ROYAL BAFOKENG PLATINUM

MORE THAN MINING

2019 Annual Financial Statements

Our purpose

To **create economic value**
for all our stakeholders
by delivering
More than mining,
which has been our aspiration since we took over operational control of the BRPM Joint Venture and listed on the JSE in 2010 has never been more relevant than it is today

Our mission

To leave a lasting legacy of sustainable benefits for 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 interest and mutual reward

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

Contents

Statement of responsibility by the Board of Directors

The board of directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Royal Bafokeng Platinum Group. The financial statements presented on pages 14 to 83 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act 71 of 2008 of South Africa, and include amounts based on judgements and estimates made by management.

The board considered whether in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The board is satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

The board has responsibility for ensuring that proper records are kept to enable the preparation of the financial statements in compliance with relevant legislation.

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

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

BOARD APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 December 2019 are set out on pages 14 to 83. The preparation thereof was supervised by the Financial Director, Hanré Rossouw, and approved by the Board of Directors on 28 February 2020 and are signed on its behalf by:

KD Moroka SC
Chairman

SD Phiri
Chief Executive Officer

Certificate of the Company Secretary

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

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

LC Jooste
Company Secretary

26 February 2020

Audit and Risk Committee report

This report is provided by RBPlat's independent Audit and Risk Committee for the financial year ended 31 December 2019.

The committee has discharged its:
- responsibilities as mandated by the Board
- statutory duties in compliance with the Companies Act 71 of 2008 and the JSE Listings Requirements
- governance role and responsibilities by applying the principles relevant to our committee, as set out in the King Code on Corporate Governance 2016 (King IV™*).

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

COMPOSITION, MEETINGS AND COMMITTEE ASSESSMENT

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

Brief profiles of the committee members are available on page 33 of the 2019 integrated report and the Company's website. The committee met on five occasions during the year. Members' attendance at these scheduled meetings is provided below.

	Attendance at meetings
Members	
Louisa Stephens (Chair)	5/5
Peter Ledger	4/5
Mark Moffett	5/5
Zanele Matlala	5/5
Invitees	5/5
Kgomotso Moroka	5/5
Steve Phiri	5/5
Hanré Rossouw	5/5
Neil Carr	5/5
Reginald Haman	5/5
Lindiwe Montshiwagae	5/5

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

A comprehensive evaluation of the effectiveness of our Board and its committees was conducted by an independent external evaluators. Overall, the evaluators concluded that the Board and its committees discharge their duties effectively. Certain actions to enhance Board and director development were recommended. Based on the recommendations arising from the evaluation the Board will be putting action plans in place during 2020 to further improve its effectiveness. The actions that fall in the Audit and Risk Committee's areas of responsibility include:
- Increased integration of the ICT strategy with the business plans and strategy
- Restructuring of the business to reduce costs, remove duplication, increase efficiencies and make it fit for purpose for the long term

EXECUTION OF FUNCTIONS

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

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

Areas of specific focus for the committee during 2019 included:
- Reviewing and recommending approval of the Triple Flag Agreement, which by optimising the balance sheet will allow RBPlat to self-sustain, consider distributions to shareholders and expansion opportunities
- The finalisation of the acquisition of Rustenburg Platinum Mine Limited's (RPM's) remaining 33% share of BRPM, which has given RBPlat full control of its business
- The sustainability of the ramp-up progress of Styldrift Mine
- Working with internal audit with a particular focus on fraud and risk assessment and addressing any irregularities
- Reinforcing of supply chain governance and processes, ensuring they are aligned throughout the business and that all Group policies and procedures are complied with

ANNUAL CONFIRMATIONS

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

- ***Annual financial statements and integrated report***
  - The committee is satisfied that the Company's financial reporting procedures are operating appropriately
- ***Solvency and liquidity***
  - The committee reviewed quarterly assessments by management of the going concern premise of the Company before recommending to the Board that the Company and the Group will be a going concern in the foreseeable future
- ***Independence and reappointment of a suitable external auditor***
  - Reappointed PwC and Mr D Shango, who in the opinion of the committee is independent of the Company, as the external auditor for the financial year ended 31 December 2019. Determined the fees to be paid to the external auditor and the terms of engagement as well as the nature and extent of any non-audit services and related fees that the external auditor provided to the Company
- ***Evaluation of the expertise and adequacy of the Financial Director and the finance function***
  - Considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the Company's finance function and the Financial Director
- ***Effectiveness of internal controls***
  - Using the Company's combined assurance model and the related assurance obtained from the various assurance providers in the three lines of defence as a basis, the committee recommended to the Board that it issue a statement as to the adequacy of the Company's internal control environment

COMMENTS ON KEY AUDIT MATTERS

Impairment assessment of long-lived assets

The committee assessed the methodology assumptions and judgements applied by management as set out in Note 3 of the annual financial statements. Furthermore, the committee had the benefit of an independent external valuation from SRK as part of the impairment assessment. In the context of significant enhancements to the underlying quality of the asset base and the improved market conditions, the committee is satisfied that the carrying value of assets are accurately reflected and that no impairment of long-lived assets is required.

Cut-off between development and production phase of mining

Effective 1 January 2019, Styldrift reached commercial production and the capital costs relating to its 150ktpm capacity were reclassified from capital work-in-progress to the different classes of assets and depreciation commenced. Styldrift continues to incur cost under capital work-in-progress to reach its 230ktpm capacity. The committee reviewed the capitalisation of development costs, transfers to the appropriate category of property, plant and equipment, as well as subsequent depreciation over the expected useful lives. The committee is satisfied with the accounting treatment with details reflected in Note 3 of the financial statements.

Louisa Stephens
Chair of the Audit and Risk Committee

28 February 2020

Directors' report for the Group and Company

PRINCIPAL ACTIVITIES AND PROFILE

RBPlat was incorporated in July 2008 by Royal Bafokeng Holdings (RBH), the investment arm of the Royal Bafokeng Nation (RBN). When the Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV) between RBH and Anglo American Platinum Limited was restructured in 2009, operational control of the joint venture vested in RBPlat. RBPlat, through the BRPM JV, operated BRPM and the Styldrift Mine, which achieved its target of ramping up to 150ktpm in the last quarter of 2018. RBPlat, through its wholly owned subsidiary Royal Bafokeng Resources (RBR), operates BRPM and Styldrift Mine. RBPlat's significant reserves and resources can sustain operations for at least the next 60 years.

RBPLAT SUBSIDIARY COMPANIES

The following companies are wholly owned subsidiaries of Royal Bafokeng Platinum Limited:
— Royal Bafokeng Resources Proprietary Limited (RBR)
— Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS)
— Bafokeng Rasimone Management Services Proprietary Limited (BRMS) (100% held indirectly via RBR)
— Royal Bafokeng Resources Properties (RF) Proprietary Limited (RBRP) (100% held indirectly via RBR)
— Maseve Investments 11 Proprietary Limited (MI)

RESULTS AND DIVIDEND

The financial results of the Group and Company are set out on pages 14 to 83. These annual financial statements have been prepared using appropriate accounting policies, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the Companies Act 71 of 2008, the JSE Listings Requirements and include amounts based on judgements and estimates made by management.

Shareholder returns are an important expression of capital allocation, with our preference being to return excess cash to shareholders through sustainable dividend payments. While the development of Styldrift has presented a significant investment phase for RBPlat, the successful ramp up of Styldrift, together with the ongoing cash generation from BRPM and the Impala royalties, is expected to underpin strong cash flow generation that will support sustainable dividends. As such, the Board has adopted a policy of distributing a minimum of 10% free cash flow, before growth capital, while maintaining discretion to consider balance sheet flexibility and prevailing market conditions. This will be done through an annual dividend each financial year, with consideration also given to special dividend, where appropriate.

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

The business context on page 21 of our 2019 integrated report provides details of the Group's operating environment. The Group's operational performance for 2019 is discussed on page 10 and information on our future outlook can be found throughout the 2019 integrated report. The financial capital section on pages 44 to 51 of the 2019 integrated report, together with these annual financial statements, provide a full description of our financial performance for the year, while our post statement of financial position events are described in detail in Note 40 of these annual financial statements.

GOING CONCERN

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

CORPORATE GOVERNANCE

A report on our corporate governance and our application of the principles of King IV is included in our 2019 integrated reporting as well as the Company's website http://www.bafokengplatinum.co.za/governance.php.

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

Our integrated report for 2019 provides information on our environment, social and governance (ESG) performance under the various capitals in the performance section of the report on pages 44 to 106. Information on employee benefits and remuneration are provided on pages 124 to 135 of the integrated report.

MATERIAL BORROWINGS

The Group concluded R3 billion in debt facilities agreements during 2018 which is predominantly utilised to fund Styldrift expansionary capital expenditure. These facilities consist of a seven-year term debt facility of R750 million, five-year revolving credit facility of R1 750 million, and one-year general banking facility of R508 million. For material borrowings and facilities please refer to Note 15 of the annual financial statements on pages 32 and 33.

CONVERTIBLE BOND

Following the issue of 120 000 7% senior unsecured convertible bonds for R1.2 billion on 15 March 2017, five tranches of coupon interest payment have been made to date, in August 2017, 2018 and 2019 as well as March 2018 and 2019. Further details regarding the convertible bonds are disclosed in Note 19 of the annual financial statements on page 35.

ACQUISITION OF RUSTENBURG PLATINUM MINES LIMITED'S (RPM's) REMAINING 33% INTEREST IN THE BRPM JOINT VENTURE

In 2018, RBPlat's wholly owned subsidiary, RBR entered into an agreement with RPM, a wholly owned subsidiary of Anglo American Platinum Limited, in terms of which RBR, in a two-phased transaction, acquired RPM's 33% interest in the BRPM JV. All conditions precedent to phase I of the transaction were fulfilled and accordingly with effect from 11 December 2018, the risks and rewards of ownership have passed to RBR in respect of the RPM participation interest, including full title in respect of all assets owned by RPM, the use of which it had contributed to the BRPM JV, other than RPM's 33% undivided interest in the mining rights attributable to the BRPM JV.

Conditions precedent to Phase II of the transaction were fulfilled in 2019. On 16 July 2019, the Department of Mineral Resources and Energy (DMRE) confirmed that it has granted unconditional consent in terms of section 11(1) of the Mineral and Petroleum Resources and Development Act, 2002, to the transfer of RPM's undivided interest in the mining rights. Accordingly, in terms of Phase II of the transaction, RBR will proceed to register full title in respect of RPM's 33% undivided interest in the mining rights attributable to the BRPM JV (which entails consolidating RPM's 33% participation interest with the 67% already held by RBR in such mining rights). Accordingly, the Company confirms that in addition to Phase I of the transaction having been completed, the conditions precedent to Phase II of the transaction have now been met.

On 30 January 2020, RBPlat settled the balance of the deferred consideration outstanding on that date, amounting to R1 851.0 million. The balance was settled in cash from proceeds of the gold streaming transaction.

DIRECTORATE

The directors for the year under review were:

Director	Position	First appointed	Standing for re-election and election	Elected or re-elected at the last AGM
Kgomotso Moroka	Chairman and independent non-executive director	1 June 2010		Yes
Peter Ledger	Independent non-executive director	28 February 2018	Yes	
Zanele Matlala	Independent non-executive director	25 September 2018		Yes
Mark Moffett	Independent non-executive director	22 September 2014	Yes	
Thoko Mokgosi-Mwantembe	Independent non-executive director	5 November 2014		Yes
Obakeng Phetwe	Non-executive director	28 February 2018	Yes	
Steve Phiri	Executive director	1 April 2010		
Mike Rogers	Independent non-executive director	7 December 2009		
Hanré Rossouw	Executive director	1 October 2018		Yes
Louisa Stephens	Independent non-executive director	22 September 2014		Yes
David Wilson*	Non-executive director	29 May 2014		
Udo Lucht	Non-executive director	1 September 2019	Yes	
Gordon Smith	Non-executive director	2 January 2019		
Avischen Moodley	Non-executive director	2 January 2019		

** Resigned 29 May 2019*

DIRECTORS AND PRESCRIBED OFFICERS' DISCLOSURE OF INTERESTS IN CONTRACTS

During the period under review and at the time of signing off the 2019 integrated report, no contracts were entered into in which directors and prescribed officers of the Company had an interest and which would affect the business of the Group.

SERVICE CONTRACTS OF DIRECTORS AND PRESCRIBED OFFICERS

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

SPECIAL RESOLUTIONS

Details of the ordinary and special resolutions to be approved by shareholders at the next Annual General Meeting (AGM) are outlined in the notice of Annual General Meeting (pages 145 to 148 of the 2019 integrated report) and are also available online, (www.bafokengplatinum.co.za).

At the AGM held on 16 April 2019, the following special resolutions were tabled and adopted by shareholders:
- to grant the directors and the Company, or any of its subsidiaries, a general authority to repurchase up to 5% of its issued shares. The authority will be renewed at the next AGM, subject to shareholder approval
- to approve the non-executive directors' fees.

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

POWERS OF THE BOARD

Subject to RBPlat's MOI, South African legislation and to any directions given by means of a special resolution, the business of the Group is managed by the Board which may exercise all the powers of the Group. The MOI contains specific provisions concerning the power of RBPlat to borrow money and also the power to purchase its own shares. The Board has been authorised to allot and issue ordinary shares up to a maximum of 5% of the issued share capital of the Company for cash in terms of the ordinary resolution adopted by shareholders at the AGM on 16 April 2019.

These powers are exercised in terms of its MOI and resolutions passed at the AGM held on Tuesday, 16 April 2019. No shares have been issued under this authority in 2019. The Board has decided to seek renewal of this authority in accordance with best practice.

DIRECTORS' REMUNERATION

Details of directors' remuneration and related payments can be found in Note 35 of the notes to the annual financial statements on pages 56 to 62.

SHARE CAPITAL

Full details of the authorised and issued share capital of the Company are set out in Note 16 to the annual financial statements. As at 31 December 2019, there were 257 277 317 ordinary shares in issue at no par value. Treasury shares held by the Company are outlined in the notes to the annual financial statements on pages 33 and 34.

MAJOR SHAREHOLDERS

The following shareholders were the registered holders of 5% or more of the issued ordinary shares in the Company at 31 December 2019:

Beneficial shareholders holding of 5% or more	Number of shares	%
Royal Bafokeng Platinum Holdings Proprietary Limited	103 443 849	40.21
Allan Gray Asset Management	29 896 643	11.62
Government Employees Pension Fund	20 013 801	7.78

DIRECTORS AND PRESCRIBED OFFICERS' INTERESTS IN ROYAL BAFOKENG PLATINUM LIMITED

	Number of shares			
	2019 beneficial		2018 beneficial	
	Direct	**Indirect**	Direct	Indirect
Executive directors				
Steve Phiri*	**201 267**	**1 680 423**	164 673	1 283 146
Hanré Rossouw*	**–**	**1 138 190**	–	–
Prescribed officers				
Neil Carr	**124 666**	**907 578**	46 461	792 381
Vicky Tlhabanelo	**95 959**	**583 522**	65 681	488 664
Glenn Harris	**–**	**744 371**	63 055	832 332
Reginald Haman	**56 657**	**675 816**	14 687	593 680
Mpueleng Pooe	**35 670**	**481 526**	7 788	471 621
Lindiwe Montshiwagae	**–**	**378 710**	–	256 012
Lester Jooste (Company Secretary)	**61 730**	**179 748**	43 326	207 893

** Executive director*

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

SHARE DEALINGS

	Shares sold	Share price	Date
Share dealings by prescribed officers			
Neil Carr	58 997	32.51	3 Apr 2019
Vicky Tlhabanelo	26 314	32.51	3 Apr 2019
Glenn Harris	188 116	35.84	23 Oct 2019
Reginald Haman	36 478	32.51	3 Apr 2019
Mpueleng Pooe	24 231	32.51	3 Apr 2019
Lindiwe Montshiwagae	15 700	32.51	3 Apr 2019
Lester Jooste (Company Secretary)	15 995	32.51	3 Apr 2019

Glenn Harris and Mpueleng Pooe were retrenched on 31 October and 31 December respectively due to executive team restructuring.

SIGNIFICANT AGREEMENTS

The amended BRPM JV Agreement, which was entered into on 12 August 2009 by the RBN, RBR and RPM and set out the terms and conditions on which the BRPM JV operated, fell away once all conditions precedent to phase I of RBR's acquisition of RPM's 33% interest in the BRPM JV were fulfilled on 11 December 2018. The risks and rewards of ownership have passed to RBPlat through its wholly owned subsidiary RBR in respect of the RPM participation interest, including full title in respect of all assets owned by RPM, the use of which it had contributed to the BRPM JV, other than RPM's 33% undivided interest in the mining rights attributable to the BRPM JV.

Phase II of the transaction in terms of which RBR shall acquire full title in respect of RPM's 33% undivided interest in the mining rights attributable to the BRPM JV, entails consolidating the 33% participation interest with the 67% RBR already holds in the mining right. This phase of the transaction is subject to approval by the Department of Mineral Resources in terms of section 11 of the Mineral and Petroleum Resources Development Act, which was obtained during 2019.

SERVICES AGREEMENT

As part of the BRPM JV restructuring, a services agreement was entered into between RBP MS, RBR and RPM on 9 September 2009 in terms of which RBP MS was appointed as operator of BRPM JV in place of Anglo Platinum Management Services Proprietary Limited (AMS) with effect from 4 January 2010. In terms of this agreement RBP MS was appointed to provide mining services as an independent contractor and as an agent of the joint venture parties. This agreement also fell away when all conditions precedent to phase I of RBR's acquisition of RPM's interest in the BRPM JV were fulfilled on 11 December 2018.

DISPOSAL OF CONCENTRATE AGREEMENT

The disposal of concentrate agreement previously regulated the terms on which RBR disposed of its share of the concentrate produced by the BRPM JV to RPM. The agreement provided for RBR's share of the concentrate produced by the BRPM JV to be sold to, and processed by RPM. RBR was responsible for delivery of the concentrate to RPM's smelting and refining facility situated at Rustenburg, the costs of which were borne by the BRPM JV. Risk and ownership passed to RPM once the concentrate left the gates of the concentrator plant.

The disposal of concentrate agreement was amended and the amendments became effective when all conditions precedent to Phase I of RBR's acquisition of RPM's interest in the BRPM JV were fulfilled on 11 December 2018. In terms of the new agreement, risk and ownership passes to RPM upon delivery by RBR of the concentrate at the designated delivery point.

RBR is obliged to sell and RPM is obliged to purchase 50% of the concentrate of the RBR operations (RBR's reserved concentrate) up until 11 August 2022, the optional termination date in terms of the disposal of concentrate agreement. Thereafter, while RBR retained the right to sell 50% of the BRPM JV concentrate (RBR's reserved concentrate) to RPM for the life of RBR operations, it was also entitled to terminate the relationship on 11 August 2022 by giving written notice by no later than 11 August 2020. Subsequent to 11 August 2022, RBR is also entitled to terminate the relationship by providing written notice two years prior to each fifth anniversary of 11 August 2022.

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

IMPALA PLATINUM ROYALTY AGREEMENTS

These agreements regulate the terms on which RBR and RPM disposed of their respective shares of the UG2 ore mined by Impala Platinum from its 6 and 8 shafts and the UG2 and Merensky ore mined from its 20 shaft. The Royalty agreements continue, however, there will no longer be any minority interest/revenue paid to RPM. RBR receives all revenue and profits as it now owns 100%. A royalty equivalent to 17.5% of gross PGM, gold, nickel and copper revenue will be paid for the UG2 and Merensky ore mined from the 20 shaft area. The 6 and 8 shaft royalty agreement was renegotiated in 2013 and is linked to market conditions and the profitability of the Impala Rustenburg operations. In terms of the amended royalty agreement for 6 and 8 shafts, Impala will pay the BRPM JV a royalty that is based upon a factor that is linked to the Impala Rustenburg operations' gross margin with a minimum of 5% and a maximum of 25% of gross PGM, gold, nickel and copper revenue. We anticipate earning royalties from the 6 shaft agreement up to 2024 and from the 20 shaft agreement for approximately 30 years.

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

for the year ended 31 December 2019

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Royal Bafokeng Platinum Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2019, its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Royal Bafokeng Platinum Limited's consolidated and separate financial statements set out on pages 14 to 83 comprise:
— the consolidated and Company statements of financial position as at 31 December 2019
— the consolidated and Company statements of comprehensive income for the year then ended
— the consolidated and Company statements of changes in equity for the year then ended
— the consolidated and Company statements of cash flows for the year then ended
— the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

OUR AUDIT APPROACH

Overview

Overall Group materiality
— R67 million, which represents 0.9% of consolidated revenue.

Group audit scope
— The Group comprises seven components, of which five components were subject to full scope audit procedures and two components were subject to an audit of material account balances, transactions and disclosures.

Key audit matters
— Cut-off between development and production phases of mining
— Impairment assessment of long-lived assets.

