

# MORE THAN > MINING

AUDITED RESULTS  
FOR THE YEAR ENDED  
31 DECEMBER 2013



# AN OVERVIEW OF OUR BUSINESS

## OUR STRATEGY

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

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



## OUR VISION AND MISSION

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

## OUR PURPOSE

- > To create economic value for all our stakeholders

## OUR VALUE CHAIN

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

## PERFORMANCE



### ACHIEVEMENTS

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

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

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

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

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

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

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

CONSTITUENT OF  
**JSE SRI INDEX**

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





## IMPROVEMENTS

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

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

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

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

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

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

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



## CHALLENGES

ACHIEVING  
**ZERO HARM**

INDUSTRY LABOUR  
**STABILITY**



**DISAPPOINTMENTS**

**TWO FATALITIES**  
AT BRPM

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

# SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Group		
	31 Dec 2013 Audited R (million)	31 Dec 2012 Audited R (million)	% change
<b>Assets</b>			
<b>Non-current assets</b>	<b>18 611.4</b>	<b>17 947.0</b>	<b>3.7</b>
Property, plant and equipment	9 620.9	8 899.2	8.1
Mineral rights	6 583.7	6 645.0	(0.9)
Goodwill	2 275.1	2 275.1	0.0
Environmental trust deposits	106.8	103.1	3.6
Deferred tax asset	24.9	24.6	1.2
<b>Current assets</b>	<b>2 206.1</b>	<b>2 154.4</b>	<b>2.4</b>
Inventories	35.5	41.1	(13.6)
Trade and other receivables	1 397.7	1 202.4	16.2
Held-to-maturity investments	–	260.6	(100)
Current tax receivables	–	0.4	(100)
Cash and cash equivalents	772.9	649.9	18.9
<b>Total assets</b>	<b>20 817.5</b>	<b>20 101.4</b>	<b>3.6</b>
<b>Equity and liabilities</b>			
Share capital	1.7	1.7	0.0
Share premium	7 808.9	7 789.0	0.3
Retained earnings	3 889.8	3 605.6	7.9
Other reserves	157.7	119.7	31.7
Non-controlling interest	4 128.2	3 964.6	4.1
<b>Total equity</b>	<b>15 986.3</b>	<b>15 480.6</b>	<b>3.3</b>
<b>Non-current liabilities</b>	<b>4 331.6</b>	<b>4 175.1</b>	<b>3.7</b>
Deferred tax liability	4 262.0	4 112.6	3.6
Long-term provisions	69.6	62.5	11.4
<b>Current liabilities</b>	<b>499.6</b>	<b>445.7</b>	<b>12.1</b>
Trade and other payables	499.4	443.3	12.7
Current income tax	0.2	2.4	(91.7)
<b>Total liabilities</b>	<b>4 831.2</b>	<b>4 620.8</b>	<b>4.6</b>
<b>Total equity and liabilities</b>	<b>20 817.5</b>	<b>20 101.4</b>	<b>3.6</b>

Notes 1 to 13 form an integral part of these summary consolidated financial statements.

The summary consolidated financial statements for the year ended 31 December 2013 were prepared under the supervision of the Chief Financial Officer, Martin Prinsloo CA(SA).

# SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Notes	Group		
		31 Dec 2013 Audited R (million)	31 Dec 2012 Audited R (million)	% change
<b>Revenue</b>	8	<b>3 251.1</b>	2 865.3	13.5
Cost of sales	9	<b>(2 650.1)</b>	(2 525.5)	(4.9)
Cost of sales excluding depreciation/amortisation and movement in inventory		<b>(2 223.2)</b>	(2 201.8)	(1.0)
Depreciation and amortisation		<b>(433.5)</b>	(327.6)	(32.3)
Increase in inventories		<b>6.6</b>	3.9	69.2
Gross profit		<b>601.0</b>	339.8	76.9
Other income		<b>77.5</b>	66.9	15.8
Administrative expenses		<b>(105.0)</b>	(101.7)	(3.2)
Finance income		<b>42.7</b>	59.7	(28.5)
Finance cost		<b>(3.7)</b>	(3.4)	(8.8)
Profit before tax		<b>612.5</b>	361.3	69.5
Income tax expense		<b>(164.7)</b>	(85.6)	(92.4)
Income tax		<b>(15.6)</b>	(17.5)	11.0
Deferred tax		<b>(149.1)</b>	(68.1)	(118.9)
<b>Net profit for the year</b>		<b>447.8</b>	275.7	62.4
Other comprehensive income		–	–	–
<b>Total comprehensive income</b>		<b>447.8</b>	275.7	62.4
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		<b>284.2</b>	170.3	66.9
Non-controlling interest		<b>163.6</b>	105.4	55.2
		<b>447.8</b>	275.7	62.4
Basic earnings (cents per share)	7	<b>173</b>	104	66.3
Diluted earnings (cents per share)	7	<b>173</b>	104	66.3
Headline earnings (cents per share)	7	<b>173</b>	104	66.3

Notes 1 to 13 form an integral part of these summary consolidated financial statements.

