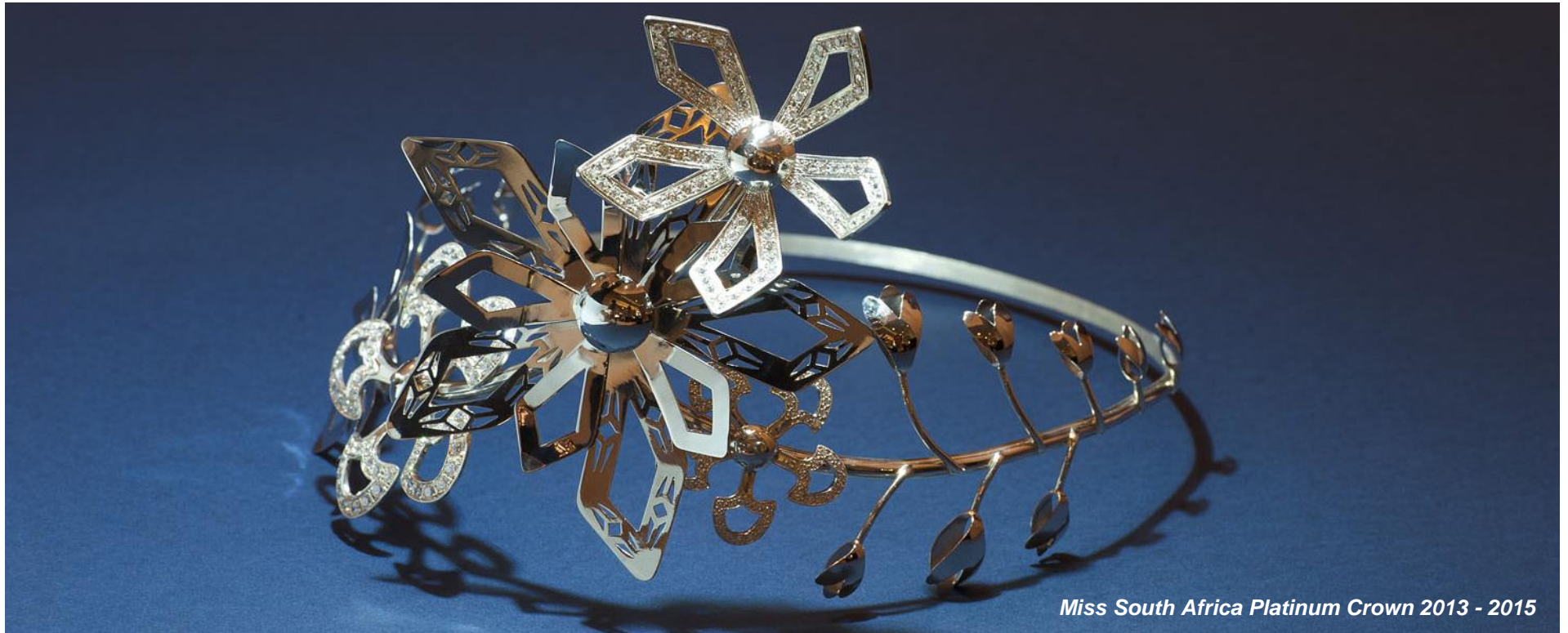


# **ANGLO AMERICAN PLATINUM**

## **2016 INTERIM RESULTS PRESENTATION**

**25 JULY 2016**



*Miss South Africa Platinum Crown 2013 - 2015*

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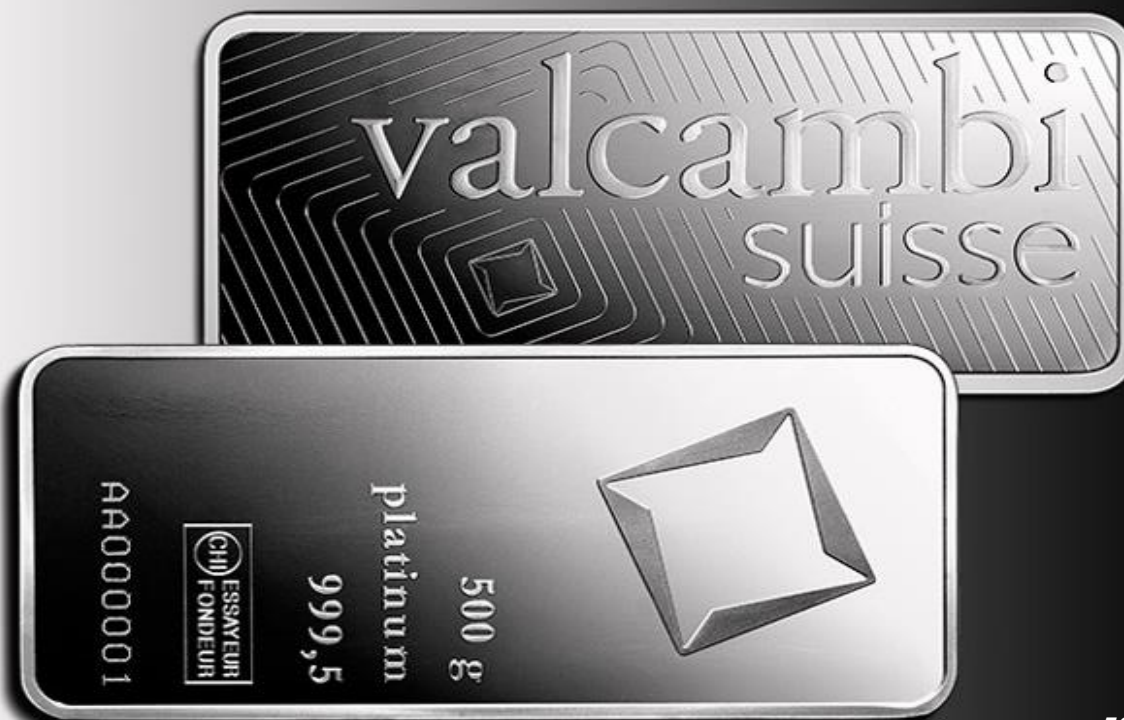
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# AGENDA

- Overview of H1 2016
- Operations
- Financials
- Markets
- Strategy
- Outlook

# OVERVIEW OF H1 2016

CHRIS GRIFFITH, CHIEF EXECUTIVE OFFICER



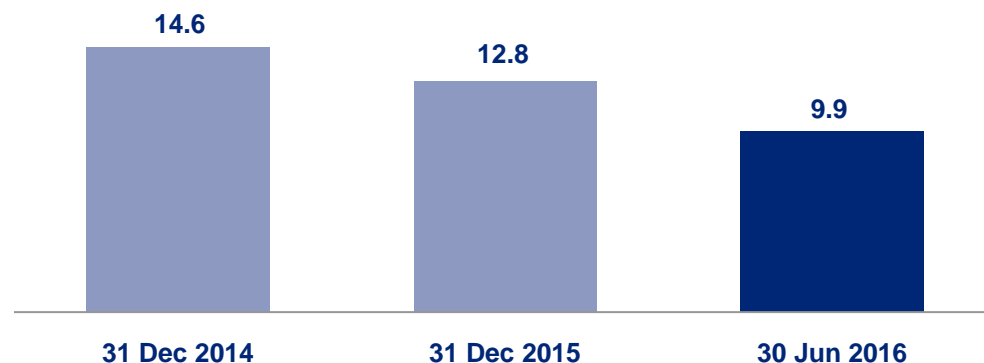
*Valcambi Suisse  
500g Platinum Bar*

# OVERVIEW OF H1 2016

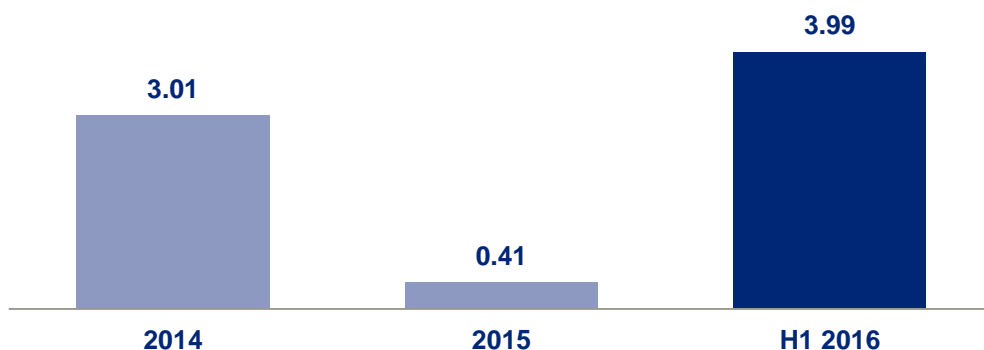
## *Managing the business...*

- Zero harm remains the priority
- PGM pricing remained weak
- Strong operational performance
- R3.2 billion of free cash flow generated from operations
- R400 million overhead savings achieved
- Net debt reduced to R9.9 billion
- Progressing with the repositioning of the portfolio
- Solid earnings per share of R3.99

### Net debt profile (R billion)



### Headline earnings per share (Rand / share)



*...for the low PGM price environment*



# OPERATIONAL REVIEW

**CHRIS GRIFFITH, CHIEF EXECUTIVE OFFICER**



*Hydraulic shovel - Mogalakwena Mine, Limpopo*

# SAFETY, HEALTH & ENVIRONMENT

*Zero harm remains the priority...*

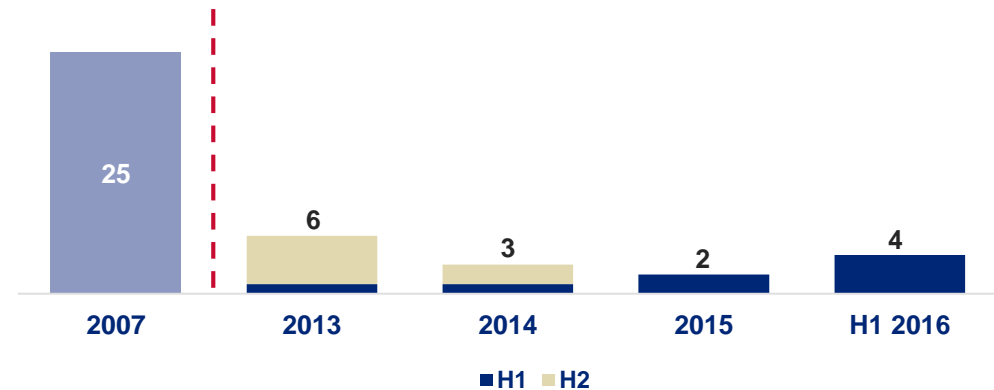
## SAFETY

- Tragically, 4 fatalities occurred during H1 2016
- Record fatality free period of 323 days ended 31 March 2016
- LTIFR reduced by 28% to 0.75
- S54 stoppages continue to impact production

