ROYAL BAFOKENG PLATINUM
MORE THAN MINING

Condensed Consolidated Interim Results for the six months ended 30 June 2017

OUR VISION

> To seek and deliver the good from mining

OUR MISSION

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

OUR PURPOSE

> To create economic value for all our stakeholders

OUR VALUES

Safety and people first

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

Promises delivered

We do what we say we will do

Mutual interests and mutual rewards

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

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

OWNERSHIP

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

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

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

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

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

Value creation driven by a simple, effective and achievable strategy

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

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

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

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

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

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

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

- Royalty agreements with Impala Platinum
- Mergers and acquisitions

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

- Completing Styldrift I
- Continuing to investigate the feasibility of Styldrift II

Robust and flexible operations

Positioned for long-term growth	Operational flexibility	Organic growth through Styldrift I
> Low-risk growth: ±70% increase in production by 2020 subject to market conditions > RBPlat's assets are the only significant shallow high grade Merensky resources and reserves still available for mining on the Western Limb of the Bushveld Complex in South Africa > Inclusive mineral resources of 46.70Moz (4E): 23.25Moz measured, 15.29Moz indicated and 8.16Moz inferred > ±60 years life of mine > Competitive position on the industry cost curve	> Shallow long-life Merensky-biased with UG2 mining > IMS panel ratio of 1.5 > Modular approach to processing our PGMs > Toll treatment facilities for UG2 ore	> High margin mechanised operation > Sufficient concentrator capacity to process 150ktpm from Styldrift I > Will increase production to 350ktpm by 2020 subject to market conditions

A decisive, experienced management team

Prudent financial management	Flexible, rapid responders
> Successful cash preservation strategy supporting organic growth > Protected business stability through capex deferral in response to current market conditions > Focus on cost management > Strong balance sheet	> Ability to respond rapidly and reschedule and restructure operational activities. This allows us to maximise business value by aligning operational activities with prevailing market conditions

Corporate governance and risk management

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

Measuring our performance

MANUFACTURED CAPITAL

- 70% increase in tonnes delivered from Styldrift
- 14.3% increase in tonnes milled
- 8.9% improvement in tonnes milled per employee
- 9.4% increase in 4E metals in concentrate
- Flat year-on-year unit cost per tonne milled
- 0.2% increase in unit cost per platinum ounce

HUMAN CAPITAL

- No fatalities in line with our commitment to zero harm
- 88.2% increase in total injury frequency rate (TIFR)
- 48.6% increase in lost time injury frequency rate (LTIFR)

FINANCIAL CAPITAL

- 9.8% reduction in average rand revenue basket price
- EBITDA of R100.4 million (2016: R305.3 million)
- HLPS of 15.3 cents (2016: HEPS 77.8 cents)
- Successful placement of R1.2 billion convertible bonds and securing of R2 billion debt facilities
- Cash and near cash investments of R1 664.5 million (2016: R1 033.2 million)

SOCIAL AND RELATIONSHIP CAPITAL

- R15.9 million spent on our SLP commitment (2016: R13.8 million)
- 86.3% of our total discretionary procurement spend is in HDSA companies

Operating and financial statistics
for the six months ended

Description	Unit	30 June 2016	30 June 2017	% change
Safety				
Fatalities	number	1	**0**	100.0
LTIFR	/200 000 hours	0.35	**0.52**	(48.6)
SIFR	/200 000 hours	0.17	**0.26**	(52.9)
TIFR	/200 000 hours	1.19	**2.24**	(88.2)
Production				
Total tonnes delivered	kt	1 296	**1 473**	13.7
BRPM	kt	1 156	**1 235**	6.8
Styldrift	kt	140	**238**	70.0
Merensky	kt	1 018	**1 174**	15.3
UG2	kt	278	**298**	7.2
Total development	km	17.6	**19.1**	8.5
Working cost development	km	15.2	**15.8**	3.9
Capital development	km	2.4	**3.3**	37.5
IMS panel ratio (BRPM)	ratio	1.57	**1.54**	(1.9)
Total tonnes milled	kt	1 292	**1 477**	14.3
BRPM	kt	1 150	**1 237**	7.6
Styldrift	kt	142	**240**	69.0
Merensky	kt	1 015	**1 179**	16.2
UG2	kt	277	**298**	7.6
UG2% milled	%	21	**20**	4.8
Built-up head grade (4E)	g/t	4.01	**3.80**	(5.2)
BRPM	g/t	4.11	**4.04**	(1.7)
Styldrift	g/t	3.23	**2.53**	(21.7)
Merensky	g/t	4.08	**3.79**	(7.1)
UG2	g/t	3.75	**3.85**	2.7
Metals in concentrate*				
4E**	koz	142.0	**155.4**	9.4
Platinum**	koz	91.6	**99.9**	9.1
Palladium	koz	37.9	**35.9**	(5.3)
Rhodium	koz	8.3	**9.2**	10.8
Gold	koz	4.2	**4.5**	7.1
Iridium	koz	2.8	**3.1**	10.7
Ruthenium	koz	14.1	**15.5**	9.9
Nickel	t	868	**956**	10.1
Copper	t	559	**608**	8.7
Cobalt	t	22	**24**	9.1
Labour				
Total working cost labour	number	6 330	**6 247**	1.3
Stoping crew efficiency	m²/crew	336	**352**	4.8
Tonnes milled/TEC	t/emp	30.3	**33.0**	8.9
Operating cost* **				
Cash operating cost	R'm	1 329	**1 429**	(7.5)
Cash operating cost/tonne milled	R/t	1 156	**1 155**	0.1
Cash operating cost/4E oz	R/oz	10 236	**10 227**	0.1
Cash operating cost/Pt oz	R/oz	15 882	**15 913**	(0.2)
Capital expenditure				
Total capital expenditure	R'm	517	**847**	(63.8)
Expansion capital	R'm	418	**778**	(86.1)
Replacement capital	R'm	43	**10**	76.7
Stay-in-business capital (SIB)	R'm	56	**59**	(5.4)
SIB % of operating cost	%	4.2	**4.1**	2.4
Financial indicators				
Gross profit	R'm	188.0	**11.3**	(93.9)
Gross profit margin	%	11.4	**0.7**	(93.9)
EBITDA	R'm	305.3	**100.4**	(67.1)
EBITDA margin	%	18.5	**6.3**	(65.9)
Average basket price	R/Pt oz	19 680	**17 745**	(9.8)
Average R:US$ in revenue	R/US$	15.41	**13.07**	(15.2)
ESG information				
Employees	number	7 262	**7 849**	8.1
Total discretionary procurement spend in HDSA companies	%	81.8	**86.3**	5.5
GHG emission CO_2e (Scope 1 and 2)	tCO_2e	155 307	**166 275**	(7.1)
Water intensity	Ml/t milled	0.646	**0.840**	(30.0)
SLP expenditure	R'm	13.8	**15.9**	15.2

* *Metals in concentrate produced include Styldrift I on-reef development ounces*

** *Includes 15.6koz (4E) (2016: 12.1koz) and 10.1koz (Pt) (2016: 7.9koz) from Styldrift for the first six months of 2017*

*** *Costs are calculated excluding Styldrift I on-reef development tonnes, ounces and costs*

Please note that any differences in variance percentages in this table and in the commentary are due to rounding

Commentary

Overview

The operating environment for the first half of 2017 was characterised by a challenging revenue basket price on the back of a sustained low platinum group metals (PGMs) market and a robust South African rand. It is this environment that guided Bafokeng Rasimone Platinum Mine's (BRPM's) operational strategy and capital expenditure at Styldrift, with specific focus on optimising operating costs, ensuring BRPM delivers higher margin bearing ounces and that Styldrift is ramped-up within the constraints of a low price environment.