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Number of shares issued*	Ordinary shares* R (million)	Share premium* R (million)
<b>Balance at 31 December 2012</b>	164 150 804	1.7	7 789.0
Share-based payment charge	–	–	–
Mahube ordinary shares vested in March 2013	<b>187 971</b>	–	<b>12.2</b>
2013 retrenchments (BSP early vesting)	<b>43 044</b>	–	<b>2.6</b>
2010 BSP shares vested in December 2013	<b>77 843</b>	–	<b>5.1</b>
Total comprehensive income	–	–	–
<b>Balance at 31 December 2013</b>	<b>164 459 662</b>	<b>1.7</b>	<b>7 808.9</b>
Balance at 31 December 2011	163 677 799	1.7	7 759.9
Share-based payment charge	–	–	–
IPO shares vested in May 2012	417 416	–	25.9
2009 BSP shares vested in December 2012	55 589	–	3.2
Total comprehensive income	–	–	–
<b>Balance at 31 December 2012</b>	<b>164 150 804</b>	<b>1.7</b>	<b>7 789.0</b>

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

Notes 1 to 13 form an integral part of these summary consolidated financial statements.



Share-based payment reserve R (million)	Retained earnings R (million)	Attributable to owners of the Company R (million)	Non-controlling interest R (million)	Total R (million)
119.7	3 605.6	11 516.0	3 964.6	15 480.6
<b>57.9</b>	–	<b>57.9</b>	–	<b>57.9</b>
<b>(12.2)</b>	–	–	–	–
<b>(2.6)</b>	–	–	–	–
<b>(5.1)</b>	–	–	–	–
–	<b>284.2</b>	<b>284.2</b>	<b>163.6</b>	<b>447.8</b>
<b>157.7</b>	<b>3 889.8</b>	<b>11 858.1</b>	<b>4 128.2</b>	<b>15 986.3</b>
81.1	3 435.3	11 278.0	3 859.2	15 137.2
67.7	–	67.7	–	67.7
(25.9)	–	–	–	–
(3.2)	–	–	–	–
–	170.3	170.3	105.4	275.7
119.7	3 605.6	11 516.0	3 964.6	15 480.6

## SUMMARY CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

	Group		
	31 Dec 2013 Audited R (million)	31 Dec 2012 Audited R (million)	% change
Cash generated by operations	875.8	687.3	27.4
Interest received	49.4	64.0	(22.8)
Tax paid	(17.4)	(18.7)	6.9
Net cash flow generated by operating activities	907.8	732.6	23.9
Proceeds from disposal of property, plant and equipment	0.3	–	100
Acquisitions of property, plant and equipment	(1 036.6)	(1 173.9)	(11.7)
Increase in environmental trust deposits	(2.4)	(8.0)	(70.3)
Decrease in held-to-maturity investments	253.9	–	100
Net cash flow utilised by investing activities	(784.8)	(1 181.9)	(33.6)
Net cash flow generated by financing activities	–	–	0.0
Net increase/(decrease) in cash and cash equivalents	123.0	(449.3)	127.4
Cash and cash equivalents at beginning of year	649.9	1 099.2	(40.9)
<b>Cash and cash equivalents at end of year</b>	<b>772.9</b>	<b>649.9</b>	<b>18.9</b>

Notes 1 to 13 form an integral part of these summary consolidated financial statements.

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31 December 2013

### 1. Basis of presentation

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

### 2. Accounting policies

The summary consolidated financial statements have been prepared under the historic 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 for this review period.

### 3. Audit opinion

These summary consolidated financial statements for the year ended 31 December 2013 have been audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statement were derived.

A copy of the auditors report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Registered office of Royal Bafokeng Platinum Limited, together with the financial statements identified in the respective auditor's report.

### 4. Capital commitments

Capital commitments in respect of property, plant and equipment

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

The commitments reflect 100% of the BRPM JV project commitments. Effectively Royal Bafokeng Resource Proprietary Limited (RBR) must fund 67% thereof and RPM the remaining 33%.

Should either party elect not to fund their share, the participation interest in the BRPM JV will be diluted according to the terms reflected in the BRPM JV agreement.