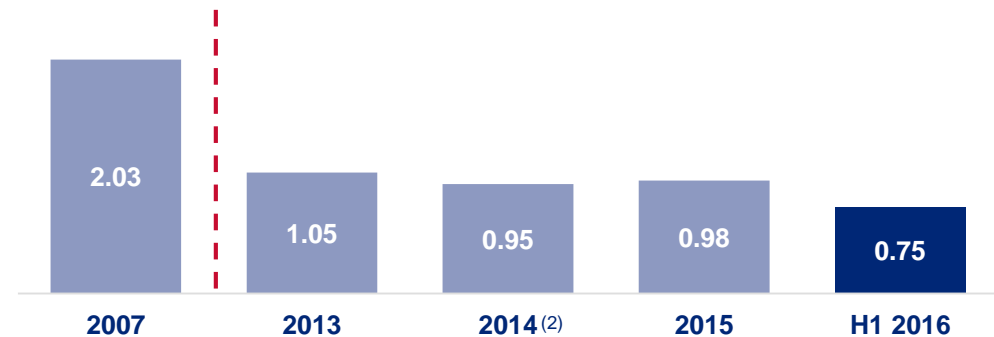
## HEALTH & ENVIRONMENT

- Effective disease management programmes resulted in significant reduction in HIV and TB related deaths
- No significant environmental incidents

### Number of fatalities



### Lost time injury frequency rate (LTIFR) <sup>(1)</sup>



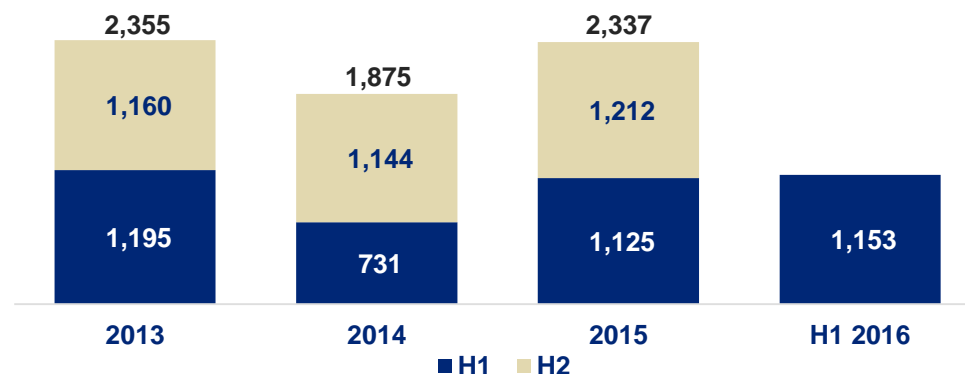
*...with a 28% reduction in LTIFR achieved in H1 2016*

# OPERATIONAL PERFORMANCE IN H1 2016

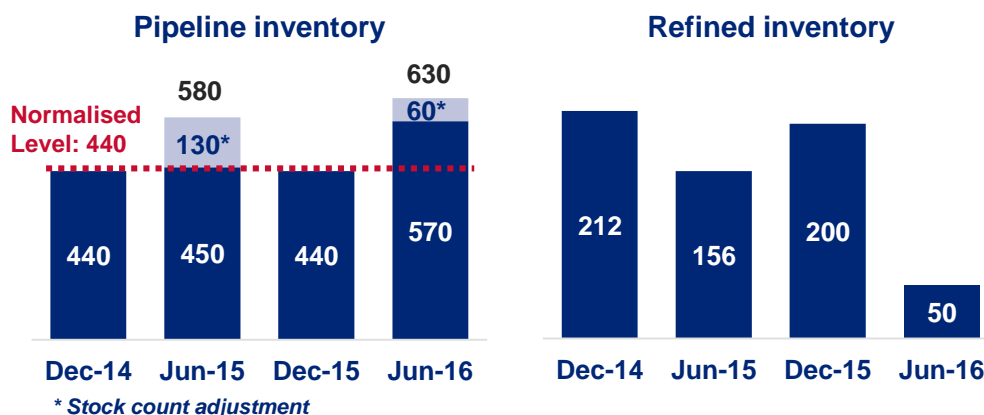
*Loss-making ounces cut since 2013... efficiencies improving at operations...*

- Total platinum production up 2% to 1,153 koz
- Retained own mine operations up 8% to 458 koz:
  - Mogalakwena up 2% to 208 koz
  - Amandelbult up 15% to 217 koz
  - Unki up 13% to 36 koz
- Joint ventures total production up 8% to 388 koz
- Non-core operations down 5% to 294 koz
  - Union up 15% to 75 koz
  - Rustenburg down 10% to 219 koz
- Pipeline inventory build up due to Section 54 safety stoppages and planned stock take at PMR in Q1 and additional stock count adjustments
- Refined inventory levels dropped to 50 koz

**Total platinum production ('000 ounces) <sup>(3)</sup>**



**Pipeline & refined platinum inventory ('000 ounces)**



*...enabling production performance to return to pre-strike production levels*

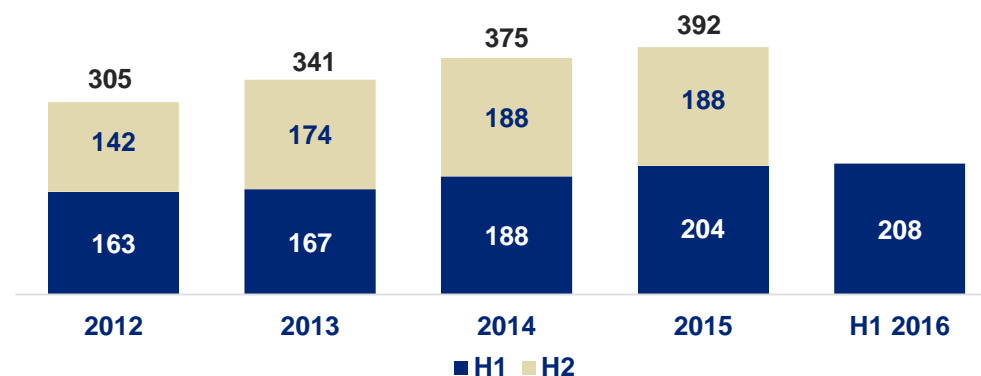


# MOGALAKWENA

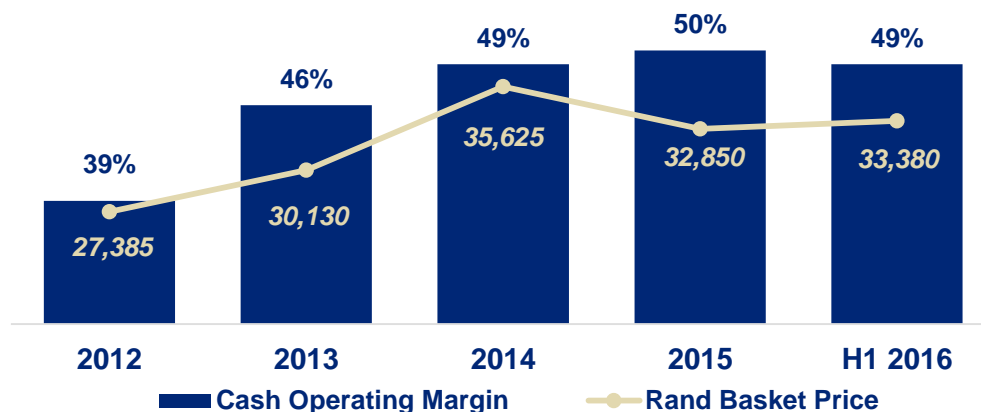
*Another record performance...*

- Strong safety performance – 4 years fatality free
- Record production performance
  - Total tonnes milled increased 6%
  - Return to lower normalised grade in Q2
- Maintained cash operating margin of 49%
- R2.1bn of operating free cash flow

## Platinum production ('000 ounces) <sup>(3) (4)</sup>



## Cash operating margin (%) <sup>(5)</sup>



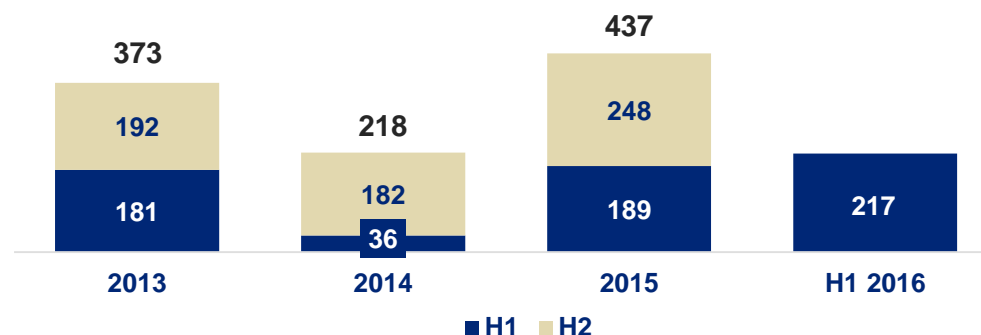
*...through increased mining efficiencies, without the need for growth capital*

# AMANDELBULT

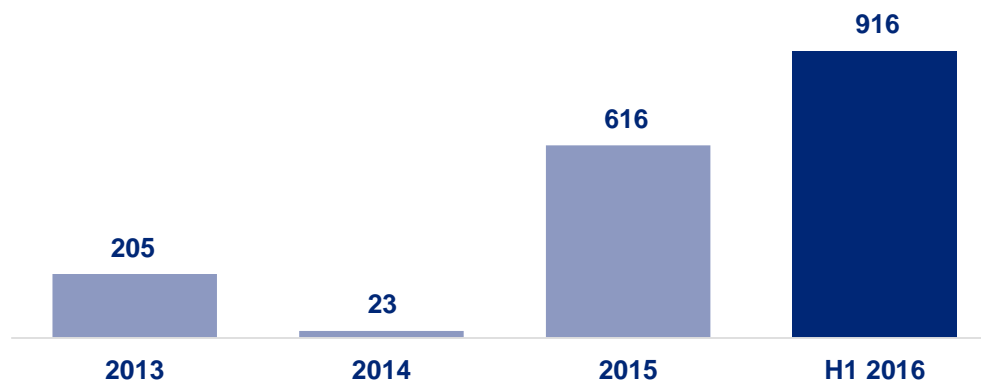
*Focusing on making Amandelbult investable again...*

