

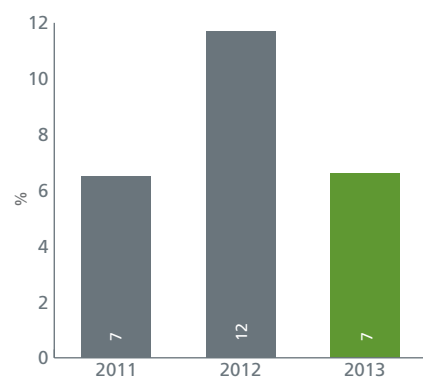
The evaluation culminated in a strategic decision to upgrade the BRPM concentrator in two phases.

- > Phase I: upgrade from 200ktpm to 250ktpm
- > Phase II: upgrade to 350ktpm with an additional 100ktpm module.

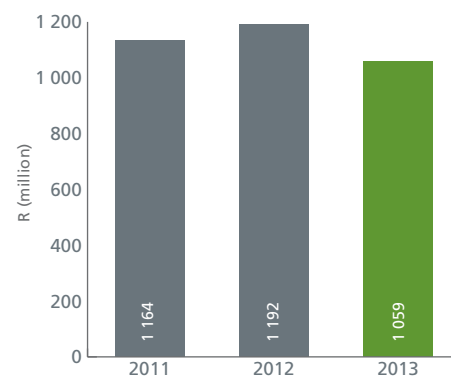
This approach provides us with the ability to treat all future Merensky reef production from BRPM and Styldrift I and it avoids committing the business to significant UG2 volumes until market conditions warrant it.

The treatment solution results in a net capital saving of R750 million to RBPlat compared to the construction of a new Styldrift concentrator. Cash flows are further enhanced by earlier revenues due to lower stockpile requirements and earlier processing of the ore resulting from the two phased upgrade of the BRPM concentrator.

## SIB % OPEX



## TOTAL BRPM JV CAPITAL EXPENDITURE



## BREAKDOWN OF TOTAL CAPITAL EXPENDITURE (BRPM JV)



## MANUFACTURED CAPITAL (continued)

### Styldrift I project

#### Overview

The Styldrift I mining optimisation study, which we completed in the fourth quarter of 2012, resulted in a change of scope, which was approved by the RBPlat Board in February 2013.

The major changes approved are:

- > mining bord widths reduced from 13m to 8m
- > ore transport in footwall drives by means of trucks was replaced with on reef strike conveyors
- > the shaft depths were increased by 18m to mitigate the geotechnical risk associated with UG1 strata intersecting key life of mine excavations

- > Updated mine design: stations and level layouts, underground infrastructure (workshops, stores, material and rock handling)
- > Updated labour planning based on new mine design
- > Extended ramp-up from two years to three years
- > Allowance for housing infrastructure.

These changes resulted in a capital saving for the overall project of R416 million and an increase in its timing of approximately one year to reach steady state.

The decision to upgrade and expand the existing BRPM concentrator achieves a further R371 million saving on our project costs (see revised ore processing strategy on page 59).

#### STYLDRIIFT I REVISED CAPITAL BUDGET

Styldrift I	Investment proposal plan R (million)	Optimisation R (million)	Revised processing strategy R (million)
Mining and infrastructure	9 441	8 975	8 975
Concentrator	2 360	2 410	2 039
<b>Total project cost</b>	<b>11 801</b>	<b>11 385</b>	<b>11 014</b>
Variance	–	416	371

#### Progress during 2013

During 2013 we made steady progress with the project. By the end of 2013 we were at 39.2%, which is 1.7% ahead of our planned progress of 37.5%.

Sinking of both the main and services shafts progressed to 708 level (shaft loading level) and we completed a total of 2 304 metres of lateral development as well as 235 metres of raise boring for the ore passes and silos. Piloting of the first ventilation hole to 600 level was completed ahead of schedule in November 2013 with the start of reaming of the 4.2 metre hole scheduled for the second quarter of 2014.

Surface construction of the change house, lamp room, offices, gatehouse, stores, water storage tanks, water and sewage reticulation, progressed according to schedule and we will complete this work during 2014. The number of contracting companies on site escalated to 11 companies in December and is expected to increase to 21 in 2014 when the project reaches its peak planned annual progress (20%) for the mining and infrastructure portion of the project. Total site labour,

which comprised contractors, engineering, procurement and construction management (EPCM) and owner team resources, had increased to around 1 200 people by year end.

Overall, the project remains on schedule to commence with stoping ramp-up in July 2015 and reach steady state in June 2018.

#### Capital expenditure

Following the Board's approval of the change of scope and our revised concentrator strategy, the project's overall budget was reduced from R11.801 billion to R11.014 billion, a saving of R787 million.

The total capital expenditure for 2013 was R681 million and the cumulative project expenditure by year end R2.511 billion against an earned value of R2.705 billion. This reflects a saving of R194 million on the work completed to date. Total capital commitments increased to R3.149 billion at year end.



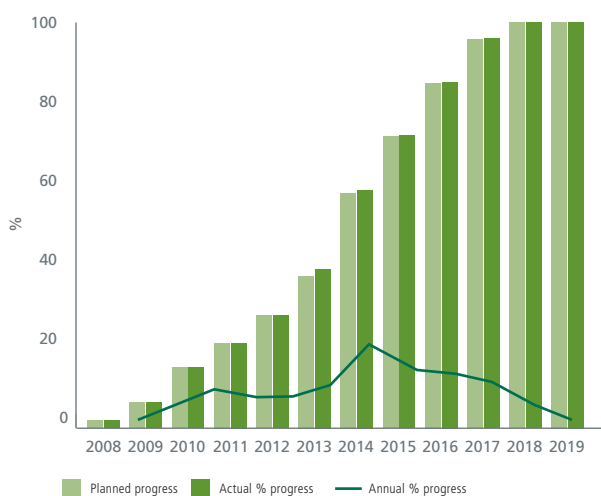
Expenditure	Revised processing strategy			Investment proposal plan
	Plan R (million)	Actual R (million)	Variance R (million)	
Expenditure 2013	728	681	(46)	–
Project to date (PTD)	2 659	2 511	(148)	–
Earned value	–	2 705	–	–
Project budget	11 014	–	–	11 801
Estimate at completion (EAC)	–	11 014	–	11 014
EAC variance	–	787*	–	787

\* The project estimate at completion (EAC) remains at the new approved project budget of R11.014 billion notwithstanding the R194million saving achieved to date due to planned re-allocation of funds. We remain confident that the project will be completed below budget

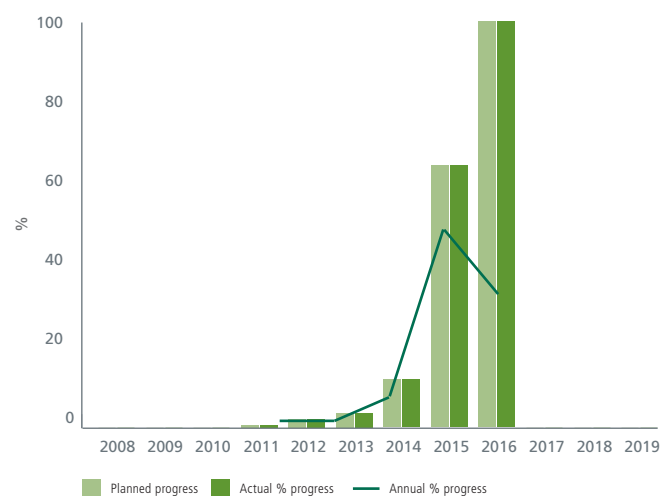
### PROJECT TIMELINE FOR STYLDRIFT I

Project phase	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Engineering and design	2008-2015											
Pre-sink infrastructure		2009-2011										
Surface infrastructure			2010-2016									
Main shaft sinking			2010-2014									
Main shaft equipping							2014					
Services shaft sinking				2011-2014								
Services shaft equipping								2015				
Lateral level development					2012-2015							
Underground infrastructure							2014-2018					
Decline development								2015-2018				
Production ramp-up								2015-2018				
Steady state												◇
Concentrator 250ktpm upgrade feasibility study						2013-2014						
Concentrator 250ktpm upgrade construction							2014-2015	◇				
Concentrator 100ktpm module pre-feasibility study												
Concentrator 100ktpm module feasibility study							2014-2015					
Concentrator 100ktpm module construction								2015-2016		◇		

### PROJECT PROGRESS IN MINING AND INFRASTRUCTURE



### PROJECT PROGRESS FOR CONCENTRATOR



## MANUFACTURED CAPITAL (continued)

The project cash flow escalates over the next three years, in line with the planned increase in construction activities. The planned cash flow increases from R728 million in 2013 to R1 908 million in 2014 and peaks at R2.7 billion in 2015. A key contributing factor is the start of the BRPM concentrator upgrade from 200 to 250ktpm in the third quarter of 2014.

### Operational readiness

An operations team is in place to execute the operational readiness strategies. The team commenced by developing and implementing operational strategies, philosophies, standards and procedures to ensure that the mine is ready to operate when the sinking and development phase is complete.

### Human resources

With the optimisation study completed, the labour requirements have been reviewed and aligned with recruitment and engagement lead times match the revised production schedule. Furthermore, the training and development of core skills (mining and engineering) has commenced with over R6 million invested in up-skilling the local community in 2013.

The company recognises the need to make accommodation available for our employees and capital has been set aside for the provision of housing.

### Production fleet and power

During 2013 Sandvik was selected as the strategic partner for the supply of primary production fleet. An order has been placed with delivery matched to the requirements of the production schedule. The procurement of the secondary fleet is in the tender process and will be finalised in the first quarter of 2014.

Eskom has received ministerial approval to proceed with the construction of the Ngwedi centralised sub-station to supply Styldrift I and the other mines in the area.

Construction commenced in the fourth quarter of 2013 with permanent power supply set for the first quarter of 2016.

### Mining contractor

After a thorough and comprehensive adjudication process, the mining contract for the ramp-up was awarded. We expect to finalise the commercial terms and conclude the legal agreements for the 36-month contract by the second quarter

of 2014, 12 months ahead of the start of ramp-up. The contractor will be engaged early in 2014 to commence technical work and scope alignment within the production ramp up footprint.

### Operational systems

During 2013 existing RBPlat systems and shared services were successfully introduced. Further development, customisation and enhancements of systems related to human resources, finance, procurement, mineral resource management, security, IT and engineering are planned for 2014.

The warehousing and logistics strategy for Styldrift I has been developed, the implementation of this will be phased in during 2014/2015.

### Risk management

The Styldrift I project team understands that their ability to meet the project schedule is dependent on the performance of the various contractors. As such, regular risk assessments to evaluate the ability of the contractors to perform required scope of work are conducted and contingency plans developed to address any potential risk identified.

### KEY STYLDRIFT I PROJECT ACTIVITIES

Activity	Planned	Current forecast
<b>Activities 2014</b>		
Main shaft: sink to 758m (shaft bottom)	June	June
Equipping of Main shaft – complete	December	December
Services shaft: sink to 723m (shaft bottom)	February	February
Services shaft sinking loading arrangement: ready for use	April	April
Feasibility study for concentrator upgrade from 200ktpm to 250ktpm: complete	April	April
Concentrator upgrade project execution: start	July	July
<b>Activities 2015 – 2017</b>		
Equipping of Services shaft: complete	May 2015	May 2015
Start of production ramp up	July 2015	July 2015
Achieve steady state	June 2018	June 2018

## Styldrift II

Styldrift II is in pre-feasibility phase with the current study programme expected to be completed in the fourth quarter of 2014.

Unique to the project area is the fact that the Merensky resource is exclusively underlain by the Swartklip Facies, which is generally characterised by improved lateral continuity of grade, consistency in the mineralised envelope width and a lower incidence of potholing and faulting, when compared to the Rustenburg Facies found on BRPM and Styldrift I.

The project resource area covers approximately 24 million square metres varying in depth between 820 and 1 500 metres and accounts for approximately 40% of the total BRPM Joint Venture resource. The ore body strikes fairly consistently in a north-northwest direction, at an average dip of 9° (with the dip starting shallow at 6° and increasing to 11° at the deeper, north eastern portions of the ore body).

RBPlat expects the total capital investment for this project to be in excess of R10 billion.

Our study work on Styldrift II is focused on evaluating and determining the technical solution that will yield the best business case to be progressed to feasibility with regard to the shaft placement, primary access methodology, mining method, production rate and processing solution. Feasibility study work is set to commence in the second quarter of 2015.

## Future outlook

The safety, health and wellness of every employee will remain a key focus for us. We believe we are well-positioned to continue the improvements achieved in this regard during the past four years, through further strengthening the barriers that prevent serious and fatal injuries.

The importance of business continuity, underpinned by our sound labour and

community relations, was demonstrated during the past year and will therefore also remain a key focus for 2014. We will be entering into wage negotiations during the second quarter of 2014 and look forward to the opportunity to renew the existing agreement. We believe all stakeholders benefited from the previous agreement and are confident about engaging in an equally successful negotiation process in 2014.

The development of skills and infrastructure in the communities in which we operate will also continue to be a key feature of our contribution to local economic development. In this regard we will focus specifically on driving the planning of key projects forward to ensure adequate time for consultation and approval, as well as strengthening project management and controls to ensure successful delivery of our projects.

Our key operational challenges in 2014 will be optimising volumes while retaining our existing flexibility, grades and operating cost focus. Detailed planning is required to ensure no operational disruptions result from the BRPM concentrator upgrade which will begin in mid-2014.

The key focus at Styldrift I will be the protection of the project schedule through the successful integration of multiple activities and participants to ensure the project remains on schedule to commence with production in 2015, ramping-up to full production during the second half of 2018. To this end we have ensured that both the project and operations teams are adequately resourced.

Based on the current operating platform our forecast for 2014, subject to any major unforeseen operational disruption, is a mill throughput of around 2.3 million tonnes at a built-up head grade of 4.2 g/t (4E). From 2015 production will increase in line with the Styldrift project ramp-up. UG2 production is expected to make up approximately 18% of our production in 2014, decreasing to around

10% in 2018, in line with the increased Merensky contribution from Styldrift I.

Structural changes to reduce operating costs were largely addressed during 2013. Further improvements will be informed by continuous business improvement processes. To this end we expect operating cost increases to remain below mining inflation.

As indicated in the Capital expenditure section of Styldrift I on page 60 of this section of the report, expansion capital at Styldrift will increase to about R1.9 billion in 2014 and around R2.7 billion in 2015, in line with the project execution schedule. Our total capital expenditure for 2014 and 2015 is forecast at approximately R2.4 billion and R3.1 billion in 2015, respectively.

Our strategies and focus areas for 2014 are informed by a longer-term rather than a shorter-term recovery in the PGM market and the Styldrift I funding requirements. Key success drivers are safety and health, business continuity, ounce production and operating costs. Based on the operational successes achieved in 2013, improved flexibility and the constructive participation of all stakeholders, we believe we are well-positioned to achieve all our goals in 2014.



3

## HUMAN CAPITAL

- 66 Human resources
- 76 Safety
- 80 Health and wellness



### ACHIEVEMENTS



- > No fatalities at Styldrift I
- > No strikes or any form of labour unrest

### IMPROVEMENTS



- > BRPM LTIFR of 0.49 (0.63 in 2012)
- > BRPM SIFR of 0.20 (0.40 in 2012)

### CHALLENGES



- > Maximising local employment
- > Restructuring our labour
- > Stakeholder responsiveness
- > Reorganising around a shared services model
- > Ensuring we deliver against our promise to provide homes for our employees

### DISAPPOINTMENTS



- > Two fatalities at BRPM
- > Styldrift I SIFR of 0.82 (0.65 in 2012)
- > Styldrift I LTIFR of 1.64 (1.18 in 2012)

# HUMAN CAPITAL

## Human resources

### > KEY MATERIAL ISSUES

- > Labour and trade union stability
- > Establishing suitable remuneration and reward structures linked to performance that are acceptable to our employees and our investors
- > Stakeholder engagement and responsiveness
- > Availability of adequate and appropriate skills

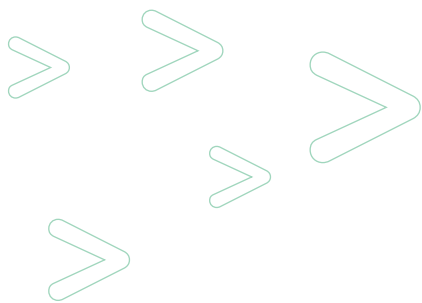
#### WHAT WE SAID WE WOULD FOCUS ON IN 2013

#### HOW WE PERFORMED

Continue to implement our human resource strategies with a particular emphasis on: > Engagement with our employees and the trade unions	Successfully completed rationalisation of our workforce
> Meeting our SLP requirements	Successful delivery of projects
> Talent management and succession planning process	Talent framework completed and project plan designed and approved Competency framework completed
> Deliver against our commitments in terms of a pilot housing project of 400 houses	By year end 322 houses had been completed and RBPlat had taken ownership of 106 of these houses

### KEY STATISTICS FOR 2013

- > There were no strikes in our operations during 2013
- > We employed 2 932 permanent employees and 4 997 contractors at 31 December 2013
- > 20% of the new jobs we created were awarded to people from doorstep communities
- > 14% average reduction in our workforce at BRPM (employees and contractors) year-on-year
- > 2.2% rate of employee voluntary turnover in 2013
- > Three of the women we trained to become rock drill operators are now working as rock drill operators at BRPM
- > 93% of our BRPM employees as at 31 December 2013 are union members
- > 97% of our BRPM employees are covered by collective bargaining agreements
- > Women make up 23% of our management team
- > Women made up 11.09% of our permanent workforce at BRPM and 23.3% of our permanent workforce at Styldrift I
- > We invested R75.9 million in training and development which was 15% of our payroll.





### What we want to focus on in 2014

- > Concluding a new wage agreement by 30 June 2014
- > Optimising our labour numbers (contractors and permanent employees) at BRPM
- > Talent management
- > Continuing with the housing project for employees including preparations for Styldrift I employee housing
- > Implementing our new incentive programmes
- > Continuing with the upskilling of our workforce and community members.

## Our policies and approach to our employees

### We support the UNGC's ten principles.

The principles relevant to human resources are:

#### Human rights

**Principle one:** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

**Principle two:** Businesses should make sure that they are not complicit in human rights abuses.

#### Labour

**Principle three:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle four:** Businesses should uphold the elimination of all forms of forced and compulsory labour.

**Principle five:** Businesses should uphold the effective abolition of child labour.

Our previous report on the progress we have made in terms of the Compact's 10 principles is available on our website at: [www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za)

We comply with the South African Basic Conditions of Employment Act No 75 of 1997 and the Labour Relations Act No 66 of 1995, which govern labour relations and conditions of employment in South Africa. We are committed to upholding the United Nations' Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We are also a signatory to the United Nations Global Compact (UNGC).

Our employment policy provides equal opportunities to all our potential and existing employees and is designed to achieve a diversified workplace that reflects the demographics of our country.

We are committed to providing a workplace based on:

- > mutual respect
- > fairness
- > integrity
- > non-discrimination
- > equal opportunity at all levels
- > open and two-way engagement with our employees and their representatives.

Our policies and procedures are designed to eliminate discrimination of any kind and ensure equal opportunity regardless of race, nationality, religion, gender, age, sexual orientation, disability, political opinion or any other differentiator. When it becomes necessary to reduce our workforce we consult extensively with all the affected parties including management, employees and the trade unions.

No incidents of discrimination were reported in RBPlat during 2013.

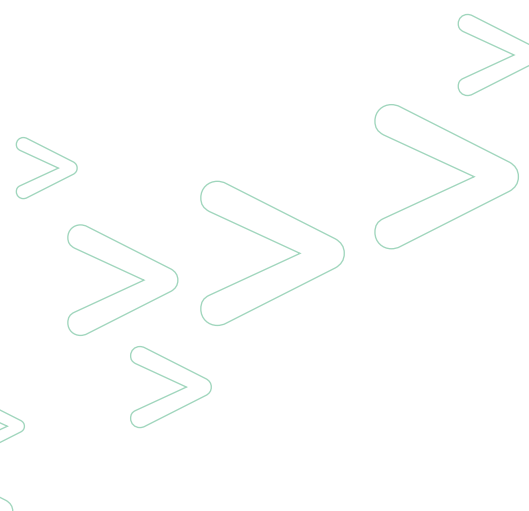
The development of our human resources strategy and the alignment of it with the Company's overall strategy is the responsibility of the Executive: Human Resources who reports to our Chief Executive Officer.

The transformation element of our human resources strategy seeks to achieve diversity at all levels of the organisation by:

- > developing the miners of tomorrow through youth development, graduate and bursary programmes and learnerships
- > upgrading the skills of the people currently mining our operations
- > developing the HDSA leaders of tomorrow through leadership development programmes, internal promotion and succession planning
- > increasing the number of women working at mining in the workplace through retention, external recruitment and diversity training
- > achieving diversity at all levels in the organisation
- > facilitating the home ownership we are committed to in terms of the Mining Charter and our three-year wage agreement.

The human resource teams at BRPM and Styldrift I are responsible for implementing our human resource strategy and policies. They are also responsible for strategic workforce planning and employee training and development.

It is essential for the sustainability of our business and our achievement of our strategic goal of operational excellence that we provide our operations with the appropriate skills and experience when they are required. To achieve this we make a substantial investment in the development of our people.



## HUMAN CAPITAL (continued)

### Human resources (continued)

To attract and retain the right skills we recruit, manage performance, train and develop and provide excellent career opportunities and well-structured employment contracts that offer fair and competitive remuneration.

We provide our permanent employees and contractors with opportunities to acquire competencies that will allow them to develop and progress. This approach encourages multiskilling, which increases the career opportunities available to employees.

#### OUR TOTAL WORKFORCE AS AT 31 DECEMBER

	2013	2012	2011
<b>BRPM</b>			
Contractors	3 768	4 256	5 276
Permanent employees	2 749	3 238	2 978
<b>Styldrift I project</b>			
Contractors	1 221	666	484
Permanent employees	30	21	3
<b>Shared services</b>			
Contractors	8	–	–
Permanent employees	131	–	–
<b>Corporate office</b>	22	24	19
<b>Total number of employees</b>	<b>7 929*</b>	8 205	8 760

\* This number excludes 366 trainees who were part of our social and labour plan commitment

RBPlat's total number of employees decreased by 3.36% in 2013. Permanent employees decreased by 11.9% and contractors increased by 1.5%.

### Stakeholder responsiveness

Our key stakeholders in terms of human resources are our employees, union representatives and the communities in which we operate.

We have identified a breakdown in relationships with our workforce (permanent employees and contractors) as one of our potential key risks. We have implemented a communication plan designed to provide our employees with regular, transparent communication and a mutual understanding of issues. While we recognise that human resource communication will always be a challenge, we are committed to doing our best to maintain good relationships with our workforce, the unions and the communities.

Our Chief Executive Officer plays an important role in our employee engagement and he has regular meetings at which he interacts with employee focus groups throughout the year. Any issues raised at these meetings are recorded to ensure that, if required, they receive attention and a response where necessary. Where possible the CEO responds during the meeting.

We keep employees updated on business issues through a range of communication tools, including our quarterly *Lebone* newsletter and our annual report to employees, partnership forums, the monthly feedback sessions held by the general manager and the operational area production managers, and cellphone text messages. To improve workgroup communication the leadership training we provide includes training in communication skills.

Our most key stakeholder engagement in terms of human resources this year has been our discussions with the United Association of South Africa (UASA) and the National Union of Mineworkers (NUM), which represents the majority of our employees, around employee housing and the restructuring of our workforce to improve our cost effectiveness, which started in 2012.

In 2014 our key engagement with the union will be our wage agreement negotiations and the allocation of houses.

We interact with trade union representatives both via formal structures and informally. Formal operational area partnership forums take place once a month at each shaft or plant, while the operational unit partnership forums meet quarterly at each mine. We also have an executive partnership forum (EPF), which meets twice a year, at which our executives provide the local, regional and national union representatives with a high level business review.





The issues raised in these structures include periodic business reviews, company strategy, safety, employee wellness, employment equity, general employee issues not resolved through normal operational processes, training and development.

In accordance with the law the unions are represented on our Employment Equity and Skills Development Committee. They also sign off the employment equity and workplace skills plans.

We also have a formal structure in the form of a housing investigative committee, which is part of our three-year wage agreement, that meets monthly, or as and when required. We meet with the unions on issues such as housing funding, designs, housing agreements, housing policy, allocation and occupation rules. The Housing Investigation Committee (HIC) also consults with the union on the designs to be used for employee houses and on their construction, which RBPlat agreed to in 2011 as part of our three-year wage agreement.

Our human resources development team worked with mine management, the unions, our safety team and the DMR on rock strata training to try and avoid falls of ground. They also attend the monthly community meetings and engage with the community in connection with the training and work experience opportunities we offer adult community members and our efforts to improve the standard of maths and science in local schools. We believe that we are beginning to see a continuous improvement in our community relationships, however, expectations continue to grow, which may put a strain on our relationships.

### Labour relations

We uphold the right of our employees to freedom of association and collective bargaining. 93% of our employees are unionised. This excludes approximately 100 Patterson Grade D2 and above employees (middle and senior management). The graph on this page provides a breakdown of the union membership of our employees.

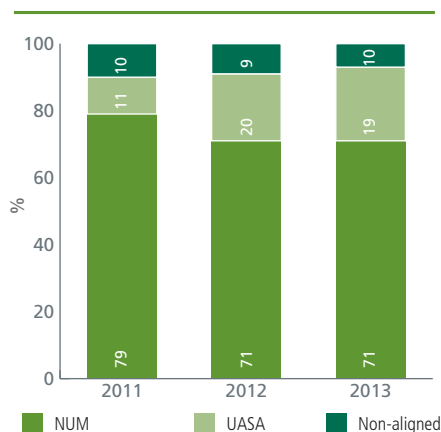
RBPlat has a sound employee relations recognition agreement (ERRA). The threshold for a union to exercise organisational rights is 40% on any bargaining unit. We currently recognise two unions: NUM and UASA. At year end NUM remained the majority union at RBPlat with 71% in the operators unit and 68% representation in the supervisory unit. UASA's membership in December 2013 was 19% in the operators unit and 30%

representation in the supervisory unit. Although UASA is below the 40% representation threshold stipulated by the ERRA it remains recognised. The employee relations department facilitated a reviewable sunset clause agreement between NUM and UASA to continue recognising UASA until 30 April 2014, giving them time to improve their membership to the required threshold.

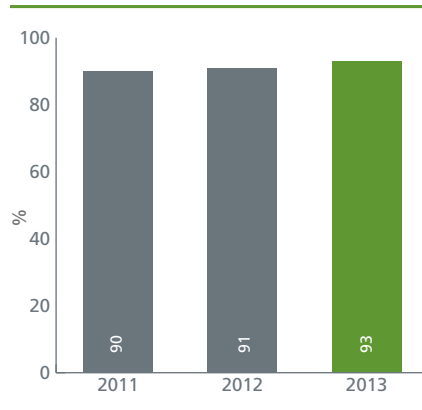
In accordance with our ERRA on collective bargaining we signed a three-year wage agreement with NUM, the majority union, in August 2011. We now need to negotiate our new wage agreement for implementation on 1 July 2014.

Our contractors negotiate their wage agreements separately from our enrolled employees.

#### UNION MEMBERSHIP



#### UNION REPRESENTATION



### Industrial action

RBPlat was fortunate not to lose any production days to industrial action in 2013, having lost 13 days to industrial action in 2012.

#### INDUSTRIAL ACTION AT RBPLAT

Operation	Duration	Cause of action
2013		
BRPM	0	
Stydrift	0	
2012		
BRPM	Three days (21 – 23 August)	Rock drill operator demands for increase in fixed pay in line with platinum industry demands
BRPM	10 days (12 – 21 September)	Resumption of the strike that took place in August. Rock drill operators were joined by other employees to further their previous demands

### Recruitment

We recruit from the local communities whenever possible, and in some instances offer training opportunities to community members that will equip them for employment in the mining industry (see the Training and development section of this report on page 72 to 75 for details).

At Stydrift I the recruitment of employees who will provide key operational skills has begun and will be ongoing. The operational readiness team has all the key skills it requires at present. In 2014 the team will need to recruit people with the skills necessary to take over the mine's Main shaft. They have already recruited the shaft engineer, who will recruit the rest of his team in 2014.

For information on our training and development see page 72 to 75



## HUMAN CAPITAL (continued)

### Human resources (continued)

#### WOMEN AT MINING (EXCLUDING CONTRACTORS AND SLP TRAINEES)

Where they work	2013*	2012*	% change year-on-year
North and South shafts	167	166	0.6
Concentrator	42	38	10.5
Mine technical services	2	2	–
Styl drift I	7	6	16.7
Management services	27	22	22.7
Finance and administration	33	30	10.0
Human resources	26	21	23.8
Engineering	8	10	(20.0)
Corporate office	10	11	(9.1)

\* Excludes contractor employees and women recruited for our development programmes

Our diversity training included recruiting 107 women for development programmes as part of our SLP commitments in 2013 compared to the 99 women we recruited in 2012

#### Talent management and succession planning

During 2013 our focus on talent management and succession planning began with the development of a leadership pipeline. We defined what skills would be required to fill a certain position and identified the skills people in lower level positions would need to develop before they would qualify for promotion. This exercise has provided us with a skills matrix that we can use, together with performance management assessments, to ensure the training and development we provide our employees is appropriate to their developmental needs.

Our talent management roadmap diagram below describes the steps we have mapped out.

#### OUR TALENT MANAGEMENT ROADMAP FOR BRPM

##### 2013 FOCUS

Improving people planning in relation to our leadership pipeline and talent supply strategy

Career development conversations with target group to identify future successors for critical positions

##### 2014 FOCUS

A scorecard in place to predict talent supply and relevant intervention

##### 2015 FOCUS

Talent conversations embedded as a practice

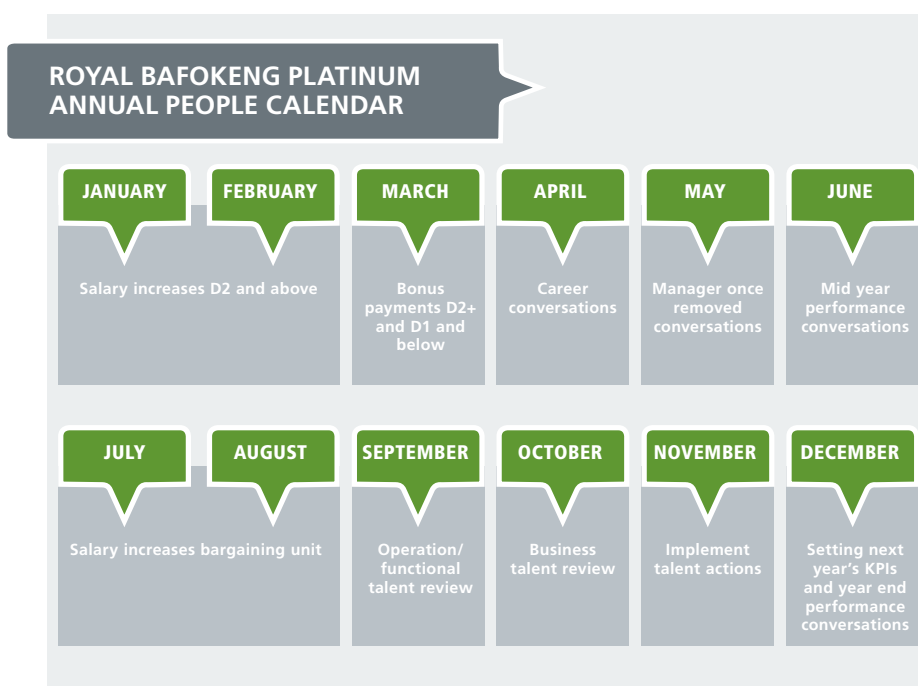
Clear benefits from the talent process (full talent bench strength and supply review)

#### Performance management

Previously, key performance management indicators only applied to middle and senior managers who have performance reviews, which include career development discussions, twice a year. In 2013 we also introduced key performance management indicators for our mining teams at BRPM.

All members of our management team have annual performance reviews.

The people calendar we introduced in 2013 enhances our ability to manage and coordinate our people agenda.



### Employee benefits and remuneration

We provide our permanent employees with retirement benefits in the form of a retirement fund (which is not a defined benefit fund) and medical scheme benefits. We also provide our employees with group life assurance which provides a benefit of up to seven times their annual salary in the event of death. These benefits are provided over and above the legally mandated benefits.

Our employees are also provided with disability benefits which include the payment of the full medical aid benefit for the duration of the disability period, death benefits and funeral cover. Should someone pass away while in our employ their children's education will be paid for until they complete their tertiary education.

We also have an employee share ownership plan in place.

### Our performance against the Mining Charter targets for the employment of historically disadvantaged South Africans (HDSAs) in 2013

We have already exceeded the Charter's 2014 targets.

	Number of HDSAs	Charter target for 2014 (%)	Actual % for 2013	% by which we have exceeded the target
Board level	6	40	60.0	20.0
Senior management	4	40	66.7	26.7
Middle management	69	40	65.1	25.1
Junior management	616	40	85.0	45.0
Core skills	2 151	40	99.4	59.4

### Our approach to the impact on our employees of over-indebtedness and garnishee orders

We continually make our employees aware of the risks attached to short-term loans and irresponsible borrowing, however, around 30% of our employees have garnishee orders. We have arranged for a specialist in these matters to assist our employees with the debt rehabilitation process.

### Addressing home ownership for our employees

After lengthy investigations, undertaken jointly by RBPlat and NUM, into a housing solution which would make it possible for our employees to own homes, we began building 400 houses in 2013. The houses are near Rustenburg, in accordance with the Mining Charter stipulation that mining companies will provide housing close to a functional town.

We set ourselves the target of completing all 400 houses by December 2013, but administrative delays at the beginning of the year meant we started construction later than we planned. By the end of December 2013 we had completed 322 houses.



RBPlat housing project

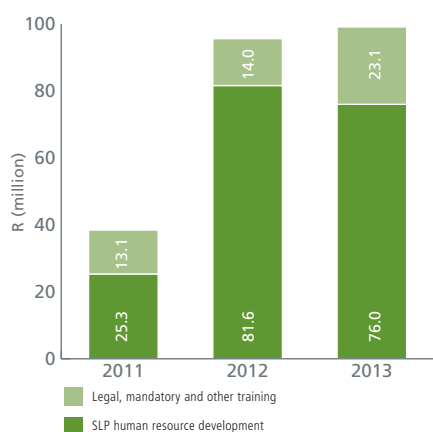
For information on our employee remuneration and incentives see page 134 to 138.



## HUMAN CAPITAL (continued)

### Human resources (continued)

#### OUR INVESTMENT IN TRAINING



#### We provided:

- > 2 789 permanent employees and 3 571 contractors with legal and mandatory training
- > 237 employees and contractors with external training
- > 56 permanent employees with educational assistance for part time studies
- > 131 community members with mining, engineering and processing skills training
- > 165 school children with maths and science teachers
- > 24 gap year students with work experience
- > 18 students with internships
- > 34 students from our communities with bursaries for their tertiary education
- > 27 people participated in our graduate development programme
- > 213 people provided with ABET training
- > 59 community members with portable skills training.

### Training and development

Ensuring we have adequate and appropriate skills is a key material issue for RBPlat. This includes the development of our people, both our permanent employees, contractors and the communities from which we will draw our future employees.

In 2013 RBPlat spent an average of R9 530 on training per person and we provided an average of 51.5 hours of training for each member of our workforce.

OUR FOCUS  
2014

#### What we want to focus on in 2014

Team leaders, miners and shift supervisors to complete rock strata training. Hazards identification training also to be implemented.

#### INTERNAL TRAINING PROVIDED FOR OUR WORKFORCE

Type of training	Number of people trained			% change year-on-year
	2013	2012	2011	
<b>Mining training</b>				
Learner officials	2	2	1	-
Level 1 – Competent A	132	162	239	(18.5)
Level 1 – Competent B	291	712	811	(59.1)
Level 1 – Skills programme	644	354	141	81.9
Level 2 – Team leader	65	493	342	(86.8)
Level 3 – Learner miners	26	22	5	18.2
Mine manager	2	-	1	100.0
Mine overseer	-	1	5	(100.0)
Supervisory training	5	3	5	66.7
<b>Total</b>	<b>1 167</b>	<b>1 749</b>	<b>1 553</b>	<b>(33.3)</b>
<b>Mandatory on-mine training</b>	<b>6 439</b>	<b>8 195</b>	<b>8 609</b>	<b>(21.4)</b>
<b>Engineering training</b>				
Engineering – Level 1 training	27	38	54	(28.9)
Artisan learnership	18	25	12	(28.0)
Engineering – Level 2 (stope serviceman)	18	24	13	(25.0)
Medium voltage certification	4	8	-	(50.0)
Engineering supervisory development programme	3	3	2	-
Onsetter skills development programme	5	2	-	150.0
Other artisans training (lower level)	39	44	2	(11.4)
Winding engine driver learnership	5	3	-	66.7
<b>Total</b>	<b>119</b>	<b>147</b>	<b>83</b>	<b>(19.1)</b>

Type of training	Number of people trained			% change year-on-year
	2013	2012	2011	
<b>Concentrator</b>				
Process supervisory development programme	6	6	3	–
Shift leader development programme	–	–	3	–
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>–</b>
<b>Management and leadership</b>	<b>42</b>	<b>38</b>	<b>40</b>	<b>10.5</b>
<b>People development</b>				
Internal bursars (full time)	4	2	–	100.0
Safety language programme	21	81	90	(74.1)
Adult education and training	139	280	383	(50.4)
Foundational learning (QCTO)	–	72	–	(100.0)
Portable skills training	61	75	314	(18.6)
<b>Total</b>	<b>225</b>	<b>510</b>	<b>787</b>	<b>(55.9)</b>

#### SOCIAL AND LABOUR PLAN TRAINING

This training was provided to adult community members.