### 5. Guarantees and contingencies

#### 5.1 Guarantees

	Group	
	2013 R (million)	2012 R (million)
<b>Guarantees issued</b>		
Royal Bafokeng Resources Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift I project development	17.1	17.1
Eskom early termination guarantee for Styldrift I	17.5	17.5
Eskom connection charges guarantee for Styldrift I	40.0	40.0
Anglo American Platinum Limited for the rehabilitation of land disturbed by mining activities at BRPM	77.5	75.3
DMR for the rehabilitation of land disturbed by prospecting/mining	1.3	–
Housing guarantee for employees	200.0	–
Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:		
Tsogo Sun guarantees arising from lease agreements	0.4	0.4
<b>Total guarantees issued at 31 December</b>	<b>353.8</b>	<b>150.3</b>

The housing guarantee of R200 million was reduced to R147 million in January 2014 as R53 million was drawn from Nedbank working capital facilities. Royal Bafokeng Platinum Limited granted a security guarantee in favour of Nedbank Capital in respect of the revolving credit facility.

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 December 2013

## 5. Guarantees and contingencies (continued)

### 5.2 Tax contingency

On 31 January 2013 Royal Bafokeng Resources (RBR) received notice from the South African Revenue Services (SARS) that they have completed an audit of RBR's 2008 to 2010 tax assessments and that they intend re-opening these assessments to effect certain proposed adjustments. These proposed adjustments primarily relate to SARS intending to disallow interest on shareholder's loans amounting to R586 million previously deducted by RBR in the 2008 and 2009 income tax assessments. On 19 February 2014, RBR received revised assessments from SARS for the 2008, 2009 and 2010 years amounting to R437.5 million comprising income tax of R106.0 million, penalties of R246.4 million and interest of R85.1 million payable within seven days. RBR is in the process of lodging an objection against these assessments and an application to suspend payment of taxes in terms of section 164(2) of the Tax Administration Act. Based upon independent advice and consultation to date, RBPlat remains confident that it has a reasonable prospect of successfully defending this matter.

## 6. Financing facilities in place

RBPlat has cash and cash equivalents on hand of R772.9 million as at 31 December 2013. It also has an unutilised revolving credit facility (RCF) of R1 billion. The RCF facility is repayable by 31 December 2015. To date nothing has been drawn from the R1 billion facility.

The Group has an intra-month funding working capital requirement, which is met through a R458 million (2012:R258 million) working capital facility of which R353.8 million had been utilised for guarantees as at 31 December 2013.

## 7. Earnings per share

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

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

## 8. Revenue

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

## 9. Cost of sales

	Group	
	2013 R (million)	2012 R (million)
On-mine costs:		
– Labour	773.3	753.1
– Utilities	179.4	171.1
– Contractor costs	489.0	478.4
– Movement in inventories	(6.6)	(3.9)
– Materials and other mining costs	615.8	614.7
– Materials and other mining costs – BRPM JV	651.0	648.0
– Elimination of intergroup management fee	(35.2)	(33.3)
State royalties	10.9	9.6
Depreciation – Property, plant and equipment	372.2	272.1
Amortisation – Mineral rights	61.3	55.5
Share-based payment expense	35.8	43.6
Social and labour plan expenditure expensed	91.0	126.9
Retrenchments*	21.2	–
Styl drift incidental expenses	4.8	–
Other	2.0	4.4
<b>Total</b>	<b>2 650.1</b>	<b>2 525.5</b>

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

## 10. Related party transactions

	Group	
	2013 R (million)	2012 R (million)
<b>BRPM Joint Venture balances:</b>		
Amount owing by RPM for concentrate sales	1 313.2	1 059.9
Amount owing to RPM for contribution to BRPM JV (working capital nature)	213.4	223.1
<b>BRPM Joint Venture transactions:</b>		
Concentrate sales to RPM (Refer Note 8)	3 251.1	2 865.3
<b>Associate of holding company balances:</b>		
Amount owing by Impala Platinum Limited for the fourth quarter royalty	10.9	20.3
<b>Fellow subsidiaries and associates of holding Company transactions:</b>		
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewerage plant (a subsidiary of RBH)	10.7	20.6
Impala Platinum Limited for royalty income (an associate of RBH)	75.2	61.8
Geoserve Exploration Drilling Company for exploration drilling on Boschkopie and Styl drift (a subsidiary of RBH)	23.2	15.6
Trident South Africa Proprietary Limited for steel supplies (a subsidiary of RBH)	0.8	5.7
Tarsus Technologies for electronic equipment purchases (a subsidiary of RBH)	2.4	3.5
Royal Marang Hotel (a subsidiary of RBH)	0.7	0.3

## 11. Dividends

No dividends have been declared or proposed for the current period (2012: Rnil).

# NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 December 2013

## 12. Segmental reporting

The Group is currently operating one mine with two decline shafts (BRPM) and is developing the Styldrift I project. The BRPM operation is treated as one operating segment.

The Executive Committee of the Company is regarded as the Chief Operating Decision Maker.

	BRPM	
	2013 R (million)	2012 R (million)
Concentrate sales	3 251.1	2 865.3
Cash cost of sales	(2 092.8)	(2 050.6)
Depreciation	(262.7)	(170.9)
Other operating income	76.8	64.9
Share-based payment expense (non-cash)	(35.8)	(43.6)
Other operating expenditure	(112.4)	(127.5)
Net finance income	6.0	10.3
<b>Segmental profit before tax</b>	<b>830.2</b>	<b>547.9</b>
Additional depreciation on purchase price allocation (PPA) adjustment and amortisation	(170.8)	(156.7)
Overheads of corporate office	(115.9)	(111.3)
Consolidation adjustments	36.0	33.9
Other income and net finance income	33.0	47.5
<b>Profit before tax per the statement of comprehensive income</b>	<b>612.5</b>	<b>361.3</b>
Taxation	(164.7)	(85.6)
<b>Profit after tax</b>	<b>447.8</b>	<b>275.7</b>
Non-controlling interest	(163.6)	(105.4)
<b>Contribution to basic earnings</b>	<b>284.2</b>	<b>170.3</b>
<b>Contribution to headline earnings</b>	<b>283.9</b>	<b>170.3</b>
Segment assets	7 960.0	7 109.1
PPA adjustment to carrying amount of PPE (includes mineral rights)	9 096.9	9 268.4
Corporate assets and consolidation adjustments (includes goodwill)	3 760.6	3 723.9
<b>Total assets per the statement of financial position</b>	<b>20 817.5</b>	<b>20 101.4</b>
Segment liabilities	270.0	249.3
Corporate liabilities and consolidation adjustments	299.0	256.6
Unallocated liabilities (tax and deferred tax)	4 262.2	4 115.0
<b>Total liabilities per the statement of financial position</b>	<b>4 831.2</b>	<b>4 620.9</b>
Group capital expenditure per cash flow statement	1 036.6	1 173.9

## 13. Financial risk management

### Fair value determination

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

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

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

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

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

# OPERATING AND FINANCIAL STATISTICS

Description	2013 vs 2012***		2013	2012	2011
	Unit	% change			
<b>Safety</b>					
Fatal injuries	No.	(100)	2	1	0
LTIFR	/200 000	9	0.61	0.68	0.91
SIFR	/200 000	37	0.26	0.42	0.47
Injury free days	days	7	240	255	204
<b>Mining production</b>					
Stoping square metres	'000m <sup>2</sup>	6	505	479	471
Total tonnes delivered	kt	(3)	2 310	2 384	2 284
Merensky	kt	(3)	1 895	1 959	2 026
UG2	kt	(2)	415	425	258
Development	km	(8)	36.5	39.4	30.2
Stoping to development replacement rate	m <sup>2</sup> /m	(19)	32.4	27.1	32.2
Immediately stopable reserves	km	5	6.00	5.71	4.58
Delivered ROM grade (4E)	g/t	4	4.31	4.14	4.27
Merensky delivered grade (4E)	g/t	3	4.45	4.30	4.36
UG2 delivered grade (4E)	g/t	10	3.70	3.38	3.54
<b>Concentrator production</b>					
Total tonnes milled	kt	(3)	2 301	2 375	2 305
BRPM tonnes milled	kt	(9)	2 010	2 214	2 162
Waternal tonnes milled	kt	82	291	160	142
Merensky	kt	(4)	1 887	1 958	2 047
UG2	kt	(1)	414	417	258
UG2%	%	3	18	18	11
UG2 BRPM	%	(47)	6	12	5
Built-up head grade (4E)	g/t	8	4.38	4.07	4.35
Built-up Merensky head grade (4E)	g/t	7	4.51	4.22	4.44
Built-up UG2 head grade (4E)	g/t	12	3.76	3.36	3.60
Recovery – 4E (total concentrating)	%	(0.4)	86.37	86.71	87.47
Recovery BRPM concentrator	%	(0.2)	87.05	87.21	87.83
<b>Metals in concentrate</b>					
4E	koz	3.8	280	269	282
Platinum	koz	4.1	181	174	183
Nickel	kt	(0.03)	1.8	1.9	2.1
Safety stoppage losses	kt	(23)	89	117	92
Safety stoppage losses	4E koz	(28)	10.2	14.0	11.5
<b>Labour</b>					
Total labour	No.	(2)	7 907*	7 743*	7 942
Working cost labour	No.	(2)	6 180*	6 057*	6 553
Capital labour	No.	(2)	1 727*	1 686*	1 389
Tonnes milled/per working cost crew	m <sup>2</sup> /crew	4	320	307	308
Tonnes milled/per working cost employee	t/emp	6	31.6	29.8	29.3
<b>Financial</b>					
Cash operating costs	R'm	(2)	2 093	2 051	1 802
Cash unit cost**	R/t	(6)	920	864	782
Cash unit cost**	R/4E oz	1	7 519	7 616	6 399
Cash unit cost**	R/Pt oz	2	11 592	11 775	9 863
Total capex	R'm	11	1 059	1 192	1 164
SIB	R'm	42	138	238	146
Replacement	R'm	40	184	308	379
Expansion	R'm	(14)	737	646	639
Gross profit margin	%	55.4	18.5	11.9	19.0
EBITDA margin	%	40.3	31.0	22.1	34.8
Average basket price	R/Pt oz	9.3	17 927	16 404	16 282
Average R:US\$	R/US\$	17.5	9.65	8.21	7.26