- Tragically 2 fatalities in H1 2016
- Strong production performance due to:
  - Operational efficiencies in underground mining
  - New opencast area added 18 koz
- Unit cost per platinum ounce reduced by 3% due to benefit of restructuring and strong mining performance
- R916 million in operating free cash flow
- Chrome plant commissioning underway
  - Ramp up complete by H1 2017
  - At steady state expected to contribute R350-400m free cash flow per annum <sup>(6)</sup>

**Platinum production ('000 ounces) <sup>(3)</sup>**



**Operating free cash flow (R million) <sup>(7)</sup>**



*...with success visible in production performance*

# JOINT VENTURE OPERATIONS

*Maintained strong performance...*

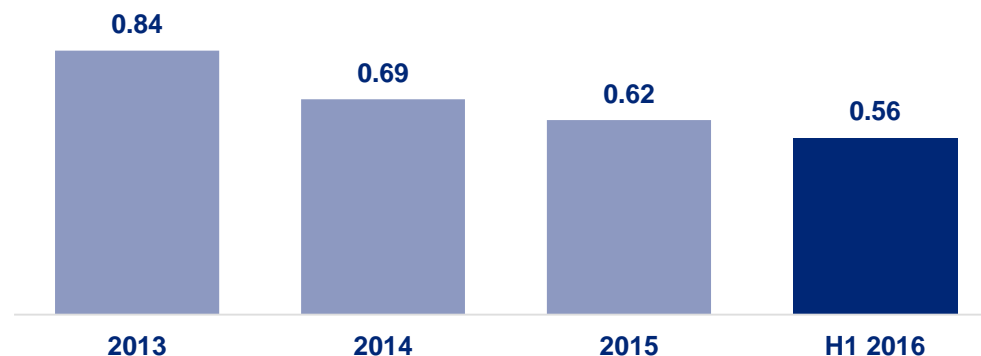
## SAFETY

- LTIFR improved 10% to 0.56

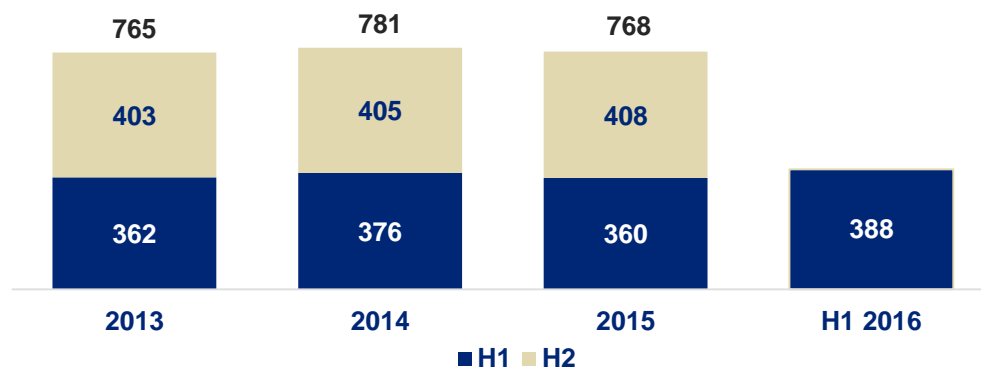
## PRODUCTION

- Strong mining performance up 8% to 388koz:<sup>(3)</sup>
  - Modikwa up 19% to 56 koz
  - BRPM up 16% to 92 koz
  - Mototolo up 11% to 62 koz
  - Kroondal up 6% to 137 koz
  - Bokoni down 16% to 41 koz due to closure of unprofitable shafts, 2 fatalities and community unrest

### Lost time injury frequency rate (LTIFR) <sup>(1)</sup>



### Platinum production ('000 ounces) <sup>(3)</sup>



*...from the joint venture operations*

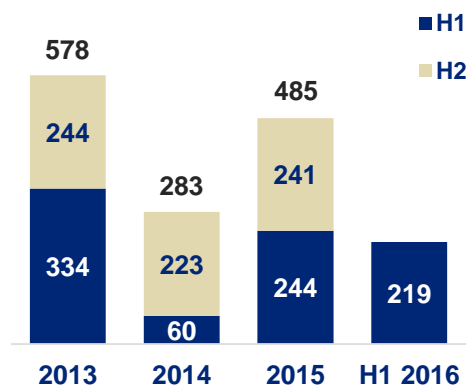
# NON-CORE OPERATIONS - RUSTENBURG & UNION

*Focussed operational improvement...*

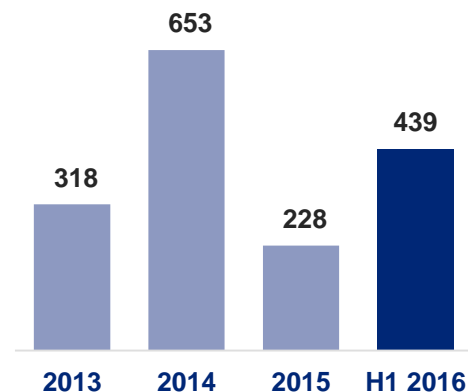
## RUSTENBURG (including WLTR)

- Platinum production down 10% to 219koz impacted by fatalities and difficult mining conditions
- Tailings Retreatment increased 13% to 26koz
  - Ramp up of new tailings dams
- R439m operating free cash flow in H1 2016

Production ('000 ounces) <sup>(3)</sup>



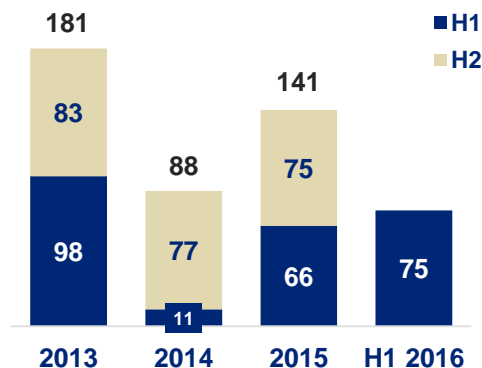
Operating FCF (R million) <sup>(7)</sup>



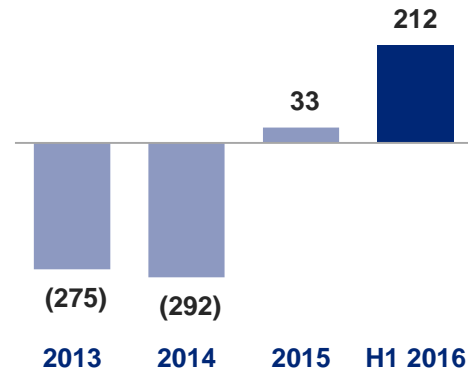
## UNION

- Strong platinum production up 15% to 75koz
- R212m operating free cash flow in H1 2016<sup>(8)</sup>

Production ('000 ounces) <sup>(3)</sup>



Operating FCF (R million) <sup>(7)</sup>



*...leading to operating free cash flow generation*

# REFINED PRODUCTION & SALES VOLUME IN H1 2016

*Refined production impacted by the Section 54 stoppage and stock take at the PMR...*

## PMR

- Planned stock take and Section 54 stoppage impacted the PMR for 12 days with a further 37 day impact
- Refined production heavily impacted in Q1 but largely made up in Q2 - shortfall to be made up in H2 2016

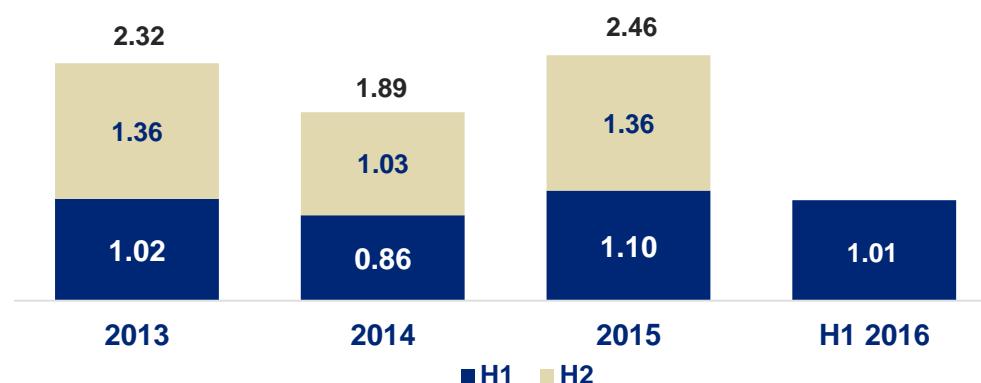
## PLATINUM

- Platinum refined production down 9% to 1,008 koz
- Platinum sales up 5% to 1,221 koz
  - Supplemented by drawdown in refined inventory and market activities