While recording a fatality-free reporting period, we are disappointed with our performance in our total lost time and serious injury frequency rates. As such, engagement with our employees and securing the commitment of all stakeholders on improving our safety culture and maturity continued to be a core part of our daily activities.

Maintaining operational flexibility, improved overall operational stability and strong management focus resulted in BRPM achieving its highest delivered tonnes for the first half of a year since inception in 1998, resulting in essentially flat year-on-year unit costs. Production levels at Styldrift continued to increase in line with our stated approach of ramping up to 150ktpm during the initial expansion phase. Development metres and delivered tonnages increased by 57% and 70% year-on-year respectively. The increasing tonnages delivered by Styldrift and BRPM provided a consistent and more stable ore feed to our recently upgraded concentrator plant which was expanded to 250ktpm.

During the period under review, the Group embarked on a process to restructure and right-size the overhead and operational structure of the business to be appropriate for the current and future market environment.

The restructuring strategy entailed a two-pronged approach which consisted predominantly of reducing the fixed cost base through a reduction in labour and the enhancement of the quality of the revenue stream. The reduced labour is envisaged to result in an annual benefit of approximately R118 million being realised at BRPM. The revenue enhancement will be achieved through the closure of the non-profitable South shaft UG2 production sections and redeploying 60% of the UG2 mining crews to superior-margin Merensky at South and North shafts and UG2 production at North shaft. This will enable us to maintain current levels of PGM production but with the enhanced effect of the base metals revenue that accompanies Merensky production and optimised processing arrangements equating to approximately R37 million per annum. The downsizing of labour and the closure of South shaft UG2 was effected on 31 July 2017.

Human capital

Safety, health and wellness

The safety and health of our employees is key in creating a stable and productive working environment and as such we continue to focus on achieving a resilient operating culture that will lead us to our aspiration of *zero harm*. In support of this objective, our focus for the reporting period was the ongoing implementation of our revised safety strategy and initiatives which we commenced implementing in late 2015. The main interventions in this regard relate to "back to basics", emotional fitness and risk awareness training to improve the behaviour, risk understanding and decision making of employees and supervisors.

Regrettably, despite being fatality-free for the reporting period and noting improvements in the risk attitude and safety-related decision making of our employees, overall our total lost time and serious injury frequency rates increased by 88.2%, 48.6% and 52.9% respectively, compared to the first half of 2016.

Currently TB tracing is a major focus area along with HIV/Aids management. In total, 6 321 people were screened for TB during the period under review. There are 36 employees (including contractors) currently on the RBPlat TB programme.

In total, 29 employees completed their TB treatment and were cured of TB during the first six months of the year. We have three employees currently on the multi drug resistant TB treatment programme. We introduced a community TB screening programme in December 2015. Since then, 2 839 community members have been screened for TB. Any community member suspected of having contracted TB immediately gets accompanied by a Department of Health representative to the nearest clinic for TB testing and then treated, if required.

Labour stability

Labour stability continued to play a vital role in RBPlat's performance during the first half of the year. The company and NUM reviewed the current landmark wage agreement which is entering its fourth year of implementation, and the parties expressed satisfaction with progress made thus far and as a result, the agreement will run its natural course of five years.

Social and relationship capital

As previously communicated to various stakeholders, the depressed commodity market resulted in RBPlat reviewing its delivery on some of the community infrastructure and development projects. The company, however, continued with its educational and community skills development programmes. We also partnered with the Mining Qualifications Authority (MQA) to provide portable skills training to 300 community members at a cost of R20 million fully funded by MQA.

The company, through Royal Bafokeng Resources Properties, commenced with phase II construction of the employee housing project. In addition to the 422 houses already built as part of phase I, a further 736 houses will be complete and occupied by the fourth quarter of 2017 which will bring the total employee houses to 1 158 by end of 2017. The employee housing project is part of the shared 2030 vision with NUM of ensuring that every RBPlat employee is provided a decent and affordable house.

Financial capital

RBPlat successfully raised R1.2 billion through the placement of convertible bonds and secured R2 billion debt facilities during the six months ended 30 June 2017 which completes RBPlat's robust funding solution to secure the ramp-up of the Styldrift I project to 150ktpm.

RBPlat incurred a headline loss of 15.3 cents per share for the six months ended 30 June 2017 compared to a headline profit of 77.8 cents per share for the six months ended 30 June 2016. The main reasons for the regression to a loss per share are:

> A 9.8% lower realised average rand basket price for the six months ended 30 June 2017 (attributable 41.7 cents per share decrease)
> A once-off restructuring charge of R57.1 million (attributable 14.3 cents per share decrease).

Net revenue decreased by 3.2% from R1 646.9 million in the first half of 2016 to R1 593.9 million for the first half of 2017. This is due to a 9.8% decrease in the average rand basket price to R17 745 per platinum ounce in the first half of 2017 compared to R19 680 in 2016 and a 7.3% increase in BRPM platinum ounces produced.

BRPM's average cash operating cost per platinum ounce increased by 0.2% from R15 882 to R15 913 due to a 7.3% increase in platinum ounce production and a 7.5% increase in cash operating costs.

Our gross profit margin reduced from 11.4% for the six months ended 30 June 2016 to 0.7% for the six months ended 30 June 2017. This was due to the 3.2% decrease in net revenue and a 8.5% increase in total cost of sales.

Depreciation and amortisation charges included in cost of sales were R15.9 million higher than those of the comparative period in 2016 due to increased production at BRPM.

Earnings before interest, tax and depreciation and amortisation (EBITDA) as a percentage of revenue decreased from 18.5% to 6.3% in the first half of 2017 mainly as a result of the decreased revenue and restructuring costs.

Our other income increased by R44.9 million from R37.1 million in the first half of 2016 to R82.0 million for the period under review. The increase is due to the following:

> An increase in the Impala royalties from R29.9 million in 2016 to R39.1 million for the six months ended 30 June 2017
> An increase in profit on the fair value of forward exchange contracts (R:US$ and Euro FECs) from a loss of R8.7 million in 2016 to a profit of R9.2 million in 2017
> A R19.5 million profit on the fair value gain in the derivative liability from the date of issue of the convertible bond on 15 March 2017 to the date that shareholder approval was obtained on 8 May 2017.