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

\*\* Unit cash costs are calculated excluding the incidental tonnages ounces and costs generated by Styldrift 1 on-reef development

\*\*\* Please note that any difference in percentage change in this table is due to rounding

# COMMENTARY

## OVERVIEW

In many ways 2013 has seen the culmination of our efforts to achieve our long-term strategic objectives, which was made possible by the support and commitment of our employees, the unions and the communities in which we operate. Regrettably, the one strategic objective we were not able to meet was our target of achieving zero harm.

We have achieved the operational flexibility we wanted to achieve and have contained unit costs on a rand per tonne basis in line with the inflation rate. Our grade has improved considerably, largely due to the flexibility we have achieved, which has resulted in our cash unit costs per platinum ounce reducing by 2%. The Styldrift I project remains on schedule and on budget with a strong performance in 2013. Our other projects remain on schedule or ahead of schedule and within budget.

An important development in 2013 has been the development of our revised ore processing strategy. We believe that the revised strategy will further augment our current operational strategies to ensure our long-term sustainability in the current macroeconomic environment, without sacrificing future UG2 treatment requirements should market conditions improve.

## SAFETY, HEALTH AND ENVIRONMENT

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

We have consistently reduced our lost time injury frequency rate at BRPM during the four years since RBPlat took over operational control of the BRPM Joint Venture (BRPM JV). Since 2010 the BRPM JV has achieved a 36% reduction in our lost time injury frequency rate and a 50% reduction in our serious injury frequency rate. In 2013 we achieved a 37% reduction in our serious injury frequency rate and a 9% reduction in our lost time injury frequency rate.

Sadly, we did not achieve a fatality-free year as we had two fatalities at BRPM during 2013. We are, however, encouraged by the continuing improvement in our lost time injury and serious injury statistics and we believe that the hard work everyone at RBPlat is putting into developing a culture where everybody takes responsibility for their own safety and the safety of their colleagues will help us achieve a fatality-free year in 2014.

In terms of health and wellness we had no new cases of occupational illness in our operations during 2013 and our new HIV infection rate decreased to 2.7% from 5.3% in 2012.

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

## THE GOOD FROM MINING

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

Both BRPM and Styldrift I have completed their current social and labour plan commitments and following consultation with the communities in which we operate undertook additional projects, over and above our original commitments. Over the past three years RBPlat has invested R268 million in corporate social investment and social and labour plan projects.

During 2013 we partnered with the Royal Bafokeng Institute on classroom education. A project facilitation coordinator has been appointed to facilitate the roll-out of the educational interventions in schools in our doorstep communities. The initial project included funding the salaries of two additional maths teachers and one science teacher at Charora High School, renovating the maths and science classrooms and re-equipping them. We also undertook a number of infrastructure, health, poverty alleviation and job creation projects. One of these projects, a commercial community garden in Chaneng village won the Department of Agriculture's 14th Annual Female Entrepreneur Award in 2013.

## LABOUR RELATIONS

While 2013 has been a challenging year for most platinum mining companies in terms of the need to restructure to cope with the current economic circumstances and constant strike activity, at RBPlat we were fortunate to be able to restructure our workforce and end the year with a stable operating environment.