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

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

for the year ended 31 December 2019

Materiality

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

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

Overall Group materiality	R67 million.
How we determined it	We determined materiality by using 0.9% of consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue as the materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. Based on professional judgement, we chose 0.9% to take into consideration external debt covenants.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

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

The Group consists of seven subsidiaries (referred to as components). We performed full scope audits on five components due to their financial significance and performed an audit of material account balances, transactions and disclosures for the remaining two components.

In establishing the overall approach to the Group audit, we determined the extent of the work that needed to be performed by us, as the Group's engagement team, to issue our audit opinion on the consolidated financial statements of the Group.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Cut-off between development and production phases of mining *This key audit matter relates to the consolidated financial statements only.* *Refer to Note 3 Property, plant and equipment* Management has concluded that Styldrift Mine's required operational infrastructure was in place and ore reserves are developed to sustain the required production output and therefore ready to operate as intended. It is the Group's accounting policy that all costs directly attributable to developing the mine are capitalised. During the ramp-up phase, the recognition of costs and related incidental revenue in the carrying amount of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. We considered the cut-off between development and production phase of mining to be a matter of most significance to the current year audit due to the following: – the significant judgement applied by management in assessing when the criteria for reclassification from capital work-in-progress to other classes of assets were met – the significance of the carrying amount of the Styldrift Mine to the consolidated financial statements.	Through our discussions with management and inspection of underlying calculations prepared by them, we obtained an understanding of their process for assessing when the International Accounting Standard (IAS) 16 *Property, Plant and Equipment* criteria for assessing the point at which the commercial production indicators were met. We assessed management's determination that the required operational infrastructure was in place through physical inspection of the infrastructure that is in place underground. We also held discussions with management's experts to assist us in identifying the respective infrastructure elements. We assessed the competence, experience, objectivity and qualifications of management's experts and assessed that it would be appropriate to consider their work. Based on the work we performed, we accepted management's conclusions that the required infrastructure was in place and operational. We compared the total expenditure expected to be incurred to complete the project to the total expected capital expenditure on the project, as used by management in their cost to complete assessment. In order to test the reclassification of assets from capital work-in-progress to the other classes of assets within property, plant and equipment, we: – selected a sample of assets and agreed these to asset transfer documentation – we specifically noted the date of transfer, amount of transfer, the asset class to which the transfer was made and the approval of the transfer by the engineers – we recalculated the depreciation amount and compared it to management's depreciation amount. Based on the procedures performed we accepted the reasonability of management's assessment to transfer assets from capital work-in-progress to the other classes of assets within property, plant and equipment.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of long-lived assets *This key audit matter relates to the consolidated and separate financial statements* For the Group, the long-lived assets comprise property, plant and equipment (PPE) and mineral rights. For the Company, the long-lived assets comprise investments in subsidiaries. Details regarding these are disclosed in Notes 3 and 5 to the consolidated financial statements and in Note 2 to the separate financial statements. IAS 36 *Impairment of Assets* requires the Group to assess long-lived assets for impairment when there are indicators of impairment. In the current year, the Group's net assets exceeded the Group's market capitalisation. This was considered by management to be an indicator of impairment. Management performed an impairment assessment to determine the recoverable amount of the various cash-generating units (CGUs). The recoverable amount was based on a combination of discounted cash flow models and valuation of outside life-of-mine resources. The assumptions (inputs) used in the cash flow forecasts and valuations of mineral resources outside life-of-mine resources are based on forecast results and expected market and economic conditions. The most significant inputs in these forecasts and valuations are: — production output and costs — forecasts of commodity prices and exchange rates — discount rates — the life-of-mine. The impairment assessment of long-lived assets was considered to be a matter of most significance to the current year audit due to the following: — significant judgement and estimates applied by management in valuing the CGUs — the significance of the carrying amount of the CGUs to the consolidated and separate financial statements.	Through our discussions with management, we obtained an understanding of their impairment assessments and the methodologies and models used in determining the recoverable amounts of the CGUs. We evaluated the design, implementation and operating effectiveness of relevant internal controls over management review of the impairment, life-of-mine models, budgeting and the forecasting process. We utilised our valuation expertise to perform the following procedures: — we assessed the methodologies and models applied by management and found them to be consistent with generally accepted methodologies — we tested the forecasts for the relevant metal prices and exchange rates used by management by benchmarking them against external analysts' forecasts. Based on the work we performed, we accepted management's pricing and exchange rate assumptions — we tested the long-term real discount rates used by management for reasonability by independently calculating the discount rates, taking into account independently obtained data. The discount rate used by management fell within an acceptable range of our independent calculation. We compared the production output as per the life-of-mine plan assumption to reserves signed off by the Group's competent person, existing production volumes and approved business plans. No material differences were noted. We assessed the competence, experience, objectivity and qualifications of the Group's competent person and assessed that it would be appropriate to consider his work We compared the life-of-mine plan, operating and capital costs to budgeted and actual costs in order to determine the reasonableness thereof. In evaluating the accuracy of the value of the outside life-of-mine resources, we used our valuations expertise to independently calculate the resource multiple by benchmarking the valuation against comparable transactions. Management's resource multiple fell within an acceptable range of our independent calculation. We tested the accuracy of the model used by management by performing an independent recalculation and comparing the results of our calculation with management's calculations. Management's value was accepted as falling within a reasonable range.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Royal Bafokeng Platinum annual financial statements 2019*" and in the document titled "*Royal Bafokeng Platinum Limited integrated report 2019*", which includes the directors' report for the Group and Company, the Audit and Risk Committee report and the certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: TD Shango
Registered Auditor
4 Lisbon Lane
Waterfall City
Jukskei View
2090
3 March 2020

Consolidated statement of financial position

as at 31 December 2019

	Notes	Group 2019 R (million)	2018 Restated^ R (million)
ASSETS			
Non-current assets		**22 160.7**	21 483.9
Property, plant and equipment	3	**15 367.4**	14 661.6
Right-of-use assets	4	**25.6**	–
Mineral rights	5	**5 502.7**	5 647.7
Environmental trust deposits and guarantee investments	6	**245.9**	227.0
Employee housing loan receivable	7	**681.8**	611.4
Employee housing benefit	8	**235.2**	226.5
Housing insurance investment	9	**43.9**	39.9
Deferred tax asset	18	**58.2**	69.8
Current assets		**4 790.0**	4 026.7
Employee housing benefit	8	**17.5**	16.4
Employee housing assets	10	**702.6**	774.3
Inventories	11	**196.1**	130.2
Trade and other receivables	12	**2 984.9**	2 222.1
Current tax receivable	13	**4.2**	0.2
Derivative financial asset	14	**70.5**	–
Cash and cash equivalents	15	**814.2**	883.5
Total assets		**26 950.7**	25 510.6
EQUITY AND LIABILITIES			
Total equity		**16 186.6**	15 158.3^
Stated capital*	16	**11 125.1**	10 063.1
Retained earnings		**4 739.4**	4 757.0^
Share-based payment reserve	17	**322.1**	338.2
Non-distributable reserve		**–**	–
Non-controlling interest		**–**	–
Non-current liabilities		**9 024.5**	9 595.9^
Deferred tax liability	18	**3 846.5**	3 766.6^
Convertible bond liability	19	**1 049.5**	986.7
PIC housing facility	20	**1 440.9**	1 299.6
Interest-bearing borrowings	21	**1 305.5**	1 650.0
RPM deferred consideration	22	**1 073.4**	1 621.6
Lease liabilities	4	**16.2**	–
Restoration, rehabilitation and other provisions	23	**292.5**	271.4
Current liabilities		**1 739.6**	756.4
Trade and other payables	25	**923.1**	677.1
Current tax payable	13	**1.3**	13.4
Current portion of PIC housing facility	20	**42.2**	–
Current portion of interest-bearing borrowings	21	**–**	65.9
Current portion of RPM deferred consideration	22	**760.0**	–
Current portion of lease liabilities	4	**13.0**	–
RPM payable		**–**	–
Total equity and liabilities		**26 950.7**	25 510.6

** Refer to Note 16 for the details relating to the reallocation of share capital and share premium to stated capital*
^ Refer to Note 27 for details of restatement relating to correction of error

The notes on pages 18 to 74 form an integral part of these consolidated annual financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Notes	Group 2019 R (million)	2018 R (million)
Revenue	28	**7 491.9**	3 627.1
Cost of sales	31	**(6 810.6)**	(3 317.2)
Gross profit		**681.3**	309.9
Other income	29	**267.9**	124.0
Administrative expenses		**(337.2)**	(284.0)
Corporate office	31	**(187.3)**	(247.8)*
Housing project	31	**(53.5)**	21.3
Industry membership and market development	31	**(16.6)**	(16.7)*
Maseve care and maintenance	31	**(69.2)**	(40.8)
Restructuring costs	31	**(10.6)**	—
Gain on bargain purchase		**—**	118.3
Scrapping and impairment of non-financial assets	10	**(58.9)**	(26.3)
Finance income	30.1	**124.1**	100.9
Finance cost	30.2	**(553.6)**	(26.8)
Profit before tax		**123.6**	316.0
Income tax expense	32	**(59.5)**	(60.5)
Current tax expense	32	**(47.2)**	(35.3)
Deferred tax expense	32	**(12.3)**	(25.2)
Net profit for the period		**64.1**	255.5
Other comprehensive income		**—**	—
Total comprehensive income		**64.1**	255.5
Total comprehensive income attributable to:			
Owners of the Company		**64.1**	155.6
Non-controlling interest		**—**	99.9
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents/share)	39	**26.3**	78.1
Diluted earnings per share (cents/share)	39	**26.3**	73.3

** R16.7 million of corporate office costs has been reallocated and disclosed separately as industry membership and market development costs*

The notes on pages 18 to 74 form an integral part of these consolidated annual financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Number of shares	Stated* capital Restated R (million)	Share-based payment reserve R (million)	Non-distributable reserves R (million)	Retained earnings Restated^ R (million)	Attributable to owners of the Company Restated^ R (million)	Non-controlling interest R (million)	Total Restated^ R (million)
2019								
Restated balance at 31 December 2018	207 999 586	10 063.1	338.2	–	4 757.0	15 158.3	–	15 158.3
IFRS 16 adjustment^^	–	–	–	–	(3.3)	(3.3)	–	(3.3)
Restated balance at 1 January 2019	207 999 586	10 063.1	338.2	–	4 753.7	15 155.0	–	15 155.0
Share-based payment charge	–	–	40.1	–	–	40.1	–	40.1
2016 BSP shares vested in April 2019	1 449 783	56.2	(56.2)	–	–	–	–	–
Share options exercised	321 107	6.3	–	–	–	6.3	–	6.3
Issue of shares	46 777 694##	1 029.1	–	–	–	1 029.1	–	1 029.1
Costs relating to issue of shares capitalised	–	(29.6)	–	–	–	(29.6)	–	(29.6)
Deferred tax on final valuation of the acquisition of non-controlling interest	–	–	–	–	(78.4)	(78.4)	–	(78.4)
Total comprehensive income	–	–	–	–	64.1	64.1	–	64.1
Balance at 31 December 2019	256 548 170**	11 125.1	322.1	–	4 739.4	16 186.6	–	16 186.6
2018								
Balance at 31 December 2017	192 868 841	9 645.1	240.8	82.5	701.5	10 669.9	3 754.0	14 423.9
Share-based payment charge	–	–	123.9	–	–	123.9	–	123.9
2015 BSP shares vested in April 2018	467 587	26.5	(26.5)	–	–	–	–	–
Issue of shares	14 663 158#	394.5	–	–	–	394.5	–	394.5
Costs relating to issue of shares capitalised	–	(3.0)	–	–	–	(3.0)	–	(3.0)
Total comprehensive income	–	–	–	–	155.6	155.6	99.9	255.5
Transaction with non-controlling interest	–	–	–	–	3 817.4^	3 817.4^	(3 853.9)	(36.5)^
Transfer from non-distributable reserve	–	–	–	(82.5)	82.5	–	–	–
Restated balance at 31 December 2018	207 999 586**	10 063.1	338.2	–	4 757.0^	15 158.3^	–	15 158.3^

* *Refer to Note 16 for the details relating to the reallocation of share capital and share premium to stated capital*
^ *Refer to Note 27 for details of restatement relating to correction of error*
^^ *Refer to Note 26 for details relating to change in accounting policy*
\# *4 871 335 shares were issued for the Maseve acquisition and 9 791 823 shares were issued as part of the initial consideration for the acquisition of the remaining 33% in BRPM JV*
** *The number of shares is net of 1 685 766 (2018: 2 500 037) treasury shares relating to the Company's management share incentive scheme and the Mahube Employee Share Trust as shares held by these special purpose vehicles are eliminated on consolidation*
\#\# *46 777 694 shares were issued under the rights offer*

The notes on pages 18 to 74 form an integral part of these consolidated annual financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2019

		Group	
	Notes	**2019 R (million)**	2018 R (million)
Cash flows from operating activities			
Cash generated from operations	33	**1 154.5**	581.1
Interest paid		**(173.0)**	(0.7)
Interest received		**109.2**	108.5
Dividend received		**0.2**	3.9
Tax refund received	13	**0.2**	–
Income tax paid	13	**(63.5)**	(26.9)
Net cash inflow from operating activities		**1 027.6**	665.9
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**0.9**	–
Acquisition of property, plant and equipment		**(1 695.3)**	(3 510.9)
Acquisition of Maseve net of cash		**–**	(658.0)
Styldrift on-reef development revenue receipts		**–**	973.4
Acquisition of employee housing assets	10	**(48.4)**	(343.4)
Employee housing loan receivable repayments	7	**2.8**	2.4
Acquisition of housing insurance investment	9	**–**	(3.0)
Increase in environmental trust deposits and investments	6	**(11.8)**	(61.0)
Net cash (outflow) from investing activities		**(1 751.8)**	(3 600.5)
Cash flows from financing activities			
Contributions from RPM		**–**	768.3
Drawdown of PIC housing facility	20	**85.0**	384.5
Repayment of PIC housing facility	20	**–**	(80.0)
Proceeds from interest-bearing borrowings	21	**841.0**	2 015.0
Transaction costs on interest-bearing borrowings		**–**	(15.0)
Repayment of interest-bearing borrowings	21	**(1 264.3)**	(270.0)
Initial payment for acquisition of non-controlling interest	22	**–**	(554.7)
Principal elements of lease payments		**(12.6)**	–
Proceeds from the issue of shares	16	**1 029.1**	239.9
Costs relating to the issue of shares	16	**(29.6)**	(3.0)
Proceeds from share options exercised	16	**6.3**	–
Net cash inflow from financing activities		**654.9**	2 485.0
Net decrease in cash and cash equivalents		**(69.3)**	(449.6)
Cash and cash equivalents at beginning of period	15	**883.5**	1 333.1
Cash and cash equivalents at end of period	15	**814.2**	883.5

The notes on pages 18 to 74 form an integral part of these consolidated annual financial statements.

Summary of the general accounting policies

for the year ended 31 December 2019

1. GENERAL INFORMATION

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

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

Summary of significant accounting policies

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

Basis of presentation

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

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

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

Functional and presentation currency

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

Standards, amendments and interpretations to existing standards

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

Standard	Subject	Date
IFRS 16	*Leases* The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively, but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 26.	1 January 2019
IFRIC 23	*Uncertainty over Income Tax Treatments — amendment* The amendments in IFRIC 23 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.	1 January 2019

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. GROUP ACCOUNTING POLICIES

2.1 Group and Company annual financial statements

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

Subsidiaries

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

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

2. GROUP ACCOUNTING POLICIES continued

2.1 Group and Company annual financial statements continued

Subsidiaries continued

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

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

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

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

Changes in ownership interests in subsidiaries without change in control

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

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

Disposal of subsidiaries

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

2.2 General

2.2.1 Financial instruments

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

The Group classifies its financial assets on initial recognition at fair value through profit or loss if the requirements for the amortised cost measurement are not met. Financial assets are classified at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows
- the contractual cash flows are solely payments of principal and interest.

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

2.2.2 Fair value estimation

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

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

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

2.2.3 Offset

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

3. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

- Any decrease in the liability reduces the cost of the asset. The decrease in the asset is limited to its carrying amount and any excess is accounted for in profit or loss
- Any increase in the liability increases the carrying amount of the asset. An increase to the cost of the asset is tested for impairment when there is an indication of impairment
- These assets are depreciated over their useful lives and depreciation is expensed in profit or loss as a cost of production.

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

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

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

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

Impairment

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

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

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

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

Capital work in progress

Development costs are capitalised and transferred to the appropriate category of property, plant and equipment when the development asset is available for use. Capitalised development costs include expenditure to develop new operations and to expand existing capacity.

Accounting treatment of the capital projects expenditure

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

Phase 1: Development phase

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

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

3. PROPERTY, PLANT AND EQUIPMENT continued

Accounting treatment of the capital projects expenditure continued

Phase 1: Development phase continued

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

Phase 2: Ramp-up phase

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

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

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

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

Phase 3: Production phase

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

Accounting treatment of the Styldrift project expenditure

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

Cut-off between development and production

Cut-off between development and production was an area of significant judgement. When commercial production indicators are met, the mine moves to the production phase. When establishing the project’s overall maturity to support commercial operations, the commercial indicators considered include:

> total expenditure expected to be incurred to complete the project versus the total capital expenditure on the project
> the project progress against schedule
> average grade of ore mined
> number of equipped production sections
> key life of mine infrastructure
> available ore reserves.

For Styldrift, the production phase was determined to be the point at which the required operational infrastructure was in place and ore reserves were developed to sustain a production output of 150ktpm. By 2018 year-end the required life of mine infrastructure had been commissioned and proven to be operationally robust with sufficient ore reserves developed to confidently transition the operation to commercial status as of January 2019. At this point, the total expenditure expected to be incurred to complete the project versus the total capital expenditure on the project was in excess of 80%, the project progress against schedule was in excess of 80% with production from 12 IMS sections (six fully equipped and six serviced by dump trucks) against the ultimate target for 230ktpm of 14 sections with four spare sections. Key life of mine infrastructure in the form of required shafts and section ore handling systems and ventilation shafts were commissioned and sufficient ore reserves were developed to sustain production and enable equipping of additional production sections.

Styldrift encountered some operational challenges in 2019 stemming from:

> the termination of the mining contractor during the first quarter of 2019 due to non-compliance
> the implementation of full calendar operations (Fulco)
> late commissioning and timeous extension of strike belts and associated ore handling infrastructure
> the difficulty experienced in the recruitment and onboarding of competent trackless engineering and mining skills resulting in maintenance backlogs and an overall decrease in trackless fleet availability and, ultimately, utilisation
> delays in commissioning of logistics and engineering support infrastructure (stores, workshops etc)

This was exacerbated by geology and geotechnical requirements due to the lack of IMS flexibility within the operation as the mine ramps up.

While Styldrift was equipped to produce 150ktpm, the challenges above resulted in a shortfall between blasted and hoisted ore tonnes, with an average of 150ktpm being produced in stope while an average of 135ktpm was hoisted. Styldrift was considered to be commercially ready despite these challenges as it was able to produce an average of 150ktpm in stope.

Critical accounting estimates and assumptions

The recoverability of the BRPM and Styldrift mining assets was assessed using the higher of fair value less cost to sell or value in use methodology based on the net present value of the current life of mine plan and an in situ value for 4E resource ounces outside the life of mine plan. Refer to determination of recoverable amounts below for detail of assumptions and estimates used in our impairment assessment.

3. PROPERTY, PLANT AND EQUIPMENT continued

Mineral reserves

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

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

Factors impacting the determination of proved and probable reserves are as follows:
- The grade of mineral reserves may vary significantly from time to time (i.e. differences between actual grades mined and resource model grades)
- Differences between actual commodity prices and commodity price assumptions
- Unforeseen operational matters/difficulties at mine sites
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates

Asset lives

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

Mining assets and mineral rights are depreciated/amortised on a unit-of-production (UOP) basis. In 2018, the UOP method was based on the actual production of economically recoverable proved and probable Mineral Reserves over the total expected estimated economically recoverable proved and probable Mineral Reserves to be produced or concentrated by that asset. In 2019, the Group changed its UOP basis of calculating depreciation and amortisation to actual centares mined over proven and probable centares expected to be mined. This was treated as a change in accounting estimates in line with the requirements of IAS 16 and the change was applied prospectively.