Commentary continued

Finance income increased by R21.1 million to R66.5 million due to the increase in cash on hand as a result of the R1.2 billion convertible bond proceeds received on 15 March 2017. Finance costs increased from R3.6 million to R30.2 million mainly due to the interest expense on the convertible bond. As the convertible bond was issued to fund the Styldrift I project, a qualifying asset, the borrowing costs are eligible for capitalisation under IFRS. In determining the amount of borrowing costs eligible for capitalisation during the period, all investment income earned on such funds were deducted from the borrowing costs incurred and therefore only the net interest expense was capitalised.

Administration expenses increased from R72.2 million to R161 million. The main reason for the increase in the corporate office administration expenses is due to the fact that no salary increases and bonuses were paid to executives and senior management in 2016 while salary increases and bonuses relating to 2016 performance were paid in 2017. In addition, R57.1 million restructuring costs were included in the six months ended 30 June 2017.

The income tax charge increased to R11.3 million from R9.1 million due to income tax on increased interest income and increased non-mining income received from Impala royalties. Deferred tax decreased by R17.2 million. The deferred tax credit of R15.9 million for 2017 consists of a deferred tax credit of R22 million due to mining losses and a deferred tax expense of R6.1 million relating to the convertible bond accounting. The deferred tax credit in 2016 of R33.1 million consisted of a R70 million once off deferred tax credit relating to the tax effect of the housing capitalisation and a R36.9 million deferred tax expense due to increased mining income.

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 an initial conversion price of R42.9438. Interest on the bonds is payable semi-annually in arrears on 16 March and 16 September of each year for five years ending 16 September 2022.

The company concluded R2 billion debt facilities in March 2017. The debt facilities consist of a 7 year term debt facility of R750 million, a 5 year revolving credit facility of R750 million and 1 year general banking facilities of R508 million. These facilities will secure RBPlat's 67% funding requirement for the Styldrift project. The term debt and revolving credit facility remained undrawn at 30 June 2017. R202 million of the general banking facilities were utilised for guarantees at 30 June 2017.

At 30 June 2017 the RBPlat Group had cash and near cash investments of R1 664.5 million of which R67.7 million is ring-fenced to the RBPlat housing project and R420 million is earmarked for the settlement of the convertible bond coupon.

Manufactured capital

Production

Total development increased by 1.4km to 19.1km compared to the first six months of 2016. Styldrift capital development increased by 1.2km in line with the 150ktpm ramp-up requirements, while BRPM capital development reduced by 0.4km due to the completion of Phase III decline development in 2016. BRPM working cost development remains aligned to stoping depletion rates with the BRPM IMS panel ratio remaining above our target of 1.5 despite stoping square metres at BRPM increasing by 2.6% for the comparative period.

Tonnes delivered to concentrators increased by 13.7% or 177kt to 1 473kt for the reporting period, with BRPM contributing 1 235kt and Styldrift 238kt. Merensky delivered tonnes increased by 157kt or 15.3% to 1 174kt, with the BRPM contribution increasing by 59kt and Styldrift by 98kt. UG2 delivered tonnes increased by 7.2% to 298kt.

The 4E built-up head grade for the reporting period decreased by 5.2% from 4.01g/t (4E) to 3.80g/t (4E). The reduction in head grade is mainly attributable to additional on-reef dilution at Styldrift associated with the re-establishment of working faces through a known fault system to the south and west of the shaft infrastructure on 600 level. Re-establishing working faces through the fault system proved more challenging than anticipated resulting in a more complex reef and waste ore handling environment, negatively impacting the grade for the majority of the second quarter. The built-up head grade of 2.53g/t (4E) at Styldrift is expected to stabilise at around 3.30g/t (4E) during the second half of 2017.

The increase in the BRPM plant capacity to 250ktpm, combined with the strong mining performance, resulted in total tonnes milled improving by 14.3% to 1 477kt compared to the first half of 2016. BRPM attributable milled volumes increased by 7.6% to 1 237kt while Styldrift milled volumes increased by 69% to 240kt. Merensky and UG2 tonnes milled increased by 16.2% and 7.6% to 1 179kt and 298kt respectively. BRPM concentrator recoveries improved by 0.7% to 86.38% while toll concentrator recoveries remained in line with contractual limits.

The 14.3% increase in tonnes milled, combined with the 5.2% decrease in built-up head grade and improved concentrator recoveries yielded a 9.4% and 9.1% increase in 4E and platinum ounce production, with 155.4koz and 99.9koz metals being produced respectively.

Working cost labour reduced by 1.3% or 83 employees to 6 247 employees compared to the 2016 reporting period. Despite this reduction, total employees increased to 7 819 due to an increase of 590 capital employees as project construction activities are ramped-up to meet the 150ktpm steady state project schedule at Styldrift. This is not taking into account the downsizing of labour as part of the restructuring which was effected on 31 July 2017.

Productivity improvements in our two key efficiency metrics of square metres per stoping crew and tonnes milled per total employee costed (t/TEC) were also realised during the reporting period. Square metres per stoping crew at BRPM increased by 4.8% to 352m^2/crew, while t/TEC improved by 8.9% to 33.0t/TEC.

Operating costs

Our total cash operating costs increased by 7.5% from R1 329 million to R1 429 million when compared to the first six months of 2016, in line with the increased BRPM volumes and inflation related increases. After excluding the incidental tonnage and ounce contributions from Styldrift, unit cash costs amounted to R1 155 per tonne milled, R10 227 per 4E ounce and R15 913 per platinum ounce. This equates to a flat year-on-year unit cost per tonne milled and per 4E ounce and a marginal increase of 0.2% per platinum ounce.

Capital expenditure

Total capital expenditure for the period under review increased by 63.8% to R847 million compared to the corresponding period in 2016. Replacement capital reduced by R33 million to R10 million in line with the reduced Phase III construction activities as the project nears completion.

Expansion capital expenditure increased by 86.1% or R360 million to R778 million. The increase in expenditure is as a direct consequence of accelerating construction activities related to the 150ktpm ramp-up phase at our Styldrift I project.

Stay-in-business capital expenditure increased by 5.4% to R59 million compared to the same period in 2016 and amounted to 4.1% of operating expenditure.

Projects

BRPM Phase III replacement project

The total mining scope of the project has been completed with only construction activities related to services, conveyor belts and associated bulkheads on 14 and 15 levels remaining. A technical planning review of the Phase III extraction schedule has indicated that these levels will only be required to come online during the second quarter of 2019 and as such represents an opportunity to defer capital expenditure to 2018 without any negative impact on our extraction strategy.

Capital expenditure for the reporting period amounted to R10 million resulting in the total project expenditure to date of R1 046 million.

Styldrift I expansion project

Project construction and development activities for the first six months continued to focus on establishing the infrastructure, stoping face length and operational resourcing required to support the 150ktpm expansion phase announced during the fourth quarter of 2016.

During the reporting period, a total of 3 328 metres of capital development was completed on 600 and 642 levels, with 238kt of ore being delivered to the concentrator at a built-up head grade of 2.53g/t (4E).

