




ROYAL BAFOKENG PLATINUM
MORE THAN MINING

10 YRS ON THE JSE

Delivering on our purpose

Annual Financial Statements 2020


Contents

Our strategic objectives

What we offer

Our strategy is to be a South African mining company producing PGMs and offering a clear value proposition to outperform the market. We aspire to achieve *More than mining* and are proud of our positive social impact as a transformation leader.

The market we operate in

We sell all our product to one major client who processes and markets our product.

The way we work

Our performance-driven culture and our aspiration to achieve zero harm results in operational excellence. We manage our assets with high optionality and flexibility, which allows us to react quickly to changing market conditions. We grow organically through internal expansion and value enhancements. Within the industry we proudly contribute through leading industry roles, both locally and internationally.

What we own

Our ore bodies are highly competitive and our processing plants are very efficient. We take pride in our people and our ability to use appropriate, proven technologies to our advantage. Our financial standing is very sound and we proudly represent the RBPlat brand.

Strategic pillar 1:
Towards operational excellence

Strategic pillar 2:
Build flexibility to ensure sustainability

Strategic pillar 3:
Grow organically – positioning RBPlat to compete over the long term

Strategic pillar 4:
Pursue value enhancing opportunities

More than mining

Statement of responsibility by the Board of Directors

The Board of Directors is responsible for the preparation, integrity and fair presentation of the annual financial statements of the Royal Bafokeng Platinum Group. The financial statements presented on pages 14 to 88 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act 71 of 2008 of South Africa, and include amounts based on judgements and estimates made by management.

The Board considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board is 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 Board has responsibility for ensuring that proper records are kept to enable the preparation of the financial statements in compliance with relevant legislation.

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

The annual financial statements were audited by PricewaterhouseCoopers Inc. who expressed an unqualified opinion thereon.

BOARD APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 December 2020 are set out on pages 14 to 88. The preparation thereof was supervised by the Financial Director, Hanré Rossouw, and approved by the Board of Directors on 3 March 2021 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, the Company has lodged all such returns with the Companies Intellectual and Property Commission in compliance with the Companies Act 71 of 2008.

All the filed required returns and notices are true, correct and up to date.

LC Jooste
Company Secretary

03 March 2021

Chief executive officer and the financial director's responsibility statement

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 14 to 88, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

SD Phiri
Chief Executive Officer

HA Rossouw
Financial Director

03 March 2021

Audit and Risk Committee report

This report is provided by RBPlat's independent Audit and Risk Committee for the financial year ended 31 December 2020. The committee has discharged its:
- responsibilities as mandated by the Board
- statutory duties in compliance with the Companies Act 71 of 2008 and the JSE Listings Requirements
- governance role and responsibilities by applying the principles relevant to our committee, as set out in the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™*)

The committee's terms of reference (available on the Company's website, www.bafokengplatinum.co.za), are aligned with the legislation, regulations and the code set out above.

COMPOSITION, MEETINGS AND COMMITTEE ASSESSMENT

The committee's membership comprises four independent non-executive directors. At year-end the four independent non-executive members of the committee were:
- Louisa Stephens (Chair)
- Peter Ledger
- Zanele Matlala
- Mark Moffett

Brief profiles of the committee members are available on pages 28 to 29 of the 2020 integrated report and the Company's website. The committee had five meetings during the year. Members' attendance at these scheduled meetings is provided below.

	Attendance at meetings
Members	
Louisa Stephens (Chair)	5/5
Peter Ledger	5/5
Mark Moffett	5/5
Zanele Matlala	4/5

Key members of RBPlat's management attend meetings of the committee by invitation. During the year committee member only closed sessions were held, as were closed sessions with internal audit, external audit, risk and finance.

During 2020 our Board and its committees conducted self-assessments and evaluated progress in terms of the actions identified in the 2019 independent assessment. Overall, the results of the evaluations were positive. Areas for improvement were identified and these will be addressed during 2021.

During the comprehensive independent evaluation of the Board and its committees in 2019 actions falling under the Audit and Risk Committee areas of responsibility that were addressed during 2020 included:
- Increasing integration of the ICT strategy with the business plans and strategy
- Restructuring of the business to reduce costs, remove duplication, increase efficiencies and make it fit for purpose for the long term

EXECUTION OF FUNCTIONS

The committee executed its role with specific reference to the following key areas of responsibility:
- performing its statutory duties as prescribed by the Companies Act, with specific reference to audit quality, auditor independence and financial policies and reporting concerns
- considering the financial performance, financial position, cash flow and treasury status of the Company every quarter, including the solvency and liquidity of entities in the Group
- recommending the dividend to the Board for approval
- overseeing, assessing and approving the internal and external audit functions with respect to appointment, work plans, quality of work executed, matters arising from the work performed and independence
- considering the enterprise risk management framework and policy, including compliance matters, risk appetite and tolerances, as well as the risk profile of the Company, for recommendation to the Board for consideration and approval, as applicable
- overseeing the governance of information technology within the Group
- overseeing the combined assurance framework and plan, including the quality of and reporting by assurance services within the Company and assurance providers in order to ensure the integrity of information for internal and stakeholder decision-making, as well as the adequacy and effectiveness of internal controls
- considering the skills and capacity of the finance function in general and the Financial Director in particular
- recommending the interim and annual financial statements and the integrated report to the Board for approval

In addition to the work of the committee, the full Board also holds an annual integrated reporting workshop in January each year, to satisfy itself of the integrity of the integrated report.

Areas of specific focus for the committee during 2020 included:
- reviewing costs in the business at Styldrift, which was included from an operational point of view for the first time in 2020, and where the mine is in terms of its maturity
- Oversight of the acquisition of additional resources with the right skills for the financial function and the establishment of an increased level of review
- Monitoring and review of progress with efforts to increase business efficiency and remove costs
- The rotation of the external auditors
- Oversight and review of the governance of the risks facing RBPlat, particularly in view of the impact on risks of the Covid-19 pandemic and ensuing lockdowns
- Ongoing monitoring of cash flow, business resilience and potential scenarios should the Covid-19 lockdown level 5 be extended past 45 days
- Working with internal audit with a particular focus on fraud and risk assessment and addressing irregularities
- An area of continued focus, on which work began in 2020, is the continued enhancement and strengthening of the supply chain management and procurement procedures, processes and systems

ANNUAL CONFIRMATIONS

The principal matters attended to by the committee during the year included:

- ***Annual financial statements and integrated report***
  - The committee is satisfied that the Company's financial reporting procedures are operating appropriately
- ***Solvency and liquidity***
  - The committee reviewed quarterly assessments by management of the going concern premise of the Company before recommending to the Board that the Company and the Group will be a going concern in the foreseeable future
- ***Independence and appointment of a suitable external auditor***
  - An internal request for proposal (RFP) process was undertaken to assess proposals with regard to external audit services, as PwC will rotate off the RBPlat audit following the conclusion of the 31 December 2020 audit. Following a formal process the Board, based on the committee's recommendation, appointed KPMG as the new auditor of the Company. KPMG will, pursuant to a formal handover process, assume responsibility for the 2021 audits. The committee assessed the accreditation and independence of both the outgoing and incoming firms and were satisfied with the outcome. Mr Henning Opperman, who in the opinion of the committee is independent of the Company, will oversee the audit processes as Senior Audit Partner of the external auditor, KPMG, for the financial year ended 31 December 2021, subject to shareholders' approval at the annual general meeting. The Committee also considered and approved the fees for the 2020 financial year's audits and will assess and determine the fees to be paid to the external auditor, the terms of engagement and the nature and extent of any non-audit services and related fees that the external auditor provided to the Company going forward
- ***Evaluation of the expertise and adequacy of the Financial Director and the finance function***
  - Considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the Company's finance function and that of the Financial Director
- ***Effectiveness of internal controls***
  - Using the Company's combined assurance model and the related assurance obtained from the various assurance providers in the three lines of defence as a basis, the committee recommended to the Board that it issue a statement as to the adequacy of the Company's internal control environment

COMMENTS ON KEY AUDIT MATTERS

Deferred revenue

The committee assessed the methodology, assumption and key judgements applied by management in Note 22 of the financial statements in respect of deferred revenue earned from the gold streaming transaction, supported by an independent opinion from W Consulting. The committee is satisfied that the accounting policy for deferred revenue is appropriate and the deferred revenue as recognised in the financial statements reflects the outcome of the gold streaming transaction accurately.

Louisa Stephens
Chair of the Audit and Risk Committee

28 February 2021

Directors' report for the Group and Company

PRINCIPAL ACTIVITIES AND PROFILE

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 Joint Venture (BRPM JV) between RBH and Anglo American Platinum Limited was restructured in 2009, operational control of the joint venture vested in RBPlat. RBPlat, through the BRPM JV, operated BRPM and Styldrift Mines, which achieved its target of ramping up to 150ktpm in the last quarter of 2018. On 11 December 2018, Royal Bafokeng Resources (RBR) acquired the remaining 33% undivided share in BRPM JV and the JV was dissolved, resulting in the BRPM JV's operations becoming 100% owned by RBR. RBPlat, through its wholly owned subsidiary RBR, operates BRPM and Styldrift Mines. RBPlat's significant reserves and resources can sustain operations for at least the next 60 years.

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 (BRMS) (100% held indirectly via RBR)
- Royal Bafokeng Resources Properties (RF) Proprietary Limited (RBRP) (100% held indirectly via RBR)
- Maseve Investments 11 Proprietary Limited (MI)

RESULTS AND DIVIDEND

The financial results of the Group and the Company are set out in the Consolidated annual financial statements. These annual financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the Companies Act 71 of 2008, the JSE Listings Requirements and include amounts based on judgements and estimates made by management. For further analysis of the results for the period under review, also refer to the Financial Director's report on page 56 of the integrated report.

Shareholder returns are an important expression of capital allocation. Our preference is to return excess cash to shareholders through sustainable dividend payments. While the development of Styldrift has presented a significant investment phase for RBPlat, the successful ramp up of Styldrift, together with the ongoing cash generation from BRPM and the Impala royalties, is expected to underpin strong cash flow generation that will support sustainable dividends.

As such, the Board has adopted a policy of distributing a minimum of 10% of free cash flow, before growth capital, while maintaining discretion to consider balance sheet flexibility and prevailing market conditions. This will be done through an annual dividend each financial year, with consideration also given to special dividends and other methods of capital returns, where appropriate.

On that basis, a maiden dividend of 575.0 cents per ordinary share was declared out of retained earnings by the Board on 09 March 2021 in respect of the full year ended 31 December 2020, after considering the impact of the dividend distribution on the solvency and liquidity of the Company.

REVIEW OF THE BUSINESS, FUTURE DEVELOPMENTS AND POST-STATEMENT OF FINANCIAL POSITION EVENTS

The business context on page 48 of our 2020 integrated report provides details of the Group's operating environment. The Group's operational performance for 2020 is discussed on page 64 and information on our future outlook can be found throughout the 2020 integrated report. The financial capital section on pages 56 to 62 of the 2020 integrated report, together with these annual financial statements, provide a full description of our financial performance for the year, while our post-statement of financial position events are described in detail in Note 40 of these annual financial statements.

GOING CONCERN

The directors believe that the Group and Company will continue as a going concern in the foreseeable future. Management has assessed the going concern assumption taking into account the impact of the Covid-19 pandemic.

CORPORATE GOVERNANCE

A report on our corporate governance and our application of the principles of King IV is included in our 2020 integrated reporting as well as the Company's website http://www.bafokengplatinum.co.za/governance.php.

CREATING, SUSTAINING AND PROTECTING VALUE THROUGH OUR APPROACH TO ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) FACTORS

Our integrated report for 2020 provides information on our environment, social and governance (ESG) performance under the various capitals in the performance section of the report on pages 11. Information on employee benefits and remuneration are provided on page 87 of the integrated report.

MATERIAL BORROWINGS

The Group concluded R3 billion in debt facilities agreements during 2018 which was predominantly utilised to fund Styldrift expansionary capital expenditure. During 2020, the debt facilities were restructured and R500 million was reallocated from the revolving credit facility (RCF) to the general banking facility (GBF), with the total remaining unchanged. The debt facilities comprise a seven-year term debt facility of R750 million, a five-year RCF of R1 250 million and a one-year GBF of R1 008 million. For material borrowings and facilities please refer to Note 15 of the annual financial statements on pages 34 and 35.

CONVERTIBLE BOND

Following the issue of 120 000 7% senior unsecured convertible bonds for R1.2 billion on 15 March 2017, seven tranches of coupon interest payment have been made to date, in September 2017, 2018, 2019 and 2020 as well as March 2018, 2019 and 2020. Further details regarding the convertible bonds are disclosed in Note 19 of the annual financial statements on page 38.

CONCLUSION OF STREAMING AGREEMENT WITH TRIPLE FLAG

In January 2020, RBPlat concluded a gold streaming agreement through its wholly owned subsidiary, RBR, with Triple Flag Mining Finance Bermuda Limited (Triple Flag). In terms of the agreement, the Company received an advance payment of US$143.5 million (US$145 million net of US$1.5 million transaction fees) equating to R2 093.5 million, in exchange for the future delivery of gold from the RBPlat mining operations (excluding Styldrift II and the Impala royalty areas), payable over the life of mine (the 'Stream'). In addition to the advance payment (refer to Note 22), RBPlat receives 5% cash (variable consideration) from Triple Flag based on the prevailing Reference Gold Price (daily gold market price immediately following the date of delivery) for each ounce of gold delivered. The contract will be settled by RBPlat delivering gold credits to Triple Flag representing the underlying refined gold which has been mined. One gold credit is equivalent to one ounce of gold.

In terms of this agreement, 70% of the payable gold will be delivered to Triple Flag until 261 000 ounces have been delivered, thereafter 42% of the payable gold will be delivered to Triple Flag over the life of mine. The delivery of the payable gold will be for an initial term of 40 years, which shall be automatically extended for successive 10-year periods, unless there has been no exploration or mining activity.

SETTLEMENT OF RPM DEFERRED CONSIDERATION

In 2018 RBPlat acquired the remaining 33% participating interest in the BRPM JV from RPM. The purchase consideration was funded by a combination of cash, proceeds from capital raise and the remaining balance was deferred. On 30 January 2020, RBPlat settled the balance of the deferred consideration outstanding on that date, amounting to R1 851.2 million (refer to Note 23).

DIRECTORATE

The directors for the year under review were:

Director	Position	First appointed	Standing for re-election and election	Elected or re-elected at the last AGM
Kgomotso Moroka	Chairman and independent non-executive director	1 June 2010		
Peter Ledger	Independent non-executive director	28 February 2018		Yes
Zanele Matlala	Independent non-executive director	25 September 2018	Yes	
Mark Moffett	Independent non-executive director	22 September 2014		Yes
Thoko Mokgosi-Mwantembe	Independent non-executive director	5 November 2014		
Obakeng Phetwe	Non-executive director	28 February 2018		Yes
Steve Phiri	Executive director	1 April 2010	Yes	
Mike Rogers	Independent non-executive director	7 December 2009	Yes	
Hanré Rossouw	Executive director	1 October 2018		
Louisa Stephens	Independent non-executive director	22 September 2014		
Udo Lucht	Non-executive director	1 September 2019		Yes
Gordon Smith*	Non-executive director	2 January 2019		
Avischen Moodley*	Non-executive director	2 January 2019		

** Resigned 28 May 2020*

DIRECTORS AND PRESCRIBED OFFICERS' DISCLOSURE OF INTERESTS IN CONTRACTS

During the period under review and at the time of signing off the 2020 annual financial statements, no contracts were entered into in which directors and prescribed 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 (AGM) are outlined in the notice of Annual General Meeting (pages 160 to 168 of the 2020 integrated report) and are also available online (www.bafokengplatinum.co.za).

Directors' report for the Group and Company continued

At the AGM held on 28 May 2020, the following special resolutions were tabled and adopted by shareholders:
- to grant the directors a general authority to authorise the provision of financial assistance to related and inter-related companies or corporations whether directly or indirectly, in terms of the Companies Act
- to grant the directors and the Company, or any of its subsidiaries, a general authority to repurchase up to 5% of its issued shares. The authority will be renewed at the next AGM, subject to shareholder approval
- to approve the non-executive directors' fees

The Company has not exercised the general authority previously granted to it by shareholders to buy back issued ordinary shares. Shareholders will be requested to renew this authority at the next AGM.

POWERS OF THE BOARD

Subject to RBPlat's MOI, South African legislation and to any directions given by means of a 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.

DIRECTORS' REMUNERATION

Details of directors' remuneration and related payments can be found in Note 34 of the notes to the annual financial statements on pages 56 to 62.

SHARE CAPITAL

Full details of the authorised and issued share capital of the Company are set out in Note 16 to the annual financial statements. As at 31 December 2020, there were 258 792 016 ordinary shares in issue at no par value. Treasury shares held by the Company are outlined in the notes to the annual financial statements on pages 36 and 76.

MAJOR SHAREHOLDERS

The following shareholders were the registered holders of 5% or more of the issued ordinary shares in the Company at 31 December 2020:

Beneficial shareholders holding of 5% or more	Number of shares	%
Royal Bafokeng Platinum Holdings Proprietary Limited	103 443 849	39.97
Government Employees Pension Fund	30 689 230	11.86
Allan Gray Asset Management	20 868 758	8.06
Coronation Asset Management	16 996 060	6.57
Ninety One PLC	12 971 455	5.01

DIRECTORS AND PRESCRIBED OFFICERS' INTERESTS IN ROYAL BAFOKENG PLATINUM LIMITED

	Number of shares			
	2020 beneficial		2019 beneficial	
	Direct	**Indirect**	Direct	Indirect
Executive directors				
Steve Phiri*	**201 267**	**1 232 571**	201 267	1 680 423
Hanré Rossouw*	**–**	**1 149 199**	–	1 138 190
Prescribed officers				
Neil Carr	**196 688**	**487 185**	124 666	907 578
Vicky Tlhabanelo	**132 986**	**407 033**	95 959	583 522
Reginald Haman**	**40 000**	**–**	56 657	675 816
Lindiwe Montshiwagae	**14 000**	**275 755**	–	378 710
Mpueleng Pooe#	**–**	**–**	35 670	581 526
Lester Jooste (Company Secretary)	**47 919**	**110 611**	61 730	179 748

* *Executive director*
** *Resigned 30 April 2020*
# *Retrenched on 31 December 2019 due to executive team restructuring*

There has been no change to directors' interests since the year-end of the Group and the date of issuing of this report.

SHARE DEALINGS

	Shares sold	Average share price	Highest price obtained	Lowest price obtained	Date
Share dealings by prescribed officers					
Neil Carr	62 889	23.923	24.250	23.000	1 Apr 2020
Vicky Tlhabanelo	32 397	23.923	24.250	23.000	1 Apr 2020
Reginald Haman*	41 465	23.923	24.250	23.000	1 Apr 2020
Lindiwe Montshiwagae	19 445	23.923	24.250	23.000	1 Apr 2020
	8 374	67.800	–	–	17 Dec 2020
Lester Jooste (Company Secretary)	20 805	23.923	24.250	23.000	1 Apr 2020
	40 000	65.160	65.440	65.160	26 Aug 2020

* *Resigned on 30 April 2020.*

SIGNIFICANT AGREEMENTS

Disposal of concentrate agreement

The disposal of concentrate agreement regulates the terms on which RBR disposes of the concentrate produced by RBR operations to RPM. The agreement provides for the concentrate produced by RBR 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 RBR. The risk associated with, and ownership of the concentrate passes to RPM upon delivery by RBR of the concentrate at the designated delivery point.

RBR is obliged to sell and RPM is obliged to purchase 50% of the concentrate of the RBR operations (RBR's reserved concentrate) up until 11 August 2022, the optional termination date in terms of the disposal of concentrate agreement. Thereafter, while RBR retained the right to sell its reserved concentrate to RPM for the life of RBR operations, it was also entitled to terminate the relationship on 11 August 2022 by giving written notice by no later than 11 August 2020, which notice was not given. Subsequent to 11 August 2022, RBR is also entitled to terminate the relationship by providing written notice two years prior to each fifth anniversary of 11 August 2022.

RPM may terminate its obligation to purchase and refine the additional 50% of the concentrate with effect from 11 August 2024 on two years' written notice to RBR, in which case the concentrate will need to be sent to a third-party refiner. In the event that RBR delivers a notice of termination to terminate the disposal by RBR of RBR reserved concentrate, RPM has the right to concurrently terminate the disposal by RBR to RPM of the additional 50%.

Impala Platinum royalty agreements

These agreements regulate the terms on which RBR disposes of the UG2 ore mined by Impala Platinum from its 6 and 8 shafts and the UG2 and Merensky ore mined from its 20 shaft. A royalty equivalent to 17.5% of gross Platinum Group Metals (PGMs), gold, nickel and copper revenue will be paid for the UG2 and Merensky ore mined from the 20 shaft area. The 6 and 8 shaft royalty agreement was renegotiated in 2013 and is linked to market conditions and the profitability of the Impala Rustenburg operations. In terms of the amended royalty agreement for 6 and 8 shafts, Impala will pay RBR a royalty that is based upon a factor that is linked to the Impala Rustenburg operations' gross margin with a 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 shaft agreement up to 2024 and from the 20 shaft agreement for approximately 30 years.

Independent auditor's report
To the shareholders of Royal Bafokeng Platinum Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our 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 (the Company) and its subsidiaries (together the Group) as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Royal Bafokeng Platinum Limited's consolidated and separate financial statements set out on pages 14 to 88 comprise:
- the consolidated and company statements of financial position as at 31 December 2020;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

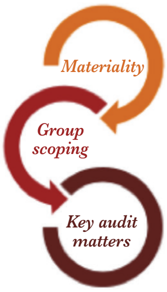
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

OUR AUDIT APPROACH

Overview



Overall group materiality
- Overall group materiality: R120 million, which represents 0.9% of consolidated revenue.

Group audit scope
- The Group comprises seven components, of which four components were subject to full scope audit procedures and three components were subject to audits of material account balances, transactions and disclosures.

Key audit matters
- Deferred revenue.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R120 million.
How we determined it	0.9% of the consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue as the materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. Based on professional judgement, we chose 0.9% to take into consideration external debt covenants.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of seven components. We performed full scope audits on four components due to their financial significance and performed audits of material account balances, transactions and disclosures for the remaining three components. No component teams were involved as the group engagement team performed all of these audits.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Deferred revenue Refer to the following notes to the consolidated financial statements for detail: – Note 22: Deferred revenue; – Note 27: Revenue; and – Note 30: Profit before tax. In January 2020 the Company entered into a gold supply streaming arrangement through its wholly owned subsidiary, Royal Bafokeng Resources Proprietary Limited, with Triple Flag Mining Finance Bermuda Limited ("Triple Flag"), in exchange for an upfront advance payment of R2 093.5 million. The arrangement is accounted for as a deferred revenue transaction in accordance with IFRS 15 *Revenue from Contracts with Customers (IFRS 15)*, which contains a significant financing component. The deferred revenue will be recognised as revenue in profit or loss as the metal credits are delivered to Triple Flag. Revenue is recognised as metal credits are delivered relative to the total expected amount of gold credits to be delivered over the term of the arrangement. Each period, management estimates the cumulative amount of the deferred revenue obligation that has been satisfied and, is therefore, recognised as revenue. To the extent that the life of stream changes, these changes are recognised prospectively as a cumulative catch-up in revenue in the year that the change occurs. Key inputs used by management in the model to unwind the deferred revenue into profit or loss are as follows are: – Estimated financing rate over life of arrangement; – Remaining life of stream; – Gold entitlement percentage; – Monthly cash percentage; and – Commodity prices on initial recognition. We considered the deferred revenue to be a matter of most significance to the current year audit of the consolidated financial statement due to the complexities involved in determining the accounting treatment of the transaction and the significant judgements applied by management in the inputs used in the deferred revenue calculation.	Our audit addressed the key audit matter as follows: Through discussions with management, we obtained an understanding of the process they followed to assess the accounting treatment of the transaction. In assessing the accounting treatment of the advance payment, our audit procedures included: 1. Inspected the signed stream agreement between the Company and Triple Flag; 2. Inspected the existing offtake agreement with Rustenburg Platinum Mines Limited (RPM) to ascertain whether the stream agreement would not contravene the existing contractual arrangements and commitments to RPM; and 3. Made use of our internal accounting expertise to evaluate the appropriateness of the accounting treatment applied by management with reference to IFRS 15. In assessing the reasonableness of the deferred revenue, revenue and the finance costs recognised, our audit procedures on management's calculations included: 1. We made use of our internal accounting expertise to evaluate the appropriateness of the measurement of revenue and the significant finance component in accordance with IFRS 15; 2. We agreed the mineral reserves and resources outside life of mine used in management's calculation to those included in the latest reserve and resources statement evaluated by management's experts, in order to assess the reasonableness of management's life of arrangement. No exceptions were noted; 3. We assessed the competence, experience, independence and qualifications of management's experts by inspecting their Curriculum vitae and verifying their professional memberships on the websites of relevant professional bodies, and noted no aspects requiring further consideration; 4. We agreed the gold entitlement percentage and the monthly cash percentage to the signed stream agreement without exceptions; 5. We compared the gold prices and the Rand:US$ exchange rates on initial recognition to our independently obtained prices from various analysts' forecasts and found these to be materially consistent; 6. We assessed the estimated financing rate over the life of the arrangement for compliance with IFRS 15 using independent market information and noted no material inconsistencies; and 7. We tested the accuracy of the model prepared by management by performing an independent recalculation of the revenue and finance costs and comparing the results from our recalculation to management's model. Management's values fell within an acceptable range. We assessed the disclosure in the financial statements against the requirements of IFRS 15.