	Land and buildings R (million)	Furniture and fittings and computer equipment R (million)	Mining assets (including decommis-sioning asset) R (million)	Capital work in progress R (million)	Plant and machinery R (million)	Vehicles and equipment R (million)	Total R (million)
2019							
At 1 January 2019	**318.9**	**36.6**	**2 908.1**	**9 717.1**	**1 678.0**	**2.9**	**14 661.6**
Additions	**5.7**	**1.3**	**367.3**	**823.5**	**488.4**	**9.1**	**1 695.3**
Change in estimate of decommissioning asset	**–**	**–**	**(11.0)**	**–**	**–**	**–**	**(11.0)**
Disposal	**–**	**–**	**–**	**–**	**(0.6)**	**–**	**(0.6)**
Depreciation	**(19.8)**	**(27.4)**	**(272.0)**	**–**	**(635.3)**	**(23.4)**	**(977.9)**
Transfers	**227.3**	**26.1**	**6 115.2**	**(9 371.2)**	**2 933.7**	**68.9**	**–**
At 31 December 2019	**532.1**	**36.6**	**9 107.6**	**1 169.4**	**4 464.2**	**57.5**	**15 367.4**
Cost or valuation	**596.3**	**243.5**	**13 184.4**	**1 191.8**	**6 284.2**	**114.5**	**21 614.7**
Accumulated depreciation and impairment	**(64.2)**	**(206.9)**	**(4 076.8)**	**(22.4)**	**(1 820.0)**	**(57.0)**	**(6 247.3)**
At 31 December 2019	**532.1**	**36.6**	**9 107.6**	**1 169.4**	**4 464.2**	**57.5**	**15 367.4**
2018							
At 1 January 2018	90.9	40.4	2 928.3	7 705.4	1 144.9	2.3	11 912.2
Additions	0.1	6.2	13.5	2 063.2	36.8	0.4	2 120.2
Acquisitions of Maseve assets at fair value	238.4	5.5	62.2	–	692.0	1.6	999.7
Change in estimate of decommissioning asset	–	–	15.9	–	–	–	15.9
Scrapping of assets*	–	(0.4)	–	(25.9)	–	–	(26.3)
Depreciation	(10.5)	(17.7)	(121.4)	–	(209.0)	(1.5)	(360.1)
Transfers	–	2.6	9.6	(25.6)	13.3	0.1	–
At 31 December 2018	318.9	36.6	2 908.1	9 717.1	1 678.0	2.9	14 661.6
Cost or valuation	363.3	216.1	6 712.9	9 739.5	2 863.1	36.5	19 931.4
Accumulated depreciation and impairment	(44.4)	(179.5)	(3 804.8)	(22.4)	(1 185.1)	(33.6)	(5 269.8)
At 31 December 2018	318.9	36.6	2 908.1	9 717.1	1 678.0	2.9	14 661.6

** Scrapping of feasibility study costs previously capitalised*

3. PROPERTY, PLANT AND EQUIPMENT continued

Asset lives continued

Up to the 2018 financial year, social and labour plan expenditure for Styldrift of R10.1 million and share-based payment expenditure of R25.3 million was included in capital work in progress additions. In addition, Styldrift on-reef development revenue of R1 420.3 million was credited against the capital work in progress additions. In 2019, revenue is credited to the statement of comprehensive income.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. On this basis, R3.4 million (2018: R131.7 million) of the convertible bond fair value interest expense, R48.7 million (2018: R55.0 million) of the term debt and revolving credit facility interest expense was capitalised.

Determination of the recoverable amount

International Financial Reporting Standards (IFRS) require long-lived assets to be assessed for impairment when there is an indication of impairment. Management performed an assessment of whether or not there were any impairment indicators using the guidance in IAS 36 *(Accounting Standard on Impairments)* and noted that the net asset value of RBPlat exceeded its market capitalisation at the time.

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

The discounted cash flow analysis used latest Board-approved business plans that include forecasts of production output and costs, capital expenditure and commodity price and exchange rate forecasts. The discounted rate used for each CGU was adjusted to reflect specific risks relating to the CGU where cash flows have not been adjusted for the risk. The valuation of outside LOM ounces was independently conducted by SRK Consulting based primarily on the review of comparable market transaction.

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

Key assumptions to impairment testing

The following key assumptions were used in the Styldrift and RBPM impairment assessment:

- Long-term real platinum US$924 per ounce (2018: US$1 172 per ounce)
- Long-term real palladium US$1 372 per ounce (2018: US$1 019 per ounce)
- Long-term real gold US$1 281 per ounce (2018: US$1 283 per ounce)
- Long-term real rhodium US$4 573 per ounce (2018: US$1 612 per ounce)
- A long-term real rand:US$ exchange rate of R14.91:US$ (2018:R13.27:US$)
- A real post-tax discount rate range of 8% to 9% (2018: 10%)
- Life of mine of 30 years (2018: 30 years)
- Independent valuation of outside LOM at US$4.3 — US$15.5/4E ounce (2018: 5% to 15% of the DCF value for the outside LOM)
- Production volumes are based on a detailed life of mine plan
- Quantum of resources outside the life of mine are based on the mineral resources statement signed off by the competent person

During the construction of Styldrift, the Group concluded a contract with a third-party entity, to provide labour for mining services. Internal audit investigations uncovered potential irregularities in the award of the contract as RBPlats paid a seemingly significant premium compared to market-related rates. The development work performed by the third-party entity is part of Styldrift's mining infrastructure with a total carrying value of R10 889 million. The case is still under investigation and detail around the matters thus remain sensitive and potentially under legal privilege.

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

4. LEASES

The Group leases various mining equipment and office buildings. Rental contracts are typically made for fixed periods of one to six years but may have extension options.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Effective 1 January 2019, assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made on or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

4. LEASES continued

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

4.1 Amount recognised in the statement of financial position

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

	2019 R (million)	1 January 2019* R (million)
Right-of-use assets		
Buildings	**3.9**	**6.3**
Equipment	**21.7**	**32.3**
	25.6	**38.6**
Lease liabilities		
Current	**(13.0)**	**(16.5)**
Non-current	**(16.2)**	**(25.4)**
	(29.2)	**(41.9)**

** In the previous year, the Group did not recognise lease assets and lease liabilities as all leases were classified as operating leases. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 26*

Additions to the right-of-use assets during the 2019 financial year were R0.5 million. The lease commitments for low-value and short-term leases were lower than R1 million.

4.2 Amounts recognised in the statement of comprehensive income

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

	2019 R (million)	2018 R (million)
Depreciation charge of right-of-use assets		
Buildings	**3.4**	–
Equipment	**10.2**	–
	13.6	–
Other		
Interest expense (included in finance cost – refer to Note 30.2)	**(3.7)**	–
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	**–**	–
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	**–**	–
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**–**	–

The total cash outflow for leases in 2019 was R16.3 million.

Refer to Note 26 for additional disclosure relating to the adoption of IFRS 16.

5. MINERAL RIGHTS

Exploration and evaluation assets

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

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

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

- Exploration and evaluation expenditure on greenfield sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs, if the final feasibility study demonstrates that future economic benefits are probable
- Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the Board is able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A ‘pre-feasibility study’ consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The pre-feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the Group will obtain future economic benefits from the expenditures
- Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a pre-feasibility study. This economic evaluation is distinguished from a pre-feasibility study in that some of the information that would normally be determined in a pre-feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allows the Board to conclude that it is more likely than not that the Group will obtain future economic benefits from the expenditures

Critical accounting estimates and assumptions

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

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**5 647.7**	5 686.5
Less: Amortisation (included in cost of sales — refer to Note 31)	**(145.0)**	(38.8)
Closing balance at 31 December	**5 502.7**	5 647.7
Cost	**6 767.0**	6 767.0
Accumulated amortisation and impairment	**(1 264.3)**	(1 119.3)
Closing balance at 31 December	**5 502.7**	5 647.7

6. ENVIRONMENTAL TRUST DEPOSITS AND GUARANTEE INVESTMENTS

Environmental trust deposits held in the Nedbank equity-linked deposits and environmental guarantee investments are carried in the statement of financial position at fair value and deposits held in the Nedbank, RMB and Standard Bank accounts are classified as at amortised cost. Impairment on these deposits is recognised using the expected credit loss model — refer to Note 37.1.2.

Bafokeng Rasimone Platinum JV Environmental Rehabilitation Trust

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

Contributions made are determined on the basis of the estimated environmental obligation over the life of a mine and are reflected in non-current assets under environmental trust deposits. Refer to Note 23 for details of the environmental rehabilitation provision.

Contributions are based on the estimated environmental obligations over the life of mine. Interest earned on deposits paid to the trust is accounted for as finance income and income earned linked to the performance of the equity-linked component of the investment is accounted for as a fair value adjustment in other income.

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

Financial assets at fair value through profit or loss

Initial recognition

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

According to the terms of the Nedbank equity-linked deposit, the deposit amount is guaranteed and will earn a guaranteed 3% per annum (naca) interest. In addition, there is a variable return component linked to the FTSE/JSE Shareholder Weighted Top 40 Index performance. The variable return is capped based on a participation interest percentage of the growth in the relevant index to maturity. The Nedbank equity-linked deposits have been invested for a one/two/three/four/five-year period to ensure flexibility for when the cash will be required for rehabilitation.

R10.3 million (2018: R24.6 million) is invested in the FTSE/JSE Shareholder Weighted Top 40 Index equity-linked deposits.

The environmental guarantee investments were issued in terms of the insurance guarantee relating to the RBR operations environmental liability. The investments have been provided as security for the insurance guarantees issued as shown in Note 24.1. The assets, which mainly consist of cash, are separately administered and the Group's access to these funds is restricted. These investments are managed by Centriq Insurance Company Limited.

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

Subsequent measurement

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

Financial assets at amortised cost

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

6. ENVIRONMENTAL TRUST DEPOSITS AND GUARANTEE INVESTMENTS continued

	Group	
	2019 R (million)	2018 R (million)
Environmental trust deposits		
Held in Standard Bank and Rand Merchant Bank accounts		
Opening balance at 1 January	**12.2**	11.5
Plus: Interest earned on environmental trust deposit (refer to Note 30.1)	**0.8**	0.7
Plus: Increase in cash deposit during the year	**—**	—
Closing balance at 31 December	**13.0**	12.2
Held in Nedbank equity-linked deposit accounts		
Opening balance at 1 January	**24.6**	37.9
Less: Equity-linked deposit matured and invested in Nedbank deposit notes	**(15.6)**	(11.2)
Plus: Fair value adjustment of the Nedbank equity-linked deposits (refer to Note 29)	**1.3**	(2.1)
Fair value at 31 December	**10.3**	24.6
Held in Nedbank deposit notes		
Opening balance at 1 January	**112.4**	93.2
Plus: Equity-linked deposit matured	**15.6**	11.2
Plus: Interest earned on environmental trust deposits (refer to Note 30.1)	**9.4**	8.0
Closing balance at 31 December	**137.4**	112.4
Total deposits held by the BRP JV Environmental Rehab Trust at 31 December	**160.7**	149.2
Environmental guarantee investment held by RBR operations		
Opening balance at 1 January	**77.8**	22.1
Plus: Contributions made during the year	**5.2**	52.3
Plus: Fair value adjustments net of management fee	**2.2**	3.4
Closing balance at 31 December	**85.2**	77.8
Total environmental trust deposits and guarantee investments at 31 December	**245.9**	227.0

7. EMPLOYEE HOUSING LOAN RECEIVABLE

Employee home ownership scheme

The employee home ownership scheme arrangement was concluded in May 2014 and involves the construction of approximately 3 500 houses for eligible employees over a five-year period. Phase 1 of the housing project consisted of the construction of 422 houses in 2015. Phase 2 commenced in 2016 and consists of construction of two show houses in 2016, 539 houses in 2017, 393 houses in 2018 and 221 houses in 2019. Construction of houses was suspended on 31 March 2019, pending review of the demand for the houses by employees. Of the completed houses, 133 houses (2018: 245 houses) were sold resulting in 452 houses (2018: 334 houses) being held as employee housing assets available for sale as at 31 December 2019, which includes the two show houses.

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

Initial recognition

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

7. EMPLOYEE HOUSING LOAN RECEIVABLE continued

Subsequent measurement

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

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

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

A provision for impairment is calculated using the expected credit loss model — refer to Note 37.1.2.

Critical accounting estimates and assumptions

The following key assumptions were used in determining the initial fair value of the employee housing loan receivable originated during 2019:

> Instalment
- Initial instalment for $80m^2$ house of R3 828 from 1 July 2019 to 30 June 2020 (2018: R3 578 from 1 July 2018 to 30 June 2019)
- Initial instalment for $140m^2$ house of R7 425 from 1 July 2019 to 30 June 2020 (2018: R6 939 from 1 July 2018 to 30 June 2019)
- Instalment increases on 1 July of each year and is fixed for a period of 12 months

> Interest accruals
- Interest is charged at 7% (2018: 7.0%) based on the May CPI rate of the current period plus 1% with a floor rate of 7% (CPI as at May of the current period is 4.5% (2018: 4.4%))
- Interest rates are adjusted annually effective from 1 July of each calendar year and will remain fixed for a period of 12 months
- The default interest rate for any employee who fails to make a monthly repayment of the instalment is set at the prime lending rate plus 2%
- The prime lending rate (defined as the 'benchmark rate at which private banks lend out to the public') will be used as the base discount rate with an adjustment for counterparty credit risk (relative to the prime lending rate). This adjustment will be varied by risk grades (i.e. average credit profile per band)

> Payment period
- The initial repayment period for the majority of the loans is 230 months
- The repayment period, however, is adjusted based on interest rate movements

> In calculating the expected credit loss the following was taken into account:
- Loss given default of 5%
- Probability of default of 2%
- The collateral in place which includes the house itself, Group life cover that covers up to seven times the employee's salary but is limited to R2 million, Group disability cover that covers 100% of the employee's salary and retrenchment cover. All the policies reflected above have been ceded to RBRP

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**611.4**	439.5
Plus/(less): Houses sold to employees/(cancellation of sales) during the year	**79.8**	256.2
Plus: Interest capitalised	**9.1**	8.3
Plus: Fair value adjustment — interest income	**14.7**	(12.8)
Less: Repayment of employee housing loan receivable	**(2.8)**	(2.4)
Less: Expected credit loss	**(1.0)**	—
Plus: Reversal of employee housing benefit reallocation	**10.4**	5.8
Less: Employee housing benefit reallocation*	**(39.8)**	(83.2)
Closing balance at 31 December	**681.8**	611.4

** Fair value adjustment (refer to Note 8)*

8. EMPLOYEE HOUSING BENEFIT

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**242.9**	175.0
Plus: Additions for the year (reallocations from employee housing loan receivable — refer to Note 7)	**39.8**	83.2
Less: Amortisation charge for the year	**(18.4)**	(12.9)
Less: Write offs*	**(11.6)**	(2.4)
Closing balance at 31 December	**252.7**	242.9
Split between:		
Non-current portion of employee housing benefit	**235.2**	226.5
Current portion of employee housing benefit	**17.5**	16.4

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

9. HOUSING INSURANCE INVESTMENT

The insurance investment relates to a cell captive set up to cover retrenchment for employees having an employee housing loan.

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**39.9**	35.7
Plus: Additions for the year	**—**	3.0
Plus: Fair value adjustments	**4.0**	1.2
Closing balance at 31 December	**43.9**	39.9

10. EMPLOYEE HOUSING ASSETS

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

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

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

Critical estimates and assumptions

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

Key assumptions

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

Impairment assessment of the employee housing assets resulted in an impairment of R58.9 million.

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

10. EMPLOYEE HOUSING ASSETS continued

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**774.3**	579.3
Additions of houses for the year (includes cancellation of sale agreements)	**36.2**	7.3
Additions due to construction of houses for Phase 2 of the housing project	**48.4**	343.4
Houses sold to employees during the year (exclusive of VAT)	**(105.3)**	(230.1)
Interest on PIC housing facility	**7.9**	74.4
Impairment of employee housing assets	**(58.9)**	–
Closing balance at 31 December	**702.6**	774.3

11. INVENTORIES

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

Product inventory consists of stockpiles of ore mined for processing at a later stage. Stockpiles are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. The cost of stockpiles comprises directly attributable mining costs including depreciation. It excludes borrowing costs.

	Group	
	2019 R (million)	2018 R (million)
Consumables	**151.9**	97.1
Stockpiles	**44.2**	33.1
Closing balance at 31 December	**196.1**	130.2

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

12. TRADE AND OTHER RECEIVABLES

RBR entered into a disposal of concentrate agreement with RPM during 2002 (which was updated in 2018 when RBR acquired the remaining 33% in BRPM JV from RPM) in terms of which the concentrate of the PGMs produced by RBR operations will be treated by RPM.

Trade receivables (RPM concentrate debtor) is measured at fair value through profit or loss from the date of recognition up to date of settlement, as it fails the IFRS 9 amortised cost requirement of cash flows representing solely payment of principal and interest. Payment is due on the last day of the fourth month following delivery (refer to Note 37.1.1 for sensitivity analysis).

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

The fair value changes due to market variability (that is changes in the commodity prices and exchange rates) are not in the scope of IFRS 15 and are therefore not presented as revenue from contracts with customers. The changes in commodity prices are accounted for as other revenue and disclosed separately from revenue from contracts with customers in Note 28 and changes in exchange rates are accounted for as other income (refer to Note 29).

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

12. TRADE AND OTHER RECEIVABLES continued

Impairment of receivables measured at amortised cost is determined using the expected credit loss model.

	Group	
	2019 R (million)	2018 R (million)
Trade receivables (RPM concentrate debtors — refer to Note 37)	**2 840.4**	2 015.9
Impala royalty receivable (refer to Note 29)	**51.9**	31.4
VAT receivable	**29.1**	63.2
Styldrift deposit	**27.9**	26.3
Maseve restricted cash	**28.4**	28.4
Other receivables	**7.2**	56.9
Closing balance at 31 December	**2 984.9**	2 222.1

13. CURRENT TAX RECEIVABLE/(PAYABLE)

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**(13.2)**	(4.8)
Income tax charge (refer to Note 32)	**(47.2)**	(35.3)
Refund received	**(0.2)**	—
Payments made	**63.5**	26.9
Closing balance at 31 December	**2.9**	(13.2)
Current tax receivable/(payable) comprises:		
Current tax receivable	**4.2**	0.2
Current tax payable	**(1.3)**	(13.4)
Closing balance at 31 December	**2.9**	(13.2)

14. DERIVATIVE FINANCIAL ASSET

The Group entered into a currency option contract with a zero cost collar of a floor of R14.500 and a cap of R15.515 to hedge US$140 million against fluctuations in the rand to US$ exchange rate for the gold streaming transaction which is expected to close at the end of January 2020 (refer to Note 40). This contract is classified as a derivative.

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

Amounts disclosed in the financial statements are as follows:

	2019 R (million)	2018 R (million)
Statement of financial position		
Derivative financial asset	**70.5**	—
Statement of comprehensive income		
Net fair value gain on derivative held for trading	**70.5**	—

15. CASH AND CASH EQUIVALENTS

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

	Group	
	2019 R (million)	2018 R (million)
Cash at bank and on hand	**383.1**	273.3
Short-term deposits	**431.1**	610.2
Closing balance at 31 December	**814.2**	883.5
The cash and cash equivalents above are split as follows:		
Cash and cash equivalents — RBR operations	**594.8**	639.0
Cash and cash equivalents — RBPlat corporate office	**89.9**	176.9
Cash and cash equivalents — RBRP (housing project ring-fenced cash)	**129.5**	67.6
Closing balance at 31 December	**814.2**	883.5

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

Facilities

The Group has R3 008 million debt facilities comprising a seven-year term debt facility of R750 million, a five-year revolving credit facility of R1 750 million (RCF) and a one year general banking facility of R508 million (GBF).

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

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

RBR may also not, without the prior written approval of RMB and Nedbank, inter alia:
- encumber any of its assets
- make any substantial change to the nature of its business
- dispose of any assets or enter into an amalgamation, demerger, merger or corporate reconstruction (other than certain permitted disposals)
- enter into a transaction or acquisition classified as a Category 1 transaction under the JSE Listings Requirements
- amend any material term of a material contract including the disposal of concentrate agreement, although in the latter three cases RMB and Nedbank's consent may not be unreasonably withheld.

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

At year-end RBR utilised R118.6 million (2018: R118.6 million) and Rnil (2018: R65.9 million) of its R500 million general banking facility for guarantees and to finance working capital respectively. Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS) utilised R0.8 million (2018: R0.8 million) of its general banking facility of R5 million for guarantees. RBPlat has a R3 million general banking facility which is unutilised at year-end. Refer to Note 24.1 for further details relating to guarantees.

In total, R750 million (2018: R750 million) of the term debt and R572.3 million (2018: R930 million) of the RCF was drawn at 31 December 2019. The PIC housing facility is a R2.2 billion facility accruing interest at CPI plus a margin of 1%. At 31 December 2019, R1 273.7 million was drawn (2018: R1 188.7 million).