Despite the increase in development and construction performance, progress and associated expenditure was lower than budgeted for during the reporting period. The lower expenditure, however, does not impact the Q4 2018 150ktpm key milestone as performance remains within project execution tolerances.

Key construction activities presently being undertaken are:
- Overland belt construction
- Services shaft equipping
- Ventilation shaft No.3 construction
- Silo No.3 and 4 construction
- 600 level permanent trackless workshop and ancillary service bays construction
- Commenced with Settler No.1 slipe and line activities
- Conveyor belt construction on 600 and 642 level.

In line with project execution resource requirements, there are currently 23 mining and construction crews operational on site, with specialised construction works outsourced:
- 8 trackless crews on 600 level – dedicated to the on-reef infrastructure and decline development
- 2 trackless crews on 642 level – dedicated to off-reef development for ore handling infrastructure and declines
- 1 trackless crew on 708 level – dedicated to complete off-reef development work related to pumping and ore handling infrastructure
- 12 infrastructure construction crews – dedicated to the workshop, conveyor belt, silo, settler and bulkhead construction and Services shaft equipping.

Given the current challenging market environment, RBPlat has been fully cognisant of the need to prudently manage cash flow and its associated timing relative to project progress and the 150ktpm ramp-up requirements in order to maintain a healthy balance sheet. As such, our approach has been one of aligning capital spend with the prevailing market conditions by deferring non-critical path project work where possible which will not impact our ability to achieve 150ktpm by end of 2018.

Capital expenditure on the project amounted to R776 million bringing total capital expenditure for the project to date to R7.23 billion. Non-critical capital expenditure deferred includes construction of items such as additional access roads, surface parking, stores, training centre, change house upgrades and non-critical store items.

Natural capital

Climate change and energy management

As a PGM producer we recognise that we are an energy intensive business and our activities have an impact on climate change through the production and release of greenhouse gas (GHG) emissions which contribute to global climate change. However, the overall impact of PGMs produced remains positive from a lifecycle point of view considering its lowering of emissions from vehicles. We are committed to minimising our GHG emissions and energy consumption in order to promote long term environmental and economic sustainability of our operations.

As part of risk management and sustainability strategies, we have conducted a climate change risk assessment and are in the process of implementing our energy saving initiatives identified in our board approved energy management strategy. In addition we have voluntarily disclosed our performance with respect to climate change and water management to the Carbon Disclosure Project (CDP).

Our concentrator plant performed well within the 2017 energy target of 51kWh/tonne treated and achieved an efficiency of 47.07kWh/tonne treated while our mining operations at BRPM achieved an efficiency of 62.17kWh/tonne hoisted, which is higher than the set target of 59kWh/tonne hoisted. Total GHG emissions (scope 1 and 2) increased by 7.1% to 166 275 CO_2e (2016: 155 307 CO_2e) following the rise in diesel and electricity consumption at Styldrift due to increased activities on the project.

The energy saving initiatives that we are currently implementing will enable us to meet our energy efficiency targets. In line with our board approved climate change strategy, we are in the process of setting energy efficiency targets for our Styldrift operation to match progress made at BRPM during the last few years.

Water management

RBPlat operates in a water scarce environment and as such is cognisant of the need to be as efficient with water use as possible. We commissioned our water treatment plant at the end of 2015 to enable us to reduce our use of Magalies water. The plant treated approximately 2.81Ml of water per day and produced 511.55Ml of water in the first six months of 2017.

In line with our sustainability framework and our climate change strategy, we formalised our water management strategy to enable us to proactively manage our water risks and related opportunities.

Our concentrator plant achieved an efficiency of 0.438kl/tonne treated, slightly above the 2017 water efficiency target of 0.420kl/tonne treated. Our mining operations at BRPM and Styldrift achieved efficiencies of 0.267 and 0.481kl/tonne hoisted, which were both higher than the 2017 targets of 0.202kl/tonne hoisted and 0.317kl/tonne hoisted.

The water saving initiatives that we are currently implementing will enable us to meet our water efficiency targets.

Market review

The platinum price started the year close to $900/oz, rose to above $1 000/oz in February, but subsequently weakened to end the first half not far above where it started the year. The rand remained relatively strong against the US$ in the first half of 2017 at around R13.20. This led to platinum prices in rand terms dipping below R12 000/oz on a number of occasions during the first half of 2017, to lows not seen since November 2015.

Platinum production is forecast to be 2.5% lower this year as both primary and secondary supply ease. Primary supply is estimated to be down 2% year-on-year on lower output from Southern Africa. Secondary supply is expected to contract as lower recycling of jewellery in China is likely to more than offset a modest recovery in autocatalyst recycling.

However, lacklustre platinum prices are reflecting limited buying by end-users as overall demand, excluding investment, is forecast to soften year-on-year.

Western Europe remains the largest diesel market, but diesel market share continues to decrease, particularly in the small car segment. Diesel share in larger cars remains relatively stable, while in heavy-duty vehicles, diesel is currently the only viable option.

Purchasing of platinum by Chinese jewellery fabricators in platinum's largest market has not improved from a weak 2016. Platinum trading on the Shanghai Gold Exchange in the first half of 2017 was a third lower than in the first half of 2016, although this reflects industrial as well as jewellery demand.

Investment demand has been steady so far this year with platinum ETFs adding approximately 83koz in the first six months, resulting in global ETF holdings increasing to about 2.6Moz. Platinum bar purchases were low in the first quarter owing to the high platinum price. However, weaker prices during the second quarter lifted buying.

Overall, the industrial market balance is projected to be in a modest surplus in 2017. If the platinum price remains weak in the second half of the year this would raise the risk of closures of unprofitable mining areas which could move the market closer to balance.

Palladium started the year trading at $676/oz and although volatile, the price continued to trend higher through the first six months of the year. Temporary tightness in palladium ingot availability resulted in the price briefly pushing through $900/oz in June before it eased back to end the month at $842/oz, up 25% for the year to date.

Commentary continued

Palladium demand is expected to be little changed in 2017 as a slight increase in autocatalyst demand is offset by small declines in jewellery and industrial usage.

Auto sales growth in China is expected to slow to 5% for the year and was 3.8% in the first half of the year (according to the China Association of Automobile Manufacturers). In the US, currently palladium's largest market, auto sales may have peaked in 2016, with sales for the first half of 2017 down by more than 2% year-on-year.

Palladium ETFs have seen significant outflows over the last two years and this has not changed so far in 2017, with holdings falling by 230koz in the first half resulting in global ETF holdings at approximately 1.4Moz.

The rhodium price has continued its recovery in 2017, rising 35% to $1 040/oz during the first half of the year. However, while the price may have improved, the market still remains well supplied. Removal of unprofitable ounces from the market could move the market close to balance or into slight deficit.

Outlook

RBPlat remains committed to its objective of achieving a zero harm operating environment by continuing to foster a resilient safety culture. Improving our safety performance will therefore be a critical success factor for the business during the second half of the year, with specific focus on reducing our injury frequency rate metrics to their historic performance levels and remaining fatality-free.