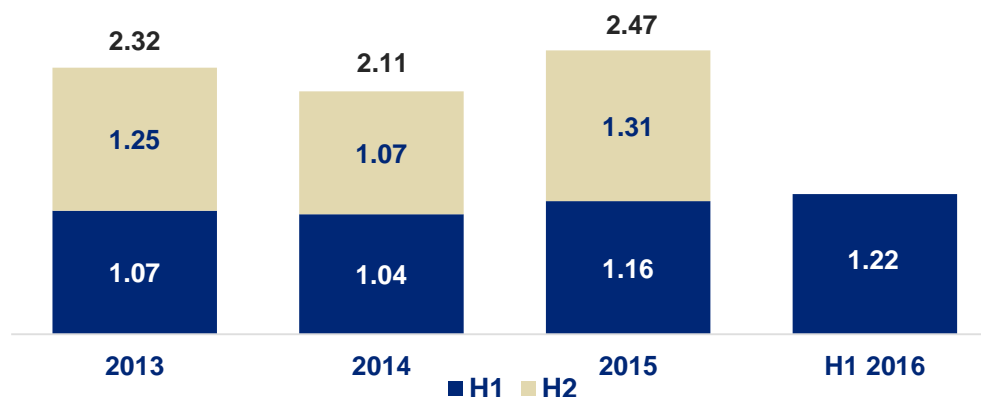
## PALLADIUM & RHODIUM

- Palladium refined production down 11%
- Rhodium refined production down 2%

### Total refined platinum production (million ounces)



### Total platinum sales volume (million ounces)



*...drawdown in inventory helped supplement sales in H1 2016*

# FINANCIAL REVIEW

IAN BOTHA, FINANCE DIRECTOR



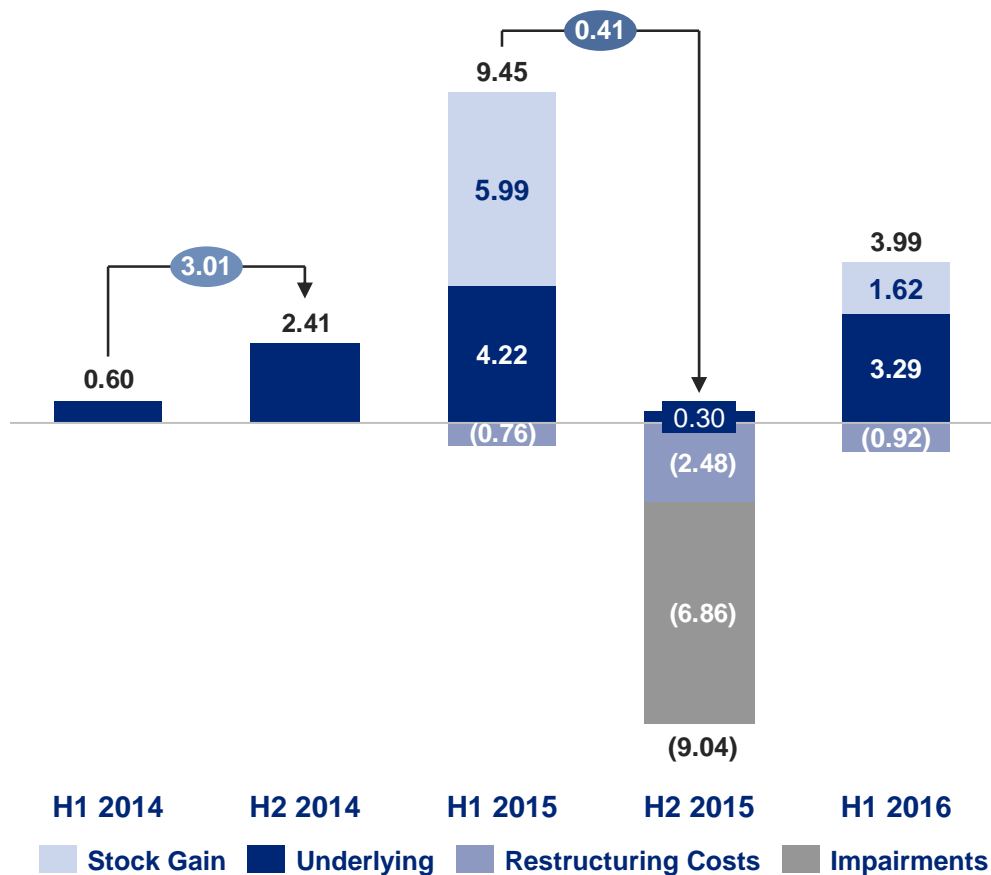
*Vienna Philharmonic Orchestra Platinum Coin &  
American Eagle Platinum Bullion Coins*



# SUMMARY OF H1 2016 RESULTS

*Lower stock gain impacting results...*

## Headline earnings per share (Rand / share)



## Key financials

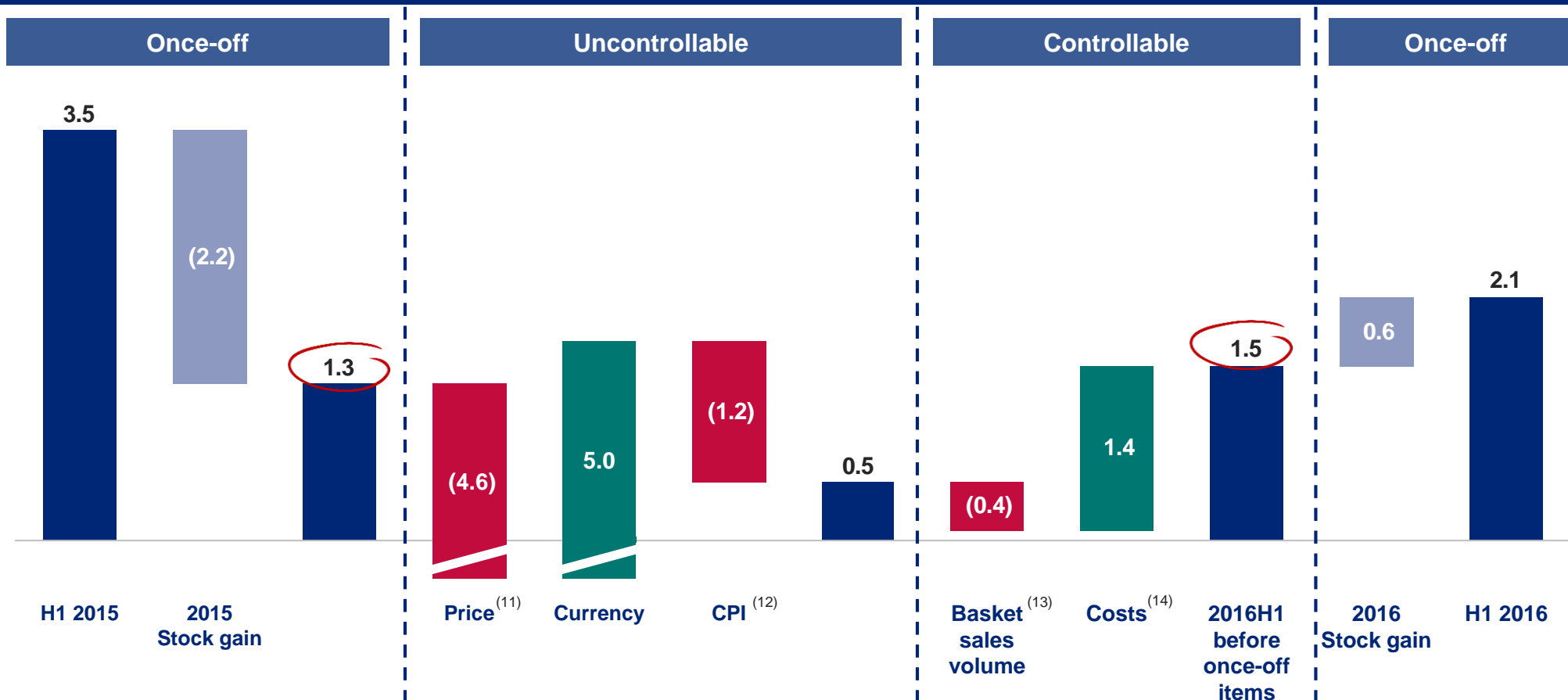
R billion	H1 2015	H1 2016
Basket price (Rand / Pt ounce)	25,748	25,100
Sales revenue	29.9	30.7
EBITDA	6.2	4.3
EBIT <sup>(9)</sup>	3.5	2.1
Headline earnings	2.5	1.0
Project and SIB capex <sup>(10)</sup>	1.6	1.4
Net debt	12.9	9.9
ROCE (%)	11%	8%
Unit costs (Rand / Pt ounce)	19,095	19,436