15. CASH AND CASH EQUIVALENTS continued

Facilities continued

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

	Facility amount R (million)	Utilised amount R (million)	Available funds R (million)	Repayment date	Interest rate
Committed facilities					
2019					
Term debt facility	**750.0**	**(750.0)**	**–**	**31 March 2024**	**JIBAR plus 3.7%**
Revolving credit facility	**750.0**	**(572.3)**	**177.7**	**31 March 2022**	**JIBAR plus 3.75%**
Revolving credit facility	**1 000.0**	**–**	**1 000.0**	**31 March 2022**	**JIBAR plus 3.25%**
General banking facilities	**508.0**	**(119.4)**	**388.6**	**31 December 2020**	**Prime less 0.25%**
PIC housing facility	**2 200.0**	**(1 273.7)**	**926.3**	**Refer to Note 20**	**CPI plus 1%**
Total at 31 December	**5 208.0**	**(2 715.4)**	**2 492.6**		
2018					
Term debt facility	750.0	(750.0)	–	31 March 2024	JIBAR plus 3.7%
Revolving credit facility	750.0	(750.0)	–	31 March 2022	JIBAR plus 3.75%
Revolving credit facility	1 000.0	(180.0)	820.0	31 March 2022	JIBAR plus 3.25%
General banking facilities	508.0	(185.3)	322.7	31 December 2019	Prime less 0.25%
PIC housing facility	2 200.0	(1 188.7)	1 011.3	Refer to Note 20	CPI plus 1%
Total at 31 December	5 208.0	(3 054.0)	2 154.0		

The revolving credit and working capital facilities commitment fees as well as administration fees on guarantees are recognised in corporate office administration expenses (refer to Note 31). The general banking facilities are renewed annually.

16. STATED CAPITAL

Ordinary shares are classified as equity.

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

In 2019, share capital and share premium were reallocated to stated capital to align with the requirements of the Companies Act. Prior period comparatives were restated and disclosed in line with this change. There is no change in the overall amount disclosed.

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

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

	Group	
	2019	2018
Authorised share capital		
1 000 000 000 (2018: 1 000 000 000) ordinary shares with no par value	**1 000 000 000**	1 000 000 000
1 500 000 (2018: 1 500 000) ‘A1’ ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2018: 1 500 000) ‘A2’ ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2018: 1 500 000) ‘A3’ ordinary shares with no par value	**1 500 000**	1 500 000
Total authorised share capital	**1 004 500 000**	1 004 500 000

16. STATED CAPITAL continued

	Group 2019 R (million)	Group 2018 R (million)
Issued ordinary share capital		
The movement in the issued share capital of the Company is as follows:		
Par value shares		
Opening balance of nil (2018: 192 868 841) ordinary shares with a par value of R0.01	–	1.9
Transfer to stated capital*	–	(1.9)
	–	–
Share premium		
Opening balance	–	9 643.2
Transfer to stated capital*	–	(9 643.2)
Total share premium	–	–
Stated capital		
Opening balance at 1 January	**10 063.1**	–
Transfer from par value shares*	–	1.9
Transfer from share premium*	–	9 643.2
467 587 BSP shares vested April 2018	–	26.5
1 449 783 BSP shares vested April 2019	**56.2**	–
Share options exercised	**6.3**	–
Ordinary shares issued***	**1 029.1**	394.5**
Costs relating to issue of shares capitalised	**(29.6)**	(3.0)
Total 256 227 063 (2018: 207 999 586) ordinary shares	**11 125.1**	10 063.1

At 31 December 2019, the treasury shares outstanding amounted to 1 685 766 (2018: 2 500 037) ordinary shares.

* *In 2019, share capital and share premium were reallocated to stated capital. 2018 comparatives were restated and disclosed in line with this change. There is no change in the overall amount disclosed*

** *R239.9 million was received as cash proceeds from issue of 9 791 823 shares issued as part of the initial consideration for the acquisition of 33% in the BRPM JV in 2018*

*** *46 777 694 shares were issued under the rights issue*

17. SHARE-BASED PAYMENT RESERVE

The Group operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments of the Group.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertaking with a corresponding credit to equity. The Company recovers the relevant amounts from the respective subsidiaries and this is accounted for as a reduction of the capital contribution over the vesting period.

	Group 2019 R (million)	Group 2018 R (million)
Opening balance at 1 January	**338.2**	240.8
Share-based payment expense	**40.1**	98.6
Share-based payment expense capitalised to Styldrift project	–	25.3
BSP shares vested	**(56.2)**	(26.5)
Closing balance at 31 December	**322.1**	338.2

18. DEFERRED TAX

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

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

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

18. DEFERRED TAX continued

	Group 2019 R (million)	2018 Restated R (million)
Deferred tax comprises:		
Deferred tax asset	**(58.2)**	(69.8)
Deferred tax liability	**3 846.5**	3 766.6^
Closing balance at 31 December	**3 788.3**	3 696.8^

	Mineral rights R (million)	Property, plant and equipment R (million)	Unredeemed capital balance R (million)	Provisions R (million)	Other R (million)	Total R (million)
2019						
At 31 December 2018	**1 581.4**	**3 525.5**	**(1 355.6)**	**(100.9)**	**46.4**	**3 696.8**
Adjustment on adoption of IFRS 16 (refer to Note 26)	**–**	**–**	**–**	**–**	**0.6**	**0.6**
At 1 January 2019	**1 581.4**	**3 525.5**	**(1 355.6)**	**(100.9)**	**47.0**	**3 697.4**
Charged to equity	**–**	**–**	**(76.7)**	**–**	**–**	**(76.7)**
Charged to statement of comprehensive income	**(40.6)**	**833.0**	**(564.2)**	**(4.6)**	**(56.0)**	**167.6**
At 31 December 2019	**1 540.8**	**4 358.5**	**(1 996.5)**	**(105.5)**	**(9.0)**	**3 788.3**
2018						
At 1 January 2018	1 592.2	3 309.9	(1 293.4)	(76.6)	195.7	3 727.8
Acquired through business combination	–	–	–	–	(17.1)	(17.1)
Charged to equity*	–	–	(39.1)^	–	–	(39.1)^
Charged to statement of comprehensive income	(10.8)	215.6	(23.1)	(24.3)	(132.2)	25.2
At 31 December 2018	1 581.4	3 525.5	(1 355.6)^	(100.9)	46.4	3 696.8^

** Deferred tax arising from acquisition of non-controlling interest. The related tax liability arose in the hands of the former BRPM JV partner, RPM*
^ Refer to Note 27 for details of the restatement

Tax losses included in RBP MS and RBRP, which are not recognised as deferred tax assets, amount to R294 million (2018: R294 million) and R129 million (2018: R97 million) respectively. RBR has an unredeemed capital allowance of R6 513 million (2018: R6 880 million) which will be carried forward to 2020. Of the deferred tax liability, approximately R2 510 million (2018: R2 339 million) will realise after 12 months.

19. CONVERTIBLE BOND LIABILITY

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

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

	2019 R (million)	2018 R (million)
19.1 Convertible bond equity		
Opening balance at 1 January	**202.4**	202.4
Net equity recognised as per statement of changes in equity	**202.4**	202.4
19.2 Convertible bond liability		
Opening balance at 1 January	**986.7**	932.4
Plus: Interest*	**146.8**	138.3
Less: Interest paid	**(84.0)**	(84.0)
Closing balance at 31 December	**1 049.5**	986.7

** R3.4 million (2018: R131.7 million) of the fair value interest was capitalised to the Styldrift project at RBPlat Group level, refer to Note 3*

20. PIC HOUSING FACILITY

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

The PIC housing facility was initially recognised at the fair value of the consideration received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing.

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

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

Initial recognition

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

Subsequent measurement

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

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**1 299.6**	975.0
Plus: Drawdowns	**85.0**	384.5
Less: Repayment	**—**	(80.0)
Plus: Contractual interest charges capitalised to loan*	**78.2**	65.9
Plus: Fair value interest charges capitalised to loan*	**19.4**	8.5
Plus/(less): Amortisation of fair value adjustment to loan	**0.9**	(54.3)
Closing balance at 31 December	**1 483.1**	1 299.6
Split between:		
Non-current portion of PIC housing facility	**1 440.9**	1 299.6
Current portion of PIC housing facility	**42.2**	—
	1 483.1	1 299.6

** R7.9 million (2018: R74.4 million) of the interest on PIC housing facility was capitalised to employee housing assets*

21. INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are made up of drawdowns on existing facilities. Refer to Note 15.

RBR utilised R750 million of its term debt facility, R572.3 million of its revolving credit facility and Rnil of its general banking facility.

The following covenants are applicable to the existing facilities:

Financial covenants:

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

Bond repayment covenants:

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

As at 31 December 2019, none of the covenants were breached.

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**1 715.9**	–
Fair value at initial recognition/drawdown	**841.0**	2 015.0
Less: Transaction costs capitalised	**–**	(30.0)
Less: Repayment	**(1 264.3)**	(270.0)
Interest capitalised	**–**	0.9
Unwinding of transaction costs capitalised	**12.9**	–
Closing balance at 31 December	**1 305.5**	1 715.9
Split between:		
Non-current portion of interest-bearing borrowings	**1 305.5**	1 650.0
Current portion of interest-bearing borrowings	**–**	65.9
	1 305.5	1 715.9

Interest amounting to R137.4 million (2018: R55.0 million) was incurred and paid.

22. RPM DEFERRED CONSIDERATION

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

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

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

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**1 621.6**	–
Total purchase consideration	**–**	2 177.8
Less: Initial payment	**–**	(554.7)
Proceeds from capital raised	**–**	(239.9)
Refund on net cash calls	**–**	(314.8)
Less: Cession and assignment of claims	**–**	(13.0)
Interest capitalised	**211.8**	11.5
Closing balance at 31 December	**1 833.4**	1 621.6
Split between:		
Non-current portion of RPM deferred consideration	**1 073.4**	1 621.6
Current portion of RPM deferred consideration	**760.0**	–
	1 833.4	1 621.6

23. RESTORATION, REHABILITATION AND OTHER PROVISIONS

Long-term obligations comprising pollution control, rehabilitation and mine closure result from environmental disturbances associated with the Group's mining operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Decommissioning costs

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

Changes in the measurement of the liability, apart from unwinding the discount, which is recognised in profit or loss as a finance cost, are capitalised to the environmental rehabilitation asset. Decommissioning assets are amortised on a straight-line basis over the lesser of 30 years or the expected benefit period.

Restoration costs

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

Changes in the open pit accrual are recognised in the statement of comprehensive income as part of cost of sales.

Ongoing rehabilitation cost

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

Critical accounting estimates and assumptions

Environmental rehabilitation obligations

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

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

Key assumptions used were:

	Group	
	2019	2018
Current cost estimate R (million)	**355.7**	346.3
Real pre-tax risk-free discount rate (%)	**4.0**	4.0

	Group	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**189.4**	107.2
Unwinding of discount (refer to Note 30.2)	**16.3**	7.1
Change in estimate of provision taken to statement of comprehensive income	**5.1**	(19.3)
Change in estimate of provision taken to decommissioning asset	**(11.0)**	15.9
Fair value of liability relating to Maseve	**–**	78.5
Restoration and rehabilitation provision closing balance at 31 December	**199.8**	189.4
Plus: Other long-term provisions	**0.2**	0.6
Plus: Deferred output VAT	**92.5**	81.4
Closing balance at 31 December*	**292.5**	271.4

** Refer to Note 38 for segmental analysis*

Refer to Note 6 for the environmental trust deposits made to fund this estimate and Note 24.1 for guarantees issued to fund the remainder. Refer to Note 24.4 for a description of the contingent liability relating to remediate groundwater and soil pollution.

The deferred output VAT liability is in respect of the sale of employee housing assets to employees which is only payable to the South African Revenue Service, in terms of section 16(4)(a)(ii) of the Value Added Tax Act No 89 of 1991, to the extent that the capital portion of the purchase price is being repaid by employees in future.

24. CONTINGENCIES AND COMMITMENTS

	Group	
	2019 R (million)	2018 R (million)
Guarantees and commitments		
24.1 Guarantees issued		
Royal Bafokeng Resources Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift project (guarantee 30823102)	**17.1**	17.1
Eskom early termination guarantee for the Styldrift project (guarantee 31160603)	**17.5**	17.5
Eskom connection charges guarantee for the Styldrift project (guarantee 31173918)	**40.0**	40.0
Department of Mineral Resources for the rehabilitation of land disturbed by prospecting/mining (guarantee 32388608)	**1.3**	1.3
Eskom security guarantee for power supply to Styldrift project (guarantee 34058907)	**42.7**	42.7
Tsogo Sun guarantee arising from lease agreement (guarantee 34045600)	**0.7**	0.7
Tsogo Sun guarantee arising from lease agreement (guarantee 34045708)	**0.1**	0.1
Total bank guarantees issued at 31 December	**119.4**	119.4
Department of Mineral Resources guarantee for environmental rehabilitation liability	**318.1**	260.4
Department of Mineral Resources guarantee for Styldrift project	**47.9**	45.7
Total insurance guarantees issued at 31 December	**366.0**	306.1
Maseve Investments II Proprietary Limited, a wholly owned subsidiary of RBPlat, granted the following guarantees:		
Eskom to secure power supply for Maseve	**28.4**	28.4
Total cash-backed bank guarantees issued at 31 December	**28.4**	28.4
24.2 Capital commitments in respect of property, plant and equipment		
Capital commitments relate to the Styldrift and BRPM Phase III projects		
Contracted commitments	**922.8**	861.1
Approved expenditure not yet contracted for	**1 394.4**	2 951.5
Total	**2 317.2**	3 812.6
24.3 Operating lease commitments		
The future aggregate lease payments under our operating leases are as follows:		
No later than one year	**–**	4.7
Later than one year and no later than five years	**–**	6.0
Total	**–**	10.7

24.4 Contingent liability — remediate groundwater and soil pollution

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

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

24.5 Contingent liability — Maseve acquisition

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

25. TRADE AND OTHER PAYABLES

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

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

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

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

	Group	
	2019 R (million)	2018 R (million)
Trade payables	**311.5**	214.1
Payroll accruals and provisions	**36.3**	36.3
Housing project accruals and provisions	**33.1**	63.2
BRPM and Styldrift accruals and provisions	**299.0**	148.4
Leave pay provisions	**215.4**	178.5
VAT payable	**27.8**	36.6
Total	**923.1**	677.1

26. CHANGE IN ACCOUNTING POLICIES

26.1 Leases

This note explains the impact of the adoption of IFRS 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17: *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 (The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.65%).

The Group did not have leases previously classified as finance leases.

	Group
	1 January 2019 R (million)
Operating lease commitments disclosed as at 31 December 2018	**10.7**
Impact of discounting	**(1.2)**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**9.5**
(Less): Short-term leases recognised on a straight-line basis as expense	**–**
(Less): Low-value leases recognised on a straight-line basis as expense	**–**
Add/(less): Adjustments as a result of a different treatment of extension and termination options	**32.4**
Lease liability recognised as at 1 January 2019	**41.9**
Of which are:	
Current lease liabilities	**16.5**
Non-current lease liabilities	**25.4**
	41.9

The lease commitments for low-value and short-term leases were lower than R1 million.

The associated right-of-use assets for leases were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

26. CHANGE IN ACCOUNTING POLICIES continued

26.1 Leases continued

Adjustments recognised on adoption of IFRS 16 continued

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	Group 1 January 2019 R (million)
Right-of-use assets	**38.6**
Lease liabilities	**(41.9)**
Lease straight-lining reserve	**0.5**
Retained earnings	**3.3**
Deferred tax	**(0.6)**

The net impact on retained earnings at 1 January 2019 was a decrease of R3.3 million.

Impact on segment disclosures and earnings per share

Adjusted comprehensive income/loss, segment assets and segment liabilities for December 2019 all increased as a result of the change in accounting policy. Right-of-use assets and lease liabilities are now included in segment assets and liabilities. The following segments were affected by the change in policy:

	For the year ended 31 December 2019		
	BRPM mining segment R (million)	Styldrift mining segment R (million)	RBPlat corporate R (million)
Right-of-use assets	**14.1**	**8.2**	**3.3**
Lease liabilities	**(15.5)**	**(9.3)**	**(4.4)**
Lease straight-lining reserve (previously in other payables)	**–**	**–**	**0.6**
Deferred tax	**–**	**–**	**(0.6)**
Comprehensive income	**0.3**	**0.2**	**1.5**

Practical expedients applied

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The accounting for leases with an aggregate amount of less than R1 million as low-value leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4: *Determining whether an Arrangement Contains a Lease*.

The Group's leasing activities and how these are accounted for

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

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

26. CHANGE IN ACCOUNTING POLICIES continued

26.1 Leases continued

The Group's leasing activities and how these are accounted for continued

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made on or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

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

Variable lease payments

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

Extension and termination options

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

Critical judgements in determining the lease term

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

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

Residual value guarantees

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

27. CORRECTION OF ERROR

Acquisition of non-controlling interest

Up until December 2018, RBP (through its wholly owned subsidiary, RBR) held a controlling 67% interest in the BRPM JV, and accordingly consolidated 100% of the assets, liabilities, income and expenses of the BRPM JV. RPM's 33% participation interest was disclosed within equity as a non-controlling interest. As the BRPM JV was an unincorporated partnership, the partners (not the partnership) were obliged to pay tax in their personal capacity, therefore RBR was liable for 67% of the tax while RPM was liable for the other 33%. When consolidating the BRPM JV in order to bring 100% of the deferred tax balance of the BRPM JV onto the consolidated statement of financial position, RBR needed to make an adjustment to the tax base to include the tax deductions allowed under RPM on the capital expenditure incurred.

During December 2018, RBP acquired the remaining 33% participation interest in the BRPM JV. Due to no change in control being effected, this transaction was appropriately accounted for within equity as a transaction with NCI. Upon the acquisition of the remaining 33% interest, RBP becomes liable for 100% of the BRPM JV's tax. The purchase consideration paid/payable of R2 177.8 million for the 33% interest acquired is considered to be capital expenditure, and as such RBP can utilise the purchase price as a deduction against any future income earned from mining operations. RBP incorrectly accounted for this additional tax deduction (R2 177.8 million x 28% = R609.8 million) by increasing the tax base of the unredeemed capital balance by the purchase price paid, instead of taking into account the fact that the tax base already included an adjustment of R2 038 million in order to consolidate 100% of the deferred tax balance.

27. CORRECTION OF ERROR continued

Acquisition of non-controlling interest continued

The adjustment that should have therefore been made to the tax base of the unredeemed capital balance upon the acquisition of the remaining 33%, was for any difference between the R2 177.8 million purchase price paid and the R2 038 million consolidation adjustment already accounted for. Consequently, the transaction with NCI should have resulted in an increase in the deferred tax asset related to the unredeemed capex of R39.1 million instead of R609.8 million previously accounted for. This error resulted in an understatement of the net deferred tax liability balance by R570.7 million. As this was an error in accounting for a transaction with NCI, there was no impact on profit or loss. The error was corrected in the prior year against the net deferred tax liability and equity in the consolidated statement of financial position.

Consolidated statement of financial position as at 31 December 2018

R (million)	2018 Restated	(Decrease)/ increase	2018
Total equity	15 158.3	(570.7)	15 729.0
Retained earnings	4 757.0	(570.7)	5 327.7
Non-current liabilities	9 595.9	570.7	9 025.2
Deferred tax liability	3 766.6	570.7	3 195.9

The following note, disclosed in the 2018 annual financial statements, was impacted and the numbers have been restated as follows:

27.1 Transaction with non-controlling interest

	2018 R (million)
Consideration	
Initial base consideration	1 863.0
Refund of cash calls	314.8
Total consideration	2 177.8
– Cash	554.7
– Deferred consideration	1 623.1
Balances acquired	(5 995.2)
Settlement of RPM payable	(2 102.2)
Deferred tax asset raised	(39.1)
Equity allocated to NCI	(3 853.9)
Increase in retained earnings	(3 817.4)
Less: Equity transferred from NCI	3 853.9
Net equity impact	36.5

28. REVENUE

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

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

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

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

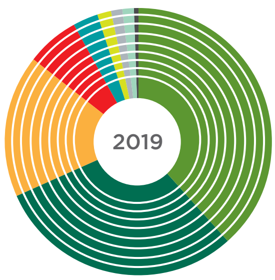
- Non-market variability — the changes in pricing based on the results of the quantity or quality of the commodity as concluded in the final evaluation (that is any difference between the initial and final assay)
- Market variability — pricing based on average market price at the end of each month

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

	Group	
	2019 R (million)	2018 R (million)
Revenue from contract with customers	**6 943.4**	3 500.3
Other revenue	**548.5**	126.8
Total	**7 491.9**	3 627.1

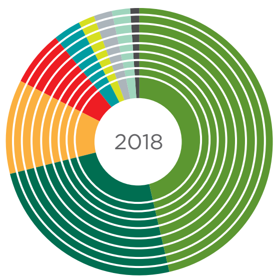
	Group	
	2019 R (million)	2018 R (million)
Revenue per metal		
Platinum	**2 876.3**	1 682.9
Palladium	**2 244.4**	904.7
Rhodium	**1 288.9**	410.7
Gold	**217.7**	120.6
Nickel	**486.1**	239.5
Other	**378.5**	268.7
Total revenue	**7 491.9**	3 627.1

Revenue contribution 2019



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

Revenue contribution 2018



Platinum (46.4%)
Palladium (24.9%)
Rhodium (11.3%)
Nickel (6.6%)
Gold (3.3%)
Iridium (2.2%)
Copper (2.1%)
Ruthenium (2.1%)
Cobalt (1.1%)

29. OTHER INCOME

The Impala royalty consists of royalties received from Impala for mining from its 6 and 8 shafts and 20 shaft area. The 6 and 8 shafts royalty is calculated by applying a factor that is linked to the Impala Rustenburg operations' gross profit margin with a minimum of 5% and a maximum of 25% of revenue. Impala pays a 17.5% of revenue as royalty to the RBR for the 20 shaft area. During the year R55.3 million (2018: R46.6 million) royalty income was received for the 6 and 8 shaft areas and R91.5 million (2018: R52.2 million) for the 20 shaft area.