Operationally our focus will be aimed at consolidating the strong operating performance achieved during the first half by securing further tangible gains in volumes, grade and costs with the key focus areas being:

- Styldrift infrastructure development, construction and resourcing to ensure that production output from Styldrift continues to steadily increase in line with our 150ktpm ramp-up phase
- Redeploying 60% of the South shaft UG2 stoping crews affected by the restructuring process to higher grade Merensky panels at both shafts and some to UG2 panels at North shaft. This will enable BRPM to maintain its ounce output with higher margin ounces
- Leveraging the revised organisational structure to optimise the fixed cost base of the business.

Joint venture production for the full year is forecast to increase to between 2.90Mt and 3.00Mt at a 4E built-up head grade of approximately 3.94g/t, subject to any unforeseen operational disruptions.

Total joint venture capital expenditure for the second half of the year is estimated at R1.5 billion, with the key driver remaining the construction programme of the Styldrift I project. This will equate to a full year forecast of R2.3 billion against previously guided capital expenditure of R3.2 billion. SIB expenditure is forecast to remain between 4% and 5% of operating expenditure for the remainder of the year.

The platinum market is forecast to be in a modest surplus (excluding investment demand) for 2017 and prices are expected to have limited upside from current levels resulting in margins remaining under pressure for the remainder of the year. The restructured business is expected to enhance margins going forward and it remains important for the Group to contain costs and defer non-essential capital expenditure. With cash and near cash investments of R1 664.5 million together with the R2 billion debt facilities, RBPlat is well poised to take the business to the next phase, that of ramping-up Styldrift to 150ktpm by end of 2018.

Delay in the finalisation of the Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill and the release of the controversial Mining Charter III on 15 June 2017 has resulted in the mining regulatory environment remaining very uncertain. RBPlat is fully committed to meaningful and sustainable transformation in the mining industry that goes beyond "just" compliance. As such, we are supportive of ongoing collaborative stakeholder engagement in pursuit of developing a policy which will support long term sustainability and growth in the industry and actively participate in this process.

Condensed consolidated interim statement of financial position
as at 30 June 2017

	Notes	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)	31 December 2016 audited R (million)
Assets				
Non-current assets		**18 133.9**	17 328.6	17 614.3
Property, plant and equipment		**11 113.6**	10 307.6	10 587.2
Mineral rights		**5 708.1**	5 748.6	5 729.3
Goodwill		**863.3**	863.3	863.3
Environmental trust deposits and environmental guarantees		**156.7**	130.8	147.0
Employee housing loan receivable		**172.7**	162.9	167.2
Employee housing benefit		**45.6**	49.0	46.5
Insurance investment		**36.0**	31.6	35.0
Deferred tax asset		**37.9**	34.8	38.8
Current assets		**3 860.9**	2 738.1	2 703.6
Employee housing benefit		**4.2**	4.2	4.2
Employee housing assets		**578.3**	311.5	377.3
Inventories		**93.7**	80.2	79.4
Trade and other receivables		**1 517.7**	1 307.8	1 405.6
Current tax receivable		**2.5**	1.2	1.6
Cash and cash equivalents	6	**1 664.5**	1 033.2	835.5
Total assets		**21 994.8**	20 066.7	20 317.9
Equity and liabilities				
Total equity		**15 021.0**	14 733.8	14 813.9
Share capital		**1.9**	1.9	1.9
Share premium		**9 643.2**	9 397.3	9 400.8
Retained earnings		**1 425.4**	1 435.9	1 454.2
Share-based payment reserve		**208.2**	185.7	216.2
Non-distributable reserve		**82.5**	82.5	82.5
Non-controlling interest		**3 659.8**	3 630.5	3 658.3
Non-current liabilities		**5 297.8**	4 110.4	4 165.0
Deferred tax liability		**3 697.2**	3 630.6	3 635.3
Convertible bond liability	7.3	**909.0**	—	—
PIC housing facility		**592.0**	378.6	434.0
Restoration and rehabilitation provision and other		**99.6**	101.2	95.7
Current liabilities		**1 676.0**	1 222.5	1 339.0
Trade and other payables		**586.9**	355.4	449.3
RPM payable		**1 087.9**	867.1	889.7
Current tax payable		**1.2**	—	—
Total equity and liabilities		**21 994.8**	20 066.7	20 317.9

The notes on pages 17 to 26 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income
for the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)	% change	Year ended 31 December 2016 audited R (million)
Revenue	8	**1 593.9**	1 646.9	(3.2)	3 342.2
Cost of sales	9	**(1 582.6)**	(1 458.9)	(8.5)	(3 101.5)
Cost of sales excluding depreciation and amortisation		**(1 435.5)**	(1 335.8)	(7.5)	(2 803.6)
Depreciation and amortisation		**(166.1)**	(150.2)	(10.6)	(312.0)
Increase in inventories		**19.0**	27.1	(29.9)	14.1
Gross profit		**11.3**	188.0	(94.0)	240.7
Other income		**82.0**	37.1	121.0	88.1
Administration expenses		**(161.0)**	(72.2)	(123.0)	(155.6)
Corporate office		**(95.9)**	(64.4)	(48.9)	(138.4)
Housing project		**(8.0)**	(7.8)	(2.6)	(17.2)
Restructuring costs		**(57.1)**	–	(100.0)	–
Impairment of non-financial assets		**(0.5)**	(2.1)	76.2	(2.6)
Finance income		**66.5**	45.4	46.5	91.8
Finance cost		**(30.2)**	(3.6)	(738.9)	(7.4)
(Loss)/profit before tax		**(31.9)**	192.6	(116.6)	255.0
Income tax credit	10	**4.6**	24.0	(80.8)	7.7
Income tax expense		**(11.3)**	(9.1)	(24.2)	(24.7)
Deferred tax credit		**15.9**	33.1	(52.0)	32.4
Net (loss)/profit for the period		**(27.3)**	216.6	(112.6)	262.7
Other comprehensive income		**–**	–	–	–
Total comprehensive (loss)/income		**(27.3)**	216.6	(112.6)	262.7
Total comprehensive **(loss)/income** attributable to:					
Owners of the Company		**(28.8)**	150.0	(119.2)	168.3
Non-controlling interest		**1.5**	66.6	(97.7)	94.4
Basic (loss)/earnings per share (cents/share)	13	**(15.0)**	78.2	(119.2)	87.6
Diluted (loss)/earnings per share (cents/share)	13	**(11.8)**	77.7	(115.2)	87.5
Headline (loss)/earnings per share (cents/share)	13	**(15.3)**	77.8	(119.7)	86.7

The notes on pages 17 to 26 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity
for the six months ended 30 June 2017