Independent auditor's report
To the shareholders of Royal Bafokeng Platinum Limited
continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Royal Bafokeng Platinum Annual Financial Statements 2020" and in the document titled "Royal Bafokeng Platinum Limited Integrated Report 2020", which includes the Directors' report for the Group and Company, the Audit and Risk Committee Report and the Certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Royal Bafokeng Platinum Limited for twelve years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor
Waterfall City

09 March 2021

Consolidated statement of financial position
as at 31 December 2020

		Group	
	Notes	2020 audited R (million)	2019 audited R (million)
ASSETS			
Non-current assets		**22 934.3**	22 160.7
Property, plant and equipment	3	**16 086.1**	15 367.4
Mining rights	5	**5 353.2**	5 502.7
Right-of-use assets	4	**16.0**	25.6
Environmental trust deposits and guarantee investments	6	**253.8**	245.9
Employee housing loan receivable	7	**851.3**	681.8
Employee housing benefit	8	**266.6**	235.2
Housing insurance investment	9	**49.1**	43.9
Deferred tax asset	18	**58.2**	58.2
Current assets		**9 010.1**	4 790.0
Employee housing benefit	8	**22.0**	17.5
Employee housing assets	10	**542.3**	702.6
Employee housing loan receivable	7	**2.6**	–
Inventories	11	**490.4**	196.1
Trade and other receivables	12	**5 709.6**	2 984.9
Current tax receivable	13	**–**	4.2
Derivative financial asset	14	**–**	70.5
Cash and cash equivalents	15	**2 243.2**	814.2
Total assets		**31 944.4**	26 950.7
EQUITY AND LIABILITIES			
Total equity		**19 816.7**	16 186.6
Stated capital	16	**11 263.7**	11 125.1
Retained earnings		**8 268.4**	4 739.4
Share-based payment reserve	17	**284.6**	322.1
Non-current liabilities		**10 442.2**	9 024.5
Deferred tax liability	18	**5 259.5**	3 846.5
Convertible bond liability	19	**1 122.1**	1 049.5
PIC housing facility	20	**1 503.4**	1 440.9
Interest-bearing borrowings	21	**412.5**	1 305.5
Deferred revenue	22	**1 902.8**	–
Restoration, rehabilitation and other provisions	24	**234.6**	292.5
RPM deferred consideration	23	**–**	1 073.4
Lease liabilities	4	**7.3**	16.2
Current liabilities		**1 685.5**	1 739.6
Trade and other payables	26	**1 200.7**	923.1
Current tax payable	13	**8.7**	1.3
Current portion of PIC housing facility	20	**54.6**	42.2
Current portion of interest-bearing borrowings	21	**187.5**	–
Current portion of deferred revenue	22	**223.9**	–
Current portion of RPM deferred consideration	23	**–**	760.0
Current portion of lease liabilities	4	**10.1**	13.0
Total equity and liabilities		**31 944.4**	26 950.7

The notes on pages 18 to 76 form an integral part of these consolidated annual financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Notes	Group 2020 audited R (million)	Group 2019 audited R (million)
Revenue	27	**13 379.4**	7 491.9
Cost of sales	30	**(7 948.7)**	(6 810.6)
Gross profit		**5 430.7**	681.3
Other income	28.1	**494.4**	267.9
Other expenses	28.2	**(301.4)**	–
Administrative expenses	30	**(263.7)**	(337.2)
Corporate office	30	**(191.9)**	(187.3)
Housing project	30	**(35.3)**	(53.5)
Industry membership and market development	30	**(34.8)**	(16.6)
Maseve care and maintenance and other costs	30	**(1.7)**	(69.2)
Restructuring costs	30	**–**	(10.6)
Scrapping and impairment of non-financial assets		**(4.1)**	(58.9)
Finance income	29.1	**154.7**	124.1
Finance cost	29.2	**(487.3)**	(553.6)
Profit before tax		**5 023.3**	123.6
Income tax expense	31	**(1 494.3)**	(59.5)
Current tax expense	31	**(81.3)**	(47.2)
Deferred tax expense	31	**(1 413.0)**	(12.3)
Net profit for the period		**3 529.0**	64.1
Other comprehensive income for the period		**–**	–
Total comprehensive income		**3 529.0**	64.1
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic EPS (cents/share)	38	**1 369.9**	26.3
Diluted EPS (cents/share)	38	**1 244.2**	26.3

The notes on pages 18 to 76 form an integral part of these consolidated annual financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Group					
	Number of shares	Stated capital R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Attributable to owners of the Company R (million)	Total R (million)
2020						
Balance at 1 January 2020	**256 548 170**	**11 125.1**	**322.1**	**4 739.4**	**16 186.6**	**16 186.6**
Share-based payment charge	**–**	**–**	**50.0**	**–**	**50.0**	**50.0**
2017 BSP and RFSP shares vested in April 2020	**1 424 636**	**72.3**	**(72.3)**	**–**	**–**	**–**
Share options exercised	**541 581**	**66.3**	**(15.2)**	**–**	**51.1**	**51.1**
Total comprehensive income	**–**	**–**	**–**	**3 529.0**	**3 529.0**	**3 529.0**
Balance at 31 December 2020	**258 514 387***	**11 263.7**	**284.6**	**8 268.4**	**19 816.7**	**19 816.7**
2019						
Balance at 1 January 2019	207 999 586	10 063.1	338.2	4 753.7	15 155.0	15 155.0
Share-based payment charge	–	–	40.1	–	40.1	40.1
2016 BSP shares vested in April 2019	1 449 783	56.2	(56.2)	–	–	–
Share options exercised	321 107	6.3	–	–	6.3	6.3
Issue of shares	46 777 694#	1 029.1	–	–	1 029.1	1 029.1
Costs relating to issue of shares capitalised	–	(29.6)	–	–	(29.6)	(29.6)
Deferred tax on final valuation of the acquisition of non-controlling interest	–	–	–	(78.4)	(78.4)	(78.4)
Total comprehensive income	–	–	–	64.1	64.1	64.1
Balance at 31 December 2019	256 548 170*	11 125.1	322.1	4 739.4	16 186.6	16 186.6

* *The number of shares is net of 277 629 (2019: 1 685 766) treasury shares relating to the Company's management share incentive scheme*
\# *46 777 694 shares issued under the rights offer*

The notes on pages 18 to 76 form an integral part of these consolidated annual financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2020

	Notes	Group 2020 audited R (million)	Group 2019 audited R (million)
Cash flows from operating activities			
Cash generated from operations	32	**3 783. 2**	1 154.5
Proceeds from the gold streaming transaction	22	**2 093.5**	–
Interest paid		**(115.0)**	(173.0)
Interest received		**130.9**	109.2
Dividend received		**3.0**	0.2
Tax refund received	13	**–**	0.2
Income tax paid	13	**(69.7)**	(63.5)
Net cash inflow from operating activities		**5 825.9**	1 027.6
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**0.6**	0.9
Acquisition of property, plant and equipment	3	**(1 873.6)**	(1 695.3)
Acquisition of employee housing assets	10	**–**	(48.4)
Employee housing loan receivable repayments	7	**7.6**	2.8
Increase in environmental trust deposits and investments	6	**(2.9)**	(11.8)
Net cash outflow from investing activities		**(1 868.3)**	(1 751.8)
Cash flows from financing activities			
Drawdown of PIC housing facility	20	**–**	85.0
Proceeds from interest-bearing borrowings	21	**2 031.2**	841.0
Repayment of interest-bearing borrowings	21	**(2 744.9)**	(1 264.3)
Repayment of the RPM deferred consideration	23	**(1 851.2)**	–
Principal elements of lease payments	4.3	**(14.8)**	(12.6)
Proceeds from issue of shares	16	**–**	1 029.1
Costs relating to issue of shares	16	**–**	(29.6)
Proceeds from share options exercised*	16	**51.1**	6.3
Net cash (outflow)/inflow from financing activities		**(2 528.6)**	654.9
Net increase/(decrease) in cash and cash equivalents		**1 429.0**	(69.3)
Cash and cash equivalents at the beginning of the period	15	**814.2**	883.5
Cash and cash equivalents at the end of the period		**2 243.2**	814.2

** Excludes R15.2 million non-cash portion relating to the transfer of the share-based payment reserve to stated capital (refer to Note 17)*

The notes on pages 18 to 76 form an integral part of these consolidated annual financial statements.

Summary of the general accounting policies
for the year ended 31 December 2020

1. GENERAL INFORMATION

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

'Group' in the annual financial statements refers to the economic entity which includes the Company, its subsidiaries and controlled special purpose entities.

Summary of significant accounting policies

The principal accounting policies and critical estimates and assumptions adopted in the preparation of these consolidated annual financial statements are set out in detail in the relevant notes to the annual financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of presentation

The Group annual financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretation Committee (IFRS IC), collectively IFRS, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act 71 of 2008 of South Africa.

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

The preparation of the Group annual financial statements in accordance 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 annual financial statements, are detailed in the relevant notes to the annual financial statements.

Functional and presentation currency

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

Standards, amendments and interpretations to existing standards

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020:

Standard	Subject	Date
IFRS 3	*Business Combinations amendment — Definition of business* The amendments confirm that a business must include input and a process, and clarified that: – the process must be substantive and, the input and process together significantly contribute to creating outputs – narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and – add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets The amendments to IFRS 3 did not have any impact on the amounts recognised in the prior periods and are not expected to affect current or future periods.	1 January 2020
IFRS 7 and IFRS 9	*Financial Instrument: Disclosures — Interest rate benchmark reforms* *Financial Instrument: Recognition and Measurement — Interest rate benchmark reforms* The amendments to IFRS 7 and IFRS 9 amend the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest rate benchmarks such as interbank offered rates on hedge accounting. The amendments to IFRS 7 and IFRS 9 did not have any impact on the amounts recognised in the prior periods and are not expected to affect current or future periods.	1 January 2020
IFRS 16	*Leases — Covid-19 Related Rent Concessions* The amendments provide the lessee with an exemption of assessing whether a Covid-19-related rent concession (a rent concession that reduces lease payment on or before 30 June 2021) is a lease modification. The amendments to IFRS 16 are not expected to affect current or future periods.	1 January 2020

1. GENERAL INFORMATION continued

Standards, amendments and interpretations to existing standards continued

New and amended standards adopted by the Group continued

Standard	Subject	Date
IFRS 1 and IAS 8	*Presentation of Financial Statements – Definition of Materiality* *Accounting Policies, Change in Accounting Estimates and Errors – Definition of Materiality* The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards. The amendments to IFRS 1 and IAS 8 did not have any impact on the amounts recognised in the prior periods and are not expected to affect current or future periods.	1 January 2020

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These new standards and amendments may possibly have an impact on the Group.

Standard	Subject	Date
IFRS 1	*Presentation of Financial Statements – First-time adoption of IFRS* The amendment to the standard relates to the extension of the optional exemption permitting a subsidiary that becomes first-time adopter after its parent to measure the cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS. The standard is not expected to have a material impact on the Group's financial statements.	1 January 2022
IFRS 9	*Financial Instruments – Annual Improvements to IFRS 2018 – 2021* The amendment clarifies which fees an entity includes when it applies the '10 percent' test when assessing whether to derecognise a financial liability. The standard is not expected to have an impact on the Group's financial statements.	1 January 2022
IFRS 3	*Business Combinations – Amendment* The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for a business combination. The standard is not expected to have an impact on the Group's financial statements.	1 January 2022
IAS 1	*Presentation of Financial Statements – Classification of Liabilities as current and non-current* The amendments clarify how to classify debt and other liabilities as current or non-current. The impact of the amendment will be assessed and applied in the future.	1 January 2023
IAS 16	*Property, Plant and Equipment – Proceeds before intended use* The amendments prohibit the entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the costs of producing those items, in profit or loss. The impact of the amendment will be assessed and applied in the future.	1 January 2022
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of fulfilling a contract* The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss making. The standard is not expected to have an impact on the Group's financial statements.	1 January 2022
IAS 39	*Financial Instrument – Interest rate benchmark reforms* The amendment clarifies which fees an entity includes when it applies the '10 percent' test when assessing whether to derecognise a financial liability. The standard is not expected to have an impact on the Group's financial statements.	1 January 2022

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

2. GROUP ACCOUNTING POLICIES

2.1 Group and Company annual financial statements

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

Subsidiaries

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values 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 Group's share 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 losses. Gains or 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.

Changes in ownership interests in subsidiaries without change in control

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

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

Disposal of subsidiaries

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

2. GROUP ACCOUNTING POLICIES continued

2.2 General

2.2.1 Financial instruments

Financial assets comprise environmental trust deposits and guarantee investments, trade and other receivables (excluding prepaid expenses and VAT receivable), cash and cash equivalents, the employee housing loan receivable, the housing insurance investment and derivative financial assets.

The Group classifies its financial assets on initial recognition at fair value through profit or loss if the requirements for the amortised cost measurement are not met. Financial assets are classified at amortised cost only if both of the following criteria are met:
- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual cash flows are solely payments of principal and interest

Financial liabilities comprise borrowings, lease liabilities and trade and other payables. The Group classifies its financial liabilities as liabilities at amortised cost, except for derivatives which are at fair value through profit or loss.

2.2.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The fair value of financial instruments not traded in an active market is determined using discounted cash flow models, commodity prices and foreign exchange rates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Group for similar financial instruments, unless the liability is listed in an active market, in which instance the quoted market price is used.

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

2.2.3 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.

3. PROPERTY, PLANT AND EQUIPMENT

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 the 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 capital amount. General and specific borrowings costs incurred to finance the establishment of mining assets, are capitalised during the construction phase.

Items of mine property, plant and equipment, excluding capitalised mine development and infrastructure costs, are depreciated on a straight-line basis over their expected useful lives. Capitalised mine development and infrastructure costs (shown as mining assets in this note) are depreciated on a unit-of-production basis. Depreciation is charged on mining assets from the date on which the assets are available for use as intended by management.

Non-mining assets are measured at cost less accumulated depreciation. Depreciation is charged on the straight-line basis over the useful lives of these assets. Non-mining assets include corporate office, RBRP and Maseve property, plant and equipment.

The present value of the 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 the asset is tested for impairment when there is an indication of impairment

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT continued

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

Buildings	5 – 35 years (straight-line)
Computer equipment (including software)	2 – 5 years (straight-line)
Furniture and fittings	4 – 10 years (straight-line)
Plant and machinery	5 – 35 years (straight-line)
Vehicles and equipment	4 – 8 years (straight-line)
Mining assets (shaft and development)	Units-of-production
Mineral rights	Units-of-production

Depreciation periods are assessed annually and adjusted if and where appropriate.

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

Impairment

An impairment review of property, plant and equipment is carried out by comparing the carrying amount thereof to its recoverable amount when there is an indication that these assets may be impaired.

The recoverable amount of property, plant and equipment is determined as the higher of the fair value less cost to sell and its value in use. For mining assets this is determined based on the fair value, which is the present value of the estimated future cash flows arising from the use of the asset.

Where the recoverable amount is less than the carrying amount, the impairment charge will reduce the carrying amount of property, plant and equipment to its recoverable amount. The adjusted carrying amount is depreciated over the remaining useful life of property, plant and equipment.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Capital work-in-progress

Development costs are capitalised to capital work-in-progress and subsequently transferred to the appropriate category of property, plant and equipment when available for use. Capitalised development costs include expenditure to develop new operations and to expand existing capacity.

Accounting treatment of the capital expenditure projects

The accounting is dependent on where the project is in terms of the following phases:

Phase 1: Development phase

The cost of an item of property, plant and equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The development phase includes the construction of the main infrastructure of the mine, which includes the mine rooms, footwall infrastructure, ventilation shafts, services shaft, silos and the spillage handling ramp. These components are necessary for the mine to be capable of operating in the manner intended by management.

All costs directly attributable to developing the mine are capitalised, including development taking place on-reef. Incidental revenue generated during the development phase is credited against the capitalised cost of the asset.

3. PROPERTY, PLANT AND EQUIPMENT continued

Accounting treatment of the capital expenditure projects continued

Phase 2: Ramp-up phase

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

In order to determine whether a project is ready to operate as intended by management, judgement is applied taking into account commercial production indicators such as the level of expenditure incurred compared to the total capital cost to completion, pre-production output having reached a nominated percentage, the internal project management team having transferred the mine to the operational team, the majority of the assets necessary for the mining project having been substantially complete and ready for use and the project's ability to sustain commercial levels of production. These indicators provide guidance to recognise when the mine development phase will cease and the production phase will commence.

During ramp-up phase all costs that are directly attributable to developing the mine are capitalised and the incidental revenue generated is credited against the capital cost up to the date when the commercial production indicators are met.

During this phase the mine is not in a condition necessary for it to be capable of operating in the manner as intended by management.

Phase 3: Production phase

When the commercial production indicators are met the mine moves to the production phase. Revenue is recognised in the statement of comprehensive income, as well as operating costs relating to the production from the mine.

Accounting treatment of the Styldrift project expenditure

Up to 31 December 2018, Styldrift was in the development phase resulting in significant amounts of capital expenditure classified as capital work-in-progress. Effective 1 January 2019, Styldrift reached commercial production and the costs relating to its 150ktpm capacity were reclassified from capital work-in-progress to the different class of assets and depreciation commenced. At that stage, capitalisation of Styldrift incidental revenue also ceased for the whole Styldrift project. Styldrift continues to incur costs under capital work-in-progress, mainly in order to reach 230ktpm capacity while Styldrift and BRPM also incur stay-in-business (SIB) and replacement expenditure necessary to sustain operations.

Critical accounting estimates and assumptions

The recoverability of the BRPM and Styldrift mining assets was assessed using the higher of fair value less cost to sell or value-in-use methodology based on the net present value of the current life of mine (LOM) plan and an in situ value for 4E resource ounces outside the LOM plan. The present value of the current LOM plan and the in situ value of the 4E resource ounces outside the LOM plan is an area of significant judgement. Refer to determination of recoverable amounts on pages 24 and 25 for details of assumptions and estimates used in our impairment assessment.

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.

Management uses past experience and assessment of future conditions, together with external sources of information, such as consensus global assumptions regarding commodity prices and exchange rates, to assign value to the key assumptions.

Factors impacting the determination of proved and probable reserves are as follows:
- 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 matters/difficulties at mine sites
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates

Asset lives

The Group's assets, excluding mining assets and mineral rights, are depreciated over their expected useful lives which are reviewed annually to ensure its appropriateness. In assessing useful lives, technological innovation, product lifecycles, physical condition of the assets and maintenance programmes are taken into consideration.

Mining assets and mineral rights are depreciated/amortised on a unit-of-production (UOP) basis. The UOP method is based on the actual centares mined over proven and probable centares expected to be mined.

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT continued

	Group						
	Land and buildings R (million)	Furniture and fittings and computer equipment R (million)	Mining assets (including decommis-sioning asset) R (million)	Capital work in progress R (million)	Plant and machinery R (million)	Vehicles and equipment R (million)	Total R (million)
2020							
At 1 January 2020	**532.1**	**36.6**	**9 107.6**	**1 169.4**	**4 464.2**	**57.5**	**15 367.4**
Additions	**10.2**	**4.8**	**316.9**	**1 026.8**	**511.3**	**3.6**	**1 873.6**
Change in estimate of decommissioning asset	**–**	**–**	**(7.8)**	**–**	**–**	**–**	**(7.8)**
Disposal	**–**	**–**	**–**	**–**	**(5.2)**	**–**	**(5.2)**
Depreciation	**(20.7)**	**(29.3)**	**(301.1)**	**–**	**(758.1)**	**(32.7)**	**(1 141.9)**
Transfers	**60.2**	**18.7**	**393.9**	**(912.0)**	**411.9**	**27.3**	**–**
At 31 December 2020	**581.8**	**30.8**	**9 509.5**	**1 284.2**	**4 624.1**	**55.7**	**16 086.1**
Cost or valuation	**664.6**	**121.7**	**13 732.7**	**1 306.6**	**7 114.8**	**140.5**	**23 080.9**
Accumulated depreciation and impairment	**(82.8)**	**(90.9)**	**(4 223.2)**	**(22.4)**	**(2 490.7)**	**(84.8)**	**(6 994.8)**
At 31 December 2020	**581.8**	**30.8**	**9 509.5**	**1 284.2**	**4 624.1**	**55.7**	**16 086.1**
2019							
At 1 January 2019	318.9	36.6	2 908.1	9 717.1	1 678.0	2.9	14 661.6
Additions	5.7	1.3	367.3	823.5	488.4	9.1	1 695.3
Change in estimate of decommissioning asset	–	–	(11.0)	–	–	–	(11.0)
Disposal	–	–	–	–	(0.6)	–	(0.6)
Depreciation	(19.8)	(27.4)	(272.0)	–	(635.3)	(23.4)	(977.9)
Transfers	227.3	26.1	6 115.2	(9 371.2)	2 933.7	68.9	–
At 31 December 2019	532.1	36.6	9 107.6	1 169.4	4 464.2	57.5	15 367.4
Cost or valuation	596.3	243.5	13 184.4	1 191.8	6 284.2	114.5	21 614.7
Accumulated depreciation and impairment	(64.2)	(206.9)	(4 076.8)	(22.4)	(1 820.0)	(57.0)	(6 247.3)
At 31 December 2019	532.1	36.6	9 107.6	1 169.4	4 464.2	57.5	15 367.4

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. On this basis, R26.4 million (2019: R3.4 million) of the convertible bond interest expense, R78.0 million (2019: R48.7 million) of the term debt and revolving credit facility interest expense was capitalised.

Determination of the recoverable amount

IFRS require long-lived assets to be assessed for impairment when there is an indication of impairment. Management performed an assessment of whether or not there were any impairment indicators using the guidance in IAS 36 *Impairment of Assets* and noted that the global Covid-19 pandemic presents a significant adverse change to the market and economic environment.

For the purpose of assessing impairment of long-lived assets, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units (CGUs) plus the allocation of corporate assets) being BRPM and Styldrift. For BRPM and Styldrift, the recoverability of the non-financial assets was assessed using the higher of fair value less cost to sell or value-in-use methodology based on a combination of the valuation performed on the discounted cash flow basis and the valuation of the outside LOM ounces.

3. PROPERTY, PLANT AND EQUIPMENT continued

Determination of the recoverable amount continued

The discounted cash flow analysis used latest Board-approved business plans that include forecasts of production output and costs, capital expenditure and commodity price and exchange rate forecasts. Macroeconomic assumptions are tested against external sources and market consensus. The discount rate used for each CGU was adjusted to reflect specific risks relating to the CGU where cash flows have not been adjusted for the risk. The valuation of outside LOM ounces was independently conducted by SRK Consulting based primarily on the review of comparable market transaction, with an updated analysis performed given the changing external environment.

The above valuation estimates are subject to risks and uncertainties, including the achievement of business plans and variation in future metal prices and exchange rates, which could affect the recoverability of the mining assets.

Key assumptions to impairment testing

The following key assumptions were used in the Styldrift and BRPM impairment assessment:
- Long-term real platinum price of US$957 per ounce (2019: US$924 per ounce)
- Long-term real palladium price of US$1 493 per ounce (2019: US$1 372 per ounce)
- Long-term real gold price of US$1 306 per ounce (2019: US$1 281 per ounce)
- Long-term real rhodium price of US$5 598 per ounce (2019: US$4 573 per ounce)
- A long-term real rand:US$ exchange rate of R16.84:US$ (2019: R14.91:US$)
- A real discount rate range of 7.5% to 9% (2019: 8% to 9%)
- LOM of approximately 30 years (2019: 30 years)
- Independent valuation of outside LOM at US$5.5 — US$16.4/4E ounce (2019: US$4.3 — US$15.5/4E ounce)
- Production volumes are based on a detailed LOM plan
- Quantum of resources outside the life of mine are based on the Mineral Resources statement signed off by the competent person
- Ability of RBPlat to continue as a going concern

During the construction of Styldrift, the Group concluded a contract with a third-party entity, to provide labour for mining services. Internal audit investigations uncovered potential irregularities in the award of the contract as RBPlat paid a seemingly significant premium compared to market-related rates. The development work performed by the third-party entity is part of Styldrift's mining infrastructure with a total carrying value of R11 431.2 million. The case is still under investigation and details around the matters thus remain sensitive and potentially under legal privilege.

The impairment assessment of the recoverable amount of the BRPM and Styldrift CGUs indicated that no impairment of carrying amounts is required. A sensitivity analysis of production costs, price forecasts or the valuation of the outside LOM ounces, showed sufficient headroom in the carrying amounts with a 10% negative move in any of these variables.

Further Covid-19-related scenarios were also modelled to analyse potential business interruptions caused by the pandemic. The base case scenario considered some production losses around the second wave peak infection rate in January and February 2021, while the most extreme scenario considered further disruptions in 2021 resulting in an equivalent of four months' production loss. The analysis showed sufficient headroom in the carrying value of the assets, even in the most extreme scenario modelled.