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



## OPERATIONAL PERFORMANCE

### Production

Our persistent focus over the past two years on our objective of improving operational flexibility by increasing the immediately stoppable face length, has increased the immediately stoppable reserves (IMS) panel to stoping team ratio at BRPM to above 1.5. From a strategic perspective this has been one of the most important structural improvements we have achieved to date. It has contributed to a number of important performance improvements in safety, grade, labour productivity and ultimately our operating costs that we achieved in 2013.

During 2013 our overall development reduced by 8% from 39.4km to 36.5km, which is mainly attributable to the normalisation of our working cost development rate, in line with our overall depletion and IMS requirements. Our IMS face length improved by a further 5% to 6km and our stoping production improved by 6% with a total of 505 000m<sup>3</sup> being mined compared to 479 000m<sup>3</sup> in 2012.

Our delivered tonnes, however, reduced by 3% to 2 310kt year on-year despite the improvement we achieved in stoping performance. The main contributor to this lower performance was the shortfall in sweepings and vamping tonnes as a result of our labour reductions implemented towards the end of 2012. Remedial action has been implemented to address this shortfall.

Our built-up head grade improved by 8% from 4.07g/t (4E) to 4.38 g/t (4E), with the grade benefiting from the normalisation of development rates, a reduction in off-reef mining due to increased IMS, higher in-situ reef grades, no processing of low grade stockpile material (as was the case in 2012) and the recovery of high grade fines from the crusher classifier overflow thickener during the mill repair. We do, however, expect that the increase in on-reef development contribution from the Phase III project at BRPM will reduce our built-up head grade by 4% in 2014. UG2 production remained at similar levels to 2012.

Total milled tonnes decreased by 3% to 2 301kt from 2 375kt in 2012, with 2 010kt being milled at the BRPM concentrator and 291kt at the Waterval concentrator. The BRPM concentrator's throughput was impacted by the replacement of the primary mill discharge end during August, following a wear-related failure, which resulted in a 15-day shutdown. A 90kt Merensky stockpile accumulated ahead of the concentrator during the shutdown and was depleted by year end. The BRPM concentrator recovery at 87.05% and overall recovery (including toll concentrating) of 86.37% was in line with our expectations. The increase in built-up head grade combined with the reduction in throughput and recovery yielded a total of 280koz (4E) metals in concentrate which is a 3.8% increase year-on-year.

### Operating costs

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

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

### Capital expenditure

Total capital expenditure for the RBPlat Group (net of intergroup charges) for the period under review decreased by 11.7% to R1 036.6 million. Stay-in-business (SIB) capital ended the year at R138 million which was R101 million or 42% down from 2012. The substantial reduction in SIB capital is attributed to the completion of the following once off projects during 2012:

- > Establishing ICT independence from Anglo American Platinum (R40.3 million)
- > Tailings line replacement, water separation and Larox projects (R33.7 million)
- > Deferral of South shaft chairlift (R22.5 million)
- > Equipping of IMS (R11.2 million).

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

During 2013 replacement capital consisted of the Merensky Phase II and Phase III decline extension projects at BRPM's North and South shafts. We concluded Phase II in 2012, which extended both declines from level 5 to level 10 and resulted in a reduction in expenditure from R308 million in 2012 to R184 million in 2013.

Expansion capital expenditure increased by 14% or R87 million to R737 million, in line with the Styldrift I construction schedule and Styldrift II study programme.

## COMMENTARY (continued)

### PROJECT REVIEW

#### BRPM capital projects

Our two key capital projects at BRPM during 2013 comprised the Phase III North shaft Merensky replacement project and the North shaft chairlift project.

The Phase III project extends the North shaft Merensky decline system and associated infrastructure from 10 level to the mining boundary at 15 level which will extend the life of Merensky at North shaft. The project commenced in November 2010 and ended the year 57% complete against a planned completion of 52% i.e. 5% or 75 days ahead of schedule. The cumulative project expenditure at year end was R585 million with a R40 million declared saving to date. Completion of the project is scheduled for 2017 with a current estimated saving at completion of R100 million against the approved project budget of R1 409 million.

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

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

#### Styldrift I project

During 2013 we made steady progress with the Styldrift I project. Overall our project progress at year end was 39.2 % compared to a planned progress of 37.5%, which is a gain of 1.7%.

Sinking of both the main and services shafts progressed to 708 level (shaft loading level) and we completed a total of 2 304 metres of lateral development, as well as 235 metres of raise boring for the ore passes and silos. The number of contracting companies on site escalated to 11 companies in December and is expected to increase to 21 in 2014 when the project reaches its peak planned annual progress (20%) for the mining and infrastructure portion of the project. Overall, the project remains on schedule to commence with stoping ramp-up in July 2015, reaching steady state in June 2018.