Skill	Number of people trained			% change year-on-year
	2013	2012	2011	
<b>Mining</b>				
Mining cadet skills programme (rock drill operators and pipes, tracks and ventilation)	123	142	9	(13.4)
<b>Engineering</b>				
Engineering cadet skills programme	13	21	7	(38.1)
<b>Concentrator</b>				
Process cadet skills programme	10	10	–	–
<b>Total trained</b>	<b>146</b>	<b>173</b>	<b>16</b>	<b>(15.6)</b>

#### PEOPLE DEVELOPMENT

Programme	Number of people trained			% change year-on-year
	2013	2012	2011	
School programme (our school programme changed in 2013 with our investment being in training teachers rather than pupils)	–	173	–	(100)
Gap year students	24	20	–	20.0
External bursars	34	33	–	3.0
Exposure students (P1 and P2) – internship	18	32	9	(43.7)
Graduate development programme	27	27	2	–
Research and development	1	2	–	(50.0)
Adult basic education training (ABET)	213	104	96	104.8
Portable skills training	60	93	242	(35.5)
<b>Total</b>	<b>377</b>	<b>484</b>	<b>349</b>	<b>(22.1)</b>

#### Year-on-year percentage change in training provision

Following two years during which the main thrust of our training was on the development of technical skills in our employees, this year we increased our focus on leadership training with a particular focus on the skills of team leaders, miners and supervisors. The amount of management and leadership training we provided in 2013 increased by 10.5%.

Type of training	% decrease/increase
Mining training	(33.3)
Mandatory on-mine training	(21.4)
Engineering training	(19.1)
Concentrator training	No change
Management and leadership training	10.5
People development training	(55.9)
SLP	(15.6)
People development	(22.1)

## HUMAN CAPITAL (continued)

### Human resources (continued)

The external training our employees and contractors received included the mining shift supervisor, mine overseer, process supervisor and basic supervisory skills programmes, all engineering training, coaching and the Facility Management Professional and Management Development programmes.

#### EXTERNAL TRAINING FOR OUR EMPLOYEES AND CONTRACTORS

Employee category	2013		2012		% change in number of people trained year-on-year
	Number of people trained	Days of training	Number of people trained	Days of training	
A1 to B7 (core and critical skills)	22	114	10	22	120
C1 to D1 (junior management)	92	173	101	59	(9)
D2 and up (middle and senior management)	32	39	33	53	(3)
Contractors	1	46	3	13	(67)
<b>Total</b>	<b>147</b>	<b>372</b>	<b>147</b>	<b>147</b>	<b>-</b>

#### Developing our leaders

Over the past two years, while we have provided our employees with developmental and leadership training, the main thrust of our training has been on developing the technical skills of our employees at BRPM. We identified that there was a need to develop the leadership skills of our heads of department, team leaders, miners and supervisors. Team leaders' legal responsibilities have increased in recent years and we found that they needed assistance with managing these responsibilities. Together with the key performance management indicators introduced for teams we introduced an integrated process which includes coaching, analysis of data collected from observing teams at work followed by training in planning, organising, leading and controlling a team, which is based on the data collected from observing teams at work.

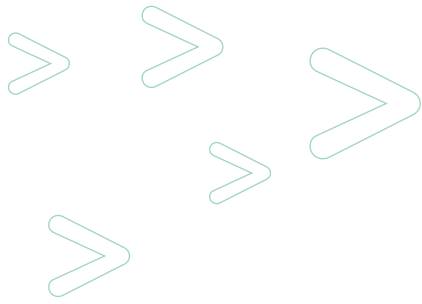
The introduction of our talent management programme in 2014 will ensure our leaders are receiving the type of training that will help them develop the skills they need in their current and future roles in the organisation. Not only will this make our training more effective, it will also be more cost efficient.

#### Skills development

Our Rock Drill Operators Academy gives unemployed youths who completed our ABET and portable skills programme an opportunity to train in the full complement of mining skills. Their practical training takes place in our underground training centre. They train teams because teamwork plays a very important role in safe and productive mining. The first intake in 2012 proved so successful that a second intake of 55 youths were enrolled on the programme in 2013.

Eighteen women who came from the local communities joined our rock drill operator training programme last year. Ten of these women were also multiskilled in pipes, tracks and ventilation (PTV) and stope timber.

One of our contracting companies was so impressed with the standard of our Rock Drill Operators Academy trainees that they have hired 52 of them.



### Community development

To address the need for more learners to successfully complete grade 12 maths and physical science we have assisted Charora High School by providing two additional maths educators and one science educator. The grade 12 class of 2013 achieved a 6% improvement in physical science and a 5% improvement in maths. For the first time in the history of the school a learner obtained a distinction in physical science. To provide the learners with a quality learning experience we refurbished the maths and sciences facilities and supplied the science laboratory with new chemicals and equipment. In partnership with some of our contractors, we also supplied the school with furniture and additional maths and science text books. The school has seen an increased interest in maths and science, especially in grade 10, since the start of our initiative. Learners also have a better understanding of the opportunities that exist for them in the mining industry once they have completed engineering studies that require maths and science.

This year we had 24 students on our gap year programme, which gives students from the local community whose matric maths and science marks did not qualify them for

university entrance an opportunity to improve their marks. In 2013 these students achieved a very pleasing average improvement in their mathematics marks of 26%, with one student improving as much as 54%. Their science marks improved an average of 10%, with the greatest improvement being 23%.

### Styldrift I training and development preparations for operational readiness

At Styldrift I we need to finalise our plans for the training centre by June 2014 in order to have an operational training centre by July 2015 when the contract miners come on site. The operational readiness team has evaluated a number of options and is also in discussion with the project team with regard to the positioning of an underground training centre at Styldrift I where employees and contractors can be given practical training in an environment similar to that to which they will be exposed in the mine.

In 2012 we reported that the low level of doorstep community members with the maths, science, numeracy and literacy skills necessary to qualify for the training required to work in a mechanised mine like Styldrift I had made it difficult for us to find enough

candidates. We have since expanded our recruiting to other communities in this area.

We secured training facilities for community members at Anglo American Platinum's (Amplats) Bathoephe Mine training centre, however, due to industrial unrest at Amplats' mines their training has frequently been interrupted. Our target is to train 150 load haul dump (LHD) vehicle operators. We have managed to train 59 community members as LHD vehicle operators. Twenty of these have been trained as drill rig operators and five of the 20 have also been trained as roof bolt operators. All of them have been certified through the MQA as trackless machinery operators. The top performers are receiving additional training that will multiskill them.

Styldrift I has made good progress with its artisan training of community members. Twenty seven apprentices are currently in training with Sandvik Mining, who will be supplying the machines we will use in the mine. Our target is to train 60 artisans so Styldrift I will be recruiting an additional 33 for training in 2014. The first group of artisans will qualify towards the end of 2015 and the second group will qualify in 2016, which is when they will be needed on the mine.



As part of BRPM's portable skills training community members are trained as plumbers

## HUMAN CAPITAL (continued)

### Safety



#### Our key material issues

Safety performance at both BRPM and Styldrift I

#### In honour of our colleagues who lost their lives in 2013

We extend our deepest sympathies to the family, friends and colleagues of Mr Robert Mohlaoli Mohoanyane and Mr Thembele Kibida who died in work-related accidents at BRPM on Wednesday, 8 May and Saturday, 7 December 2013, respectively

#### Our safety vision: zero harm

- > Every person working at RBPlat must go home unharmed every day
  - No rock will fall uncontrolled
  - No sub-standard winch will be operated
  - All loads will be properly supported
  - Kibble movement will be well managed and announced
  - No machinery is operated without authorisation
  - All machinery must comply with the original equipment manufacturers' (OEM) specifications and be effectively guarded for safe operation.

#### WHAT WE SAID WE WOULD FOCUS ON IN 2013 HOW WE PERFORMED

> Achieve zero fatalities	Two fatalities at BRPM
> Improve at least 20% year-on-year on our lost time injury frequency rate (LTIFR) and serious injury frequency rate (SIFR) to achieve total zero harm within five years	RBPlat LTIFR improved 9% RBPlat SIFR improved 37%
> Address the changing risk profile of the development at Styldrift I as a result of the change from shaft sinking to lateral development	Done
> Styldrift I to implement an effective SHE management system that will address the changing risk profile	Done
> Styldrift I SHE management system ready for OHSAS 18001 certification by end October 2014	Ahead of schedule with initial audit conducted in September 2013 with recommendation Styldrift I prepare for certification – aim to achieve certification in March 2014
> Grow our understanding of the role human error plays in unwanted events	Ongoing – still investigating Our investigations have shown that when external factors distract a supervisor from paying careful attention to what his team is doing, their risk taking increases
> Address Styldrift I increased risk profile through Styldrift Mine SHE management system	Risk Officer appointed September 2013 for this purpose

#### OUR FOCUS 2014

- > Continue to focus on our journey to zero harm
- > Improve 20% year-on-year on our LTIFR
- > Improve 20% year-on-year on our SIFR
- > Improve our safety maturity level at BRPM by 10% to achieve Proactive level
- > Improve our safety record at Styldrift I despite the build-up of personnel and activities on site in 2014
- > Safe execution and completion of the underground and surface infrastructure at Styldrift
- > Achieve OHSAS 18001 certification at Styldrift
- > Continue to grow our understanding of the role human error plays in unwanted events.

#### We support the UNGC's ten principles

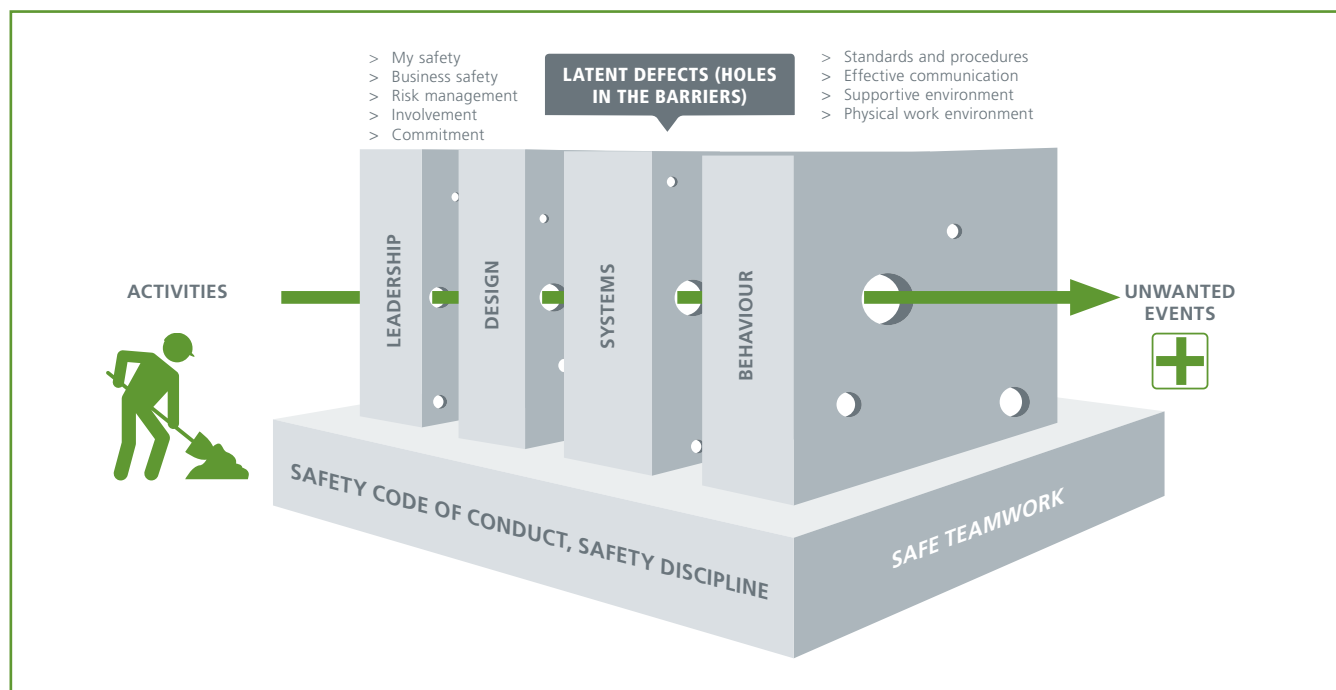
The principle relevant to safety is:

##### Human rights

**Principle one:** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence. Our previous report on the progress we have made in terms of the Compact's ten principles is available on our website at: [www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za)



## Safety strategy model



### Our approach to safety

To mine and process the ore we extract from the earth exposes us to hazards. We need to design our mines and operate them in a manner that makes them as safe as possible. Through the application of our safety strategy we are building the resilience in our organisation necessary to enhance our ability to respond, monitor, anticipate and learn on our journey to zero harm.

In RBPlat's operations safety is the direct responsibility of senior management who are responsible for providing visible, felt leadership, appropriate operational designs, workable systems and corrective behaviour that will prevent unwanted events and eliminate fatalities. The formal management structure document clearly indicates responsibility for safety from our Board, assisted by its sub-committees, which takes ultimate responsibility for safety at RBPlat, to each individual employee and contractor.

### Our safety strategy

Our safety strategy model, developed in 2011 and updated in 2013, is the guide we employ when we design and develop new projects and when we investigate the causes of unwanted events in our operations.

The diagram above shows the three layers that make up our strategy model. The foundation consists of our Safety Code

of Conduct, Safety discipline and Safe teamwork.

Our Safety Code of Conduct outlines an individual's duties, functions and responsibilities in the day-to-day decision-making processes necessary for the actions they need to perform.

Safety discipline sets out the action that needs to be taken and how it should be taken to address slips, lapses, mistakes or violations.

Safe teamwork relates to the concept of 'my brother's keeper', which includes encouraging employees to take personal responsibility for the safety of their colleagues and themselves and to challenge unsafe behaviour.

The second layer in the strategy consists of the four barriers that must be in place to prevent unwanted events. These are leadership, design, systems and behaviour. The stronger the barriers, the less likelihood there is of something unplanned happening. Strong leadership ensures that only a safe design is approved with effective systems in place to support the design and the correct behaviour during the execution of a task.

The third layer addresses latent defects (holes in the barrier that can lead to unwanted events) such as: my safety, business safety, understanding the risk and

managing it, involvement, commitment standards and procedures, effective communication, supportive environment and physical work environment.

### Management systems

BRPM once again maintained its Occupational Health and Safety Assessment System (OHSAS) 18001:2007 certification, which it has held since 2004. Styldrift I spent 2013 preparing for certification and expects to achieve OHSAS 18001:2007 certification early in 2014. BRPM has also retained its International Organisation for Standardisation (ISO) 14001 certification this year, which it first achieved in April 2002. (Please refer to page 80 of the Health and wellness section of this report for information on our health and safety committees at BRPM.) Styldrift I will be ready for ISO 14001 certification when the mine begins stoping operations.

### Stakeholder responsiveness

The DMR, our employees and the communities are our key stakeholders when it comes to safety. We regularly engage with the DMR. When safety stoppages occur refresher training takes place and new training interventions to prevent injuries. In 2013 we improved our strata control and rock engineering training following a request from the DMR.

## HUMAN CAPITAL (continued)

### Safety (continued)

Our SHER Manager is a member of the Chamber of Mines' Occupational Health and Safety Policy Committee and he chairs the Tripartite meeting for the North West province Rustenburg region. Other stakeholders in terms of safety are the Mine Health and Safety Council with whom we also interact.

Keeping our employees safe is one of our material issues and safety training plays an important part in our engagement with our employees. We respond to the challenge by constantly adapting our safety training and communication to achieve a better level of understanding of safety hazards among our employees. For example, research has shown that injuries tend to increase in the last quarter of the year. At BRPM every year we develop a specific strategy that focuses on safety communication and compliance with standards and procedures with the aim of minimising at work injuries. Every month we introduce a different safety topic that team leaders discuss with their teams. The topic discussed is usually the learnings from the latest incident on the mine and the non-compliances that we found caused the incident/accident are addressed.

Our safety team interacts with the community on safety matters at our monthly community meetings.

#### Our progress in 2013

Regrettably we had two fatalities at BRPM in 2013. Mr Robert Mohlaoli Mohoanyane died in a construction-related accident on 8 May at BRPM's South shaft and Mr Thembele Kibida in a fall of ground accident on 7 December 2013.

Despite these two fatalities, the overall trend of our safety performance is pleasing. RBPlat reduced its lost time injuries from 61 to 51, a 16% reduction year-on-year and its serious injuries were reduced by 42% from 38 to 22 injuries in 2013. The Stydrift I project achieved its third fatality-free year. The LTIFR for RBPlat improved 9% year-on-year and our SIFR improved 37% year-on-year.

Overall, RBPlat had 240 injury-free days in 2013.

Using our investigative methodology we are growing our understanding of the role human error plays in unwanted events. Our inclusion of counselling by a qualified psychologist in the investigative process allows us to gather more information about the factors that contribute to behaviour that causes incidents/accidents.

Our investigations have shown that slipping and falling is a major contributing factor towards injuries at BRPM. To try and improve on this we are focusing on ensuring that the footwear issued to employees is in good working condition, the travelling ways are kept dry, slippery areas are addressed and tripping hazards are minimised. Due to the considerable amount of incline and decline travelling at BRPM we pay more attention to these potential hazards.

To reduce the type of injuries that occur mainly where construction, maintenance, tramping, the transportation and pulling of boxes is taking place we constantly make employees aware of the dangers of certain tasks related to equipment and material handling.

To reduce the number of fall of ground-related incidents at BRPM, where small rock falls have been on the increase, we need to increase the ability of our employees to identify possible geological disturbances and the correct way to treat them. As previously discussed we have revised our training programme and all the relevant employees have received this training. The Chamber of Mines' Mining Industry Occupational Safety and Health Best Practice on Entry examination and Safe Declaration is now fully rolled out at BRPM.

Stydrift I is also challenged with falls of rock. We are investigating in conjunction with the explosives suppliers what needs to be adjusted on the blasting pattern to improve this situation.

While Stydrift I had its third consecutive fatality-free year, its safety team was very disappointed not to achieve its LTIFR target of 1.0, having ended the year with an LTIFR of 1.64 or to improve its SIFR (0.82 in 2013).

Stydrift I's biggest safety challenge as a project is the number of contractors working on site, which will increase further in 2014 (see the Stydrift I review on page 60 for more detail on what is planned to take place at Stydrift I during 2014). Safety training is part of the induction programme that all contractors have to complete. To manage safety on site the operational readiness team holds a mass meeting every Monday with the contractors who are working underground with the aim of identifying the safety hazards for the week ahead and taking action to keep people safe. On Tuesdays the team meets with the contractors working on surface for the same purpose. The operational readiness team constantly monitors contractors to



For information on training and development see page 72 to 75.

ensure they are complying with the RBPlat safety standards.

Regular safety, health and environment (SHE) audits are conducted. Where deviations are identified line managers and line supervisors are made aware of them. A follow-up inspection is carried out to ensure that the deviations have been corrected. Where an area is not complying with the mine standard a work stoppage notification is issued. This remains in place until a follow-up inspection is conducted and the deviations are closed out.

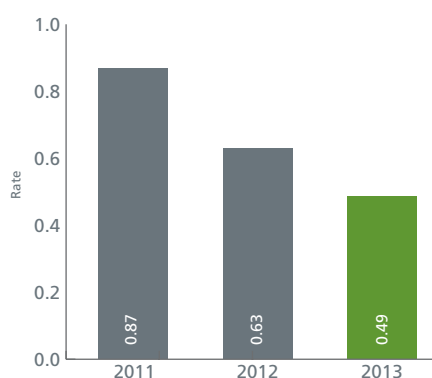
### Safety maturity

A safety maturity survey, which looks at the people and system aspects, was again conducted at BRPM in 2013. This year it used a different approach which included electronic responses, personal interviews and a safety audit. The previous survey conducted in 2012 was based only on the completion of a maturity questionnaire. The audit established that the safety maturity at BRPM is currently at 47%. This places BRPM midway into compliant (compliant is from 40% to 59%). The gaps between the survey responses and the physical audit number is the area we will be focusing on to address perceived implementation versus actual implementation.

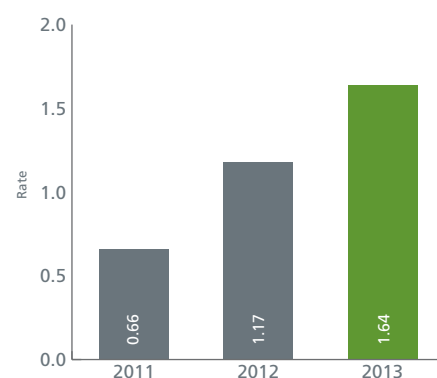
## RBPlat's overall safety performance

(Rates based on 200 000 hours worked)

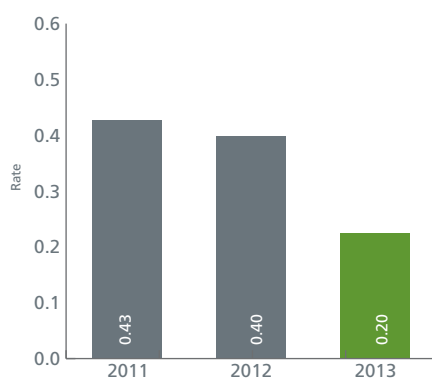
### BRPM LOST TIME INJURY FREQUENCY RATE



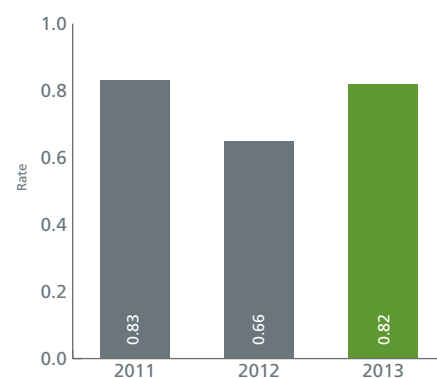
### STYLDRIFT I LOST TIME INJURY FREQUENCY RATE



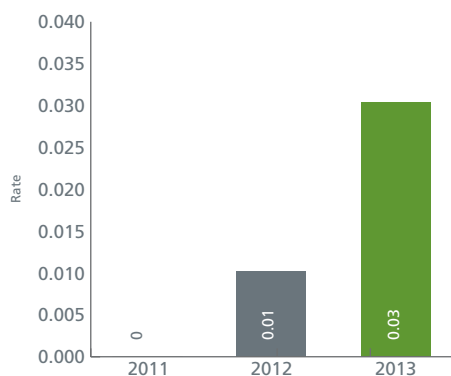
### BRPM SERIOUS INJURY FREQUENCY RATE



### STYLDRIFT I SERIOUS INJURY FREQUENCY RATE



### BRPM FATAL INJURY FREQUENCY RATE



## HUMAN CAPITAL (continued)

### Health and wellness



#### Our occupational health vision

To achieve our vision of zero occupation-related harm we:

- > recognise that all occupation-related illnesses are preventable
- > make a consistent and sustained effort to ensure that there are no repeat occurrences of occupational diseases
- > apply simple, consistent and non-negotiable health and safety standards across our organisation to prevent occupation-related illnesses.

#### WHAT WE SAID WE WOULD FOCUS ON IN 2013

#### HOW WE PERFORMED

> No new cases of any occupational illness or diseases	None reported and diagnosed
> No deterioration in hearing greater than 10% among occupationally exposed employees as a result of exposure at RBPlat operations	Did not achieve the target There were six cases identified of cumulative exposure over long periods of time
> No new cases of NIHL in 2013 in line with the 2013 Safety Milestone requirements	Zero new cases
> 95% exposure measurement for respirable crystalline silica to be less than an occupational exposure limit of 0.1mg/m <sup>3</sup> as per the requirements in the 2012 safety milestone document	All analyses for crystalline silica below detectable levels
> Intensive education, motivation and support to decrease the HIV incident rate (new infections)	New infection rate decreased to 2.7% from 5.3% in 2012
> Facilitate the enrolment of contractors on a company-controlled ART programme – 430 HIV (own employees only) patients on antiretroviral treatment (Own employees only)	Following further investigations, it was found that due to the regular movement of contractors, it was a better option to encourage contractors to enrol their employees on a medical aid, with ART as a minimum benefit
> Achieve early detection using innovative TB detector methods. Stop TB in our lifetime	Using the Gene Xpert for early detection on all employees and contractors to ensure enrolment onto the TB programme and earlier TB treatment



OUR FOCUS

2014

- > To get all contractors onto a medical aid
- > To have better control of contractors requiring ART treatment to ensure they do receive treatment.

#### We support the UNGC's 10 principles

The principle relevant to health and wellness is:

##### Human rights

**Principle one:** Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.

Our previous report on the progress we have made in terms of the Compact's ten principles is available on our website at: [www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za)



For information on our community health initiatives, see page 89.

## Our approach to health and wellness

RBPlat complies with the requirements of the South African Mine Health and Safety Act. The new health and wellness strategy was finalised in 2012 and was introduced in 2013, together with the necessary policies, processes and procedures.

We aim to eliminate occupational diseases by providing a workplace free from health and hygiene hazards. Occupational health and hygiene policies, standards, monitoring and auditing are the responsibility of our SHE department and line management is responsible for maintaining occupational health and hygiene standards.

Platinum Health is responsible for our healthcare delivery and medical surveillance.

RBPlat is committed to improving the wellbeing of our employees and contractors. We recognise that having a healthy workforce is an advantage to our business, because it means that our employees are fit to work at their full potential and absences due to sickness are reduced.

We have identified the main health issues affecting our workforce which allows us to effectively address their specific health needs. We also establish if there are any activities taking place at our mines that could affect the health of neighbouring communities and immediately take action to address these.

## Health and safety committee structure

Each operational area at BRPM (North shaft, South shaft, the concentrator plant and central services) has a health and safety committee, which meets at least monthly. Operational Health and Safety Committee members elect fellow members to represent them on the Central Health and Safety Committee. The membership of each of these committees consists of at least four employee representatives and a number of management representatives. The number of management representatives can be equal to or less than the number of employee representatives.

The Central Health and Safety Committee meets quarterly. Each area nominates a representative and an alternate to attend these meetings. Issues not resolved at the operational area health and safety committees are escalated to this forum.

At this stage Styldrift I uses the project's safety and health meeting structures to address health and safety issues.



*Hearing test at the BRPM Clinic*

## Stakeholder responsiveness

A number of our stakeholders are both safety and health stakeholders. This includes the DMR, the Chamber of Mines' Occupational Health and Safety Policy Committee and the Mine Health and Safety Council and, of course, our employees and the community.

RBPlat has a number of health initiatives in the community which are in response to community needs. We are also actively participating in provincial, municipal and government forums and committees and working with the Royal Bafokeng Administration (RBA) in an effort to understand community health issues and to support and participate in community health efforts.

## Occupational hygiene

If members of our workforce suffer from poor health it not only affects the employees but it also affects their families and the communities in which they live. In addition occupational ill health treatment is costly. By providing an effective healthcare programme and keeping our employees healthy, not only do we avoid the cost of expensive treatment, we also prevent human suffering.

Our objective is to always achieve best practice in the field of mine medical services. Platinum Health, our on-site healthcare provider, has a thorough understanding of RBPlat's requirements. It operates the main BRPM clinic and satellite clinics at BRPM's South and North shafts and Styldrift I. All these clinics are equipped with the necessary medical staff and infrastructure to ensure they are able to deliver quality, first response treatment and cost-effective healthcare services across the healthcare spectrum to all our employees.

In addition to providing our employees and contractors with occupational healthcare, medical surveillance, treatment of injuries on duty, trauma management and rehabilitation, it also provides our workplace wellness programme, which encompasses a continuum of healthcare including disease prevention, diagnosis, treatment, management, rehabilitation and TB and HIV/Aids management.

## HUMAN CAPITAL (continued)

### Health and wellness (continued)



In line with the 2013 milestones related to health, RBPlat is committed to no shift of more than 10% in NIHL as a result of working at an RBPlat operation after 2013. The noise in any of our working places will not exceed 110 dBa.

Platinum Health provides our employees and contractors with occupational healthcare, medical surveillance, trauma management, rehabilitation and the treatment of injuries on duty. It also provides our workplace wellness programmes which include disease prevention, diagnosis, treatment, management and rehabilitation and HIV/Aids management.

#### Noise-induced hearing loss

NIHL, which can have a long latency period, is the most common occupational health issue in our operations. The mining sector, RBPlat included, is striving to eliminate cases of a shift in hearing loss of more than 10% resulting from exposure to noise at work. Engineering advances to equipment, training at induction, rated hearing protection devices and a hearing conservation programme all contribute to the achievement of this aim. At the RBPlat medical centre we address early hearing loss movement as early as a 2.5% move in hearing loss from the baseline assessment. A formal investigation is undertaken following a 2.5% shift or more in hearing loss.

NIHL is not solely a workplace issue. It can also be caused by activities outside the workplace. The key is for people to avoid exposure to high noise levels on and off the job. According to the World Health Organisation, NIHL is the most common permanent and preventable occupational illness in the world. Due to its high prevalence and significant consequences on quality of life, especially in the later years of life, hearing loss is one of only four non-fatal conditions among the 20 leading causes of the global burden of disease.

#### NOISE-INDUCED HEARING LOSS (NIHL) STATISTICS

Instances of NIHL	2013	2012*	2011
NIHL of more than 10% which qualifies for compensation	13	11	19**
NIHL of more than 10% that does not qualify for compensation	14	20	16
<b>Total</b>	<b>27</b>	<b>31</b>	<b>35</b>

\* In 2012 we hired a number of new employees and contractors who were found to have NIHL prior to being employed at RBPlat

\*\* The shift in hearing of more than 10% experienced by this group was an accumulation of industry exposure over their working years and not as result of working at RBPlat

People of all ages can develop hearing loss, however, old age is known to significantly influence one's hearing loss. The average age in the mining industry for people to display some hearing loss is 40 years. At RBPlat our average age is 43 years. Studies have also shown that some people are predisposed to hearing loss even when they are only exposed to moderate levels of noise. The burden of the HIV disease and the impacts of the disease manifestations, coupled with the treatment regimes, have in the recent past distorted the number of hearing loss cases as it also causes hearing loss.

NIHL is preventable. We all need to understand the hazards of noise exposure and how to practise good hearing health in everyday life.

The Mine Health and Safety Act accepts 85 decibels as the acceptable safe noise level for exposure during an eight-hour work day without ear protection. A drill used in a mine can generate noise levels of over 105 decibels. Mining, and in particular operating a drill, remains one of the most hazardous occupations in the world; both in terms of injuries and in terms of long-term impacts such as NIHL. A very good hearing conservation programme is required to ensure exposed employees are not affected.

At RBPlat we are committed to a vision of zero harm. We embrace a workplace culture that recognises NIHL is preventable. We strive to prevent repeat occurrences of occupational disease and promote the setting and implementing of consistent standards to prevent NIHL and other occupational illness.

#### Tuberculosis

Another area of concern is TB, both among our workforce and in the community. While TB, which is an infection, is not classified as an occupational disease, working in an environment, such as a mining environment where ventilation air is reused, it can increase a person's susceptibility to TB.

## TB STATISTICS

	2013	2012	2011	% change year-on-year
Number of employees suspected of having TB	391	424	168	(7.7)
Number of employees tested who were infected with TB	59	37	22	59.5

The TB prevalence number is expressed per 100 000 and not as a percentage. Government reports the national prevalence rate as 998/100 000. TB prevalence at RBPlat increased by 41% in 2013, due to more effective screening and investigation methods.

	2013	2012	2011
TB prevalence	713/100 000	507/100 000	580/100 000

## Silicosis

Silicosis, a deadly lung disease, is one of the oldest mining occupational diseases in the world. South Africa's mining industry has set a target of eradicating this disease in mines by 2013. After that date no previously unexposed miners should acquire the disease.

It is caused by the inhalation of respirable dust (particles less than ten micron) containing free crystalline silica, which is a basic component of many rock formations. South African miners, particularly in gold mines, face this lurking danger during underground operations.

The scarring of the lungs by silica dust particles causes stiffening of the lung, which obstructs breathing. Once exposure to silica has occurred, the disease will progress even when exposure stops. Silicosis progresses slowly and can remain symptom-free for up to two decades after that exposure has ceased.

While miners working in the platinum mines found in the North West province of South Africa, like ours, are not in danger of contracting silicosis we identify people who have previously worked in other sectors of the mining industry and that have contracted silicosis. This is detected by means of X-rays during routine medical surveillance examinations at our medical centre. The results of people who are identified as being affected by silicosis are submitted to the Medical Bureau of Occupational Diseases (MBOD). Following an investigation by the MBOD they receive compensation which varies depending on the level of their silicosis. The results of twenty three employees, including contractors, who had all previously worked in gold mines, were submitted to the MBOD for investigation during 2013.

## HIV COUNSELLING AND TESTING (HCT)

All employees are retested when they return from leave and all contractors coming onto site are tested. In 2013, 47 antiretroviral treatment (ART) cases defaulted from their treatment.

	2013	2012	2011	% change year-on-year
<b>Counselling*</b>				
Number of employee counselling sessions	3 804	3 588	3 496	6.0
Number of contractor counselling sessions	7 624	8 371	6 681	(8.9)
<b>Total number of employee and contractor counsellings</b>	<b>11 428</b>	11 959	9 998	(4.4)
<b>Testing</b>				
Number of employee tests conducted	3 317	2 870	3 049	15.6
Number of contractor tests conducted	6 681	7 122	7 886	(6.2)
<b>Total number of employee and contractor tests conducted</b>	<b>9 998</b>	9 992	10 935	0.1
<b>Uptake rate (%)</b>				
Employee testing uptake rate (%)	87.2	80.0	87.2	9.0
Contractor testing uptake rate (%)	87.6	85.1	88.8	2.9
Employee and contractor uptake rate (%)	87.5	83.6	88.3	4.7
Number of employees and contractors who are HIV positive	2 349	2 458	643**	(4.4)
Number of employees on antiretroviral treatment	412**	430**	219**	(4.2)

\* All employees who undergo initial medicals and who undergo routine medicals are counselled

\*\* This number excludes contractors







4

## SOCIAL AND RELATIONSHIP CAPITAL

- 86 Socio-economic impact
- 90 Preferential procurement
- 91 Stakeholder relationships



### ACHIEVEMENTS



- > Completed and over-delivered on both the BRPM and Styldrift I social and labour plans
- > Exceeded our SLP commitments, having spent R276 million over four years

### IMPROVEMENTS



- > 9.6% improvement in spend with HDSA companies

### CHALLENGES



- > Obtaining external authorisation to go ahead with projects
- > Legislative processes that delay projects
- > Sustainability of projects

### DISAPPOINTMENTS



- > Theft during projects and after they are handed over

# SOCIAL AND RELATIONSHIP CAPITAL

## Our socio-economic impact

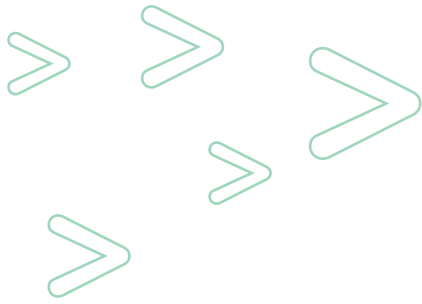
WHAT WE SAID WE WOULD FOCUS ON IN 2013	HOW WE PERFORMED
Continue with the progress we made in 2012 with a focus on classroom education and complete our SLP obligations	Delivered community development projects in line with our SLP commitments and partnered with Royal Bafokeng Institute on classroom education
Continue to work at improving our engagement with community leadership through ongoing communication and engagement	Combined our monthly engagement meeting for BRPM and Styldrift which has resulted in improved communication with community leadership. We remain committed to developing mutual respect, understanding and trust
Continue to work with the Royal Bafokeng Administration (RBA), Royal Bafokeng Institute (RBI) and the Rustenburg Local Municipality in order to be able to complete our community development projects	All projects executed through partnerships with the traditional authority (RBA) and the Rustenburg Local Municipality
Completion of the enterprise development hub and more intensive training in tender procedures for local black-empowered business	The first phase of the project has been completed and the second phase will be executed in 2014

### OUR FOCUS 2014

- > Continue with Phase II of the enterprise development hub
- > Build roads in MACHARORA villages
- > Repair/replace community houses
- > Continue with educational assistance programme and health support programme.

**Our social responsibility and sustainable development strategies and policies are designed to support our *More than mining* philosophy and help us achieve a balance between the Company's interests and those of our communities. Our philosophy commits us to creating economic value in a way that also creates value for society. This is a particularly challenging commitment in the current economic environment.**

**We focus on poverty alleviation and job creation, health support, education support and community skills development.**



## Our approach

We use social and human rights baseline studies and risk assessments to identify the impacts we have on our communities. We also work closely with the communities to minimise or avoid any potentially negative effects from our mining activities and maximise the positive impacts.

The communities in which we operate live in four villages: Mafenya, Chaneng, Robega and Rasimone, which are informally known as MACHARORA. Three of these villages are on Royal Bafokeng Nation (RBN) land and the fourth, Robega, is on state-owned land. We invest in all these communities.

Empowering our communities and enhancing their socio-economic capacity, prosperity and sustainability secures our licence to operate and is an investment in their future and ours.

Our social and labour plans guide our investment in community development and are an important part of our Mining Charter Scorecard commitments and our mining licence requirements.

## Stakeholder responsiveness

Consulting with our communities is a key part of our approach to developing healthy relationships with them. We hold regular monthly meetings with their representatives and are committed to engaging openly and honestly with them and providing feedback on issues raised at previous meetings.

We use these meetings to understand community needs and priorities so we can do our best to address them. In addition, our community engagement officers are in contact with the communities throughout the month and they act on any pressing issues. Our community relations, particularly in relation to job creation at the Styldrift I project, have been very challenging at times, but we have made good progress in this area. RBPlat also donated R300 00 to the Thuto-Thebe trust which supports rural education.

Something that has been a nuisance to community members living near our concentrator for some time now is the vibration coming from the concentrator's screening area. The concentrator team tried to stop the vibration but with no success. In 2011 we commissioned the University of Pretoria to conduct research into how we could stop this vibration inconveniencing community members. The University provided us with a number of solutions. One particular solution has proved to be effective: a variable speed drive which, by matching the frequency of the vibration, neutralises it. The drive is currently in production and will be installed in our concentrator as soon as it is ready.

We produce a community newsletter, published every six months, which shares information on our community projects. We engage with the RBA, which is responsible for infrastructure in the area;

the RBN, from whom we need to get permission to use land; the Royal Bafokeng Institute, which is responsible for education in our communities; Royal Bafokeng Enterprise Development (RBED); and Royal Bafokeng Sports, which is responsible for sports development. We consult with them to ensure we align our projects with the RBN 2035 Masterplan and we partner with them on health and education projects. We also engage with the Rustenburg Local Municipality to align our projects with their development plans for the region. In addition we are engaging with neighbouring mines with the aim of joining forces on community development projects.