4. LEASES

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

To determine the incremental borrowing rate, the Group utilises the weighted average cost of debt linked to its debt facilities.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against right-of-use asset.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

4. LEASES continued

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Variable lease payments

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

Extension and termination options

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

Critical judgements in determining the lease term

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

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

Residual value guarantees

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

4.1 Amount recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group	
	2020 R (million)	2019 R (million)
Right-of-use assets		
Buildings	**1.6**	3.9
Equipment	**14.4**	21.7
	16.0	25.6
Lease liabilities		
Non-current portion of lease liabilities	**(7.3)**	(16.2)
Current portion of lease liabilities	**(10.1)**	(13.0)
	(17.4)	(29.2)

Additions to the right-of-use assets during the 2020 financial year were R4.1 million (2019: R0.5 million)

4.2 Amounts recognised in the statement of comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	Group	
	2020 R (million)	2019 R (million)
Depreciation charge of right-of-use assets		
Buildings	**2.6**	3.4
Equipment	**11.5**	10.2
	14.1	13.6
Interest expense (included in finance cost — refer Note 29.2)	**2.6**	3.7
Modification gain	**(1.5)**	–

The total cash outflow for leases in the current year is R17.4 million (2019: R16.3 million)

4. LEASES continued

4.3 Reconciliation of net debt relating to leases

Below is the analysis of the net debt and the movements in the net debt relating to right-of-use assets and lease liabilities:

	Group	
	2020 R (million)	2019 R (million)
Right-of-use assets		
Opening balance at 1 January	**25.6**	–
Initial recognition of IFRS 16	**–**	38.8
Additions	**4.1**	0.5
Depreciation	**(14.1)**	(13.6)
Modification	**0.4**	(0.1)
Closing balance at 31 December	**16.0**	25.6
Lease liabilities		
Opening balance at 1 January	**29.2**	–
Initial recognition of IFRS 16	**–**	41.4
Interest capitalised	**2.6**	3.7
Interest paid	**(2.6)**	(3.7)
Capital repayment	**(14.8)**	(12.6)
Additions	**4.1**	0.5
Modification	**(1.1)**	(0.1)
Closing balance at 31 December	**17.4**	29.2
Net debt as at 31 December	**(1.4)**	(3.6)

5. MINERAL RIGHTS

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, evaluation and development phase.

For the purposes of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing CGUs of operating mines that are located in the same geographical region. Where assets are not associated with a specific CGU, 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 criterion for concluding that expenditure should be capitalised is 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 greenfield sites, being those where the Group does not have any mineral deposits which are already being mined or developed, are expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable
- Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the Board is able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A pre-feasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude whether or not it is more likely than not that the Group will obtain future economic benefits from the expenditures

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

5. MINERAL RIGHTS continued

Exploration and evaluation assets continued

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

Critical accounting estimates and assumptions

For BRPM and Styldrift, the recoverability of the non-financial assets was assessed using the higher of fair value less cost to sell or value-in-use methodology based on the net present value of the current life of mine plan and an in situ value for 4E resource ounces outside the LOM plan. Refer to Note 3 for details of the estimates and assumptions used in our impairment assessment.

Amortisation of mineral rights is provided for on a units-of-production basis.

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**5 502.7**	5 647.7
Less: Amortisation (included in cost of sales – refer to Note 30)	**(149.5)**	(145.0)
Closing balance at 31 December	**5 353.2**	5 502.7
Cost	**6 767.0**	6 767.0
Accumulated amortisation and impairment	**(1 413.8)**	(1 264.3)
Closing balance at 31 December	**5 353.2**	5 502.7

6. ENVIRONMENTAL TRUST DEPOSITS AND GUARANTEE INVESTMENTS

Environmental trust deposits held in the Nedbank equity-linked deposits and environmental guarantee investments are carried in the statement of financial position at fair value and deposits held in the Nedbank, RMB and Standard Bank accounts are classified as at amortised cost. Impairment on these deposits is recognised using the expected credit loss model – refer to Note 36.1.2.

Bafokeng Rasimone Platinum Environmental Rehabilitation Trust

The Bafokeng Rasimone Platinum Environmental Rehabilitation Trust was created in accordance with statutory requirements in order to fund the estimated cost of pollution control, rehabilitation and mine closure during and at the end of the lives of the Group's mines. The Group funds its environmental obligations through a combination of funding the Bafokeng Rasimone Platinum Environmental Rehabilitation Trust and providing guarantees to the Department of Mineral Resources.

Contributions made are determined on the basis of the estimated environmental obligation over the life of a mine and are reflected in non-current assets under environmental trust deposits. Refer to Note 24 for details of the environmental rehabilitation provision.

Contributions are based on the estimated environmental obligations over the life of mine. Interest earned on deposits 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 accounted for as a fair value adjustment in other income.

The Group has control over the trust and the special purpose entity is consolidated in the Group.

Financial assets at fair value through profit or loss

Initial recognition

Environmental trust deposits held in the Nedbank equity-linked deposits are carried in the statement of financial position at fair value through profit or loss.

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 linked to the FTSE/JSE Shareholder Weighted Top 40 Index performance. The variable return is capped based on a participation interest percentage of the growth in the relevant index to maturity. The Nedbank equity-linked deposits have been invested for a one/two/three/four/five-year period to ensure flexibility for when the cash will be required for rehabilitation.

Rnil (2019: R10.3 million) is invested in the FTSE/JSE Shareholder Weighted Top 40 Index equity-linked deposits.

6. ENVIRONMENTAL TRUST DEPOSITS AND GUARANTEE INVESTMENTS continued

Financial assets at fair value through profit or loss continued

Initial recognition continued

The environmental guarantee investments were put in place in terms of the insurance guarantees requirements relating to the RBR operations environmental liability. The investments have been provided as security for the insurance guarantees issued as shown in Note 25.1. The assets, which mainly consist of cash, are separately administered and the Group's access to these funds is restricted. These investments are managed by Centriq Insurance Company Limited.

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

Subsequent measurement

Financial assets at fair value through profit or 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.

Financial assets at amortised costs

Deposits held in the Nedbank, RMB and Standard Bank accounts are financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at cost and subsequently carried at amortised cost.

	Group	
	2020 R (million)	2019 R (million)
Environmental trust deposits		
Held in Standard Bank and Rand Merchant Bank accounts		
Opening balance at 1 January	**13.0**	12.2
Plus: Interest earned on environmental trust deposits (refer to Note 29.1)	**0.5**	0.8
Closing balance at 31 December	**13.5**	13.0
Held in Nedbank equity-linked deposit accounts		
Opening balance at 1 January	**10.3**	24.6
Less: Equity-linked deposit matured and invested in Nedbank deposit notes	**(10.7)**	(15.6)
Plus: Fair value adjustment of the Nedbank equity-linked deposits (refer to Note 28)	**0.4**	1.3
Fair value at 31 December	**–**	10.3
Held in Nedbank deposit notes		
Opening balance at 1 January	**137.4**	112.4
Plus: Equity-linked deposit matured	**10.7**	15.6
Plus: Interest earned on environmental trust deposits (refer to Note 29.1)	**7.7**	9.4
Closing balance at 31 December	**155.8**	137.4
Total deposits held by the BRP JV Environmental Rehab Trust at 31 December	**169.3**	160.7
Environmental guarantee investment held by RBR operations		
Opening balance at 1 January	**85.2**	77.8
Plus: Contributions made during the year	**–**	5.2
Plus: Fair value adjustments net of management fee	**(0.8)**	2.2
Plus: Fixed interest received	**0.1**	–
Closing balance at 31 December	**84.5**	85.2
Total environmental trust deposits and guarantee investments at 31 December	**253.8**	245.9

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

7. EMPLOYEE HOUSING LOAN RECEIVABLE

Employee Home Ownership Scheme

The Employee Home Ownership Scheme arrangement was concluded in May 2014 and involved the construction of approximately 3 500 houses for eligible employees over a five-year period. Phase 1 of the housing project consisted of the construction of 422 houses in 2015. Phase 2 commenced in 2016 and consisted of construction of two show houses in 2016, 539 houses in 2017, 393 houses in 2018 and 221 houses in 2019. Construction of houses was suspended on 31 March 2019, pending review of the demand for the houses by employees. Of the completed houses, 253 houses (2019: 133 houses) were sold, resulting in 199 houses (2019: 452 houses) being held as employee housing assets available for sale as at 31 December 2020, which includes the two show houses.

RBRP, a wholly owned subsidiary of RBR, is a property company which was created in 2013 for the purpose of the Employee Home Ownership Scheme. All unsold houses are classified as inventory in the books of RBRP and on the sale of the houses, revenue is recognised. At Group level, however, unsold houses are classified as employee housing assets (refer to Note 10). On the sale of the houses, an employee housing loan receivable is recognised. Revenue earned from the sale of employee housing assets is not in the ordinary activities of the RBR or the Group's ordinary activities. This income generated therefore falls outside the scope of IFRS 15. Consequently, the income generated is reflected as other income in the consolidated annual financial statements.

Initial recognition

When a house is sold to an employee, the Group recognises an employee housing loan receivable at fair value determined on the transaction date. The best evidence of the receivables' fair value on initial recognition is the transaction price (cash price). However, due to the employees paying a preferential interest rate of CPI plus 1% with a floor rate of 7%, the fair value may differ from the transaction price. The Group therefore determined a market-related rate for the employee housing loan receivable based on an average credit profile per band of employees in order to determine the effective interest rate. The market-related interest rate was determined to be prime plus a margin (average of 2.5%), which takes into account the average credit profile per band of employees. The fair value of the loan, on initial recognition, is determined as the present value of all expected cash flows discounted at the market-related interest rate. The difference between the fair value and the transaction price is accounted for as an employee housing benefit. Refer to Note 8.

Subsequent measurement

The business model of the Group is to hold the employee housing loan receivable to collect the contractual cash flows. The contractual cash flows represent solely payment of principal and interest and are therefore recognised at amortised cost. Finance income is recognised using the appropriate effective interest rate as determined above.

The employee housing benefit is amortised over the shorter of the employee's service period and duration of the loan to the employee.

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

A provision for impairment is calculated using the expected credit loss model, refer to Note 36.1.2.

Critical accounting estimates and assumptions

The following key assumptions were used in determining the initial fair value of the employee housing loan receivable originated during 2020:

- Instalment
  - Initial instalment for 80m^2 house of R4 096 from 1 July 2020 to 30 June 2021 (2019: R3 828 from 1 July 2019 to 30 June 2020)
  - Initial instalment for 140m^2 house of R7 944 from 1 July 2020 to 30 June 2021 (2019: R7 425 from 1 July 2019 to 30 June 2020)
  - Instalment increases on 1 July of each year and is fixed for a period of 12 months
- Interest accruals
  - Interest is charged at 7.0% (2019: 7.0%) based on the May CPI rate of the current period plus 1% with a floor rate of 7.0% (CPI as at May of the current period is 2.1% (2019: 4.5%))
  - Interest rates are adjusted annually effective from 1 July of each calendar year and will remain fixed for a period of 12 months
  - The default interest rate for any employee who fails to make a monthly repayment of the instalment is set at the prime lending rate plus 2.0%
  - The prime lending rate (defined as the 'benchmark rate at which private banks lend out to the public') will be used as the base discount rate with an adjustment for counterparty credit risk (relative to the prime lending rate). This adjustment will be varied by risk grades (i.e. average credit profile per band)
- Payment period
  - The initial repayment period for the majority of the loans is 230 months
  - The repayment period, however, is adjusted based on interest rate movements
- In calculating the expected credit loss the following was taken into account:
  - Loss given default of 5.0% (refer to Note 36.1.2)
  - Probability of default of 2.0% (refer to Note 36.1.2)
  - The collateral in place which includes the house itself, Group life cover that covers up to seven times the employee's salary but is limited to R2 million, Group disability cover that covers 100% of the employee's salary and retrenchment cover. All the policies reflected above have been ceded to RBRP

7. EMPLOYEE HOUSING LOAN RECEIVABLE continued

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**681.8**	611.4
Plus/(less): Houses sold to employees/(cancellation of sales) during the year	**217.6**	79.8
Plus: Interest capitalised	**8.8**	9.1
Plus: Fair value adjustment — interest income	**12.0**	14.7
Less: Estimated credit loss	**(2.8)**	(1.0)
Less: Repayment of employee housing loan receivable	**(7.6)**	(2.8)
Plus: Reversal of employee housing benefit reallocation	**16.0**	10.4
Less: Employee housing benefit reallocation (refer to Note 8)	**(71.9)**	(39.8)
Closing balance at 31 December	**853.9**	681.8
Split between:		
Non-current portion of employee housing loan receivable	**851.3**	681.8
Current portion of employee housing loan receivable	**2.6**	–
	853.9	681.8

8. EMPLOYEE HOUSING BENEFIT

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

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**252.7**	242.9
Plus: Additions for the year (reallocations from employee housing loan receivable — refer to Note 7)	**71.9**	39.8
Less: Amortisation charge for the year	**(19.1)**	(18.4)
Less: Reversal of employee housing benefit reallocation (including write-off)*	**(16.9)**	(11.6)
Closing balance at 31 December	**288.6**	252.7
Split between:		
Non-current portion of employee housing benefit	**266.6**	235.2
Current portion of employee housing benefit	**22.0**	17.5
	288.6	252.7

* *The write-off is as a result of agreements being terminated due to dismissals, resignations or cancellations*

9. HOUSING INSURANCE INVESTMENT

The housing insurance investment relates to a cell captive setup with Guardrisk to cover retrenchment for employees having an employee housing loan.

The cell captive insurance investment consists of money invested in unit trusts and money market accounts which are revalued throughout the year. This investment is classified as at fair value through profit or loss (FVTPL). These assets are recognised at fair value and any subsequent gains or losses are recognised in the statement of comprehensive income and shown under other income.

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**43.9**	39.9
Plus: Fair value adjustments	**5.2**	4.0
Closing balance at 31 December	**49.1**	43.9

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

10. EMPLOYEE HOUSING ASSETS

Employee housing assets are classified as current assets. Revenue earned from the sale of employee housing assets is not in RBR or the Group's ordinary activities. Consequently, employee housing assets are not classified as inventory. The Group made a policy choice in terms of IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors* to classify employee housing assets as other current assets.

Employee housing assets are recognised at cost which consists of the cost of the land, the cost to construct the houses and borrowing cost capitalised. No depreciation is recognised on the employee houses as the intention is to sell the houses within a short period of time after their construction.

An impairment assessment is carried out when there is an indicator of impairment. The recoverable amount is determined by reference to the selling price of the houses. Any resulting impairment is recognised in the statement of comprehensive income.

Critical accounting estimates and assumptions

Significant judgement is required in the impairment assessment of employee housing assets. There are a number of assumptions made in determining the recoverability of the value of employee housing assets for which the final outcome is uncertain.

Key assumptions

The following assumptions were used in the employee housing asset impairment assessment:
- Selling prices of $80m^2$ and $140m^2$ houses amounting to R0.7 million and R1.3 million respectively
- Suspension of construction impacted the way the value of land will be recovered
- Independent valuation of undeveloped land of R700 per m^2

Impairment assessment of the employee housing assets resulted in no impairment in the current year (2019: R58.9 million).

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

The employee housing assets are held for the purpose of trading and are classified as current assets.

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**702.6**	774.3
Additions due to cancellation of sale agreements	**10.9**	36.2
Additions due to construction of houses for Phase 2 of the housing project	**–**	48.4
Houses sold to employees during the year (exclusive of VAT)	**(171.2)**	(105.3)
Interest on PIC housing facility	**–**	7.9
Impairment of employee housing assets	**–**	(58.9)
Closing balance at 31 December	**542.3**	702.6

11. INVENTORIES

Stores and materials (consumables) 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 their net realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. This write-down is reflected in cost of sales.

Stockpile inventory consists 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.

	Group	
	2020 R (million)	2019 R (million)
Consumables	**263.1**	151.9
Stockpiles	**227.3**	44.2
Closing balance at 31 December	**490.4**	196.1

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

12. TRADE AND OTHER RECEIVABLES

RBR entered into a disposal of concentrate agreement with RPM in terms of which the concentrate of the Platinum Group Metals (PGMs) produced by RBR operations will be treated by RPM.

Trade receivables (RPM concentrate debtor) is measured at fair value through profit or loss from the date of recognition up to date of settlement, as it fails the IFRS 9 amortised cost requirement of cash flows representing solely payment of principal and interest. Payment is due on the last day of the fourth month following delivery (refer to Note 36.1.1 for sensitivity analysis). As at 31 December, R258.6 million of trade receivables balance relates to the force majeure that was announced by Amplats on 6 March 2020 (refer to Note 27).

The fair value changes due to non-market variability (that is, changes based on quantity and quality of the contained metal) are considered to be variable consideration within the scope of IFRS 15 as RBR's right to consideration is contingent upon the physical attributes of the contained metal. The historic and current year differences between the initial assay and final assay are not significant. Therefore, the variable consideration is not considered to be constrained.

The fair value changes due to market variability (that is, changes in the commodity prices and exchange rates) are not in the scope of IFRS 15 and are therefore not presented as revenue from contracts with customers. The changes in commodity prices are accounted for as other revenue and disclosed separately from revenue from contracts with customers in Note 27 and changes in exchange rates are accounted for as other income (refer to Note 28).

The exchange rate and commodity price used to fair value the trade receivables at the end of the period was R14.8753 (2019: R14.3928) and US$1 866.3 (2019: US$1 248.2) per ounce respectively.

Impala royalty receivable, deposits made, VAT receivable, restricted cash and other receivables, are measured at amortised cost. Maseve restricted cash relates to cash that is set aside for Eskom and DMR guarantees. In total, R15.7 million of this relates to the Eskom guarantee while R12.7 million relates to the DMR. This cash is not realisable within three months and therefore it is not classified as cash and cash equivalents.

The North West Department of Education restricted cash relates to money received from the Department of Education to fund part of the costs of building the school at Waterkloof Hill Estate which was developed as part of the RBPlat Employee Home Ownership Scheme. The balance of the cost will be funded by RBPlat Group. The cash was not received for the benefit of RBPlat and does not constitute RBPlat's cash and cash equivalents. As at 31 December 2020, R10.5 million has been spent towards the construction of the school.

Impairment of receivables measured at amortised cost is determined using the expected credit loss model (refer to Note 36.1.2).

	Group	
	2020 R (million)	2019 R (million)
Trade receivables (RPM concentrate debtors — refer to Note 36)	**5 423.3**	2 840.4
Impala royalty receivable (refer to Note 28)	**122.8**	51.9
VAT receivable	**30.3**	29.1
Styldrift deposit	**28.9**	27.9
Maseve restricted cash	**28.4**	28.4
Deposit paid for mining equipment	**12.7**	—
Department of Education restricted cash (refer to Note 26)	**61.3**	—
Other receivables	**1.9**	7.2
Closing balance at 31 December	**5 709.6**	2 984.9

13. CURRENT TAX RECEIVABLE/(PAYABLE)

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**2.9**	(13.2)
Income tax charge (refer to Note 31)	**(81.3)**	(47.2)
Refund received	**–**	(0.2)
Payments made	**69.7**	63.5
Closing balance at 31 December	**(8.7)**	2.9
Current tax receivable/(payable) comprises:		
Current tax receivable	**–**	4.2
Current tax payable	**(8.7)**	(1.3)
Closing balance at 31 December	**(8.7)**	2.9

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

14. DERIVATIVE FINANCIAL ASSET

In 2019, the Group entered into a currency option contract with a zero cost collar of a floor of R14.500 and a cap of R15.515 to hedge US$140 million against fluctuations in the rand to US$ exchange rate for the gold streaming transaction. This contract was classified as a derivative. The transaction closed on 30 January 2020.

Derivatives are only used for economic hedging purposes and not as speculative investments. The derivative was not designated as hedging instruments in a hedge, and was classified as 'held for trading' for accounting purposes and accounted for at fair value through profit or loss. As at 31 December 2019, the hedge was presented as current assets as it was expected to be settled within 12 months after the end of the reporting period.

Amounts disclosed in the financial statements are as follows:

	Group	
	2020 R (million)	2019 R (million)
Statement of financial position		
Derivative financial asset	**–**	70.5
Statement of comprehensive income		
Net fair value (loss)/gain on derivative held for trading	**(70.5)**	70.5

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, money market investments 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.

	Group	
	2020 R (million)	2019 R (million)
Cash at bank and on hand	**313.9**	383.1
Short-term deposits	**1 929.3**	431.1
Closing balance at 31 December	**2 243.2**	814.2
The cash and cash equivalents above are split as follows:		
Cash and cash equivalents – RBR operations	**1 689.0**	594.8
Cash and cash equivalents – RBPlat corporate office	**391.1**	89.9
Cash and cash equivalents – RBRP (housing project ring-fenced cash)	**163.1**	129.5
Closing balance at 31 December	**2 243.2**	814.2

Included in RBPlat corporate office cash balance is restricted cash of R84 million earmarked for the payment of the convertible bond coupon. RBRP housing project ring-fenced cash may only be used for the financing of the Employee Home Ownership Scheme.

Facilities

The Group has R3 008 million debt facilities (excluding PIC housing facility). During 2020, the debt facilities were restructured and R500 million was reallocated from the revolving credit facility (RCF) to the general banking facility (GBF), with the total remaining unchanged. The debt facilities comprise a seven-year term debt facility of R750 million, a five-year RCF of R1 250 million and a one-year GBF of R1 008 million.

The security provided in connection with the term debt, RCF and GBF includes a cession and pledge of the Company's shares in and claims against RBR as security for its obligations under a subordination by the Company of its claims against RBR in favour of the banks. RBR also provided a cession in security pursuant to which it cedes and pledges its rights, title and interest in respect of, or connected with, RBR operations. RBR can voluntarily prepay and cancel the facility at any time.

In terms of the facility, RBR also provides security in favour of RMB and Nedbank in the form of a mortgage bond over the mining rights and immovable property, special notarial bond over separately identifiable immovable plant and equipment and a general notarial bond over moveable plant and equipment.

15. CASH AND CASH EQUIVALENTS continued

Facilities continued

RBR may also not, without the prior written approval of RMB and Nedbank, 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 disposal of concentrate agreement, although in the latter three cases, RMB and Nedbank's consent may not be unreasonably withheld

If RBR undertakes any of these actions without RMB and Nedbank's prior written consent, it is obliged, if the banks so require, to immediately repay the term debt, RCF and GBF.

At year-end RBR utilised R118.6 million (2019: R118.6 million) of its R1 008 million general banking facility for guarantees. Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS) utilised R0.8 million (2019: R0.8 million) of its general banking facility of R5 million for guarantees. RBPlat has a R3 million general banking facility which is unutilised at year-end. Refer to Note 25.1 for further details relating to guarantees.

In total, R750 million (2019: R750 million) of the term debt and Rnil (2019: R572.3 million) of the RCF was utilised at 31 December 2020. Of the utilised term debt facility, R140.6 million was repaid. The PIC housing facility is a R2.2 billion facility accruing interest at CPI plus a margin of 1%. At 31 December 2020, R1 273.7 million was drawn (2019: R1 273.7 million).

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

	Group				
	Facility amount R (million)	Utilised amount R (million)	Available facility R (million)	Repayment date	Interest rate
Committed facilities					
2020					
Term debt facility	**750.0**	**(750.0)**	**–**	**31 March 2024**	**JIBAR plus 3.7%**
Revolving credit facility	**750.0**	**–**	**750.0**	**31 March 2022**	**JIBAR plus 3.75%**
Revolving credit facility	**500.0**	**–**	**500.0**	**31 March 2022**	**JIBAR plus 3.25%**
General banking facilities	**1 008.0**	**(119.4)**	**888.6**	**31 December 2021**	**Prime less 1 %**
PIC housing facility	**2 200.0**	**(1 273.7)**	**926.3**	**Refer Note 20**	**CPI plus 1%**
Total at 31 December 2020	**5 208.0**	**(2 143.1)**	**3 064.9**		
2019					
Term debt facility	750.0	(750.0)	–	31 March 2024	JIBAR plus 3.7%
Revolving credit facility	750.0	(572.3)	177.7	31 March 2022	JIBAR plus 3.75%
Revolving credit facility	1 000.0	–	1 000.0	31 March 2022	JIBAR plus 3.25%
General banking facilities	508.0	(119.4)	388.6	31 December 2020	Prime less 0.25%
PIC housing facility	2 200.0	(1 273.7)	926.3	Refer Note 20	CPI plus 1%
Total at 31 December 2019	5 208.0	(2 715.4)	2 492.6		

The revolving credit and working capital facilities commitment fees as well as administration fees on guarantees are recognised in corporate office administration expenses (refer to Note 30). The general banking facilities are renewed annually.

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

16. STATED 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.

The carrying value of the Company's shares held by the Company's subsidiaries in respect of the Group's share option and bonus share schemes are reflected as treasury shares and shown as a reduction in shareholders' equity.

When share options are exercised, the Company issues new shares or issues shares from the treasury shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital when options are exercised.

	Group	
	2020 **R**	2019 R
Authorised share capital		
1 000 000 000 (2019: 1 000 000 000) ordinary shares with no par value	**1 000 000 000**	1 000 000 000
1 500 000 (2019: 1 500 000) 'A1' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2019: 1 500 000) 'A2' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2019: 1 500 000) 'A3' ordinary shares with no par value	**1 500 000**	1 500 000
Total authorised share capital	**1 004 500 000**	1 004 500 000
Stated capital		
Opening balance at 1 January	**11 125.1**	10 063.1
1 424 636 BSP and RFSP shares vested April 2020	**72.3**	–
1 449 783 BSP shares vested April 2019	**–**	56.2
Share options exercised	**66.3**	6.3
Ordinary shares issued	**–**	1 029.1
Costs relating to issue of shares capitalised	**–**	(29.6)
Total 258 514 387 (2019: 256 227 063) ordinary shares	**11 263.7**	11 125.1

At 31 December 2020, the treasury shares outstanding amounted to 277 629 (2019: 1 685 766) ordinary shares.