*...offset by strong operational performance*

# EBIT

*Earnings impacted by lower stock gain and weak US Dollar prices...*

## H1 2016 vs. H1 2015 (R billion)

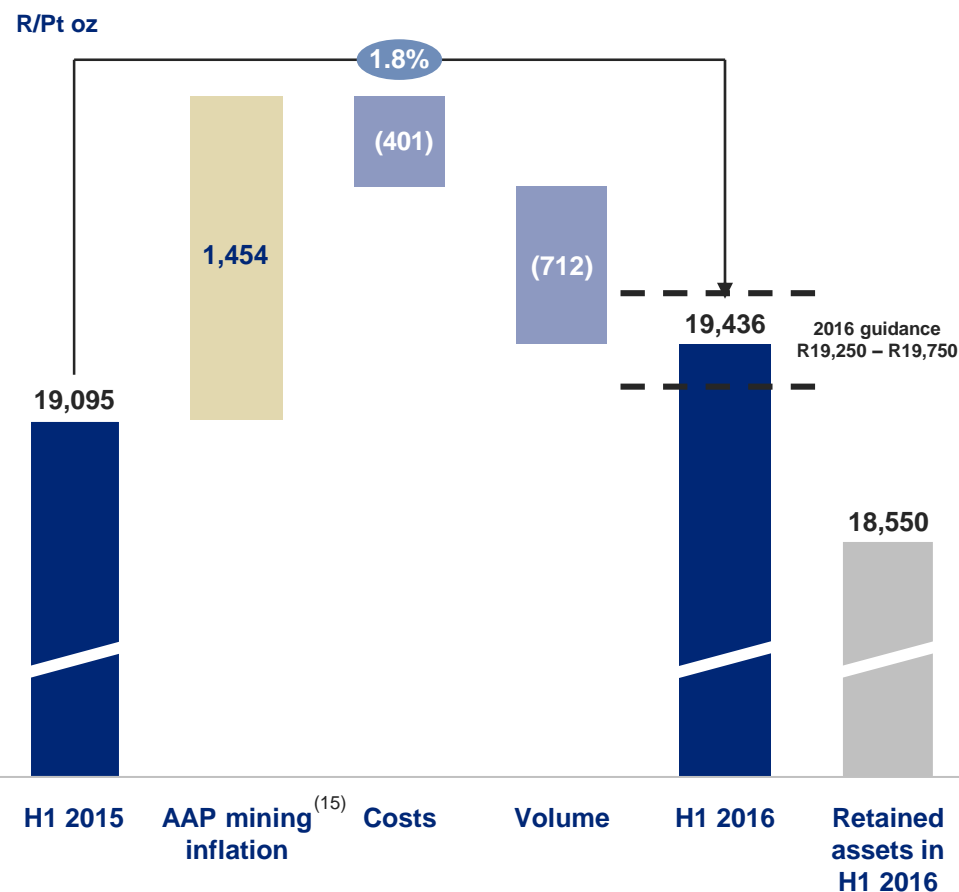


*...offset by the weaker Rand and improved operational performance*

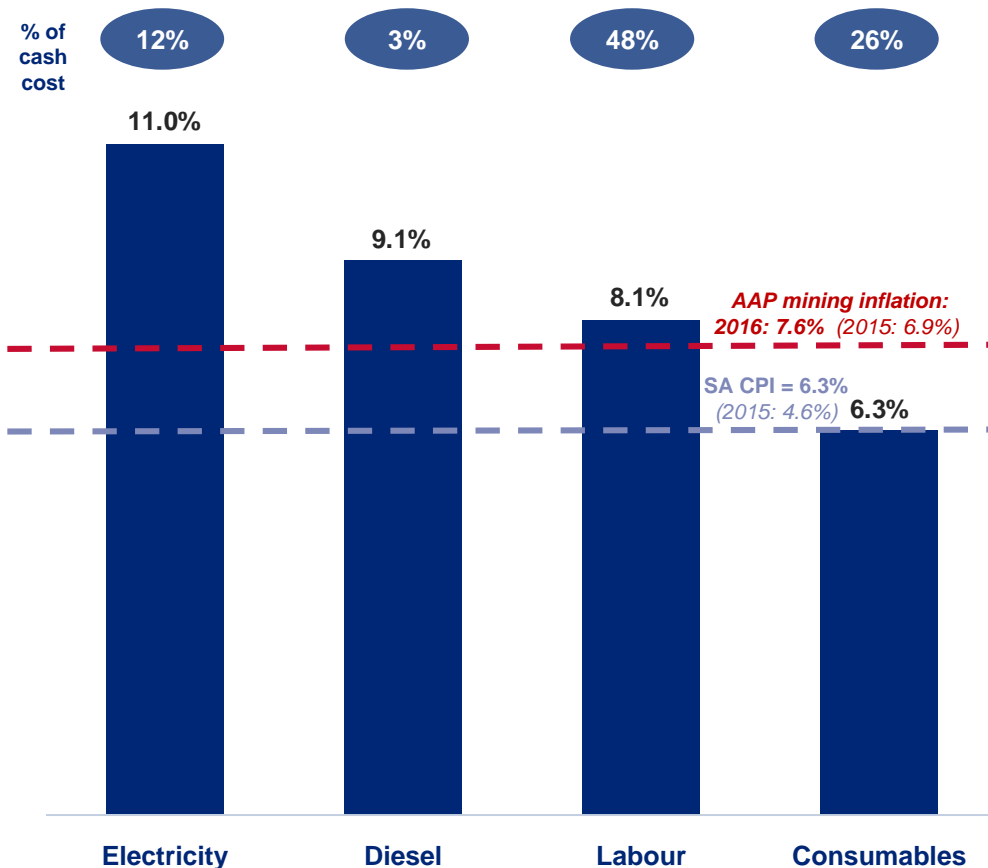
# UNIT COST

*Management intervention keeping unit cost escalation below mining inflation...*

## Unit cash cost escalation below mining inflation



## AAP's mining inflation (%)



*...supported by operating cost and overhead savings, together with volume increases*

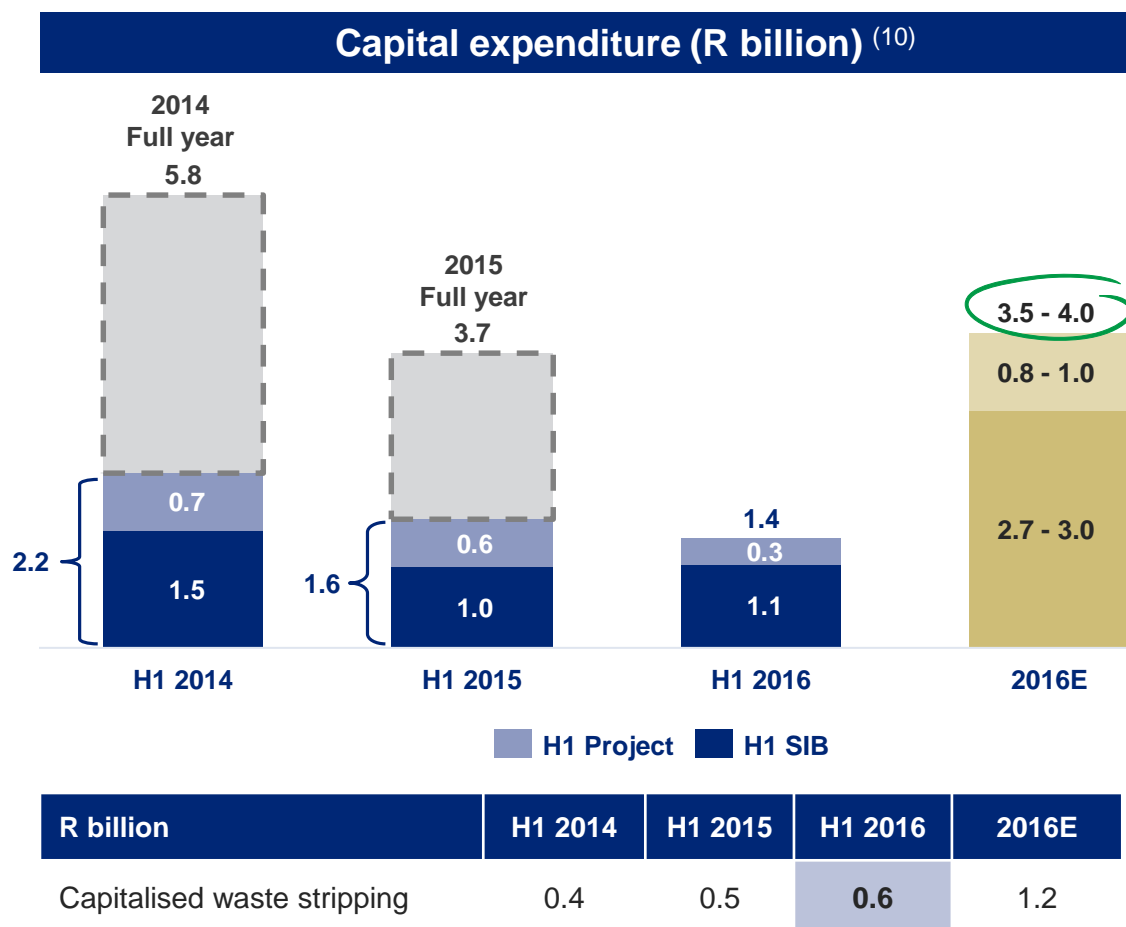
# CAPITAL EXPENDITURE

*Disciplined capital allocation continues...*

- Delivering value through reducing capital intensity, without introducing risk
- Increased SIB in own mine portfolio
- Strong SIB governance

## Value accretive project capital advanced during 2016:

- Amandelbult Chrome Plant
- Modikwa UG2
- Bathopele Phase 5



*...aimed at maintaining asset integrity and adding value...not additional volume*

# NET DEBT PROFILE

*Improved cash from operations and working capital reduction...*

## Net debt (R billion)

**Opening net debt 1 January 2016** **12.8**

Cash flow from operations	(5.4)
Working capital	(1.3)
Capex and capitalised waste stripping	2.0
Cash tax paid	0.4
Net interest paid	0.7
Other	0.4

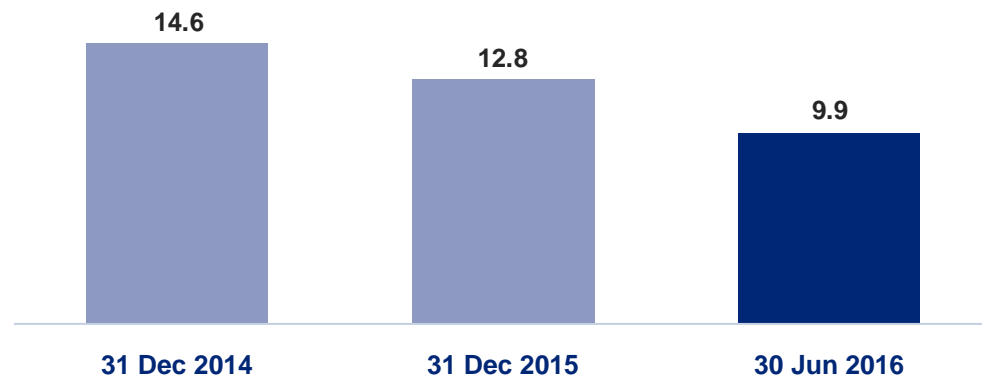
**Free cash flow** **(3.2)**

**Total** **9.6**

Restructuring costs 0.3

**Closing net debt 30 June 2016** **9.9**

## Net debt profile (R billion)



## Liquidity headroom (R billion)



*...strengthening the balance sheet and increasing liquidity*

# MARKETS REVIEW

**CHRIS GRIFFITH, CHIEF EXECUTIVE OFFICER**



*Hyundai ix35 Fuel Cell Electric Vehicle*



*Honda Clarity*



*Toyota Mirai*



*Mercedes GLC*



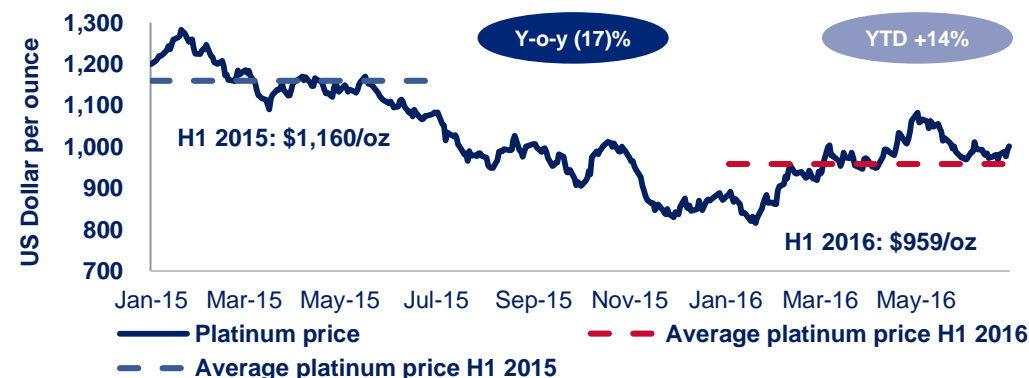
# MARKET PRICES

*PGM prices were lower year-on-year in H1 2016...*

## US DOLLAR PLATINUM PRICE REMAINS BELOW 2015 LEVELS

- The US Dollar platinum price regained some ground, up 14% in H1 2016, however remained down 17% year-on-year
- Platinum price benefited from the shift in US monetary policy and safe haven-buying on concerns around the global economy

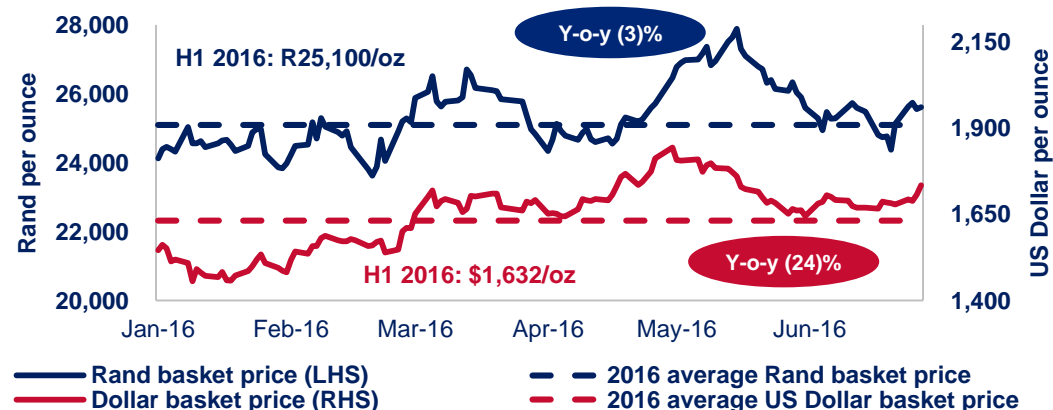
### US Dollar platinum price (USD / oz)