## Delivering against our SLPs and our corporate social investment (CSI)

While our operations, BRPM and Styldrift I, each have their own SLPs the same four villages (Mafenya, Chaneng, Robega and Rasimone) benefit from our SLPs, and CSI. Both BRPM and Styldrift have already completed their commitments in terms of their current SLPs and in consultation with the communities included additional projects which we undertook over and above our original commitments.

Due to the current economic climate we needed to cut back on some of the projects we had planned for this year and extend the delivery period for our enterprise development hub.



Upgrading the pathology building in Phokeng



We built a pedestrian walkway in Mafenya village to keep children safe from vehicle traffic

## SOCIAL AND RELATIONSHIP CAPITAL (continued)

### Our socio-economic impact (continued)

Both BRPM and Styldrift I will be renewing their SLPs for the next five years during 2014. These plans will include inputs from community members, the Rustenburg Local Municipality and the traditional authority. Both plans will be aligned in terms of local economic development, so they can be jointly executed.

#### SLP expenditure

RBPlat's total socio-economic expenditure in 2013 was R105.2 million.

##### BRPM EXPENDITURE

R (million)	2013	2012	2011	% change year-on-year
Community infrastructure	1.6	0.3	2.6	433.3
Health support	4.1	–	–	–
Poverty alleviation and job creation	3.6	4.2	0.2	(15.0)
Education support	1.7	10.3	0.4	(83.1)
Community skills development	2.6	0.1	–	2 090.0
Enterprise development	0.0	0.9	1.6	(100.0)
Discretionary funds	1.4	1.3	0.5	6.0
Subtotal	15.0	17.1	5.3	(12.3)
BRPM's training and development SLP spend	66.1	–	–	–
<b>Total</b>	<b>81.1</b>	<b>94.3</b>	<b>30.0</b>	<b>(14.0)</b>

##### STYLDRIFT I EXPENDITURE

R (million)	2013	2012	2011	% change year-on-year
Community infrastructure	1.9	4.0	1.4	(52.5)
Health support	4.1	5.0	2.3	(18.0)
Poverty alleviation and job creation	3.5	5.2	0.4	(32.7)
Education support	1.8	13.8	0.5	(87.0)
Community skills development	2.6	0.2	0.0	1 200.0
Enterprise development	–	–	–	–
Discretionary funds	0.3	0.2	0.6	50.0
Subtotal	14.2	–	–	–
BRPM's training and development SLP spend	9.9	–	–	–
<b>Total</b>	<b>24.1</b>	<b>32.8</b>	<b>5.8</b>	<b>(26.5)</b>

##### BRPM JOINT VENTURE EXPENDITURE

R (million)	2013	2012	2011	% change year-on-year
Total community enterprise development	29.2	45.5	10.5	(35.8)
Total SLP human resource development	76.0	81.6	25.3	(6.9)
<b>Total SLP expenditure</b>	<b>105.2</b>	<b>127.1</b>	<b>35.8</b>	<b>(17.2)</b>



Teacher Maggy Motshega at the renovated science laboratory at Charora High School ready for 2014

## RBPLAT'S LOCAL ECONOMIC DEVELOPMENT PROJECTS OVER THE PAST THREE YEARS

PROJECT	WHEN COMPLETED
<b>Infrastructure</b>	
Construction of a pedestrian walkway in Mafenya to keep children walking to school safe from traffic on the road	2013
Chaneng and Rasimone Kgotla offices which provide a central point for the community and facilitate communication between the leaders, their community and our operations	2012
Technical upgrade of the road which leads to the Commercial Community Garden in Chaneng	2013
Providing a portion of road in Chaneng village	2012
Replacing community houses in the MACHARORA villages. Five new houses were built in 2013. Five houses were demolished in Chaneng village and replaced by new 70m <sup>2</sup> houses. The owners could choose between four different designs	Ongoing
Upgrading of the Phokeng police station, providing a satellite police station and a community centre in Robega village	2011
<b>Health support</b>	
<b>Phokeng forensic pathology building</b>	
This building was originally built to cater for the forensic pathology investigation needs of the SAPS and is now being used by the mortuary for the area and is totally inadequate. We are upgrading and equipping it in accordance with the specifications and requirements of the Department of Health	Work started in 2013 and expect to complete early in 2014
<b>Support for the Chaneng Clinic</b>	
To assist with the capacity challenges experienced by the clinic as a result of a growing population RBPlat pays the salaries of two additional professional nurses	Ongoing since 2012
<b>Poverty alleviation and job creation</b>	
<b>Commercial community garden in Chaneng Village</b>	
This award winning project was adopted by BRPM in September 2011. We equipped the garden with pumps, water tanks, shade netting structures, an irrigation system, a storeroom, wash bays and an ablution block and this year we purchased a delivery vehicle	Ongoing support since 2011
<b>Establishing an enterprise development hub</b>	
The hub is designed to be a Real Enterprise Development initiative, which will harness the entrepreneurial drive of unemployed and self-employed South Africans. The concept is supported by international research revealing the power of the small business sector to reduce unemployment. We originally intended completing the project in 2013, but it has now been split into three phases. The first phase, which was completed in 2013, included fencing the site with electrical fencing, 85% of the electrical work has been done, the sewerage system is complete, the vegetable tunnels have been constructed and the preparation work for the foundations of the broilers has been done and the water reticulation system has been designed	First phase completed in 2013 – final phase to be completed in 2015
<b>Commercial agri business (hatchery, cattle and crop farming)</b>	
This project will feed into the enterprise development hub. During 2013 we completed a headstock count of the livestock in the MACHARORA villages (1 700), tagged them, dressed the udders of the cows to eliminate ticks, inoculated the animals twice, dipped them and put them on an electronic database which includes the gender of the animal and who its owner is. We are busy with a feasibility study on how best to implement the programme in 2014. This project has highlighted the excessive number of cattle versus the availability of grazing, which is of concern	First phase completed in 2013 – ongoing
<b>Household vegetable gardens</b>	
We have equipped 75 households in the MACHARORA villages with 2 x 5 000 litre JoJo tanks, 1 x 6 x 4 metre tunnels, roof gutters, a hand pump, sloped the land and provided training in growing vegetables for the household's consumption and to sell to neighbouring homes and other potential markets	2013
<b>Education support</b>	
<b>Additional maths and science teachers and upgrading of maths and science classrooms</b>	
We have funded the salaries of two additional maths teachers and one science teacher at Charora High School and a projects facilitation coordinator has been appointed to look after the governance and help facilitate the roll-out of educational interventions in schools in the MACHARORA villages. The maths classroom at Charora High School was renovated, which included painting, tiling and the installation of new cupboards and white boards	Ongoing
We identified through the RBI that the chemicals in the science laboratory had expired and the equipment was out of date. This has been removed and having established what chemicals and equipment are required for the Grade 12 syllabus these have been supplied. A laptop has been purchased for use with an overhead projector. The aim of this project is to give pupils the opportunity to develop the maths and science skills they need for employment in the mining industry	Started in 2013 – ongoing
<b>Grade R classrooms</b>	
We constructed two Grade R classrooms at Chaneng Primary School, equipped them and built surrounding walls	2013
<b>Community skills development</b>	
Styldrift I requires different skills to accommodate its mechanised mining methods. A database of the skills, education, experience and other relevant information of doorstep community members was captured by our human resources development team. Community members with the appropriate skills were selected for training, skills transfer and development. Some community members have been trained as trackless mobile machine operators and others as artisans by Sandvik Mining, who will be the supplier of Styldrift I's trackless mobile machinery	This process began in 2012 and will continue until the required number of people have been trained

## SOCIAL AND RELATIONSHIP CAPITAL (continued)

### Our socio-economic impact (continued)

#### Supporting our local communities through preferential procurement

Our preferential procurement targets are based on those of the Mining Charter Scorecard. Procuring from local black-empowered businesses helps alleviate poverty and can create employment. We procure as much as we can from these businesses.

To assist local enterprises RBPlat works with Royal Bafokeng Enterprise Development (RBED), which acts as a liaison between RBPlat and local small businesses. We are appointing a black empowerment and enterprise development manager early in 2014 whose role will be to assist these enterprises with their development and help local black-empowered businesses manage the tender process and contract negotiations and pricing.

#### Discretionary procurement

Since 2011 BRPM's discretionary procurement from historically disadvantaged South Africans (HDSAs) has exceeded the Mining Charter targets for discretionary procurement.

In 2013 RBPlat achieved an overall rate of discretionary procurement of 64.67% across all procurement categories.

#### PREFERENTIAL PROCUREMENT SPEND

Type of spend	2013				2012			
	Total discretionary procurement R (million)	HDSA procurement spend R (million)	% spend with HDSA companies %	Mining Charter target %	Total discretionary procurement R (million)	HDSA procurement spend R (million)	% spend with HDSA companies %	Mining Charter target %
Capital spend	925	612	66.16	30	1 100	606	55.10	20
Services	898	546	60.80	60	762	475	62.29	50
Consumables	316	225	71.20	40	335	223	66.50	25
<b>Total discretionary procurement spend</b>	<b>2 139</b>	<b>1 383</b>	<b>64.66</b>		<b>2 197</b>	<b>1 304</b>	<b>59.35</b>	

#### More than mining at work

One of our projects won the North West province's Department of Agriculture's 14th Annual Female Entrepreneur Award in 2013. The theme for the award in 2013 was 'Harnessing women's talent for sustainable food security: a vision beyond 2030'.

In 2011 we were asked to assist with a food garden started in Chaneng village (one of our doorstep communities) by a group of 12 sight-challenged community members with the assistance of the Chaneng Association for the Blind. We invested R3.3 million in upgrading the garden by equipping it with pumps and water tanks, shade netting structures, an irrigation system, a storeroom, a washroom and an ablution block. We provided community members with training in managing a food garden and continue to provide them with guidance on how to manage their business.

The original intention of the garden was to grow food for the local community but it is rapidly developing into a substantial sustainable business. The cooperative sells its produce to Sun City, Fruit and Veg City in Rustenburg, the Rasimone Primary School in the neighbouring Rasimone village and the Johannesburg Municipal Market.

Known as the Chaneng Farming and Primary Cooperative the garden has a workforce of 12 who are all residents of Chaneng village. The cooperative is changing lives and providing its members with a sustainable source of income.



Community vegetable garden in the Chaneng village

## Stakeholder relationships

Engaging with our stakeholders, listening to their views and addressing their concerns is an integral part of RBPlat's sustainable development and risk management strategies.

We would like to refer you to our Organisational overview on page 4 of this report for an overview of our stakeholders and their related material issues.

We have a broad range of internal and external stakeholders who have a material interest in RBPlat or are affected by it. We have identified them in terms of our legal obligations and our potential to impact on them and their potential to impact on our business at both a corporate and operational level.

Our comprehensive stakeholder engagement framework, which is part of our Sustainability Framework, identifies our stakeholders, their representatives, the key drivers of our engagement with them, the levels of engagement, the key material issues, potential concerns, the methods of engagement, the frequency of the engagement and who at RBPlat is primarily responsible for the engagement.

The methods of engagement that we use are as diverse as our stakeholders. We encourage dialogue and are committed to responding to issues that they raise.

Our internal and external engagement strategies are designed to achieve regular transparent communication with our workforce and our external stakeholders.

Our internal and external engagement helped us minimise the impact on our operations of the labour unrest that shook the South African platinum industry in the second half of 2012 and has helped us achieve a strike-free year in 2013.

Our stakeholder responsiveness has been addressed in the various sections of this report provided below for easy reference:

> Chairman's letter to stakeholders on page 34

## OUR KEY STAKEHOLDERS

Shareholders and investors	Royal Bafokeng Holdings, Anglo American Platinum, institutional investors, retail investors
Providers of debt	South African banks
International industry bodies	International Platinum Group Metals Association (IPA), Federation for Sustainable Environment, Pilanesberg Wildlife Society International
National industry bodies	Chamber of Mines of South Africa, South African Institute of Mining and Metallurgy
Employees	Permanent employees, contract workers
Trade unions	National Union of Mineworkers (NUM), United Association of South Africa (UASA)
Communities	Royal Bafokeng Nation (RBN), the Robega, Chaneng, Rasimone and Mafenya villages, Sun International (Sun City)
Customers	Anglo American Platinum
Suppliers	Major suppliers including Eskom and Magalies Water
Business and joint venture partners	Anglo American Platinum including RPM, Impala Platinum and neighbouring mines
Government and regulators	Departments of Water Affairs, Education, Environmental Affairs, Mineral Resources, Human Settlements, Labour, Rural Development and Land Reform, Traditional Affairs and Cooperative Governance, Royal Bafokeng Administration, Rustenburg Local Municipality, North West provincial government, JSE Limited

> CEO's strategic review on page 36  
 > Financial capital on page 41  
 > Manufacturing capital on page 51  
 > Our human resources on page 66  
 > Safety on page 76

> Health and wellness on page 80  
 > Our socio-economic impact on page 86  
 > Our environmental performance on page 94  
 > Our application of King III on page 125.





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# NATURAL CAPITAL

- 94 Environmental performance
- 102 Mineral resources and reserves



### ACHIEVEMENTS



- > Approval received from Department of Environmental Affairs (DEA) and Department of Mineral Resources (DMR) for BRPM water treatment plant

### IMPROVEMENTS



- > 19% improvement in energy consumption
- > 3.5% reduction in consumption of potable water from Magalies Water
- > Carbon intensities reduced

### CHALLENGES



- > Managing EIA public participation process
- > Responding to non-environmental impact issues raised by communities during EIA participation process

### DISAPPOINTMENTS



- > Delay in general waste recycling plans

# NATURAL CAPITAL

## Our environmental performance



### Our key material issues

- > Water management – this relates to the key material issue of limited resources
- > Stakeholder engagement and responsiveness

### WHAT WE SAID WE WOULD FOCUS ON IN 2013

### HOW WE PERFORMED

> Implementing our environmental strategy	We are in the process of implementing our environmental strategy. We maintained our ISO 14001:2004 certification in 2013
> Implementing further energy reduction projects that were identified at BRPM during the gap analysis conducted in 2012	Reduced electricity consumption at BRPM by 19% year-on-year
> Installation and commissioning of a water treatment plant at BRPM once the environmental impact assessment (EIA) has been approved	EIA, waste management licence and EMPR amendment approved by DEA and DMR in September and October 2013
> An EIA and environmental management plan (EMP) for Styldrift I to include the sewage treatment plant, tailings dam, water treatment plant and its associated infrastructure	EIA and EMPR process still in progress
> An EIA and environmental management programme report (EMPR) amendment for the placement of ventilation fans on surface at Styldrift I	An EMPR amendment was submitted to the DMR in 2013 and we are waiting for approval
> Obtain approvals on the amendments to the Styldrift I and BRPM water use licences	Water use licence amendments were submitted to the Department of Water Affairs and we are waiting for approval of the amendments requested
> An EMPR amendment process to include North shaft Phase III ventilation shaft	An EMPR amendment was submitted to the DMR in August 2013 and we are awaiting their approval

### OUR FOCUS 2014

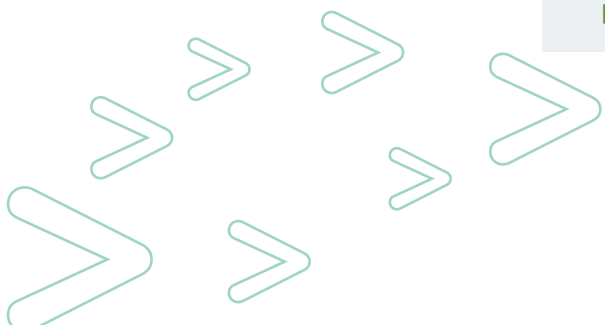
#### BRPM

- > Commissioning of the first phase of the water treatment plant at BRPM
- > Amendments to the BRPM integrated water and waste management plan following the finalisation of the new concentrator strategy

#### Styldrift I

- > Obtain approval of the amendments to the water use licence
- > Finalise outstanding amendments to EIA and EMPR applications

**The public participation process, which formed part of our EIAs, was an opportunity for us to help community members gain an understanding of our processes and the steps we are taking to improve our environmental performance.**



## An integrated approach to our environmental responsibilities

### THE ENVIRONMENTAL ACTIVITIES AND AREAS OF FOCUS THROUGHOUT OUR MINING LIFECYCLE

Mining lifecycle stages	Project planning	Project construction	Operation	Closure	Post closure
Environmental activities	Feasibility studies and environment and social impact assessment (EIA)	Management of environmental impacts: air quality, water quality and quantity management, waste management, biodiversity management and hazardous substance management	Management of environmental impacts: air quality, water quality and quantity management, waste management, biodiversity management, hazardous substance management and concurrent rehabilitation	Rehabilitation and land reclamation	Ongoing environmental monitoring

### An integrated approach to our environmental responsibilities

Our approach to environmental management is based on international best practice, legal compliance and maintaining our environmental and social licence to operate. BRPM is ISO 14001: 2004 certified. This is the first year we have applied our new Group-wide environmental strategy, which was finalised in 2012. This strategy is an integral part of the safety, health and environment (SHE) management system we use to manage our environmental risks, aspects and impacts. The Environmental Manager is based at BRPM and is responsible for environmental management at both BRPM and the Styldrift I project.

We review our environmental risks and opportunities annually and at BRPM our ISO 14001 environmental management system (EMS) is audited every year by independent external parties as part of our business strategy. Styldrift I will apply for ISO 14001 certification when it begins stopping production in 2015.

#### Accountability

Management accountability is central to our integrated approach. Our Board of directors and our Chief Executive Officer, assisted by the Board's Social and Ethics Committee, are accountable for RBPlat's environmental management and the management of our impact on climate change. The Social and Ethics Committee, which is assisted by our Sustainable Development Committee established in 2013, also provides overall direction on our sustainable development.

Our environmental team is responsible for ensuring that RBPlat's environmental policies are aligned with all legal and regulatory requirements. The team is also responsible for the auditing of the implementation of environmental policies, standards and procedures in our operations. External environment audits are also conducted regularly to ensure compliance with the environmental procedures, standards, policies, environmental management programme reports (EMPR) commitments, permit conditions and legal and other requirements to which we subscribe.

Line management is accountable for the effective implementation of the SHE management systems.

#### Data measurement and gathering techniques

We measure and monitor our potable water usage, energy consumption, surface and ground water quality, dust fall out levels, ambient dust, noise levels and particulate matter, as well as ground vibration. We submit our monitoring results to the authorities as our permit conditions require.

#### Stakeholder responsiveness

The key stakeholders with whom we engaged, and to whom we responded this year, included the MACHARORA communities (made up of four villages: Mafenya, Chaneng, Robega and Rasimone), which are the communities nearest to our operations, the departments of Mineral Resources (DMR), Water Affairs (DWA), Environmental Affairs (DEA) and the Federation for a Sustainable Environment.

RBPlat also engaged with community members during a risk workshop facilitated by KPMG as part of a climate change vulnerability and business resilience assessment. We participate in the carbon disclosure project as part of our accountability to our stakeholders. The Environmental Manager also participates in the Eland and Hex river Catchment Management Forum.

#### Issues raised and our response

During the recent public participation meetings that we held as part of an environmental impact assessment process and the monthly environmental meetings we have with these communities, the MACHARORA communities raised a number of social and environmental issues. Most of these issues were dealt with in the meetings and will form part of the EIA document.

We engage with the DMR, the DWA and the DEA in connection with environmental authorisations. This year our engagement and responses have mainly been in connection with the EIA for the water treatment plant at BRPM, the EMPR amendment for the BRPM North shaft Phase III ventilation shaft and amendments to the BRPM and Styldrift water use licences. We have not had any legal directives, fines or penalties issued against our operations due to non-compliance with regulations and/or licence use requirements.

## NATURAL CAPITAL (continued)

### Our environmental performance (continued)

During our public participation meetings a number of concerns were raised on behalf of the communities. These included damage to access roads, the visual impact of our Styldrift I project and the distribution of water by the Magalies Water. Responses to these concerns have been formulated and will be included in the EIA and EMPR submissions following the public participation process.

#### Our approach to climate change

Climate change remains an important longer-term risk for our business. During 2013 we engaged KPMG to conduct a detailed climate change vulnerability risk assessment of our operations. The assessment identified the business risks climate change presents for RBPlat, how well prepared we are in terms of the steps we have taken to identify these risks and how to reduce our exposure to them and our potential to adapt and respond to these impacts.

The risks are complex as they include operational risks such as business continuity, employee health and safety, environmental aspects, regulatory aspects and community needs and their perceptions of the impact of the mining industry on their environment.

The highest risks to our operations were identified as flooding and extreme storms which could cause business interruptions.

RBPlat has included the information gained from this assessment in its risk management model to ensure we reduce our exposure to these risks.

Our operations are located in an arid water-scarce area where prolonged drought conditions could limit production growth or prevent us from operating. A reduction in the availability of clean water from Magalies Water could also interrupt our business. It could also have health impacts and create tension between RBPlat and the communities in which we operate.

#### Understanding our carbon footprint

We have assessed our carbon emissions every year for the past four years. We use the results of these assessments to help us improve our carbon intensity. Not only is it socially responsible to make every effort to reduce our carbon intensity but it also makes good business sense as reducing our carbon intensity will mean improving our efficiency in terms of the amount of fuel and electricity we use to produce a tonne of concentrate.

In 2013 our carbon intensities decreased by 6.6%, mainly as a result of a decrease in electricity consumption.

The emissions intensity in relation to the tonnes milled and ROM tonnes delivered to the concentrator decreased from 0.135 to 0.134 t CO<sub>2</sub>e per tonne year-on-year.

The increase in our revenues, together with the decrease in Scope 1 and 2 emissions resulted in the revenue metric decreasing by 20.7%.

Our carbon intensity per employee has also decreased by 7.6% year-on-year.

#### Managing our resources and emissions

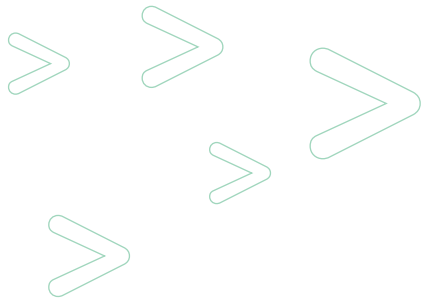
RBPlat achieved a 12.9% reduction in its total CO<sub>2</sub>e tonnes year-on-year. Our most significant emissions to air are indirect greenhouse gas (GHG) emissions, known as Scope 2 emissions, which are produced during the production of the electricity we purchase from Eskom. We achieved an 8.7% reduction in our Scope 2 emissions year-on-year by reducing our electricity consumption by 19%. As expected, our Scope 1 emissions increased 4.7%, which was largely due to the increased consumption of diesel by heavy off-road vehicles working on the Styldrift I project's development.

The energy reduction projects that we implemented at BRPM in 2013, following a gap analysis conducted in 2012, helped us achieve this reduction in electricity consumption. They included:

- > the extension of our underground compressed air control system to lower levels
- > reduction of leakage from our main compressed air system
- > automation of our main dewatering pump stations at both BRPM shafts
- > automatic control of main ventilation fans vanes at both shafts
- > shutting down of ventilation fans over weekends.

Emphasis was also placed on employee behavioural change. In conjunction with Eskom we launched an energy awareness campaign in July 2013. Subsequently energy management was introduced as part of our employees' mine induction and ex-leave programme.

The marked decline in our Scope 3 emissions was largely due to a 97% reduction in waste generation and disposal, which in 2012 included waste generated from the demolition of vacant houses in and around the mine.



**TOTAL DIRECT AND INDIRECT GHG EMISSIONS BY WEIGHT**

	2013			2012			RBPlat % change year-on-year
	Total RBPlat CO <sub>2</sub> e tonnes	BRPM CO <sub>2</sub> e tonnes	Styldrift I CO <sub>2</sub> e tonnes	Total RBPlat CO <sub>2</sub> e tonnes	BRPM CO <sub>2</sub> e tonnes	Styldrift I CO <sub>2</sub> e tonnes	
Scope 1 emissions – direct GHG emissions from sources that are controlled or owned by RBPlat (source: fuel such as diesel and petrol)	3 494	1 746	1 748	3 336	2 147	1 193	4.7
Scope 2 emissions – indirect GHG emissions from purchased electricity to run our operations, generated mostly from burning fossil fuel	289 278	267 043	22 235	316 681	296 631	20 050	(8.7)
Scope 3 emissions – other indirect GHG emissions from sources not owned or controlled by RBPlat	1 333	998	316	17 692	11 332	6 359	(92.5)
<b>Total CO<sub>2</sub>e tonnes</b>	<b>294 105</b>	<b>269 787</b>	<b>24 299</b>	<b>337 709</b>	<b>310 110</b>	<b>27 602</b>	<b>(12.9)</b>

**ENERGY CONSUMPTION**

Type of energy	2013	GJ	2012	GJ	2011	GJ	% change
Electricity consumption (MWh) BRPM	224 910	809 676	285 362	1 027 303	287 304	1 034 294	(21)
Electricity consumption (MWh) Styldrift	22 590	81 324	19 377	69 757	7 791	28 047	17
<b>Total electricity consumption (MWh) RBPlat</b>	<b>247 500</b>	<b>891 000</b>	<b>304 739</b>	<b>1 097 060</b>	<b>295 095</b>	<b>1 062 342</b>	<b>(19)</b>
Diesel (kl) RBPlat	771	29.9	405	16	429	17	88
Petrol (kl) RBPlat	82	2.8	22	1	22	1	250
<b>Total energy use in GJ</b>		<b>891 033</b>		<b>1 097 077</b>		<b>1 062 360</b>	<b>(19)</b>

## NATURAL CAPITAL (continued)

### Our environmental performance (continued)

#### Water

Water is a finite and precious natural resource, essential to the sustainability of the communities in which we work and our mining and metallurgical processes.

We use water in our mining and processing activities, as well as dust suppression and garden maintenance. Our potable water supply is provided by Magalies Water.

#### Water management

Our operations are in a water-scarce region where the increasing demand for fresh water has led to a shortage of water in some parts of the North West province.

Our management of water resources includes:

- > reducing our potable water consumption by improving water use efficiencies and water recycling
- > preventing the contamination of ground and surface water resources
- > securing the availability of sufficient water for our current and future mining operations.
- > No water sources, except Magalies Water, are significantly affected by withdrawal of water for RBPlat's operations.

#### Water efficiency

During the year BRPM reduced its potable water consumption by 3% and Styldrift I by 15%.

#### WATER CONSUMPTION

	2013	2012	2011	% change year-on-year
Potable water – BRPM (MI)	2 026.1	2 090.6	2 184.9	(3)
Potable water – Styldrift (MI)	63.0	74.3	–	(15)
Potable water – RBPlat (MI)	2 089.1	2 164.9	2 184.9	(3.5)
Recycled water (MI)	1 194.53	1 706.0	2 204.1	30

Following the legal approval for the installation and operation of a water treatment plant to treat the excess water on site at BRPM, our objective of using water as efficiently as possible is within our reach. The plant is designed to treat four megalitres of water a day. BRPM currently uses about six megalitres of fresh water a day. We expect to install and commission the treatment plant during the second half of 2014. Last year we reported that we planned to install a mini pump station at North and South shafts to pump out fissure water for reuse in our mining processes. The installation of these pump stations will be completed during 2014.

The automation and expansion of our potable water metering and management system has given us a better understanding of how and where we use water and as a result has improved our ability to control our water usage.

The water filtering system we installed at Styldrift I has allowed for the reuse of mine water and it will reduce our consumption of Magalies Water. We are in the process of developing a strategy to effectively manage our mine water consumption at Styldrift I during ramp-up and when the mine reaches steady state.

#### Sufficient water for our current and future mining operations

RBPlat has secured a sufficient water allocation for our current and future mining requirements.

#### Preventing contamination

The work we did on the clean and dirty water infrastructure at BRPM during 2012 has improved our water management by ensuring that we divert clean rainwater away from our operations. The infrastructure in place at Styldrift I also ensures that rainwater is effectively managed.

We operate a closed loop system at BRPM, using recycled water from the return water dams and the mine shaft areas reuse water from the Eriksson dams. We have also established a closed loop system at Styldrift I.

The explosives we use during our mining activities deposit nitrates in the water. We monitor the level of nitrates in the industrial water and make the relevant authorities aware when nitrate levels increase. We also ensure that there is no discharge of industrial process water into the environment in the vicinity of our operations.

## Biodiversity and land management

The disturbed land footprint for BRPM remains at 949 hectares and 238.8 hectares for Styldrift I.

### Potential impacts

A biodiversity assessment was conducted in 2003/2004 and updated in 2009. These assessments identified eight distinct biodiversity management units at BRPM and delineated biodiversity management plans. Baseline biodiversity and landscape function studies were conducted as part of the environmental impact assessment for Styldrift I.

The aim of our biodiversity management plans is to protect and enhance the local ecology. We are committed to rehabilitating and restoring the land both during the life of our mines, as well as after mining activities have ceased.

To manage the diversity on our sites we have developed a long-term biodiversity monitoring programme which includes:

- > an alien plant control programme
- > a fire management plan
- > the promotion of the sustainable use of natural resources within the area
- > improving our understanding of the biodiversity in the area.

Our biodiversity plan lists the number and types of fauna in the lease area. Based on the latest fauna distribution data and habitat availability within the area it is estimated that about 164 animal species and 294 bird species may occur in the area.

We maintain firebreaks to reduce the loss of biodiversity during fires. We plant indigenous trees on our property and in local communities during Arbour Month.

RBPlat identifies and mitigates the negative environmental impacts of its activities by conducting an annual risk assessment with objectives and targets to address activities that are significant or highly rated.

The primary human activities which could adversely impact the biodiversity at our mine and projects include: digging quarries in sensitive/intact areas, infrastructure construction, the disturbance caused by the presence of humans, altered or inappropriate fire regimes, the destruction of slow-moving fauna by vehicles, noise, dust, airborne and gaseous emissions, the fragmentation of

habitats by roads, habitat loss, the disturbance of vegetation, invasion of a site by alien vegetation and a deterioration in water quality.

Closure liability assessments are conducted annually for both BRPM and Styldrift I and financial provisioning is made for the environmental rehabilitation. An environmental trust fund document has been compiled and submitted to the DMR, in accordance with the DMR's requirements. BRPM has an interim closure plan in place. The final closure plans will be prepared five years prior to closure of the mine. As the Styldrift I project is not yet operational no closure plan has as yet been prepared.

## Effluents and waste

### Effluent

Our operations are zero-effluent discharge operations. In terms of our licence conditions no discharges are permitted. As mentioned previously, we operate a closed loop system.

Our mining and metallurgical operations generate hazardous and non-hazardous waste, which must be correctly disposed of to prevent any negative impacts on the environment. Our environmental strategy and policies set stringent standards for the management of waste and mine residues (tailings and waste rock).

The tailings from our concentrator operations are disposed of at the BRPM tailings dam and waste rock is dumped at the waste rock dumps situated at BRPM's North shaft, South shaft and at Styldrift I shaft.

We prioritise the maintenance of the integrity of our tailings dam, which is designed to handle a 100-year flood. We have processes in place to ensure we continually check the structural capacity of these dams.

Some of the waste rock dump is reclaimed for further beneficiation and is used in the civil construction section in and around the area.

### General/domestic waste

The aim of our waste management plan is to reduce, reuse and recycle whenever possible. We dispose responsibly of the waste we generate and minimise the amount of waste we send to the landfill. During 2013, through improved sorting of waste at its salvage yards, BRPM reduced the amount of waste sent to its licensed

landfill site by 71%. The waste from Styldrift I project will increase over the next few years as activity increases. However, in terms of our waste management plan we are actively managing the amount of waste generated on site. Despite the considerable increase in Styldrift's waste production we have reduced our overall waste production and disposal by 51.8%.

After reviewing a number of proposals we will start recycling our paper during the first quarter of 2014.

For two years running BRPM has been recognised for reducing the amount of photocopying paper it used. In 2013 Xerox gave BRPM 22 trees to plant, which represent the paper we saved. In total we have planted 66 trees donated by Xerox on the BRPM property and the six neighbouring schools.

### Medical waste

Appointed contractors are responsible for collecting and transporting the medical waste to the approved site. Medical waste from our BRPM clinic is incinerated at the approved Roodepoort medical waste incinerator.

### Industrial waste

We sort most of our industrial waste on site and reuse where possible. We recycle our industrial waste responsibly, which includes scrap metal, by using accredited service providers to transport our recyclable waste to recycling companies.

### Explosives waste

As required by the Explosives Act (Act No 26 of 1956) our explosives waste (empty boxes, cartons and packaging which has previously contained blasting material) is destroyed daily by burning in the demarcated destruction bay.

### Hazardous waste

Our hazardous waste produced at both BRPM and Styldrift I is collected, transported and disposed of by appointed service providers at Holfontein, an approved hazardous waste site. RBPlat does not import, export or treat waste deemed hazardous under the Basel Convention Annexures I, II, III and VII.

## NATURAL CAPITAL (continued)

### Our environmental performance (continued)

#### WASTE PRODUCTION AND DISPOSAL

Type of waste	2013 tonnes	2012 tonnes	2011 tonnes	% change year-on-year
<b>BRPM</b>				
Landfill waste	1 624	5 645	3 227	(71.2)
Incinerated medical waste	1.2	2.4	0.6	(48.7)
Recycled industrial waste	1 735.4	2 130	1 829	(18.5)
Hazardous waste	209	146	105	43.2
<b>Total BRPM waste</b>	<b>3 569.6</b>	<b>7 923.4</b>	<b>5 161.6</b>	<b>(54.9)</b>
<b>Styldrift I project</b>				
Landfill waste	171	65	55	163.0
Recycled waste	94.9	17.3	3	448.6
Hazardous waste	24	–	–	–
<b>Total Styldrift I waste</b>	<b>289.9</b>	<b>82.3</b>	<b>58</b>	<b>252.2</b>
<b>Total RBPlat waste</b>	<b>3 859.5</b>	<b>8 005.7</b>	<b>5 219.6</b>	<b>(51.8)</b>

#### Materials use

There were no major changes in our use of materials in 2013. Having achieved a reduction in the amount of explosives we used in 2012 through improved drilling and blasting efficiencies this reduction was maintained in 2013.

#### MATERIALS USED BY RBPLAT FOR THE PAST TWO YEARS

Material	Units	BRPM		% change year-on-year	Styldrift	Total for RBPlat
		2013	2012		2013	2013
Liquid petroleum gas (LPG)	kg	–	48	(100)	–	–
Acetylene gas	kg	2 494	3 079	(19)	1 352	3 846
Explosives	kg	4 549 475	4 866 287	(6.5)	462 425	5 011 900
Fire extinguisher materials	kg	459	303	51.5	–	459
Refrigerants	kg	–	2	(100)	–	–
Company-owned vehicles (petrol)	litres	29 386	21 593	36.1	52 279	81 665
Company-owned vehicles (diesel)	litres	282 426	340 153	(17)	–	282 426
Heavy off-road vehicles	litres	7 074	19 090	(63)	434 514	441 588
On-site petrol machinery	litres	463	376	23.1	–	463
On-site diesel machinery	litres	6 195	6 381	(2.1)	48 257	54 452

#### Product responsibility

RBPlat's mining lifecycle includes exploration, project development, mine construction, operation and concentrate production. Our final product is a concentrate which is sold to a single customer, Rustenburg Platinum Mines Limited (RPM), a wholly owned subsidiary of Anglo American Platinum, through a concentrate offtake agreement. The concentrate must meet certain specifications in terms of the offtake agreement in relation to the PGM moisture and chrome content for each tonne of concentrate. These product specifications are assessed through specific and proven procedures agreed to by RBPlat and RPM.

#### Our metals

The platinum group metals (PGMs) – platinum, palladium, rhodium, ruthenium and iridium – occur together in nature alongside gold, nickel, copper, cobalt and chrome.



Many of the unique properties of PGMs make them indispensable to modern technology and industry and their markets are many and varied, from the automotive industry to the medical field. The markets for our products are the same as those for all platinum producers (see our Operating context section on page 8).

### Product uses

As a vital component in autocatalytic converters, PGMs play a significant role in reducing air pollution by limiting the discharge of carbon monoxide, hydrocarbons, nitrous oxides and particulates. Approximately 56% of global PGM production is used in autocatalytic converters.

As part of its intention of being in the forefront of the hydrogen economy the South African government, through Hydrogen South Africa (HySA), wishes to explore the possible uses of stationary fuel cells to produce electricity. As fuel cells make use of PGMs the South African platinum industry is also interested in this possibility. Not only could this initiative reduce carbon emissions and provide a viable alternative source of electricity, but the manufacture of fuel cells in South

Africa also has the potential for job and venture creation.

### Product stewardship

We systematically address the safety, health and environmental issues relating to our products at all stages of the product lifecycle. The refiners and marketers of our PGMs have specific measures in place to protect the health and safety of those using or delivering our products. Procedures for assessing product health and safety are addressed during conceptual development, research and development, product certification, manufacturing and production, marketing and promotion, storage, distribution and supply, use and disposal, or recycling. Mineral safety development sheets are provided with all mining products and directed at industrial users.

Our products are not delivered directly to customers. We are committed to minimising the dispersion of metals back into the biosphere and reducing the environmental and health risks associated with this.

We aim to ensure the health, safety and environmental risks associated with the use, recovery, recycling and disposal of our products are properly understood by

customers and mitigated. Since our metals are sold into a global marketplace, we believe that meeting our product stewardship commitment is best done in collaboration with key stakeholders. Much of our engagement on product stewardship is done via our membership of the International Platinum Group Metals Association (IPA).

The refiners and marketers of our PGMs recognise the responsibility they have as suppliers of PGMs to build value chains that minimise the negative and enhance the positive impacts of PGMs over their lifecycles.

The metals produced from our concentrate are sold into the global marketplace by Anglo American Platinum, which meets its product stewardship commitments in collaboration with key stakeholders including government, industry associations, the scientific community and civil society organisations. There have been no incidents of non-compliance with regulations and voluntary codes concerning our products and we have not received any fines for non-compliance with laws and regulations concerning the provision and use of our products and services.