17. SHARE-BASED PAYMENT RESERVE

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 of the Group.

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 in the investment in subsidiary with a corresponding credit to equity. The Company recovers the relevant amounts from the respective subsidiaries, and this is accounted for as a reduction of the investment in subsidiary over the vesting period.

	Group	
	2020 **R (million)**	2019 R (million)
Opening balance at 1 January	**322.1**	338.2
Share-based payment expense	**50.0**	40.1
BSP shares vested	**(72.3)**	(56.2)
Share options exercised	**(15.2)**	–
Closing balance at 31 December	**284.6**	322.1

18. DEFERRED TAX

Deferred tax assets and liabilities are determined using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially 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.

Deferred tax assets and liabilities relate to income taxes levied by the same tax authority and are only offset when the Group intends to settle its current tax assets and liabilities on a net basis.

	Group	
	2020 R (million)	2019 R (million)
Deferred tax comprises:		
Deferred tax asset	**(58.2)**	(58.2)
Deferred tax liability	**5 259.5**	3 846.5
Closing balance at 31 December	**5 201.3**	3 788.3

	Group					
	Mineral rights R (million)	Property, plant and equipment R (million)	Unredeemed capital balance R (million)	Provisions R (million)	Other R (million)	Total R (million)
2020						
Opening balance at 1 January	**1 540.8**	**4 358.5**	**(1 996.5)**	**(105.5)**	**(9.0)**	**3 788.3**
Charged to statement of comprehensive income	**(41.9)**	**161.6**	**1 290.5**	**(6.2)**	**9.0**	**1 413.0**
Closing balance at 31 December	**1 498.9**	**4 520.1**	**(706.0)**	**(111.7)**	**–**	**5 201.3**
2019						
Opening balance at 1 January	1 581.4	3 525.5	(1 355.6)	(100.9)	47.0	3 697.4
Charged to equity	–	–	(76.7)	–	–	(76.7)
Charged to statement of comprehensive income	(40.6)	833.0	(564.2)	(4.6)	(56.0)	167.6
Closing balance at 31 December	1 540.8	4 358.5	(1 996.5)	(105.5)	(9.0)	3 788.3

Tax losses included in RBP MS and RBRP, which are not recognised as deferred tax assets, amount to R268.2 million (2019: R294 million) and R110.0 million (2019: R129 million) respectively. RBR has an unredeemed capital allowance of R2 030.9 million (2019: R6 513 million) which will be carried forward to 2021. Of the deferred tax liability, approximately R4 827 million (2019: R2 510 million) will realise after 12 months.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

19. CONVERTIBLE BOND LIABILITY

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

The bonds are listed on the JSE Main Board under stock code number RBPCB.

	2020 R (million)	2019 R (million)
19.1 Convertible bond equity		
Opening balance at 1 January	**202.4**	202.4
Net equity recognised	**202.4**	202.4
19.2 Convertible bond liability		
Opening balance at 1 January	**1 049.5**	986.7
Plus: Interest*	**156.6**	146.8
Less: Interest paid	**(84.0)**	(84.0)
Closing balance at 31 December	**1 122.1**	1 049.5

* *In 2020, R26.4 million (2019: R3.4 million) of the interest was capitalised to Styldrift project at RBPlat Group level, refer Note 3.*

20. PIC HOUSING FACILITY

The PIC housing facility was utilised to fund the construction of houses for phase 2 of the housing project, as well as the insurance investment referred to in Notes 9 and 10. The PIC housing facility is a R2.2 billion facility accruing interest at CPI plus a margin of 1%. Security for the PIC housing facility is ring-fenced to the housing project assets with no recourse to the RBR operations business.

The PIC housing facility was initially recognised at the fair value of the consideration received, 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 liabilities), and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows, considering all the contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between the parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate. 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 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).

Initial recognition

The best evidence of the PIC housing facility's fair value on initial recognition is the transaction price. However, due to RBRP paying a preferential interest rate of CPI plus 1%, the fair value will differ from the transaction price. The Group therefore determined a market-related rate for the financial liability based on the rate of debt funding available to the Group at that specific point in time. The Group recognises the difference between fair value at initial recognition and the transaction price as a fair value adjustment to the loan. The initial difference is amortised over the term of the PIC housing facility.

Subsequent measurement

The financial liability payable to the PIC is accounted for at amortised cost (recognised at fair value at initial recognition) using the appropriate effective interest rate as determined above.

The portion of the PIC housing facility repayable within 12 months from the reporting date is presented as part of current liabilities. The balance of the amount is presented as a non-current liability in the statement of financial position.

20. PIC HOUSING FACILITY continued

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**1 483.1**	1 299.6
Plus: Drawdowns	**–**	85.0
Plus: Contractual interest charges capitalised to loan*	**65.9**	78.2
Plus: Fair value interest charges capitalised to loan	**32.6**	19.4
Plus/(less): Amortisation of fair value adjustment to loan	**(23.6)**	0.9
Closing balance at 31 December	**1 558.0**	1 483.1
Split between:		
Non-current portion of PIC housing facility	**1 503.4**	1 440.9
Current portion of PIC housing facility	**54.6**	42.2
	1 558.0	1 483.1

* *Rnil (2019: R7.9 million) of the interest on PIC housing facility was capitalised to employee housing assets*

Repayment of the PIC loan has been delayed, pending finalisation of the final claim from the PIC relating to the construction costs.

21. INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are made up of drawdowns on existing facilities (refer to Note 15). As at 31 December 2020, RBR utilised R750 million of its term debt and Rnil of its revolving credit facilities. In addition, the Group utilised R119.4 million of the GBF for guarantees.

The following covenants are applicable to the existing facilities:

Financial covenants:

RBR shall ensure that the following financial covenants will be met:
- Cumulative debt service coverage ratio (DSCR) shall exceed 1.25 times for measurement periods ending between 2017 and 2020
- DSCR shall exceed 1.25 times for measurement periods ending between 2021 and 2023
- Cumulative loan life coverage ratio (LLCR) shall exceed 1.50 times for measurement periods ending between 2017 and 2020
- LLCR shall exceed 1.75 times for measurement periods ending between 2021 and 2023
- Net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) shall not exceed 2.00 times
- Net debt to equity shall not exceed 1.00 times
- The interest cover ratio shall be at least 4.00 times

Bond repayment covenants:

RBR shall ensure that on the fourth anniversary of financial close:
- The DSCR exceeds 1.50 times
- The LLCR exceeds 2.00 times
- Net debt to EBITDA shall not exceed 1.25 times

As at 31 December 2020, none of the covenants were breached.

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**1 305.5**	1 715.9
Drawdowns during the period	**2 031.2**	841.0
Repayments	**(2 744.9)**	(1 264.3)
Interest capitalised	**133.1**	137.4
Interest paid	**(132.8)**	(137.4)
Unwinding of transaction costs capitalised	**7.9**	12.9
Closing balance at 31 December	**600.0**	1 305.5
Split between:		
Non-current portion of interest-bearing borrowings	**412.5**	1 305.5
Current portion of interest-bearing borrowings	**187.5**	–
	600.0	1 305.5

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

22. DEFERRED REVENUE

RBPlat entered into a gold streaming agreement through its wholly owned subsidiary, RBR, with Triple Flag Mining Finance Bermuda Limited (Triple Flag). In terms of the agreement, the Company received an advance payment of US$143.5 million (US$145 million net of US$1.5 million transaction costs) equating to R2 093.5 million, in exchange for the future delivery of gold from the RBPlat mining operations (excluding Styldrift II and the Impala royalty areas), payable over the LOM (the stream). In addition to the advance payment (refer to Note 27), RBPlat receives 5% cash (variable consideration) from Triple Flag based on the prevailing reference gold price (daily gold market price immediately following the date of delivery) for each ounce of gold delivered. The contract will be settled by RBPlat delivering gold credits to Triple Flag, representing the underlying refined gold which has been mined. One gold credit is equivalent to one ounce of gold.

In terms of this agreement, 70% of the payable gold will be delivered to Triple Flag until 261 000 ounces have been delivered, thereafter, 42% of the payable gold will be delivered to Triple Flag over the LOM. The delivery of the payable gold will be for an initial term of 40 years, which shall be automatically extended for successive 10-year periods, unless there has been no exploration or mining activity.

The advance payment received is recognised as a contract liability (deferred revenue) under IFRS 15 *Revenue from Contracts with Customers*. RBPlat's management identified a significant financing component related to the streaming arrangement resulting from the difference in the timing of the advance consideration received and the transfer of control of the promised gold to Triple Flag. Interest expense on deferred revenue is recognised as finance costs.

Significant accounting estimates and judgements

The advance payment received from Triple Flag on the gold streaming transaction has been accounted for as a contract liability (deferred revenue) in the scope of IFRS 15. It has been determined that the contract is not a financial instrument because the contract will be settled by RBPlat delivering gold credits to Triple Flag, representing the underlying refined gold which has been mined, rather than cash or financial assets. It is the intention of RBPlat to satisfy the performance obligations under the streaming arrangement through RBPlat's production and revenue will be recognised over the duration of the contract as RBPlat satisfies its obligation to deliver gold ounces. As the contract is long term in nature and RBPlat received a portion of the consideration from Triple Flag at inception of the contract, it has been determined that the contract contains a significant financing component under IFRS 15. RBPlat therefore made a critical estimate of the discount rate that should be applied to the contract liability over the life of the contract.

Inputs to the model to unwind the advance received to revenue

The advance received has been recognised on the statement of financial position as deferred revenue. The deferred revenue will be recognised as revenue in profit or loss as the gold ounces are delivered to Triple Flag relative to the expected total amount of gold ounces to be delivered over the term of the arrangement. Each period, management estimates the cumulative amount of the deferred revenue obligation that has been satisfied and is therefore recognised as revenue. To the extent that the LOM changes or other key inputs are changed, these changes are recognised prospectively as a cumulative catch-up in revenue in the year that the change occurs.

Key inputs	Estimate at period end	
Estimated financing rate over life of arrangement	8.8%	Although there is no cash financing cost related to this arrangement, IFRS 15 requires RBPlat to recognise a notional financing charge due to the significant time delay between receiving the upfront streaming payment and satisfying the related performance obligations.
Remaining life of stream	46 years	The starting point for the LOM is the approved life of mine plan for the operations (excluding Styldrift II and the Impala Royalty Areas) with a portion of resources included beyond the current life of mine plan. However, as IFRS 15 requires the constraint on revenue recognition to be considered, it is more prudent to include a portion of resources in the life of stream for the purposes of revenue recognition. This will reduce the chance of having a significant decrease in revenue recognised in the future, when the LOM is updated to include a conversion of resources to reserves. As such, RBPlat's management has determined that it is appropriate to include 56% of gold in outside LOM resources.
Gold entitlement percentage	70%	The gold entitlement percentage will be 70% up to 261 000 ounces and thereafter 42% for the remainder of the LOM.
Monthly cash percentage	5%	The monthly cash payment to be received is 5% of the market price of the gold ounce delivery to Triple Flag.
Commodity price on initial recognition	Commodity and exchange rate adjusted spot price from inception	The stand-alone selling price of each ounce will be the spot price at inception adjusted for expected commodity and USD/ZAR exchange rate forward curves over the life of the arrangement. Therefore, the stand-alone selling price of each ounce of gold delivered through gold credits at the date of the delivery will be the commodity and exchange rate adjusted spot price from inception. This estimated stand-alone selling price is estimated at inception and is not revisited in the future if the commodity price or exchange rate per ounce changes.

22. DEFERRED REVENUE continued

Inputs to the model to unwind the advance received to revenue continued

Any changes to the ounces delivered key inputs could significantly change the quantum of the cumulative revenue amount recognised in profit or loss.

The following table summarises the changes in deferred revenue:

	Group	
	2020 R (million)	2019 R (million)
Deferred revenue advance received	**2 093.5**	–
Interest charge	**170.3**	–
Deferred revenue recognised during the period	**(137.1)**	–
Closing balance at 31 December	**2 126.7**	–
Split between:		
Non-current portion of deferred revenue	**1 902.8**	–
Current portion of deferred revenue	**223.9**	–
	2 126.7	–

23. RPM DEFERRED CONSIDERATION

In 2018 RBPlat acquired the remaining 33% participating interest in the BRPM JV from RPM. The purchase consideration was funded by a combination of cash, proceeds from a capital raised and the remaining balance was deferred.

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

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

On 30 January 2020, the full outstanding balance of the deferred consideration was settled through cash payment to RPM.

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**1 833.4**	1 621.6
Interest capitalised	**17.8**	211.8
Less: Repayment	**(1 851.2)**	–
Closing balance at 31 December	**–**	1 833.4
Split between:		
Non-current portion of RPM deferred consideration	**–**	1 073.4
Current portion of RPM deferred consideration	**–**	760.0
	–	1 833.4

24. RESTORATION, REHABILITATION AND OTHER PROVISIONS

Long-term obligations comprising pollution control, rehabilitation and mine closure 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. Pre-tax risk-free discount rates that reflect current market assessments of 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. Decommissioning assets are amortised on a straight-line basis over the lesser of the life of mine or the expected benefit period.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

24. RESTORATION, REHABILITATION AND OTHER PROVISIONS continued

Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects market assessments of the time value of money. The increase in restoration provisions owing to the passage of time is charged to finance costs. All other changes in the carrying amount of the provision subsequent to initial recognition are included in profit or loss in the period in which they are incurred.

Ongoing rehabilitation cost

The cost of ongoing current programmes to prevent and control pollution is recognised as an expense when incurred.

Critical accounting estimates and assumptions

Environmental rehabilitation obligations

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, LOM 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:

	Group	
	2020	2019
Current cost estimate R (million)	**388.5**	355.7
Real pre-tax risk-free discount rate (%)	**4.0**	4.0

	Group	
	2020 R (million)	2019 R (million)
Restoration and rehabilitation provisions		
Opening balance at 1 January	**199.8**	189.4
Unwinding of discount (refer to Note 29.2)	**12.8**	16.3
Change in estimate of provision taken to statement of comprehensive income	**(91.1)**	5.1
Change in estimate of provision taken to decommissioning asset	**(7.8)**	(11.0)
Restoration and rehabilitation provision closing balance at 31 December	**113.7**	199.8
Other provisions		
Plus: Other long-term provisions	**–**	0.2
Plus: Deferred output VAT	**120.9**	92.5
Closing balance at 31 December*	**234.6**	292.5

* *Refer to Note 37 for segmental analysis*

Change in estimate of provision taken to statement of comprehensive income was impacted by a change in the expected timing of the environmental rehabilitation.

Refer to Note 6 for the environmental trust deposits made to fund this estimate and Note 25.1 for guarantees issued to fund the remainder. Refer to Note 25.3 for a description of the contingent liability relating to remediate groundwater and soil pollution.

The deferred output VAT liability is in respect of the sale of employee housing assets to employees which is only payable to the South African Revenue Service, in terms of section 16(4)(a)(ii) of the Value Added Tax Act 89 of 1991, to the extent that the capital portion of the purchase price is being repaid by employees in future.

25. CONTINGENCIES AND COMMITMENTS

Guarantees and commitments

	Group	
	2020 R (million)	2019 R (million)
25.1 Guarantees issued		
Royal Bafokeng Resources Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift (guarantee 30823102)	**17.1**	17.1
Eskom early termination guarantee for Styldrift (guarantee 31160603)	**17.5**	17.5
Eskom connection charges guarantee for Styldrift (guarantee 31173918)	**40.0**	40.0
Department of Mineral Resources and Energy for the rehabilitation of land disturbed by prospecting/mining (guarantee 32388608)	**1.3**	1.3
Eskom security guarantee for power supply to Styldrift (guarantee 34058907)	**42.7**	42.7
Tsogo Sun guarantee arising from lease agreement (guarantee 34045600)	**0.7**	0.7
Tsogo Sun guarantee arising from lease agreement (guarantee 34045708)	**0.1**	0.1
Total bank guarantees issued at 31 December	**119.4**	119.4
Department of Mineral Resources and Energy guarantee for environmental rehabilitation liability	**334.4**	318.1
Department of Mineral Resources and Energy guarantee for Styldrift	**45.7**	47.9
Total insurance guarantees issued at 31 December	**380.1**	366.0
Maseve Investments II Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Maseve	**28.4**	28.4
Total cash-backed bank guarantees issued at 31 December	**28.4**	28.4
25.2 Capital commitments in respect of property, plant and equipment		
Capital commitments relate to the Styldrift and BRPM Phase III projects		
Contracted commitments	**718.2**	922.8
Approved expenditure not yet contracted for	**1 445.7**	1 394.4
Total capital commitments	**2 163.9**	2 317.2

25.3 Contingent liability — remediate groundwater and soil pollution

RBR is committed to remediate groundwater and soil pollution where RBR operates. The 2017 groundwater flow model simulations indicate that the pollution will not extend into or affect nearby township areas/groundwater users until 2075 if no intervention is put in place. Based on the groundwater model update, a project was initiated in 2018 to monitor the groundwater movement on a continuous basis, using borehole loggers to accurately quantify the size and the rate of movement of the pollution plume. The outcome of this project highlighted that the groundwater levels decreased gradually, showing that the aquifer is in a steady state and that there is no evidence of artificial recharge. A groundwater specialist was appointed to develop the groundwater remediation strategy to enable us to better understand the costs associated with the remediation activities.

The rate of pollution plume movement could not be accurately monitored due to limited pumping of water from the open-cast pit. This is mainly due to the closed loop system in our operations. RBR is continuing to conduct groundwater monitoring through existing boreholes and will close the monitoring network gaps by constructing additional boreholes as per the project recommendations to enable the groundwater database to be fully updated and comprehensive. Other methods of containing the plume, such as pump testing of the boreholes around the BRPM tailings storage facility to assess the likely success of localised abstraction, are being investigated.

25.4 Contingent liability — Maseve acquisition

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

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

26. TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

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 expenditure required to settle the obligation, i.e. the amount that the Group would rationally pay to settle the obligation or transfer it 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 operational losses.

	Group	
	2020 R (million)	2019 R (million)
Trade payables	512.3	311.5
Department of Education restricted cash (refer to Note 12)	61.3	–
Payroll accruals and provisions	96.0	36.3
Housing project accruals and provisions	24.1	33.1
BRPM and Styldrift accruals and provisions	176.6	299.0
Leave pay provisions	281.9	215.4
VAT payable	48.5	27.8
Total	1 200.7	923.1

27. REVENUE

Revenue from disposal of concentrate

Revenue from contracts with customers is recognised when the separate performance obligations are satisfied, which is when control of the promised goods or services is transferred to the customer.

Revenue transactions for the sale of concentrate are governed by the disposal of concentrate agreement (DOCA) between RBR and RPM. RBR is a wholly owned subsidiary of RBPlat while RPM is a wholly owned subsidiary of Anglo Platinum Limited. The ordinary business activities of the RBPlat Group is the production and sale of concentrate.

Control passes to RPM when RBR delivers the concentrate at the designated delivery point. The performance obligation will be the bundle of concentrate sold and delivered to RPM. This is considered to be a single performance obligation in terms of IFRS 15, seeing as RBR is required to deliver the sold concentrate to RPM in terms of the DOCA. In terms of the DOCA, the commodity prices for PGMs used in the calculation of the concentrate payments are based on the average daily PGM prices and average spot exchange rate for the third month following the month of delivery. The amount of revenue recognised at the designated point of delivery is based on the average daily PGM prices and average spot exchange rate at the date of delivery.

Provisional pricing arrangements introduce an element of variability into the sales contract. The DOCA contains the following categories of variability:

- Non-market variability – the changes in pricing based on the results of the quantity or quality of the commodity as concluded in the final evaluation (that is, any difference between the initial and final assay)
- Market variability – pricing based on average market price at the end of each month

Variability in the DOCA arises from both market price and physical attributes. The non-market variability is accounted for within the scope of IFRS 15 and are considered to be variable consideration. RBR estimates the amount of contained metal in the concentrate which has been delivered to RPM. The final quantity of contained metal will only be confirmed once the final assay has been completed, which happens after the delivery month. Based on past history, the changes between the initial assay and final assay are not significant, consequently the variable consideration is not considered to be constrained. The changes in the PGM prices create market variability which is out of the scope of IFRS 15. As a result, the changes in the PGM prices are reflected as other revenue within the revenue note to the annual financial statement, and not revenue from contracts with customers.

On 6 March 2020 Amplats announced the temporary shutdown of the Anglo Converter Plant (ACP) and declared force majeure, following damages to that plant. Subsequent to the initial suspension of concentrate deliveries to the Waterval Smelter complex in line with the force majeure declaration, an interim arrangement between Amplats and RBPlat was agreed to, with revised concentrate delivery and payment terms during the shutdown. Concentrate that was delivered to RPM, up to the force majeure announcement, was bound by the terms as set out in the DOCA with RPM. All subsequent concentrate deliveries to RPM were subject to newly agreed payment terms, whereby RBPlat continued to receive a significant majority of the related proceeds during 2020, with the outstanding payments (refer to Note 12) being settled in full before 30 April 2021. Payment terms reverted to the original DOCA terms with the completion of repairs to ACP Phase B unit on 12 May 2020.

27. REVENUE continued

Revenue from gold streaming

In January 2020, the streaming transaction between RBPlat and Triple Flag closed following the fulfilment of the conditions precedent. Refer to Note 22 for more details.

In terms of this agreement, 70% of the payable gold will be delivered to Triple Flag until 261 000 ounces have been delivered, thereafter, 42% of the payable gold will be delivered to Triple Flag over the LOM. The delivery of payable gold will be made by allocating gold ounces to Triple Flag's account for an initial term of 40 years, which shall be automatically extended for successive 10-year periods, unless there has been no exploration or mining activity. Each refined ounce of gold is identified as a separate performance obligation.

In addition to the advance payment received (refer to Note 22), RBPlat receives 5% cash (variable consideration) from Triple Flag based on the prevailing reference gold price (daily gold market price immediately following the date of delivery) for each gold ounce delivered. For the percentage of each delivery that will be settled in cash, the cash price to be received for that delivery will be the allocated transaction price as all the variability can be allocated only to that delivery. The contract will be settled by RBPlat delivering gold ounces to Triple Flag, representing the underlying refined, mined gold.

The transaction price, being the advance payment and the cash payment to be received, is recognised as revenue when the gold ounces are allocated to the appropriate Triple Flag account. It is from this date that Triple Flag has effectively accepted the gold, has physical control of the gold, and has the risk and reward associated with the gold (i.e. control has transferred).

At contract inception an estimate was made of the LOM and the ounces to be delivered in order to determine the appropriate performance obligations and allocation of the transaction price to those performance obligations. The revenue for the delivery of gold ounces is recognised in terms of an appropriate model that takes into consideration (a) the fact that a commodity should have a different value in future as a result of commodity price and exchange rate curves; and (b) that the transaction price has already taken this into account by accounting for the significant financing component. Practically this means that each ounce of gold delivered through gold credits is assumed to have the same stand-alone selling price adjusted for commodity price and exchange rate curves.

The table below further analyses the breakdown of revenue.

	Group	
	2020 R (million)	2019 R (million)
Revenue from disposal of concentrate		
Revenue from contract with customers	**11 725.9**	6 943.4
Other revenue	**1 507.6**	548.5
	13 233.5	7 491.9
Revenue from gold streaming		
Revenue from contract with customers	**145.9**	–
Total	**13 379.4**	7 491.9

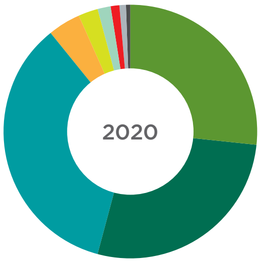
Revenue per metal

	BRPM	Styldrift	Total
2020			
Platinum	**1 874.5**	**1 662.2**	**3 536.7**
Palladium	**1 963.1**	**1 680.3**	**3 643.4**
Rhodium	**2 925.5**	**1 702.5**	**4 628.0**
Gold	**146.9**	**182.5**	**329.4**
Nickel	**250.9**	**331.3**	**582.2**
Other	**251.8**	**262.0**	**513.8**
Total revenue from disposal of concentrate	**7 412.7**	**5 820.8**	**13 233.5**
2019			
Platinum	1 716.6	1 159.7	2 876.3
Palladium	1 349.4	895.0	2 244.4
Rhodium	826.3	462.6	1 288.9
Gold	124.8	92.9	217.7
Nickel	278.2	207.9	486.1
Other	223.1	155.4	378.5
Total revenue from disposal of concentrate	4 518.4	2 973.5	7 491.9

Notes to the consolidated annual financial statements and related accounting policies continued

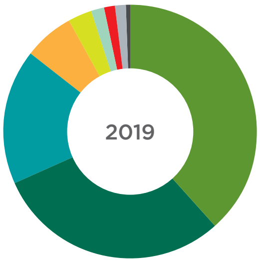
for the year ended 31 December 2020

27. REVENUE continued



Revenue contribution 2020

- Platinum (26.7%)
- Palladium (27.5%)
- Rhodium (35.0%)
- Nickel (4.4%)
- Gold (2.5%)
- Iridium (1.4%)
- Copper (1.2%)
- Ruthenium (1.0%)
- Cobalt (0.3%)



Revenue contribution 2019

- Platinum (38.4%)
- Palladium (30.0%)
- Rhodium (17.2%)
- Nickel (6.5%)
- Gold (2.9%)
- Iridium (1.7%)
- Copper (1.6%)
- Ruthenium (1.4%)
- Cobalt (0.3%)

28. OTHER INCOME/(EXPENSES)

The Impala royalty consists of royalties received from Impala for mining BRPM's reserves through its 6 and 8 shafts and 20 shaft area. The 6 and 8 shafts royalty is 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 17.5% of revenue as royalty to RBR for the 20 shaft area. During the year R140.5 million (2019: R55.3 million) royalty income was received for the 6 and 8 shaft areas and R241.9 million (2019: R91.5 million) for the 20 shaft area.