## REALISED BASKET PRICE

- H1 2016 realised basket prices
  - US Dollar basket down 24% to \$1,632/ oz
  - Rand basket down 3% to R25,100/ oz

### Realised basket prices



*...despite recovering from a multi-year low in January*

# PLATINUM MARKET

*2012, 2013, 2014 deficits dominated by once-off events...*

## DEMAND (+2%)

- Global autocat demand forecast to grow slowly
- Net jewellery demand expected to be steady. Growth expected in India with China set to stabilise
- Industrial demand continues to provide a solid foundation for platinum consumption with potential growth due to expansion in glass capacity
- Physical demand for platinum continues to be positive

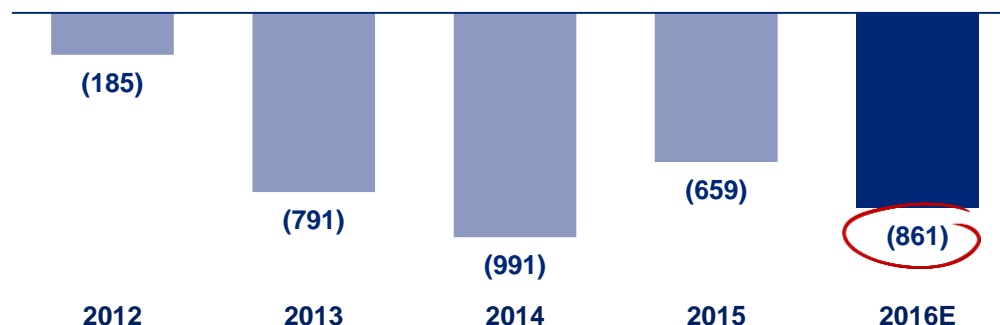
## SUPPLY (-1%)

- Primary production expected to be constrained due to limited capital spend in the industry as low prices weigh on producers
- Recycling expected to show growth from depressed 2015 levels

## BALANCE

- Platinum market is forecast to be in deficit in 2016

### JM platinum market balance ('000 ounces) <sup>(16)</sup>



### JM platinum supply & demand 2016 vs 2015 <sup>(16)</sup>

Thousand Ounces	2015	2016	Y-o-Y	Δ%
<b>Demand</b>				
• Autocat: Gross	3,433	3,497	64	2%
• Jewellery: Net	2,253	2,263	10	0%
• Industrial	1,749	1,919	170	10%
• Investment	451	332	(119)	(26)%
	<b>7,886</b>	<b>8,011</b>	<b>125</b>	<b>2%</b>
<b>Supply</b>				
• Primary	6,076	5,899	(177)	(3)%
• Recycling: Auto & Industrial	1,151	1,251	100	9%
	<b>7,227</b>	<b>7,150</b>	<b>(77)</b>	<b>(1)%</b>
<b>Market Balance</b>				
	<b>(659)</b>	<b>(861)</b>		

*...however 2015 shows a normal market...deficits expected to continue into 2016*

# PLATINUM MARKET - AUTOMOTIVE

*Strong European sales momentum in the first half of the year...*

- **Autocat demand** is expected to grow for the full year:

- Sales in Western Europe up 9%
- Slightly higher loadings due to Euro 6b legislation
- Diesel share in line with expectation

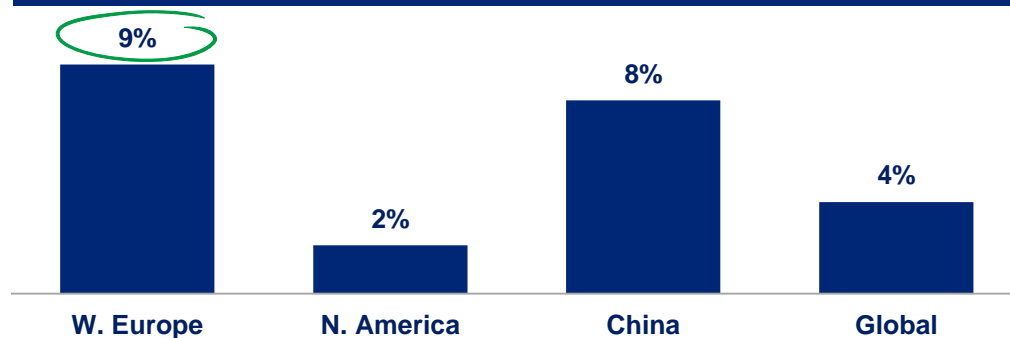
- **Heavy Duty Diesel** still a growth market

- Legislation emission introduced
- Production growth

- **Fuel Cell Electric Vehicles (FCEVs)** – technology developments proceeding well, challenges include:

- **Infrastructure:** first mover challenges, OEM confidence & investment
- **Awareness:** increase visibility of FCEVs, and government, industry and consumer education to positively impact perception

## Global light duty vehicle sales (H1 2016 vs H1 2015)



## Fuel cell electric vehicle launches



*...with steady global demand growth in 2016 forecast*

# PLATINUM MARKET – AUTOMOTIVE CONTINUED

*Trend towards greater electrification of the drivetrain will continue...*

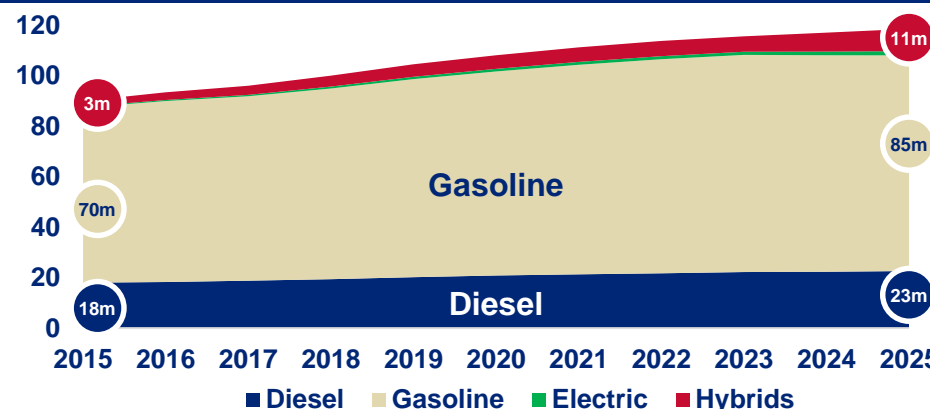
## AUTOMOTIVE MARKET EXPECTED TO GROW

- Internal combustion engine market expected to grow despite lower market share in the future
- PGM demand forecast to be robust over this timescale

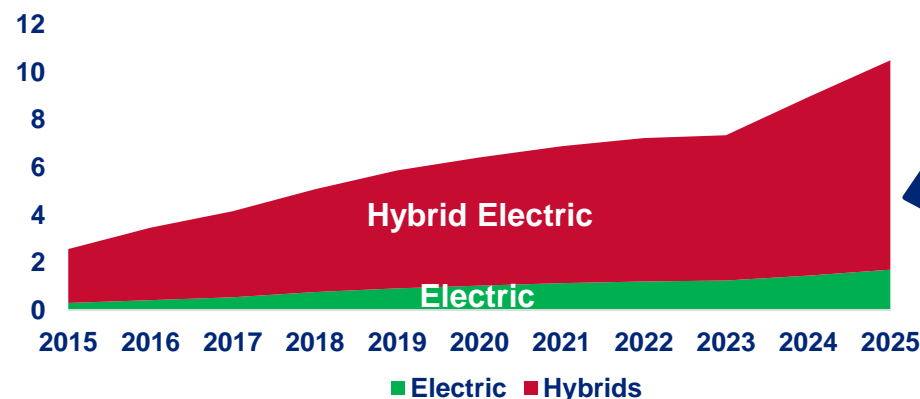
## ELECTRIFICATION WILL INCREASE

- Alternative powertrain penetration forecast to be 10% by 2025
- Hybrid electric vehicles account for the majority of these vehicles
- Hybrid electric vehicles contain similar amounts of platinum group metals to conventional vehicles

Forecast annual light duty vehicle production (millions) <sup>(17)</sup>



Forecast electric vehicle penetration rates (millions) <sup>(17)</sup>



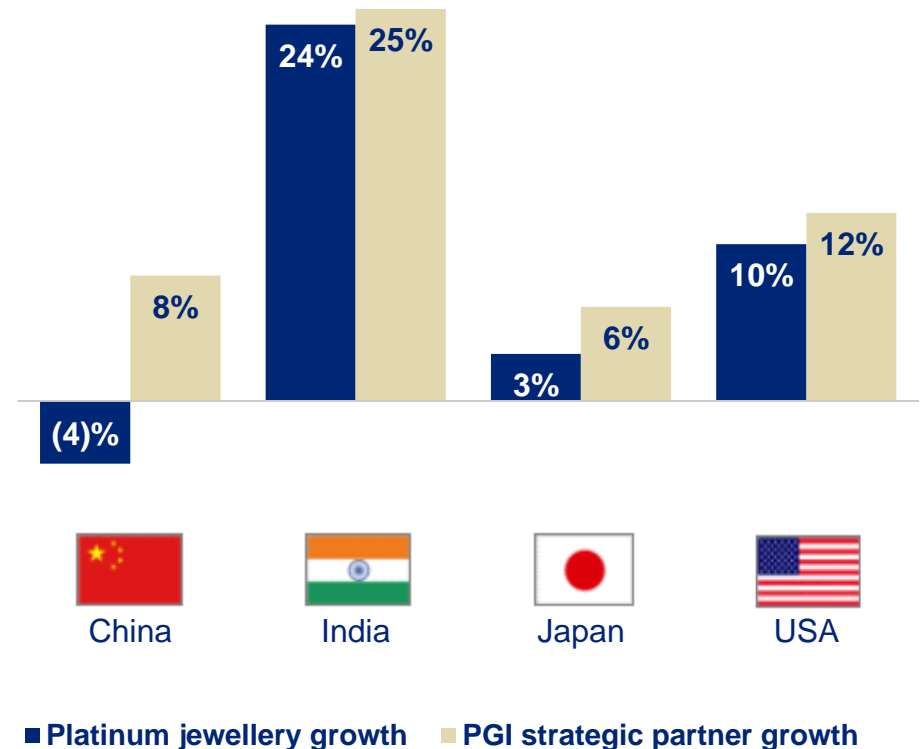
*....but PGM autocatalyst market expected to grow*