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in other income. Net fair value gain on the derivative held for trading arose as a result of the revaluation of the derivative asset, refer to Note 14.

The forward exchange contracts and call options entered into to pay Euros for equipment imported from Europe for our Styldrift project are initially recognised at fair value and subsequent gains or losses are recognised in other income.

	Group	
	2019 R (million)	2018 R (million)
Impala royalty (Group resources mined by Impala Platinum Limited)	**146.8**	98.8
Fair value adjustment of the Nedbank equity-linked deposit (refer to Note 6)	**1.3**	(2.1)
Levy and other income from housing assets	**9.5**	5.9
Realised and unrealised gains and losses on fair value of forward exchange contracts and call options	**28.2**	14.5
Revaluation of concentrate sales — exchange rate differences	**1.4**	—
Net fair value gain on derivative held for trading (refer to Note 14)	**70.5**	—
Net gain on fair value of cash held in money market accounts	**7.3**	—
Other income	**2.9**	6.9
Total	**267.9**	124.0

30. NET FINANCE (COST)/INCOME

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

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

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

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

		Group	
		2019 R (million)	2018 R (million)
30.1	Finance income consists of the following:		
	Interest received on environmental trust deposits (refer to Note 6)	**10.2**	8.7
	Interest received on investments	**34.7**	50.9
	Interest received on employee housing loan receivable	**79.0**	37.4
	Dividend income on investments	**0.2**	3.9
	Total finance income	**124.1**	100.9
30.2	Finance cost consists of the following:		
	Interest expense — Short-term borrowings	**(0.6)**	(1.7)
	Interest expense — Lease liability	**(3.7)**	—
	Interest expense — RPM deferred consideration	**(211.8)**	(11.5)
	Interest expense — PIC	**(97.6)**	(74.4)
	Interest expense — Convertible bond*	**(146.8)**	(138.3)
	Interest expense — Long-term borrowings**	**(136.8)**	(54.9)
	Unwinding of discount on decommissioning and restoration provision (refer to Note 23)	**(16.3)**	(7.1)
	Less: Capitalisation of interest expense — convertible bond and interest-bearing borrowings (refer to Note 3)**	**52.1**	186.7
	Less: Capitalisation of interest expense — PIC	**7.9**	74.4
	Total finance cost	**(553.6)**	(26.8)
	Net finance (cost)/income	**(429.5)**	74.1

* *R84.0 million of the convertible bond interest was paid in 2019 (2018: R84.0 million)*

** *R3.4 million (2018: R131.7 million) of the convertible bond interest was capitalised while R48.7 million (2018: R55.0 million) of interest incurred on long-term borrowings was capitalised in 2019*

31. PROFIT BEFORE TAX

Short-term employee benefits

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

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting date are discounted to present value.

31. PROFIT BEFORE TAX continued

Defined contribution retirement plans

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

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

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

Bonus provision

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

Share-based payments

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

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

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

Critical accounting estimates and assumptions

Share-based payments

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

Bonus share plan

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

Following the announcement of the Company's annual results, employees participating in the BSP are awarded a number of bonus shares, which constitute a specified percentage of the employee's annual cash bonus (dependent on job category). Such bonus shares are held on the employee's behalf by an escrow agent for a period of three years after their award. These bonus shares will be forfeited should an employee leave before the three-year period.

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

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

Forfeitable share plan

The Company has established a forfeitable share plan (FSP) for its executive directors and senior managers. The FSP is linked to future performance of the Company as compared to its peers, utilising the total shareholder return (TSR) as a measure of performance. In 2019, the performance measures that determine vesting were expanded from just a comparative TSR to include capital management and ESG. The Remuneration Committee is responsible for managing the FSP.

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

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

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

31. PROFIT BEFORE TAX continued

Critical accounting estimates and assumptions continued

Forfeitable share plan — retention

The Company established a forfeitable share plan — retention (FSP — retention) for its executive directors and senior managers in 2016. The FSP — retention is linked to future performance of the Company.

Employees participating in the FSP — retention are awarded a number of forfeitable shares, based on their level of responsibility. The Remuneration Committee decides the award policy which in 2016 was a multiple of TGP. The shares are held in escrow until they vest. The shares vest in one tranche on the third anniversary. The employee has to stay in the employment of the Company for the period and the performance criteria have to be met for the shares to vest. On the vesting date, the employees receive shares. The forfeitable shares-retention will be forfeited should an employee leave before the three-year period.

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

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

2010 share option plan

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

2018 share appreciation rights plan

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

Initial public offering bonus shares

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

31. PROFIT BEFORE TAX continued

Critical accounting estimates and assumptions continued

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

	Bonus share plan						
	2019	2018	2017	2016	2015	2014	2013
Weighted average share price on grant date (R)	**34.40**	33.18	41.65	38.79	56.70	64.90	58.50
Vesting years	**2022**	2021	2020	2019	2018	2017	2016

	Forfeitable share plan						
	2019	2018	2017	2016	2015	2014	2013
Weighted average share price on grant date (R)	**34.02**	33.18	41.65	38.79	56.70	71.90	—
Vesting years	**2022 to 2024**	2021 to 2023	2020 to 2022	2019 to 2021	2018 to 2020	2017 to 2019	—

	Forfeitable share plan — retention						
	2019	2018	2017	2016	2015	2014	2013
Weighted average share price on grant date (R)	**—**	38.79	38.79	38.79	—	—	—
Vesting years	**—**	2021	2020	2019	—	—	—

	Rights offer						
	2019	2018	2017	2016	2015	2014	2013
Weighted average share price on grant date (R)	**—**	**—**	—	—	—	55.00	55.00
Vesting years	**—**	**—**	—	—	—	2017	2016

31. PROFIT BEFORE TAX continued

Critical accounting estimates and assumptions continued

2010 share option plan

	2019	2018	2017	2016	2015	2014	2013
Weighted average option value on grant date (R)	**–**	–	17.33	19.69	20.91	37.10	37.41
Weighted average share price on grant date (R)	**–**	–	36.17	39.44	44.23	66.83	57.61
Weighted average exercise price (R)	**–**	–	36.17	39.44	44.23	66.83	57.61
Volatility (%)	**–**	–	34.26 to 34.51	30.76 to 34.25	26.54 to 28.55	26.22 to 26.73	47.20 to 57.61
Dividend yield	**–**	–	–	–	–	–	–
Risk-free interest rate (%)	**–**	–	7.76 to 7.98	8.13 to 9.79	6.58 to 7.81	7.11 to 8.31	6.08 to 8.51
Vesting years	**–**	–	2020 to 2022	2019 to 2021	2018 to 2020	2017 to 2019	2016 to 2018

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

2018 share appreciation rights plan

	2019	2018
Weighted average share price on grant date (R)	**34.82**	28.41
Volatility (%)	**38.82 to 45.94**	35.19 to 41.73
Dividend yield	**–**	–
Risk-free interest rate (%)	**8.25 to 8.67**	8.41 to 8.79
Vesting years	**2022 to 2024**	2019 to 2021

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

Refer to Note 35 for outstanding shares.

31. PROFIT BEFORE TAX continued

Critical accounting estimates and assumptions continued

Activity on awards outstanding

	Forfeitable share plan retention		Forfeitable share plan		2010 share option plan		Bonus share plan		2018 share appreciation rights	
	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price	Number of shares	Weighted average award price
For the year ended 31 December 2019										
At 1 January 2019	**7 259 099**	**38.79**	**2 792 484**	**39.57**	**6 296 515**	**48.89**	**1 765 937**	**34.91**	**5 076 144**	**28.41**
Granted	**–**	**–**	**897 448**	**34.02**	**–**	**–**	**1 022 746**	**31.28**	**2 022 968**	**34.82**
Forfeited	**(569 701)**	**38.79**	**(751 055)**	**44.14**	**(1 219 793)**	**51.39**	**(268 030)**	**31.62**	**(737 801)**	**26.52**
Exercised/vested	**(4 782 750)**	**38.79**	**–**	**–**	**(315 988)**	**28.65**	**(177 301)**	**12.88**	**–**	**–**
Expired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2019	**1 906 648**	**38.79**	**2 938 877**	**36.71**	**4 760 734**	**49.59**	**2 343 352**	**35.37**	**6 361 311**	**30.67**
For the year ended 31 December 2018										
At 1 January 2018	2 383 284	38.79	1 907 032	45.08	6 588 055	49.02	1 156 578	47.74	–	–
Granted	4 875 815	38.79	1 048 110	33.18	–	–	1 084 295	33.18	5 076 144	28.41
Forfeited	–	–	–	–	(291 540)	51.77	(1 400)	40.73	–	–
Exercised/vested	–	–	(162 658)	62.95	–	–	(473 536)	57.02	–	–
Expired	–	–	–	–	–	–	–	–	–	–
At 31 December 2018	7 259 099	38.79	2 792 484	39.57	6 296 515	48.89	1 765 937	34.91	5 076 144	28.41

31. PROFIT BEFORE TAX continued

	Group 2019 R (million)	2018 R (million)
Included in the profit before tax are the following items:		
On-mine costs:		
– Labour*	**2 171.2**	1 095.0
– Utilities	**456.9**	303.5
– Contractor costs	**1 110.1**	831.1
– Movement in inventories	**(11.1)**	15.1
– Materials and other mining costs	**1 858.1**	519.3
Materials and other mining costs for RBR operations	**1 937.0**	565.7
Elimination of intergroup management fee	**(78.9)**	(46.4)
State royalties	**37.5**	17.3
Depreciation — property, plant and equipment	**950.7**	341.3
Amortisation — mineral rights	**145.0**	38.8
Share-based payment expense	**23.4**	45.0
Social and labour plan expenditure	**65.8**	51.9
Plant readiness	**2.0**	29.3
Other	**1.0**	29.6
Total cost of sales	**6 810.6**	3 317.2
Included in corporate office administrative expenses:		
Advisory fees	**18.7**	13.8
Legal fees	**8.7**	8.0
Employee costs** (including directors' remuneration)	**89.2**	88.3
Mahube Trust expenditure	**—**	(0.6)
Depreciation of RBP MS property, plant and equipment	**1.1**	0.9
Revolving credit facility and working capital facility commitment fees	**28.8**	11.0
Fees for guarantees	**1.6**	1.6
Share-based payment expense	**11.0**	53.6
Industry membership contributions	**—**	—^
Rent and maintenance for corporate office	**3.2**	3.2
Cost relating to Maseve acquisition including foreign exchange losses	**—**	46.3
Other	**25.0**	21.7
Total corporate office administrative expenses	**187.3**	247.8^
Included in housing project administrative expenses:		
Advisory fees	**—**	0.2
Legal fees	**2.2**	1.0
Property rates and taxes, and water and electricity	**4.4**	2.0
Security	**6.9**	6.0
Maintenance	**4.8**	2.1
Depreciation of RBRP property, plant and equipment	**0.4**	0.4
Amortisation of employee housing benefit and fair value adjustment to loan	**19.2**	(41.3)
Reversal of write offs	**1.3**	(3.4)
Insurance expenditure	**2.0**	1.5
Salaries and wages	**8.4**	7.0
Other	**3.9**	3.2
Total housing project administrative expenses	**53.5**	(21.3)
Included in Maseve care and maintenance administrative costs:		
Labour	**14.6**	9.4
Utilities	**1.2**	7.6
Contractor costs	**—**	2.0
Materials and other mining costs	**26.9**	3.7
Depreciation	**26.0**	17.4
Other	**0.5**	0.7
Total Maseve care and maintenance administrative costs	**69.2**	40.8
Industry membership and market development	**16.6**	16.7^

31. PROFIT BEFORE TAX continued

	Group 2019 R (million)	2018 R (million)
Restructuring costs	**10.6**	—
External and internal audit fees for the Group		
External and internal audit fees included in profit before tax:		
External audit fees		
– Fees for audit	**5.5**	3.4
– Other services	**0.2**	0.2
Total external audit fees	**5.7**	3.6
Internal audit fees***		
– Fees for internal audit	**—**	3.0
– Other services	**—**	0.5
Total internal audit fees	**—**	3.5

** Included in labour costs are pension and provident fund contributions of R138.7 million (2018: R78.8 million)*
*** Included in corporate office employee costs are provident fund contributions of R6.9 million (2018: R6.0 million)*
**** In 2019 internal audit services were insourced*
^ R16.7 million of corporate office costs has been reallocated and disclosed separately as industry membership and market development costs

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

32. INCOME TAX (EXPENSE)/CREDIT

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

Critical estimates and assumptions

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

	Group 2019 R (million)	2018 R (million)
Income tax (expense)/credit		
Income tax expense	**(47.2)**	(35.3)
Current year	**(47.2)**	(35.3)
Prior year	**—**	—
Deferred tax (expense)/credit	**(12.3)**	(25.2)
Current year	**(8.9)**	(25.2)
Prior year	**(3.4)**	—
Total income tax (expense)/credit	**(59.5)**	(60.5)
Tax rate reconciliation:		
Profit before tax	**123.6**	316.0
Tax expense calculated at a tax rate of 28% (2018: 28%)	**(34.6)**	(88.5)
Non-taxable income — dividends	**0.1**	1.1
Non-taxable income — other	**1.2**	—
Non-taxable income — derivative gain	**19.7**	—
Tax on BRPM JV NCI share	**—**	7.7
Non-deductible expenses — legal and advisory fees	**(2.6)**	(4.2)
Non-deductible expenses — other	**(1.5)**	—
Impairment of non-financial asset	**(16.5)**	—
Tax losses not recognised	**(28.7)**	(9.7)
Prior year adjustments	**3.4**	—
Gain on bargain purchase	**—**	33.1
	(59.5)	(60.5)
Effective tax rate (%)	**48.1**	25.1

An unredeemed capital allowance of R6 540 million (2018: R6 880 million) is carried forward to 2020.

33. CASH GENERATED FROM OPERATIONS

	Group	
	2019 R (million)	2018 R (million)
Cash generated by operations is calculated as follows:		
Profit before tax	**123.6**	316.0
Adjusted for:		
Depreciation of property, plant and equipment	**977.9**	360.1
Depreciation of right-of-use assets	**13.6**	–
Amortisation of mineral rights	**145.0**	38.8
Amortisation of employee housing benefit and fair value adjustment to loan	**19.2**	(41.3)
Amortisation of debt funding fees	**13.0**	–
Scrapping and impairment of non-financial assets	**61.1**	22.9
Share-based payment expense	**40.1**	123.9
Change in estimate of restoration provision taken to the statement of comprehensive income	**4.9**	(19.3)
Fair value adjustment – derivative gain	**(70.5)**	–
Fair value adjustment – housing insurance investment	**(4.0)**	(1.2)
Fair value adjustment – environmental guarantee investments	**(5.7)**	(3.4)
Equity-linked return on BRPM environmental trust deposits	**(1.3)**	2.1
Deferred rental income	**(0.5)**	(0.5)
Profit on sale of property, plant and equipment and other assets	**(0.1)**	–
Gain on bargain purchase	**–**	(118.3)
Finance cost	**553.6**	26.8
Finance income	**(124.1)**	(100.9)
	1 745.8	605.7
Changes in working capital	**(591.3)**	(24.6)
Increase in inventories	**(65.8)**	(29.4)
Increase in trade and other receivables*	**(785.0)**	(183.2)
Increase in trade and other payables	**259.5**	188.0
Cash generated by operations	**1 154.5**	581.1

* *Excludes Styldrift on-reef development revenue receivable of Rnil (2018: R446.9 million)*

34. RELATED PARTY TRANSACTIONS

The Group's largest shareholder is Royal Bafokeng Platinum Holdings Proprietary Limited (incorporated in South Africa), which owns 40.21% (2018: 48.14%) of RBPlat's shares. 59.79% is widely held and includes shares held by employees and RBPlat share schemes.

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

	Issued capital amount		Interest in capital	
	2019 R	2018 R	**2019 %**	2018 %
Related parties				
Direct investment				
Royal Bafokeng Platinum Management Services Proprietary Limited (RBP MS)	**1 000**	1 000	**100**	100
Royal Bafokeng Resources Proprietary Limited (RBR)	**320**	320	**100**	100
Maseve Investments II Proprietary Limited	**9 616 915 555**	5 042 748 525	**100**	100
Indirect investment via RBR				
Bafokeng Rasimone Management Services Proprietary Limited (BRMS)	**1 000**	1 000	**100**	100
Royal Bafokeng Resources Properties (RF) Proprietary Limited (RBRP) previously Friedshelf 1408 (RF) Proprietary Limited	**100**	100	**100**	100

34. RELATED PARTY TRANSACTIONS continued

Royal Bafokeng operations receives royalty income from Impala Platinum Limited (as detailed in Note 29) and acquires mining supplies and services from various RBH subsidiaries and associates. Royal Bafokeng operations and corporate office make use of the Royal Marang Hotel for accommodation and conferences. Following the rights issue, RBH no longer controlled RBPlat. As a result, the balances with associates of RBH have not been disclosed.

The following transactions were carried out with related parties:

	Group	
	2019 R (million)	2018 R (million)
RBR balances at 31 December		
Amount owing to Royal Marang Hotel for accommodation and conferences (a subsidiary of RBH)	**0.2**	–
Fellow subsidiary of holding company (RBH) transactions		
Royal Marang Hotel for accommodation and conferences	**0.6**	0.6
RBH transactions		
Fees paid for non-executive directors	**0.4**	0.5

Directors, other executives and prescribed officers' remuneration

Details relating to key management remuneration (prescribed officers), share options and shareholdings in the Company are disclosed in Note 35.