Levy income from housing assets is recognised on an accrual basis as it is invoiced every month and is classified as other income for the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains or 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 other income/(expense). Foreign exchange gains on revaluation of concentrate are recognised in other income while foreign exchange losses on revaluation of concentrate are recognised in other expenses. Net fair value loss on the derivative held for trading arose as a result of the revaluation of the derivative asset, refer to Note 14.

		Group	
		2020 R (million)	2019 R (million)
28.1	**Other income**		
	Impala royalty (Group resources mined by Impala Platinum Limited)	**382.4**	146.8
	Fair value adjustment of the Nedbank equity-linked deposit (refer to Note 6)	**0.4**	1.3
	Levy and other income from housing assets	**11.9**	9.5
	Realised and unrealised gains and losses on fair value of forward exchange contracts	**61.5**	28.2
	Revaluation of concentrate sales — exchange rate differences	**–**	1.4
	Net fair value gain on derivative held for trading (refer to Note 14)	**–**	70.5
	Net gain on fair value of cash held in money market accounts	**3.4**	7.3
	Profit on disposal of housing assets	**28.9**	–
	Other	**5.9**	2.9
	Total other income	**494.4**	267.9
28.2	**Other expenses**		
	Revaluation of concentrate sales — exchange rate differences	**(230.9)**	–
	Net fair value loss on derivative held for trading (refer to Note 14)	**(70.5)**	–
	Total other expenses	**(301.4)**	–

29. NET FINANCE (COST)/INCOME

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

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

Dividend income is recognised when the right to receive payment is established.

Borrowing costs other than borrowing costs capitalised, are charged to interest expense. The effective interest rate for the interest payable on the PIC housing facility is based on a market-related interest rate based on the rate of the revolving credit facility available to the Group.

29. NET FINANCE (COST)/INCOME continued

		Group	
		2020 R (million)	2019 R (million)
29.1	**Finance income consists of the following:**		
	Interest received on environmental trust deposits (refer to Note 6)	**8.2**	10.2
	Interest received on investments	**60.7**	34.7
	Interest received on employee housing loan receivable	**82.8**	79.0
	Dividend income on investments	**3.0**	0.2
	Total finance income	**154.7**	124.1
29.2	**Finance cost consists of the following:**		
	Interest expense – short term borrowings	**(1.2)**	(0.6)
	Interest expense – lease liability	**(2.6)**	(3.7)
	Interest expense – RPM deferred consideration	**(17.8)**	(211.8)
	Interest expense – PIC	**(98.5)**	(97.6)
	Interest expense – convertible bond*	**(156.6)**	(146.8)
	Interest expense – deferred revenue (refer to Note 22)	**(170.3)**	–
	Interest expense – long-term borrowings	**(131.9)**	(136.8)
	Unwinding of discount on decommissioning and restoration provision (refer to Note 24)	**(12.8)**	(16.3)
	Less: Capitalisation of interest expense – convertible bond (refer to Note 3)	**26.4**	3.4
	Less: Capitalisation of interest expense – interest-bearing borrowings (refer to Note 3)	**78.0**	48.7
	Less: Capitalisation of interest expense – PIC (refer to Note 10)	**–**	7.9
	Total finance cost	**(487.3)**	(553.6)
	Net finance cost	**(332.6)**	(429.5)

* *R84.0 million of the convertible bond interest was paid in 2020 (2019: R84.0 million)*

30. PROFIT BEFORE TAX

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.

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:

- When the Group can no longer withdraw the offer of those benefits
- 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 date are discounted to present value.

Defined contribution retirement plans

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

A defined contribution plan is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employees' 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 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. The funds are governed by the South African Pension Funds Act of 1956.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

30. PROFIT BEFORE TAX continued

Bonus provision

The Group recognises a provision 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 of the Group. The fair value of the employee services received in exchange for the grant of the equity instrument is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instrument granted:

- including any market performance conditions (for example, an entity's share price)
- including the impact of any non-vesting conditions (for example, the requirement for employees to save)
- 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)

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.

Critical accounting estimates and assumptions

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 valued on grant date.

Bonus Share Plan

The Group 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 Group is responsible for operating the BSP.

Following the announcement of the Group'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. These bonus shares will be forfeited should an employee leave before the three-year period.

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

The grant date fair value is based on the closing price the day prior to the Remuneration Committee approval of the awards.

Forfeitable Share Plan

The Group has established a Forfeitable Share Plan (FSP) for its executive directors and senior managers. The FSP is linked to future performance of the Group as compared to its peers, utilising total shareholder return (TSR) as a measure of performance. The Remuneration Committee is responsible for managing the FSP.

Employees participating in the FSP are awarded a number of forfeitable shares, based on their level and responsibility. The Remuneration Committee decides the award policy, which is currently a multiple of total group package (TGP). The shares are held in escrow until they vest. The shares vest in equal tranches on the third, fourth and fifth anniversaries of award. The proportion of shares that vest is based on the Group's performance on the third anniversary. The employee has to stay in the employment of the Group for the period and the performance criteria have to be met for the shares to vest. On the vesting date, the employee receives shares. The forfeitable shares will be forfeited should an employee leave before the three-year period.

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

The grant date fair value is based on the closing price the day prior to the Remuneration Committee approval of the awards.

FSP — retention

The Group established an FSP — retention for its executive directors and senior managers in 2016. The FSP — retention is linked to future performance of the Group.

Employees participating in the FSP — retention are awarded a number of forfeitable shares, based on their level of responsibility. The Remuneration Committee decides the award policy, which is currently a multiple of TGP. The shares are held in escrow until they vest. The shares vest in one tranche on the third anniversary. The employee has to stay in the employment of the Group for the period and the performance criteria have to be met for the shares to vest. On the vesting date, the employees receive shares. The forfeitable shares — retention will be forfeited should an employee leave before the three-year period.

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

The grant date fair value is based on the closing price the day prior to the Remuneration Committee approval of the awards.

30. PROFIT BEFORE TAX continued

Critical accounting estimates and assumptions continued

2010 Share Option Plan

Certain directors and senior managers of the Group have been granted options to acquire shares. The options were granted upon commencement of employment at an initial price, which is linked to the J153 Platinum Index. The strike price of the options was adjusted on the listing of the holding company, RBPlat, in accordance with a specified formula and was linked to RBPlat's share price. Post RBPlat's listing, share options are granted at the RBPlat share price on date of grant. The fair value of options granted is determined using the binomial model. The volatility is measured based on the RBPlat share price. The share options vest from years three to five from when they were granted, in three equal tranches.

2018 Share Appreciation Rights Plan

Executive directors and senior managers of the Group have been granted rights to acquire shares. The appreciation rights were granted on the day of commencement of employment at RBPlat. The strike price of the share appreciation rights is the RBPlat share price on the eve of commencement of employment. The fair value of rights granted is determined using the binomial model. The volatility is measured based on the RBPlat share price. The share appreciation rights vest from years three to five from when they were granted, in three equal tranches and they lapse on the 10th anniversary of award. The appreciation rights can be either cash or equity-settled at the option of the company and are forfeitable for fault leavers.

Initial public offering bonus shares

The Group invited each of the executive directors and certain other employees of the Group to participate in the share offer on listing, on the basis that for each share for which they subscribe, the Group will issue them with an additional share free of charge (with the Group paying for the par value of such shares). The additional shares issued by the Group 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:

Key inputs

	Bonus Share Plan						
	2020	2019	2018	2017	2016	2015	2014
Weighted average share price on grant date (R)	**55.23**	34.40	33.18	41.65	38.79	56.70	64.90
Vesting years	**2023**	2022	2021	2020	2019	2018	2017

	Forfeitable Share Plan						
	2020	2019	2018	2017	2016	2015	2014
Weighted average share price on grant date (R)	**55.23**	34.02	33.18	41.65	38.79	56.70	71.90
Vesting years	**2023 to 2025**	2022 to 2024	2021 to 2023	2020 to 2022	2019 to 2021	2019 to 2021	2017 to 2019

	Forfeitable Share Plan — retention						
	2020	2019	2018	2017	2016	2015	2014
Weighted average share price on grant date (R)	**–**	–	38.79	38.79	38.79	–	–
Vesting years	**–**	–	2021	2020	2019	–	–

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

30. PROFIT BEFORE TAX continued
Key inputs continued

	2010 Share Option Plan						
	2020	2019	2018	2017	2016	2015	2014
Weighted average option value on grant date (R)	**–**	–	–	17.33	19.69	20.91	37.10
Weighted average share price on grant date (R)	**–**	–	–	36.17	39.44	44.23	66.83
Weighted average exercise price (R)	**–**	–	–	36.17	39.44	44.23	66.83
Volatility (%)	**–**	–	–	34.26 to 34.51	30.76 to 34.25	26.54 to 28.55	26.22 to 26.73
Dividend yield	**–**	–	–	–	–	–	–
Risk-free interest rate (%)	**–**	–	–	7.76 to 7.98	8.13 to 9.79	6.58 to 7.81	7.11 to 8.31
Vesting years	**–**	–	–	2020 to 2022	2019 to 2021	2018 to 2020	2017 to 2019

The expected price volatility is (based on the historic volatility taking into account the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

	2018 Share Appreciation Rights Plan						
	2020	2019	2018	2017	2016	2015	2014
Weighted average share price on grant date (R)	**55.23**	34.82	28.41	–	–	–	–
Volatility (%)	**44.54 to 56.01**	38.82 to 45.94	35.19 to 41.73	–	–	–	–
Dividend yield	**–**	–	–	–	–	–	–
Risk-free interest rate (%)	**7.50 to 8.72**	8.25 to 8.67	8.41 to 8.79	–	–	–	–
Vesting years	**2023 to 2025**	2022 to 2024	2019 to 2021	–	–	–	–

	Initial public offering bonus shares
Weighted average option value on grant date (R)	**64.90**
Weighted average share price on grant date (R)	**64.90**
Volatility (%)	**47.90**
Dividend yield	**–**
Risk-free interest rate (%)	**7.52**
Vesting years	**8 May 2012**

30. PROFIT BEFORE TAX continued

Activity on awards outstanding

	Forfeitable Share Plan – retention		Forfeitable Share Plan		2010 Share Option Plan		Bonus Share Plan		Share Appreciation Rights Plan	
	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price
2020										
Opening balance at 1 January	1 906 648	38.79	2 938 877	36.71	4 760 734	49.59	2 343 352	35.37	6 361 311	30.67
Granted	–	–	1 500 110	24.71	–	–	593 537	26.26	3 920 089	17.28
Forfeited	(68 000)	38.79	(626 608)	41.00	(1 308 794)	55.45	(221 024)	40.80	(1 178 505)	23.06
Exercised/vested	(786 184)	38.79	(149 582)	38.20	(896 861)	43.82	(398 618)	38.17	(445 489)	32.85
Closing balance at 31 December	1 052 464	38.79	3 662 797	31.00	2 555 079	48.62	2 317 247	32.04	8 657 406	31.81
2019										
Opening balance at 1 January	7 259 099	38.79	2 792 484	39.57	6 296 515	48.89	1 765 937	34.91	5 076 144	28.41
Granted	–	–	897 448	34.02	–	–	1 022 746	31.28	2 022 968	34.82
Forfeited	(569 701)	38.79	(751 055)	44.14	(1 219 793)	51.39	(268 030)	31.62	(737 801)	26.52
Exercised/vested	(4 782 750)	38.79	–	–	(315 988)	28.65	(177 301)	12.88	–	–
Closing balance at 31 December	1 906 648	38.79	2 938 877	36.71	4 760 734	49.59	2 343 352	35.37	6 361 311	30.67

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

30. PROFIT BEFORE TAX continued

	Group	
	2020 R (million)	2019 R (million)
Included in the profit before tax are the following items:		
On-mine costs:		
– Labour*	2 668.1	2 171.2
– Utilities	504.4	456.9
– Contractor costs	1 100.2	1 110.1
– Movement in inventories	(183.1)	(11.1)
– Materials and other mining costs	2 152.1	1 858.1
Materials and other mining costs for RBR operations	2 240.4	1 937.0
Elimination of intergroup management fee	(88.3)	(78.9)
State royalties	66.8	37.5
Depreciation — property, plant and equipment	1 115.8	950.7
Amortisation — mineral rights	149.5	145.0
Share-based payment expense	27.9	23.4
Social and Labour Plan expenditure	89.0	65.8
Covid-19-related costs	53.8	—
Plant readiness	3.0	2.0
Gold credits purchases	177.3	—
Other	23.9	1.0
Total cost of sales	7 948.7	6 810.6
Included in corporate office expenses:		
Advisory fees	24.8	18.7
Legal fees	4.4	8.7
Employee costs** (including directors' remuneration)	96.9	89.2
Depreciation of RBP MS property, plant and equipment	1.1	1.1
Revolving credit facility and working capital facility commitment fees	22.9	28.8
Fees for guarantees	1.6	1.6
Share-based payment expense	22.1	11.0
Rent and maintenance for corporate office	3.4	3.2
Other	14.7	25.0
Total corporate office expenses	191.9	187.3
Included in housing project expenses:		
Legal fees	3.3	2.2
Property rates and taxes, and water and electricity	4.9	4.4
Security	7.3	6.9
Maintenance	10.6	4.8
Depreciation of RBRP property, plant and equipment	0.3	0.4
Amortisation of employee housing benefit and fair value adjustment to loan	(4.5)	19.2
Reversal of write-offs	—	1.3
Insurance expenditure	2.8	2.0
Salaries and wages	8.2	8.4
Other	2.4	3.9
Total housing project expenses	35.3	53.5

* *Included in labour costs are pension and provident fund contributions of R142.9 million (2019: R138.7 million)*
** *Included in corporate office employee costs are provident fund contributions of R6.2 million (2019: R6.9 million)*

30. PROFIT BEFORE TAX continued

	Group	
	2020 R (million)	2019 R (million)
Included in Maseve care and maintenance and other costs:		
Labour	**14.5**	14.6
Utilities	**0.7**	1.2
Contractor costs	**1.2**	–
Materials and other mining costs	**21.9**	26.9
Depreciation	**24.7**	26.0
Change in estimate of restoration provision taken to the statement of comprehensive income	**(62.2)**	–
Other	**0.9**	0.5
Total Maseve care and maintenance and other costs	**1.7**	69.2
Industry membership and market development	**34.8**	16.6
Restructuring costs	**–**	10.6
External audit fees for the Group		
External audit fees included in profit before tax:		
External audit fees		
– Fees for audit	**7.4**	5.5
– Other services	**0.4**	0.2
Total external audit fees	**7.8**	5.7

Covid-19 related expenses were incurred to secure the Sundown Ranch Hotel as an isolation and quarantine facility, to reopen the Maseve clinic for Covid-19 testing and for the acquisition of ICT equipment required to manage the Covid-19 pandemic at the operations. In addition, temperature scanners, air purifiers, face masks, sanitisers and health packages were acquired and additional costs were incurred towards maintaining social distancing in bus transportation, entrance gates, change houses, lamp rooms and underground work places. Costs were also incurred for Covid-19 tests and the deep cleaning of offices, workplaces and change houses.

Critical accounting estimates and assumptions

Significant judgement is required in determining the provision for state royalties included in the cost of sales. These include many transactions and calculations for which the ultimate mining royalties determination is uncertain during the ordinary course of business. Where the final outcome is different from the amounts initially recorded, such differences will impact the mining royalties, income tax and deferred tax provision in the period in which such determinations are made.

31. INCOME TAX EXPENSE

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.

Critical accounting estimates and assumptions

Significant judgement is required in determining the provision for income taxes. 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 and deferred tax provisions in the period in which such determinations are made.

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

31. INCOME TAX EXPENSE continued

	Group	
	2020 R (million)	2019 R (million)
Income tax expense		
Income tax expense	**(81.3)**	(47.2)
Current year	**(81.3)**	(47.2)
Prior year	**–**	–
Deferred tax expense	**(1 413.0)**	(12.3)
Current year	**(1 400.2)**	(8.9)
Prior year	**(12.8)**	(3.4)
Total income tax expense	**(1 494.3)**	(59.5)
Tax rate reconciliation:		
Profit before tax	**5 023.3**	123.6
Tax expense calculated at a tax rate of 28% (2019: 28%)	**(1 406.5)**	(34.6)
Non-taxable income – deferred revenue	**24.7**	–
Non-taxable income – dividends	**0.8**	0.1
Non-taxable income – other	**0.2**	1.2
Non-deductible other – reversal of derivative gain	**(19.7)**	19.7
Non-deductible expenses – legal and advisory fees	**(1.1)**	(2.6)
Non-deductible expenses – interest on gold streaming	**(47.7)**	–
Impairment of non-financial assets	**–**	(16.5)
Non-deductible expenses – other	**(7.2)**	(1.5)
Tax losses not recognised	**(25.0)**	(28.7)
Prior year adjustments	**(12.8)**	3.4
Total	**(1 494.3)**	(59.5)
Effective tax rate (%)	**29.7**	48.1

An unredeemed capital allowance of R2 030.9 million (2019: R6 540 million) is carried forward to 2021.

32. CASH GENERATED BY OPERATIONS

	Group	
	2020 R (million)	2019 R (million)
Cash generated by operations is calculated as follows:		
Profit before tax	**5 023.3**	123.6
Adjusted for:		
Depreciation of property, plant and equipment	**1 141.9**	977.9
Depreciation of right-of-use assets	**14.1**	13.6
IFRS 16 modification gain/(loss)	**(1.5)**	–
Amortisation of mineral rights	**149.5**	145.0
Amortisation of employee housing benefit and fair value adjustment to loan	**(4.5)**	19.2
Amortisation of debt funding fees	**7.9**	13.0
Scrapping of non-financial assets	**4.1**	61.1
Unwinding of deferred revenue	**(137.1)**	–
Share-based payment expense	**50.0**	40.1
Change in estimate of restoration provision taken to the statement of comprehensive income	**(91.1)**	4.9
Fair value adjustment – derivative gain	**70.5**	(70.5)
Fair value adjustment – housing insurance investment	**(5.2)**	(4.0)
Fair value adjustment – environmental guarantee investments	**(4.9)**	(5.7)
Equity-linked return on BRPM environmental trust deposits	**(0.4)**	(1.3)
Deferred rental income – RBRP	**(0.4)**	(0.5)
Profit on sale of property, plant and equipment and other assets	**0.8**	(0.1)
Finance cost	**487.3**	553.6
Finance income	**(154.7)**	(124.1)
	6 549.6	1 745.8
Changes in working capital	**(2 766.4)**	(591.3)
Increase in inventories	**(294.4)**	(65.8)
Increase in trade and other receivables	**(2 782.1)**	(785.0)
Increase in trade and other payables	**310.1**	259.5
Cash generated by operations	**3 783.2**	1 154.5

33. RELATED PARTY TRANSACTIONS

The Group's largest shareholder is Royal Bafokeng Platinum Holdings Proprietary Limited (incorporated in South Africa), which owns 39.97% (2019: 40.21%) of RBPlat's shares. 60.03% (2019: 59.79%) is widely held and includes shares held by employees and RBPlat share schemes.

Royal Bafokeng Platinum Holdings Proprietary Limited is in turn wholly owned by Royal Bafokeng Holdings Limited (RBH).

Investments in subsidiaries and the degree of control exercised by RBPlat are shown below:

	Interest in capital	
	2020 %	2019 %
Related parties		
Direct investment		
Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS)	**100**	100
Royal Bafokeng Resources Proprietary Limited (RBR)	**100**	100
Maseve Investments II Proprietary Limited (Maseve)	**100**	100
Indirect investment via RBR		
Bafokeng Rasimone Management Services Proprietary Limited (BRMS)	**100**	100
Royal Bafokeng Resources Properties (RF) Proprietary Limited (RBRP)	**100**	100

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

33. RELATED PARTY TRANSACTIONS continued

RBR operations acquires mining supplies and services from various RBH subsidiaries and associates. RBR operations and corporate office make use of the Royal Marang Hotel for accommodation and conferences. Following the rights issue in 2019, RBH no longer controls RBPlat. As a result, the balances with associates of RBH have not been disclosed.

The following transactions were carried out with related parties:

	Group	
	2020 R (million)	2019 R (million)
Group balances at 31 December		
Amount owing to Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH)	**–**	0.2
Transactions with fellow subsidiary of RBH		
Royal Marang Hotel for accommodation and conferences	**0.4**	0.6
RBH transactions		
Fees paid for non-executive directors	**0.8**	0.4

Directors, other executives and prescribed officers' remuneration

Details relating to key management remuneration (prescribed officers), share options and shareholdings in the Company are disclosed in Note 34.

34. REMUNERATION

34.1 Directors, other executives and prescribed officers' remuneration

Directors' remuneration and related payments

	Date appointed	Directors' fees R	Basic salary R	Retire-ment benefits R	Other benefits R	Discre-tionary perfor-mance bonuses R	Retention bonus R	Total R
2020								
Executive directors								
Steve Phiri	1 Apr '10	–	4 871 566	1 131 421	306 816	2 723 143	–	9 032 946
Hanré Rossouw	1 Oct '18	–	4 068 333	254 822	132 404	1 935 685	4 100 000	10 491 244
Non-executive directors*								
Mark Moffett	22 Sep '14	494 430	–	–	–	–	–	494 430
Thoko Mokgosi-Mwantembe	5 Nov '14	653 921	–	–	–	–	–	653 921
Kgomotso Moroka	1 Jun '10	1 557 534	–	–	–	–	–	1 557 534
Obakeng Phetwe	28 Feb '18	480 673	–	–	–	–	–	480 673
Mike Rogers	7 Dec '09	730 049	–	–	–	–	–	730 049
Louisa Stephens	22 Sep '14	753 004	–	–	–	–	–	753 004
Peter Ledger	28 Feb '18	668 106	–	–	–	–	–	668 106
Zanele Matlala	24 Sep '18	494 430	–	–	–	–	–	494 430
Udo Lucht	1 Sep '19	361 441	–	–	–	–	–	361 441
Gordon Smith**	2 Jan '19	147 953	–	–	–	–	–	147 953
Avischen Moodley**	2 Jan '19	147 953	–	–	–	–	–	147 953
Total		6 489 494	8 939 899	1 386 243	439 220	4 658 828	4 100 000	26 013 684

* *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 28 May 2020*
** *Resigned 28 May 2020*

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

Directors' remuneration and related payments continued

	Date appointed	Directors' fees R	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Retention bonus R	Total R
2019								
Executive directors								
Steve Phiri	1 Apr '10	–	4 772 047	1 072 701	235 747	4 179 688	–	10 260 183
Hanré Rossouw	1 Oct '18	–	3 861 992	241 597	282 359	703 269	4 100 000	9 189 217
Non-executive directors*								
Mark Moffett	22 Sep '14	530 287	–	–	–	–	–	530 287
Thoko Mokgosi-Mwantembe	5 Nov '14	687 368	–	–	–	–	–	687 368
Kgomotso Moroka	1 Jun '10	1 533 769	–	–	–	–	–	1 533 769
Obakeng Phetwe	28 Feb '18	471 393	–	–	–	–	–	471 393
Mike Rogers	7 Dec '09	763 512	–	–	–	–	–	763 512
Louisa Stephens	22 Sep '14	638 241	–	–	–	–	–	638 241
David Wilson	29 Apr '14	231 056	–	–	–	–	–	231 056
Peter Ledger	28 Feb '18	720 202	–	–	–	–	–	720 202
Zanele Matlala	24 Sep '18	493 991	–	–	–	–	–	493 991
Udo Lucht	1 Sep '19	120 480	–	–	–	–	–	120 480
Gordon Smith	2 Jan '19	372 128	–	–	–	–	–	372 128
Avischen Moodley	2 Jan '19	353 980	–	–	–	–	–	353 980
Total		6 916 407	8 634 039	1 314 298	518 106	4 882 957	4 100 000	26 365 807

* *Non-executive director fees are paid on a quarterly basis and their fees accrued for the year were approved at the annual general meeting held on 16 April 2019*

Other executives and prescribed officers' remuneration and payments

	Date appointed	Basic salary R	Retirement benefits R	Other benefits R	Discretionary performance bonuses R	Underground market premium R	Termination benefits R	Total R
2020								
Other executives and prescribed officers								
Neil Carr	1 Dec '10	3 354 854	747 684	207 750	1 869 243	–	–	6 179 531
Reginald Haman*	1 Oct '12	1 002 348	98 702	229 397	1 474 678	–	383 474	3 188 599
Vicky Tlhabanelo	1 Apr '10	2 599 646	599 418	70 122	1 377 123	–	–	4 646 309
Lindiwe Montshiwagae	1 Jun '10	2 251 490	404 842	213 749	1 045 317	–	–	3 915 398
Total		9 208 338	1 850 646	721 018	5 766 361	–	383 474	17 929 837