# PLATINUM MARKET - JEWELLERY

*Focus on China's ability to return to growth...*

- Global jewellery demand expected to improve in 2016
- SGE volumes give insight into Chinese jewellery performance:
  - Suggests some recovery underway
  - H1 2016 platinum volumes up 3.7% versus H1 2015
- India expected to continue trajectory as a fast growing market
- **Platinum Guild International (PGI)**
  - Focus on China – with PGI outperforming rest of market
  - Evara and Platinum Day of Love initiatives delivering results in India

## Platinum Guild International performance 2015 YoY



*...with initial indications in 2016 positive*

# PLATINUM MARKET – INVESTMENT

*Exchange Traded Funds (ETF) liquidation slows and physical investment steady...*

- Overall investment flows healthy in 2015 and again in H1 2016
  - Improved sentiment in platinum market
  - Platinum ETF holdings stable in H1 after some liquidation in H2 2015
  - Physical investment in Japanese bars has continued in 2016 with c.320 koz in H1 2016 (vs. 630 koz in 2015)
- **World Platinum Investment Council (WPIC)**
  - Promotional support to Japan's *Fruit of Platinum* ETF backed by Mitsubishi
  - Austrian mint issues first platinum coin as part of the prestigious Vienna Philharmonic range
  - Partnership with Valcambi to boost physical demand of bars and coins and stimulate investment growth in the US

Platinum ETF holdings (million ounces)



Vienna Philharmonic Orchestra platinum coin

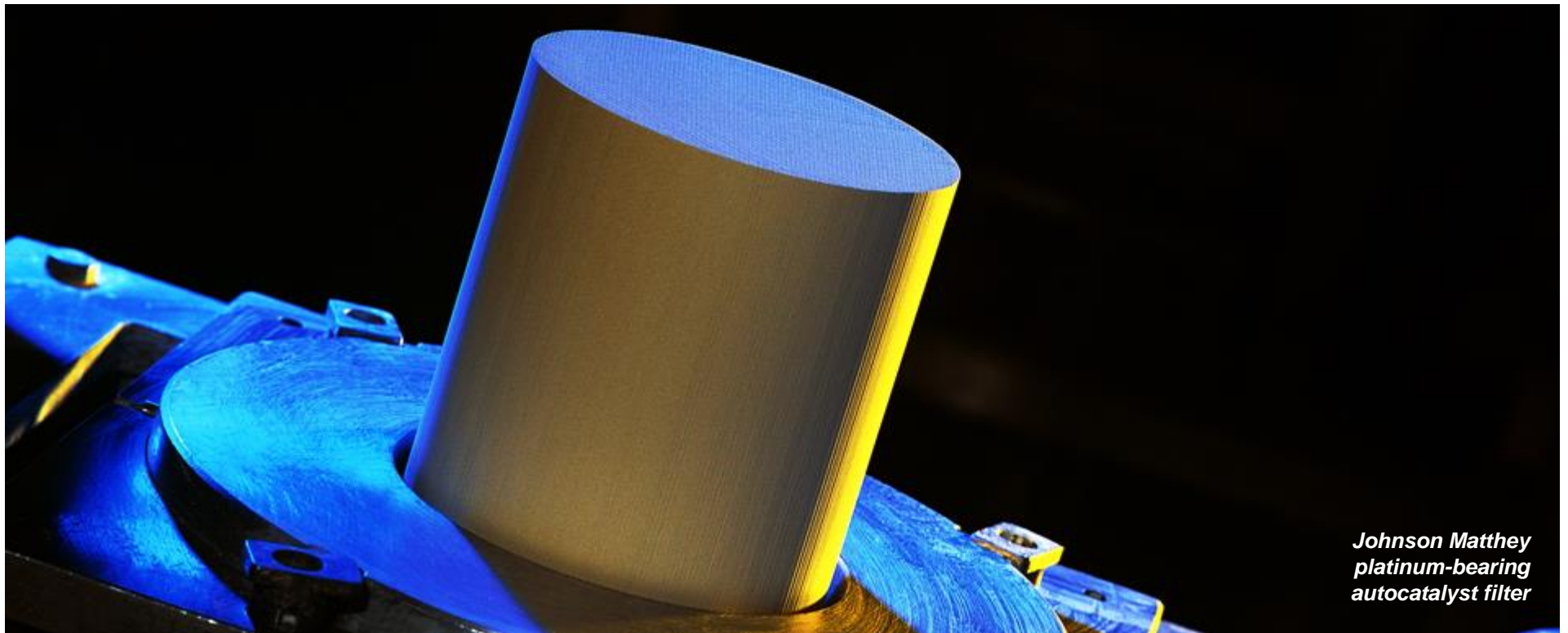


*...as sentiment and price improve*



# STRATEGY REVIEW

**CHRIS GRIFFITH, CHIEF EXECUTIVE OFFICER**



*Johnson Matthey  
platinum-bearing  
autocatalyst filter*

# STRATEGY REVIEW

## *Three key areas of our strategy...*

Our value driven strategy is built around three key deliverables:

1

### **Repositioning our assets into a value maximising portfolio**

- *Positioned in the first half of the cost curve*
- *At least 70% mechanised mining*
- *More highly skilled work force*
- *Safer operations*
- *Less complex organisation*

2

### **Extracting the full value from our operations** – ensuring we optimise each of our assets to their potential

3

### **Developing the market for PGMs and preparing for the future**

- **Market development** – *focus on creating incremental demand for PGMs*
- **Innovation** – *focus on unlocking value through modernisation in mining and processing technology*
- **People and Communities** – *investing in building relationships to create a sustainable and productive environment in which we operate*

*...to generate long term value through the cycle*

# 1 REPOSITIONING THE PORTFOLIO

*Restructuring largely complete...repositioning of the portfolio progressing...*

## Restructuring since 2013...

### 1. RESHAPE RUSTENBURG

- Optimised and integrated 5 mines to 3 in 2013
- Further consolidation to 2 in 2015
- Volume reductions ~210koz Pt
- Sale agreement signed in 2015 with Sibanye Gold

### 2. RESHAPE UNION

- Consolidated Union North and South Mines
- Closed the North and South declines
- Volume reductions of ~80koz Pt
- Prepare for exit through sale
- Section 189 completed on 30 June

### 3. SIMPLIFY JV PORTFOLIO AND MAXIMISE VALUE

- Consider exit options for Bokoni and Pandora
- Bokoni mine optimised. Restructuring and shaft closures in 2015
- 2016 decision to exit Kroondal for value

### 4. TWICKENHAM ON CARE AND MAINTENANCE

- Project was unprofitable so put on care and maintenance
- Section 189 completed on 30 June

...now repositioning the portfolio...

## Non-core Assets

Rustenburg

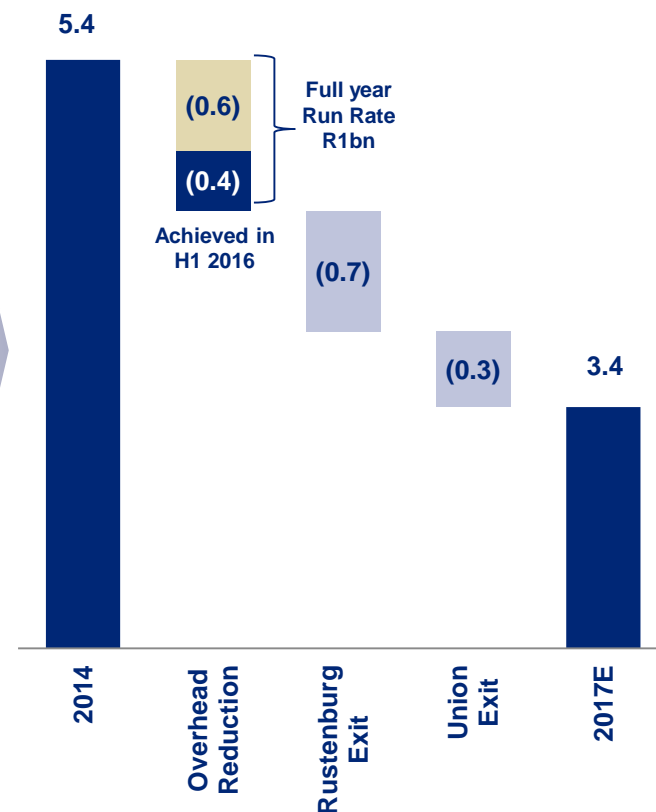
Union

Pandora

Bokoni

Kroondal

...and rightsizing the overhead



*...and early benefits as a result of rightsizing the overhead*

# 1 REPOSITIONING THE PORTFOLIO

*Focus remains on repositioning the portfolio...*

## Anglo American Platinum retained portfolio

### Retained assets

- **Mogalakwena**
- **Amandelbult**
- **Unki**
- **BRPM (JV)**
- **Mototolo (JV)**
- **Modikwa (JV)**
- **Processing**

### Optionality - projects

- **For now** – high value, capital light, short payback
  - + Amandelbult Chrome Plant
  - + Mogalakwena debottlenecking & ore sorting
  - + Unki smelter
  - + Dishaba UG2 reef
- **Major projects**
  - Styldrift continues
  - Decisions delayed after 2017
  - In-line with market demand
  - Dependent on strength of balance sheet

- 
- 1 **High quality assets**
  - 2 **Low cost production**
  - 3 **High margin ounces**
  - 4 **Reduced safety risks**

*...to generate long term value through the cycle*

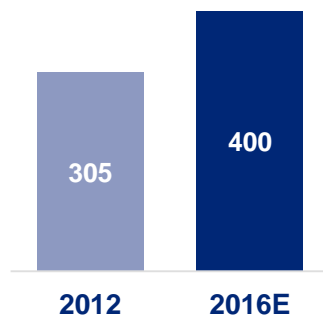
## 2 OPERATIONAL EXCELLENCE

*A key focus ensuring all assets are optimised.....*

### Mogalakwena

- 95 koz additional production – no major capex
- Studying alternate options to scale production – less capital and higher return

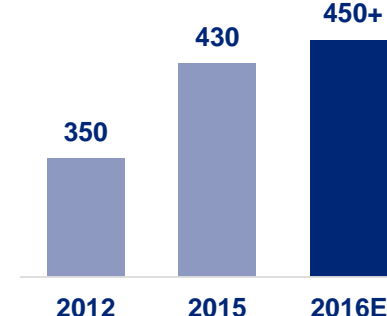
Platinum production  
(‘000 ounces)