Geologists Charl Zietsman (left) and Tim Raymond at the Styldrift II drilling site

## NATURAL CAPITAL (continued)

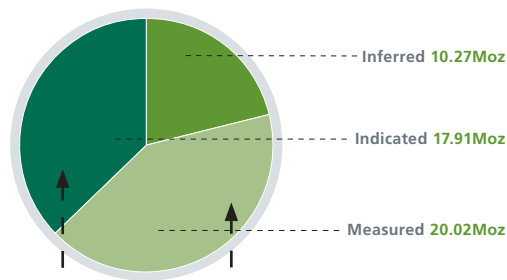
### Mineral resources and reserves

#### Mineral resource overview

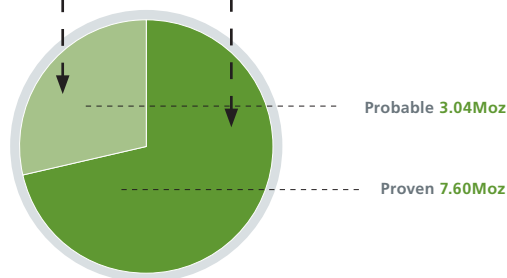
The total remaining in-situ Merensky and UG2 mineral resources attributed to Royal Bafokeng Platinum (RBPlat) constitute 243.01 million tonnes (Mt) at a grade of 6.17g/t which contains 48.20 million ounces (Moz) of 4E metals. RBPlat's 67% interest mineral portfolio underlies the properties of Boschkoppie 104 JQ, Styldrift 90 JQ and portions of Frischgewaagd 96 JQ. The 2013 geological resource models were discounted by updated geological losses and depletion from BRPM. Due to limited exploration drilling in 2012 no sampling intersections were added to the mineral resource models. Therefore, the mineral resource classification 2013 – 2012 is unchanged. The Merensky reef tonnage consists of 45% measured, 35% indicated and 20% inferred mineral resources and the UG2 reef tonnage consists of 38% measured, 40% indicated and 22% inferred mineral resources compliant with SAMREC.

**FIGURE 1: RBPLAT 2013 MINERAL RESOURCES AND MINERAL RESERVES CLASSIFICATION OF THE MERENSKY AND UG2 REEFS**

#### INCLUSIVE MINERAL RESOURCES



#### MINERAL RESERVES



#### Geological setting

RBPlat's mining operations and projects are located directly south of the Pilanesberg Igneous Complex, in the Western Limb of the Bushveld Igneous Complex (BIC), in the stratigraphic sequence referred to as the Rustenburg Layered Suite. The Rustenburg Layered Suite hosts several commodities which include the PGMs and chromitite. The mineable economic horizons include the platiniferous chromitite layers of the Upper Group number two seam (UG2 reef) and the Merensky reef, which are layered within the Critical Zone of the Rustenburg Layered Suite of the BIC.

#### Mineral rights

The status of mineral rights is indicated in Table 1. Sixty seven percent of all mineral rights on the specified farms and portions as tabled below are attributed to RBPlat and 33% to Rustenburg Platinum Mines, a wholly owned subsidiary of Anglo American Platinum, as per the BRPM Joint Venture agreement.



**TABLE 1: RBPLAT'S MINERAL RIGHTS STATUS**

Properties	Percentage interest	Status
Boschkoppie 104 JQ	67%	New Order Mining Right
Styl drift 90 JQ	67%	New Order Mining Right
Frischgewaagd 96 JQ Ptns 10, 14	67%	New Order Prospecting Right
Frischgewaagd 96 JQ Ptn. 17	67%	New Order Prospecting Right

## Mineral resource management

### Mineral resources

Salient points regarding resources

- > Mineral resources are reported as in-situ tonnes and grade and allow for geological losses
- > Mineral resources for 2013 are estimated at a minimum cut of 0.90m
- > All mineral resources and reserves stated in this chapter are reported as the 67% attributable interest of RBPlat
- > No mineral resources are excluded from the 2013 declaration relative to 2012 as a result of the cut-off grade calculation derived from the mineral reserve pay limits
- > For UG2 a 30 centimetre geotechnical support beam has been applied
- > Rounding of figures may result in computational discrepancies.

### Mineral resources summary

Due to limited exploration drilling during 2012 as a result of capital budget deferment, the Merensky and UG2 resource estimates have not been updated with new drillhole data in 2013. Effectively, geological loss updates from structural models, internal boundary changes and depletion on the BRPM North and South shafts have been the changes since last year.

**TABLE 2: RBPLAT'S INCLUSIVE MINERAL RESOURCES AT 31 DECEMBER 2013**

Reef	Resource classification	Tonnes Mt		4E grade g/t		Contained 4E Moz	
		2013	2012	2013	2012	2013	2012
Merensky	Measured	<b>47.64</b>	48.49	<b>7.51</b>	7.49	<b>11.50</b>	11.68
	Indicated	<b>39.28</b>	39.34	<b>6.98</b>	6.98	<b>8.82</b>	8.83
	Inferred	<b>20.83</b>	20.86	<b>7.80</b>	7.80	<b>5.23</b>	5.23
	<b>Total</b>	<b>107.75</b>	108.69	<b>7.37</b>	7.37	<b>25.55</b>	25.74
UG2	Measured	<b>49.82</b>	51.60	<b>5.32</b>	5.31	<b>8.52</b>	8.82
	Indicated	<b>55.32</b>	55.98	<b>5.11</b>	5.14	<b>9.09</b>	9.24
	Inferred	<b>30.12</b>	27.96	<b>5.21</b>	5.25	<b>5.05</b>	4.72
	<b>Total</b>	<b>135.26</b>	135.55	<b>5.21</b>	5.23	<b>22.65</b>	22.78
Total	Measured	<b>97.46</b>	100.09	<b>6.39</b>	6.37	<b>20.02</b>	20.50
	Indicated	<b>94.60</b>	95.32	<b>5.89</b>	5.90	<b>17.91</b>	18.07
	Inferred	<b>50.95</b>	48.82	<b>6.27</b>	6.34	<b>10.28</b>	9.95
	<b>Total</b>	<b>243.01</b>	244.23	<b>6.17</b>	6.18	<b>48.21</b>	48.52

Keynotes:

The Merensky reef resources inclusive of mineral reserves, decreased by 0.94Mt and 0.2Moz due to the following factors, of which each contributed less than a 1% change to the content compared to 2012:

- > Depletion on BRPM
- > Increase in geological loss of 0.05%
- > Geological boundary changes.



## NATURAL CAPITAL (continued)

### Mineral resources and reserves (continued)

The UG2 reef resources inclusive of mineral reserves decreased by 0.28Mt and 0.12Moz due to the following, of which each contributed less than a 1% change to the content compared to 2012:

- > Depletion on BRPM
- > Increase in geological loss of 0.37%
- > Geological boundary changes.

**TABLE 3: EXCLUSIVE MINERAL RESOURCES 31 DECEMBER 2013**

Reef	Resource classification	Tonnes Mt		4E grade g/t		Contained 4E Moz	
		2013	2012	2013	2012	2013	2012
Merensky	Measured	<b>20.94</b>	20.80	<b>8.06</b>	8.06	<b>5.43</b>	5.39
	Indicated	<b>25.90</b>	25.92	<b>7.10</b>	7.10	<b>5.92</b>	5.92
	Inferred	<b>20.83</b>	20.86	<b>7.80</b>	7.80	<b>5.23</b>	5.23
	<b>Total</b>	<b>67.68</b>	67.59	<b>7.62</b>	7.61	<b>16.57</b>	16.54
UG2	Measured	<b>23.34</b>	24.75	<b>5.20</b>	5.21	<b>3.90</b>	4.14
	Indicated	<b>47.52</b>	48.21	<b>5.15</b>	5.18	<b>7.87</b>	8.03
	Inferred	<b>30.12</b>	27.96	<b>5.21</b>	5.25	<b>5.05</b>	4.72
	<b>Total</b>	<b>100.98</b>	100.91	<b>5.18</b>	5.21	<b>16.82</b>	16.89
Total	Measured	<b>44.28</b>	45.55	<b>6.55</b>	6.51	<b>9.33</b>	9.53
	Indicated	<b>73.42</b>	74.13	<b>5.84</b>	5.85	<b>13.79</b>	13.95
	Inferred	<b>50.95</b>	48.82	<b>6.27</b>	6.34	<b>10.28</b>	9.95
	<b>Total</b>	<b>168.65</b>	168.50	<b>6.16</b>	6.17	<b>33.40</b>	33.43

Keynotes:

The Merensky reef resource exclusive of mineral reserves increased by 0.10Mt and 0.04Moz due to the following:

- > Geological boundary changes.

The UG2 reef resource exclusive of mineral reserves increased by 0.06Mt and a decrease of 0,07Moz due to the following:

- > Geological boundary changes
- > Minor decrease in grade contributing to the slight content decrease of 0.4%.

The prill split percentages for the Merensky and UG2 reefs are indicated in figures 2 and 3, respectively.

### Mineral reserves

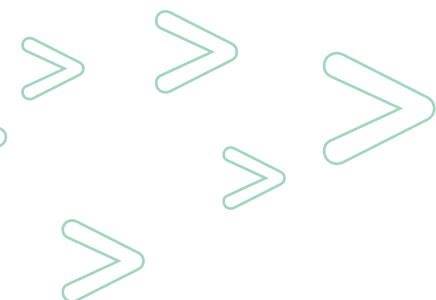
Based on the level of confidence the resource areas scheduled have been converted to reserves.

Salient points regarding reserves:

- > RBPlat takes cognisance of cut-off grades derived from information on pay limits in the mining operation. No mineral resources are excluded from the 2013 declaration relative to 2012 as a result of the cut-off grade consideration
- > Changes in pillar layout from a yield to a non-yield pillar design
- > Modifying factors are applied using a consistent approach based on historical performance or benchmarked for new areas
- > Only scheduled resources have been converted to mineral reserves with no inferred resources converted
- > Rounding off figures may result in minor computational discrepancies.

### Mineral reserves summary

Annual comparisons indicate a reduction in extraction at Styldrift Merensky. A change in pillar design was planned, reducing the span between pillars and the resultant extraction by 15%. The remaining areas indicate a stable inventory with the decrease as a result of depletion.



The Merensky reef comprises 5.97Moz at a 4E grade of 4.37g/t. The Merensky mineral reserve tonnage decreased by 11% from 47.94 Mt to 42.52Mt, and the 4E ounce content decreased by 10% from 6.64Moz to 5.97Moz (Table 4). These variances in the reserves are mainly attributed to a change in the mechanised mining pillar layout from a yield to a non-yield design at Styldrift I.

The UG2 reef comprises 4.68Moz at a 4E grade of 3.83g/t. The UG2 mineral reserves tonnage increased by 4% from 36.57Mt to 38.03Mt, and the 4E ounce content increased by 3.5% from 4.52Moz to 4.68Moz (Table 4). The increase in reserves are attributable to the inclusion of UG2 resources not previously scheduled.

**TABLE 4: MINERAL RESERVES AS AT 31 DECEMBER 2013**

Reef	Reserve classification	Tonnes Mt		4E grade g/t		Contained 4E Moz	
		2013	2012	2013	2012	2013	2012
Merensky	Proven	<b>27.39</b>	31.57	<b>4.46</b>	4.42	<b>3.93</b>	4.49
	Probable	<b>15.13</b>	16.38	<b>4.19</b>	4.09	<b>2.04</b>	2.15
	<b>Total</b>	<b>42.52</b>	47.94	<b>4.37</b>	4.31	<b>5.97</b>	6.64
UG2	Proven	<b>29.47</b>	26.93	<b>3.88</b>	3.88	<b>3.67</b>	3.36
	Probable	<b>8.56</b>	9.64	<b>3.65</b>	3.74	<b>1.01</b>	1.16
	<b>Total</b>	<b>38.03</b>	36.57	<b>3.83</b>	3.84	<b>4.68</b>	4.52
Total	Proven	<b>56.85</b>	58.50	<b>4.16</b>	4.17	<b>7.60</b>	7.85
	Probable	<b>23.69</b>	26.01	<b>4.00</b>	3.96	<b>3.04</b>	3.31
	<b>Total</b>	<b>80.54</b>	84.51	<b>4.11</b>	4.11	<b>10.65</b>	11.16

### Resource confidence

Throughout the past three years, a steady sequence of exploration activity has produced improved confidence relating to the ore body classification in the structural and resource models, especially in the Styldrift II investment area. The continuous development of the geological models is aimed at satisfying a feasibility study. Since 2011 around 100 000m of exploration drilling has taken place, allowing for the confidence parameters to align with SAMREC compliant study requirements. In 2013, 22 000m were drilled on the Styldrift 90 JQ farm.

Initially, exploration drilling focused on designed drill spacing to confirm resource grade and width continuity to enable classifying a SAMREC compliant measured and indicated mineral resource. The latter was achieved by targeting the study area in the centre of gravity and thereafter outwards to the extremities of the area. Secondary to delineating mineral resource confidence, geological structures and anomalies which emerged from 3D seismic interpretations were targeted. Drilling delineated structures gives assurance to the discount factors used in geological loss calculations, reef facies transitions and ore body planarity. Future infill drilling and

geological assessment will lean towards hydrogeology, geotechnical, mineralogy and flotation response.

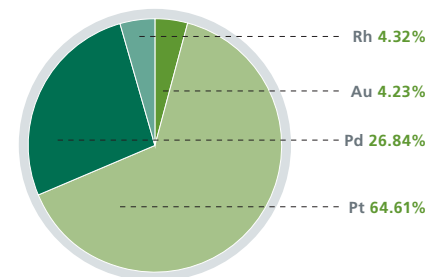
### Regulatory compliance

Mineral resource management forms an integral part of RBPlat's business and sustainability strategies. The focus of exploration programmes, continuous investigations, and viability studies concerning our ore bodies is to optimally mine and extract the metals contained in the RBPlat mineral portfolio.

The reporting of mineral resources and mineral reserves is compliant with the JSE Limited and industry, professional guidelines and best practices. The categories of classification are based on the South African Code for reporting mineral resources and reserves, namely the SAMREC Code 2007 edition (amended July 2009). RBPlat reporting procedures for mineral resources and mineral reserves include, but are not limited to, the sign off by a group of professionals classified as Competent Persons according to the SAMREC Code, in their respective professions. In respect of publicised reporting of mineral resources, RBPlat has an agreement with its business partner Anglo American Platinum to jointly sign off the annual mineral resource statements.

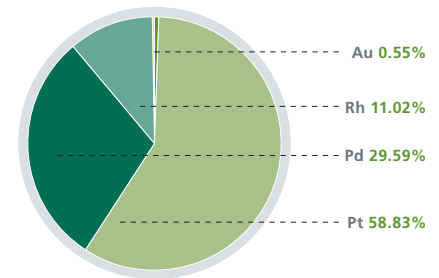
**Figure 2**

#### MERENSKY REEF – 4E PRILL SPLIT (%)



**Figure 3**

#### UG2 REEF – 4E PRILL SPLIT (%)



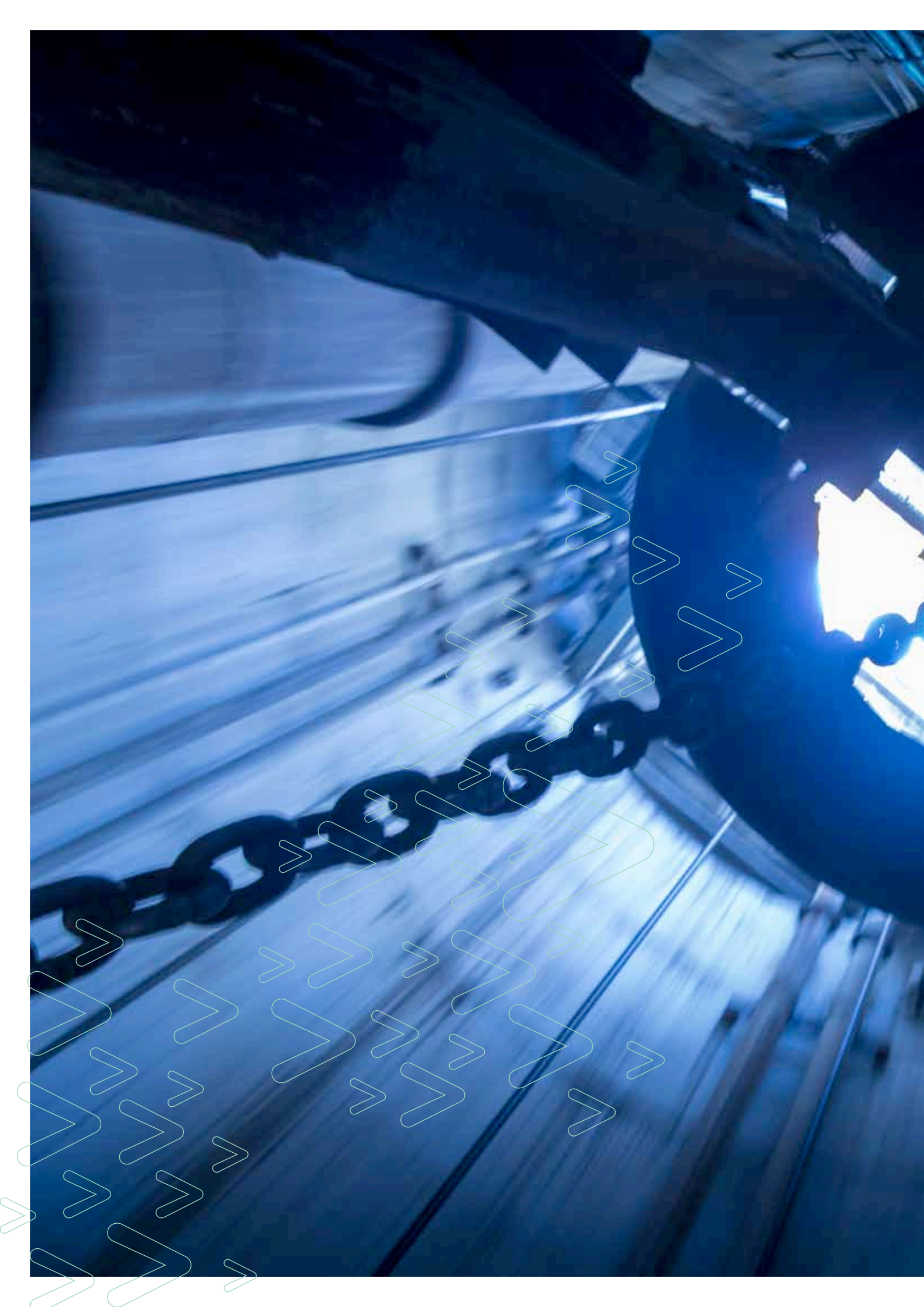
The Competent Persons for mineral resources and reserves are as follows:

#### Mineral resources:

- GJ Vermeulen**  
BSc Hons Geology, PrSciNat (400232/12)  
RBPlat Group Geologist
- GP du Plessis**  
BSc Hons MSc Geology, PrSciNat (400050/50)  
RBPlat Project Geologist
- K Mohanlal**  
BSc Hons Geology, PrSciNat (400003/05)  
Anglo American Platinum Resource Geologist

#### Mineral reserves:

- C Ackhurst**  
BEng, PrEng ECSA (20090200)  
RBPlat Mineral Resource Manager, BRPM
- G van Greunen**  
BEng, PrEng ECSA (20110356)  
RBPlat Mineral Resource Manager  
Styldrift



6

## INTELLECTUAL CAPITAL

- 109 Technology and innovation
- 110 Governance framework
- 112 Business improvement skills
- 113 Project management skills



### ACHIEVEMENTS



- > SAP Africa Quality Gold Award for ICT migration
- > Established our governance framework
- > Cost management project reduced cash operating costs (1% per 4E ounce and 2% per platinum ounce)

### IMPROVEMENTS



- > Shared services model introduced
- > Negotiated contract cost savings

### CHALLENGES



- > Continuous innovation

### DISAPPOINTMENTS



- > Delay in installation of water treatment plant

## INTELLECTUAL CAPITAL

### ELEMENTS OF OUR INTELLECTUAL CAPITAL ARE:



- > Technology and innovation
- > The skills and experience of the team responsible for our production (see page 32 to 33 of this report for information on our management team and the Manufactured capital section on page 51 for the performance of our operations)
- > Our ability to keep our people safe (see the Safety section on page 76 of this report)
- > Our ability to adapt to a changing business environment, achieve cost efficiencies and the courage to make tough decisions
- > Our project management skills (see the Manufactured capital section on pages 59 and 60)
- > Stakeholder relationships (see the Stakeholder relationships section on page 91)
- > The strategies, policies, procedures and codes that govern how we do business
- > Robust and fit for purpose computer systems
- > Our investment in our people and the communities in which we operate (see the Human capital section on page 65 to 83 and the Social and relationship capital section on page 85 to 91).

*We have chosen to focus on the knowledge and expertise behind the way we do things in RBPlat in this section of our report.*

### A REAL BUSINESS ASSET

This is the first year we have included intellectual capital in our integrated annual report.

There are many definitions of intellectual capital. We liked a very simple definition that explained that the intellectual capital in a business has three sources: products and intellectual property; human capital; and the knowledge and expertise that resides in the way things are done in a business, which includes systems, procedures and protocols. There is no doubt that intellectual capital is a real business asset, although measuring it can be difficult. Certainly the investment we make in training our employees and community members will contribute toward our business value for many years and we would refer you to the Human capital section on page 66 and Social and relationship capital section on page 88 of this report in that regard.





## Technology and innovation

We believe that the development of new technologies provides us with opportunities to extract incremental benefits from specific components of the mining industry value chain. These include exploration, mining, mineral processing, beneficiation, associated health and safety issues, environmental issues and post mining operations. To this end, RBPlat stays abreast of industry developments and establishes key partnerships with industry stakeholders to explore various options and to ensure the best technology is available to the Group.

Some of the technology and innovation projects presently underway at RBPlat include engineering, processing and environmental projects.

### Engineering

#### Styldrift winders induction drive

The electrical drive system of both the Man and the rock winders at Styldrift I use AC induction motors with an RMS rating of 4.569kW. The conversion of the 11kV 50Hz AC power supply to the winders is carried out at a voltage of 3 300 Vac using pulse width modulated (PWM) IGBT, 8.4MW rated MV7 308 inverters. Unique to the platinum mining industry, this drive is at the forefront of PWM drive technology.

Its components and control provide up to 99% efficiency, high reliability, low operating costs, high quality of supply to the motor, and minimum network interference (low harmonics, high power factor).

### Processing

#### Kell process

The Kell process represents a leap forward in PGM and base metal concentrate processing technology. Its benefits include reduced power costs, ease of processing, and environmental benefits. Developed for the extraction of PGMs, gold, silver and base metals from sulphide flotation concentrates, this hydrometallurgical process includes pressure oxidation and chlorination. The process has been successfully demonstrated on several different flotation concentrates.

Kell process benefits:

- > No requirement to smelt concentrates
- > Kell can process a bulk Ni/Cu/Co/PGM/Au concentrate
- > Final metal products tailored to user's marketing requirement
- > Reduced carbon emissions and carbon tax liability.

Kell amenability test work has been conducted at the Kell process laboratories in Australia using BRPM concentrate. The results show a high recovery of PGMs and base

metals into separate product streams and indicate that the BRPM concentrate is amenable for processing by Kell. We will be consulting further with Kell in 2014 to determine the next phase of test work.

### Ore crushing using the Chameleon ore crushing technique

The Chameleon crusher technique was investigated in the early 1960s, but was poorly understood and conventional comminution equipment was chosen over it. The purpose of comminution is to reduce the particle size of rock materials and liberate valuable minerals.

Crushing can be divided into two different categories: energy conditioned and compressive conditioned.

The Chameleon crusher uses energy conditioned crushing, which is achieved through the transfer of kinetic energy to particles. Compression conditioned crushing occurs when particles compressed to a given degree or a given displacement between two or more surfaces absorb high energy. Conventional cone crushers, gyratory crushers (essentially similar to cone crushers) and jaw crushers are three types of crushers, which apply compressive crushing.

The benefits of a Chameleon crusher include that:

- > it employs a third of the power used to fracture and break particles
- > a high reduction ratio of 1:40 on first pass
- > lower wear rates compared to traditional compression conditioned crushing
- > no recirculation loads.

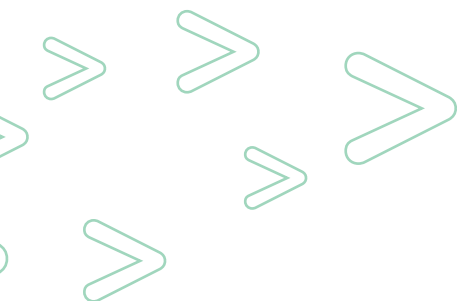
A Chameleon crusher pilot scale test work conducted on BRPM ore proved highly successful. A full scale test for a six month trial period in a production unit is currently being set up at the BRPM concentrator.

### Environmental

#### Water treatment plant

The scarcity of water resources and the deteriorating quality of water in South Africa is constraining economic growth and development. To this end we are improving our water use efficiency by installing a state of the art 4ML per day water treatment plant to treat our tailings return water and excess underground water to different quality standards. This water will supplement our current potable water supply from Magalies Water.

Construction of the plant will commence in 2014, with the first phase being commissioned in 2014 and the second phase in 2015.



## INTELLECTUAL CAPITAL (continued)

### GOVERNANCE FRAMEWORK

When we took over operational control from Anglo American Platinum (Amplats) of the BRPM Joint Venture in 2010, BRPM was still applying Amplats' environmental, safety and health strategies, policies and procedures and we had service level agreements with Amplats with regard to supply chain, computer systems and other management functions. Over the past four years we have developed our own policies and procedures, migrated and optimised our information, communication and technology (ICT) infrastructure and the mine technical system and set up our own supply chain capability.

### 2010

- > We listed on the JSE Limited
- > Our Board Charter was drafted and adopted together with the policies and practices of the Board
- > Terms of reference for our Board sub-committees were adopted
- > We established the Mahube Trust employee share option plan.

### 2011

- > We developed our Code of Ethics, which was endorsed by our Board and we established an ethics hotline
- > Our legal compliance policy and framework was endorsed by the Board and implemented alongside our risk management process
- > Our Board was evaluated in terms of its economic, environmental and social performance
- > We developed, finalised and applied a BRPM specific safety strategy
- > We signed a three-year wage agreement with the union on 1 July 2011
- > We finalised and distributed our new environmental strategy
- > KPMG replaced Amplats' Business Assurance division (ABAS) as internal audit service providers from 1 January 2011
- > Both our human resource development and transformation strategies and our remuneration philosophy and related policies were developed and adopted.

2012

- > Our new Memorandum of Incorporation was adopted at our Annual General Meeting in compliance with the Companies Act
- > The Board's Safety, Health and Sustainable Development Committee became the Social and Ethics Committee with new terms of reference
- > RBPlat's revised ethics policy was approved by the Board
- > The Board adopted our stakeholder engagement framework
- > Our new health and wellness strategy was completed and our environmental strategy was implemented
- > We appointed an Executive: Risk and Assurance
- > Our new risk management policy and framework was endorsed by the Board and we started implementing it
- > RBPlat became a signatory to the United Nations Global Compact
- > Our ICT strategy and governance framework was developed and adopted by the Board and we started implementing it
- > We successfully and cost efficiently completed the transition of our ICT and mine technical systems
- > A competent supply chain capability was established and we migrated our supply chain contracts from Amplat to RBPlat.

2013

- > Our Social and Ethics Committee terms of reference were revised
- > Our Board adopted an alternative dispute resolution governance framework and policies and they were implemented
- > The new health and wellness strategy document was distributed within RBPlat
- > The Board approved our talent management and succession planning strategy and plan and we began implementing it
- > Our ICT policy was developed and adopted
- > We implemented our risk and compliance governance framework
- > The necessary governance was put in place to manage change approvals
- > We further optimised our systems
- > The supply chain operational readiness project for Styldrift I began.

## INTELLECTUAL CAPITAL (continued)

### Business improvement skills

#### Cost management project

The South African platinum industry is currently faced with reduced demand for its PGMs. The increased pressure on labour costs, as well as rising electricity and water costs have resulted in industry's operating costs tripling since 2003. To protect and improve our operating margins and achieve our strategic objective of moving to a low cost culture to maintain a low position on the industry cost curve RBPlat needs to reduce costs and eliminate wastage.

In 2013 we managed to reduce our operating cost base by looking for cost reductions across all business areas including operating expenditure, replacement capital expenditure, stay-in-business expenditure and bottom line costs. Our focus areas this year have been:

- > A labour review which included restructuring our labour and stringent labour management
- > Review of our key contracts with a view to reducing costs
- > Enforce our contracts to ensure that the commercial terms and conditions are complied with
- > Implement power saving and water conservation initiatives
- > Increase budget holder control and improve our cost management systems
- > Continue using reclaimed material and establish refurbishment contracts.

#### The role of supply chain management in cost management

Supply chain management, which plays a key role in cost management, is one of the first functions to provide a shared service in RBPlat. During 2013 supply chain management reviewed and refined all the strategic contracts which it took over last year and has been able to reduce costs

significantly through refining and renegotiating contracts.

The supply chain function has set up a strategic sourcing team which will manage the supply chain process from procurement to the end of life of the equipment or service procured. It also ensures items are ordered at the right price, quantity and quality and are delivered in time. It will also make sure we have effective retention strategies in place for our stay-in-business procurement and wherever possible negotiate contracts with long lead times in hand. Standardisation also plays an important role in our supply chain management as it reduces the number of spare parts that we need to keep in stock.

#### Organisational redesign to achieve a lean fit for purpose organisation

We need to provide Styldrift I with all the services it requires to operate as a mine. The relatively close proximity of our BRPM and Styldrift I operations provided us with an opportunity to review our organisational structures with a view to sharing services between the two operations and designing a lean fit for purpose organisation. Compelling reasons for establishing shared services included: economies of scale, where it would not affect operational capability to centralise a function (these are usually high volume transactional activities); establishing a centre of expertise (COE) that can service both operations equally, which will ensure standardisation and governance; and where sufficient capacity exists in one operation, use it to provide a service to the other, which will avoid duplication of functions and possibly positions.

To support our Towards operational excellence strategy it is critical that we put in place effective and efficient structures. Our redesign of our organisational structures was guided by the following principles:

- > Any shared services function we establish will be integrated into the various functions, which will avoid a silo approach
- > There will not be a Head of shared services, instead reporting lines will be within the existing structures at either our operations or corporate office, giving us a fit for purpose hybrid model for shared services
- > Heads of department, general managers and Executive Committee members were extensively involved in the design of the organisational structures, including the extent of what would become shared services.

Some functions, such as supply chain management, are already functioning as a shared service. The rest of the structure will be rolled out in 2014.

### Systems projects

Having taken over the management of our ICT systems and conducted a review of them in 2013 we are busy optimising them. We need to make sure that our data is accurate and credible. We appointed a Chief Information Officer in 2013 who is driving the optimisation of our ICT systems. In 2014 our focus will be on changing our reporting from the nature of account principle to base it on accountability. This change means our people will be better empowered to take ownership of their part of the business and will have the information they need to better manage their costs. We will also have a particular focus on ensuring that throughout RBPlat, from our CEO to operational level, our people are provided with appropriate and relevant reporting in real time so they have information available that they need to make informed business decisions.

#### **Our innovation and excellent project implementation recognised**

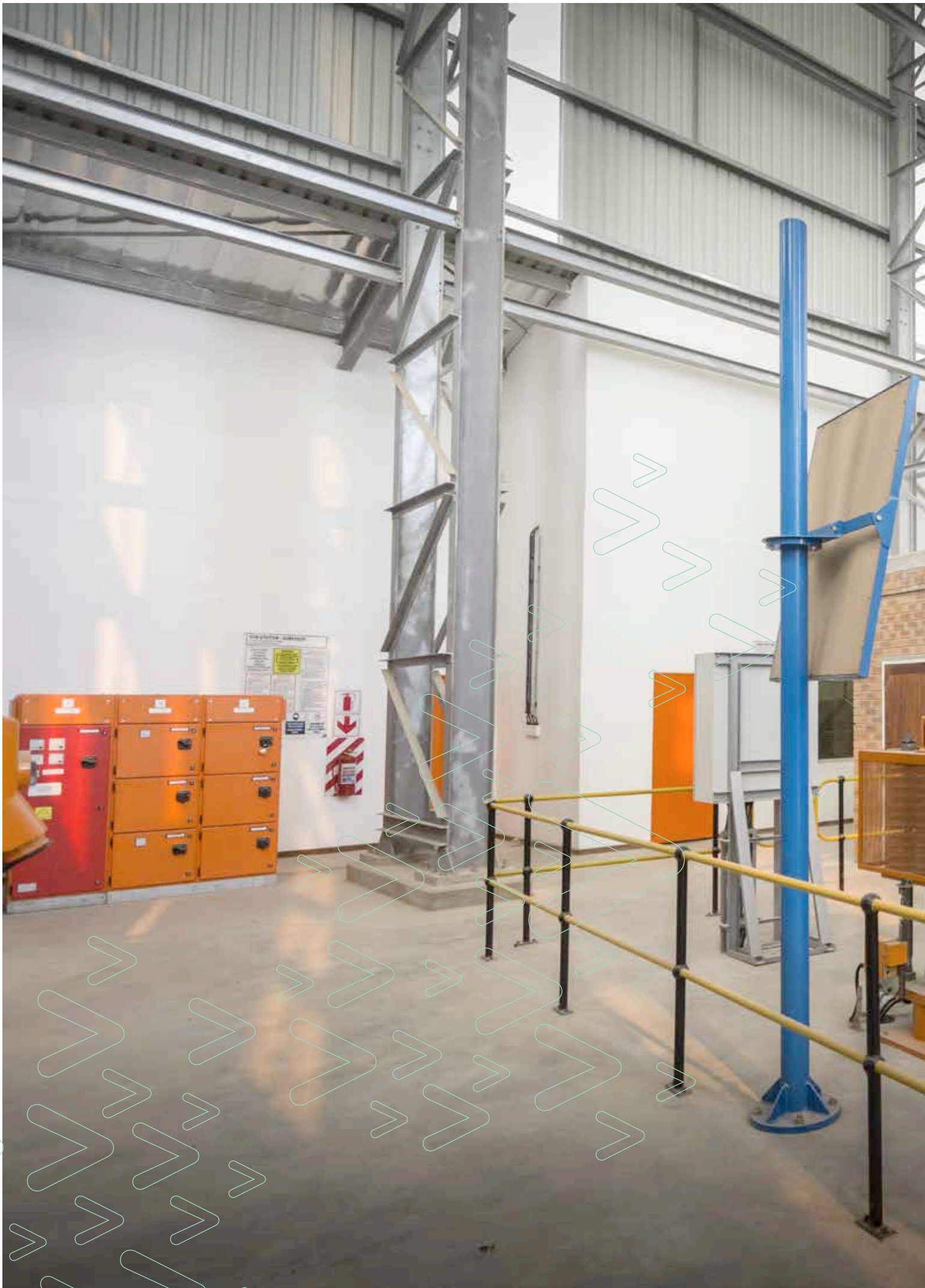
RBPlat, competing with companies across Africa, was a Gold winner of a SAP Quality Award for excelling in the planning and execution of a SAP software implementation in the medium implementation category. The project for which we won this award was the transitioning of our SAP and peripheral systems portfolio in 2012. This achievement now puts us up against winners from the Europe, Middle East and Africa regions in the next stage of the competition. The judges complimented the RBPlat team on its thorough and detailed understanding of the scope of the project, the commitment of key stakeholders, super users and sponsors to achieving the goals and deadlines and the fact that the project came in on time and on budget. They also recognised that the implementation was well aligned with our business requirements and that we had a comprehensive understanding of the risks and properly mitigated these risks through technical and user testing and proactive efforts to reduce the complexity of the risks. The judges also recognised our innovative use of the SAP Landscape Transformation tool for the first time in Africa.

## Project management skills

### Capital projects

Organic growth is a key pillar of our strategy and the future sustainability of RBPlat depends on our ability to achieve this growth. Our project team, which was formed in 2009, is responsible for the successful delivery of our projects and has a key role to play in achieving this strategy.

The right level of owner involvement is the key to project success. We identified a team with appropriate management, technical and supervisory skills at all levels of project organisation and all with the ability to work as integrated members of the team with a common goal. Our definition of a successful project is one that is delivered on time, within budget and according to plan.



7

# TRANSPARENCY AND ACCOUNTABILITY

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## TRANSPARENCY AND ACCOUNTABILITY

### Chairman's corporate governance review



*Adv Kgomotso Moroka* Chairman

At RBPlat we recognise the leadership role of the Board in taking responsibility for the good governance of the Group on behalf of our stakeholders. It is also our objective as a Board to provide responsible leadership by directing the Group's strategies and operations in a manner that will allow it to achieve sustainable economic, social and environmental performance. To achieve this we monitor the non-financial matters, risks and the impact of our operations on all our key stakeholders every quarter. In addition, the Social and Ethics Committee and the Executive Committee address key sustainability matters at their respective quarterly and monthly meetings.

Good governance is at the heart of RBPlat's Board and committee structure. It is also the forum that sets the Company's values and empowers our management team to execute our strategy and be accountable for delivering against it. We are committed to being responsible, accountable and fair in all that we do and to continue to build on the governance foundations we have established and uphold the highest standards of ethics, transparency and good governance. To better understand the approach to ethics in our business we undertook a baseline assessment in 2013 and will be addressing any gaps we identified during 2014. Our enterprise risk management framework is also designed to ensure thorough and transparent risk governance.

By appointing strong independent directors we benefit from their expertise and perspective and the introduction of different thinking to our deliberations.

I also believe that by practising good corporate governance in the appointment of our directors and in the separation and clear definition of the roles and responsibilities of the Chairman and Chief Executive Officer we have equipped our Board not only to make decisions in the right way, but to make better decisions.

Corporate governance means much more than a set of rules and processes governing the running of a company. As Chairman of RBPlat I aim to ensure not only that RBPlat complies with all the relevant codes and regulations, but that we instil in our entire management team a commitment to achieving the best results in the most responsible way.

RBPlat wishes to enhance shareholder value in such a way that we make a real and permanent contribution to the wellbeing of the people and the development of South Africa. In my role as Chairman I shall do my best to ensure that RBPlat adheres to the highest possible standards of corporate governance.