* *Resigned on 30 April 2020*

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

Other executives and prescribed officers' remuneration and payments continued

	Date appointed	Basic salary R	Retire-ment benefits R	Other benefits R	Discre-tionary perfor-mance bonuses R	Under-ground market premium R	Termination benefits R	Total R
2019								
Other executives and prescribed officers								
Neil Carr	1 Dec '10	3 206 398	692 299	264 606	2 766 260	–	–	6 929 563
Reginald Haman	1 Oct '12	2 856 460	329 100	131 262	2 062 970	–	–	5 379 792
Glenn Harris*	4 Jan '10	3 685 834	203 791	86 868	2 657 483	204 166	6 717 586	13 555 728
Mpueleng Pooe**	1 Oct '13	2 860 405	223 021	1 271 222	1 656 312	–	–	6 010 960
Vicky Tlhabanelo	1 Apr '10	2 434 410	961 940	48 029	1 668 058	–	–	5 112 437
Lindiwe Montshiwagae	1 Jun '10	2 026 398	424 333	173 077	1 597 023	–	–	4 220 831
Total		17 069 905	2 834 484	1 975 064	12 408 106	204 166	6 717 586	41 209 311

* *Retrenched on 31 October 2019 due to executive team restructuring*
** *Retrenched on 31 December 2019 due to executive team restructuring*

34.1.1 Share options awarded to directors and senior management

	Share options awarded*	Award date	Strike price R	Award value R	Vesting dates	Vested to date %	Balance of share options
AS AT 31 DECEMBER 2020							
Executive and non-executive directors							
Steve Phiri	**297 521**	**1 Apr '10**	**60.5**	**18 000 021**	**1 Apr '13, '14, '15**	**100**	**297 521**
Other executives and prescribed officers							
Vicky Tlhabanelo	**121 288**	**1 Apr '10**	**60.5**	**7 337 924**	**1 Apr '13, '14, '15**	**100**	**121 288**
Neil Carr	**116 030**	**1 Dec '10**	**65.5**	**7 599 965**	**1 Dec '13, '14, '15**	**100**	**116 030**
Reginald Haman**	**163 599**	**1 Oct '12**	**48.9**	**7 999 991**	**1 Oct '15, '16, '17**	**100**	**163 599**
Lindiwe Montshiwagae	**39 753**	**1 Jun '10**	**59.74**	**2 374 844**	**1 Jun '13, '14, '15**	**100**	**39 753**
Lester Jooste (Company Secretary)	**40 756**	**1 Jul '10**	**55.21**	**2 250 139**	**1 Jul '13, '14, '15**	**100**	**40 756**

* *Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation or market share price. Share options awarded to directors and prescribed officers lapsed in 2020*
** *Resigned on 30 April 2020*

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

34.1.2 Share appreciation rights awarded

	Share appre-ciation rights awarded	Award date	Strike price R	Award value R	Vesting dates	Vested to date %	Share appre-ciation rights exercised	Balance of appre-ciation rights
AS AT 31 DECEMBER 2020								
Executive and non-executive directors								
Hanré Rossouw	**800 469**	**1 Oct '18**	**25.61**	**20 500 000**	**1 Oct '21, '22, '23**	**–**	**–**	**800 469**

34.1.3 Forfeitable and bonus shares awarded to directors, other executives and prescribed officers

	Forfei-table share plan retention	Forfei-table share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2020								
Executive and non-executive directors								
Steve Phiri			33 054	1 Apr '15	56.70	1 874 162	1 Apr '18	100
			45 720	1 Apr '17	41.65	1 904 238	1 Apr '20	100
			69 398	1 Apr '18	33.18	2 302 626	1 Apr '21	100
			61 430	1 Apr '19	34.02	2 089 849	1 Apr '22	100
			24 653	1 Apr '20	55.23	1 361 585	1 Apr '23	100
		37 629		1 Apr '14	71.91	4 058 816	1 Apr '17, '18, '19	33.3*
		75 808		1 Apr '15	56.70	4 298 314	1 Apr '18, '19, '20	33.3*
		162 435		1 Apr '16	38.79	6 300 854	1 Apr '19, '20, '21	33.3*
		165 984		1 Apr '17	41.65	6 913 234	1 Apr '20, '21, '22	33.3*
		221 899		1 Apr '18	33.18	7 362 594	1 Apr '21, '22, '23	33.3*
		150 744		1 Apr '19	34.02	5 128 311	1 Apr '22, '23, '24	33.3*
		292 489		1 Apr '20	55.23	16 154 167	1 Apr '23, '24, '25	33.3*
	183 119			1 Apr '16	38.79	7 103 186	1 Apr '19	100
	183 119			1 Apr '17	38.79	7 103 186	1 Apr '20	100
	183 119			1 Apr '18	38.79	7 103 186	1 Apr '21	100
Hanré Rossouw			10 336	1 Apr '19	34.02	351 631	1 Apr '22	100
			17 524	1 Apr '20	55.23	967 851	1 Apr '23	100
		109 128		1 Apr '19	34.02	3 712 535	1 Apr '22, '23, '24	33.3*
		211 742		1 Apr '20	55.23	11 694 511	1 Apr '23, '24, '25	33.3*

* *33% over a period of three years*

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

34.1.3 Forfeitable and bonus shares awarded to directors, other executives and prescribed officers continued

	Forfeitable share plan retention	Forfeitable share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2020								
Other executives and prescribed officers								
Vicky Tlhabanelo			18 039	1 Apr '15	56.70	1 022 811	1 Apr '18	100
			23 121	1 Apr '17	41.65	962 994	1 Apr '20	100
			34 082	1 Apr '18	33.18	1 130 853	1 Apr '21	100
			30 645	1 Apr '19	34.02	1 042 543	1 Apr '22	100
			12 467	1 Apr '20	55.23	688 552	1 Apr '23	100
		13 103		1 Apr '14	71.91	1 413 391	1 Apr '17, '18, '19	33.3*
		24 072		1 Apr '15	56.70	1 364 882	1 Apr '18, '19, '20	33.3*
		50 551		1 Apr '16	38.79	1 960 873	1 Apr '19, '20, '21	33.3*
		51 656		1 Apr '17	41.65	2 151 445	1 Apr '20, '21, '22	33.3*
		69 057		1 Apr '18	33.18	2 291 289	1 Apr '21, '22, '23	33.3*
		53 689		1 Apr '19	34.02	1 826 500	1 Apr '22, '23, '24	33.3*
		109 134		1 Apr '20	55.23	6 027 471	1 Apr '23, '24, '25	33.3*
	46 303			1 Apr '16	38.79	1 796 093	1 Apr '19	100
	46 303			1 Apr '16	38.79	1 796 093	1 Apr '19	100
	46 303			1 Apr '18	38.79	1 796 093	1 Apr '21	100
Neil Carr			22 778	1 Apr '15	56.70	1 291 513	1 Apr '18	100
			31 102	1 Apr '17	41.65	1 295 400	1 Apr '20	100
			45 847	1 Apr '18	33.18	1 521 201	1 Apr '21	100
			40 657	1 Apr '19	34.02	1 383 151	1 Apr '22	100
			16 922	1 Apr '20	55.23	934 602	1 Apr '23	100
		13 747		1 Apr '14	71.91	1 482 856	1 Apr '17, '18, '19	33.3*
		38 978		1 Apr '15	56.70	2 210 053	1 Apr '18, '19, '20	33.3*
		85 000		1 Apr '16	38.79	3 297 150	1 Apr '19, '20, '21	33.3*
		86 858		1 Apr '17	41.65	3 617 600	1 Apr '20, '21, '22	33.3*
		116 117		1 Apr '18	33.18	3 852 744	1 Apr '21, '22, '23	33.3*
		87 783		1 Apr '19	34.02	2 986 378	1 Apr '22, '23, '24	33.3*
		175 193		1 Apr '20	55.23	9 675 909	1 Apr '23, '24, '25	33.3*
	103 809			1 Apr '16	38.79	4 026 751	1 Apr '19	100
	103 809			1 Apr '17	38.79	4 026 751	1 Apr '20	100
	103 809			1 Apr '18	38.79	4 026 751	1 Apr '21	100

* *33% over a period of three years*

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

34.1.3 Forfeitable and bonus shares awarded to directors, other executives and prescribed officers continued

	Forfeitable share plan retention	Forfeitable share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2020								
Other executives and prescribed officers								
Reginald Haman**			18 105	1 Apr '15	56.70	1 026 554	1 Apr '18	100
			24 038	1 Apr '17	41.65	1 001 177	1 Apr '20	100
			35 434	1 Apr '18	33.18	2 351 384	1 Apr '21	100
			31 422	1 Apr '19	34.02	1 068 976	1 Apr '22	100
		13 623		1 Apr '14	71.91	1 469 409	1 Apr '17,' 18, '19	33.3*
		25 027		1 Apr '15	56.70	1 419 031	1 Apr '18, '19, '20	33.3*
		52 555		1 Apr '16	38.79	2 038 608	1 Apr '19, '20, '21	33.3*
		53 704		1 Apr '17	41.65	2 236 750	1 Apr '20, '21, '22	33.3*
		71 795		1 Apr '18	33.18	2 382 139	1 Apr '21, '22, '23	33.3*
		55 818		1 Apr '19	34.02	1 898 928	1 Apr '22, '23, '24	33.3*
	64 185			1 Apr '16	38.79	2 489 736	1 Apr '19	100
	64 185			1 Apr '17	38.79	2 489 736	1 Apr '20	100
	64 185			1 Apr '18	38.79	2 489 736	1 Apr '21	100
Lindiwe Montshiwagae			12 962	1 Apr '15	56.70	734 945	1 Apr '18	100
			14 193	1 Apr '17	41.65	591 143	1 Apr '20	100
			26 957	1 Apr '18	33.18	894 938	1 Apr '21	100
			23 472	1 Apr '19	34.02	798 517	1 Apr '22	100
			9 463	1 Apr '20	55.23	522 641	1 Apr '23	100
		37 844		1 Apr '17	41.65	1 576 194	1 Apr '20, '21, '22	33.3*
		54 387		1 Apr '18	33.18	1 804 545	1 Apr '21, '22, '23	33.3*
		42 284		1 Apr '19	34.02	1 438 502	1 Apr '22, '23, '24	33.3*
		91 556		1 Apr '20	55.23	5 057 190	1 Apr '23, '24, '25	33.3*
	27 626			1 Apr '16	38.79	1 071 613	1 Apr '19	100
	27 626			1 Apr '17	38.79	1 071 613	1 Apr '20	100
	27 626			1 Apr '18	38.79	1 071 613	1 Apr '21	100
Lester Jooste (Company secretary)			12 890	1 Apr '15	56.70	730 863	1 Apr '18	100
			20 805	1 Apr '17	41.65	866 516	1 Apr '20	100
			34 041	1 Apr '18	33.18	1 129 492	1 Apr '21	100
			27 856	1 Apr '19	34.02	947 661	1 Apr '22	100
			20 569	1 Apr '20	55.23	1 136 026	1 Apr '23	100
		28 145		1 Apr '16	38.79	1 091 745	1 Apr '19	100
		28 145		1 Apr '17	38.79	1 091 745	1 Apr '20	100
		28 145		1 Apr '18	38.79	1 091 745	1 Apr '21	100

** 33% over a period of three years*
*** Resigned 30 April 2020*

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

34. REMUNERATION continued

34.1 Directors, other executives and prescribed officers' remuneration continued

34.1.4 IPO scheme shares awarded to directors, other executives and prescribed officers

	Executive directors	Other executives and prescribed officers	
	Steven Phiri	Vicky Tlhabanelo	Lester Jooste (Company secretary)
As at 31 December 2020			
IPO scheme shares matched by the Company	99 174	27 273	11 901
Award date	8 Nov '10	8 Nov '10	8 Nov '10
Deemed issue price (rand)	60.50	60.50	60.50
Rights offer shares (rand)	12 165	3 546	1 841
Issue price (rand)	55.00	55.00	55.00
Award values (rand)	6 669 102	1 845 047	821 266
Shares sold 2013 (number of shares)	(25 000)	(11 300)	(1 350)
Shares sold 2014 (number of shares)	–	–	–
Shares sold 2015 (number of shares)	–	–	–
Shares sold 2016 (number of shares)	–	–	–
Shares sold 2017 (number of shares)	(28 894)	–	–
Shares sold 2018 (number of shares)	–	(8 388)	(5 993)
Shares sold 2019 (number of shares)	–	–	–
Shares sold 2020 (number of shares)	–	–	–
Balance of shares	57 445	11 131	6 399
Value of balance of shares (rand)	3 408 515	1 161 397	739 591

34. REMUNERATION continued

34.2 Group Incentive Share Scheme

Total Group incentive share scheme shares issued to date

	Opening balance	Closing balance	Deemed strike price R	Issue dates	Vested/ exercised and forfeited	Vesting dates	Vesting %
IPO scheme shares	417 416	417 416	60.5	8 Nov '10	417 416	8 May '12	100
Share options issued to date	5 031 262	6 588 055	*	*	4 032 976**	*	33.3 over three years
Share appreciation rights issued to date	7 099 112	11 448 842	#	#	2 791 436*	#	33.3 over three years
Bonus scheme shares							
2009 allocation	–	55 589	57.48	3 Dec '09	55 589	3 Dec '12	100
2010 allocation – BSP	55 589	133 432	65.00	1 Dec '10	77 843	1 Dec '13	100
2011 allocation – BSP	133 432	463 953	66.92	18 Feb '11 and 1 Apr '11	330 521	18 Feb '14 and 1 Apr '14	100
2012 allocation – BSP	463 953	888 938	57.99	1 Apr '12	424 985	1 Apr '15	100
2013 allocation – BSP	888 958	1 423 314	58.50	1 Apr '13	534 376	1 Apr '16	100
2014 allocation – BSP	1 423 314	1 778 970	71.91	1 Apr '14	355 656	1 Apr '17	100
2014 allocation – FSP	1 778 970	2 014 165	71.91	1 Apr '14	235 195	1 Apr '17, '18, '19	33.3 over three years
2014 share issues	2 014 165	2 398 382	–	–	384 217		
2015 allocation – BSP	2 398 382	2 944 124	56.70	1 Apr '15	545 742	1 Apr '18	100
2015 allocation – FSP	2 944 124	3 231 467	56.70	1 Apr '15	287 343	1 Apr '18, '19, '20	33.3 over three years
2016 allocation – BSP	3 231 467	3 300 486	38.79	1 Apr '16	69 019	1 Apr '19	100
2016 allocation – FSP	3 300 486	3 942 843	38.79	1 Apr '16	499 163	1 Apr '19, '20, '21	33.3 over three years
2016 allocation – FSP – retention	3 942 843	5 341 558	38.79	1 Apr '16	1 398 715	1 Apr '19	100
2017 awards – BSP	5 341 558	5 952 177	41.65	1 Apr '17	564 899	1 Apr '20	100
2017 awards – FSP	5 952 177	6 795 718	41.65	1 Apr '17	459 359	1 Apr '20, '21, '22	33.3 over three years
2017 awards – FSP – retention	6 795 718	8 025 855	38.79	1 Apr '17	1 047 018	1 Apr '20	100
2018 awards – BSP	8 025 855	9 110 154	33.18	1 Apr '18	234 608	1 Apr '21	100
2018 awards – FSP	9 110 154	10 158 264	33.18	1 Apr '18	202 360	1 Apr '21 '22, '23	33.3 over three years
2018 awards – FSP – retention	10 158 264	11 201 526	38.79	1 Apr '18	173 917	1 Apr '21	100
2019 awards –BSP	11 201 526	12 224 272	38.19	1 Apr '19	191 950	1 Apr '22	100
2019 awards –FSP	12 224 272	13 121 720	34.02	1 Apr '19	107 887	1 Apr '22, '23, '24	33.3 over three years
2020 awards –BSP	13 121 720	13 715 257	26.37	1 Apr '20	2 497	1 Apr '23	100
2020 awards –FSP	13 715 257	15 215 367	24.71	1 Apr '20	–	1 Apr '22, '23, '24	33.3 over three years
Mahube Share Incentive Scheme shares	563 914	–	65.12	27 Jan '10	563 914	31 Mar '13, '14, '15	33.3 over three years

* *Share options were issued to eligible employees at the date of joining the Company at the applicable market-related share price and therefore range from R23.00 to R74.39 from January 2009 to December 2017. The options vest at a rate of one-third after the third, fourth and fifth anniversary dates*

\# *Share appreciation rights are issued to eligible employees at the date of joining the Company at the applicable market-related share price and therefore range from R19.92 to R61.08 from January 2016 to December 2020. The rights vest at a rate of one-third after the third, fourth and fifth anniversary dates*

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

35. DIVIDENDS

Subsequent to year end, a dividend of 575.0 cents per share (2019: Nil) was declared. Refer to Note 40.

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Group's activities expose it to a variety of strategic and financial risks, including market risk (which covers foreign exchange risk, equity price risk, fair value interest rate risk, cash flow interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the broader business environment, especially the unpredictability of the financial markets, and seeks to minimise potential adverse effects of such risks on the Group's financial performance.

Risk management is carried out in terms of the enterprise risk framework and related policies approved by the Audit and Risk Committee and the Board, which set the overall risk appetite and related financial risk tolerances. The Audit and Risk Committee and the Board provide principles for risk management, as well as policies and guidelines covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk and investment of excess liquidity.

Categories of financial instruments

		Carrying amount		Fair values	
	Notes	**2020 R (million)**	2019 R (million)	**2020 R (million)**	2019 R (million)
Financial assets at fair value					
Environmental trust deposits	6	**–**	10.3	**–**	10.3
Environmental guarantee investments	6	**84.5**	85.2	**84.5**	85.2
Housing insurance investment	9	**49.1**	43.9	**49.1**	43.9
Trade receivables	12	**5 423.3**	2 840.4	**5 423.3**	2 840.4
Derivative financial asset	14	**–**	70.5	**–**	70.5
Financial assets at amortised cost					
Environmental trust deposits	6	**169.3**	150.4	**169.3**	150.4
Employee housing loan receivable	7	**853.9**	681.8	**853.9**	681.8
Other receivables (excluding prepaid expenses and VAT)	12	**256.0**	115.4	**256.0**	115.4
Cash and cash equivalents	15	**2 243.2**	814.2	**2 243.2**	814.2
Total financial assets		**9 079.3**	4 812.1	**9 079.3**	4 812.1
Financial liabilities at amortised cost					
Convertible bond liability	19	**1 122.1**	1 049.5	**1 122.1**	1 049.5
PIC housing facility	20	**1 558.0**	1 483.1	**1 558.0**	1 483.1
RPM deferred consideration	23	**–**	1 833.4	**–**	1 833.4
Trade and other payables (excluding VAT)	26	**1 153.3**	895.2	**1 153.3**	895.2
Interest-bearing borrowings	21	**600.0**	1 305.5	**600.0**	1 305.5
Lease liability	4	**17.4**	29.2	**17.4**	29.2
Total financial liabilities		**4 450.8**	6 595.9	**4 450.8**	6 595.9

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.1 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 concentrate revenue is impacted by the ZAR:US$ exchange rate. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

RBR entered into a DOCA with RPM in terms of which concentrate of the PGMs produced by RBR operations will be treated by RPM.

In terms of the DOCA, the USD:ZAR exchange rate used in the calculation of the concentrate payment is based on the average prices 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.

The subsequent remeasurement and settlement of the receivable results in foreign exchange gain or loss recognised in other income or other expenses in the statement of comprehensive income.

In 2019, RBR also entered into a foreign currency option contract for a cap and collar with a range of R14.500 to R15.515. The amount covered by the agreement was US$140 million, relating to the gold streaming transaction for the future delivery of gold. As at 31 December 2019, the option to put US$140 million to the bank was in the money, whereas the call option was out of the money for the bank.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Notes	2020 R (million)	2019 R (million)	2020 R (million)	2019 R (million)
Financial assets					
Trade and other receivables still subject to price fluctuations	12	**3 846.1***	2 063.1	**±384.6**	±206.3
Trade and other receivables not subject to price fluctuations	12	**1 577.2****	777.3	**±157.7**	±77.7
Derivative financial asset	14	**–**	70.5	**–**	±7.1
Total		**5 423.3**	2 910.9	**±542.3**	±291.1

** US$258.6 million at an exchange rate of R14.8753*
*** US$92.4 million (excluding VAT) at an exchange rate of R14.8753*

Trade receivables still subject to price fluctuations refer to deliveries for which prices will be fixed in the third month following month of delivery (refer to Note 27).

Trade receivables not subject to price fluctuations refer to deliveries for which prices have been fixed and payment is due on the last day of the fourth month following the month of delivery.

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 changes in commodity prices. It is specifically applicable to the concentrate debtor with RPM.

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

The subsequent remeasurement of the receivable every month following the month of delivery until the price is fixed in the third month, is recognised in other revenue.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

36. FINANCIAL RISK MANAGEMENT continued
36.1 Financial risk factors continued
36.1.1 Market risk continued

Commodity price risk continued

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Notes	**2020 R (million)**	2019 R (million)	**2020 R (million)**	2019 R (million)
Financial assets					
Trade receivables still subject to price fluctuations	12	**3 846.1**	2 063.1	**±384.6**	±206.3
Trade receivables not subject to price fluctuations	12	**1 577.2**	777.3	**–**	–
Total		**5 423.3**	2 840.4	**±384.6**	±206.3

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 to Note 6.

Sensitivity analysis

Equity price risk sensitivity analysis presents the effect of a 5% change in the JSE shareholder weighted Top 40 Index performance for the year.

		Statement of financial position		Statement of comprehensive income	
	Notes	**2020 R (million)**	2019 R (million)	**2020 R (million)**	2019 R (million)
Financial assets					
Environmental trust deposits	6	**–**	10.3	**–**	-0.2 to +0.2

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 exposes 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 or down in the interest rate in the financial instruments in the statement of comprehensive income.

		Statement of financial position		Statement of comprehensive income	
	Notes	**2020 R (million)**	2019 R (million)	**2020 R (million)**	2019 R (million)
Financial assets					
Environmental trust deposits	6	**169.3**	150.4	**±1.7**	±1.5
Employee housing loan receivable	7	**853.9**	681.8	**±8.5**	±6.8
Cash and cash equivalents	15	**2 243.2**	814.2	**±22.3**	±8.1
Total financial assets		**3 266.4**	1 646.4	**±32.7**	±16.4
Financial liabilities					
PIC housing facility	20	**1 558.0**	1 483.1	**±15.6**	±13.6
RPM deferred consideration	23	**–**	1 833.4	**±0**	±18.3
Interest-bearing borrowings	21	**600.0**	1305.5	**±6**	±13.1
Lease liabilities	4	**17.4**	29.2	**±0.2**	±0.3
Total financial liabilities		**2 175.4**	4 651.2	**±21.8**	±45.3

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets. The potential concentration of credit risk could arise in cash and cash equivalents, trade receivables, the employee housing loan receivable and other financial assets and financial guarantees. Refer to Note 25 for financial guarantees.

The Group's trade receivable credit risk is limited to one customer, as all metals in concentrate are sold to RPM. RPM has never defaulted on meeting its obligations and the balance of the receivables is managed in line with the contractual terms. The fair value of the trade receivables at year-end was R5 423.3 million (2019: R2 840.4 million) (refer to Note 12). The credit risk relates to overall risk of the Anglo American Platinum group, the world's largest platinum producer. Since the trade receivables are measured at fair value through profit or loss, credit risk is reflected in the determination of fair value.

Management conducted a net assessment for each of the local banking service providers. These included the big five banks in South Africa being Absa, Standard Bank, FNB, Nedbank and Investec. Based on the outcome, we ranked the institutions, categorised them and limited the investments to be made in each instance based on risk.

In addition to bank investments, RBPlat may invest in collective investment schemes, for example, money market investments. The following limits apply:
- RBPlat's investment may not exceed 20% of the total fund size
- The fund must have a minimum Fitch rating of A
- Minimum Fitch rating of BBB- for individual assets held in the fund

The limits per bank are applied on a see-through basis, taking account of direct investments and indirect investments held via money market fund investments.

With regard to the employee housing loan receivable, the Group is exposed to the credit risk of employees, as houses are sold to employees on credit. The carrying value of the receivable at year-end is R853.9 million (2019: R681.8 million).

Financial assets measured at amortised cost are subject to the expected credit loss model and include the following:
- Environmental trust deposits (refer to Note 6)
- Employee housing loan receivables (refer to Note 7)
- Other receivables (excluding prepaid expenses and VAT) (refer to Note 12)
- Cash and cash equivalents (refer to Note 15)

For all financial assets other than employee housing loan receivable, the general expected credit loss model is used. This means that the probability of default occurring in the next 12 months is considered, together with the loss which may arise from such events of default, unless there has been a significant increase in credit risk. Financial assets at amortised cost are stated net of the loss allowance in the statement of financial position. Such financial assets are written off when there is no reasonable expectation of recovery.

Expected credit losses for all financial assets at amortised cost, other than employee housing loan receivable, were assessed to be immaterial. Expected loss rates on employee housing loan receivables are based on historical loss rates adjusted to reflect current and forward-looking information on macroeconomic and other factors, such as employment prospects and financial health of individual employees affecting the ability of employees to repay their loans. The expected losses reflect the security held by the Group, which includes the houses sold to the employees and insurance policies which pay out upon death, disability or retrenchment of the employee. For 2020 the expected credit losses on the employee housing loan receivables amounted to R2.9 million (2019: R1.0 million).

Expected credit losses on employee housing loan receivable

Key assumptions and definitions

The expected credit losses represent management's estimate of the credit losses expected on the employee housing loan receivable at the reporting date.

In calculating the expected credit loss, employee housing loan receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of employee housing receivable balances outstanding up to 31 December 2020 and the corresponding historical credit losses experienced on these balances. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the continued employment of the employees by RBR to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes on this factor.