35. REMUNERATION

35.1 Directors, other executives and prescribed officers' remuneration

Directors' remuneration and related payments for 2019

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

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

	Date appointed	Directors' fees R	Basic salary R	Retirement benefits R	Other benefits R	Discre-tionary perfor-mance bonuses R	Special bonus R	Retention bonus R	Total R
2018									
Executive directors									
Steve Phiri	1 Apr '10	–	4 519 706	1 019 436	124 392	4 605 277	2 658 936	5 997 600	18 925 347
Martin Prinsloo**	1 Mar '09	–	3 439 868	194 844	122 857	3 131 884	1 862 000	4 200 000	12 951 453
Hanré Rossouw	1 Oct '18	–	915 095	57 400	52 506	–	–	–	1 025 001
Non-executive directors*									
Linda de Beer***	1 Jun '10	445 750	–	–	–	–	–	–	445 750
Robin Mills****	20 Sep '10	142 857	–	–	–	–	–	–	142 857
Mark Moffett	22 Sep '14	449 504	–	–	–	–	–	–	449 504
Thoko Mokgosi-Mwantembe	5 Nov '14	596 527	–	–	–	–	–	–	596 527
Kgomotso Moroka	1 Jun '10	1 440 158	–	–	–	–	–	–	1 440 158
Obakeng Phetwe	28 Feb '18	332 664	–	–	–	–	–	–	332 664
Mike Rogers	7 Dec '09	767 322	–	–	–	–	–	–	767 322
Louisa Stephens	22 Sep '14	514 537	–	–	–	–	–	–	514 537
David Wilson*****	29 May '14	437 098	–	–	–	–	–	–	437 098
Peter Ledger	28 Feb '18	456 997	–	–	–	–	–	–	456 997
Zanele Matlala	24 Sep '18	114 117	–	–	–	–	–	–	114 117
Total		5 697 531	8 874 669	1 271 680	299 755	7 737 161	4 520 936	10 197 600	38 599 332

** Non-executive director fees are paid on a quarterly basis and their fees accrued for the year were approved at the annual general meeting held on 10 April 2018*
*** Resigned 10 August 2018*
**** Resigned 6 August 2018*
***** Resigned 10 April 2018*
****** Fees paid to Royal Bafokeng Holdings Proprietary Limited. Refer to Note 34*

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

Other executives and prescribed officers' remuneration and related payments for 2019

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

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

	Date appointed	Basic salary R	Retirement benefits R	Other benefits R	Discre-tionary perfor-mance bonuses R	Under-ground market premium R	Special bonus R	Retention bonus R	Total R
2018									
Other executives and prescribed officers									
Neil Carr	1 Dec '10	3 038 085	654 966	159 693	3 042 402	–	1 447 040	3 400 000	11 742 186
Reginald Haman	1 Oct '12	2 654 789	207 377	115 528	2 351 384	–	–	2 102 209	7 431 287
Glenn Harris	4 Jan '10	3 250 253	420 393	91 897	2 964 037	194 027	–	3 312 425	10 233 032
Mpueleng Pooe	1 Oct '13	2 335 584	210 995	90 860	1 983 652	–	–	1 396 505	6 017 596
Vicky Tlhabanelo	1 Apr '10	2 303 146	512 918	48 047	2 261 706	–	–	1 516 526	6 642 343
Lindiwe Montshiwagae	1 Jun '10	1 941 546	157 095	157 040	1 788 872	–	–	904 816	4 949 369
Total		15 523 403	2 163 744	663 065	14 392 053	194 027	1 447 040	12 632 481	47 015 813

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

35.1.1 Share options awarded to directors and senior management

	Share options awarded*	Award date	Strike price R	Award value R	Vesting dates	Vested to date %	Share options exer-cised	Balance of share options
AS AT 31 DECEMBER 2019								
Executive and non-executive directors								
Steve Phiri	297 521	1 Apr '10	60.50	18 000 021	1 Apr '13, 14, 15	100	–	297 521
Other executives and prescribed officers								
Vicky Tlhabanelo	121 288	1 Apr '10	60.50	7 337 924	1 Apr '13, 14, 15	100	–	121 288
Glenn Harris^	87 789	4 Jan '10	60.50	5 311 235	4 Jan '13, 14, 15	100	–	87 789
Neil Carr	116 030	1 Dec '10	65.50	7 599 965	1 Dec '13, 14, 15	100	–	116 030
Reginald Haman	163 599	1 Oct '12	48.90	7 999 991	1 Oct '15, 16, 17	100	–	163 599
Mpueleng Pooe^^	136 770	1 Oct '13	61.42	8 400 413	1 Oct '16, 17, 18	67	–	136 770
Lindiwe Montshiwagae	39 753	1 Jun '10	59.74	2 374 844	1 Jun '13, 14, 15	100	–	39 753
Lester Jooste (Company Secretary)	40 756	1 Jul '10	55.21	2 250 139	1 Jul '13, 14, 15	100	–	40 756

Share options are issued to eligible employees at the date of joining the Company at the applicable market valuation or market share price
*** The share options were exercised on 2 August 2016 at a market price of R52.61*
^ Retrenched on 31 October 2019 due to executive team restructuring
^^ Retrenched on 31 December 2019 due to executive team restructuring

35.1.2 Share appreciation rights awarded

	Share appre-ciation rights awarded*	Award date	Strike price R	Award value R	Vesting dates	Vested to date %	Share appre-ciation rights exer-cised	Balance of appre-ciation rights
AS AT 31 DECEMBER 2019								
Executive and non-executive directors								
Hanré Rossouw	800 469	1 Oct '18	25.61	20 500 000	1 Oct '21, 22, 23	–	–	800 469

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

35.1.3 Forfeitable bonus shares and rights offer shares awarded to directors, other executives and prescribed officers

	Forfeitable share plan – retention	Forfeitable share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2019								
Executive and non-executive directors								
Steve Phiri			33 054	1 Apr '15	56.70	1 874 162	1 Apr '18	100
			45 720	1 Apr '17	41.65	1 904 238	1 Apr '20	100
			69 398	1 Apr '18	33.18	2 302 639	1 Apr '21	100
			61 430	1 Apr '19	34.02	2 089 849	1 Apr '22	100
		37 629		1 Apr '14	71.91	4 058 816	1 Apr '17, 18, 19	33.3*
		75 808		1 Apr '15	56.70	4 298 314	1 Apr '18, 19, 20	33.3*
		162 435		1 Apr '16	38.79	6 300 854	1 Apr '19, 20, 21	33.3*
		165 984		1 Apr '17	41.65	6 913 234	1 Apr '20, 21, 22	33.3*
		221 899		1 Apr '18	33.18	7 362 594	1 Apr '21, 22, 23	33.3*
		150 744		1 Apr '19	34.02	5 128 311	1 Apr '22, 23, 24	33.3*
	183 119			1 Apr '16	38.79	7 103 186	1 Apr '19	100
	183 119			1 Apr '17	38.79	7 103 186	1 Apr '20	100
	183 119			1 Apr '18	38.79	7 103 186	1 Apr '21	100
Hanré Rossouw			10 336	1 Apr '19	34.02	351 631	1 Apr '22	100
		109 128		1 Apr '19	34.02	3 712 535	1 Apr '22, 23, 24	33.3*
Other executives and prescribed officers								
Vicky Tlhabanelo			18 039	1 Apr '15	56.70	1 022 811	1 Apr '18	100
			23 121	1 Apr '17	41.65	962 994	1 Apr '20	100
			34 082	1 Apr '18	33.18	1 130 853	1 Apr '21	100
			30 645	1 Apr '19	34.02	1 042 543	1 Apr '22	100
		13 103		1 Apr '14	71.91	1 413 391	1 Apr '17, 18, 19	33.3*
		24 072		1 Apr '15	56.70	1 364 882	1 Apr '18, 19, 20	33.3*
		50 551		1 Apr '16	38.79	1 960 873	1 Apr '19, 20, 21	33.3*
		51 656		1 Apr '17	41.65	2 151 445	1 Apr '20, 21, 22	33.3*
		69 057		1 Apr '18	33.18	2 291 289	1 Apr '21, 22, 23	33.3*
		53 689		1 Apr '19	34.02	1 826 500	1 Apr '22, 23, 24	33.3*
	46 303			1 Apr '16	38.79	1 796 093	1 Apr '19	100
	46 303			1 Apr '16	38.79	1 796 093	1 Apr '19	100
	46 303			1 Apr '18	38.79	1 796 093	1 Apr '21	100

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

35.1.3 Forfeitable bonus shares and rights offer shares awarded to directors, other executives and prescribed officers continued

	Forfeitable share plan – retention	Forfeitable share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2019								
Other executives and prescribed officers								
Neil Carr								
			22 778	1 Apr '15	56.70	1 291 513	1 Apr '18	100
			31 102	1 Apr '17	41.65	1 295 400	1 Apr '20	100
			45 847	1 Apr '18	33.18	1 521 201	1 Apr '21	100
			40 657	1 Apr '19	34.02	1 383 151	1 Apr '22	100
		13 747		1 Apr '14	71.91	1 482 856	1 Apr '17, 18, 19	33.3*
		38 978		1 Apr '15	56.70	2 210 053	1 Apr '18, 19, 20	33.3*
		85 000		1 Apr '16	33.79	3 297 150	1 Apr '19, 20, 21	33.3*
		86 858		1 Apr '17	41.65	3 617 600	1 Apr '20, 21, 22	33.3*
		116 117		1 Apr '18	33.18	3 852 744	1 Apr '21, 22, 23	33.3*
		87 783		1 Apr '19	34.02	2 986 378	1 Apr '22, 23, 24	33.3*
	103 809			1 Apr '16	38.79	4 026 751	1 Apr '19	100
	103 809			1 Apr '17	38.79	4 026 751	1 Apr '20	100
	103 809			1 Apr '18	38.79	4 026 751	1 Apr '21	100
Glenn Harris**								
			21 748	1 Apr '15	56.70	1 233 112	1 Apr '18	100
			31 295	1 Apr '17	41.65	1 303 439	1 Apr '20	100
			44 666	1 Apr '18	33.18	1 482 019	1 Apr '21	100
			39 058	1 Apr '19	34.02	1 328 753	1 Apr '22	100
		13 747		1 Apr '14	71.91	1 482 856	1 Apr '17, 18, 19	33.3*
		37 974		1 Apr '15	56.70	2 153 126	1 Apr '18, 19, 20	33.3*
		82 811		1 Apr '16	38.79	3 212 239	1 Apr '19, 20, 21	33.3*
		84 620		1 Apr '17	41.65	3 524 420	1 Apr '20, 21, 22	33.3*
		113 126		1 Apr '18	33.18	3 753 507	1 Apr '21, 22, 23	33.3*
		85 522		1 Apr '19	34.02	2 909 458	1 Apr '22, 23, 24	33.3*
	101 135			1 Apr '16	38.79	3 923 027	1 Apr '19	100
	101 135			1 Apr '17	38.79	3 923 027	1 Apr '20	100
	101 135			1 Apr '18	38.79	3 923 027	1 Apr '21	100
Reginald Haman								
			18 105	1 Apr '15	56.70	1 026 554	1 Apr '18	100
			24 038	1 Apr '17	41.65	1 001 177	1 Apr '20	100
			35 434	1 Apr '18	33.18	2 351 384	1 Apr '21	100
			31 422	1 Apr '19	34.02	1 068 976	1 Apr '22	100
		13 623		1 Apr '14	71.91	1 469 409	1 Apr '17, 18, 19	33.3*
		25 027		1 Apr '15	56.70	1 419 031	1 Apr '18, 19, 20	33.3*
		52 555		1 Apr '16	38.79	2 038 608	1 Apr '19, 20, 21	33.3*
		53 704		1 Apr '17	41.65	2 236 750	1 Apr '20, 21, 22	33.3*
		71 795		1 Apr '18	33.18	2 382 139	1 Apr '21, 22, 23	33.3*
		55 818		1 Apr '19	34.02	1 898 928	1 Apr '22, 23, 24	33.3*
	64 185			1 Apr '16	38.79	2 489 736	1 Apr '19	100
	64 185			1 Apr '17	38.79	2 489 736	1 Apr '20	100
	64 185			1 Apr '18	38.79	2 489 736	1 Apr '21	100

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

35.1.3 Forfeitable bonus shares and rights offer shares awarded to directors, other executives and prescribed officers continued

	Forfeitable share plan – retention	Forfeitable share plan	Bonus share plan	Award date	Issue price R	Award value R	Vesting dates	Vesting amount %
AS AT 31 DECEMBER 2019								
Other executives and prescribed officers								
Mpueleng Pooe***			14 556	1 Apr '15	56.70	825 325	1 Apr '18	100
			19 335	1 Apr '17	41.65	805 308	1 Apr '20	100
			29 892	1 Apr '18	33.18	991 826	1 Apr '21	100
			24 343	1 Apr '19	34.02	828 149	1 Apr '22	100
		11 649		1 Apr '14	71.91	1 256 555	1 Apr '17, 18, 19	33.3*
		22 167		1 Apr '15	56.70	1 256 869	1 Apr '18, 19, 20	33.3*
		46 550		1 Apr '16	38.79	1 805 675	1 Apr '19, 20, 21	33.3*
		47 568		1 Apr '17	41.65	1 981 175	1 Apr '20, 21, 22	33.3*
		63 592		1 Apr '18	33.18	2 109 952	1 Apr '21, 22, 23	33.3*
		49 440		1 Apr '19	34.02	1 681 949	1 Apr '22, 23, 24	33.3*
	42 638			1 Apr '16	38.79	1 653 928	1 Apr '19	100
	42 638			1 Apr '17	38.79	1 653 928	1 Apr '20	100
	42 638			1 Apr '18	38.79	1 653 928	1 Apr '21	100
Lindiwe Montshiwagae			12 962	1 Apr '15	56.70	734 945	1 Apr '18	100
			14 193	1 Apr '17	41.65	591 143	1 Apr '20	100
			26 957	1 Apr '18	33.18	894 938	1 Apr '21	100
			23 472	1 Apr '19	34.02	798 517	1 Apr '22	100
		37 844		1 Apr '17	41.65	1 576 194	1 Apr '20, 21, 22	33.3*
		54 387		1 Apr '18	33.18	1 804 545	1 Apr '21, 22, 23	33.3*
		42 284		1 Apr '19	34.02	1 438 502	1 Apr '22, 23, 24	33.3*
	27 626			1 Apr '16	38.79	1 071 613	1 Apr '19	100
	27 626			1 Apr '17	38.79	1 071 613	1 Apr '20	100
	27 626			1 Apr '18	38.79	1 071 613	1 Apr '21	100
Lester Jooste (Company Secretary)			12 890	1 Apr '15	56.70	730 863	1 Apr '18	100
			20 805	1 Apr '17	41.65	866 516	1 Apr '20	100
			34 041	1 Apr '18	33.18	1 129 492	1 Apr '21	100
			27 856	1 Apr '19	34.02	947 661	1 Apr '22	100
		28 145		1 Apr '16	38.79	1 091 745	1 Apr '19	100
		28 145		1 Apr '17	38.79	1 091 745	1 Apr '20	100
		28 145		1 Apr '18	38.79	1 091 745	1 Apr '21	100

* *33% over a period of three years*
** *Retrenched on 31 October 2019 due to executive team restructuring*
*** *Retrenched on 31 December 2019 due to executive team restructuring*

35. REMUNERATION continued

35.1 Directors, other executives and prescribed officers' remuneration continued

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

	Executive directors	Other executives and prescribed officers		
	Steven Phiri	Vicky Tlhabanelo	Glenn Harris*	Lester Jooste (Company Secretary)
As of 31 December 2019				
IPO scheme shares matched by the Company	99 174	27 273	31 405	11 901
Award date	8 Nov '10	8 Nov '10	8 Nov '10	8 Nov '10
Deemed issue price (rand)	60.50	60.50	60.50	60.50
Rights offer shares	12 165	3 546	–	1 841
Issue price (rand)	55.00	55.00	55.00	55.00
Award values (rand)	6 669 102	1 845 047	1 900 003	821 266
Shares sold 2013 (number of shares)	(25 000)	(11 300)	(31 405)	(1 350)
Shares sold 2014 (number of shares)	–	–	–	–
Shares sold 2015 (number of shares)	–	–	–	–
Shares sold 2016 (number of shares)	–	–	–	–
Shares sold 2017 (number of shares)	(28 894)	–	–	–
Shares sold 2018 (number of shares)	–	(8 388)	–	(5 993)
Balance of shares	57 445	11 131	–	6 399
Value of balance of shares (rand)	**3 408 515**	**1 161 397**	**–**	**739 591**

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

35.2 Group incentive share scheme

Total Group share incentive scheme shares issued to date

	Opening balance	Closing balance	Deemed strike price R	Issue dates	Vested/ exercised and forfeited	Vesting dates	Vesting %
IPO scheme shares	417 416	417 416	60.5	8 Nov '10	417 416	8 May '12	100
Share options issued to date	5 031 262	6 588 055	*	*	1 556 793*	*	33.3 over three years
Share appreciation rights issued to date	5 076 144	7 099 112	#	#	737 801#	#	33.3 over three years
Bonus scheme shares							
2009 allocation	–	55 589	57.48	3 Dec '09	55 589	3 Dec '12	100
2010 allocation – BSP	55 589	133 432	65.00	1 Dec '10	77 843	1 Dec '13	100
2011 allocation – BSP	133 432	463 953	66.92	18 Feb '11 and 1 Apr '11	330 521	18 Feb '14 and 1 Apr '14	100
2012 allocation – BSP	463 953	888 938	57.99	1 Apr '12	424 985	1 Apr '15	100
2013 allocation – BSP	888 958	1 423 314	58.50	1 Apr '13	534 376	1 Apr '16	100
2014 allocation – BSP	1 423 314	1 778 970	71.91	1 Apr '14	355 656	1 Apr '17	100
2014 allocation – FSP	1 778 970	2 014 165	71.91	1 Apr '14	235 195	1 Apr '17,18, 19	33.3 over three years
2014 share issues***	2 014 165	2 398 382	–	–	384 217		
2015 allocation – BSP	2 398 382	2 944 124	56.7	1 Apr '15	545 742	1 Apr '18	100
2015 allocation – FSP	2 944 124	3 231 467	56.7	1 Apr '15	204 934	1 Apr '18,19,20	33.3 over three years
2016 allocation – BSP	3 231 467	3 300 486	38.79	1 Apr '16	69 019	1 Apr '19	100
2016 allocation – FSP	3 300 486	3 942 843	38.79	1 Apr '16	289 942	1 Apr '19,'20, '21	33.3 over three years
2016 allocation – FSP retention	3 942 843	5 341 558	38.79	1 Apr '16	1 398 715	1 Apr '19	100
2017 awards – BSP***	5 341 558	5 952 177	41.65	1 Apr '17	139 002	1 Apr '20	100
2017 awards – FSP***	5 952 177	6 795 718	41.65	1 Apr '17	166 004	1 Apr '20,21, 22	33.3 over three years
2017 awards – FSP retention***	6 795 718	8 025 855	38.79	1 Apr '17	276 819	1 Apr '20	100
2018 awards – BSP	8 025 855	9 110 154	33.18	1 Apr '18	141 564	1 Apr '21	100
2018 awards – FSP	9 110 154	10 158 264	33.18	1 Apr '18	66 973	1 Apr '21,22, 23	33.3 over three years
2018 awards – FSP retention	10 158 264	11 201 526	38.79	1 Apr '18	89 932	1 Apr '21	100
2019 awards – BSP	11 201 526	12 224 272	38.19	1 Apr '19	93 746	1 Apr '22	100
2019 awards – FSP	12 224 272	13 121 720	34.02	1 Apr '19	–	1 Apr '22,23,24	33.3 over three years
Mahube share incentive scheme shares	563 914	–	65.12	27 Jan '10	563 914	31 Mar '13,14.15	33.3 over three years

** Share options are issued to eligible employees at the date of joining the Company at the applicable market-related share price and therefore range from R23.00 to R74.39 from January 2009 to December 2019. The options vest at a rate of one-third after the third, fourth and fifth anniversary dates*

 # Share appreciation rights are issued to eligible employees at the date of joining the Company at the applicable market-related share price and therefore range from R19.92 to R42.01 from January 2016 to December 2019. The options vest at a rate of one-third after the third, fourth and fifth anniversary dates

36. DIVIDENDS

No dividends have been declared or proposed in the current year (2018: nil).

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

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

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

Categories of financial instruments

		Carrying amount		Fair values	
	Notes	**2019 R (million)**	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets					
At fair value					
Environmental trust deposits	6	**10.3**	24.6	**10.3**	24.6
Environmental guarantee investments	6	**85.2**	77.8	**85.2**	77.8
Housing insurance investment	9	**43.9**	39.9	**43.9**	39.9
Trade receivables	12	**2 840.4**	2 015.9	**2 840.4**	2 015.9
Derivative financial asset	14	**70.5**	–	**70.5**	–
At amortised cost					
Environmental trust deposits	6	**150.4**	124.6	**150.4**	124.6
Employee housing loan receivable	7	**681.8**	611.4	**681.8**	611.4
Other receivables (excluding VAT)	12	**115.4**	146.7	**115.4**	146.7
Cash and cash equivalents	15	**814.2**	883.5	**814.2**	883.5
Total financial assets		**4 812.1**	3 924.4	**4 812.1**	3 924.4
Financial liabilities					
At amortised cost					
Convertible bond liability	19	**1 049.5**	986.7	**1 049.5**	986.7
PIC housing facility	20	**1 483.1**	1 299.6	**1 483.1**	1 299.6
RPM deferred consideration	22	**1 833.4**	1 621.6	**1 833.4**	1 621.6
Trade and other payables (excluding VAT)	25	**895.2**	640.5	**895.2**	640.5
Interest-bearing borrowings	21	**1 305.5**	1 715.9	**1 305.5**	1 715.9
Lease liability	4	**29.2**	–	**29.2**	–
Total financial liabilities		**6 595.9**	6 264.3	**6 595.9**	6 264.3

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.1 Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar as the concentrate revenue is impacted by the ZAR:US$ exchange rate. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

RBR entered into a disposal of concentrate agreement (DOCA) with RPM in terms of which concentrate of the PGMs produced by BRPM will be treated by RPM.

In terms of the DOCA, the USD:ZAR exchange rate used in the calculation of the concentrate payment is based on the average prices for the third month following the month of delivery. Payment is due on the last day of the fourth month following the month of delivery.

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

In 2019, RBR also entered into a foreign currency option contract for a cap and collar with a range of R14.500 and R15.515. The amount covered by the agreement is US$140 million, relating to the gold streaming transaction for the future delivery of gold (refer to Note 40). As at 31 December 2019, the option to put US$140 million to the bank is in the money whereas the call option is out of the money for the bank.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Notes	**2019 R (million)**	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets					
Trade receivables still subject to price fluctuations	12	**2 063.1***	1 434.9	**±206.3**	±143.8
Trade receivables not subject to price fluctuations	12	**777.3****	581.0	**±77.7**	±58.1
Derivative financial asset	14	**70.5**	—	**±7.1**	—
Total		**2 910.9**	2 015.9	**±291.1**	±201.9

* *US$143.3 million at an exchange rate of R14.4*
** *US$47.1 million (excluding VAT) at an exchange rate of R14.4*

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.1 Market risk continued

Foreign exchange risk continued

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

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

Commodity price risk

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

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

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

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2019 R (million)**	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets					
Trade receivables still subject to price fluctuations		**2 063.1**	1 434.9	**±206.3**	±143.2
Trade receivables not subject to price fluctuations		**777.3**	581.0	**—**	—
Total	12	**2 840.4**	2 015.9	**±206.3**	±143.2

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.1 Market risk continued

Equity price risk

The Group is exposed to equity price risk in respect of the environmental trust deposits invested in the Nedbank equity-linked deposits. Refer to Note 6.