**Adv Kgomotso Moroka SC**  
Independent Chairman





## Corporate governance

### Our approach to governance

RBPlat understands that a sound and robust approach to Group corporate governance standards throughout our organisation requires a focus on performance as well as conformance. We also recognise that strategy, performance, sustainability and risk are inseparable. Through our strategic pillars

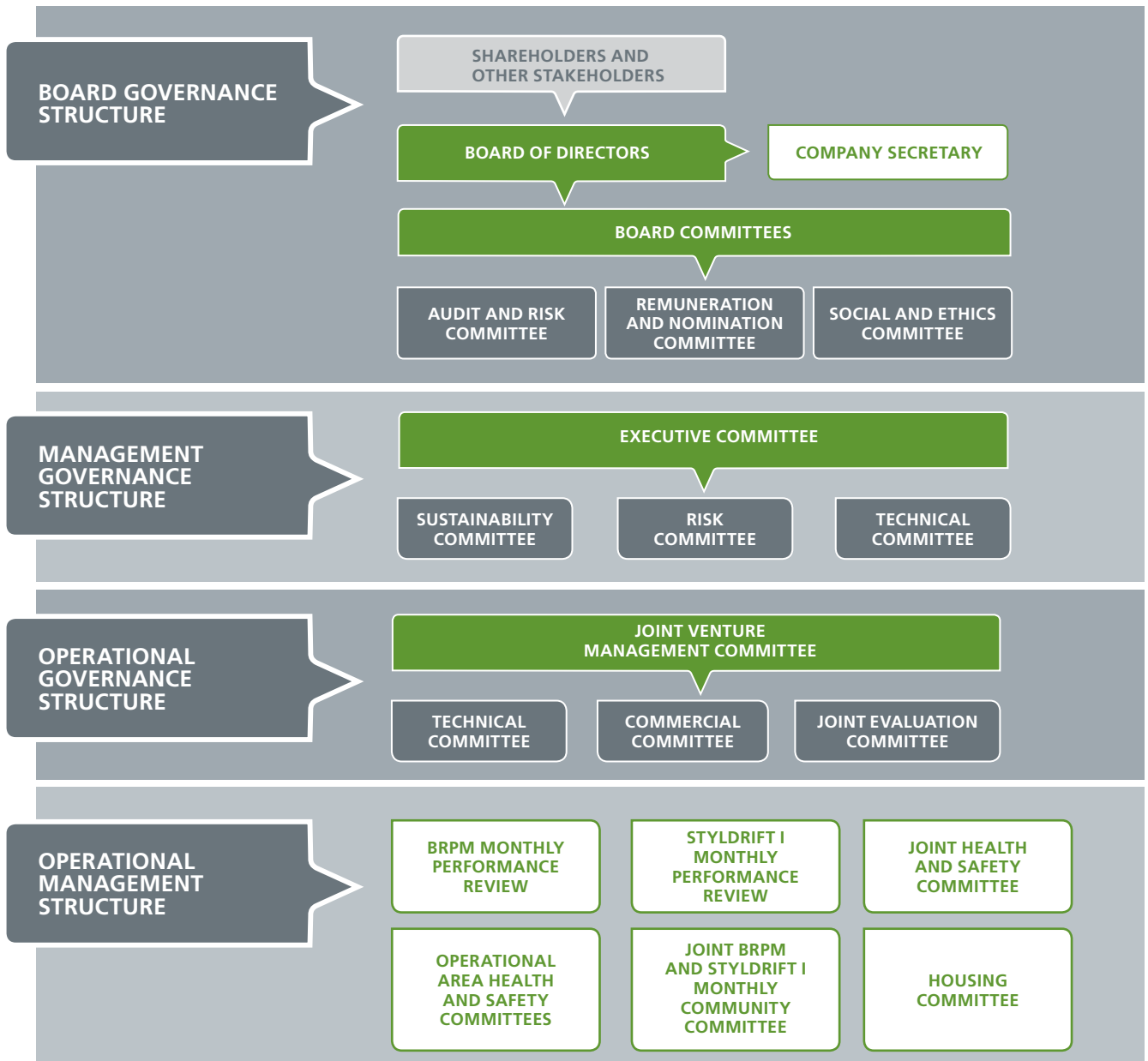
we pursue the long-term sustainability of RBPlat’s business. We establish clear lines of accountability for these pillars from board level down.

To ensure that we consistently practise effective corporate governance throughout the Group, our Board materially applies the principles of King III. In terms of the King III

principles the Board must consider the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision-making processes.

RBPlat has been included in the JSE SRI Index for the past two years. We are a signatory to the UN Global Compact and we participate in the Carbon Disclosure Project.

### Our governance framework



## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Corporate governance (continued)

#### Establishing materiality

RBPlat follows the Global Reporting Initiative's principle of materiality, which encourages companies to establish and report on their most relevant and important issues. We define material issues as those which have the potential to substantially impact on our ability to create and sustain value for stakeholders. RBPlat's process for determining materiality is described on page 20 of our integrated annual report.

#### Governance and management systems

Our Board performs its duties within a framework of policies and controls which provide for effective risk assessment and management of our economic, environmental and social performance. It also plays an important role in setting ethical standards of conduct. Each of the Group's subsidiary companies has a separate board of directors, however, the main Board and its committees oversee all significant aspects and transactions of the subsidiaries. The subsidiaries are also governed by the limits of authority set by the Board, which are set out in our authority policy.

The Board's responsibilities are outlined in its Charter which is reviewed and adopted by the Board annually. All the Board committees operate under Board-approved mandates and terms of reference, which are updated when necessary to keep them aligned with current best practice. All our Board committees, except the Social and Ethics Committee, are chaired by independent non-executive directors. The chairmen of these committees attend our annual general meeting to respond to any

shareholder queries. The mandates, charters and terms of reference governing the Board and its committees are available from the RBPlat secretariat or the Company website. The Audit and Risk and the Social and Ethics committees are statutory committees in terms of the Companies Act as well as King III. Shareholders are required to elect the members of the Audit and Risk Committee at the Company's annual general meeting. While the Social and Ethics Committee is also a statutory committee, its members are re-appointed every year by the Board at the first Board meeting following the annual general meeting.

#### The Board

The RBPlat Board Charter, which details the responsibilities of the Board, is closely aligned with the recommendations of King III and forms the basis of the Board's responsibilities and duties. Our Memorandum of Incorporation also addresses certain of the directors' responsibilities.

The Board convenes a minimum of four times a year. It also holds an annual strategic planning session for the entire Board and convenes additional meetings as necessary.

#### Board process for approving and authorising the integrated annual report

Every year the Board reviews two consecutive proofs of the integrated report, holds a workshop at which it provides feedback to the team that prepares the report and reviews the final proof before authorising the report's publication.

## Composition

Our Board membership at year end comprised five independent non-executive directors, two non-executive directors and three executive directors. Matsotso Vuso resigned as an independent non-executive director on 27 August 2013.

### ROLES, RESPONSIBILITIES AND FOCUS AREAS OF OUR BOARD AND ITS COMMITTEES

RBPlat Board	SUMMARY OF ROLES AND RESPONSIBILITIES	MEMBERS	MEETING ATTENDANCE
<p><b>Role and responsibilities of the Chairman</b> The Chairman is responsible for ensuring:</p> <ul style="list-style-type: none"> <li>&gt; the overall effectiveness of the Board and its committees</li> <li>&gt; that the Board provides effective leadership, maintains ethical standards and is responsible, accountable, fair and transparent</li> <li>&gt; that strategies are developed and implemented with the objective of achieving sustainable economic, social and environmental performance</li> </ul> <p>To achieve this she fosters a culture of openness and constructive challenge within the Board that allows for the expression of a diversity of views in effective debates and discussions. She also makes herself available to shareholders for discussions on key corporate governance matters and matters of concern to shareholders, as well as other stakeholders</p> <p><b>Roles and responsibilities of the Board</b> As fiduciaries, the Board is accountable to shareholders as a whole and they also owe a duty of care and diligence to the Group. They act in the best interests of the Company and its shareholders</p> <p>The Board:</p> <ul style="list-style-type: none"> <li>&gt; governs the Company on behalf of its shareholders</li> <li>&gt; is responsible for strategy, strategic decision-making and execution</li> <li>&gt; regularly assesses the Company's performance</li> <li>&gt; ensures constructive engagement with stakeholders</li> <li>&gt; is responsible for RBPlat's approach to corporate citizenship, safety, health, the environment, ethics and risk</li> <li>&gt; takes responsibility for its own governance, including the rotation of directors, training of directors, conflicts of interest and the appointment of directors</li> <li>&gt; regularly monitors and assesses RBPlat's reputation in the marketplace.</li> </ul> <p>To fulfil these responsibilities Board members participate in rigorous and effective debate and discussion</p> <ul style="list-style-type: none"> <li>&gt; Annually assess the performance of the Company Secretary, the Board and its subcommittees</li> </ul> <p><b>Summary of key focus areas for 2013</b></p> <ul style="list-style-type: none"> <li>&gt; Implementing the most appropriate remuneration and reward structure for the Group</li> <li>&gt; Employee housing project and associated risks</li> <li>&gt; Concentrator solution</li> <li>&gt; Life of mine strategy</li> <li>&gt; Current economic and political climate during lead up to 2014 elections and its impact on capital markets, fund raising and operational stability</li> <li>&gt; Impact of industry/PGM market recession on the PGM basket price and revenues</li> <li>&gt; Potential tax liability</li> </ul>	<p><b>Role and responsibilities of the Chairman</b> The Chairman is responsible for ensuring:</p> <ul style="list-style-type: none"> <li>&gt; the overall effectiveness of the Board and its committees</li> <li>&gt; that the Board provides effective leadership, maintains ethical standards and is responsible, accountable, fair and transparent</li> <li>&gt; that strategies are developed and implemented with the objective of achieving sustainable economic, social and environmental performance</li> </ul> <p>To achieve this she fosters a culture of openness and constructive challenge within the Board that allows for the expression of a diversity of views in effective debates and discussions. She also makes herself available to shareholders for discussions on key corporate governance matters and matters of concern to shareholders, as well as other stakeholders</p> <p><b>Roles and responsibilities of the Board</b> As fiduciaries, the Board is accountable to shareholders as a whole and they also owe a duty of care and diligence to the Group. They act in the best interests of the Company and its shareholders</p> <p>The Board:</p> <ul style="list-style-type: none"> <li>&gt; governs the Company on behalf of its shareholders</li> <li>&gt; is responsible for strategy, strategic decision-making and execution</li> <li>&gt; regularly assesses the Company's performance</li> <li>&gt; ensures constructive engagement with stakeholders</li> <li>&gt; is responsible for RBPlat's approach to corporate citizenship, safety, health, the environment, ethics and risk</li> <li>&gt; takes responsibility for its own governance, including the rotation of directors, training of directors, conflicts of interest and the appointment of directors</li> <li>&gt; regularly monitors and assesses RBPlat's reputation in the marketplace.</li> </ul> <p>To fulfil these responsibilities Board members participate in rigorous and effective debate and discussion</p> <ul style="list-style-type: none"> <li>&gt; Annually assess the performance of the Company Secretary, the Board and its subcommittees</li> </ul> <p><b>Summary of key focus areas for 2013</b></p> <ul style="list-style-type: none"> <li>&gt; Implementing the most appropriate remuneration and reward structure for the Group</li> <li>&gt; Employee housing project and associated risks</li> <li>&gt; Concentrator solution</li> <li>&gt; Life of mine strategy</li> <li>&gt; Current economic and political climate during lead up to 2014 elections and its impact on capital markets, fund raising and operational stability</li> <li>&gt; Impact of industry/PGM market recession on the PGM basket price and revenues</li> <li>&gt; Potential tax liability</li> </ul>	<p>Kgomotso Moroka (Chairman)</p> <p>Steve Phiri (CEO)</p> <p>Martin Prinsloo (CFO)</p> <p>Nico Muller (COO)</p> <p>Linda de Beer</p> <p>Robin Mills</p> <p>Lucas Ndala</p> <p>David Noko</p> <p>Francis Petersen</p> <p>Mike Rogers</p> <p>Matsotso Vuso</p>	<p>7 out of 7</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>5 out of 5</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>7 out of 7</p> <p>3 out of 5</p>
<p><b>Summary of key focus areas for 2014</b></p> <ul style="list-style-type: none"> <li>&gt; Continue to entrench the safety strategy for the organisation and progress toward a resilient state where zero harm can be achieved</li> <li>&gt; Further embed risk management in the organisation</li> <li>&gt; Adopt a Combined Assurance plan in 2014</li> <li>&gt; Review and optimise the composition of the Board and its committees and review the Board Charter as well as the Committee terms of reference</li> <li>&gt; To agree the overall housing strategy for the organisation and the impact on the business</li> <li>&gt; Manage and monitor stakeholder relationships</li> </ul>	<p><b>Summary of key focus areas for 2014</b></p> <ul style="list-style-type: none"> <li>&gt; Continue to entrench the safety strategy for the organisation and progress toward a resilient state where zero harm can be achieved</li> <li>&gt; Further embed risk management in the organisation</li> <li>&gt; Adopt a Combined Assurance plan in 2014</li> <li>&gt; Review and optimise the composition of the Board and its committees and review the Board Charter as well as the Committee terms of reference</li> <li>&gt; To agree the overall housing strategy for the organisation and the impact on the business</li> <li>&gt; Manage and monitor stakeholder relationships</li> </ul>		

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Corporate governance (continued)

#### ROLES, RESPONSIBILITIES AND FOCUS AREAS OF OUR BOARD AND ITS COMMITTEES

SUMMARY OF ROLES AND RESPONSIBILITIES		MEMBERS	MEETING ATTENDANCE
<b>Audit and Risk Committee</b>	<p>The Audit and Risk Committee members are independent non-executive directors. The committee:</p> <ul style="list-style-type: none"> <li>&gt; reviews the Group's financial statements and integrated reporting</li> <li>&gt; oversees the governance of risk in conjunction with the Social and Ethics Committee through its risk management framework and the system of internal controls</li> <li>&gt; refers to the findings of the internal and external auditors</li> <li>&gt; obtains assurance on the financial statements, internal controls and sustainability information included in RBPlat's integrated annual report</li> <li>&gt; carries out its statutory duties set out in Section 90 of the Companies Act, 2008</li> <li>&gt; satisfies itself as to the expertise and experience of the Chief Financial Officer and the financial function.</li> </ul> <p>The Audit and Risk Committee report can be found on page 152 of this report</p> <p><b>Summary of key focus areas for 2013</b></p> <ul style="list-style-type: none"> <li>&gt; Approval and monitoring internal audit's progress in terms of its annual work-plan as well the embedding of risk management processes</li> <li>&gt; The implementation of governance principles and adopted strategies, especially around ethical management, IT and supply chain policies and processes</li> <li>&gt; Risk profiles, especially with regard to the housing project</li> <li>&gt; Fraud and corruption prevention policies and procedures</li> <li>&gt; Compliance framework and policy development</li> <li>&gt; Assurance provisions, especially on sustainable development information.</li> </ul> <p><b>Summary of key focus areas for 2014</b></p> <ul style="list-style-type: none"> <li>&gt; Combined risk assurance</li> <li>&gt; Enhancement of risk management and maturity of fraud and corruption risk prevention and detection mechanisms.</li> </ul>	Linda de Beer (Chairman)	4 out of 4
		Robin Mills	4 out of 4
		David Noko	1 out of 1
		Francis Petersen	4 out of 4
		Matsotso Vuso	3 out of 3
<b>Remuneration and Nomination Committee</b>	<p>This committee's remuneration responsibilities include:</p> <ul style="list-style-type: none"> <li>&gt; approving, guiding and influencing key human resource policies and strategies</li> <li>&gt; monitoring and guiding progress in regard to the requirements of the Employment Equity and Basic Conditions of Employment acts in conjunction with the Social and Ethics Committee</li> <li>&gt; ensuring appropriate, transparent disclosure of remuneration</li> <li>&gt; skills development</li> <li>&gt; recommending appropriate levels of remuneration to be paid to the members of the Board of directors</li> <li>&gt; upholding, reviewing and amending, if appropriate, the Company's remuneration philosophy and policy with particular reference to the remuneration of executive directors and senior management</li> <li>&gt; ensuring that executive directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance, having regard to the interests of stakeholders and the financial condition of the Group</li> <li>&gt; approving remuneration packages designed to attract, retain and motivate high-performing executive directors and senior management, including, but not limited to, basic salary, performance-based short- and long-term (and share-based) incentives, pensions and other benefits</li> <li>&gt; establishing appropriate criteria to measure the performance of executive directors and senior management</li> <li>&gt; reviewing the effectiveness and approving the operation of the Company's share-based and other incentive schemes</li> </ul> <p>The committee's nomination role includes:</p> <ul style="list-style-type: none"> <li>&gt; identifying and evaluating suitable candidates for appointment to the RBPlat Board and succession planning</li> <li>&gt; ensuring RBPlat's leadership is representative of all race groups and is in accordance with the spirit and targets set out in the Mining Charter Scorecard</li> <li>&gt; ensuring the appointment of our directors is transparent and governed by the formal procedures set out in the committee's mandate and terms of reference and the Board Charter.</li> </ul>	David Noko (Chairman of Remuneration Committee)	5 out of 5
		Kgomotso Moroka (Chairman of Nomination Committee)	5 out of 5
		Mike Rogers	5 out of 5

## ROLES, RESPONSIBILITIES AND FOCUS AREAS OF OUR BOARD AND ITS COMMITTEES

	SUMMARY OF ROLES AND RESPONSIBILITIES	MEMBERS	MEETING ATTENDANCE
<b>Remuneration and Nomination Committee (continued)</b>	<ul style="list-style-type: none"> <li>&gt; ensuring directors retire and are re-elected in accordance with the mandate and the Company's Memorandum of Incorporation</li> <li>&gt; reviewing and reporting to the Board on the adequacy of succession planning policies for the Board, Chairman, CEO and executive directors</li> <li>&gt; Ensuring induction and ongoing development of directors takes place</li> <li>&gt; Regularly review the skill, knowledge, expertise and composition of the Board and make recommendations to the Board regarding any adjustments deemed necessary.</li> </ul> <p><b>Summary of key focus areas for 2013</b> The committee reviewed the long-term incentive pay mix and motivated to the Board for its approval the:</p> <ul style="list-style-type: none"> <li>&gt; reduction of the bonus share plan component in the long-term pay mix of executives</li> <li>&gt; implementation of the forfeitable share plan</li> <li>&gt; continuation of the existing share option plan only for ad hoc, discretionary grants in cases of new appointments and promotions</li> <li>&gt; approved the targets and weighting of the performance scorecard measures of the short-term incentive plan</li> <li>&gt; approved executive salary increases</li> <li>&gt; approved the short-term incentive payments</li> <li>&gt; reviewed and approved the Company's remuneration report and policy</li> <li>&gt; reviewed the King III principles and alignment of the remuneration approach to best practice guidelines</li> </ul> <p><b>Summary of key focus areas for 2014</b></p> <ul style="list-style-type: none"> <li>&gt; Implementation of new long-term incentive scheme</li> <li>&gt; Embedding succession planning and talent management within the organisation</li> <li>&gt; Comprehensive Board and committee evaluation process</li> <li>&gt; Aligning of performance criteria with incentive plans both short and long term.</li> </ul>		
<b>Social and Ethics Committee</b>	<p>The primary role of the committee is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of social, ethics and sustainable development related matters which include:</p> <ul style="list-style-type: none"> <li>&gt; safety</li> <li>&gt; health and wellness</li> <li>&gt; environmental management</li> <li>&gt; climate change</li> <li>&gt; ethics management</li> <li>&gt; social and labour plans (SLPs)</li> <li>&gt; human resource development</li> <li>&gt; employment equity and transformation</li> <li>&gt; Mining Charter and legislative compliance</li> <li>&gt; mine community development</li> <li>&gt; stakeholder engagement</li> <li>&gt; protection of Company assets.</li> </ul> <p>The committee is also responsible for carrying out its duties as prescribed in the Companies Act, 2008, and for reporting the discharge of its duties in this regard to the Board and shareholders. The committee's statutory report can be found on page 128.</p> <p><b>Summary of key focus areas for 2013</b></p> <ul style="list-style-type: none"> <li>&gt; Ethics policy/framework and its management</li> <li>&gt; Risk management and assurance provision around sustainable development</li> <li>&gt; Monitoring progress with regard to social, human and capital management</li> <li>&gt; Ensuring sustainable natural development framework finalised and approved</li> <li>&gt; Risk management of operational and project risks, including housing project.</li> </ul> <p><b>Summary of key focus areas for 2014</b></p> <ul style="list-style-type: none"> <li>&gt; Safety review</li> <li>&gt; Implementation of sustainable development framework</li> <li>&gt; Reporting structures to improve reporting on all aspects of SD and climate change matters</li> <li>&gt; Regulatory and compliance assessments and reporting</li> <li>&gt; Housing project risk management.</li> </ul>	Mike Rogers (Chairman) Robin Mills David Noko Francis Petersen	4 out of 4 4 out of 4 4 out of 4 4 out of 4

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Corporate governance (continued)

#### Company Secretary

The RBPlat Company Secretary is responsible for administering the proceedings and affairs of the directorate, the Company and, where appropriate, owners of securities in the Company, in accordance with the relevant laws. The Company Secretary is available to assist all our directors with advice on their responsibilities, their professional development and any other relevant assistance they may require.

Lester Jooste is the duly appointed Company Secretary of RBPlat. He is not a director of RBPlat or any of its subsidiaries and on that basis the Board is comfortable that he maintains an arm's length relationship with the executive team, the Board and the individual directors in terms of section 3.84(j) of the JSE Listings Requirements.

Lester Jooste has worked in the company secretariat environment for 13 years, which includes 10 years with listed entities, and is an associate of the Institute of Chartered Secretaries. He has never been censured by the JSE or penalised or fined for any misconduct. The Board, having assessed his abilities based on his qualifications, experience and the level of competence he has demonstrated as RBPlat's Company Secretary over the past three years, as required in terms of section 3.84(i) the JSE Listings Requirements, agreed that Lester Jooste is sufficiently qualified, competent and experienced to act as RBPlat's Company Secretary. The Board endorsed and confirmed his appointment as Company Secretary at its meeting held in February 2013.

#### MANAGEMENT COMMITTEES' ROLES AND RESPONSIBILITIES (EXCO AND MANCO)

COMMITTEE	ROLES AND RESPONSIBILITIES	MEMBERS	MEETING ATTENDANCE
<b>Executive Committee (Exco)</b>	<p>The Executive Committee, which meets at least once a month, is responsible for:</p> <ul style="list-style-type: none"> <li>&gt; implementing the Group's strategy</li> <li>&gt; carrying out the Board's mandates and directives</li> <li>&gt; the operational activities of the RBPlat Group</li> <li>&gt; monitoring operating and financial performance against set objectives</li> <li>&gt; executing RBPlat's compliance and disclosure obligations.</li> </ul> <p>The committee assists the Chief Executive Officer in the performance of his duties by:</p> <ul style="list-style-type: none"> <li>&gt; taking responsibility for the operational activities of the Group</li> <li>&gt; developing strategy, operational plans, policies, procedures and budgets for consideration by the Board</li> <li>&gt; assessing and controlling risk</li> <li>&gt; prioritising and allocating resources.</li> </ul>	Steve Phiri (CEO)	13 out of 13
		Martin Prinsloo (CFO)	13 out of 13
		Nico Muller (COO)	13 out of 13
		Reg Haman (Executive: Risk and Assurance)	13 out of 13
		Mpueleng Pooe* (Executive: Corporate Affairs and Communication)	2 out of 3
		Vicky Tlhabanelo (Executive: Human Resources)	13 out of 13
		Mzila Mthenjane (Executive: Business Sustainability) (Resigned on 1 April 2013)	5 out of 5
		Neil Carr: Head of Projects and Engineering	12 out of 13
		Glenn Harris (General Manager: BRPM)	7 out of 13
Velile Nhlapo (General Manager: Styldrift I)	9 out of 13		
<b>The Bafokeng Rasimone Platinum Mine (BRPM) Joint Venture Management Committee (Manco)</b>	<p>The BRPM Joint Venture (JV) Management Committee is responsible for the management of the BRPM JV. The committee has wide-ranging powers in terms of the JV, including the power to acquire and dispose of BRPM JV assets, borrow money, establish pension funds and other employee benefit schemes and institute legal proceedings. Royal Bafokeng Resources (RBR) (a wholly owned subsidiary of RBPlat) is allowed five of the eight appointments to this committee. Some committee decisions require unanimous approval while the participation interest of either joint venture partner is greater than 20% or while the participation of our joint venture partner, Rustenburg Platinum Mines (RPM), is greater than 20% and RBR's participation interest is 50% or more.</p>	Steve Phiri (Chairman)**	3 out of 3
		Martin Prinsloo**	3 out of 3
		Nico Muller**	3 out of 3
		Vicky Tlhabanelo**	2 out of 3
		Gary Humphries***	3 out of 3
		Vinogaren Pillay***	2 out of 3
Avischen Moodley*** (Replaced by Franscelene Naidoo in October 2013)	3 out of 3		

\* Joined in October 2013

\*\* Represents RBR

\*\*\* Represents RPM

### Statement of internal control

The Board acknowledges overall responsibility for the Group's system of internal controls. This includes the establishment of an appropriate control environment and framework, as well as reviewing the effectiveness, adequacy and integrity of this system.

Our framework of internal control is based on ongoing processes designed to identify the principal risks to the achievement of strategy, policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Our internal controls are designed to manage rather than eliminate

risk. Accordingly, the system can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss.

#### > Delegation of authorities

The Group has in place a clearly defined delegation of authorities for both executive and operating management, which includes authorisation levels for all aspects of the business. The delegation of these authorities is reviewed annually.

#### > Policies and procedures

Clearly documented policies and procedures have been developed and adopted (see the Intellectual capital

section on page 110 to 111 for details) and are subject to regular review and updating.

#### > Code of ethics

The Group has an established Code of Ethics which reinforces corporate values and ethical behaviour (see page 127 of the Governance report for further details).

#### > Whistle-blowing

The Group has in place a confidential whistle-blowing facility, which is independently run by KPMG. All tip-offs are actively investigated, followed up on and resolved.

### REPORTING IN TERMS OF SECTION 3.84 OF THE JSE LISTINGS REQUIREMENTS ON BOARD GOVERNANCE PROCESSES

Requirement	Principle	Approach
3.84(a)	<p>There must be a policy detailing the procedures for the appointment to the board.</p> <p>Appointments must be formal and transparent and a matter for the board as a whole, assisted where appropriate by a nomination committee.</p> <p>If a nomination committee is appointed, such committee must only constitute non-executive directors and the majority must be independent. The committee must be chaired by the chairman of the board.</p>	<p>RBPlat's directors are appointed by means of a transparent and formal procedure, governed by the mandate and terms of reference of our Remuneration and Nomination Committee and the Board Charter. The Board Charter and the terms of reference of all our committees are available on our website at <a href="http://www.bafokengplatinum.co.za/a/gov_policies.php">www.bafokengplatinum.co.za/a/gov_policies.php</a>, and the Nomination Committees terms of reference are summarised on page 120 of this report. As of February 2014 all members of our Nomination Committee are independent non-executive directors and the Chairman of the board chairs the committee (see page 120 of this report). We comply with the definitions of non-executive director and independent director in terms of paragraph 3.84(f)(ii).</p>
3.84(b)	<p>There must be a policy evidencing a clear balance of power and authority at board level to ensure that no one director has unfettered powers.</p>	<p>Our Board Charter demonstrates that there is a clear balance of power and authority at board level and that no one director has unfettered powers. Decisions, if not unanimous, are taken by a simple majority with one vote per director. The Chairman does not have a casting vote.</p>
3.84(c)	<p>Issuers must have a CEO and a chairman and these positions must not be held by the same person.</p> <p>The chairman must either be an independent director or the issuer must appoint a lead independent director as defined in the King Code.</p>	<p>The CEO and Chairman positions in RBPlat are held by different people and RBPlat's Chairman is an independent non-executive director.</p>
3.84(d)	<p>Issuers must appoint an audit committee in compliance with the King Code.</p> <p>Issuers must appoint a remuneration committee in compliance with the King Code.</p> <p>Where appropriate, issuers must appoint a risk and nomination committee.</p> <p>The composition of such committees, a brief description of their mandates, the number of meetings held and any other relevant information must be disclosed in the annual report.</p>	<p>RBPlat has a combined Audit and Risk Committee. Its membership is set out on page 120 of this report. The committee currently has four members all of whom are independent non-executive directors, as set out in the King Code. The Chairman of the Board is invited to attend committee meetings.</p> <p>As previously indicated RBPlat has appointed a combined Remuneration and Nomination Committee. The Committee has three members, all of whom, as at the end of February 2014 are independent non-executive directors. The Chairman of the board is a member of the combined committees and Chairman of the Nomination Committee.</p> <p>As already explained RBPlat has a combined Audit and Risk Committee and a combined Remuneration and Nomination Committee.</p> <p>Brief descriptions of the mandates of these committees and the number of meetings held during the year are available on pages 120 and 121 of this report and their terms of reference are available on our website.</p>

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Corporate governance (continued)

Requirement	Principle	Approach
3.84(e)	Brief CV of each director standing for election or re-election must accompany relevant notice of meeting.	Brief curricula vitae of our directors are to be found on page 30 to 31 of this report which also contains the Notice of our Annual General Meeting.
3.84(f)	Capacity of directors in relation to executive, non-executive and independent must be categorised and disclosed in the relevant documentation.	The curricula vitae mentioned at 3.84(e) also contain information as to whether a director is independent, non-executive or executive. The composition of our committees is in accordance with the requirements of the Companies Act and the King Code.
3.84(g)	Issuers must have a full time executive financial director.	RBPlat has a full time Chief Financial Officer who does not hold any other position nor does he have any other commitments that could be considered as full or part time employment.
3.84(h)	The audit committee must consider on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director and report thereon in the annual report.	Our Audit and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Chief Financial Officer and has reported on its findings in its Audit and Risk Committee report on page 149 of our annual financial statements.
3.84(i)	The provision deals with the competence, qualifications and experience of the company secretary and the board of directors' responsibility in relation thereto.	We would refer you to page 122 of this report where the Company Secretary's competence, qualifications and experience are set out and so are the Board's assessment of his abilities to carry out his responsibilities.
3.84(j)	The provision deals with the arms-length relationship between the board of directors and the company secretary and the board of directors' responsibility in relation thereto.	We also refer you to page 122 of this report where it is stated that the Board is comfortable that the Company Secretary maintains an arm's length relationship with the executive team, the Board and the individual directors.

### Assurance of our integrated annual report

Our integrated annual report has been externally assured in the following manner:

- > PricewaterhouseCoopers Inc. audited our annual financial statements (see page 155 for the unqualified audit report)
- > Gilden Assurance externally assured the report. Their report is on page 139
- > KPMG, our internal auditor, assured our internal controls (refer to our Audit and Risk Committee report on page 149 to 150)
- > Our Mineral resources and reserves statement (pages 102 to 105) is signed off by Competent Persons
- > To meet our responsibility to effectively mitigate and control risks the Group monitors and maintains financial and other internal control measures. We would refer you to the Audit and Risk Committee report on page 149 to 150, and the Social and Ethics Committee report on page 126.



## Our application of King III

Every year we consider the 75 corporate principles set out in King III. We have provided an update below of our actions in terms of the principles we listed in 2012 as not yet fully applied by RBPlat. A comprehensive assessment of all of the 75 principles can be found on our website at [www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za)

KING III PRINCIPLE	CURRENT AND FUTURE ACTIONS
<b>Ethics framework</b>	<p><b>2012</b> Revised ethics policy approved by Board An ethics framework and the measurement thereof to be established in 2013 as part of the risk management process</p> <p><b>2013</b> An ethics framework and a monitoring and measurement system are now in place (see the Ethics and human rights section on page 127)</p> <p><b>2014</b> Implement framework and monitoring and measuring system</p>
<b>Succession planning for the Chairman, CEO and senior management</b>	<p><b>2012</b> Succession plan for senior management agreed and its implementation was considered.</p> <p><b>2013</b> A succession plan for senior management has been agreed and a talent management plan which identifies talent for succession planning up to the CEO will be implemented in 2014</p> <p><b>2014</b> A talent management plan, which identifies talent for succession planning up to the CEO, will be implemented in 2014</p>
<b>Risk management framework and implementation plan</b>	<p><b>2012</b> A comprehensive enterprise risk management policy and framework and risk management strategy and implementation plan was approved by the Board in 2012. We also appointed an Executive: Risk and Assurance to lead the risk management and assurance development and implementation in conjunction with the CEO and the Audit and Risk Committee</p> <p><b>2013</b> A risk management policy, framework and risk management strategy and implement plan have been adopted and are being implemented and risk management programmes are being embedded in the organisation (see the Risk report on page 128 to 133)</p> <p><b>2014</b> Ongoing implementation of risk management policy, framework and risk management strategy</p>
<b>ICT governance</b>	<p><b>2012</b> RBPlat's ICT strategy and governance framework were developed and adopted by the Board in November 2012 and implementation has commenced</p> <p><b>2013</b> An ICT strategy and governance framework have been developed and adopted and implementation has begun, including the appointment of a Chief Information Officer (see Intellectual capital section on page 107 to 113 for more information)</p> <p><b>2014</b> Ongoing implementation</p>
<b>Legal compliance framework</b>	<p><b>2012</b> The Executive: Risk and Assurance revised the framework and policy, to be tabled in early 2013 for the Board to consider. A legal compliance policy and framework is in place</p> <p><b>2013</b> Our legal compliance framework and policy have been adopted and will be implemented in 2014. They form part of our risk management process (see Risk report on page 128 to 133)</p> <p><b>2014</b> Implementation of the legal compliance policy and framework</p>
<b>Alternative dispute resolution (ADR)</b>	<p><b>2012</b> An ADR policy was considered by the Executive Committee</p> <p><b>2013</b> The Board approved a policy which was adopted and communicated to all heads of department (see Governance report on page 117)</p> <p><b>2014</b> No further action required</p>
<b>Governing stakeholder relationships and corporate citizenship</b>	<p><b>2012</b> RBPlat's stakeholder engagement framework has been adopted by the Board. Reporting into the Board still needs to be enhanced</p> <p><b>2013</b> Our revised stakeholder engagement framework has been adopted and a Sustainability Committee has been formed at operational level to oversee the implementation of all sustainability matters, including stakeholder engagement</p> <p><b>2014</b> Implementation of the framework is ongoing</p>

## TRANSPARENCY AND ACCOUNTABILITY (continued)



*Community vegetable garden*

### Social and Ethics Committee report

RBPlat's Social and Ethics Committee (the committee) was established in 2012 in accordance with the requirements of the Companies Act 71 of 2008.

The committee derives its mandate, powers and duties from the legislation in terms of which it was established and its terms of reference as approved by the Board.

The terms of reference of the committee can be viewed on the Company's website. The terms of reference are reviewed and amended at least once every year.

The committee consists of four non-executive directors, three of whom are independent. Details of members of the committee as well as the record of attendance at the committee meetings appear on page 123 of the integrated annual report.

The primary role and purpose of the committee is to assist the Board with the oversight of social and ethical matters and in ensuring that the Company is and remains a socially committed corporate citizen. The duties of the committee are more fully set out in the terms of reference which have already been referred to.

The committee is accountable to the Board and reports, through its Chairman, to the shareholders at the Company's annual general meeting on the matters within its mandate.

More information on the committee's role can be found in the Natural, Social and Relationship capital as well as the Human capital section of the integrated annual report which appear on pages 65, 86 and 93.

**Mike Rogers**  
Chairman

## Ethics and human rights

We believe in ethical business conduct and have a zero tolerance approach to corrupt behaviour and any behaviour that may compromise human rights.

RBPlat requires all its representatives to act in good faith and in a manner that promotes our aspiration to be a good corporate citizen. The issue of corporate ethics receives attention from the highest level of management within RBPlat, with our Chief Executive Officer being ultimately responsible for implementing our Code of Ethics. We also require all of our suppliers to acknowledge and confirm in all supply contracts that they have read and understood our Code of Ethics and agree to be guided by it in terms of their actions and behaviour.

The Board, Audit and Risk and Social and Ethics committees monitor compliance with our Code of Ethics through the quarterly report they receive from the Executive: Risk and Assurance, which includes feedback from our whistle-blower hotline and our internal audit department.

During 2013 we conducted a baseline assessment of our ethics culture using feedback provided by senior management and an external facilitator. This process identified the gaps we need to address regarding ethical behaviour. We have begun implementing a programme aimed at increasing understanding and awareness of unethical behaviour among our employees and encouraging the use of the confidential whistle-blowing hotline available to our employees, suppliers and other stakeholders should they believe they have witnessed unethical behaviour. This programme will continue throughout 2014. Our induction programme also includes training in human rights and ethics. We also established a process to monitor and report on ethics in RBPlat.

Fraud risks are included in our risk assessment process which includes all our business units. During 2013 we provided our heads of department with awareness training on our fraud and corruption policy and procedures. Information on fraud and corruption and our ethics hotline forms part of our induction and refresher training and information on RBPlat's policy on fraud and corruption as well as information on our ethics hotline is regularly included in our staff newsletter.

Incidents of fraud and corruption that are reported or detected through management controls are formally investigated by the Executive: Risk and Assurance and/or our Security Manager, depending on the incident's severity. Where control weaknesses are identified we implement control enhancement measures. Where an investigation proves that our fraud and corruption policy has been transgressed we follow a formal disciplinary process, which could lead to dismissal and/or criminal charges being instituted.

During 2013 we developed and implemented a fraud and corruption policy which regulates

the behaviour of our employees. The fraud and corruption policy was distributed to all heads of department and discussed at our monthly business review meetings to ensure that our first level of management is aware of its provisions and that they cascade it down the management line. All heads of department are required to declare their interests, irrespective of whether or not there is an existing conflict of interest. This information will form the foundation of future fraud prevention activities.

RBPlat has grievance and corrective action procedures in place to ensure that any corrupt behaviour or behaviour that may compromise human rights that we become aware of is dealt with accordingly.

No requests for information were made to RBPlat during 2013 in terms of the Promotion of Access to Information Act.

During the year under review RBPlat was not subject to any penalties, fines or criminal prosecutions.