	Number of shares issued	Ordinary shares R (million)	Share premium R (million)	Share-based payment reserve R (million)	Non-distri-butable reserves R (million)	Retained earnings R (million)	Attribu-table to owners of the Company R (million)	Non-con-trolling interest R (million)	Total R (million)
Balance at 1 January 2016 (audited)	191 743 614	1.9	9 366.1	194.7	71.8	1 285.9	10 920.4	3 563.9	14 484.3
Share-based payment expense for the six months	–	–	–	22.2	–	–	22.2	–	22.2
2013 BSP shares vested in April 2016	534 376	–	31.2	(31.2)	–	–	–	–	–
RPM contribution to housing project	–	–	–	–	10.7	–	10.7	–	10.7
Total comprehensive income	–	–	–	–	–	150.0	150.0	66.6	216.6
Balance at 30 June 2016 (reviewed)	192 277 990	1.9	9 397.3	185.7	82.5	1 435.9	11 103.3	3 630.5	14 733.8
Share-based payment expense for the six months	–	–	–	30.6	–	–	30.6	–	30.6
Share options exercised	–	–	–	3.4	–	–	3.4	–	3.4
Total comprehensive income	–	–	–	–	–	18.3	18.3	27.8	46.1
Balance at 31 December 2016 (audited)	192 277 990	1.9	9 400.8	216.2	82.5	1 454.2	11 155.6	3 658.3	14 813.9
Share-based payment expense for the six months	**–**	**–**	**–**	**32.0**	**–**	**–**	**32.0**	**–**	**32.0**
Convertible bond – equity portion	**–**	**–**	**202.4**	**–**	**–**	**–**	**202.4**	**–**	**202.4**
2014 BSP shares vested in April 2017	**590 851**	**–**	**40.0**	**(40.0)**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(28.8)**	**(28.8)**	**1.5**	**(27.3)**
Balance at 30 June 2017 (reviewed)	**192 868 841**	**1.9**	**9 643.2**	**208.2**	**82.5**	**1 425.4**	**11 361.2**	**3 659.8**	**15 021.0**

The notes on pages 17 to 26 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows
for the six months ended 30 June 2017

		For the six months ended			Year ended
	Notes	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)	% change	31 December 2016 audited R (million)
Cash flows from operating activities					
Cash generated by operations		**122.0**	382.2	(68.1)	528.8
Interest paid		**(0.5)**	–	(100.0)	(0.2)
Interest received		**58.3**	27.8	109.7	74.4
Dividend received		**1.6**	4.5	(64.4)	5.0
Tax refund		**1.1**	2.2	(50.0)	2.5
Tax paid		**(11.9)**	(9.0)	(32.2)	(25.2)
Net cash flow generated by operating activities		**170.6**	407.7	(58.2)	585.3
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**–**	45.0	(100.0)	47.2
Acquisition of property, plant and equipment		**(842.5)**	(508.1)	(65.8)	(1 136.5)
Styldrift on-reef development revenue receipts		**181.6**	102.6	77.0	273.9
Acquisition of employee housing assets		**(183.3)**	(34.3)	(434.4)	(83.2)
Acquisition of insurance investment		**–**	–	–	(2.9)
Increase in environmental trust deposits and investments		**(6.5)**	(7.2)	9.7	(20.1)
Net cash flow utilised by investing activities		**(850.7)**	(402.0)	(111.6)	(921.6)
Cash flows from financing activities					
Increase in amount owing to RPM		**198.1**	27.4	623.0	128.8
RPM contribution to housing fund received		**–**	82.5	(100.0)	82.5
Drawdown of PIC housing facility		**140.0**	–	100.0	40.0
Proceeds from share options exercised		**–**	–	–	2.9
Proceeds from convertible bonds issued	7	**1 200.0**	–	100.0	–
Costs relating to issue of convertible bonds capitalised	7.3	**(29.0)**	–	(100.0)	–
Net cash flow generated by financing activities		**1 509.1**	109.9	1 273.2	254.2
Net increase/(decrease) in cash and cash equivalents		**829.0**	115.6	617.1	(82.1)
Cash and cash equivalents at beginning of period		**835.5**	917.6	(8.9)	917.6
Cash and cash equivalents at end of period	6	**1 664.5**	1 033.2	61.1	835.5

The notes on pages 17 to 26 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2017

1 Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with and contain information required by the International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

2 Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

The principal accounting policies used by the Group are consistent with those of the previous period, except for the adoption of various revised and new standards. The adoption of these standards had no material impact on the financial results of this review period.

3 Independent review by the auditors

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

4 Capital commitments

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

	For the six months ended	
	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Contracted commitments	**931.5**	588.5
Approved expenditure not yet contracted for	**4 661.0**	4 925.0
Total	**5 592.5**	5 513.5

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

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

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2017

5 Contingencies

5.1 Guarantees issued

	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Eskom guarantee to secure power supply for the Styldrift I project	**17.1**	17.1
Eskom early termination guarantee for the Styldrift I project	**17.5**	17.5
Eskom connection charges guarantee for the Styldrift I project	**40.0**	40.0
Eskom security guarantee for power supply to the Styldrift I project	**42.7**	–
Anglo American Platinum guarantee for environmental rehabilitation liability*	**82.6**	82.6
DMR guarantee for environmental rehabilitation liability	**1.3**	1.3
Rental guarantees	**0.7**	0.4
Total bank guarantees issued at 30 June	**201.9**	189.5
DMR guarantee for the Styldrift II project (100% BRPM JV)	**45.7**	45.7
DMR guarantee for environmental rehabilitation liability	**150.7**	–
Total insurance guarantees issued at 30 June	**196.4**	45.7

* The R82.6 million bank guarantee is in the process of being cancelled as it has been replaced with the R150.7 million insurance guarantee to the DMR.

5.2 Guarantees received from Anglo American Platinum

For Anglo American Platinum's 33% share of the Eskom guarantee to secure power supply for the Styldrift I project	**(5.6)**	(5.6)
For Anglo American Platinum's 33% share of the Eskom early termination guarantee for the Styldrift I project	**(5.8)**	(5.8)
For Anglo American Platinum's 33% share of the Eskom connection charges guarantee for the Styldrift I project	**(13.2)**	(13.2)
For Anglo American Platinum's 33% share of the Eskom security guarantee for power supply to the Styldrift I project	**(14.1)**	–
Total guarantees received at 30 June	**(38.7)**	(24.6)

5.3 Contingencies

Effective 20 November 2015, regulations governing financial provisions for asset retirement obligations was transitioned from the Mineral and Petroleum Resources Development Act (MPRDA) to the National Environmental Management Act (NEMA). These regulations were amended in October 2016.

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

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

6 Available funds

RBPlat had cash and cash equivalents on hand at 30 June 2017 of R1 664.5 million. Included in this cash balance is restricted cash of R67.7 million ring-fenced for the RBPlat housing project and R420 million earmarked for the payment of the convertible bond coupon. RBPlat concluded R2 billion debt facilities in March 2017. The debt facilities consist of a 7 year term debt facility of R750 million bearing interest at JIBAR plus a margin of 3.7%, a 5 year revolving credit facility of R750 million bearing interest at JIBAR plus a margin of 3.75% and 1 year general banking facilities of R508 million bearing interest at prime less 0.25%. R202 million of the general banking facilities were utilised for guarantees at 30 June 2017.

RBPlat's term debt and revolving credit facilities remained undrawn at 30 June 2017.