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Note	**2019 R (million)**	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets					
Environmental trust deposits	6	**10.3**	24.6	**-0.2 to +0.2**	(0.1)

Cash flow and fair value interest rate risk

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

Sensitivity analysis

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

		Statement of financial position		Statement of comprehensive income	
	Notes	**2019 R (million)**	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets					
Environmental trust deposits	6	**150.4**	124.6	**±1.5**	±1.3
Employee housing receivable	7	**681.8**	611.4	**±6.8**	±7.2
Cash and cash equivalents	15	**814.2**	883.5	**±8.1**	±0.8
Total financial assets		**1 646.4**	1 619.5	**±16.4**	±9.3
Financial liabilities					
PIC housing facility	20	**1 483.1**	1 299.6	**±13.6**	±11.6
Interest-bearing borrowings	21	**1 305.5**	1 715.9	**±13.1**	±17.2
RPM deferred consideration	22	**1 833.4**	1 621.6	**±18.3**	±0.9
Lease liability	4.1	**29.2**	—	**±0.3**	±0.4
Total financial liabilities		**4 651.2**	4 637.1	**±45.3**	±30.1

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The maximum exposure to the credit risk is represented by the carrying amount of all the financial assets. The potential concentration of credit risk could arise in cash and cash equivalents, trade receivables, the employee housing loan receivable and other financial assets and financial guarantees. Refer to Note 24 for financial guarantees.

The Group's trade receivable credit risk is limited to one customer as all metals in concentrate are sold to RPM. RPM has never defaulted on meeting its obligation. The fair value of the trade receivables at year-end was R2 840.4 million (2018: R2 015.9 million) (refer to Note 12). The credit risk relates to overall risk of the Anglo American Platinum group, the world's largest platinum producer. Since the trade receivables are measured at fair value through profit or loss, credit risk is reflected in the determination of fair value.

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

In addition to bank investments, RBPlat may invest in collective investment schemes, for example, money market investments. The following limits apply:

- RBPlat's investment may not exceed 20% of the total fund size
- the fund must have a minimum Fitch rating of A
- minimum Fitch rating of BBB- for individual assets held in the fund

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

With regard to the employee housing receivable, the Group is exposed to the credit risk of employees as houses are sold to employees on credit. The carrying value of the receivable at year-end is R681.8 million (2018: R611.4 million).

Financial assets measured at amortised cost are subject to the expected credit loss model:

- Environmental trust deposits
- Employee housing receivables
- Other receivables (excluding VAT)
- Cash and cash equivalents

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

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

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

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Board aims to maintain flexibility in funding by keeping committed and uncommitted credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash investments) (refer to Note 15) on the basis of expected cash flows.

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

	Notes	Less than one year R (million)	Between one and two years R (million)	Between two and five years R (million)	Over five years R (million)
2019					
RPM deferred consideration*	22	**857.0**	**678.2**	**607.4**	**–**
Trade and other payables	25	**895.2**	**–**	**–**	**–**
Financial guarantees	24.1	**–**	**–**	**0.8**	**118.6**
PIC housing facility	20	**123.8**	**123.8**	**371.5**	**1 857.7**
Convertible bond liability	19	**84.0**	**84.0**	**1 242.0**	**–**
Interest-bearing borrowing	21	**167.5**	**246.5**	**1 105.0**	**1 519.0**
Lease liability	4	**16.5**	**11.9**	**5.8**	**–**
2018					
RPM deferred consideration*	22	213.7	1 036.7	779.5	638.0
Trade and other payables	25	640.5	–	–	–
Financial guarantees	24.1	–	–	0.8	118.6
PIC housing facility	20	–	–	186.6	1 679.0
Convertible bond liability	19	–	–	1 200.0	–
Interest-bearing borrowings	21	244.7	267.5	1 736.0	98.8

** At the Group election, all or part of the deferred consideration may be settled through the issue of shares*

37.1.4 Capital risk management

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

	Notes	2019 (R million)	2018 (R million)
Net debt		**(4 886.5)**	(4 740.3)
Cash and cash equivalents	15	**814.2**	883.5
Interest-bearing borrowings	21	**(1 305.5)**	(1 715.9)
Convertible bond liability	19	**(1 049.5)**	(986.7)
PIC housing facility	20	**(1 483.1)**	(1 299.6)
RPM deferred consideration	22	**(1 833.4)**	(1 621.6)
Lease liabilities	4	**(29.2)**	–
Total equity		**16 186.6**	15 158.3
Net debt to equity ratio (%)		**30.2**	31.3

The net debt to equity ratio increased from 31.3% to 30.2% following the adoption of IFRS 16: *Leases*. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 January 2019. Refer to Note 26.1 for further information.

37. FINANCIAL RISK MANAGEMENT continued

37.1 Financial risk factors continued

37.1.5 Fair value determination

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

- Quoted prices (unadjusted) in active markets for identical assets and 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 following table presents the financial assets that are measured at fair value as well as the financial assets and financial liabilities measured at amortised cost but for which fair value disclosure are provided at 31 December:

	Notes	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2019				
At fair value				
Environmental trust deposits[1]	6	–	**10.3**	–
Environmental guarantee investment[1]	6	–	**85.2**	–
Housing insurance investment[2]	9	–	–	**43.9**
RPM concentrate debtors[4]	12	–	**2 840.4**	–
Derivative financial asset[5]	14	–	**70.5**	–
At amortised cost				
Employee housing receivable[3]	7	–	–	**681.8**
Impala royalty receivables	12	–	**51.9**	–
Other receivables (excluding VAT)	12	–	**63.5**	–
Environmental trust deposit	6	–	–	**150.4**
Financial liabilities at amortised cost				
Convertible bond liability[3]	19	–	–	**1 049.5**
PIC housing facility[3]	20	–	–	**1 483.1**
Interest-bearing borrowings[3]	21	–	–	**1 305.5**
RPM deferred consideration[3]	22	–	–	**1 833.4**
Lease liabilities[3]	4	–	–	**29.2**
2018				
At fair value				
Environmental trust deposits[1]	6	–	24.6	–
Housing insurance investment[2]	9	–	–	39.9
RPM concentrate debtors[4]	12	–	2 015.9	–
At amortised cost				
Employee housing receivable[3]	7	–	–	611.4
Impala royalty receivables[6]	12	–	31.4	–
Other receivables (excluding VAT)	12	–	115.3	–
Environmental trust deposit	6	–	–	124.6
Financial liabilities at amortised cost				
Convertible bond liability[3]	19	–	–	986.7
PIC housing facility[3]	20	–	–	1 299.6
Interest-bearing borrowings[3]	21	–	–	1 715.9
RPM deferred consideration[3]	22	–	–	1 621.6

[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
[2] The fair value was determined using market prices for listed investments and reliance on an external valuer for discounted cash flow models for unlisted investments
[3] The fair value was determined using a discounted cash flow model
[4] The fair value was determined using the commodity prices and foreign exchange rates
[5] Fair value was determined using a valuation made based on observable exchange rates
[6] Impala receivable amount was reclassified to correctly reflect it under level 2

38. 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 that makes strategic decisions.

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

38. SEGMENTAL REPORTING continued

38.1 Segmental statement of comprehensive income

	For the year ended 31 December 2019							For the year ended 31 December 2018						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office segment R (million)	Consolidation adjustments R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations (A + B) R (million)	RBPlat housing segment R (million)	Corporate office segment R (million)	Consolidation adjustments R (million)	Total R (million)
Revenue	4 518.5	2 973.4	7 491.9	105.3	2 296.9	(2 402.2)	7 491.9	3 627.1	–	3 627.1	230.7	96.8	(327.5)	3 627.1
Cost of sales	(3 432.3)	(3 252.4)	(6 684.7)	(105.3)	(2 365.1)	2 344.5	(6 810.6)	(3 285.0)	(14.7)	(3 299.7)	(230.3)	(56.9)	269.7	(3 317.2)
Cash cost of sales excluding depreciation and amortisation	(3 090.7)	(2 681.0)	(5 771.7)	(105.3)	(2 214.4)	2 365.4	(5 726.0)	(2 938.6)	(13.8)	(2 952.4)	(230.3)	(18.1)	278.8	(2 922.0)
Depreciation	(349.9)	(574.2)	(924.1)	–	(5.7)	(20.9)	(950.7)	(331.3)	(0.9)	(332.2)	–	–	(9.1)	(341.3)
Amortisation	–	–	–	–	(145.0)	–	(145.0)	–	–	–	–	(38.8)	–	(38.8)
Movement in inventories	8.3	2.8	11.1	–	–	–	11.1	(15.1)	–	(15.1)	–	–	–	(15.1)
Gross profit/(loss) per segment and total	1 086.2	(279.0)	807.2	–	(68.2)	(57.7)	681.3	342.1	(14.7)	327.4	0.4	39.9	(57.8)	309.9
Other income	180.9	3.2	184.1	9.5	79.3	(5.0)	267.9	116.7	(0.3)	116.4	5.5	3.7	(1.6)	124.0
Total administrative expenditure	(6.6)	–	(6.6)	(53.5)	(279.8)	2.7	(337.2)	–	–	–	21.3	(245.7)	(59.6)	(284.0)
Administrative expenditure	–	–	–	(33.9)	(189.1)	2.7	(220.3)	–	–	–	(19.6)	(204.7)*	(42.4)	(266.7)*
Depreciation	–	–	–	(0.4)	(0.9)	–	(1.3)	–	–	–	(0.4)	(0.7)	–	(1.1)
Maseve care and maintenance	–	–	–	–	(69.2)	–	(69.2)	–	–	–	–	(23.6)	(17.2)	(40.8)
Amortisation of employee housing benefit and fair value adjustment to loan	–	–	–	(19.2)	–	–	(19.2)	–	–	–	41.3	–	–	41.3
Industry membership and market development	–	–	–	–	(16.6)	–	(16.6)	–	–	–	–	(16.7)*	–	(16.7)*
Restructuring costs	(6.6)	–	(6.6)	–	(4.0)	–	(10.6)	–	–	–	–	–	–	–
Scrapping and impairment of non-financial assets	–	–	–	–	–	(58.9)	(58.9)	–	(25.9)	(25.9)	–	(0.4)	–	(26.3)
Gain on bargain purchase	–	–	–	–	–	–	–	–	–	–	–	–	118.3	118.3
Net finance (cost)/income	4.3	2.0	6.3	(13.3)	(434.5)	12.0	(429.5)	18.1	5.3	23.4	40.5	(49.3)	59.5	74.1
Finance income	17.9	8.0	25.9	84.3	13.9	–	124.1	23.8	6.7	30.5	40.5	102.0	(72.1)	100.9
Finance cost	(13.6)	(6.0)	(19.6)	(97.6)	(448.4)	12.0	(553.6)	(5.7)	(1.4)	(7.1)	–	(151.3)	131.6	(26.8)
Profit/(loss) before tax per segment and total	1 264.8	(273.8)	991.0	(57.3)	(703.2)	(106.9)	123.6	476.9	(35.6)	441.3	67.7	(251.8)	58.8	316.0
Taxation							(59.5)							(60.5)
Profit after tax							64.1							255.5
Attributable to owners of the Company							64.1							155.6
Attributable to non-controlling interest							–							99.9

* R16.7 million of corporate office costs has been reallocated and disclosed separately as industry membership and market development costs

38. SEGMENTAL REPORTING continued

38.2 Segmental statement of financial position

	For the year ended 31 December 2019							For the year ended 31 December 2018						
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office R (million)	Consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations (A + B) R (million)	RBPlat housing segment R (million)	Corporate office Restated R (million)	Consolidation adjustment R (million)	Total Restated R (million)
Non-current assets	4 522.9	10 899.0*	15 421.9	964.1	21 107.0	(15 332.3)	22 160.7	4 467.5	10 165.2*	14 632.7	881.5	17 067.6	(11 097.9)	21 483.9
Allocation of mineral rights	669.3	4 833.4	5 502.7	–	(5 502.7)	–	–	723.0	4 924.7	5 647.7	–	(5 647.7)	–	–
Non-current assets after allocation of mineral rights	5 192.2	15 732.4	20 924.6	964.1	15 604.3	(15 332.3)	22 160.7	5 190.5	15 089.9	20 280.4	881.5	11 419.9	(11 097.9)	21 483.9
Current assets	2 410.9	1 350.8	3 761.7	751.0	210.7	66.6	4 790.0	2 145.4	805.4	2 950.8	872.5	449.3	(245.9)	4 026.7
Employee housing current assets	–	–	–	619.1	–	101.0	720.1	–	–	–	790.7	–	–	790.7
Inventories	65.9	134.0	199.9	–	–	(3.8)	196.1	62.4	67.6	130.0	–	4.1	(3.9)	130.2
Trade and other receivables	1 750.2	1 216.8	2 967.0	2.4	46.1	(30.6)	2 984.9	1 444.0	737.8	2 181.8	14.2	268.1	(242.0)	2 222.1
Current tax receivable	–	–	–	–	4.2	–	4.2	–	–	–	–	0.2	–	0.2
Derivative financial asset	–	–	–	–	70.5	–	70.5	–	–	–	–	–	–	–
Cash and cash equivalents	594.8	–	594.8	129.5	89.9	–	814.2	639.0	–	639.0	67.6	176.9	–	883.5
Total assets per statement of financial position	7 603.1	17 083.2	24 686.3	1 715.1	15 815.0	(15 265.7)	26 950.7	7 335.9	15 895.3	23 231.2	1 754.0	11 869.2	(11 343.8)	25 510.6
Non-current liabilities	103.2	25.3	128.5	1 533.6	7 391.6	(29.2)	9 024.5	92.3	18.6	110.9	1 381.6	8 095.3^	8.1	9 595.9^
Deferred tax liability	–	–	–	–	3 950.1	(103.6)	3 846.5	–	–	–	–	3 837.0^	(70.4)	3 766.6^
Convertible bond liability	–	–	–	–	1 049.5	–	1 049.5	–	–	–	–	986.7	–	986.7
Interest-bearing borrowings	–	–	–	–	1 305.5	–	1 305.5	–	–	–	–	1 650.0	–	1 650.0
RPM deferred consideration	–	–	–	–	1 073.4	–	1 073.4	–	–	–	–	1 621.6	–	1 621.6
PIC housing facility	–	–	–	1 440.9	–	–	1 440.9	–	–	–	1 299.6	–	–	1 299.6
Lease liability	7.2	4.6	11.8	–	8.6	(4.2)	16.2	–	–	–	–	–	–	–
Long-term provisions and other	96.0	20.7	116.7	92.7	4.5	78.6#	292.5	92.3	18.6	110.9	82.0	–	78.5#	271.4
Current liabilities	7 642.5	590.1	8 232.6	81.6	1 552.7	(8 127.3)	1 739.6	7 163.6	201.6	7 365.2	63.0	361.8	(7 033.6)	756.4
Trade and other payables	219.7	375.3	595.0	33.2	313.8	(18.9)	923.1	137.5	201.6	339.1	63.0	282.5	(7.5)	677.1
RBR payable	7 414.5	210.1	7 624.6	6.2	476.5	(8 107.3)	–	7 026.1	–	7 026.1	–	–	(7 026.1)	–
RPM deferred consideration	–	–	–	–	760.0	–	760.0	–	–	–	–	–	–	–
Current portion of PIC housing facility	–	–	–	42.2	–	–	42.2	–	–	–	–	–	–	–
Current tax payable	–	–	–	–	1.3	–	1.3	–	–	–	–	13.4	–	13.4
Current portion of interest-bearing borrowings	–	–	–	–	–	–	–	–	–	–	–	65.9	–	65.9
Lease liability	8.3	4.7	13.0	–	1.1	(1.1)	13.0	–	–	–	–	–	–	–
Total liabilities per statement of financial position	7 745.7	615.4	8 361.1	1 615.2	8 944.3	(8 156.5)	10 764.1	7 255.9	220.2	7 476.1	1 444.6	8 457.1^	(7 025.5)	10 352.3^

* *Includes Styldrift II exploration and evaluation costs*
\# *Included in consolidation adjustments is R78.6 (2018: R78.5 million) restoration and rehabilitation provision for Maseve.*
^ *Refer to Note 27 for details of restatement relating to correction of error*

38. SEGMENTAL REPORTING continued

38.3 Segmental statement of cash flows

	For the year ended 31 December 2019						For the year ended 31 December 2018					
	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)	BRPM mining segment (A) R (million)	Styldrift mining segment (B) R (million)	RBR operations segment (A + B) R (million)	RBPlat housing segment R (million)	Corporate office and consolidation adjustment R (million)	Total R (million)
Net cash inflow/(outflow) from operating activities	1 456.8	(167.0)	1 289.8	22.5	(284.7)	1 027.6	797.3	(8.5)	788.8	41.7	(164.6)	665.9
Proceeds from disposal of property, plant and equipment	–	–	–	–	0.9	0.9	–	–	–	–	–	–
Acquisition of property, plant and equipment	(359.9)	(1 299.3)	(1 659.2)	–	(36.1)	(1 695.3)	(170.3)	(3 264.5)	(3 434.8)	–	(76.1)	(3 510.9)
Acquisition of Maseve	–	–	–	–	–	–	–	(720.8)	(720.8)	–	62.8	(658.0)
Styldrift on-reef development revenue receipts	–	–	–	–	–	–	–	973.4	973.4	–	–	973.4
Acquisition of employee housing assets	–	–	–	(48.4)	–	(48.4)	–	–	–	(343.4)	–	(343.4)
Employee housing loan receivable repayments	–	–	–	2.8	–	2.8	–	–	–	2.4	–	2.4
Increase in insurance investment	–	–	–	–	–	–	–	–	–	(3.0)	–	(3.0)
Increase in environmental trust deposits and guarantees	(11.8)	–	(11.8)	–	–	(11.8)	(61.0)	–	(61.0)	–	–	(61.0)
Net cash (outflow) from investing activities	(371.7)	(1 299.3)	(1 671.0)	(45.6)	(35.2)	(1 751.8)	(231.3)	(3 011.9)	(3 243.2)	(344.0)	(13.3)	(3 600.5)
Cash investments by/(distributions to) RPM and RBR	(1 122.2)	1 469.8	347.6	–	(347.6)	–	(498.2)	3 020.4	2 522.2	–	(1 753.9)	768.3
Net drawdowns of PIC housing facility	–	–	–	85.0	–	85.0	–	–	–	304.5	–	304.5
Proceeds from interest-bearing borrowings	–	–	–	–	841.0	841.0	–	–	–	–	2 015.0	2 015.0
Transaction costs on interest-bearing borrowings	–	–	–	–	–	–	–	–	–	–	(15.0)	(15.0)
Repayment of interest-bearing borrowings	–	–	–	–	(1 264.3)	(1 264.3)	–	–	–	–	(270.0)	(270.0)
Principal elements of lease payments	(7.1)	(3.5)	(10.6)	–	(2.0)	(12.6)	–	–	–	–	–	–
RPM initial consideration	–	–	–	–	–	–	–	–	–	–	(554.7)	(554.7)
Proceeds from the issue of shares	–	–	–	–	1 029.1	1 029.1	–	–	–	–	239.9	239.9
Proceeds from share options exercised	–	–	–	–	6.3	6.3	–	–	–	–	–	–
Costs relating to the issue of shares	–	–	–	–	(29.6)	(29.6)	–	–	–	–	(3.0)	(3.0)
Net cash inflow/(outflow) from financing activities	(1 129.3)	1 466.3	337.0	85.0	232.9	654.9	(498.2)	3 020.4	2 522.2	304.5	(341.7)	2 485.0
Net (decrease)/increase in cash and cash equivalents	(44.2)	–	(44.2)	61.9	(87.0)	(69.3)	67.8	–	67.8	2.2	(519.6)	(449.6)
Cash and cash equivalents at beginning of period	639.0	–	639.0	67.6	176.9	883.5	571.2	–	571.2	65.4	696.5	1 333.1
Cash and cash equivalents at end of period	594.8	–	594.8	129.5	89.9	814.2	639.0	–	639.0	67.6	176.9	883.5

39. EARNINGS PER SHARE

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

	Group	
	2019	2018
Number of shares issued	**210 499 623**	195 836 465
Management incentive schemes	**(2 500 037)**	(2 967 624)
Number of shares issued outside the Group	**207 999 586**	192 868 841
Adjusted for weighted shares issued during the year	**36 335 770**	6 291 033
Weighted average number of ordinary shares in issue for earnings per share	**244 335 356**	199 159 874
Dilutive potential ordinary shares relating to management incentive schemes	**413 360**	—
Dilutive potential ordinary shares relating to the convertible bond	**29 419 264**	27 943 498
Dilutive potential ordinary shares of RPM deferred consideration	**36 948 017**	3 523 385
Weighted average number of potential dilutive ordinary shares in issue	**311 115 997**	230 626 757
Profit attributable to owners of the Company R (million)	**64.1**	155.6
Adjustments:		
Add: Net interest on convertible bond R (million) (refer to Note 30.2)	**143.4**	7.1
Add: Interest on RPM deferred consideration R (million) (refer to Note 30.2)	**211.8**	11.5
Less: Tax on the above R (million)	**(99.5)**	(5.2)
Diluted profit R (million)	**319.8**	169.0
Basic earnings per share (cents/share)	**26.3**	78.1
Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for earnings per share.		
Diluted earnings per share (cents/share)	**26.3**	73.3
Diluted earnings per share is calculated by adjusting the weighted average* number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares.		