RBPlat does not support any political parties or politicians with either financial or in-kind contributions.

### Our Code of ethics

Our Code of Ethics, which was revised in 2013 to bring it in line with international best practice, explains that we do not tolerate acts of bribery or fraud by our employees, contractors, suppliers, joint venture partners and other business partners. We take immediate action (which may include dismissal and legal action) against any organisation or person committing bribery or fraud and have systems in place to prevent these misdemeanours. We are also committed to fair trade and purchasing in an ethical manner.

A copy of our Code of Ethics is available on our website at [www.bafokengplatinum.co.za/a/f/2013/RBPlat-ethics-policy-aug2012.pdf](http://www.bafokengplatinum.co.za/a/f/2013/RBPlat-ethics-policy-aug2012.pdf)

### Human rights

RBPlat became signatories of the United Nations Global Compact (UNGC) in May 2012 (see our Annual Communication on Progress to the UNGC on our website at [www.bafokengplatinum.co.za/a/f/2013/rbplats\\_cop\\_aug13.pdf](http://www.bafokengplatinum.co.za/a/f/2013/rbplats_cop_aug13.pdf)). We are committed to upholding the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and complying with all the relevant South African legislation.

We are committed to eliminating all forms of forced or compulsory labour and prohibit any form of child labour in our operations.

RBPlat requires that any security personnel working at our operations, either as direct employees or as contractors, receive appropriate human rights training and we monitor compliance with this requirement.

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Risk management

#### Our approach to risk management

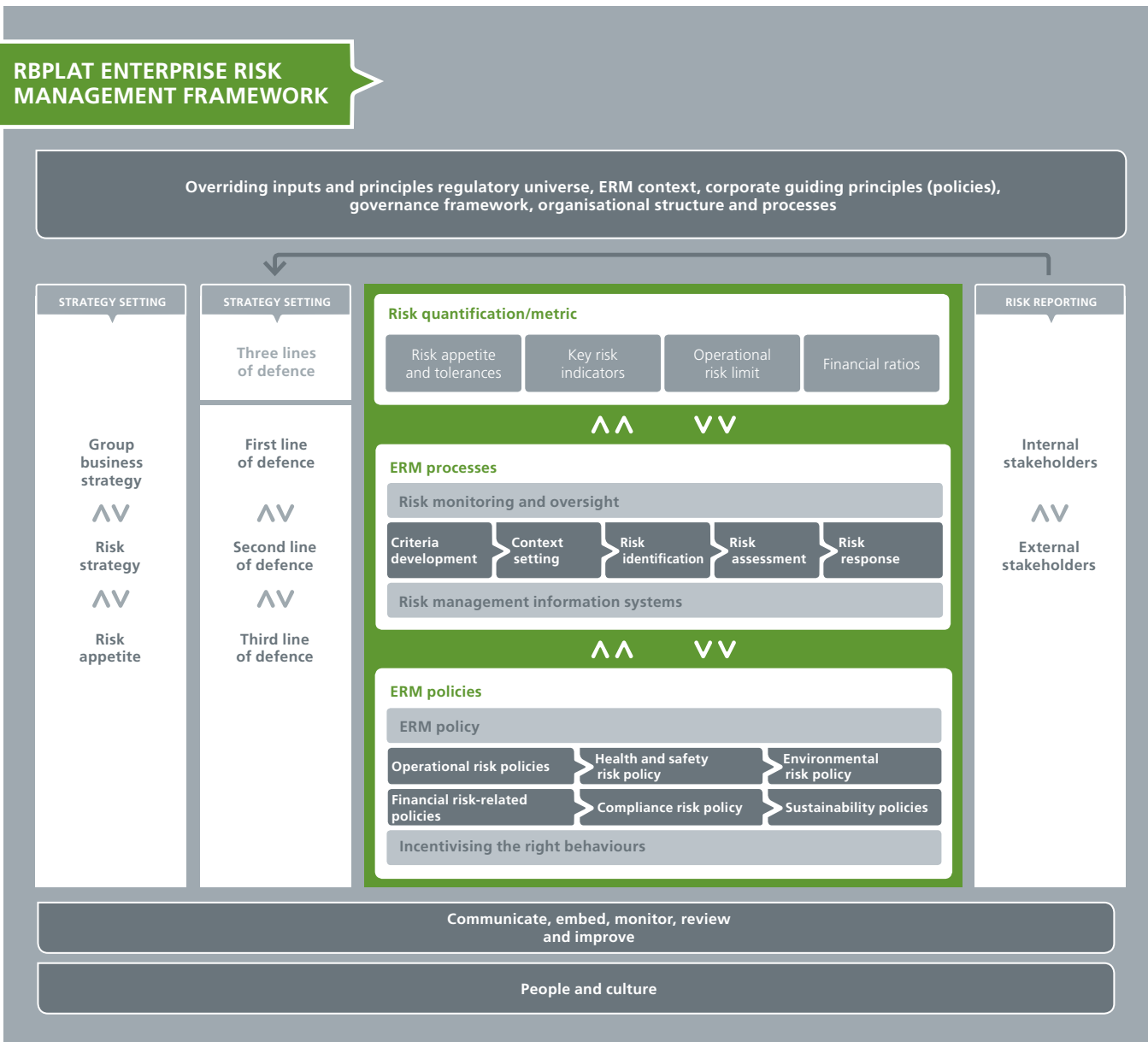
Recent global and local developments have highlighted the need for a robust, integrated risk management approach across businesses. We adopted an enterprise risk management (ERM) approach to risk in 2012 because it provides an integrated approach to the management of our business risks within a complex and ever-changing environment.

Our ERM strategy, framework and policy, which are all closely aligned with our business strategies, were developed and approved by our Board in 2012. Our ERM strategy includes a detailed three-year risk management plan, which forms the basis of our risk management and assurance activities and focus. The plan allows us to actively manage risk and ensure it becomes part of RBPlat's business culture.

The Board tracks progress against the plan on a quarterly basis. This includes a review of our risks at operational level with a specific focus on the implementation of risk response plans. We also review the plan itself annually to ensure it remains relevant.

In line with global best practice RBPlat adopted the three lines of defence model in 2012 to guide it in achieving effective risk management and a high standard of risk governance.

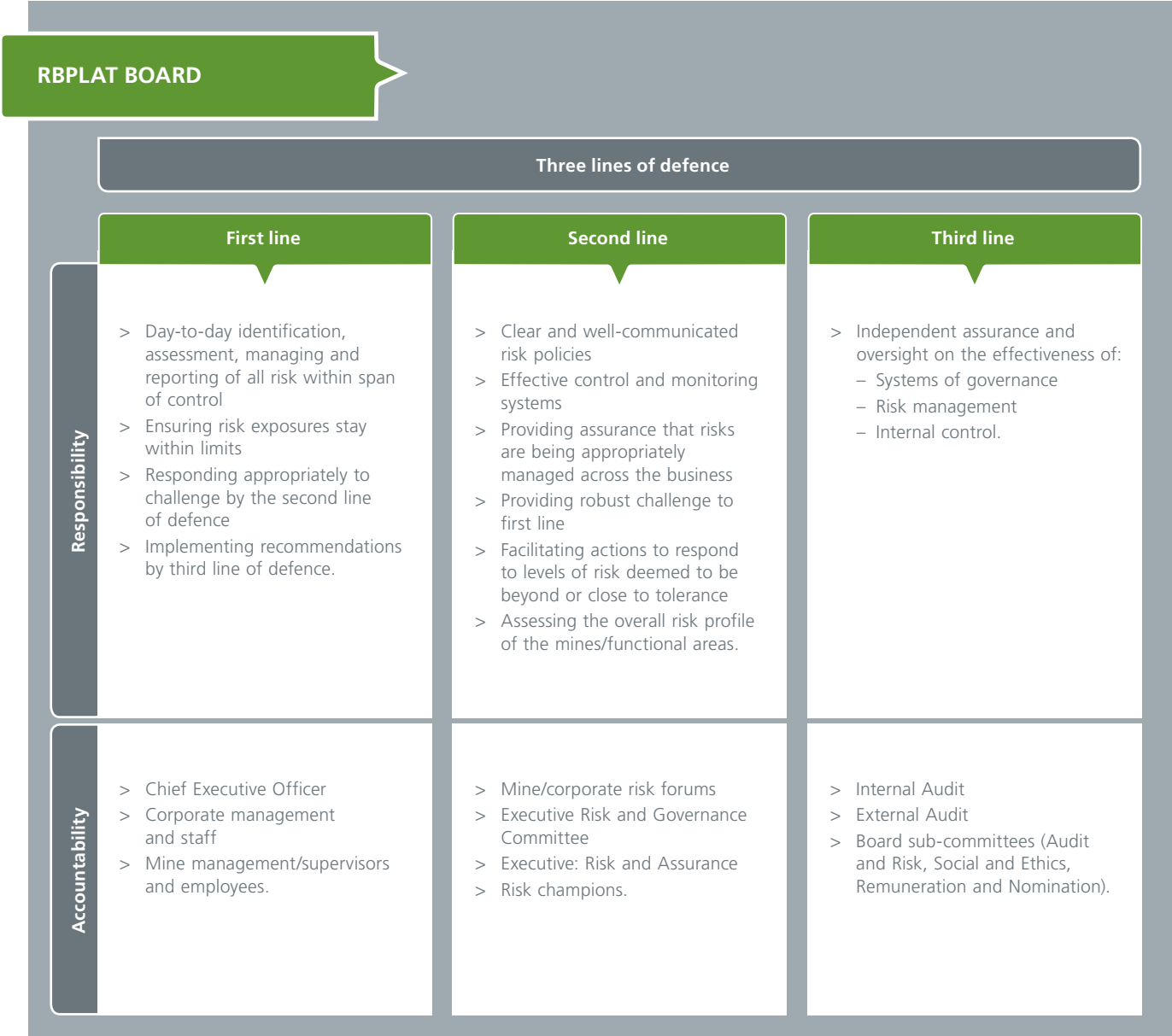
#### RBPLAT ENTERPRISE RISK MANAGEMENT FRAMEWORK



The key driver of the success of our risk process is active management of risks within span of control for decision making at an operational or strategic level. This allows the risk and governance control functions, including the SHE function, to provide adequate second level assurance.

The mine business review meetings are effectively utilised to gain feedback from heads of departments on their risk profiles and to ensure alignment with the mine's

operational and financial performance. The risk and assurance unit assists the various departments to actively manage their risks. It does this by actively tracking the implementation of risk response plans and internal audit findings, and facilitating risk assessments. A combined assurance plan was also developed in 2013 to ensure that adequate third line assurance is provided across the Group in line with its risk profile and to ensure that there is no gap or duplication in assurance efforts.



## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Risk management (continued)

#### Our achievements against our three-year ERM risk management plan in 2013

##### Risk review

- > Completed two strategic reviews
- > Safety, health and environmental (SHE) policy and strategy reviewed and aligned with ERM methodology
- > Developed SHE risk profile and risk response plan
- > Ongoing monitoring of SHE risk profile and risk response plan continued

##### Compliance

- > Updated RBPlat regulatory universe
- > Drafted new compliance policy and framework to meet our regulatory and other legal responsibilities

##### Internal audit

- > Aligned 2013 internal audit plan with our risk profile
- > New process for audit execution to ensure all relevant internal stakeholders are consulted in the audit planning process and included in the audit close-out process
- > Aligned management and internal control and strengthened our internal control environment
- > Developed an audit findings tracking tool which assists management and the Audit and Risk Committee with timeously clearing out all previous audit findings
- > Actively monitored the execution of the 2013 audit plan to ensure the key risks are covered at the appropriate time

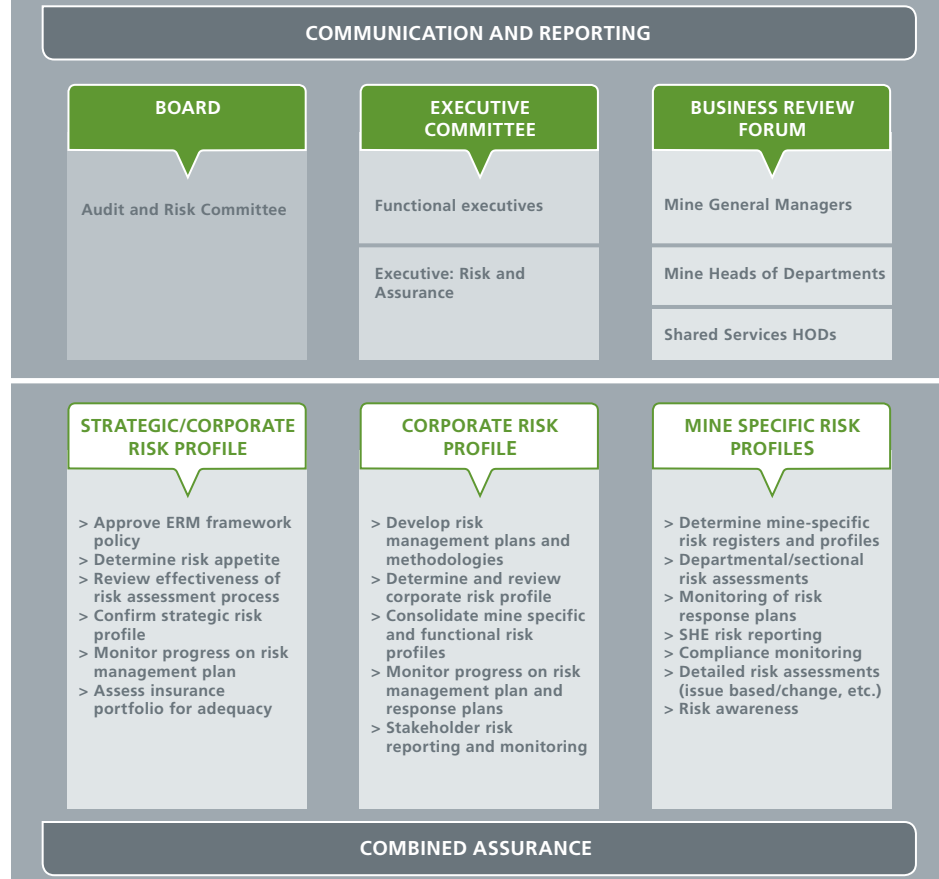
##### Combined assurance

- > Reviewed all our existing assurance providers to ensure there are no new assurance gaps or duplication, which formed the foundation for drafting our very first combined assurance plan for 2014

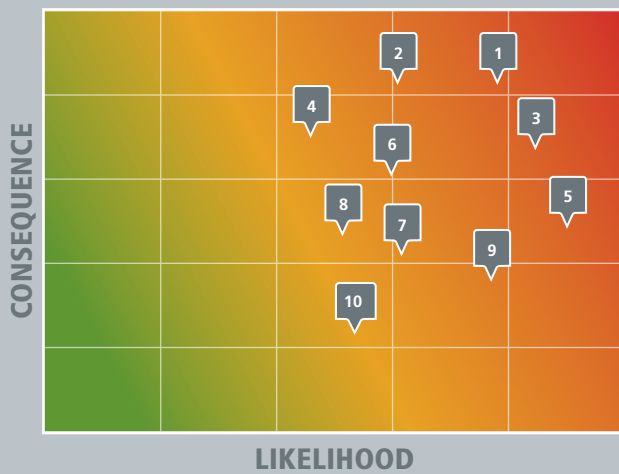
##### Physical assurance

- > Reviewed our insurance portfolio in 2013 and developed a risk-based annual insurance strategy and renewal plan
- > Restructured our assets insurance programme in the market with significant savings and enhanced cover

### OUR RISK MANAGEMENT REVIEW PROCESS AND REPORTING STRUCTURE



## OUR TOP TEN INHERENT RISKS



1. Potential breakdown in stakeholder relationships
2. Failure to adhere to Mining Charter requirements
3. Higher than planned operational cost escalation
4. Inadequate safety performance
5. Operational exposure due to poor operational performance and/or planned shaft shutdown
6. Delays in project completion
7. Inability to provide adequate housing
8. Potential tax liability
9. Community unrest as a result of unemployment and other socio-economic issues
10. Financial exposure due to significant drop in PGM prices

### Our top ten inherent risks

This heat map provides an indication of the likelihood of these risks occurring and how serious the consequences would be if they did occur. Red represents the most extreme situation and green the least likely.

We do, however, consider an additional five strategic risks as being key to our business for Executive Committee and Board reporting. These are included in the table that follows.

#### OUR KEY RISK INDICATORS

Risk description, root cause and potential impact	Response to risk	Risk rating as at 31 December 2013	Risk rating as at 31 December 2012
<p>Potential breakdown in stakeholder relationships and/or unprotected industrial action could negatively impact on RBPlat’s ability to meet its production and financial targets. Potential breakdown in stakeholder relationships</p>	<p>Our stakeholder engagement framework was updated to ensure proactive management of stakeholder-related risks. An effective employee engagement model has been agreed with employee representative bodies and continuous engagement takes place. Current measures account for a three-year wage agreement which expires in June 2014 has regulated our labour issues. RBPlat participates in industry initiatives to enhance relationships with all stakeholders. An Executive: Corporate Affairs was appointed in 2013 to manage the stakeholder-related risk at strategic level in support of initiatives at our operations (see pages 33 and 91 for additional information).</p>		

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Risk management (continued)

Risk description, root cause and potential impact	Response to risk	Risk rating as at 31 December 2013	Risk rating as at 31 December 2012
<b>Failure to adhere to Mining Charter requirements</b> , including social and labour plan progress, could lead to negative impact on mining licence/rights	<p>A stakeholder engagement model has been adopted as part of our Sustainable Development Framework and Policy. Active implementation of social and labour plan (SLP) projects is ongoing in consultation with all stakeholders (see page 91 for additional information).</p> <p>A review of our SLP compliance was conducted and a monitoring process put in place to proactively manage our exposure. A Section 102 application was completed to regularise our existing and past SLP projects which were not included in our original approved SLP.</p>	2	2
<b>Higher than planned operational cost escalations</b> (due to safety stoppages, higher staff costs, supplier costs, etc) could impact on the Group's ability to fund projects from operational cash flows	<p>Focus on improving productivity and reducing costs across the business operations and corporate office.</p> <p>A cost containment project in the first nine months of the year has been successful and we are focusing on achieving further sustainable cost savings. We reviewed our supply chain management process and implemented changes to support the cost saving initiatives. We are also implementing effective activity-based accounting at shaft level to manage costs (see pages 47 and 57 for additional information).</p>	3	5
<b>Inadequate safety performance</b> resulting in risk of injuries and/or work stoppages due to Section 54s may impact on RBPlat's ability to meet production and financial targets	<p>Adoption of zero harm philosophy. Extreme X-audits/ internal shaft audits/safety strategy model (see the Safety section on page 76 to 83 for additional information).</p>	4	4
<b>Operational exposures due to poor operational performance and/or plant/shaft shutdown</b> could impact unit costs and operating profit	<p>Effective mine planning and production monitoring and review processes are in place. In addition, various processes are in place to manage operational risks, including safety, fire, environment and plant processes.</p> <p>The replacement of the mill head in our concentrator was completed successfully but it did impact on our performance in quarter three (see Manufactured capital on page 56 for additional information).</p>	5	7
<b>Delays in project completion</b> , especially the Styldrift project, could negatively impact on future revenue, costs and reputation	<p>Effective project management capability has been developed and adequate governance and financial management structures are in place (see pages 60 and 63 for additional information).</p>	6	8
<b>Inability to provide adequate housing</b> in line with the three-year wage agreement could lead to business interruptions due to strike action	<p>A housing collective agreement was drafted and consultation is in progress. RBPlat is negotiating affordable finance for home owners. Phase 1 of the housing project commenced and is well under way. A contract between the developer, project financiers and RBPlat has been concluded. Progress has been made to secure the land at Waterkloof Hill for the construction of additional houses. We are consulting with neighbouring mining companies to look at the potential of cooperating on specific housing projects to speed up delivering housing to employees.</p>	7	



Risk description, root cause and potential impact	Response to risk	Risk rating as at 31 December 2013	Risk rating as at 31 December 2012
Potential tax liability stemming from shareholder loan treatment/mining rights transfer matter	Senior counsel has been engaged to advise on the issue. Various engagements with SARS and Royal Bafokeng Holdings have taken place to try and resolve the matter amicably (see Financial capital page 41).	8	
Community unrest as a result of unemployment and other socio-economic issues could negatively impact RBPlat's reputation and could also affect us financially	We have monthly engagement sessions with the communities and have a recruitment strategy and development programme that favours local community members. We have also ensured that we more than meet our SLP commitments (see Social capital page 85).	9	
Financial exposure due to significant drop in PGM prices and/or strengthening of the rand	Focus on achieving cost reductions and maintaining a low cost base, by increasing operational efficiencies and production enhancements.	10	3
Failure of the power supply or an inadequate power supply could lead to business interruptions and delays in expansion projects, negatively impacting our financial and operational performance	We have a supply agreement with Eskom in place and the power supply for Styldrift I has been secured. The existing main sub-station is adequate for BRPM for the foreseeable future.	11	12
Non-compliance to key legislation may lead to withdrawal of mining-related licences (mineral rights/water, etc) negatively impacting mining operations	Ongoing monitoring of licence requirements and addressing deviations where identified. Regulatory compliance and business sustainability frameworks and policies are in place and are actively implemented and monitored.	12	6
Failure in human resource development could lead to loss of key employees and/or drop in quality of skills, which will negatively impact on achieving SLP requirements and operational efficiencies	Maintain momentum on current human resource development strategy to meet SLP and operational requirements. Enhance the talent management and succession planning process to ensure key individuals and functions are retained.	13	10
Insufficient immediately stopable reserves could lead to inability to achieve ledging and equipping rates to make up the shortfall	Sound mine-approved mining production planning programme and supervisory structure is in place.	14	9
Fire on conveyor systems, in concentrator plant, etc, could lead to risk of injury to employees and result in business interruptions	Comprehensive fire detection suppression and monitoring systems are in place and are being tested regularly.	15	13

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Remuneration and performance

RBPlat's executive remuneration policy continues to be driven by performance, and it rewards executives for the value they add and the resultant shareholder returns. Financial performance measures and executive scorecards determine the extent of the rewards provided to executives and management.

We have taken a balanced approach to remuneration and have ensured that both the short-term operational and long-term strategic objectives of the Group are incentivised. Short-term performance is measured against net operating profit before tax, headline earnings per share (HEPS) and scorecards of key financial and operational indicators. Long-term incentives are now linked to achievement against financial and operational scorecards, and to the comparative total shareholder return (TSR) of the Group in relation to the Platinum Index companies.

#### Remuneration philosophy, strategy and policy

RBPlat's remuneration philosophy is to establish fair and equitable reward levels that will attract, motivate and retain high calibre executive directors, prescribed officers, senior managers and key talent.

The primary intention of our reward strategy is to enhance shareholder value through an integrated approach, which encompasses a balanced design in which all components are aligned to our strategic direction, business-specific value drivers, and are fully integrated into other management processes.

In this context, we are committed to maintaining pay levels on a total cost to employer basis that reflect an individual's worth to RBPlat, a performance management system that serves to differentiate individual and/or team performance and incentives that recognise and reward, where appropriate, both operational performance and strategic achievements.

Our guaranteed package comprises base pay, allowances, retirement and medical aid benefits and it is managed in relation to the market median.

Our short-term incentives are designed to instil a high-performance culture and to motivate and reward the attainment of short-term objectives for executive directors, Executive Committee members and senior managers. Long-term incentives which have recently been enhanced, are designed to incentivise the generation of long-term shareholder value.

#### Remuneration review

In 2013, RBPlat commissioned a specialised exercise to review the Group's provisions for executive pay and specifically for long-term (share-based) incentivisation. Subsequent to this review an appropriate long-term (share-based) incentive strategy was designed. This is in line with best practice in the South African mining industry and addresses the issues and concerns highlighted in shareholder feedback, which resulted in a number of votes against the Company's remuneration policy last year. The Group's policy on the various components of pay is described below.

#### Key remuneration decisions taken in the 2013 financial year for the Board's consideration and approval

- > Review and approval of a revised long-term incentive pay mix:
  - the reduction of the bonus share plan component in the long-term pay mix of executives
  - the implementation of the forfeitable share plan
  - the continuation of the existing share option plan for ad hoc, discretionary grants, and new appointments and promotions
- > Approval of the targets and weighting of the performance scorecard measures of the short-term incentive plan
- > Approval of executive salary increases
- > Approval of the short-term incentive payments
- > Review and approval of the Company's remuneration report and policy
- > Adoption of King III principles and alignment of the remuneration approach to best practice guidelines.

### Guaranteed remuneration

RBPlat is committed to establishing an integrated pay line with pay levels throughout the Group that ensure that it is able to remain competitive, while managing employment costs.

We currently compare ourselves to the general market, as represented in surveys published annually, but also specifically look to compare ourselves to mining sector surveys. The surveys provide a basis for establishing external pay relativity for most positions, and additional internal relativity comparisons are undertaken for executives and senior managers. Benefits such as travel allowances and contributions to retirement and medical funds are maintained at market-competitive levels.

We benchmark the guaranteed remuneration packages for executive directors, Executive Committee members and senior managers against the market median of similar-sized companies within our industry. A number of key roles have been evaluated using an executive evaluation system to establish both external and internal relativity. Over and above the role size and complexity, the system takes the following into consideration:

- > Skills and knowledge
- > Conceptual abilities
- > Interpersonal skills
- > Job impact
- > Problem-solving abilities
- > Decisions and resource control.

The Remuneration Committee reviewed guaranteed packages for executive directors, Executive Committee members and senior managers, as recommended by the Chief Executive Officer, taking into consideration market data as provided by the results of the evaluation system, individuals' experience and current levels of performance.

The Remuneration Committee approved the target range of the guaranteed package and aligned it to the market median. Progressive annual adjustments must be made over the next two years for any incumbents whose packages fall outside this target range, taking into consideration their performance levels.

To ensure that the different elements of guaranteed packages are aligned across the Group, fringe benefits and allowances like medical aid subsidies and car allowance structures have been standardised for the Executive Committee and for senior managers.

Details of the basic salary and guaranteed packages (basic salary plus benefits) paid to each of the executive directors and prescribed officers and directors of major subsidiaries during the 2013 financial year are set out in Note 26 on page 184 of this report.

King III recommends that the remuneration of the top three earners who are not directors should be disclosed. This recommendation has substantially been incorporated into the Act with the prescribed officers' disclosure. The latter has been included in note 26.

A general increase of 5.67% was applied to executive guaranteed packages with effect from 1 January 2013, except where there were changes in responsibility and span of control.

### Reward strategy – pay mix

RBPlat is moving towards a pay mix policy that supports the philosophy that the performance-based pay of senior executives should form a greater portion of their expected total compensation as opposed to guaranteed salary. Furthermore, within the performance-based pay of the most senior executives the orientation should be towards rewarding long-term sustainable performance (through long-term and/or share-based incentives), more so than operational performance (through annual cash incentives).

The mix of fixed and variable pay is designed to meet RBPlat's operational needs and strategic objectives, based on stretched targets that are verifiable and relevant.

The pay mix proportionalities of an executive director and of executives are shown in the schematics below. Please note that the term "target reward" used in the schematics is defined as the present

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Remuneration and performance (continued)

value of the future reward outcome of an offer, given the targeted future performance of the individual and the company and/or its share price.

#### Current remuneration

##### Short-term incentives

Short-term incentives are offered to all executives (including executive directors) and all levels of management. There are various incentive schemes in place in RBPlat, tailor-made to specific parts of the Group and our businesses. They incentivise various categories of employees and are reviewed regularly to ensure they remain appropriate.

##### Financial and operational component

For Executive Committee members the financial and operational component is based on a scorecard of actual Group/business entity performances relative to predetermined targets. This element is a structured incentive in which the formulaic result from individual and/or team scorecards is modified by a factor that recognises the overall performance of the Company in delivering headline earnings performance for shareholders in the year.

The Group/business financial rating is determined by actual financial and operational performance relative to pre-determined targets for net profit before tax, working capital and HEPS.

##### Personal KPI/Company non-financial component

This element accounts for 50% of the on-target bonus and it is based solely on the results of individuals' scorecards (KPIs). It is measured on the achievement of personal targets and has no direct connection with Group/business entity financial performance.

The Group has also developed a bonus model for operational business entities based on these principles.

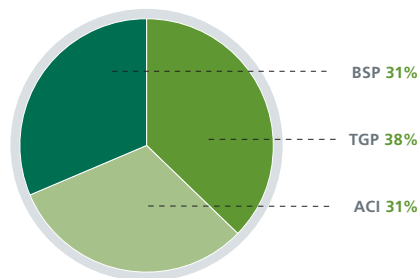
##### Bonus parameters

Short-term incentives are calculated as a percentage of annual basic salary and capped at 100% of total guaranteed package.

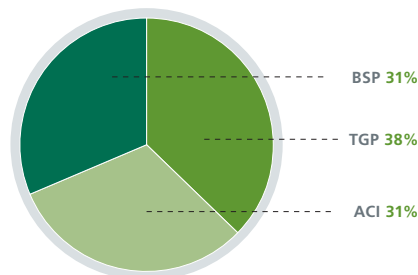
The on-target bonus percentage for the Chief Executive and Executive Committee members is 50% and is between 33% and 50% for senior management.

#### Existing pay mix in 2013

##### EXECUTIVE DIRECTOR

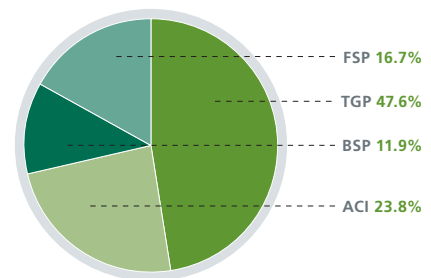


##### EXECUTIVE

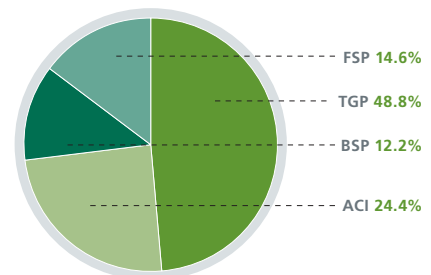


#### Target pay mix from 2014

##### EXECUTIVE DIRECTOR



##### EXECUTIVE



BSP – Bonus share plan      ACI – Annual cash incentive  
 GP – Total guaranteed package      FSP – Forfeitable share plan

The Remuneration Committee has the full authority to adjust bonuses and/or amend the rules of the scheme at its own discretion taking into account the balance between fair reward for the individual and stakeholders' interests.

Annual bonus payments made to executive directors and prescribed officers are disclosed in Note 26 on page 184 to 187.

RBPlat's performance, analysed by segments, is disclosed in Note 29 on page 191 of the annual financial statements.

### **Long-term (share-based) incentives Share option scheme**

Executives and senior management were provided with a grant of share options upon joining the Company, in terms of the Royal Bafokeng Platinum Limited Share Option Plan 2010. The characteristics of this scheme are:

- > Effectively a once-off grant made at date of joining the Company
- > Option price on the weighted average trading price on the day prior to the grant date
- > Vesting in equal thirds on the third, fourth and fifth anniversaries of grant date, with an exercise horizon of 10 years from grant date
- > In general terms this scheme will continue to run its course. Discretionary grants can be made by the Remuneration Committee as and when required.

### **Bonus share plan**

The only other form of long-term (share-based) incentivisation has been via the bonus share plan (BSP) in which a 100% matching of executive bonuses is offered in restricted shares, vesting three years after their grant, as long as the executive is still employed by the Company.

Although a bonus (and the matching restricted shares) has to be earned through the combination of individual, team and Company operational performance, it has been recognised that the matching restricted shares did not themselves offer any reward or motivation for the longer-term sustainable performance of the Company. They are a form of deferred bonus for previous performance and, other than of course that their currency is not cash but rather the value of the restricted share, they are not emphatically aligned to long-term shareholder value performance.

In recognition of this limitation, the Remuneration Committee has proposed and the Board has approved that the matching ratio in the grant of restricted shares in terms of the BSP will henceforth be reduced by 50%, with the balance now to be taken up by the award of performance vesting shares in the forfeitable share plan.

Grants of restricted shares made under the BSP to executive directors and prescribed officers during the 2013 financial year, details of vesting/exercise, and a summary of holdings are disclosed in Note 26 on page 184 to 187 of the annual financial statements.

### **Forfeitable share plan**

In 2013 a forfeitable share plan (FSP) was documented and successfully submitted to the JSE and shareholders for approval.

The purpose of the FSP is to attract, retain, motivate and reward executives and senior managers who are able to influence the performance of RBPlat and its subsidiaries on a basis that aligns their interests with those of the Company's stakeholders. Executives and selected managers of the Company and its subsidiaries will be offered a number of forfeitable shares annually.

Offers will be governed by RBPlat's reward strategy (pay mix) in which the "target reward" of long-term incentivisation is set for defined categories of executives and senior management.

It is envisaged that the combined weighted implementation of the BSP (reduced level) and the FSP will allow RBPlat to remain competitive in terms of long-term incentives, reward long-term sustainable Company performance, act as a retention tool, and ensure that executives and management share a significant level of personal risk/reward with the Company's shareholders.

### **Performance share element**

Annual conditional awards of forfeitable shares will be made, which will vest on the third anniversary of their award, to the extent that the Company has met specified performance criteria over the intervening period. Essentially, the value per share that vests is the full value of the share (there is no strike price). However, the number of shares that will vest will depend on whether the Company's performance over the intervening three-year period has been on target, or an over/or under performance against the target/s set at the award date.

The Board will determine the performance criteria for each award. However, for the first award and until further notice for subsequent awards, the methodology of vesting will target the Company's comparative (market capitalisation weighted) total shareholder return (TSR) in relation to the other constituent companies in the JSE Platinum Index.

As such, it is envisaged that the awards of performance shares will feature at all executive and senior management levels, but will feature more strongly the higher the participants' grade within the Group.

### **Executive Committee members' service contracts**

None of the executive directors have extended employment contracts or special termination benefits, and there are no restraints of trade in place.

Service contracts of executive directors and members of the Executive Committee are in accordance with our standard terms and conditions of employment.

### **Non-executive directors' compensation**

#### **Non-executive directors' terms of appointment**

Non-executive directors' remuneration is reviewed every two years and is arrived at after a benchmarking exercise performed by the Chief Executive Officer and the approval by the shareholders at the annual general meeting of the proposed compensation. In arriving at the proposed compensation, cognisance is taken of market norms and practices, as well as the additional responsibilities placed on Board members by new legislation and corporate governance principles.

Non-executive directors do not have service contracts. The Company does not grant options or shares to non-executive directors. Non-executive directors receive an annual fee for their contribution. This annual fee comprises a base retainer fee and, where applicable, a committee membership fee. Hourly fees are also paid to non-executive directors for any ad hoc work that may be required of them.

No non-executive director has an employment contract with the Company.

We have provided the details of the emoluments paid to non-executive directors in 2013 in Note 26 on page 184 in the annual financial statements.

## TRANSPARENCY AND ACCOUNTABILITY (continued)

### Remuneration and performance (continued)

Based on RBPlat's comparative total shareholder return over the three year period, the forfeitable shares would vest as set out in the table below.

Lower quartile or worse	Upper quartile or better	In between lower and upper quartile
Vesting outcome:		
All forfeitable shares will lapse	All forfeitable shares will vest	Forfeitable shares will vest on a pro rata basis. For example, at the median one third of the forfeitable shares will vest

### Employee share ownership plan (ESOP)

RBPlat employees have the opportunity to participate in the Company's performance through the Royal Bafokeng Platinum Mahube Trust. Now in its fourth year, the Trust was originally established to ensure that employees who had previously participated in the Anglo American Platinum Kotula employee share participation scheme received equivalent benefits. It was set up differently from most employee share participation schemes. The most important differences are that it has built-in guaranteed dividends and the management of RBPlat committed to providing funds for the administration of the Trust. This has reduced the financial burden on the Trust and ensured that maximum benefits are delivered to the beneficiaries.

The Trust paid a total dividend of R1 591 129 to the beneficiaries in 2013 and a further R1 179 424 was contributed to the administration of the Trust.

### Allocation of units

Units are allocated to the beneficiaries of the Mahube Trust annually, as a measure of their participation interest in the Trust's assets. To qualify for the allocation, an individual needs to be an employee of RBPlat on 31 March of the year in question and should not be eligible to participate in any other RBPlat share scheme(s). At the Trust's inception in November 2010, when the value of the Bafokeng Rasimone Management Services (BRMS) employees' participation in Kotula was transferred to the Mahube Trust in the form of 5 656 171 units, 1 656 171 of these units were allocated to the beneficiaries. In 2011 and 2012 the Trust allocated 1 000 000 units to eligible employees and a further 1 000 000 units were allocated equally to all eligible beneficiaries in 2013, resulting in each beneficiary receiving 389.94 units.

In addition to the 1 000 000 units allocated each year, the units forfeited by bad leavers are also allocated to the remaining beneficiaries.

Year	Number of beneficiaries	Number of units per beneficiary
Nov-10	2 950	Depended on the number of units held in Kotula
Apr-11	2 875	363
Apr-12	2 791	370
Apr-13	2 802	389

### Capital distribution (vesting)

The Mahube Trust holds 375 942 RBPlat ordinary shares and 563 914 RBPlat "A" ordinary shares. 2013 was a pivotal year for the Trust as the first tranche of these shares vested. The proceeds of the vesting were paid to the beneficiaries in May 2013.

### Amendments to scheme rules

The scheme rules, in respect of all four schemes, will be amended, subject to shareholder approval, to make provision, firstly, to allow for the accelerated vesting of securities upon mutual agreement by both parties on termination of an employee's contract. The second amendment applies only to the FSP and Mahube Share schemes and provides for an adjustment to be made to participants scheme shares as a result of any corporate action, such as rights issue. These resolutions will be tabled for adoption at the next Annual General Meeting of the Company.

# INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF ROYAL BAFOKENG PLATINUM LIMITED

## Introduction

Gilden Assurance has been appointed by Royal Bafokeng Platinum Limited (RBPlat) to conduct an independent assurance engagement in Accordance with AA1000AS (2008) in relation to the RBPlat Integrated Report (the Report) for the financial year that ended in December 2013.