7 Borrowings

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 an initial conversion price of R42.9438. The conversion price is subject to customary adjustments for reconstructions of equity. These customary adjustments maintain the relative rights of the bondholders. Interest on the bonds is payable semi-annually in arrears on 16 March and 16 September of each year for five years ending 16 September 2022.

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

The R1.2 billion convertible bond was initially recognised as a R300.6 million derivative liability and a R899.4 million liability.

	For the six months ended	
	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
7.1 Derivative — initial recognition	**300.6**	–
Less: Fair value up to date of shareholder approval	**(19.5)**	–
Derivative fair value at date of shareholder approval (8 May 2017)	**281.1**	–
Less: Derivative derecognised	**(281.1)**	–
Derivative balance at 30 June 2017	**–**	–
7.2 Convertible bond equity		
Equity recognised on date of shareholder approval (8 May 2017)	**281.1**	–
Less: Deferred tax recognised on equity portion	**(78.7)**	–
Net equity recognised as per statement of changes in equity	**202.4**	–
7.3 Convertible bond liability		
Liability – initial recognition	**899.4**	–
Less: Transaction cost capitalised	**(29.0)**	–
Plus: Fair value interest*	**38.6**	–
Convertible bond liability at 30 June 2017	**909.0**	–

** R12.2 million of the fair value interest was capitalised at RBPlat Group level.*

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

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2017

8 Revenue

	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Concentrate sales — production from BRPM concentrator	**1 373.7**	1 462.5
UG2 toll concentrate sales	**220.2**	184.4
Total revenue	**1 593.9**	1 646.9

Styldrift on-reef development revenue not included above but credited against property, plant and equipment for the six months ended 30 June 2017 amounted to R187.3 million (2016: R159.4 million).

9 Cost of sales

	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Labour	**543.6**	512.5
Utilities	**122.5**	114.3
Contractor costs	**396.1**	334.6
Materials and other mining costs	**337.0**	338.4
Materials and other mining costs for BRPM JV	**367.1**	367.7
Elimination of intergroup charges	**(30.1)**	(29.3)
Movement in inventories	**(19.0)**	(27.1)
Depreciation	**144.9**	132.9
Amortisation	**21.2**	17.3
Share-based payment expense	**14.2**	13.2
Social and labour plan expenditure	**14.8**	13.8
State royalties	**6.0**	6.1
Other	**1.3**	2.9
Total cost of sales	**1 582.6**	1 458.9

10 Income tax credit

	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Income tax expense	**(11.3)**	(9.1)
Current year	**(11.3)**	(9.1)
Prior year	**–**	–
Deferred tax credit	**15.9**	33.1
Current year	**15.9**	33.1
Prior year	**–**	–
Total income tax credit	**4.6**	24.0
Tax rate reconciliation:		
(Loss)/profit before tax	**(31.9)**	192.6
Tax credit/(expense) calculated at a tax rate of 28% (2016: 28%)	**8.9**	(53.9)
Non-taxable income – dividends	**0.4**	1.3
Non-taxable income – other	**1.6**	4.3
Tax on BRPM JV – NCI share	**4.2**	3.4
Non-deductible expense	**(0.6)**	(0.1)
Housing contribution net tax credit	**–**	70.0
Tax losses not recognised	**(9.9)**	(1.0)
	4.6	24.0
Effective tax rate	**14%**	12%

11 Related party transactions

	For the six months ended 30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Amount owing by RPM for concentrate sales	**1 342.0**	1 214.2
Amount owing to RPM for contribution to BRPM JV	**1 249.1**	949.6
Amount owing by Impala Platinum Limited to BRPM JV	**26.1**	17.1
Transactions during the six months:		
Concentrate sales to RPM (including Stydrift on-reef development revenue)	**1 781.2**	1 806.3
Impala Platinum Limited royalty income	**39.1**	29.9
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewage plant	**5.5**	4.4
Royal Marang Hotel for accomodation and conferences	**0.3**	0.3
Geoserve Exploration Drilling Company for exploration drilling	**2.4**	0.4
Trident South Africa (Pty) Ltd for steel supplies	**0.7**	0.7
Mtech Industrial for supply and installation of heat pumps	**–**	0.1
The MSA Group for consulting services	**0.1**	–
Fees paid to non-executive directors (RBH/Mogs)	**0.3**	0.3

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2017

12 Dividends
No dividends have been declared or proposed in the current period (2016: nil).

13 Basic and headline (loss)/earnings

	For the six months ended	
	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Basic (loss)/earnings — attributable to owners of the Company R (million)	**(28.8)**	150.0
Adjustments net of tax	**(0.6)**	(0.7)
Headline (loss)/earnings R (million)	**(29.4)**	149.3
Weighted average number of ordinary shares in issue for basic and headline earnings per share	**192 425 299**	191 876 479
Weighted average number of ordinary shares in issue for diluted earnings and diluted headline earnings per share	**202 619 383**	193 195 745
Basic (loss)/earnings per share (cents/share)	**(15.0)**	78.2
Diluted (loss)/earnings per share (cents/share)	**(11.8)**	77.7
Headline (loss)/earnings per share (cents/share)	**(15.3)**	77.8
Diluted headline (loss)/earnings per share (cents/share)	**(12.1)**	77.3

14 Impairment review
The impairment review process did not result in the identification of any impairment indicators, consequently, no impairment was noted.

15 Financial risk management
Financial risk factors: Fair value determination

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

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

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

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2017			
Financial assets at fair value through profit or loss			
Environmental trust deposits[1]	–	97.3	–
Insurance investment[2]	–	36.0	–
Loans and receivables			
Employee housing loan receivable[4]	–	–	172.7
Financial liabilities at fair value through profit or loss			
Forward exchange contracts[3]	–	0.3	–
Financial liabilities at amortised cost			
Convertible bond liability[4]	–	–	909.0
PIC housing facility[4]	–	–	592.0

15 Financial risk management

Financial risk factors: Fair value determination (continued)

	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2016			
Financial assets at fair value through profit or loss			
Environmental trust deposits[1]	–	117.4	–
Insurance investment[2]	–	31.6	–
Call options[3]	–	3.4	–
Loans and receivables			
Employee housing loan receivable[4]	–	–	162.9
Financial liabilities at fair value through profit or loss			
Forward exchange contracts[3]	–	8.3	–
Financial liabilities at amortised cost			
PIC housing facility[4]	–	–	378.6

1. *This was valued using the level 2 fair values which are directly derived from the Shareholders Weighted Top 40 Index (Swix 40) on the JSE and the CoreShare Green portfolio Exchange Traded Fund.*
2. *The fair value was determined using market prices for listed investments and discounted cash flow models for unlisted investments.*
3. *The fair values of the forward exchange contracts and call options are based on mark-to-market values.*
4. *The fair value was determined using a discounted cash flow model.*

Fair value measurements using significant unobservable inputs (level 3)

	For the six months ended	
	30 June 2017 reviewed R (million)	30 June 2016 reviewed R (million)
Loans and receivables		
Employee housing loan receivable		
Opening balance at 1 January	**167.2**	157.7
Plus/(less): Houses sold to employees during the period/(cancellation of sales)	**2.7**	(1.0)
Plus: Interest capitalised (including fair value interest adjustment)	**5.4**	6.2
Less: Settlement of employee housing loan receivable	**(0.9)**	–
Less: Employee housing benefit reallocation	**(1.7)**	–
Closing balances at 30 June	**172.7**	162.9
Financial liabilities at amortised cost		
PIC housing facility		
Opening balance at 1 January	**434.0**	366.9
Plus: Draw downs	**140.0**	–
Plus: Contractual and fair value interest charges capitalised to the loan	**19.0**	12.5
Less: Amortisation of fair value adjustment to loan	**(1.0)**	(0.8)
Closing balances at 30 June	**592.0**	378.6

16 Segmental reporting

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

The Group is currently operating one mine with two decline shafts and the Styldrift I project. These operations are located in the North West province of South Africa. BRPM and Styldrift I 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. The Styldrift II pre-feasibility study has been completed. Once a feasibility study is completed, it will move into development phase and will then be reported on as a separate segment.