	Group			
	2019		2018	
	Gross	**Net**	Gross	Net
Headline earnings				
Profit attributable to owners of the Company R (million)		**64.1**		155.6
Adjustments:				
Less: Profit on disposal of property, plant and equipment and other assets R (million)	**0.1**	**0.1**	(0.3)	(0.3)
Add: Scrapping and impairment of non-financial assets R (million)	**58.9**	**58.9**	26.3	12.8
Less: Gain on bargain purchase R (million)	**—**	**—**	(118.3)	(118.3)
Headline earnings R (million)		**123.1**		49.8
Net interest on convertible bond R (million) (refer to Note 30.2)	**143.4**	**103.2**	7.1	5.1
Interest on RPM deferred consideration R (million) (refer to Note 30.2)	**211.8**	**152.5**	11.5	8.3
Diluted profit R (million)*		**378.8**		63.2
Basic headline earnings per share (cents/share)		**50.4**		25.0
Diluted headline earnings per share (cents/share)*		**50.4**		25.0

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

40. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

Gold streaming

In January 2020 RBPlat received an upfront cash payment of US$145 million (equating to approximately R2.1 billion) from Triple Flag Mining Finance Bermuda Limited (Triple Flag) for the future delivery of gold from the RBPlat mining operations.

This is in terms of the gold streaming agreement whereby RBPlat will deliver 70% of its payable gold production to Triple Flag until 261 000 ounces are delivered under the stream, and 42% of payable gold production thereafter.

Settlement of the RPM deferred consideration

On 11 December 2018, RBPlat acquired the remaining 33% participation interest in the BRPM JV from Rustenburg Platinum Mines Limited which was settled by means of a combination of cash, equity and deferred consideration. The deferred consideration was due to be paid to RPM, either in cash or equity over a three-year period, commencing 18 months from the closing of the transaction.

On 30 January 2020, RBPlat settled the balance of the deferred consideration outstanding on that date, amounting to R1 851.0 million. The balance was settled in cash from proceeds of the gold streaming transaction.

Company statement of financial position

as at 31 December 2019

	Notes	Company 2019 R (million)	2018 R (million)
ASSETS			
Non-current		**6 986.3**	6 986.3
Investment in subsidiaries	2	**6 986.3**	6 986.3
Current		**5 564.2**	4 588.3
Intercompany loans	3	**5 478.0**	4 441.6
Other receivables		**0.7**	0.9
Current tax receivable	4	**–**	0.2
Cash and cash equivalents		**85.5**	145.6
Total assets		**12 550.5**	11 574.6
EQUITY AND LIABILITIES			
Total equity		**11 450.9**	10 529.7
Stated capital*	5	**11 148.4**	10 086.4
Share-based payment reserve	6	**298.8**	314.9
Retained earnings		**3.7**	128.4
Non-current liabilities		**1 079.0**	1 040.3
Deferred tax liability	7	**29.5**	53.6
Convertible bond liability	8.2	**1 049.5**	986.7
Current liabilities		**20.6**	4.6
Accruals and provisions		**0.5**	4.6
Intercompany loans		**20.1**	–
Total equity and liabilities		**12 550.5**	11 574.6

** Refer to Note 5 for details relating to the reallocation of share capital and share premium to stated capital*

The notes on pages 78 to 83 form an integral part of these annual financial statements.

Company statement of comprehensive income

for the year ended 31 December 2019

	Note	Company 2019 R (million)	2018 R (million)
Dividend income		**–**	0.8
Finance income		**88.6**	97.1
Finance cost		**(146.8)**	(138.3)
Other income		**7.3**	0.4
Administrative expenses		**(36.2)**	(35.2)
Expected credit loss		**(61.7)**	–
Loss before tax		**(148.8)**	(75.2)
Income tax expense	9	**24.1**	21.0
Current tax expense		**–**	–
Deferred tax credit		**24.1**	21.0
Net loss for the year		**(124.7)**	(54.2)
Other comprehensive income		**–**	–
Total comprehensive loss		**(124.7)**	(54.2)

The notes on pages 78 to 83 form an integral part of these annual financial statements.

Company statement of changes in equity

for the year ended 31 December 2019

	Number of shares issued	Stated capital* R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Total R (million)
2019					
Balance at 31 December 2018	**207 999 586**	**10 086.4**	**314.9**	**128.4**	**10 529.7**
Share-based payment charge	**–**	**–**	**40.1**	**–**	**40.1**
Share options exercised	**321 107**	**6.3**	**–**	**–**	**6.3**
2016 BSP shares vested in April 2019	**1 449 783**	**56.2**	**(56.2)**	**–**	**–**
Issue of shares	**46 777 694**	**1 029.1**	**–**	**–**	**1 029.1**
Costs relating to issue of shares capitalised	**–**	**(29.6)**	**–**	**–**	**(29.6)**
Total comprehensive loss	**–**	**–**	**–**	**(124.7)**	**(124.7)**
Balance at 31 December 2019	**256 548 170**	**11 148.4**	**298.8**	**3.7**	**11 450.9**
2018					
Balance at 31 December 2017	192 868 841	9 668.4	217.6	182.6	10 068.6
Share-based payment charge	–	–	123.8	–	123.8
2015 BSP shares vested in April 2018	467 587	26.5	(26.5)	–	–
Issue of shares	14 663 158	394.5	–	–	394.5
Costs relating to issue of shares capitalised	–	(3.0)	–	–	(3.0)
Total comprehensive loss	–	–	–	(54.2)	(54.2)
Balance at 31 December 2018	207 999 586	10 086.4	314.9	128.4	10 529.7

** In 2019, share capital and share premium were reallocated to stated capital. 2018 comparatives were restated and disclosed in line with this change. There is no change in the overall amount disclosed*

The notes on pages 78 to 83 form an integral part of these annual financial statements.

Company statement of cash flows

for the year ended 31 December 2019

	Notes	Company 2019 R (million)	2018 R (million)
Cash inflow from operating activities			
Cash generated by operations	10	**7.5**	111.1
Finance income		**88.6**	97.1
Finance cost		**(84.0)**	(84.0)
Dividend received		**–**	0.8
Tax refund received	4	**0.2**	–
Tax paid	4	**–**	–
Net cash inflow from operating activities		**12.3**	125.0
Cash flows from investing activities			
Related party loans granted*		**(4 382.7)**	(1 774.5)
Proceeds from related party loans		**3 304.6**	887.4
Net cash (outflow) from investing activities		**(1 078.1)**	(887.1)
Cash flows from financing activities			
Proceeds from share options vested and exercised		**6.3**	–
Proceeds from issue of shares		**1 029.1**	239.9
Costs relating to issue of shares		**(29.6)**	(3.0)
Net cash inflow from financing activities		**1 005.8**	236.9
Net increase/(decrease) in cash and cash equivalents		**(60.0)**	(525.2)
Cash and cash equivalents at beginning of year		**145.5**	670.7
Cash and cash equivalents at end of year		**85.5**	145.5

** Adjusted for non-cash items*

The notes on pages 78 to 83 form an integral part of these annual financial statements.

Notes to the Company annual financial statements and related accounting policies

for the year ended 31 December 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

Standards, amendments and interpretations to existing standards

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019.

Standard	Subject	Date
IFRIC 23	*Uncertainty over income tax treatments — amendment* The amendments in IFRIC 23 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.	1 January 2019

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. INVESTMENT IN SUBSIDIARIES

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

	Company	
	2019 R (million)	2018 R (million)
Investments in unlisted companies at cost:		
Direct investment in subsidiaries consists of:		
– 1 000 no par value ordinary shares in Royal Bafokeng Platinum Management Services Proprietary Limited (100% interest)	**–**	–
– 320 no par value ordinary shares in Royal Bafokeng Resources Proprietary Limited (100% interest)	**6 819.2**	6 819.2
– 26 264 no par value ordinary shares in Maseve Investments 11 Proprietary Limited (100% interest)	**167.1**	167.1
Closing balance at 31 December	**6 986.3**	6 986.3

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

All subsidiaries are incorporated in South Africa.

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

There was no impairment of the investment in subsidiaries in the current financial year (2018: Rnil).

3. INTERCOMPANY LOANS

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

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

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

Expected credit loss of R61.7 million was recognised relating to a loan with Maseve Investments II Proprietary Limited.

3.1 Intercompany loans receivable

	Company	
	2019 R (million)	2018 R (million)
Intercompany loans receivable		
Non-interest-bearing*		
– Royal Bafokeng Platinum Management Services Proprietary Limited	**346.5**	349.3
– Royal Bafokeng Resources Proprietary Limited	**3 984.8**	2 963.4
– Bafokeng Rasimone Management Services Proprietary Limited	**–**	36.5
– Maseve Investments 11 Proprietary Limited	**–**	23.0
Closing balance at 31 December	**4 331.3**	3 372.2
Interest-bearing**		
– Royal Bafokeng Resources Proprietary Limited	**1 146.7**	1 069.4
Closing balance at 31 December	**1 146.7**	1 069.4
Total intercompany loans receivable	**5 478.0**	4 441.6

3.2 Intercompany loans payable

	Company	
	2019 R (million)	2018 R (million)
Non-interest-bearing*		
– Bafokeng Rasimone Management Services Proprietary Limited	**20.1**	–
Closing balance at 31 December	**20.1**	–

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

4. CURRENT TAX RECEIVABLE

	Company	
	2019 R (million)	2018 R (million)
The movement in the balance can be explained as follows:		
Opening balance at 1 January	**0.2**	0.2
Income tax charge	**–**	–
Refund received	**(0.2)**	–
Payment made	**–**	–
Closing balance at 31 December	**–**	0.2

5. STATED CAPITAL

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

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

	Company	
	2019	2018
Authorised share capital		
1 000 000 000 (2018: 1 000 000 000) ordinary shares with no par value	**1 000 000 000**	1 000 000 000
1 500 000 (2018: 1 500 000) 'A1' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2018: 1 500 000) 'A2' ordinary shares with no par value	**1 500 000**	1 500 000
1 500 000 (2018: 1 500 000) 'A3' ordinary shares with no par value	**1 500 000**	1 500 000
Total authorised share capital	**1 004 500 000**	1 004 500 000

	Company	
	2019 R (million)	2018 R (million)
Issued ordinary share capital		
The movement in the issued share capital of the Company is as follows:		
Par value shares		
Opening balance nil (2018: 192 868 841) ordinary shares with a par value of R0.01	**–**	1.9
Transfer to stated capital*	**–**	(1.9)
	–	–
Share premium		
Opening balance at 1 January	**–**	9 666.5
Transfer to stated capital*	**–**	(9 666.5)
Total share premium	**–**	–
Stated capital		
Opening balance at 1 January	**10 086.4**	–
Transfer from par value shares in Rm*	**–**	1.9
Transfer from share premium*	**–**	9 666.5
467 587 BSP shares vested April 2018	**–**	26.5
1 449 783 BSP shares vested April 2019	**56.2**	–
Share options exercised	**6.3**	–
Ordinary shares issued***	**1 029.1**	394.5**
Costs relating to issue of shares capitalised	**(29.6)**	(3.0)
Total 256 227 063 (2018: 207 999 586) ordinary shares	**11 148.4**	10 086.4

At 31 December 2019, the treasury shares outstanding amounted to 1 685 766 (2018: 2 500 037) ordinary shares.

* *In 2019, share capital and share premium were reallocated to stated capital. 2018 comparatives were restated and disclosed in line with this change. There is no change is the overall amount disclosed*

** *R239.9 million was received as cash proceeds from issue of 9 791 823 shares issued as part of the initial consideration for the acquisition of 33% in BRPM JV in 2018*

*** *46 777 694 shares were issued under the rights offer*

6. SHARE-BASED PAYMENT RESERVE

The Group operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments of the Group.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertaking with a corresponding credit to equity. The Company recovers the relevant amounts from the respective subsidiaries and this is accounted for as a reduction of the capital contribution over the vesting period.

	Company	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**314.9**	217.6
Share-based payment charge	**40.1**	123.8
BSP shares vested	**(56.2)**	(26.5)
Closing balance at 31 December	**298.8**	314.9

7. DEFERRED TAX LIABILITY

Deferred tax assets and liabilities are determined using the liability method for all timing differences existing between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted before the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

	Company	
	2019 R (million)	2018 R (million)
Opening balance at 1 January	**53.6**	74.6
Credit to statement of comprehensive income	**(24.1)**	(5.8)
Deferred tax recognised on equity portion of convertible bond	**–**	(15.2)
Closing balance at 31 December	**29.5**	53.6

8. CONVERTIBLE BOND LIABILITY

Convertible bonds

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

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

	Company	
	2019 R (million)	2018 R (million)
8.1 Convertible bond equity		
Opening balance at 1 January	**202.4**	202.4
Net equity recognised as per statement of changes in equity	**202.4**	202.4
8.2 Convertible bond liability		
Balance on 1 January	**986.7**	932.4
Plus: Fair value interest	**146.8**	138.3
Less: Interest paid	**(84.0)**	(84.0)
Closing balance at 31 December	**1 049.5**	986.7

9. INCOME TAX EXPENSE

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

Critical estimates and assumptions

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

	Company	
	2019 R (million)	2018 R (million)
Income tax expense	**–**	–
Current year	**–**	–
Deferred tax credit	**24.1**	21.0
Current year	**24.1**	21.0
Prior year	**–**	–
Total income tax expense	**24.1**	21.0
Tax rate reconciliation:		
Loss before tax	**(148.8)**	(75.2)
Tax calculated at a tax rate of 28%	**41.7**	21.1
Non-taxable income	**–**	0.2
Non-deductible expenses	**(0.3)**	(0.3)
Expected credit loss	**(17.3)**	–
	24.1	21.0
Effective tax rate (%)	**16.2**	27.9

10. CASH GENERATED BY OPERATIONS

	Company	
	2019 R (million)	2018 R (million)
Loss before tax	**(148.8)**	(75.2)
Finance income	**(88.6)**	(97.9)
Finance cost	**146.8**	138.3
Share-based payment expense	**–**	97.3
Expected credit loss	**61.7**	–
Changes in working capital	**36.4**	48.6
Decrease in accruals	**(3.9)**	4.2
Decrease in other receivables	**40.3**	44.4
Cash generated by operations	**7.5**	111.1

11. FINANCIAL RISK MANAGEMENT

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

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

11.1 Cash flow and fair value interest rate risk

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

11. FINANCIAL RISK MANAGEMENT continued

11.1 Cash flow and fair value interest rate risk continued

Sensitivity analysis

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

	Statement of financial position		Statement of comprehensive income	
	2019 R (million)	2018 R (million)	**2019 R (million)**	2018 R (million)
Financial assets				
Intercompany loan	**1 146.7**	1 069.4	**±11.47**	±10.69
Cash and cash equivalents	**85.5**	145.6	**±0.86**	±1.46

11.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

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

	Notes	Less than one year R (million)	Between one and two years R (million)	Between two and five years R (million)	Over five years R (million)
2019					
Trade and other payables		**0.5**	**–**	**–**	**–**
Convertible bond liability	8	**84.0**	**84.0**	**1 242.0**	**–**
2018					
Trade and other payables		4.6	–	–	–
Convertible bond liability	8	–	–	1 200.0	–

11.3 Capital risk management

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

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

	Notes	Level 1 R (million)	Level 2 R (million)	Level 3 R (million)
2019				
Financial liabilities at amortised cost				
Convertible bond liability	8	**–**	**–**	**1 049.5**
2018				
Financial liabilities at amortised cost				
Convertible bond liability	8	–	–	986.7

Non-IFRS measures

for the year ended 31 December 2019

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

EBITDA

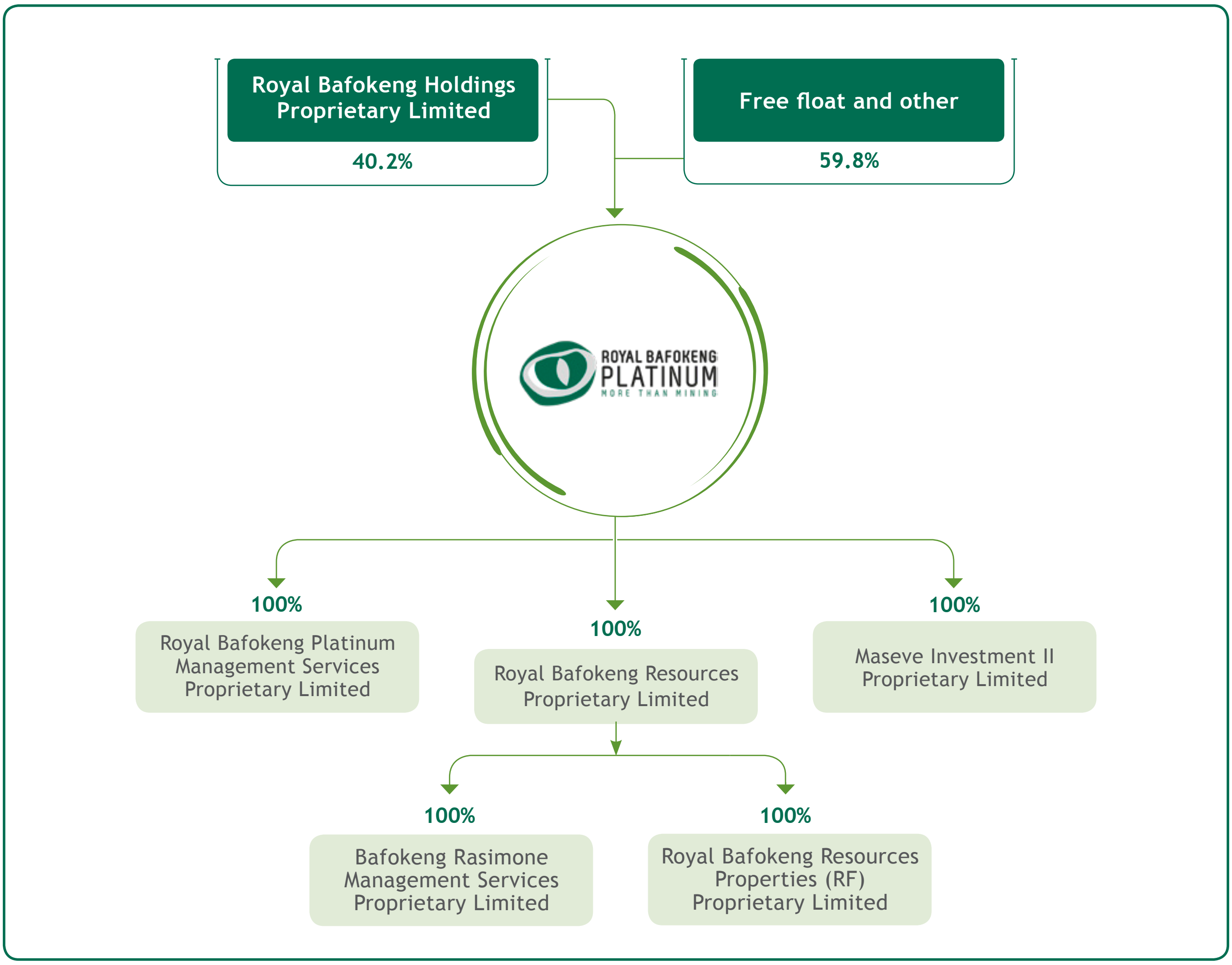
Earnings before interest, tax, depreciation and amortisation (EBITDA) gives an indication of the current operational profitability of the business.

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

	2019 R (million)	2018 R (million)
Profit before tax	**123.6**	316.0
Less: Finance income	**(124.1)**	(100.9)
Less: Gain on bargain purchase	**–**	(118.3)
Plus: Finance cost	**553.6**	26.8
Plus: Scrapping of assets and write offs	**–**	22.8
Plus: Impairment of non-financial assets	**58.9**	–
Plus: Depreciation of assets	**978.0**	360.1
Plus: Amortisation (mineral rights, employee housing receivables and benefits)	**166.4**	(2.4)
EBITDA	**1 756.4**	504.1

Royal Bafokeng Platinum Group structure

at 31 December 2019



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)
6 March 2020

ADMINISTRATION

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

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