## Scope and subject matter selected for assurance

The subject matter as agreed with RBPlat that was identified for a moderate level of assurance in the assurance scope, was:

### A. AA1000 AccountAbility Principles

RBPlat's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness

### B. Selected 2013 Key Performance Indicators (KPIs) as follows:

#### Human Capital

- > Fatal Injury Frequency Rate (FIFR) (page 54)
- > Lost Time Injury Frequency Rate (LTIFR) (page 54)
- > Number of days without an injury (page 78)
- > HDSA discretionary procurement spend (page 90)
- > Total SLP expenditure (page 16 and 88)
- > Number of production days lost due to labour action (page 69)
- > Total number of employees, contractors and community members who received part-time ABET (page 73)
- > Employment Equity: % of HDSA managers in core and support functions (page 71)
- > Number of employees trained in terms of SLP commitments – % of workforce (page 73)
- > Number of woman at mining (page 70)
- > Number of new Noise Induced Hearing Loss (NIHL) cases, greater than 10% PLH (page 82)
- > Number of employees and contractors undergoing HIV counselling and testing (page 83)
- > Number of employees on ART (page 83)
- > Number of ART default cases (page 83)

- > Number of employees and contractors who were tested positive for TB (page 83)
- > TB prevalence rate (page 83)

### Natural capital

- > Total water used (page 98)
- > Total energy consumption (page 97)
- > Greenhouse Gas Emissions: Scope 1 and 2 (CO<sub>2</sub>e) (page 97)

### C. Global Reporting Initiative (GRI G3) application

RBPlat's self-declared B+ level of GRI-G3 application stated on the inside front cover page (IFC).

## Standards and suitable criteria applied

Gilden Assurance performed the assurance engagement in accordance with the AccountAbility AA1000AS (2008) Type 2 requirements. The following suitable assessment criteria was used in undertaking the work:

- A. AA1000APS 2008 (AccountAbility Principles Standard) requirements in terms of inclusivity, materiality and responsiveness;
- B. RBPlat's defined KPI definitions, data completeness, accuracy and validity; as well as
- C. GRI G3 standard disclosures required for a B+ application level.

## Level of assurance and engagement limitations

Gilden Assurance planned and performed the work to obtain all the information and explanations believed necessary to provide a basis for the assurance conclusions for a moderate assurance level in accordance with AA1000AS 2008.

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance as per AA1000AS 2008.

The reliability of the reported sustainability information and data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand the assurance conclusions in this context.

Conversion factors used to derive emissions and energy used from fuel and electricity consumed, are based upon information and factors derived by independent third

parties. The assurance work has not included examination of the derivation of those factors and other third party information.

## Work performed by Gilden Assurance

The assurance activities included:

- > Interviews with relevant functional managers to understand and test the processes in place for adherence to the AA1000AS principles and the underlying data management systems for the KPIs
- > Site visits to BRPM and Styldrift I, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place
- > Reporting the assurance findings to management as they arose to provide an opportunity for corrective action prior to completion of the audit process
- > Assessing the presentation of information relevant to the scope of work in the Report to ensure consistency with the findings
- > Assessing the content of the Report against the GRI G3 B+ level disclosure requirements.

## Respective responsibilities and Gilden Assurance's independence

RBPlat is responsible for preparing the Report and for the collection and presentation of information within the Report. Gilden Assurance's responsibility is to express an assurance conclusion on the agreed subject matter.

Gilden Assurance maintains a strict policy related to conflict of interest and confirms its impartiality to RBPlat in delivering the assurance engagement.

## Assurance conclusion

In our opinion, based on the work undertaken as described, we conclude that the subject matters in the scope of this assurance engagement have been prepared in accordance with the defined reporting criteria and are free from material misstatement in respect of:

- A. RBPlat's adherence to the AA1000 Principles of Inclusivity, Materiality and Responsiveness;
- B. The selected KPIs as identified above and presented in the Report, and
- C. RBPlat's self-declared B+ level of GRI-G3 application.

# INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF ROYAL BAFOKENG PLATINUM LIMITED (continued)

## Key observations and recommendations

Based on the work set out above, and without affecting the assurance conclusions above, the key observations and recommendations for improvement are:

### A. AA1000 AccountAbility Principles

#### In relation to the Inclusivity Principle

RBPlat has a formal stakeholder engagement framework in place that include an implementation plan. The development of detailed measures to roll out the stakeholder engagement framework is still in progress. Nevertheless, responsibility has been assigned for stakeholder groups and evidence observed pointed to inclusive stakeholder engagement and collective decision-making performed, the results of which are reported to the executive committee on a monthly basis via the Monthly performance Reviews (MPR) and quarterly to the Board.

#### In relation to the Materiality Principle

Evidence observed confirmed that RBPlat has applied due process in determining and reporting on its material stakeholder issues in a transparent and balanced manner. Materiality determination has been applied across the organisation, has been integrated with its internal risk assessment process and applied to issues arising on a regular basis. Material issues have been considered at board level and are linked to the reported sustainability themes that are relevant to the strategic objectives of the business.

#### In relation to the Responsiveness Principle

The formalising of formal stakeholder management and communication processes under the stakeholder engagement framework was still in progress during the reporting period. However, RBPlat's responses to stakeholder issues observed across different stakeholder forums and case studies are considered appropriate. Matters addressed were found to be directly related to the stakeholder concerns and were conducted in an appropriate manner without prejudice to any one stakeholder group.

### B. Selected performance indicators

Gilden Assurance found that comprehensive systems are in place

to provide source-data for the KPIs assessed. However, it is recommended that data reporting procedures are formalised to:

- > ensure the consistent interpretation of definitions, and data generation procedures; and
- > establish key internal controls that will ensure accurate data reporting throughout the year.

A comprehensive management report detailing specific findings and recommendations for sustainability reporting improvement has been submitted to RBPlat management for consideration.

### C. GRI-G3 application

It is recommended that RBPlat evaluate its readiness and required reporting changes needed for moving towards reporting in accordance with GRI-G4 by 2015.



**Petrus Gildenhuys**  
Director, Gilden Assurance (Pty) Ltd

Johannesburg, 26 February 2014



## > Management response to the assurance statement

Following on the recommendation contained in this assurance statement RBPlat has already begun addressing the deficiencies in our data reporting procedures.



## GLOSSARY OF TERMS AND ACRONYMS

Term/abbreviation	Explanation
4E	Four platinum group elements, namely platinum, palladium, rhodium and gold
ABET	Adult basic education and training
Aids	Acquired immune deficiency syndrome
Anglo American Platinum	Anglo American Platinum Limited
ART	Antiretroviral treatment
Au	Gold
Base metal	A common metal that is not considered precious, such as copper, nickel, tin or zinc
BC	Bushveld Complex
BRMS	Bafokeng Rasimone Management Services Proprietary Limited
BSP	Bonus share plan
CED	Community enterprise development
Concentrate	The product of the process of separating milled ore into a waste stream (tailings) and a valuable mineral stream (concentrate) by flotation. The valuable minerals in the concentrate contain almost all the base metal and precious metal minerals, these minerals are treated further by smelting and refining to obtain the pure metals (PGMs, Au, Ni and Cu)
CSI	Corporate social investment
Cu	Copper
DEA	Department of Environmental Affairs
Debt:equity ratio	Interest-bearing borrowings, including the short-term portion payable, as a ratio of shareholders' equity
Decibel A	A-weighted decibels, abbreviated dBA, or dB(a), are an expression of the relative loudness of sounds in air as perceived by the human ear. In the A-weighted system, the decibel values of sounds at low frequencies are reduced, compared with unweighted decibels, in which no correction is made for audio frequency. This correction is made because the human ear is less sensitive at low audio frequencies, especially below 1 000 Hz, than at high audio frequencies
Decline	A generic term used to describe a shaft at an inclination below the horizontal and usually at the same angle as the dip of the reef
DMR	Department of Mineral Resources
DWA	Department of Water Affairs
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employees who tested HIV positive	The number of employees that have been identified as HIV positive as indicated by the test results in the reporting period. The HIV positive rate is calculated as a percentage for the people that tested positive over the number that tested for HIV in the reporting period
EMS	Environmental management system
Employment equity	Percentage of historically disadvantaged South African managers in core and support functions – 2011 targets in terms of the Mining Charter
EPS	Earnings per share
Fatality	Death resulting from an accident
GHG	Greenhouse gases (GHGs) are the gases present in the earth's atmosphere which reduce the loss of heat into space and contribute to global temperatures through the greenhouse gas effect. On earth, the most important abundant greenhouse gases are, in order of relative abundance: water vapour, carbon dioxide, methane, nitrous oxide, ozone and chlorofluorocarbons
GJ	Gigajoules (10 <sup>9</sup> joules)
Greenfield project	A project situated on a previously undeveloped mineral resource
Greenhouse gas emissions scope 1 and 2	As per the Greenhouse Gas Protocol (GHG Protocol) jointly convened in 1998 by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) protocol: Scope 1 – LPG, acetylene gas consumption, the combustion of lubrication oil, explosives, generators (petrol and diesel), company-owned vehicles (petrol and diesel); Scope 2 – electricity

## GLOSSARY OF TERMS AND ACRONYMS (continued)

Term/abbreviation	Explanation
GRI	Global Reporting Initiative, established in 1997 with the aim of designing globally applicable guidelines for the preparation of enterprise-level, sustainable development reports
g/t	Grams per tonne, the unit of measurement of grade
HDSA	Historically disadvantaged South African
HEPS	Headline earnings per share
HCT	HIV counselling and testing
HIV	Human immunodeficiency virus
HRD	Human resource development
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and communication technology
IFRS	International Financial Reporting Standards
IMA	Immediately available ore reserves, which is ground available for mining without any further development
IMS	Immediately stopable faces which are fully equipped and spare mining faces that can be mined immediately
Incidence rate of TB	Total number of employees, including contractors, who tested infected with TB over the number that did TB testing in the reporting period expressed as a percentage
Indicated mineral resource	"An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed." (SAMREC 2007)
Inferred mineral resource	"An 'Inferred Mineral Resource' is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability." (SAMREC 2007)
In-situ	The original, natural state of the ore body before mining or processing of the ore takes place
ISO 14001	ISO 14001 is applicable to any organisation that wishes to establish, implement, maintain and improve an environmental management system and to assure itself of conformity with its stated environmental policy, and to demonstrate conformity with ISO 14001:2004 by making a self-determination and self-declaration, or seeking confirmation of its conformance by parties having an interest in the organisation, such as customers, or seeking confirmation of its self-declaration by a party external to the organisation, or seeking certification/registration of its environmental management system by an external organisation

Term/abbreviation	Explanation
JSE SRI Index	Johannesburg Stock Exchange Socially Responsible Index
koz	Thousand ounces
kt	Thousand tonnes
ktpm	Thousand tonnes per month
LED	Local economic development
LOM	Life of mine
LTIFR	Lost time injury frequency rate, which is the number of lost time injuries per 200 000 hours worked
MACHARORA	Made up of the four villages of Mafenya, Chaneng, Robega and Rasimone, surrounding our operations
Mahube Trust	Royal Bafokeng Platinum Mahube Trust
Mass pull	The mass of concentrate expressed as a percentage of total plant feed
Merensky reef	The Merensky reef is a layer in the Bushveld Complex (BC) containing one of the world's largest concentrations of platinum group metals (PGMs)
Milling	A process to reduce broken ore to a size at which concentrating can be undertaken
Moz	Million ounces
Measured mineral resource	"A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity." (SAMREC 2007)
Mineral reserve	"A 'Mineral Reserve' is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed." (SAMREC 2007)
Mineral resource	"A 'Mineral Resource' is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories." (SAMREC 2007)
Mt	Million tonnes
Net asset value	Total assets less all liabilities, including deferred taxation, which equates to shareholders' equity
Net asset value as a percentage of market capitalisation	Shareholders' equity expressed as a percentage of market capitalisation
Ni	Nickel
NIHL	Noise-induced hearing loss
NOx	Oxides of nitrogen (nitric oxide and nitrogen dioxide) which are produced from the reaction of nitrogen and oxygen gas during combustion, especially at high temperatures
NUM	National Union of Mineworkers
Number of days without injury during the year	The number of calendar days on which no injury was reported or recorded at the BRPM Clinic. This can be for a specific area or the total mine depending on the area being reported on in the reporting period
Number of employees counselled	The number of employees that received HIV counselling before deciding if they are going to accept undergoing the HIV test (HIV counselling is compulsory for all employees during initial and periodic medical surveillance examination)

## GLOSSARY OF TERMS AND ACRONYMS (continued)

Term/abbreviation	Explanation
Number of employees currently on antiretroviral treatment (ART)	The number of employees that have been identified to be HIV positive as indicated by the HIV test results and where the CD4 count is 350 or below
Number of employees tested and were infected with TB	The total number of employees that have been identified as TB-infected as indicated by the test results in the reporting period
Number of fatalities	Any death resulting from an unexpected and unplanned occurrence, including acts of violence on the premises of the Company. Deaths arising out of or in connection with work, irrespective of the time between the injury and the occurrence of the death
OEM	Original equipment manufacturer
OHSAS 18001	OHSAS 18001 is an Occupational Health and Safety Assessment series for health and safety management systems. It is intended to help organisations control occupational health and safety risks. It was developed in response to widespread demand for a recognised standard against which businesses can be certified and assessed
PAYE	Pay-as-you-earn
Pd	Palladium
PGE	Platinum group elements
PGM	Platinum group metals, six elemental metals of the platinum group nearly always found in association with each other. Some texts refer to PGE. These metals are platinum, palladium, rhodium, ruthenium, iridium and osmium
PPA	Purchase price allocation
PPE	Property, plant and equipment
Prill split	A term used to describe the ratio in which platinum group elements occur in a platinumiferous ore body
Probable mineral reserve	"A 'Probable Mineral Reserve' is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proven Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed." (SAMREC 2007)
Proven mineral reserve	"A 'Proven Mineral Reserve' is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed." (SAMREC 2007)
Pt	Platinum
Redevelopment	Development work carried out for the purpose of re-establishing mining sections/panels which have been adversely affected by geological or geotechnical conditions
RBA	Royal Bafokeng Administration
RBH	Royal Bafokeng Holdings Proprietary Limited
RBN	Royal Bafokeng Nation
RBPH	Royal Bafokeng Platinum Holdings Proprietary Limited
RBP MS	Royal Bafokeng Platinum Management Services Proprietary Limited
RBPlat	Royal Bafokeng Platinum Limited
RBR	Royal Bafokeng Resources Proprietary Limited
RCF	Revolving credit facility
Rh	Rhodium
RPM	Rustenburg Platinum Mines Limited

<b>Term/abbreviation</b>	<b>Explanation</b>
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SDL	Skills development levy
Section 54	In terms of section 54 of the Mine Health and Safety Act No 29 of 1996, if an inspector of mines believes that any occurrence, practice or condition at a mine endangers or may endanger the health or safety of any person at the mine, the inspector may give any instruction necessary to protect the health or safety of persons at the mine including instructing that operations at the mine or a part of the mine be halted
Section 55	If an inspector believes that an owner or manager has failed to comply with the provisions of this Act, the inspector may instruct that owner or manager in writing to take any steps that the inspector considers necessary to comply with the provision; and specifies in the instruction
SENS	Stock Exchange News Service
SHE	Safety, health and environment
SIB	Stay-in-business capital expenditure
SIFR	Number of serious injuries per 200 000 hours worked
SLP	Social and labour plan
SMME	Small, medium and micro enterprises
STC	Secondary tax on companies
Stoping	Operations directly associated with the extraction of reef
Tailings	That portion of the ore from which most of the valuable material has been removed by concentrating and that is therefore low in value but still available for future extraction pending technology development
TB	Tuberculosis
Total energy consumption	Energy from electricity purchased, plus energy from fossil fuels consumed
tpm	Tonnes per month
UASA	United Associations of Trade Unions South Africa
UG2 Reef (Upper Group 2)	A chromite layer in the Bushveld Complex, often containing economic values of PGMs
UIF	Unemployment insurance fund
VAT	Value added tax
Water used for non-primary activities	Water used for non-primary activities is total new or make-up water entering the operation and used for non-primary activities, excluding internally recycled water. Non-primary activities are those activities in which the operation engages which are not required for the production of its products
Water used for primary activities	Water used for primary activities consists of total new or make-up water entering the operation and used for the operation's primary activities. This definition excludes internally recycled water and mine dewatering discharged to surface and not used for any primary activities. Primary activities are those in which the operation engages to produce its products
Women at mining	Women employed by mining companies
Women in mining	Women who work in mining roles



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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](http://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
<b>Total</b>	<b>309 355</b>	<b>325 741</b>	<b>339 355</b>	<b>224 324</b>

\* 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)
- > Friedshel 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.**

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)	2012 R (million)
<b>Assets</b>			
<b>Non-current assets</b>			
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
		<b>18 611.4</b>	<b>17 947.0</b>
<b>Current assets</b>			
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
		<b>2 206.1</b>	<b>2 154.4</b>
<b>Total assets</b>		<b>20 817.5</b>	<b>20 101.4</b>
<b>Equity and liabilities</b>			
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
<b>Total equity</b>		<b>15 986.3</b>	<b>15 480.6</b>
<b>Non-current liabilities</b>			
Deferred tax liability	15	4 262.0	4 112.6
Long-term provisions	16	69.6	62.5
		<b>4 331.6</b>	<b>4 175.1</b>
<b>Current liabilities</b>			
Trade and other payables	18	499.4	443.3
Current tax payable	11	0.2	2.4
		<b>499.6</b>	<b>445.7</b>
<b>Total liabilities</b>		<b>4 831.2</b>	<b>4 620.8</b>
<b>Total equity and liabilities</b>		<b>20 817.5</b>	<b>20 101.4</b>

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

	Notes	Group	
		2013 R (million)	2012 R (million)
<b>Revenue</b>	19	<b>3 251.1</b>	2 865.3
Cost of sales	22	(2 650.1)	(2 525.5)
<b>Gross profit</b>		<b>601.0</b>	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)
<b>Profit before tax</b>	22	<b>612.5</b>	361.3
Income tax expense	23	(164.7)	(85.6)
<b>Net profit for the year</b>		<b>447.8</b>	275.7
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>447.8</b>	275.7
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		284.2	170.3
Non-controlling interest		163.6	105.4
		<b>447.8</b>	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)
<b>Balance at 31 December 2012</b>	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
<b>Balance at 31 December 2013</b>	<b>164 459 662</b>	<b>1.7</b>	<b>7 808.9</b>	<b>157.7</b>	<b>3 889.8</b>	<b>11 858.1</b>	<b>4 128.2</b>	<b>15 986.3</b>
<b>Balance at 31 December 2011</b>	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
<b>Balance at 31 December 2012</b>	<b>164 150 804</b>	<b>1.7</b>	<b>7 789.0</b>	<b>119.7</b>	<b>3 605.6</b>	<b>11 516.0</b>	<b>3 964.6</b>	<b>15 480.6</b>

\* 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

	Notes	Group	
		2013 R (million)	2012 R (million)
<b>Net cash flow generated by operating activities</b>		<b>907.8</b>	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)
<b>Net cash flow utilised by investing activities</b>		<b>(784.8)</b>	(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	–
<b>Net cash flow generated by financing activities</b>		<b>–</b>	–
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
<b>Cash and cash equivalents at end of year</b>	12	<b>772.9</b>	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, stopping 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.

#### Stopping

As part of the ramp up phase of Styldrift I project stopping will commence whilst other parts of the mine are still being developed. The costs incurred during stopping, i.e. the tonnes mined when Styldrift enters the stopping 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
<b>For the year ended 31 December 2013</b>						
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
<b>At 31 December 2013</b>	<b>3 816 185</b>	<b>55.69</b>	<b>1 186 735</b>	<b>59.74</b>	<b>939 857</b>	<b>46.08</b>

# 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
<b>For the year ended 31 December 2012</b>								
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	–	–	–	–	–	–	–	–
<b>At 31 December 2012</b>	<b>3 358 564</b>	<b>55.08</b>	<b>866 337</b>	<b>61.17</b>	<b>1 409 785</b>	<b>44.67</b>	<b>–</b>	<b>60.50</b>

### 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)
<b>2013</b>							
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	–
<b>At 31 December 2013</b>	<b>123.7</b>	<b>94.1</b>	<b>5 060.8</b>	<b>3 255.6</b>	<b>1 078.8</b>	<b>7.9</b>	<b>9 620.9</b>
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)
<b>At 31 December 2013</b>	<b>123.7</b>	<b>94.1</b>	<b>5 060.8</b>	<b>3 255.6</b>	<b>1 078.8</b>	<b>7.9</b>	<b>9 620.9</b>
<b>2012</b>							
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	–
<b>At 31 December 2012</b>	<b>70.9</b>	<b>54.8</b>	<b>5 009.9</b>	<b>2 593.6</b>	<b>1 156.2</b>	<b>13.8</b>	<b>8 899.2</b>
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)
<b>At 31 December 2012</b>	<b>70.9</b>	<b>54.8</b>	<b>5 009.9</b>	<b>2 593.6</b>	<b>1 156.2</b>	<b>13.8</b>	<b>8 899.2</b>

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)
<b>5. Mineral rights</b>		
Opening balance at 1 January	6 645.0	6 700.5
Amortisation (included in cost of sales)	(61.3)	(55.5)
<b>Closing balance at 31 December</b>	<b>6 583.7</b>	<b>6 645.0</b>
Cost	6 767.0	6 767.0
Accumulated amortisation	(183.3)	(122.0)
<b>Closing balance at 31 December</b>	<b>6 583.7</b>	<b>6 645.0</b>

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

	Group	
	2013 R (million)	2012 R (million)
<b>6. Goodwill</b>		
<b>Goodwill at cost less impairment</b>	<b>2 275.1</b>	<b>2 275.1</b>

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.

	Group	
	2013 R (million)	2012 R (million)
<b>7. Environmental trust deposits</b>		
<b>Environmental trust deposit held in Standard Bank account</b>		
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)
<b>Closing balance at 31 December</b>	<b>4.6</b>	<b>2.2</b>
<b>Environmental trust deposit held in Nedbank equity linked deposit account</b>		
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
<b>Fair value at 31 December</b>	<b>102.2</b>	<b>100.9</b>
<b>Total</b>	<b>106.8</b>	<b>103.1</b>

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)	2012 R (million)
<b>8. Inventories</b>		
Consumables	17.2	29.5
Stockpiles	18.3	11.6
<b>Closing balance at 31 December</b>	<b>35.5</b>	<b>41.1</b>

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

	Group	
	2013 R (million)	2012 R (million)
<b>9. Trade and other receivables</b>		
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
<b>Closing balance at 31 December</b>	<b>1 397.7</b>	<b>1 202.4</b>

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

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

**11. Current tax payable/(receivable)**

The movement in the balance can be explained as follows:

	2013 R (million)	2012 R (million)
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)
<b>Closing balance at 31 December</b>	<b>0.2</b>	<b>2.0</b>
Current tax payable/(receivable) comprises:		
Current tax receivable	–	(0.4)
Current tax payable	0.2	2.4
<b>Closing balance at 31 December</b>	<b>0.2</b>	<b>2.0</b>

## Group

**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
<b>Closing balance at 31 December</b>	<b>772.9</b>	<b>649.9</b>
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
<b>Closing balance at 31 December</b>	<b>772.9</b>	<b>649.9</b>

**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
<b>Total</b>	<b>1 458.0</b>	<b>353.8</b>	<b>1 104.2</b>	
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
<b>Total</b>	<b>758.0</b>	<b>150.3</b>	<b>607.7</b>	

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

#### Authorised share capital

	Group	
	2013	2012
	R	R
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
<b>Total authorised share capital</b>	<b>2 545 000</b>	<b>2 545 000</b>
	<b>R</b>	<b>R</b>

#### 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	–
<b>Less: Treasury shares</b>		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(5 344)	(4 250)
<b>Total 164 459 662 (2012: 164 150 804) ordinary shares</b>	<b>1 644 596</b>	<b>1 641 508</b>
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
<b>Less: Treasury shares</b>		
563 914 "A" ordinary shares issued to the Mahube Trust	(5 640)	(8 459)
<b>Total 563 914 (2012: 845 871) "A" ordinary shares</b>	<b>–</b>	<b>–</b>

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

	Group	
	R (million)	R (million)
<b>13. Share capital and share premium (continued)</b>	R	R
<b>Share premium</b>		
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	–
<b>Less: Treasury shares</b>		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(31.2)	(24.6)
<b>Total share premium</b>	<b>7 808.9</b>	<b>7 789.0</b>

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.

	Group	
	2013 R (million)	2012 R (million)
<b>14. Share-based payment reserve</b>		
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)	–
<b>Closing balance at 31 December</b>	<b>157.7</b>	<b>119.7</b>

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

	Group	
	R (million)	R (million)
<b>15. Deferred tax</b>		
Deferred income tax is calculated in full on the temporary differences under the liability method using the principal tax rate of 28%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against the tax liabilities and when the deferred income taxes relate to the same fiscal authority.		
Deferred tax comprises:		
Deferred tax asset	(24.9)	(24.6)
Deferred tax liability	4 262.0	4 112.6
<b>Closing balance at 31 December</b>	<b>4 237.1</b>	<b>4 088.0</b>

## 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)
<b>2013</b>					
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
<b>At 31 December 2013</b>	<b>1 843.4</b>	<b>2 407.9</b>	<b>(22.5)</b>	<b>8.3</b>	<b>4 237.1</b>
<b>2012</b>					
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
<b>At 31 December 2012</b>	<b>1 860.6</b>	<b>2 240.6</b>	<b>(31.0)</b>	<b>17.8</b>	<b>4 088.0</b>

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.

	Group	
	2013 R (million)	2012 R (million)
<b>16. Long-term provisions</b>		
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
<b>Closing balance at 31 December</b>	<b>69.6</b>	<b>62.5</b>

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)	2012 R (million)
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## 17. Contingencies and commitments

### 17.1 Guarantees issued

Royal Bafokeng Resources Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:

Eskom to secure power supply for Styldrift project development (performance guarantee 30823102)	17.1	17.1
Eskom early termination guarantee for Styldrift (performance guarantee 31160603)	17.5	17.5
Eskom connection charges guarantee for Styldrift (performance guarantee 31173918)	40.0	40.0
Anglo American Platinum for the rehabilitation of land disturbed by mining activities at BRPM (financial guarantee 31247601)	77.5	75.3
DMR for the rehabilitation of land disturbed by prospecting/mining (financial guarantee 32388608)	1.3	–
Housing guarantee (financial guarantee 32237804)	200.0	–
<i>Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:</i>		
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

<b>Total guarantees issued at 31 December</b>	<b>353.8</b>	<b>150.3</b>
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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

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)
<b>Total guarantees received at 31 December</b>	<b>(24.6)</b>	<b>(24.6)</b>

### 17.3 Capital commitment in respect of property, plant and equipment

Commitments contracted for	918.3	499.0
Approved expenditure not yet contracted for	6 432.7	7 903.9
<b>Total</b>	<b>7 351.0</b>	<b>8 402.9</b>

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)	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
<b>Total</b>	<b>4.5</b>	<b>6.5</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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.

	Group	
	2013 R (million)	2012 R (million)
<b>18. Trade and other payables</b>		
Trade payables	214.3	293.5
Provisions and accruals	285.0	149.8
VAT payable	0.1	–
<b>Total</b>	<b>499.4</b>	<b>443.3</b>
	Group	
	2013 R (million)	2012 R (million)
<b>19. Revenue</b>		
Revenue from concentrate sales – production from BRPM concentrator	2 944.7	2 720.9
Revenue from UG2 toll concentrate	306.4	144.4
<b>Total</b>	<b>3 251.1</b>	<b>2 865.3</b>

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 BRPM concentrator is revenue of R11.9 million (2012: nil) generated from the on-reef development from the Styldrift I project.

	Group	
	2013 R (million)	2012 R (million)
<b>20. Other income</b>		
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
<b>Total</b>	<b>77.5</b>	<b>66.9</b>

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)
<b>21. Net finance income</b>		
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
<b>Total finance income</b>	<b>42.7</b>	<b>59.7</b>
Unwinding of discount on decommissioning and restoration provision	(3.7)	(3.4)
<b>Total finance cost</b>	<b>(3.7)</b>	<b>(3.4)</b>
<b>Net finance income</b>	<b>39.0</b>	<b>56.3</b>
<b>22. Profit before tax</b>		
<i>Included in the profit before taxation are the following items:</i>		
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
<b>Total cost of sales</b>	<b>2 650.1</b>	<b>2 525.5</b>
<i>Administration expenses consists of the following corporate office expenses:</i>		
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
<b>Total administration expenses</b>	<b>105.0</b>	<b>101.7</b>
<b>External and internal audit fees for the Group</b>		
<i>External and internal audit fees included in profit before tax</i>		
External audit fees		
– Fees for audit	2.0	1.6
– Other fees	0.4	0.3
Internal audit fees	2.4	1.9
	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.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	Group	
	2013 R (million)	2012 R (million)
<b>23. Income tax expense</b>		
Income tax	(15.6)	(17.5)
Deferred tax		
– Current tax	(149.1)	(68.1)
	<b>(164.7)</b>	<b>(85.6)</b>
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)
	<b>(164.7)</b>	<b>(85.6)</b>
<b>Effective tax rate (%)</b>	<b>26.9</b>	<b>23.7</b>
An unredeemed capital allowance of R697.3 million (2012: R640.2 million) is carried over to 2014.		
<b>24. Cash generated by operations</b>		
Cash generated by operations is calculated as follows:		
Profit before tax	612.5	361.3
<i>Adjustment for:</i>		
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)	–
	<b>1 062.4</b>	<b>700.5</b>
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
<b>Cash generated by operations</b>	<b>875.8</b>	<b>687.3</b>

## 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:

Name	Issued capital amount		Interest in capital	
	2013 R	2012 R	2013 %	2012 %
<b>Direct investment</b>				
Royal Bafokeng Platinum Management Services Proprietary Limited	1 000	1 000	100	100
Royal Bafokeng Resources Proprietary Limited	320	320	100	100
<b>Indirect investment via Royal Bafokeng Resources Proprietary Limited</b>				
Bafokeng Rasimone Management Services Proprietary Limited	1 000	1 000	100	100
BRPM JV – participation interest	–	–	67	67
Friedshel 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)
<b>BRPM Joint Venture balances at 31 December:</b>		
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
<b>BRPM Joint Venture transactions:</b>		
Concentrate sales to RPM (Refer Note 19 and Directors' report)	3 251.1	2 865.3
<b>Associate of holding company balances:</b>		
Amount owing by Impala Platinum Limited for the fourth quarter royalty (Refer Note 9)	10.9	20.3
<b>Fellow subsidiaries and associates of holding company transactions:</b>		
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 Styl drift (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
<b>2013</b>							
<b>Executive directors</b>							
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
<b>Non-executive directors*</b>							
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
<b>Total</b>		<b>4 088 108</b>	<b>8 012 363</b>	<b>1 274 506</b>	<b>340 223</b>	<b>5 932 846</b>	<b>19 648 046</b>

\* 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
<b>2013</b>							
<b>Senior management</b>							
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 Poee	1 Oct '13	462 922	42 002	20 101	–	–	525 025
<b>Total</b>		<b>10 831 703</b>	<b>1 512 152</b>	<b>388 656</b>	<b>6 781 921</b>	<b>249 454</b>	<b>19 763 886</b>

\* 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
<b>2012</b>							
<b>Executive directors</b>							
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
<b>Non-executive directors*</b>							
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
<b>Total</b>		<b>3 916 107</b>	<b>7 301 925</b>	<b>1 111 523</b>	<b>360 380</b>	<b>6 443 935</b>	<b>19 133 870</b>

\* 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
<b>2012</b>							
<b>Senior management</b>							
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
<b>Total</b>		<b>9 551 665</b>	<b>1 335 173</b>	<b>303 840</b>	<b>4 813 515</b>	<b>–</b>	<b>16 004 193</b>

#### 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 %
<b>As of 31 December 2013</b>						
<b>Executive and non-executive directors</b>						
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
<b>Senior management</b>						
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 %
<b>As of 31 December 2013</b>						
<b>Executive and non-executive directors</b>						
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
<b>Senior management</b>						
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
<b>As of 31 December 2013</b>							
<b>Executive directors</b>							
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	-	-
<b>Senior management</b>							
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/exercised 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 1 Apr '11	–	18 Feb 2014 and 1 April '14	100
2012 allocations	463 953	888 938	–	57.99	1 Apr '12	16 077	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 <sup>#</sup>	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

<sup>#</sup> 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):

	Notes	Carrying amount		Fair values	
		2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
<b>Financial assets</b>					
<i>Financial assets at fair value through profit or loss</i>					
Environmental trust deposits	7	102.2	100.9	102.2	100.9
<i>Loans and receivables</i>					
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
<i>Held-to-maturity investments</i>					
Investment in vested rights of the NED Investment Trust	10	–	260.6	–	260.6
<b>Total financial assets</b>		<b>2 257.4</b>	<b>2 135.5</b>	<b>2 257.4</b>	<b>2 135.5</b>
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost</i>					
Trade and other payables	18	499.3	443.3	499.3	443.3
<b>Total financial liabilities</b>		<b>499.3</b>	<b>443.3</b>	<b>499.3</b>	<b>443.3</b>

#### 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.

	Notes	Statement of financial position		Statement of comprehensive income	
		2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
<b>Financial assets</b>					
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	–	–
<b>Total</b>	9	<b>1 313.2</b>	<b>1 059.9</b>	<b>±94.5</b>	<b>±79.2</b>



## 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.

	Note	Statement of financial position		Statement of comprehensive income	
		2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
<b>Financial assets</b>					
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	–	–
<b>Total</b>	9	<b>1 313.2</b>	<b>1 059.9</b>	<b>±94.5</b>	<b>±79.2</b>

##### 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.

	Note	Statement of financial position		Statement of comprehensive income	
		2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
<b>Financial assets</b>					
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.

	Note	Statement of financial position		Statement of comprehensive income	
		2013 R (million)	2012 R (million)	2013 R (million)	2012 R (million)
<b>Financial assets</b>					
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)
<b>2013</b>					
Trade and other payables (excluding VAT)	18	499.3	–	–	–
Financial guarantees	17.1	147.0	–	75.0	78.8
<b>2012</b>					
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
<b>Financial assets at fair value through profit or loss</b>				
<b>2013</b>				
Environmental trust deposits	7	–	102.2	–
<b>2012</b>				
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
<b>Total assets per the statement of financial position</b>	<b>20 817.5</b>	<b>20 101.4</b>
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
<b>Total liabilities per the statement of financial position</b>	<b>4 831.2</b>	<b>4 620.9</b>
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)
<b>Segment cash flow statement</b>		
<b>Net cash flow generated by operating activities</b>	<b>958.1</b>	565.7
Cash generated by operations	863.8	499.7
Interest received	9.7	12.2
Royalty income received	84.6	53.8
<b>Net cash flow utilised by investing activities</b>	<b>(1 056.9)</b>	(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)
<b>Net cash flow generated by financing activities</b>	<b>(17.3)</b>	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
<b>Cash and cash equivalents end of year</b>	<b>195.0</b>	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)	2012 R (million)
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	2	6 819.2	6 819.2
Intercompany loans		592.0	537.9
		<b>7 411.2</b>	<b>7 357.1</b>
<b>Current assets</b>			
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
		<b>572.2</b>	<b>588.8</b>
<b>Total assets</b>		<b>7 983.4</b>	<b>7 945.9</b>
<b>Equity and liabilities</b>			
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
		<b>7 983.1</b>	<b>7 945.9</b>
<b>Current liabilities</b>			
Accruals		0.2	–
Current tax payable	4	0.1	–
		<b>0.3</b>	<b>–</b>
<b>Total equity and liabilities</b>		<b>7 983.4</b>	<b>7 945.9</b>

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

	Notes	Company	
		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)
<b>Profit before tax</b>		<b>21.8</b>	<b>35.0</b>
Income tax expense	6	(2.7)	(5.5)
<b>Profit for the year</b>		<b>19.1</b>	<b>29.5</b>
Other comprehensive income		–	–
<b>Total comprehensive income</b>		<b>19.1</b>	<b>29.5</b>

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)
<b>Balance at 31 December 2012</b>	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
<b>Balance at 31 December 2013</b>	<b>165 399 519</b>	<b>1.7</b>	<b>7 856.6</b>	<b>46.2</b>	<b>78.6</b>	<b>7 983.1</b>
<b>Balance at 31 December 2011</b>	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
<b>Balance at 31 December 2012</b>	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

	Notes	Company	
		2013 R (million)	2012 R (million)
<b>Cash generated by operations</b>	7	8.3	14.2
Finance income		17.6	28.4
Dividends received		18.3	17.9
Income tax paid		(2.3)	(5.6)
<b>Net cash flow generated by operating activities</b>		41.9	54.9
Decrease in held-to-maturity investments		253.9	–
<b>Net cash flow generated by investing activities</b>		253.9	–
Related party loans granted		(54.1)	(310.2)
<b>Net cash flow utilised by financing activities</b>		(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
<b>Cash and cash equivalents at end of year</b>		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)
<b>2. Investment in subsidiaries</b>		
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
	<b>6 819.2</b>	<b>6 819.2</b>

Indirect investment in subsidiaries consists of:

Bafokeng Rasimone Management Services Proprietary Limited (100%)

Friedshel 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.