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.2 Credit risk continued

Expected credit losses on employee housing loan receivable continued

In 2020, consideration was given to the impact of Covid-19 on the recoverability of employee housing loan receivable. This recoverability is impacted by the continuity of the employee's employment by RBR. As a result, the Group considered the ability of RBR to continue as a going concern and therefore RBR's ability to continue employing its current employees. After considering the forecasts and available cash resources and facilities, the Group concluded that RBR was able to continue as a going concern into the foreseeable future, and it was therefore concluded that Covid-19 did not increase the risk of recoverability of the employee housing receivable.

The Group uses the following stages which reflect their credit risk in determining the expected credit losses:
- Stage 1 includes employee housing loan receivables that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For such loans, expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance)
- Stage 2 includes employee housing loan receivables that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that are not credit impaired. For these assets, lifetime expected credit losses are recognised, but interest revenue is still calculated on the gross carrying amount of the asset
- Stage 3 includes employee housing loan receivables that are credit impaired at the reporting date. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance)

Stage assessment

Stages are assessed by migrating all loans with a significant increase in credit risk to stage 2. A significant increase in credit risk is set as when:
- the employee has missed at least one payment (i.e. 30 days past due)
- the employee is in short-term forbearance
- there is a restructure of the loan or an extension to the terms granted

The 30 days past due backstop has been used as an indication of a significant increase in credit risk as all other criteria kick in later than the backstop. If an employee housing loan receivable has a balance of more than the instalment amount in 30 days past due, the employee housing loan receivable is considered to have had a significant increase in credit risk.

All employee housing loan receivables that are credit impaired at the reporting date will migrate to stage 3. The quantitative criterion of credit impairment is when employees are more than 90 days past due on their contractual payments which is a rebuttable presumption in IFRS 9.

The employee housing loan receivable is written off when there is no reasonable expectation of recovery. The loan is deemed not to have reasonable prospects of recovery when the employee continues to fail to promptly comply with the provisions of the sale agreement after all legal processes have been exhausted and the loan agreement has been cancelled.

The movement in the expected credit loss during the year was as follows:

	Group	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**1.0**	–
Stage 1 ECL allowance	**–**	–
Stage 2 ECL allowance	**0.2**	–
Stage 3 ECL allowance	**0.8**	–
ECL charge recognised in profit or loss during the year	**2.9**	1.0
Stage 1 ECL allowance	**1.0**	–
Stage 2 ECL allowance	**(0.2)**	0.2
Stage 3 ECL allowance	**2.1**	0.8
Write-off	**–**	–
Balance as at 31 December	**3.9**	1.0
Stage 1 ECL allowance	**1.0**	–
Stage 2 ECL allowance	**–**	0.2
Stage 3 ECL allowance	**2.9**	0.8

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.2 Credit risk continued

Expected credit losses on employee housing loan receivable continued

Stage assessment continued

The gross carrying amount of employee housing loan receivable, and thus the maximum exposure to loss, is as follows:

	Group	
	2020 R (million)	2019 R (million)
Stage 1	**806.5**	653.0
Stage 2	**6.7**	5.6
Stage 3	**44.6**	24.2
Total gross employee housing loan receivable	**857.8**	682.8
Less: Estimated credit loss	**(3.9)**	(1.0)
Closing balance at 31 December	**853.9**	681.8

R6.5 million of the employee housing loan receivable was past due for the current period. No other 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. No significant changes to estimation techniques or assumptions were made during the year.

36.1.3 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 equivalents) (refer to Note 15) on the basis of expected cash flows.

Due to the Covid-19 pandemic and the impact of the force majeure (refer Note 27), the Group has enhanced its risk management process to closely monitor the financial health and liquidity of the business on a daily basis and have extensively stress-tested the business with various Covid-19 scenarios. Despite the current uncertainties, the balance sheet remains robust to deliver shareholder value through our growth strategy and ultimately capital returns.

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 amounts as the impact of discounting is insignificant.

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.3 Liquidity risk continued

	Notes	Less than one year R (million)	Between one and two years R (million)	Between two and five years R (million)	Over five years R (million)	Total R (million)
2020						
Trade and other payables	26	**1 153.3**	**–**	**–**	**–**	**1 153.3**
Financial guarantees	25.1	**–**	**0.8**	**–**	**–**	**0.8**
PIC housing facility	20	**120.8**	**132.4**	**397.3**	**1 854.2**	**2 504.7**
Convertible bond liability	19	**84.0**	**1 242.0**	**–**	**–**	**1 326.0**
Interest-bearing borrowings	21	**187.5**	**187.5**	**234.4**	**–**	**609.4**
Lease liabilities	4	**12.2**	**5.7**	**2.5**	**–**	**20.4**
2019						
RPM deferred consideration	23	857.0	678.2	607.4	–	2 142.6
Trade and other payables	26	895.2	–	–	–	895.2
Financial guarantees	25.1	–	–	0.8	118.6	119.4
PIC housing facility	20	123.8	123.8	371.5	1 857.7	2 476.8
Convertible bond liability	19	84.0	84.0	1 242.0	–	1 410.0
Interest-bearing borrowings	21	167.5	246.5	1 105.0	1 519.0	3 038.0
Lease liabilities	4	16.5	11.9	5.8	–	34.2

36.1.4 Capital risk management

The Group defines total capital as equity plus debt in the statement of financial position. 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 in order to reduce the cost of capital throughout the commodity cycles.

		Group	
	Notes	**2020 R (million)**	2019 R (million)
Net debt		**(1 054.3)**	(4 886.5)
Cash and cash equivalents	15	**2 243.2**	814.2
Interest-bearing borrowings	21	**(600.0)**	(1 305.5)
Convertible bond liability	19	**(1 122.1)**	(1 049.5)
PIC housing facility	20	**(1 558.0)**	(1 483.1)
RPM deferred consideration	23	**–**	(1 833.4)
Lease liabilities	4	**(17.4)**	(29.2)
Total equity		**19 816.7**	16 186.6
Net debt-to-equity ratio (%)		**(5.3)**	(30.2)

The net debt-to-equity ratio improved from 30.2% to 5.3% following the settlement of the RPM deferred consideration.

36.1.5 Fair value determination

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.5 Fair value determination continued

The following table presents the financial assets that are measured at fair value, as well as the financial assets and financial liabilities measured at amortised cost but for which fair value disclosure is provided at 31 December:

	Notes	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2020				
Financial assets at fair value				
Environmental guarantee investment[1]	6	–	84.5	–
Housing insurance investment[2]	9	–	–	49.1
RPM concentrate debtors[4]	12	–	–	5 423.3*
Financial assets at amortised cost				
Employee housing loan receivable[3]	7	–	–	853.9
Impala royalty receivable	12	–	–	122.8*
Other receivables (excluding prepaid expenses and VAT)	12	–	–	120.5*
Environmental trust deposits[1]	12	–	–	169.3
Financial liabilities at amortised cost				
Convertible bond liability[3]	19	–	–	1 122.1
PIC housing facility[3]	20	–	–	1 558.0
Interest-bearing borrowings[6]	21	–	–	600.0
Lease liabilities[3]	4	–	–	17.4
2019				
Financial assets at fair value				
Environmental trust deposits[1]	6	–	10.3	–
Environmental guarantee investment[1]	6	–	85.2	–
Housing insurance investment[2]	9	–	–	43.9
RPM concentrate debtors[4]	12	–	–	2 840.4*
Derivative financial asset[5]	14	–	70.5	–
Financial assets at amortised cost				
Employee housing loan receivable[3]	7	–	–	681.8
Impala royalty receivable	12	–	–	51.9*
Other receivables (excluding prepaid expenses and VAT)	12	–	–	63.5*
Environmental trust deposits[1]	6	–	–	150.4
Financial liabilities at amortised cost				
Convertible bond liability[3]	19	–	–	1 049.5
PIC housing facility[3]	20	–	–	1 483.1
Interest-bearing borrowings[6]	21	–	–	1 305.5
RPM deferred consideration[3]	23	–	–	1 833.4
Lease liabilities[3]	4	–	–	29.2

* *RPM concentrate debtors, Impala royalty receivable and other receivables were reclassified from level 2 to level 3. The level disclosure for these financial assets was incorrectly shown as level 2 in the prior year and this has been corrected to level 3 in the current year.*

[1] *This was valued using the level 2 fair values which are directly derived from the Shareholders Weighted Top 40 Index (SWIX 40) on the JSE*
[2] *The fair value was determined using market prices for listed investments and reliance on an external valuer for discounted cash flow models for unlisted investments*
[3] *The fair value was determined using a discounted cash flow model*
[4] *Fair value was determined using the commodity prices and foreign exchange rates*
[5] *The fair value was determined using a valuation model based on observable exchange rates*
[6] *Carrying amount approximate fair value*

Notes to the consolidated annual financial statements and related accounting policies continued
for the year ended 31 December 2020

36. FINANCIAL RISK MANAGEMENT continued

36.1 Financial risk factors continued

36.1.5 Fair value determination continued

Valuation techniques used to determine fair values

Specific valuation techniques used to value the above financial instruments measured at fair value are disclosed in the respective notes to the Group annual financial statements.

Fair value measurement using significant unobservable inputs (level 3)

For the table presenting the changes in housing insurance investment, refer to Note 9. Movement in RPM concentrate debtors, Impala royalty and other receivables are included in note 27, 28 and 30.

37. SEGMENTAL REPORTING

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

The Group is currently operating two mines, namely BRPM and Styldrift. These operations are located in the North West province of South Africa, 120 kilometres from Johannesburg, 30 kilometres from Rustenburg and 17 kilometres from Phokeng. BRPM and Styldrift (Styldrift I and II) are shown as separate segments. In addition, due to the different nature and significance of the Employee Home Ownership Scheme, it was decided to show housing as a separate segment. Currently Styldrift I and II are aggregated into a single reportable segment as it is one mining right. The Styldrift II pre-feasibility study has been completed. Once the feasibility study is completed it will move into development phase and may then be reported on as a separate segment. The holding company and other subsidiaries, including RBR corporate function are aggregated and shown as corporate office segment.

37. SEGMENTAL REPORTING continued

37.1 Segmental statement of comprehensive income

	For the year ended 31 December 2020							For the year ended 31 December 2019						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office segment R (million)	Consolidation adjustments R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations (A + B) R (million)	RBPlat housing segment R (million)	Corporate office segment R (million)	Consolidation adjustments R (million)	Total R (million)
Revenue	7 485.6	5 893.7	13 379.3	189.2	2 804.4	(2 993.5)	13 379.4	4 518.5	2 973.4	7 491.9	105.3	2 296.9	(2 402.2)	7 491.9
Cost of sales	(3 619.8)	(4 183.4)	(7 803.2)	(148.3)	(2 883.7)	2 886.5	(7 948.7)	(3 432.3)	(3 252.4)	(6 684.7)	(105.3)	(2 365.1)	2 344.5	(6 810.6)
Cash cost of sales excluding depreciation and amortisation	(3 357.0)	(3 541.0)	(6 898.0)	(148.3)	(2 728.1)	2 907.9	(6 866.5)	(3 090.7)	(2 681.0)	(5 771.7)	(105.3)	(2 214.4)	2 365.4	(5 726.0)
Depreciation	(348.5)	(739.8)	(1 088.3)	–	(6.1)	(21.4)	(1 115.8)	(349.9)	(574.2)	(924.1)	–	(5.7)	(20.9)	(950.7)
Amortisation	–	–	–	–	(149.5)	–	(149.5)	–	–	–	–	(145.0)	–	(145.0)
Movement in inventories	85.7	97.4	183.1	–	–	–	183.1	8.3	2.8	11.1	–	–	–	11.1
Gross profit/(loss) per segment and total	3 865.8	1 710.3	5 576.1	40.9	(79.3)	(107.0)	5 430.7	1 086.2	(279.0)	807.2	–	(68.2)	(57.7)	681.3
Other income	449.3	0.2	449.5	11.9	6.2	26.8	494.4	180.9	3.2	184.1	9.5	79.3	(5.0)	267.9
Other expenses	(131.8)	(99.1)	(230.9)	–	(70.5)	–	(301.4)	–	–	–	–	–	–	–
Total administrative expenditure	–	–	–	(35.3)	(240.3)	11.9	(263.7)	(6.6)	–	(6.6)	(53.5)	(279.8)	2.7	(337.2)
Administrative expenditure	–	–	–	(39.5)	(202.9)	11.9	(230.5)	–	–	–	(33.9)	(189.1)	2.7	(220.3)
Depreciation	–	–	–	(0.3)	(0.9)	–	(1.2)	–	–	–	(0.4)	(0.9)	–	(1.3)
Maseve care and maintenance	–	–	–	–	(1.7)	–	(1.7)	–	–	–	–	(69.2)	–	(69.2)
Amortisation of employee housing benefit and fair value adjustment to loan	–	–	–	4.5	–	–	4.5	–	–	–	(19.2)	–	–	(19.2)
Industry membership and market development	–	–	–	–	(34.8)	–	(34.8)	–	–	–	–	(16.6)	–	(16.6)
Restructuring costs	–	–	–	–	–	–	–	(6.6)	–	(6.6)	–	(4.0)	–	(10.6)
Scrapping and impairment of non-financial assets	–	–	–	(3.8)	(349.8)	349.5	(4.1)	–	–	–	–	–	(58.9)	(58.9)
Net finance (cost)/income	(75.6)	(82.8)	(158.4)	(11.7)	(189.3)	26.8	(332.6)	4.3	2.0	6.3	(13.3)	(434.5)	12.0	(429.5)
Finance income	16.6	6.0	22.6	86.8	45.3	–	154.7	17.9	8.0	25.9	84.3	13.9	–	124.1
Finance cost	(92.2)	(88.8)	(181.0)	(98.5)	(234.6)	26.8	(487.3)	(13.6)	(6.0)	(19.6)	(97.6)	(448.4)	12.0	(553.6)
Profit/(loss) before tax per segment and total	4 107.7	1 528.6	5 636.3	2.0	(923.0)	308.0	5 023.3	1 264.8	(273.8)	991.0	(57.3)	(703.2)	(106.9)	123.6
Taxation							(1 494.3)							(59.5)
Profit after tax attributable to owners of the Company							3 529.0							64.1

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

37. SEGMENTAL REPORTING continued

37.2 Segmental statement of financial position

	As at 31 December 2020							As at 31 December 2019						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consoli-dation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consoli-dation adjustment R (million)	Total R (million)
Non-current assets	4 709.8	11 431.3*	16 141.1	1 169.9	16 842.7	(11 219.4)	22 934.3	4 522.9	10 899.0*	15 421.9	964.1	21 107.0	(15 332.3)	22 160.7
Allocation of mineral rights	653.3	4 699.9	5 353.2	–	(5 353.2)	–	–	669.3	4 833.4	5 502.7	–	(5 502.7)	–	–
Non-current assets after allocation of mineral rights	5 363.1	16 131.2	21 494.3	1 169.9	11 489.5	(11 219.4)	22 934.3	5 192.2	15 732.4	20 924.6	964.1	15 604.3	(15 332.3)	22 160.7
Current assets	4 474.6	2 828.4	7 303.0	661.9	999.3	45.9	9 010.1	2 410.9	1 350.8	3 761.7	751.0	210.7	66.6	4 790.0
Employee housing current assets	–	–	–	496.3	–	70.6	566.9	–	–	–	619.1	–	101.0	720.1
Inventories	188.1	302.3	490.4	–	–	–	490.4	65.9	134.0	199.9	–	–	(3.8)	196.1
Trade and other receivables	2 597.5	2 526.1	5 123.6	2.5	608.2	(24.7)	5 709.6	1 750.2	1 216.8	2 967.0	2.4	46.1	(30.6)	2 984.9
Current tax receivable	–	–	–	–	–	–	–	–	–	–	–	4.2	–	4.2
Derivative financial asset	–	–	–	–	–	–	–	–	–	–	–	70.5	–	70.5
Cash and cash equivalents	1 689.0	–	1 689.0	163.1	391.1	–	2 243.2	594.8	–	594.8	129.5	89.9	–	814.2
Total assets per statement of financial position	9 837.7	18 959.6	28 797.3	1 831.8	12 488.8	(11 173.5)	31 944.4	7 603.1	17 083.2	24 686.3	1 715.1	15 815.0	(15 265.7)	26 950.7
Non-current liabilities	1 030.1	966.3	1 996.4	1 624.3	6 907.6	(86.1)	10 442.2	103.2	25.3	128.5	1 533.6	7 391.6	(29.2)	9 024.5
Deferred tax liability	–	–	–	–	5 342.1	(82.6)	5 259.5	–	–	–	–	3 950.1	(103.6)	3 846.5
Convertible bond liability	–	–	–	–	1 122.1	–	1 122.1	–	–	–	–	1 049.5	–	1 049.5
Interest-bearing borrowings	–	–	–	–	412.5	–	412.5	–	–	–	–	1 305.5	–	1 305.5
Deferred revenue	952.3	950.5	1 902.8	–	–	–	1 902.8	–	–	–	–	–	–	–
RPM deferred consideration	–	–	–	–	–	–	–	–	–	–	–	1 073.4	–	1 073.4
PIC housing facility	–	–	–	1 503.4	–	–	1 503.4	–	–	–	1 440.9	–	–	1 440.9
Lease liabilities	5.2	–	5.2	–	5.6	(3.5)	7.3	7.2	4.6	11.8	–	8.6	(4.2)	16.2
Long-term provisions and other	72.6	15.8	88.4	120.9	25.3	–	234.6	96.0	20.7	116.7	92.7	4.5	78.6#	292.5
Current liabilities	4 310.6	678.6	4 989.2	87.1	1 081.5	(4 472.3)	1 685.5	7 642.5	590.1	8 232.6	81.6	1 552.7	(8 127.3)	1 739.6
Trade and other payables	566.9	317.9	884.8	27.0	305.2	(16.3)	1 200.7	219.7	375.3	595.0	33.2	313.8	(18.9)	923.1
RBR payable	3 625.3	245.1	3 870.4	5.5	578.9	(4 454.8)	–	7 414.5	210.1	7 624.6	6.2	476.5	(8 107.3)	–
RPM deferred consideration	–	–	–	–	–	–	–	–	–	–	–	760.0	–	760.0
Current portion of PIC housing facility	–	–	–	54.6	–	–	54.6	–	–	–	42.2	–	–	42.2
Current tax payable	–	–	–	–	8.7	–	8.7	–	–	–	–	1.3	–	1.3
Current portion of interest-bearing borrowings	–	–	–	–	187.5	–	187.5	–	–	–	–	–	–	–
Current portion of deferred revenue	112.1	111.8	223.9	–	–	–	223.9	–	–	–	–	–	–	–
Lease liabilities	6.3	3.8	10.1	–	1.2	(1.2)	10.1	8.3	4.7	13.0	–	1.1	(1.1)	13.0
Total liabilities per statement of financial position	5 340.7	1 644.9	6 985.6	1 711.4	7 989.1	(4 558.4)	12 127.7	7 745.7	615.4	8 361.1	1 615.2	8 944.3	(8 156.5)	10 764.1

* *Includes Styldrift II exploration and evaluation costs*

\# *Included in consolidation adjustments is Rnil (2019: R78.6 million) restoration and rehabilitation provision for Maseve*

37. SEGMENTAL REPORTING continued

37.3 Segmental statement of cash flows

	For the year ended 31 December 2020						For the year ended 31 December 2019					
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Net cash inflow/(outflow) from operating activities	4 563.1	2 105.0	6 668.1	26.0	(868.2)	5 825.9	1 456.8	(167.0)	1 289.8	22.5	(284.7)	1 027.6
Proceeds from disposal of property, plant and equipment	–	–	–	–	0.6	0.6	–	–	–	–	0.9	0.9
Acquisition of property, plant and equipment	(756.0)	(1 059.2)	(1 815.2)	–	(58.4)	(1 873.6)	(359.9)	(1 299.3)	(1 659.2)	–	(36.1)	(1 695.3)
Acquisition of employee housing assets	–	–	–	–	–	–	–	–	–	(48.4)	–	(48.4)
Employee housing loan receivable repayments	–	–	–	7.6	–	7.6	–	–	–	2.8	–	2.8
Increase in environmental trust deposits and guarantees	(2.9)	–	(2.9)	–	–	(2.9)	(11.8)	–	(11.8)	–	–	(11.8)
Net cash inflow/(outflow) from investing activities	(758.9)	(1 059.2)	(1 818.1)	7.6	(57.8)	(1 868.3)	(371.7)	(1 299.3)	(1 671.0)	(45.6)	(35.2)	(1 751.8)
Cash investments by/(distributions to) RBR	(2 701.6)	(1 041.7)	(3 743.3)	–	3 743.3	–	(1 122.2)	1 469.8	347.6	–	(347.6)	–
Net drawdowns of PIC housing facility	–	–	–	–	–	–	–	–	–	85.0	–	85.0
Proceeds from interest-bearing borrowings	–	–	–	–	2 031.2	2 031.2	–	–	–	–	841.0	841.0
Repayment of interest-bearing borrowings	–	–	–	–	(2 744.9)	(2 744.9)	–	–	–	–	(1 264.3)	(1 264.3)
Principal elements of lease payments	(8.4)	(4.1)	(12.5)	–	(2.3)	(14.8)	(7.1)	(3.5)	(10.6)	–	(2.0)	(12.6)
Repayment of the RPM deferred consideration	–	–	–	–	(1 851.2)	(1 851.2)	–	–	–	–	–	–
Proceeds from the issue of shares	–	–	–	–	–	–	–	–	–	–	1 029.1	1 029.1
Proceeds from share options exercised	–	–	–	–	51.1	51.1	–	–	–	–	6.3	6.3
Costs relating to the issue of shares	–	–	–	–	–	–	–	–	–	–	(29.6)	(29.6)
Net cash inflow/(outflow) from financing activities	(2 710.0)	(1 045.8)	(3 755.8)	–	1227.2	(2 528.6)	(1 129.3)	1 466.3	337.0	85.0	232.9	654.9
Net increase/(decrease) in cash and cash equivalents	1 094.2	–	1 094.2	33.6	301.2	1 429.0	(44.2)	–	(44.2)	61.9	(87.0)	(69.3)
Cash and cash equivalents at the beginning of the period	594.8	–	594.8	129.5	89.9	814.2	639.0	–	639.0	67.6	176.9	883.5
Cash and cash equivalents at the end of the period	1 689.0	–	1 689.0	163.1	391.1	2 243.2	594.8	–	594.8	129.5	89.9	814.2

Notes to the consolidated annual financial statements and related accounting policies continued

for the year ended 31 December 2020

38. EARNINGS PER SHARE

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

	Group	
	2020	2019
Number of shares issued	**258 233 936**	210 499 623
Management incentive schemes	**(1 685 766)**	(2 500 037)
Number of shares issued outside the Group	**256 548 170**	207 999 586
Adjusted for weighted average number of shares issued during the year	**1 055 645**	36 335 770
Weighted average number of ordinary shares in issue for earnings per share	**257 603 815**	244 335 356
Dilutive potential ordinary shares relating to management incentive schemes	**4 133 967**	413 360
Dilutive potential ordinary shares relating to the convertible bond	**29 419 264**	29 419 264
Dilutive potential ordinary shares relating to RPM deferred consideration	**–**	36 948 017
Weighted average number of potential dilutive ordinary shares in issue	**291 157 046**	311 115 997
Profit attributable to owners of the Company R (million)	**3 529.0**	64.1
Adjustments:		
Add: Net interest on convertible bond R (million) (refer to Note 29.2)	**130.2**	143.4
Add: Interest on RPM deferred consideration R (million) (refer to Note 29.2)	**–**	211.8
Less: Tax on the above R (million)	**(36.5)**	(99.5)
Diluted profit R (million)	**3 622.7**	319.8
Basic earnings per share (cents/share)		
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	**1 369.9**	26.3
Diluted earnings per share (cents/share)		
Diluted earnings per share is calculated by adjusting the weighted average* number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares	**1 244.2**	26.3

	2020		2019	
	Gross	**Net**	Gross	Net
Headline earnings				
Profit attributable to owners of the Company R (million)		**3 529.0**		64.1
Adjustments:				
Profit on disposal of property, plant and equipment and other assets R (million)	**(40.1)**	**(40.1)**	0.1	0.1
Scrapping of non-financial assets R (million)	**–**	**–**	58.9	58.9
Headline earnings R (million)		**3 488.9**		123.1
Net interest on convertible bond R (million) (refer to Note 29.2)	**130.2**	**93.7**	143.4	103.2
Interest on RPM deferred consideration R (million)	**–**	**–**	211.8	152.5
Diluted profit R (million)*		**3 582.6**		378.8
Basic headline earnings per share (cents/share)		**1 354.4**		50.4
Diluted headline earnings per share (cents/share)		**1 230.5**		50.4

* *The effects of anti-dilutive potential ordinary shares are ignored in the calculation of diluted earnings per share and diluted headline earnings per share*

39. GOING CONCERN

The directors believe that the Company will continue as a going concern in the foreseeable future.

40. SUBSEQUENT EVENTS

A final cash dividend of 575.0 cents per share was declared by the Board on 9 March 2021 from profits accrued during the financial year ended 31 December 2020. The total cash dividend for the year amounted to 575.0 cents per share. The dividend is payable on 6 April 2021 to shareholders who will be on the register on 1 April 2021. This final dividend, amounting to approximately R1 486.5 million (to external shareholders), has not been recognised as a liability in 2020. It will be recognised in shareholders' equity in the year ending 31 December 2021.