16.1 Segmental statement of financial position

	Reviewed As at 30 June 2017							Reviewed As at 30 June 2016						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consolidation adjustment R (million)	Total R (million)
Non-current assets	4 504.3	6 910.8	11 415.1	258.1**	16 436.0	(9 975.3)	18 133.9	4 821.0	5 757.1	10 578.1	246.5	15 717.7	(9 213.7)	17 328.6
Allocation of mineral rights and segments	934.1	4 774.0*	5 708.1	–	(5 708.1)	–	–	974.6	4 774.0	5 748.6	–	(5 748.6)	–	–
Non-current assets after allocation of mineral rights	5 438.4	11 684.8	17 123.2	258.1	10 727.9	(9 975.3)	18 133.9	5 795.6	10 531.1	16 326.7	246.5	9 969.1	(9 213.7)	17 328.6
Current assets	1 525.8	252.4	1 778.2	665.5	1 426.7	(9.5)	3 860.9	1 695.6	113.4	1 809.0	357.6	577.8	(6.3)	2 738.1
Total assets per statement of financial position	6 964.2	11 937.2	18 901.4	923.6	12 154.6	(9 984.8)	21 994.8	7 491.2	10 644.5	18 135.7	604.1	10 546.9	(9 220.0)	20 066.7
Non-current liabilities	85.2	13.1	98.3	593.3	7 568.6	(2 962.4)	5 297.8	85.7	13.8	99.5	380.3	6 067.7	(2 437.1)	4 110.4
Current liabilities	3 994.8	101.9	4 096.7	102.2	183.2	(2 706.1)	1 676.0	3 311.9	107.0	3 418.9	10.2	172.7	(2 379.3)	1 222.5
Total liabilities per statement of financial position	4 080.0	115.0	4 195.0	695.5	7 751.8	(5 668.5)	6 973.8	3 397.6	120.8	3 518.4	390.5	6 240.4	(4 816.4)	5 332.9

* *Includes Styldrift II exploration and evaluation costs.*

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

16.2 Segmental statement of comprehensive income

	Reviewed For the six months ended 30 June 2017							Reviewed For the six months ended 30 June 2016						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consolidation adjustment R (million)	Total R (million)
Revenue	1 593.9	–	1 593.9	4.2	–	(4.2)	1 593.9	1 646.9	–	1 646.9	–	–	–	1 646.9
Cost of sales	(1 585.4)	(0.1)	(1 585.5)	(3.1)	(27.2)	33.2	(1 582.6)	(1 499.4)	(0.2)	(1 499.6)	–	(23.4)	64.1	(1 458.9)
Cash cost of sales excluding depreciation and amortisation	(1 459.6)	–	(1 459.6)	(3.1)	(6.0)	33.2	(1 435.5)	(1 393.8)	–	(1 393.8)	–	(6.1)	64.1	(1 335.8)
Depreciation	(144.8)	(0.1)	(144.9)	–	–	–	(144.9)	(132.7)	(0.2)	(132.9)	–	–	–	(132.9)
Amortisation	–	–	–	–	(21.2)	–	(21.2)	–	–	–	–	(17.3)	–	(17.3)
Movement in inventories	19.0	–	19.0	–	–	–	19.0	27.1	–	27.1	–	–	–	27.1
Gross profit/(loss) per segment and total	8.5	(0.1)	8.4	1.1	(27.2)	29.0	11.3	147.5	(0.2)	147.3	–	(23.4)	64.1	188.0
Other income	50.2	1.8	52.0	2.0	27.3	0.7	82.0	42.3	(6.9)	35.4	1.3	0.8	(0.4)	37.1
Total administration expenditure	(57.1)*	–	(57.1)	(8.0)	(101.7)	5.8	(161.0)	–	–	–	(7.8)	(67.7)	3.3	(72.2)
Impairment on non-financial assets	–	–	–	(0.5)	–	–	(0.5)	(1.8)	–	(1.8)	(0.3)	–	–	(2.1)
Net finance income	6.1	0.6	6.7	14.2	3.1	12.3	36.3	5.2	0.1	5.3	14.4	22.1	–	41.8
Profit/(loss) before tax per segment and total	7.7	2.3	10.0	8.8	(98.5)	47.8	(31.9)	193.2	(7.0)	186.2	7.6	(68.2)	67.0	192.6
Taxation							4.6							24.0
(Loss)/profit after tax							(27.3)							216.6
Attributable to owners of the Company							(28.8)							150.0
Attributable to non-controlling interest							1.5							66.6

** This relates to restructuring costs incurred at BRPM JV.*

16.3 Segmental statement of cash flows

	Reviewed For the six months ended 30 June 2017						Reviewed For the six months ended 30 June 2016					
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	BRPM JV mining segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Total R (million)
Net cash flow generated/(utilised) by operating activities	42.6	1.2	43.8	72.0	54.8	170.6	399.6	–	399.6	11.5	(3.4)	407.7
Net cash flow generated/(utilised) by investing activities	(71.1)	(596.1)	(667.2)	(183.3)	(0.2)	(850.7)	(132.6)	(241.3)	(373.9)	(34.3)	6.2	(402.0)
Net cash flow generated/(utilised) by financing activities	5.5	594.9	600.4	140.0	768.7	1 509.1	(158.4)	241.3	82.9	–	27.0	109.9
Net (decrease)/increase in cash and cash equivalents	(23.0)	–	(23.0)	28.7	823.3	829.0	108.6	–	108.6	(22.8)	29.8	115.6
Cash and cash equivalents at beginning of period	370.5	–	370.5	39.0	426.0	835.5	326.1	–	326.1	60.5	531.0	917.6
Cash and cash equivalents at end of period	347.5	–	347.5	67.7	1 249.3	1 664.5	434.7	–	434.7	37.7	560.8	1 033.2

Administration

Shareholders' diary

Financial year end:
31 December of each year

Interim period end:
30 June of each year

Integrated report and annual financial statements

(mailed to shareholders)
7 March 2017

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ISIN: ZAE000149936

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