Following the Board's approval of the change of scope and our revised concentrator strategy the project's overall budget was reduced from R11 801 million to R11 014 million, a saving of R787 million. The total capital expenditure for 2013 was R681 million and the cumulative project expenditure by year end was R2 511 million against an earned value of R2 705 million. This reflects a saving of R194 million on the work completed to date. Total capital commitments increased to R3 149 million at year end.

### REVISED PROCESSING STRATEGY

PGM basket price trends and the escalation rates of industry operating costs made it necessary for RBPlat to review the strategic role of UG2, and in particular the UG2 General Facies mined at South shaft, in the long-term production profile of RBPlat.

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

We identified five potential ore processing options and undertook studies into the technical and commercial viabilities of each option. The evaluation culminated in a strategic decision to upgrade the BRPM concentrator in two phases.

> Phase 1: Upgrade from 200ktpm to 250ktpm

> Phase 2: Upgrade to 350ktpm with an additional 100ktpm module.

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

This treatment solution results in a net capital saving of R750 million to RBPlat compared to the construction of a new standalone Styldrift concentrator. In addition, the lower stockpile requirements of the two-phased upgrade of the BRPM concentrator solution will result in earlier revenues from Styldrift I enhancing our cash flow.

## FINANCIAL REVIEW

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

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

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

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

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

Depreciation charges included in cost of sales increased by 37% from R272.1 million in 2012 to R372.2 million. The increase was due to a 4% increase in production which increased the units of production depreciation charge and the R1 billion capitalised of the R2.4 billion BRPM Phase II Merensky replacement project which was commissioned in June 2012 and now depreciated for a full year in 2013 compared to six months in 2012. The increase of 4% was also due to the capitalisation of the Phase III project in 2013, the ICT and supply chain migration costs being depreciated for the first time in 2013 and amendments made to the remaining useful lives of specific items of the concentrator plant following a detailed review conducted in 2013.

Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of revenue increased from 22.1% in 2012 to 31% in 2013 as a result of increased revenue and our improved cost management performance.

Other income increased by 16% from R66.9 million in 2012 to R77.5 million in 2013. The increase is mainly due to the increase in the royalty income from Impala from R61.8 million in 2012 to R75.2 million in 2013. Finance income decreased by 28.5% from R59.7 million in 2012 to R42.7 million as more cash reserves were invested in the BRPM JV on average throughout the year.

BRPM's average cash unit cost per tonne milled increased by 6% from R864 in 2012 to R920 in 2013. The cash unit cost per platinum ounce decreased by 2% from R11 775 to R11 592 due to an improved built-up head grade during 2013. We are proud of our outstanding cost management performance, which we attribute to improved mining flexibility and specific cost reduction strategies and initiatives.

Total social and labour plan (SLP) expenditure for 2013 amounted to R105.2 million of which R91 million was expensed and R14.2 million was capitalised to the Styldrift I project. This is 17% lower than the SLP spend of R126.9 million as part of our progression towards normalised levels. Administration costs increased marginally by 3.2% from R101.7 million in 2012 to R105.0 million in 2013 due to a specific focus on cost saving measures.

Capital expenditure for the year, consisting of stay-in-business, replacement and expansion capital expenditure at the BRPM JV amounted to R1 058.8 million compared to R1 192.3 million in 2012, which is a reduction of 11%. The reduction is due to lower stay-in-business capital expenditure and under expenditure on the North shaft Phase III replacement project and not due to delays in projects.

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

The RBPlat Group's balance sheet remained ungeared at 31 December 2013 with cash and near cash investments of R772.9 million. In July 2013 RBPlat's revolving credit facility with Nedbank was increased from R500 million to R1 billion while the working capital facility for the Group was increased from R258 million to R458 million. The R200 million increase in the working capital facility was utilised by the RBPlat Group to provide a R200 million guarantee for the 400 houses that were built as phase 1 of the Group's housing project. The R200 million housing working capital facility represents an interim arrangement to ultimately facilitate employee home ownership and third party funding thereof.

### Renegotiation of Impala royalty agreement

In 2013 we renegotiated the terms and conditions of the 6 and 8 shaft royalty agreement with Impala Platinum (Impala), which we originally concluded in 2010. The agreement gives Impala the right to mine a demarcated southern portion of our Boschkoppe property from its 6 and 8 shafts for an original royalty payment of 15% of revenue earned, with Impala bearing all the associated mining, safety, health and environmental risks. Due to the operational challenges experienced by Impala at its Rustenburg operations and the rising costs at its 6 and 8 shafts in particular, we agreed with Impala that we would substitute the royalty payment of 15% of revenue earned with a royalty payment linked to market conditions and the profitability of its Rustenburg operations. From 1 October 2013 we have received a royalty payment ranging between 5% and 25% of revenue earned depending on Impala's profitability at its Rustenburg operations.