Company statement of financial position
as at 31 December 2020

		Company	
	Notes	**2020 R (million)**	2019 R (million)
ASSETS			
Non-current assets		**6 986.3**	6 986.3
Investment in subsidiaries	2	**6 986.3**	6 986.3
Current assets		**5 317.4**	5 564.2
Intercompany loans	3.1	**5 172.7**	5 478.0
Other receivables		**0.5**	0.7
Cash and cash equivalents		**144.2**	85.5
Total assets		**12 303.7**	12 550.5
EQUITY AND LIABILITIES			
Total equity		**11 149.1**	11 450.9
Stated capital	5	**11 263.7**	11 148.4
Share-based payment reserve	6	**284.6**	298.8
Retained (loss)/earnings		**(399.2)**	3.7
Non-current liabilities		**1 143.7**	1 079.0
Deferred tax liability	7	**21.6**	29.5
Convertible bond liability	8.2	**1 122.1**	1 049.5
Current liabilities		**10.9**	20.6
Trade and other payables		**0.9**	0.5
Current tax payable	4	**4.7**	–
Intercompany loans	3.2	**5.3**	20.1
Total equity and liabilities		**12 303.7**	12 550.5

The notes on pages 81 to 88 form an integral part of these annual financial statements.

Company statement of comprehensive income
for the year ended 31 December 2020

		Company	
	Note	**2020 R (million)**	2019 R (million)
Finance income		**125.1**	88.6
Finance cost		**(156.6)**	(146.8)
Other income		**1.9**	7.3
Administrative expenses		**(27.0)**	(36.2)
Expected credit loss		**(349.5)**	(61.7)
Loss before tax		**(406.1)**	(148.8)
Income tax credit	9	**3.2**	24.1
Income tax expense		**(4.7)**	–
Deferred tax credit		**7.9**	24.1
Net loss for the year		**(402.9)**	(124.7)
Other comprehensive income		**–**	–
Total comprehensive loss		**(402.9)**	(124.7)

The notes on pages 81 to 88 form an integral part of these annual financial statements.

Company statement of changes in equity
for the year ended 31 December 2020

	Company				
	Number of shares issued	Stated capital R (million)	Share-based payment reserve R (million)	Retained earnings/ (loss) R (million)	Total R (million)
2020					
Balance at 1 January 2020	**256 548 170**	**11 148.4**	**298.8**	**3.7**	**11 450.9**
Share-based payment charge	**–**	**–**	**73.3**	**–**	**73.3**
Share options exercised	**541 581**	**66.3**	**(15.2)**	**–**	**51.1**
2017 BSP and RFSP shares vested in April 2020	**1 424 636**	**72.3**	**(72.3)**	**–**	**–**
Mahube share premium	**–**	**(23.3)**	**–**	**–**	**(23.3)**
Total comprehensive loss	**–**	**–**	**–**	**(402.9)**	**(402.9)**
Balance at 31 December 2020	**258 514 387**	**11 263.7**	**284.6**	**(399.2)**	**11 149.1**
2019					
Balance at 1 January 2019	207 999 586	10 086.4	314.9	128.4	10 529.7
Share-based payment charge	–	–	40.1	–	40.1
Share options exercised	321 107	6.3	–	–	6.3
2016 BSP shares vested in April 2019	1 449 783	56.2	(56.2)	–	–
Issue of shares	46 777 694	1 029.1	–	–	1 029.1
Costs relating to issue of shares capitalised	–	(29.6)	–	–	(29.6)
Total comprehensive loss	–	–	–	(124.7)	(124.7)
Balance at 31 December 2019	256 548 170	11 148.4	298.8	3.7	11 450.9

The notes on pages 81 to 88 form an integral part of these annual financial statements.

Company statement of cash flows
for the year ended 31 December 2020

		Company	
	Notes	**2020 R (million)**	2019 R (million)
Cash flows from operating activities			
Cash generated by operations	10	**25.5**	7.5
Finance income		**125.1**	88.6
Finance cost		**(84.0)**	(84.0)
Tax refund received	4	**–**	0.2
Net cash inflow from operating activities		**66.6**	12.3
Cash flows from investing activities			
Related party loans granted		**(4 016.2)**	(4 382.7)
Proceeds from related party loans		**3 957.2**	3 304.6
Net cash outflow from investing activities		**(59.0)**	(1 078.1)
Cash flows from financing activities			
Proceeds from share options exercised		**51.1**	6.3
Proceeds from issue of shares		**–**	1 029.1
Costs relating to the issue of shares		**–**	(29.6)
Net cash inflow from financing activities		**51.1**	1 005.8
Net increase/(decrease) in cash and cash equivalents		**58.7**	(60.0)
Cash and cash equivalents at the beginning of the period		**85.5**	145.5
Cash and cash equivalents at the end of the period		**144.2**	85.5

The notes on pages 81 to 88 form an integral part of these annual financial statements.

Notes to the Company annual financial statements and related accounting policies

for the year ended 31 December 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES

The general information and basis of preparation are disclosed on pages 18 and 19. Accounting policies specific to the items in the notes to the financial statements have been included in the individual notes.

Standards, amendments and interpretations to existing standards

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020.

Standard	Subject	Date
IFRS 1 and IAS 8	*Presentation of Financial Statements – Definition of Materiality* *Accounting Policies, Change in Accounting Estimates and Errors – Definition of Materiality* The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards. The amendments to IFRS 1 and IAS 8 did not have any impact on the amounts recognised in the prior periods and are not expected to affect current or future periods.	1 January 2020

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These new standards and amendments may possibly have an impact on the Company.

Standard	Subject	Date
IFRS 9	*Financial Instrument – Annual Improvements to IFRS 2018 – 2021* The amendment clarifies which fees an entity includes when it applies the '10 percent' test when assessing whether to derecognise a financial liability. The standard is not expected to have an impact on the Company's financial statements.	1 January 2022
IAS 1	*Presentation of Financial Statements – Classification of Liabilities as current and non-current* The amendments clarify how to classify debt and other liabilities as current or non-current. The impact of the amendment will be assessed and applied in the future.	1 January 2023
IAS 16	*Property, Plant and Equipment – Proceeds before intended use* The amendments prohibit the entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the costs of producing those items, in profit or loss. The impact of the amendment will be assessed and applied in the future.	1 January 2022
IAS 39	*Financial Instrument – Interest rate benchmark reforms* The amendment clarifies which fees an entity includes when it applies the '10 percent' test when assessing whether to derecognise a financial liability. The standard is not expected to have an impact on the Company's financial statements.	1 January 2022

Notes to the Company annual financial statements and related accounting policies continued
for the year ended 31 December 2020

2. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries is accounted for at cost less any provision for impairment in the Company's financial statements.

	Company	
	2020 R (million)	2019 R (million)
Investments in unlisted companies at cost:		
Direct investment in subsidiaries consists of:		
– 1 000 no par value ordinary shares in Royal Bafokeng Platinum Management Services Proprietary Limited (100% interest)	–	–
– 320 no par value ordinary shares in Royal Bafokeng Resources Proprietary Limited (100% interest)	6 819.2	6 819.2
– 27 264 no par value ordinary shares in Maseve Investments 11 Proprietary Limited (100% interest)	167.1	167.1
Closing balance at 31 December	6 986.3	6 986.3

Indirect investment in subsidiaries consists of:
- Bafokeng Rasimone Management Services Proprietary Limited (100% interest)
- Royal Bafokeng Resources Properties (RF) Proprietary Limited (RBR) (100% interest)

All subsidiaries are incorporated in South Africa.

The impairment assessment of the recoverable amount of the investment in subsidiaries indicated that no impairment of the carrying amount is required. Refer to Note 3 of the Group's consolidated annual financial statements for more information on the inputs used.

There was no impairment of the investment in subsidiaries in the current financial year (2019: Rnil).

3. INTERCOMPANY LOANS

Intercompany loans are carried at cost and are included in current assets as they are payable on demand.

The business model of the Company is to hold the intercompany loans to collect the contractual cash flows. The contractual cash flows represent solely payment of principal and interest and is therefore recognised at amortised cost. Finance income receivable from RBR is recognised using the appropriate effective interest rate.

In calculating the expected credit loss the following was taken into account:
- The net asset position of the subsidiaries
- The fact that the loans have no fixed terms of repayment and are payable on demand

Expected credit loss of R27.1 million (2019: R61.7 million) was recognised relating to a loan with Maseve Investments II Proprietary Limited and R322.4 million (2019: Rnil) was recognised relating to a loan with Royal Bafokeng Platinum Management Services Proprietary Limited.

3.1 Intercompany loans receivable

	Company	
	2020 R (million)	2019 R (million)
Non-interest-bearing*		
– Royal Bafokeng Platinum Management Services Proprietary Limited	–	346.5
– Royal Bafokeng Resources Proprietary Limited	3 943.1	3 984.8
Closing balance at 31 December	3 943.1	4 331.3
Interest bearing**		
– Royal Bafokeng Resources Proprietary Limited	1 229.6	1 146.7
Closing balance at 31 December	1 229.6	1 146.7
Total intercompany loans receivable	5 172.7	5 478.0

3. INTERCOMPANY LOANS continued

3.2 Intercompany loans payable

	Company	
	2020 R (million)	2019 R (million)
Non-interest-bearing*		
– Bafokeng Rasimone Management Services Proprietary Limited	**5.3**	20.1
Closing balance at 31 December	**5.3**	20.1

* *The above intercompany loans bear no interest and have no fixed terms of repayment*
** *The loan bears interest at 7% per annum and has no specific repayment terms*

4. CURRENT TAX RECEIVABLE/(PAYABLE)

	Company	
	2020 R (million)	2019 R (million)
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**–**	0.2
Income tax charge	**(4.7)**	–
Refund received	**–**	(0.2)
Closing balance at 31 December	**(4.7)**	–
Current tax receivable/(payable) comprises:		
Current tax receivable	**–**	–
Current tax payable	**(4.7)**	–
Closing balance at 31 December	**(4.7)**	–

5. STATED 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.

The carrying value of the Company's shares held by the Company's subsidiaries in respect of share schemes are shown as a reduction in shareholders' equity. When share options are exercised, the Company issues new shares or issues shares from treasury shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital when options are exercised.

	Company	
	2020 R (million)	2019 R (million)
Authorised share capital		
1 000 000 000 (2019: 1 000 000 000) ordinary shares with no par value	**1 000 000 000**	1 000 000 000
1 500 000 (2019: 1 500 000) 'A1' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2019: 1 500 000) 'A2' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2019: 1 500 000) 'A3' ordinary shares with no par value	**1 500 000**	1 500 000
Total authorised share capital	**1 004 500 000**	1 004 500 000
Stated capital		
Opening balance at 1 January	**11 148.4**	10 086.4
1 424 636 BSP and RFSP shares vested April 2020	**72.3**	–
1 449 783 BSP shares vested April 2019	**–**	56.2
Share options exercised	**66.3**	6.3
Mahube share premium	**(23.3)**	–
Ordinary shares issued	**–**	1 029.1
Costs relating to issue of shares capitalised	**–**	(29.6)
Total 258 514 387 (2019: 256 227 063) ordinary shares	**11 263.7**	11 148.4

At 31 December 2020, the treasury shares outstanding amounted to 277 629 (2019: 1 685 766) ordinary shares.

Notes to the Company annual financial statements and related accounting policies continued

for the year ended 31 December 2020

6. SHARE-BASED PAYMENT RESERVE

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 of the Group.

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 in the investment in subsidiary with a corresponding credit to equity. The Company recovers the relevant amounts from the respective subsidiaries and this is accounted for as a reduction of the investment in subsidiary over the vesting period.

	Company	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**298.8**	314.9
Share-based payment charge	**73.3**	40.1
BSP and RFSP shares vested	**(72.3)**	(56.2)
Share options exercised	**(15.2)**	–
Closing balance at 31 December	**284.6**	298.8

7. DEFERRED TAX LIABILITY

Deferred tax assets and liabilities are determined using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially 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.

	Company	
	2020 R (million)	2019 R (million)
Opening balance at 1 January	**29.5**	53.6
Credited to statement of comprehensive income	**(7.9)**	(24.1)
Closing balance at 31 December	**21.6**	29.5

8. CONVERTIBLE BOND LIABILITY

Convertible bonds

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

The bonds are listed on the JSE Main Board under the stock code RBPCB.

		Company	
		2020 R (million)	2019 R (million)
8.1	Convertible bond equity		
	Opening balance at 1 January	**202.4**	202.4
	Net equity recognised	**202.4**	202.4
8.2	Convertible bond liability		
	Opening balance at 1 January	**1 049.5**	986.7
	Plus: Fair value interest	**156.6**	146.8
	Less: Interest paid	**(84.0)**	(84.0)
	Closing balance at 31 December	**1 122.1**	1 049.5

9. INCOME TAX EXPENSE

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.

Critical estimates and assumptions

Significant judgement is required in determining the provision for income taxes. 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 and deferred tax provisions in the period in which such determinations are made.

	Company	
	2020 R (million)	2019 R (million)
Income tax expense	**(4.7)**	–
Current year	**(4.7)**	–
Deferred tax credit	**7.9**	24.1
Current year	**20.5**	24.1
Prior year	**(12.6)**	–
Total income tax expense	**3.2**	24.1
Tax rate reconciliation:		
Loss before tax	**(406.1)**	(148.8)
Tax calculated at a tax rate of 28%	**113.7**	41.7
Non-deductible expenses	**–**	(0.3)
Expected credit loss	**(97.9)**	(17.3)
Prior year adjustments	**(12.6)**	–
Total	**3.2**	24.1
Effective tax rate (%)	**(0.8)**	(16.2)

10. CASH UTILISED BY OPERATIONS

	Company	
	2020 R (million)	2019 R (million)
Loss before tax	**(406.1)**	(148.8)
Finance income	**(125.1)**	(88.6)
Finance cost	**156.6**	146.8
Expected credit loss	**349.5**	61.7
Changes in working capital	**50.6**	36.4
Increase/(decrease) in trade and other payables	**0.4**	(3.9)
Decrease in other receivables	**50.2**	40.3
Cash generated by operations	**25.5**	7.5

11. FINANCIAL RISK MANAGEMENT

The Company's activities exposes it to a variety of strategic and financial risks, including liquidity risk. The Company's overall risk management programme focuses on the broader business environment, especially the unpredictability of the financial markets and seeks to minimise potential adverse effects of such risks on the Company's financial performance.

Risk management is carried out in terms of the enterprise risk framework and related policies approved by the Audit and Risk Committee and the Board, which set the overall risk appetite and related financial risk tolerances.

Notes to the Company annual financial statements and related accounting policies continued

for the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT continued

Categories of financial instruments

	Notes	Carrying amount 2020 R (million)	Carrying amount 2019 R (million)	Fair values 2020 R (million)	Fair values 2019 R (million)
Financial assets at amortised costs					
Cash and cash equivalents		**144.2**	85.5	**144.2**	85.5
Intercompany loans receivable	3.1	**5 172.7**	5 478.0	**5 172.7**	5 478.0
Other receivables (excluding prepaid expenses)		**0.5**	0.7	**0.5**	0.7
Total financial assets		**5 317.4**	5 564.2	**5 317.4**	5 564.2
Financial liabilities at amortised costs					
Convertible bond liability	8.2	**1 122.1**	1 049.5	**1 122.1**	1 049.5
Intercompany loans payable	3.2	**5.3**	20.1	**5.3**	20.1
Trade and other payables		**0.9**	0.5	**0.9**	0.5
Total financial liabilities		**1 128.3**	1 070.1	**1 128.3**	1 070.1

11.1 Cash flow and fair value interest rate risk

The Company is exposed to cash flow interest rate risk in respect of its floating rate financial assets and liabilities. The Company monitors its exposure to fluctuating interest rates. Cash and cash equivalents are primarily invested with short-term maturity dates, which exposes the Company to cash flow interest rate risk.

Sensitivity analysis

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

	Statement of financial position 2020 R (million)	Statement of financial position 2019 R (million)	Statement of comprehensive income 2020 R (million)	Statement of comprehensive income 2019 R (million)
Financial assets				
Cash and cash equivalents	**144.2**	85.5	**±1.44**	±0.86

11.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets. The potential concentration of credit risk could arise in cash and cash equivalents, intercompany loan receivables, and other receivables (excluding prepaid expenses).

Management conducted a net assessment for each of the local banking service providers. These included the big five banks in South Africa being Absa, Standard Bank, FNB, Nedbank and Investec. Based on the outcome, we ranked the institutions, categorised them and limited the investments to be made in each instance based on risk.

In addition to bank investments, RBPlat may invest in collective investment schemes, for example, money market investments. The following limits apply:
- RBPlat's investment may not exceed 20% of the total fund size
- The fund must have a minimum Fitch rating of A
- Minimum Fitch rating of BBB- for individual assets held in the fund

The limits per bank are applied on a see-through basis, taking account of direct investments and indirect investments held via money market fund investments.

Financial assets measured at amortised cost are subject to the expected credit loss model and includes the following:
- Intercompany loan receivables
- Other receivables (excluding prepaid expenses and VAT)
- Cash and cash equivalents

11. FINANCIAL RISK MANAGEMENT continued

11.2 Credit risk continued

For all financial assets, the general expected credit loss model is used. This means that the probability of default occurring in the next 12 months is considered, together with the loss which may arise from such events of default, unless there has been a significant increase in credit risk. Financial assets at amortised cost are stated net of the loss allowance in the statement of financial position. Such financial assets are written off when there is no reasonable expectation of recovery.

Other than the intercompany loans receivable, the expected credit losses for all other amortised cost financial assets were assessed to be immaterial.

In calculating the expected credit loss on the intercompany loans receivable, the following was taken into account:
- The net asset position of the subsidiaries
- The fact that the loans have no fixed terms of repayment and are payable on demand
- The ability of the subsidiary to generate income

Expected credit loss of R27.1 million (2019: R61.7 million) was recognised relating to a loan with Maseve Investments II Proprietary Limited and R322.4 million (2019: Rnil) was recognised relating to a loan with Royal Bafokeng Platinum Management Services Proprietary Limited.

11.3 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. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

The table below analyses the Company's 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 amounts 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)	Total R (million)
2020						
Trade and other payables		**0.9**	**–**	**–**	**–**	**0.9**
Convertible bond liability	8.2	**84.0**	**1 242.0**	**–**	**–**	**1 326.0**
Intercompany loan payable	3.2	**5.3**	**–**	**–**	**–**	**5.3**
2019						
Trade and other payables		0.5	–	–	–	0.5
Convertible bond liability	8.2	84.0	84.0	1 242.0	–	1 410.0
Intercompany loan payable	3.2	20.1	–	–	–	20.1

11.4 Capital risk management

The Company defines total capital as equity plus debt in the statement of financial position. The Company'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 in order to reduce the cost of capital.

	Company	
	2020 R (million)	2019 R (million)
Net debt	**(977.9)**	(964)
Cash and cash equivalents	**144.2**	85.5
Convertible bond liability	**(1 122.1)**	(1 049.5)
Total equity	**11 149.1**	11 450.9
Net debt-to-equity ratio %	**(8.8)**	(8.4)

The net debt-to-equity ratio declined by 0.4% due to the increase in the convertible bond liability.

Notes to the Company annual financial statements and related accounting policies continued

for the year ended 31 December 2020

11. FINANCIAL RISK MANAGEMENT continued

11.5 Fair value determination

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

- Level 1 — quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 — 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 3 — inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the financial liabilities measured at amortised cost but for which fair value disclosure are provided at 31 December:

	Notes	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2020				
Financial assets at amortised cost				
Intercompany loans receivable[2]	3.1	**–**	**–**	**5 172.7**
Other receivables (excluding prepaid expenses)[2]		**–**	**–**	**0.5**
Financial liabilities at amortised cost				
Convertible bond liability[1]	8.2	**–**	**–**	**1 122.1**
2019				
Financial assets at amortised cost				
Intercompany loans receivable[2]	3.1	–	–	5 478.0
Other receivables (excluding prepaid expenses)[2]		–	–	0.7
Financial liabilities at amortised cost				
Convertible bond liability[1]	8.2	–	–	1 049.5

[1] *The fair value was determined using a discounted cash flow model*
[2] *Carrying amount approximate fair value*

12. GOING CONCERN

The directors believe that the Company will continue as a going concern in the foreseeable future.

13. SUBSEQUENT EVENTS

A final cash dividend of 575.0 cents per share was declared by the Board on 9 March 2021 from profits accrued during the financial year ended 31 December 2020. The total cash dividend for the year amounted to 575.0 cents per share. The dividend is payable on 6 April 2021 to shareholders who will be on the register on 1 April 2021. This final dividend, amounting to approximately R1 486.5 million (to external shareholders), has not been recognised as a liability in 2020. It will be recognised in shareholders' equity in the year ending 31 December 2021.

NON-IFRS MEASURES

for the year ended 31 December 2020

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 flows 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.

EBITDA

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

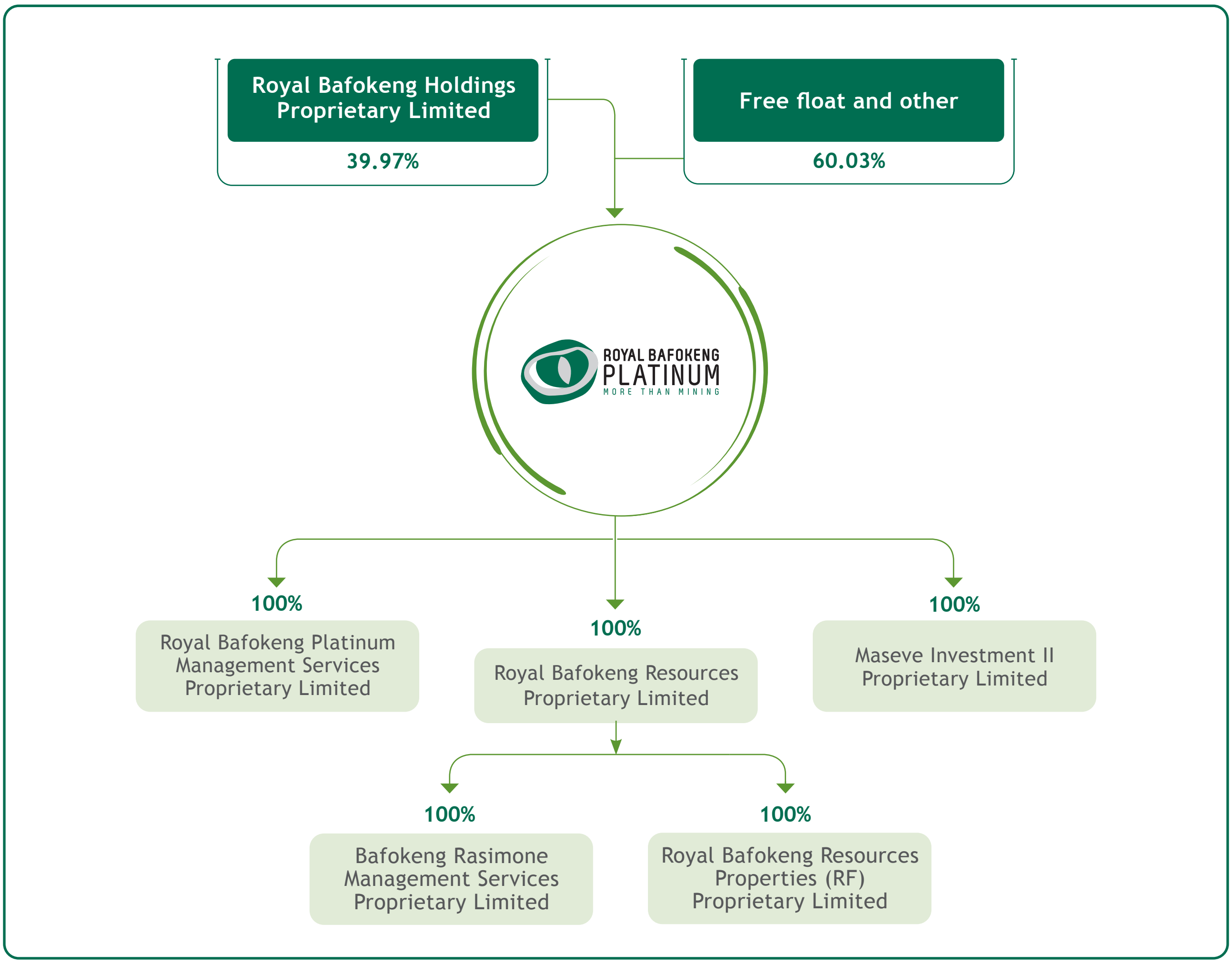
The reconciliation of EBITDA to the relevant IFRS profit before tax is shown below:

	Group	
	2020 R (million)	2019 R (million)
Profit before tax	**5 023.3**	123.6
Less: Finance income	**(154.7)**	(124.1)
Plus: Finance cost	**487.3**	553.6
Plus: Scrapping of assets and write-offs	**4.1**	58.9
Plus: Depreciation of assets	**1 141.5**	978.0
Plus: Amortisation (mineral rights, employee housing loan receivables and benefits)	**145.0**	166.4
EBITDA	**6 646.5**	1 756.4

Group structure

Royal Bafokeng Platinum Group structure

at 31 December 2020



Notes

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Corporate information

SHAREHOLDERS' DIARY

Financial year-end:
31 December of each year
Interim period-end:
30 June of each year

INTEGRATED REPORT

Mailed to shareholders 12 March 2021

ADMINISTRATION

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

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