## 3. Held-to-maturity investments

Investment in vested rights of the NED investment Trust	–	250.0
Accrued dividends	–	10.6
	<b>–</b>	<b>260.6</b>

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)
<b>4. Current tax payable/(receivable)</b>		
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)
<b>Closing balance at 31 December</b>	<b>0.1</b>	<b>(0.3)</b>

	Company	
	2013 R	2012 R
<b>5. Share capital and share premium</b>		
The authorised and issued share capital of the Company is as follows:		
<b>Authorised share capital</b>		
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
<b>Total authorised share capital</b>	<b>2 545 000</b>	<b>2 545 000</b>
<b>Issued ordinary share capital</b>	<b>R</b>	<b>R</b>
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	–
<b>Less: Treasury shares</b>		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(5 344)	(4 250)
<b>Total 164 835 605 (2012: 164 714 718) ordinary shares</b>	<b>1 648 355</b>	<b>1 647 147</b>
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)	–
<b>Total 563 914 (2012: 845 871) "A2", "A3" ordinary shares</b>	<b>5 640</b>	<b>8 459</b>
<b>Share premium</b>	<b>R (million)</b>	<b>R (million)</b>
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	–
<b>Less: Treasury shares</b>		
534 376 (2012: 424 985) ordinary shares issued as part of the management share incentive scheme	(31.2)	(24.6)
<b>Total</b>	<b>7 856.6</b>	<b>7 848.9</b>

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)
<b>6. Income tax expense</b>		
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)
<b>Effective tax rate (%)</b>	<b>12.4</b>	<b>15.7</b>
<b>7. Cash generated by operations</b>		
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)
<b>Cash generated by operations</b>	<b>8.3</b>	<b>14.2</b>

## NON-GAAP MEASURES

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

### Normalised headline earnings and normalised HEPS

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

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

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

	2013	2012
Basic earnings R (million)	284.2	170.3
Fair value depreciation and amortisation	89.6	82.5
Tax impact of above adjustments	(25.1)	(19.6)
Normalised basic earnings R (million)	348.7	233.2
Profit on disposal of property, plant and equipment	(0.3)	–
<b>Normalised headline earnings R (million)</b>	<b>348.4</b>	<b>233.2</b>

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

	2013	2012
EPS (cents per share)	173	104
Profit on disposal of property, plant and equipment	–	–
HEPS (cents per share)	173	104
Fair value depreciation and amortisation	55	50
Tax impact of above adjustments	(16)	(12)
Normalised HEPS (cents per share)	212	142

### EBITDA

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

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

	2013 R (million)	2012 R (million)
Profit before tax	612.5	361.3
Less: finance income	(42.7)	(59.7)
Plus: finance cost	3.7	3.4
Plus: depreciation	373.2	273.3
Plus: amortisation	61.3	55.5
<b>EBITDA</b>	<b>1 008.0</b>	<b>633.8</b>

## SHAREHOLDER STATISTICS

### Royal Bafokeng Platinum Limited: Shareholder analysis tables

Register date: 31 December 2013

Issued share capital: 166 082 443 shares

	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 1 000 shares	1 434	67.96	470 539	0.28
1 001 – 10 000 shares	399	18.91	1 235 904	0.74
10 0001 – 100 000 shares	181	8.58	7 569 654	4.56
100 001 – 1 000 000 shares	86	4.08	26 522 741	15.97
1 000 001 shares and over	10	0.47	130 283 605	78.45
<b>Total</b>	<b>2 110</b>	<b>100.00</b>	<b>166 082 443</b>	<b>100.00</b>
<b>Distribution of shareholders</b>				
Banks	49	2.32	10 068 693	6.06
Brokers	13	0.62	1 279 917	0.77
Close corporations	22	1.04	76 280	0.05
Endowment funds	13	0.62	142 121	0.09
Individuals	1 453	68.86	1 611 052	0.97
Insurance companies	22	1.04	1 341 023	0.81
Investment companies	3	0.14	25 229	0.02
Medical aid schemes	1	0.05	922	0.00
Mutual funds	133	6.30	18 281 526	11.00
Nominees and trusts	209	9.91	593 855	0.36
Other corporations	28	1.33	901 380	0.54
Own holdings	7	0.33	95 254 429	57.35
Pension funds	96	4.55	15 429 320	9.29
Private companies	55	2.61	305 768	0.18
Public companies	6	0.28	20 770 928	12.51
<b>Total</b>	<b>2 110</b>	<b>100.00</b>	<b>166 082 443</b>	<b>100.00</b>
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>	<b>16</b>	<b>0.76</b>	<b>116 373 602</b>	<b>70.07</b>
Directors	3	0.14	309 355	0.19
Associates and management	5	0.24	103 306	0.06
Own holdings (RBH and RBPlat share schemes)	7	0.33	95 254 429	57.35
Strategic holdings (more than 10%)	1	0.05	20 706 512	12.47
<b>Public shareholders</b>	<b>2 094</b>	<b>99.24</b>	<b>49 708 841</b>	<b>29.93</b>
<b>Total</b>	<b>2 110</b>	<b>100.00</b>	<b>166 082 443</b>	<b>100.00</b>
<b>Beneficial shareholder holdings of 5% or more</b>				
Royal Bafokeng Platinum Holdings Proprietary Limited			93 653 084	56.39
Rustenburg Platinum Mines Limited			20 706 512	12.47

## SHARE PRICE STATISTICS

Opening share price	R57.50
Closing share price	R59.00
Average trading price	R55.68
Volume traded for the year under review	37 834 520
Share price high	R64.99
Share price low	R42.01
Market capitalisation at beginning of the year	R9 519 million
Market capitalisation at end of the year	R9 799 million

## NOTICE OF ANNUAL GENERAL MEETING (continued)

### Royal Bafokeng Platinum Limited

Incorporated in the Republic of South Africa  
 Registration number: 2008/015696/06  
 JSE share code: RBP and ISIN: ZAE000149936  
 Date of incorporation: 1 July 2008  
 (RBPlat or the Company)

### This document is important and requires your immediate attention.

If you are in any doubt as to what action to take, please consult your stockbroker, Central Securities Depository Participant (CSDP), banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all your shares in the Company please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of these shares.

Notice is hereby given that the fifth Annual General Meeting (AGM) of the Company will be held on **Wednesday, 16 April 2014 at 10:00** in the Castello room at the Palazzo Hotel, Monte Casino Boulevard, Fourways. Shareholders' attention is drawn to the notes at the end of this notice, which contain important information with regard to shareholders' participation in the AGM, as well as certain explanatory notes regarding the resolutions to be proposed at the AGM.

Kindly note that in terms of section 63(1) of the Companies Act No 71 of 2008 (the Act), meeting participants (including representatives) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, a driver's licence or a passport.

### Record date, proxies and voting

The Board of directors of the Company (the Board) has determined, in accordance with section 59(1)(a) and (b) of the Act, that in order to be able to attend, participate and vote at the AGM the record date for holders to be recorded as shareholders in the securities register maintained by the transfer secretaries of the Company is Friday, 11 April 2014. The last date that holders can trade and still be able to attend, participate and vote at the AGM is Friday, 4 April 2014.

### Electronic participation

The Company, if required, will offer shareholders reasonable access to participate at the AGM through electronic conference call facilities, in accordance with the provision of section 63(2) of the Act. Participants wishing to use these facilities are required to deliver written notice to the Company at The Pivot, No 1 Monte Casino Boulevard, Block C, Floor 4, Fourways, 2021 (marked for the attention of Lester Jooste, Company Secretary) by no later than 10:00 on Wednesday, 9 April 2014 advising that they wish to participate in the AGM via electronic medium. The valid written notice must be accompanied by a certified copy of the shareholder's or proxy's identity document, driver's licence or passport, in respect of an individual and if not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents, driver's licence or passports of the people who adopted the resolution will be required. Voting on shares will not be possible via electronic medium and, accordingly, shareholders wishing to cast their vote at the AGM will need to be represented in person or by proxy at the meeting.

The purpose of the AGM is to conduct such business as may be lawfully dealt with at the meeting and, in particular, if deemed fit, to pass the resolutions contained herein, with or without modification, in a manner required by the Act and the Listings Requirements of the JSE Limited (JSE Listings Requirements) on which the Company's ordinary shares are listed:

### Ordinary resolutions

#### 1. Ordinary resolution number 1

Adoption of annual financial statements for the year ended 31 December 2013

"Resolved that the audited consolidated annual financial statements of the Company and its subsidiaries, together with the reports of the directors, auditors and Audit and Risk and Social and Ethics committees for the year ended 31 December 2013 be and are hereby adopted."

The full consolidated financial statements of the Company and its subsidiaries relating to the financial year ended 31 December 2013 can be obtained from the Company's website at [www.bafokengplatinum.co.za](http://www.bafokengplatinum.co.za).

#### 2. Ordinary resolution number 2

Election of director

"Resolved that Mr LM Ndala, who was appointed to the Board on 28 May 2013 and who retires in terms of the Memorandum of Incorporation (MOI) of the Company, being eligible is hereby elected as a non-executive director of the Company."

#### 3. Ordinary resolution number 3

Re-election of director

"Resolved that Professor L de Beer, who was appointed to the Board on 1 June 2010 and who retires by rotation in terms of the MOI of the Company, being eligible is hereby re-elected as an independent non-executive director of the Company."

#### 4. Ordinary resolution number 4

Re-election of director

"Resolved that Advocate KD Moroka SC, who was appointed as a director on 1 June 2010 and who retires by rotation in terms of the MOI of the Company, being eligible is hereby re-elected as an independent non-executive director of the Company."



**5. Ordinary resolution number 5**

## Re-election of director

"Resolved that Mr DC Noko, who was appointed as a director on 1 June 2010 and who retires by rotation in terms of the MOI of the Company, being eligible is hereby re-elected as an independent non-executive director of the Company."

**6. Ordinary resolution number 6**

## Re-election of director

"Resolved that Mr MH Rogers, who was appointed as a director on 7 December 2009 and who retires by rotation in terms of the MOI of the Company, being eligible is hereby re-elected as an independent non-executive director of the Company."

**7. Ordinary resolution number 7**

## Reappointment of auditors

"Resolved that upon the recommendation of the Audit and Risk Committee of the Board, PricewaterhouseCoopers Inc. (PwC) be and is hereby appointed as the independent external auditor of the Company until the next AGM and that Mr Hendrik Odendaal of PwC be and is hereby appointed as the designated auditor to hold office for the ensuing year."

**8. Ordinary resolution number 8**

## Election of Audit and Risk Committee member

"Resolved that upon the recommendation of the Remuneration and Nomination Committee of the Board and subject to ordinary resolution number 3 being adopted, Prof L de Beer, an independent non-executive director, be and is hereby re-elected as a member and the Chairman of the Audit and Risk Committee, in terms of section 94(2) of the Act, to hold office until the conclusion of the next AGM."

**9. Ordinary resolution number 9**

## Election of Audit and Risk Committee member

"Resolved that upon the recommendation of the Remuneration and Nomination Committee of the Board, Mr RG Mills, an independent non-executive director, be and is hereby re-elected as a member of the Audit and Risk Committee, in terms of section 94(2) of the Act, to hold office until the conclusion of the next AGM."

**10. Ordinary resolution number 10**

## Election of Audit and Risk Committee member

"Resolved that upon the recommendation of the Remuneration and Nomination Committee of the Board and subject to ordinary resolution number 5 being adopted, Mr DC Noko, an independent non-executive director, be and is hereby re-elected as a member of the Audit and Risk Committee, in terms of section 94(2) of the Act, to hold office until the conclusion of the next AGM."

**11. Ordinary resolution number 11**

## Election of Audit and Risk Committee member

"Resolved that upon the recommendation of the Remuneration and Nomination Committee of the Board, Prof FW Petersen, an independent non-executive director, be and is hereby re-elected as a member of the Audit and Risk Committee, in terms of section 94(2) of the Act, to hold office until the conclusion of the next AGM."

**12. Ordinary resolution number 12**

## General authority for directors to allot and issue ordinary shares

"Resolved that directors of the Company be and are hereby authorised, in addition to the authority granted under ordinary resolution 13, and any authority they may have under the MOI or the Act or in terms of the Company's existing employee share/option schemes, until the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months from the date of this AGM, to allot and issue ordinary shares (including options and securities convertible into shares) on a non pro rata basis representing not more than 5% (five percent) of the number of ordinary shares in issue as at the date of this AGM (being 8 304 122 (eight million three hundred and four thousand one hundred and twenty two) ordinary shares)) from the authorised but unissued ordinary share capital of the Company, on such terms and conditions as the Board may, at its discretion determine, subject to the limitations and provisions of the MOI, the Act and the JSE Listings Requirements, as applicable from time to time."

**13. Ordinary resolution number 13**

## General authority to issue shares for cash

"Resolved, as a separate and additional authority from that referred to in ordinary resolution number 12, that the directors of the Company be and are hereby authorised, until the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months from the date of this meeting, to allot and issue ordinary shares (including options and securities convertible into ordinary shares) (equity securities) representing not more than 10% (ten percent) of the number of ordinary shares in issue as at the date of this AGM (being 16 608 244 (sixteen million six hundred and eight thousand two hundred and forty four) ordinary shares)) from the authorised but unissued shares in the capital of the Company for cash on a non pro rata basis, subject to the MOI, the Act, and the JSE Listings Requirements, as applicable from time to time. It is recorded that the JSE Listings Requirements currently require, *inter alia*, that any issue by a listed company of equity securities for cash must comply with the following requirements:

- (a) the allotment and issue of equity securities for cash shall be made only to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties
- (b) equity securities which are the subject of issues for cash:
  - (i) the aggregate in any one financial year may not exceed 15% (fifteen percent) of the Company's current number of equity securities in issue of that class (which, for the purposes of this ordinary resolution number 13, will be limited to 10% (ten percent))

## NOTICE OF ANNUAL GENERAL MEETING (continued)

### Ordinary resolutions (continued)

#### 13. Ordinary resolution number 13 (continued)

##### General authority to issue shares for cash (continued)

- (ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible
- (iii) the number of securities which may be issued (the limit of which is referred to in sub-paragraph (b)(i) above) shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities) at the date of such application, less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year plus any securities of that class to be issued pursuant to (A) a rights issue which has been announced, is irrevocable and is fully underwritten or (B) acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application
- (c) the maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price on the JSE Limited of such equity securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company
- (d) after the Company has issued equity securities for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of equity securities of that class in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including number of securities to be issued as well as the average discount to the weighted average traded price of the equity securities over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities and the effect of the issue on the net asset value and earnings per share of the Company
- (e) the equity securities which are the subject of the issue for cash are of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue."

#### 14. Ordinary resolution number 14

##### Approval of remuneration policy

"Resolved that the remuneration policy of the Company be and is hereby approved through a non-binding advisory vote (excluding the remuneration of non-executive directors which is to be approved separately) such remuneration policy as set out in the integrated annual report on page 134 to 138."

#### 15. Ordinary resolution number 15

##### Amendment to the RBPlat Bonus Share Plan scheme rules

"Resolved that the amendment to the rules of the RBPlat Bonus Share Plan be and is hereby approved." (An explanatory note to ordinary resolution number 15 is set out on page 210 of the Notice to Shareholders.)"

#### 16. Ordinary resolution number 16

##### Amendment to the RBPlat Share Option scheme rules

"Resolved that the amendment to the rules of the Share Option Plan, be and is hereby approved." (An explanatory note to ordinary resolution number 16 is set out on page 210 of the Notice to Shareholders.)"

#### 17. Ordinary resolution number 17

##### Amendment to the RBPlat 2013 Forfeitable Share Plan (FSP)

"Resolved that the amendment to the rules of the 2013 Forfeitable Share plan be and is hereby approved." (An explanatory note to ordinary resolution number 17 is set out on page 210 of the Notice to Shareholders.)"

#### 18. Ordinary resolution number 18

##### Amendment to the RBPlat Mahube Share Trust

"Resolved that the amendment to the rules of the RBPlat Mahube Share Trust be and is hereby approved. (An explanatory note to ordinary resolution number 18 is set out on page 210 of the Notice to Shareholders.)"

### Special resolutions

#### 19. Special resolution number 1

##### Financial assistance to related or inter-related parties

"Resolved as a special resolution that to the extent required in terms of, and subject to the provisions of section 45 of the Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the next 2 (two) years commencing on the date on which this special resolution number 1 is adopted, any direct or indirect financial assistance as contemplated in such section of the Act to any 1 (one) or more companies or corporations which are within the RBPlat Group (such related or inter-related companies or corporations hereinafter being referred to as "Group") on such terms and conditions as the directors of the Company, or any one or more persons authorised by the directors of the Company from time to time for such purpose, deem fit."

To the extent that special resolution number 1 is adopted by the shareholders of the Company, the directors of the Company will be able to adopt a resolution (the section 45 Board Resolution) authorising the Company to provide, at any time from time to time during the 2 (two) year period commencing on the date on which special resolution number 1 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Act to any one or more related or inter-related companies or corporations within the Group.

The section 45 Board Resolution will always be subject to the directors being satisfied that (a) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b) (i) of the Act and that (b) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b) (ii) of the Act.

To the extent that the section 45 Board Resolution contemplates that such financial assistance (including the lending of money, guaranteeing a loan or other obligation and securing any debt or obligation in terms of section 45 of the Act) provided for in that resolution and any other during the same financial year will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company shall, for so long as it is required in terms of the Act, within 10 business days after the adoption of the section 45 Board Resolution provide notice thereof to the shareholders of the Company and to any trade union representing employees of the Company. In any other case, for so long as it is required in terms of the Act, the Board will provide the shareholders with written notice of a section 45 Board Resolution within 30 business days of the end of the financial year.

## 20. Special resolution number 2

### General authority to repurchase shares

"Resolved that the directors of the Company be and are hereby authorised, until the earlier of the date of the next AGM of the Company or the date 15 (fifteen) months from the date of this AGM, by way of a general authority to repurchase issued shares in the share capital of the Company or to authorise and/or procure that a subsidiary company purchase such shares in the Company, at such price and on such terms as the directors may from time to time determine subject to the MOI, the Act and the JSE Listings Requirements, as applicable from time to time, and subject further to the restriction that the repurchase or purchase, as the case may be, by the Company and/or any of its subsidiaries of shares in the Company of any class under this authority shall not, in aggregate, in any financial year, exceed 5% (five percent) of the shares in issue in such class as at the date of the AGM."

It is recorded that the JSE Listings Requirements and the Act currently require, that the Company or any of its subsidiaries may only make a general repurchase of the ordinary shares in the Company if:

- (a) any such acquisition of ordinary shares is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty (reported trades are prohibited)
- (b) this general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 2
- (c) an announcement must be published as soon as the Company or any of its subsidiaries have repurchased or acquired the relevant ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements
- (d) acquisitions of shares by the Company or a subsidiary of the Company in aggregate in any one financial year may not exceed 20% of the Company's ordinary issued share capital; and that the number of shares purchased and held by a subsidiary/ies of the Company shall not exceed 10% in the aggregate of the number of issued shares of the Company at the relevant times
- (e) ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares
- (f) at any point in time the Company and/or its subsidiaries may only appoint one agent to effect any repurchase
- (g) the Company and/or its subsidiaries may not enter the market to repurchase the Company's ordinary shares until the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the JSE Listings Requirements
- (h) a company and/or its subsidiaries may not repurchase any ordinary shares during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Stock Exchange News Service (SENS) prior to the commencement of the prohibited period
- (i) in the case of a derivative (as contemplated in the JSE Listings Requirements), the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements
- (j) a resolution of the Board of directors of the relevant company and/or its subsidiaries must be passed stating that they authorised the repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Company and/or its subsidiaries
- (k) authorisation being given thereto by the MOI.

### *Statement by the Board of directors of the Company*

The Board, pursuant to the JSE Listings Requirements, hereby states that:

- (a) they have no specific intention at present for the Company or its subsidiaries to repurchase any of the shares of the Company as contemplated in this special resolution number 2 but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the Company and its shareholders
- (b) having considered the effect of the maximum repurchase possible under this resolution, if approved, they are of the opinion that for a period of 12 (twelve) months after the date of this notice:
  - > the Company and/or its subsidiaries (the Group) will be able, in the ordinary course of business, to pay their debts
  - > the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group
  - > the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes
  - > the working capital of the Company and the Group will be adequate for the ordinary business.

## NOTICE OF ANNUAL GENERAL MEETING (continued)

### Special resolutions (continued)

#### 20. Special resolution number 2 (continued)

##### *JSE Listings Requirements disclosures*

The directors, whose names are set out on page 30 to 31 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2 and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard, and that this resolution contains all information required by law and the JSE Listings Requirements.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of section 11.26 of the JSE Listings Requirements for purposes of the general authority contemplated above:

- > Directors and management – page 30 to 33
- > Major beneficial shareholders – page 202
- > Directors' interests in shares – page 191
- > Share capital of the Company – page 176 to 177.

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 30 to 31 of this integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, which may have, or have had a material impact on the Group's financial position over the recent past, being at least the previous 12 (twelve) months, except for the tax contingency described under Note 17.5 of the annual financial statements.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes to the financial or trading position of the Company and its subsidiaries since 31 December 2013 and the issuing of this notice to shareholders.

This authority includes an authority, by special resolution, to repurchase shares from a director or prescribed officer of the Company through the JSE order book, as required under section 48(8)(a) of the Act.

#### 21. Special resolution number 3

##### Non-executive directors' fees

"Resolved as a special resolution that in terms of section 66(9) of the Act, the level of non-executive directors' annual fees be and is hereby approved on the basis set out as follows:

Per annum	2014 R	2013 R
Board Chairman (all inclusive fee)	1 333 217	1 269 730
Board member	268 297	250 745
Audit and Risk Committee Chairman	199 422	189 926
Audit and Risk Committee member	111 138	99 675
Remuneration and Nomination Committee Chairmen	134 442	128 040
Remuneration and Nomination Committee member	100 832	96 030
Social and Ethics Committee Chairman	136 080	129 600
Social and Ethics Committee member	102 060	97 200

In addition to the above fees, a director will receive a fee of R15 000 per day for ad hoc meetings he/she attends where services of a specialised nature are required."

##### Voting and proxies

Ordinary shareholders are entitled to vote on all the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or by proxy at the Annual General Meeting will have one vote (irrespective of the number of ordinary shares held in the Company), and on a poll, every ordinary shareholder will have one vote for every ordinary share held or represented. All ordinary resolutions will, in terms of the Companies Act, require the support of more than 50% of the voting rights of shareholders exercised thereon to be approved, in terms of the JSE Listings Requirements. In order for ordinary resolution number 13, 15, 16, 17, 18 to be approved, at least 75% of the votes cast by all equity securities holders present or represented by proxy at the AGM is required in terms of the JSE Listings Requirements.

All special resolutions will, in terms of the Companies Act, require the support of at least 75% of the total voting rights exercised thereon at the AGM to be approved.

Ordinary shareholders are entitled to attend, speak and vote at the AGM, or they may appoint a proxy to attend, speak and vote in their stead. Shareholders holding dematerialised shares not in their own name must furnish their CSDP or broker with their instructions for voting at the AGM should they wish to vote. If your CSDP or broker does not obtain instructions from you, it will be obliged to act in terms of the mandate signed or the completed proxy form attached.

Unless you advise your CSDP or broker before the expiry date of your intention to attend the AGM or to appoint a proxy to do so the CSDP or broker will assume that you or your proxy will not be attending the AGM. If you wish to attend the AGM or to appoint a proxy to do so you must obtain a letter of representation signed by your CSDP or broker prior to the AGM.

Shareholders with dematerialised shares in their own name, or who hold shares that are not dematerialised, and who are not able to attend the AGM and wish to have representation at the meeting must complete and submit to the transfer secretaries, the form of proxy attached, in accordance with the instructions contained therein, by no later than 10:00 on Monday, 14 April 2014. The completion of the form will not preclude the shareholder from subsequently attending the AGM.

## Questions

The Board encourages shareholders to attend and to ask questions at the AGM. In order to facilitate the answering of questions at the meeting, shareholders who ask questions in advance are encouraged to submit their questions in writing to the Company Secretary by 17:00 on Monday, 14 April 2014.

By order of the Board of directors



**LC Jooste**  
Company Secretary

**Registered office**  
The Pivot, No 1 Monte Casino Boulevard  
Block C, 4th Floor, Fourways, Johannesburg, 2021  
PO Box 2283,  
Fourways, 2055

**Transfer secretaries**  
Computershare Investor Services Proprietary Limited  
70 Marshall Street, Johannesburg, South Africa, 2001  
PO Box 61051  
Marshalltown, 2017

## Explanatory notes

### 1. Adoption of the annual financial statements (Ordinary resolution number 1)

At the AGM, the directors must, in terms of the MOI, the Act and the JSE Listings Requirements, present to shareholders the annual financial statements for the year ended 31 December 2013.

### 2. Election and re-election of directors (Ordinary resolution numbers 2 to 6)

In accordance with the MOI, and the JSE Listings Requirements, one-third of the directors (being those longest in office at the date of the AGM) must retire by rotation and directors appointed by the Board during the year must at each AGM offer themselves for re-election and election, respectively. Ordinary resolutions 2 to 6 are proposed to re-elect the directors who retire as directors of the Company by rotation in accordance with the MOI and who, being eligible for re-election, offer themselves for re-election.

A brief biography of the directors offering themselves for re-election is contained on pages 30 and 31 of the integrated annual report and the Company's website. The Board with the assistance of the Remuneration and Nomination Committee has reviewed the composition and performance of the Board of directors in accordance with corporate governance guidelines and transformation requirements and has recommended the re-election of the directors offering themselves for re-election.

### 3. Reappointment of the independent external auditor (Ordinary resolution number 7)

PricewaterhouseCoopers Inc. (PwC) have agreed to continue in office and as such the reappointment of PwC has been endorsed and is recommended by the Board in terms of the Company's MOI and the Act.

The Audit and Risk Committee of the Company has assessed the performance and independence of the external auditors and is satisfied that no governance guidelines have been breached and that they have complied with the provisions of the Act. A non-audit service policy is in place to ensure the independence of the external auditor is maintained. The previous Audit Partner, Mr Andries Rossouw, has been in office for five years and the required rotation has been noted and will be effective from 16 April 2014.

### 4. Election of Audit and Risk Committee members (Ordinary resolution numbers 8 to 11)

In terms of the Act, shareholders of a public company must elect the members of an audit committee at each AGM. The Nomination Committee has, in accordance with the recommendations and provisions of the King Code and Report on Governance for South Africa (King III), satisfied itself that the independent non-executive directors offering themselves for election as members of the Company's Audit and Risk Committee:

- > are independent non-executive directors as contemplated in King III, the Act and the JSE Listings Requirements
- > are suitably qualified and experienced
- > have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company
- > collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry
- > have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company
- > adequately keep up to date with key developments affecting their required skills set.

For further details regarding the Audit and Risk Committee, please refer to page 149 of this integrated annual report.

### 5. General authority for directors to allot and issue ordinary shares (Ordinary resolution number 12)

In terms of the MOI, the Company is authorised to issue the shares specified in Schedule 1 of the MOI, provided that, if required by the Act or the Listings Requirements, the Company may only issue unissued shares to shareholders of a particular class of shares, pro rata to the shareholders' existing shareholding, unless any such shares were issued for an acquisition of assets. Ordinary resolution 12 is proposed, to the extent required by the Act or Listings Requirements, to grant the Board the general authority to issue up to 5% of its shares on a non pro rata basis (in addition to its authority to issue shares terms of ordinary resolution number 12 for cash and its existing authorities to issue shares under its employee share/option schemes. The authority will be subject to the Act and the JSE Listings Requirements.

## NOTICE OF ANNUAL GENERAL MEETING (continued)

### Explanatory notes (continued)

#### 6. Issue of shares for cash (Ordinary resolution number 13)

In terms of the JSE Listings Requirements, a general authority for the directors to issue shares for cash requires shareholder approval. The directors also require approval in terms of the MOI to issue shares for cash on a non pro rata basis. The existing authority granted by the shareholders at the previous AGM held on 17 April 2013 expires at the AGM to be held on Wednesday, 16 April 2014, unless renewed.

The Board has decided to seek renewal of this authority in accordance with best practice. The authority will be subject to the Act and the JSE Listings Requirements.

#### 7. Approval of remuneration policy (Ordinary resolution number 14)

In terms of the King III recommendations, shareholders should annually, through a non-binding advisory vote, endorse the Company's remuneration policy at the Annual General Meeting allowing shareholders to express their views on the remuneration policies adopted and the implementation thereof. Ordinary resolution number 14 is proposed to consider and approve, by way of a non-binding advisory vote, the remuneration policy of the Company, as set out in the Remuneration report on page 134 to 138 of the integrated report as recommended by King III.

#### 8. Explanatory note to Ordinary resolutions 15 to 18 – Share scheme amendments

RBPlat operates four (4) share incentive schemes as set out in ordinary resolutions 15 to 18 and in the Remuneration section on page 136. The Company has reviewed its long-term incentive plan and as a result has proposed two principal amendments to the schemes which have been formally approved by the JSE Limited. The amendments and affected schemes are as follows:

##### 8.1 Amendments to all RBPlat Share Scheme rules:

A standard clause has been incorporated in the scheme rules of the Share Option Plan, the Bonus Share Plan, the Mahube Share Trust and the 2013 Forfeitable Share Plan (FSP). The FSP scheme rules were approved by shareholders in 2013. The amendment provides for the accelerated vesting of scheme securities, at the discretion of the employer, upon the mutual agreement of both parties to terminate a participant's employment with the Company.

##### 8.2 Amendment applies only to the FSP:

The amendment applies to the FSP and provides for an adjustment to the awards made under the scheme as a result of any corporate activity such as a Rights Issue.

Copies of the amended scheme rules, signed by the Chairman, will be available at the Annual General Meeting for inspection.

#### 9. Financial assistance to related and inter-related parties (Special resolution number 1)

In terms of section 45 of the Act, shareholders are required to approve, by way of a special resolution, any director or related or inter-related party loans. Given that such financial assistance exists between the companies within the Group and may be required in future, shareholders are requested to consider and grant such general authority which shall be renewed every 2 (two) years.

The purpose of this special resolution is to grant the directors of the Company the authority to authorise the Company to provide direct or indirect financial assistance as contemplated in section 45 of the Act to any one or more related or inter-related companies or within the Group.

#### 10. General authority to purchase shares (Special resolution number 2)

The effect of special resolution number 2 and the reason for this resolution is to grant the Company or any of its subsidiaries a general approval in terms of the MOI, the Act and the JSE Listings Requirements, to acquire the Company's shares, which general approval shall be valid until the earlier of such next AGM of the Company or its variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this AGM.

The directors are of the opinion that it would be in the best interests of the Company to approve this general authority and thereby allow the Company or any of its subsidiaries to be in a position to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

#### 11. Directors' fees (Special resolution number 3)

In terms of King III and the Act, the shareholders of the Company are required to approve by special resolution the fees to be paid to non-executive directors.

The Board believes that the proposed fees payable to non-executive directors are competitive and will enable the Company to retain and attract people of the calibre required to make a meaningful contribution to the Company, having regard to the appropriate capability, skills and experience required. The Board, on the recommendation of the Remuneration and Nomination Committee, recommends to shareholders that these fees be approved.

### Statutory disclosure

#### Proxies

In terms of Section 58 of the Act, a shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in place of the shareholder. The proxy need not be a shareholder of the Company. (A proxy form together with a summary of section 58 of the Act pertaining to a shareholder's right to be represented by proxy is attached hereto as Annexure A.) Proxy forms must be delivered to the Company at The Pivot, No 1 Monte Casino Boulevard, Block C, 4th floor, Fourways, Johannesburg, marked for the attention of Lester Jooste, by no later than 10:00 on Monday, 14 April 2014 .

## DISCLAIMER

Certain statements in this integrated annual report constitute forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of RBPlat and its subsidiary companies, as well as the industry in which it operates, to be materially different from future results, performances, objectives or achievements expressed or implied by these forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes', 'anticipates' or the negatives of this terminology. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events.

No assurance can be given that such future results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing the Group.

## ADMINISTRATION AND COMPANY INFORMATION

### Shareholders' diary

#### Financial year end:

31 December of each year

#### Interim period end:

30 June of each year

#### Integrated annual report and financial statements

(mailed to shareholders):

5 March 2014

### Administration

#### Company registered office

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

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

PO Box 2283  
Fourways  
2055  
South Africa

#### Company Secretary

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

#### Investor relations

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

#### Public Officer

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

#### Independent external auditors

PricewaterhouseCoopers Inc.  
2 Eglin Road  
Sunninghill  
Johannesburg  
2157  
South Africa

#### Transfer secretaries

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg

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

#### Sponsor

Macquarie First South Capital Proprietary Limited  
The Place  
1 Sandton Drive  
South Wing  
Sandton  
Johannesburg  
2196  
South Africa

#### Bankers

Nedbank Limited  
135 Rivonia Road  
Sandton  
2196  
South Africa



# FORM OF PROXY



Royal Bafokeng Platinum Limited (RBPlat or the Company)  
(Incorporated in the Republic of South Africa)  
(Registration number: 2008/015696/06) (Share Code: RBP) (ISIN: ZAE000149936)

Form of proxy for the fifth Annual General Meeting to be held on Wednesday, 16 April 2014 at 10:00. For use by certificated ordinary shareholders and dematerialised ordinary shareholders with "own name" registration only.

Holders of dematerialised ordinary shares other than "own name" registration must inform their CSDP or broker of their intention to attend the AGM and request their CSDP to issue them with the necessary authorisation to attend the AGM in person or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person but wish to be represented thereat.

I/We,

of (address)

being registered holder(s) of  ordinary shares in the issued share capital of the Company hereby appoint:

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

the chairman of the AGM as my/our proxy to vote on my/our behalf at the AGM of the Company to be held on Wednesday, 16 April 2014 at 10:00 for the purpose of considering and, if deemed appropriate, to pass with or without modification the resolutions to be proposed at the meeting or at any adjournment thereof in respect of the shares registered in my/our name(s), in accordance with the following instructions:

			Number of ordinary shares		
			In favour	Against	Abstain
1.	Ordinary resolution number 1	To receive and adopt the annual financial statements for the financial year ended 31 December 2013			
2.	Ordinary resolution number 2	To elect Mr LM Ndala as a director of the Company			
3.	Ordinary resolution number 3	To re-elect Prof L de Beer as a director of the Company			
4.	Ordinary resolution number 4	To re-elect Adv KD Moroka SC as a director of the Company			
5.	Ordinary resolution number 5	To re-elect Mr DC Noko as a director of the Company			
6.	Ordinary resolution number 6	To re-elect Mr MH Rogers as a director of the Company			
7.	Ordinary resolution number 7	To reappoint PricewaterhouseCoopers as the independent external auditors and Mr H Odendaal as the designated auditor for the ensuing year			
8.	Ordinary resolution number 8	To elect Prof L de Beer as the Chairman and member of the Audit and Risk Committee			
9.	Ordinary resolution number 9	To elect Mr RG Mills as a member of the Audit and Risk Committee			
10.	Ordinary resolution number 10	To elect Mr DC Noko as a member of the Audit and Risk Committee			
11.	Ordinary resolution number 11	To elect Prof FW Petersen as a member of the Audit and Risk Committee			
12.	Ordinary resolution number 12	To grant a general authority for directors to allot and issue up to 5% of the unissued share capital of the Company			
13.	Ordinary resolution number 13	To grant directors a general authority to issue up to 10% of the unissued share capital of the Company for cash			
14.	Ordinary resolution number 14	To approve via a non-binding vote the remuneration policy of the Company			
15.	Ordinary resolution number 15	To approve an amendment to the RBPlat Bonus Share Plan rules			
16.	Ordinary resolution number 16	To approve an amendment to the RBPlat Share Option Plan rules			
17.	Ordinary resolution number 17	To approve amendments to the RBPlat 2013 Forfeitable Share Plan			
18.	Ordinary resolution number 18	To approve amendments to the RBPlat Mahube Share Trust			
19.	Special resolution number 1	To grant the directors a general authority to authorise the provision of financial assistance to related or inter-related companies or corporations whether directly or indirectly			
20.	Special resolution number 2	To grant the directors a general authority to authorise the Company or any subsidiary/ies to repurchase its issued shares			
21.	Special resolution number 3	To approve the non-executive directors' fees			

Please indicate with an "X" in the spaces provided above how you wish to vote. If no indication is given the proxy will vote at his/her discretion or abstain from voting.

Any member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Every person present and entitled to vote shall, on a show of hands have one vote only, but on a poll, every share shall have one vote. Voting will be conducted by poll.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2014

Signature \_\_\_\_\_ or assisted by \_\_\_\_\_ (where applicable)

## NOTES TO THE FORM OF PROXY

1. Any alterations must be signed, not initialled.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the chairman of the meeting.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
4. The chairman of the meeting shall be entitled to decline to accept the authority of a signatory:
  - (a) under a power of attorney; or
  - (b) on behalf of a company,
 unless the power of attorney or authority is deposited with the Company, marked for the attention of Lester Jooste, Company Secretary, at The Pivot, No 1 Monte Casino Boulevard, Block C, Floor 4, Fourways, 2021, by not later than 10:00 on Monday, 14 April 2014.
5. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy in the blank space(s) provided for that purpose.
6. The completion and lodging of this form of proxy will not preclude the signatory from attending the Annual General Meeting and speaking and voting in person thereat should such person wish to do so, to the exclusion of any proxy appointed in terms hereof.
7. If, in the appropriate place on the face of the proxy, there is no indication of how to vote in respect of any resolution, the proxy shall be entitled to vote as he/she deems fit in respect of that resolution.
8. The chairman of the general meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions, provided that in the event of acceptance, he/she is satisfied as to the manner in which a shareholder wishes to vote.
9. If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the shareholder's name.
10. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deems fit in respect of all the shareholders' votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and/or in respect of which abstention is recorded may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
11. When there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name appears first in the securities register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.

### Summary in terms of section 58(8)(b)(i) of the Act

Please note that in terms of section 58 of the Act:

- > a proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy
- > an individual may be appointed as a proxy, including an individual who is not a shareholder of the Company, to, among other things, participate in and speak and vote at a shareholders meeting on a shareholder's behalf and more than one proxy may be appointed to exercise voting rights attached to different securities held by a shareholder
- > a proxy may delegate his/her authority to act on a shareholder's behalf to another person, subject to any restriction set out in the proxy appointment
- > a proxy appointment must be delivered to the Company before the proxy exercises any shareholder rights at the meeting
- > the appointment of a proxy or proxies will be suspended at any time and to the extent that a shareholder chooses to act directly and in person in the exercise of any of its rights as a shareholder at the meeting
- > the appointment of the proxy is revocable unless a shareholder expressly states otherwise in the proxy appointment
- > as the appointment of a proxy is revocable, the proxy appointment may be revoked by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of a proxy's authority to act on a shareholder's behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid
- > if a proxy appointment has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation be delivered by the Company to the relevant shareholder will be delivered by the Company to the shareholder or its proxy or proxies, if the shareholder has directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so
- > a proxy is entitled to exercise, or abstain from exercising, any voting right of a shareholder at the meeting, but only as directed on the proxy appointment
- > the appointment of a proxy remains valid only until the end of the meeting or any adjournment or postponement thereof or for a period of one year, whichever is shorter, unless it is revoked by the shareholder before then on the basis set out above.



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