We believe that the amended terms of the royalty agreement align the interests of both businesses and are therefore in the interest of our shareholders. The terms and conditions of our 20 shaft royalty agreement with Impala remain unchanged at 17.5% of revenue.

## COMMENTARY (continued)

### MARKET REVIEW

#### Platinum

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

Demand for platinum increased by approximately 1.7% to 7.7Moz during 2013, with the deficit, including investment, in the platinum market increasing to more than 800koz. The year saw strong offtake by exchange traded fund (ETF) investors. ABSA's Newplat ETF peaked at 910koz since its launch in April 2013 and by year end was the largest global platinum ETF. However, this did not result in a positive impact on prices mainly due to the large levels of above-ground stocks at consumers.

#### Palladium

In 2013, total palladium demand grew by an estimated 0.6% to 9.5Moz. A return to strong growth conditions in the Chinese car market lifted global palladium usage in autocatalysts by 5% to 7Moz. While recycling grew by approximately 8% to 2.1Moz, the gap between palladium supply and demand increased in 2013 and primary supplies declined to 6.3Moz. This decline was due to mine closures and lower Russian stock sales, however, lease rates remain low which indicates that currently global inventories are ample to meet growing demand.

#### Rhodium

In 2013, global demand for rhodium rose by 4.5% to 960koz, and although supply decreased by 9.1% to 680koz as UG2 production was trimmed further, the market remains closely balanced and is currently well stocked. The reduction in the basket price, combined with rising unit costs, has resulted in an unsustainable erosion of margins for a number of smaller-scale, narrow-reef UG2 producers.

### FUTURE OUTLOOK

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

RBPlat's focus for 2014 will be on protecting our business continuity through maintaining flexibility in the business, honouring our social licence to operate and the successful negotiation of a mutually beneficial wage agreement with our workforce. We will also need to finalise our funding solution for the Styldrift I project through the combination of an equity capital raising and a structured debt funding package during 2014.

In this regard the increase in activity at Styldrift I with the resultant increase in capital expenditure will be a major focus for the business during 2014. We forecast our total capital expenditure for 2014 to be approximately R2.4 billion, increasing to about R3.1 billion in 2015.

Our key operational challenges in 2014 will be to optimise volumes while retaining our existing flexibility, grades and operating cost focus and ensuring that the BRPM concentrator upgrade, which will commence in mid 2014, does not disrupt operations.

Our production estimate for 2014, based on the current operating platform, is a mill throughput of around 2.3 million tonnes at a built-up head grade of approximately 4.2 g/t (4E). From 2015 our production will increase, in line with the Styldrift I project ramp up. BRPM's UG2 production is expected to make up approximately 18% of production in 2014, decreasing to around 10% in 2018 in line with the increased Merensky contribution from Styldrift I.

The structural changes we needed to make to reduce operating costs were largely addressed during 2013. Further improvements will be informed by our continuous business improvement processes. We expect our operating cost increases to remain below mining inflation in 2014.

In the year ahead primary platinum supply is likely to remain flat year-on-year, however, we anticipate further growth in recycling in 2014 which will compensate for this. Demand is expected to increase from current levels, particularly as the decline in auto sales in Europe appears to have bottomed out in 2013 and auto sales are expected to grow in 2014. This, combined with higher metal loadings per vehicle associated with the promulgation of Euro 6 tailpipe emissions legislation, will kick start the automotive demand recovery in Europe. There are also positive signs that platinum jewellery has gained a foothold in the Indian market and has the ability to prosper going forward. However, the offtake in platinum ETFs is not expected to be as strong as it was in 2013.

Higher demand for palladium from the automotive industry is expected to continue in 2014, while the reduction in primary supply in the absence of Russian stock sales will be partially offset by additional recycling. Rhodium has long been part of gasoline autocatalyst formulations, but as emissions legislation to reduce nitrous oxides (NOx) tightens with Euro 6 for new models from September 2014, it is expected to be part of light duty diesel formulations too, though facing competition from other approaches.

Our strategies and focus areas for 2014 are informed by a longer term rather than a shorter-term recovery in the PGM market and the Styldrift funding requirements. Key success drivers are safety and health, business continuity, ounce production and operating costs. Based on the operational successes achieved in 2013, improved flexibility and the constructive participation of all stakeholders, we believe we are in a strong position to achieve all our goals in 2014. To add value to our business we will continue to evaluate all potential value-enhancing regional opportunities.