### Amandelbult

- Extracting the full potential of the resource – chrome recovery plant
- Half level optimisation
- Tumela Upper replacement, through pre-developed Dishaba UG2 – limited capital

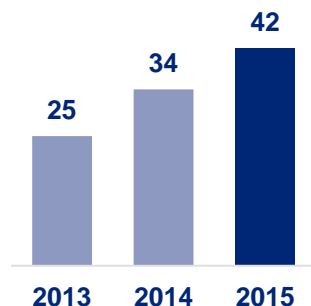
Platinum production  
(‘000 ounces)



### Process

- Delivering optimal utilisation and increased efficiency
  - BMR ramp-up
  - Improve copper recovery (2014: 66% to 2015: 74%)
  - Smelter rebuild times dramatically reduced

Base Metal production  
(‘000 tonnes)



### SIB

- Capital allocation to maximise value, by
  - Specialised capital excellence team
  - SIB investment committee
  - Revised project execution strategy
- Ensuring thoughtful, risk-based approach, allocation of capital to sustain operations

*...improving cash flow generation and returns*

## DEVELOP MARKET FOR PGMS & PREPARE FOR THE FUTURE

*Focussed investment in key areas...*

### a **Market Development**

- **Automotive** – fuel cell market development, hydrogen infrastructure development through PGM Investment Fund
- **Jewellery** – PGI focus on China and India
- **Investment** – product availability through WPIC



### b **Mining Innovation**

- **Testing** – Centre at Twickenham to test mechanised and cutting technology
- **Fuel cells** – applications to support fuel cell usage – fuel cell dozers and locos
- **Process** – ore sorting technology to improve recovery



### c **People & Communities**

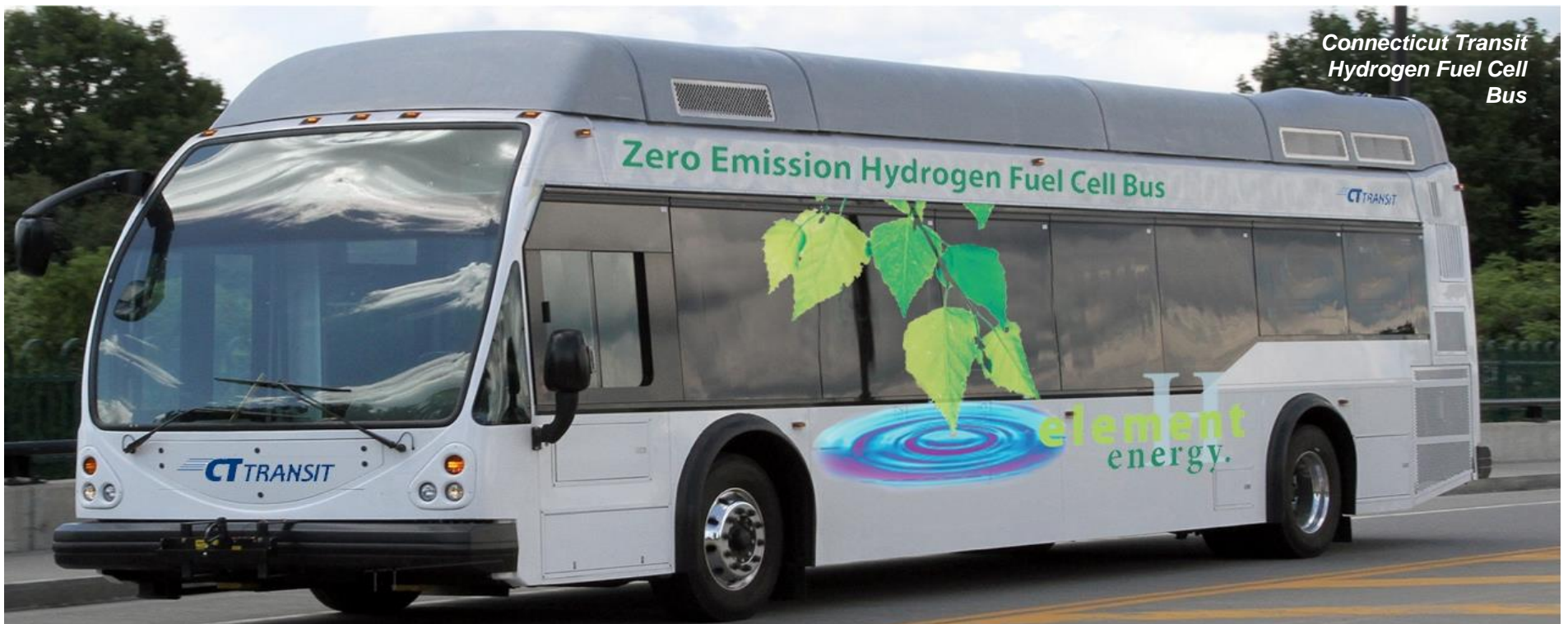
- **Modernisation** – Investment in colleges and schools to secure new skill sets required with mechanisation
- **Cultural Transformation** – engaging with employees and unions to create strong relationships
- **Social Labour Plans** – ensure communities live in stable and serviced communities





# OUTLOOK

**CHRIS GRIFFITH, CHIEF EXECUTIVE OFFICER**



*Connecticut Transit  
Hydrogen Fuel Cell  
Bus*

# 2016 OUTLOOK

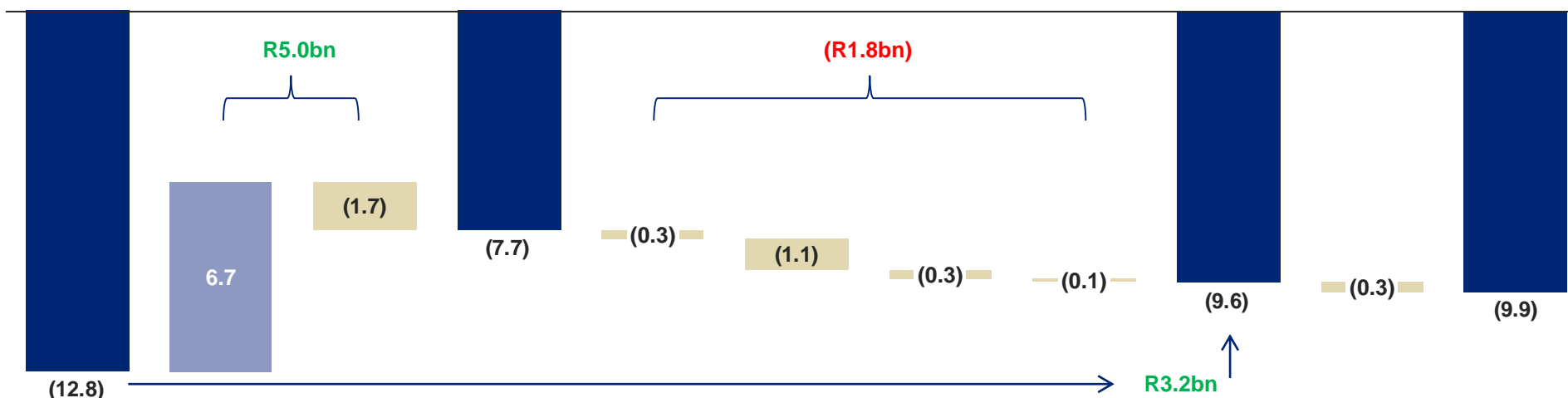
*All previous guidance remains in place...*

- Platinum production expected to be at the upper end of guidance of 2.3 - 2.4 Moz
- Unit cash cost guidance unchanged at between R19,250 – R19,750 / platinum ounce
- Direct overhead / indirect savings of R1.0 billion targeted to be achieved by Q4 2016
- Capital expenditure guidance reduced to between R3.5 billion – R4.0 billion (previously R3.7 – 4.2 billion)
- Net debt will reduce further in 2016 at current spot prices and FX rates
- Repositioning of the portfolio continues – anticipate completion of Rustenburg disposal in 2016

# APPENDICES

# NET DEBT AND CASH FLOW BY MINE

*Despite weaker Rand basket price...*



Operation	Net Debt December 2015	Cash from Operations	SIB & Waste capital	Operating Free cash flow	Project capital	Current Taxation & Interest	Funding of Associates	Other	Net Debt before one-off items	Restructuring Costs	Net Debt June 2016
Mogalakwena		3,201	(1,123)	2,078	(7)					3	
Amandelbult		1,001	(85)	916	(21)					(12)	
Unki		111	(39)	73	(64)					-	
Twickenham		(167)	(2)	(168)	(10)					(91)	
NMT		(47)	(0)	(47)	(3)					-	
Joint Ventures		1,117	(180)	936	(37)					(12)	
Associates		318	(11)	306	-		(267)			-	
3rd Parties		(29)	(1)	(30)	-					-	
Rustenburg		608	(169)	439	(199)					(95)	
Union		232	(20)	212	-					(82)	
Company <sup>(18)</sup>		355	(38)	316	6	(1,121)		(118)		(55)	
	(12,769)	6,699	(1,669)	5,030	(334)	(1,121)	(267)	(118)	(9,579)	(344)	(9,923)

*...mines cash positive*

# COST BREAKDOWN

	Labour & Contractors	Consumables	Diesel	Electricity	Sundries & Water
Conventional	67%	17%	1%	8%	7%
Mechanised	65%	19%	4%	3%	9%
Open Pit	23%	44%	10%	10%	13%
<b>Company</b>	<b>48%</b>	<b>26%</b>	<b>3%</b>	<b>12%</b>	<b>11%</b>

- Non ZAR – 10% of total costs
  - 100% at Unki
  - 25% at Mogalakwena

# FOOTNOTES

- (1) Lost time injury frequency rate per 200,000 hours worked
- (2) 2014 LTIFR normalised for the 5 month long strike
- (3) Platinum production: platinum in concentrate produced and purchased
- (4) Mogalakwena production includes ounces treated at Baobab concentrator
- (5) Calculated as (revenue less cash operating costs) / revenue
- (6) Chrome free cash flow of R350 – 400m assumed at spot prices of 30 June 2016
- (7) Operating free cash flow is defined as free cash flow for operating mines after full overhead allocation, SIB capex, capitalised waste stripping and minorities. It is presented before project capex and one-off restructuring costs
- (8) Union free cash flow is attributable to the Company
- (9) EBIT is earnings before interest and tax including profits and losses from associates
- (10) Project and SIB capital expenditure excludes capitalised waste stripping and interest capitalised
- (11) Price variance calculated as increase/(decrease) in US Dollar price multiplied by current period sales volume
- (12) Inflation variance calculated using CPI on prior period cash operating costs that have been impacted directly by inflation
- (13) Sales volume variance calculated as increase/(decrease) in sales volume multiplied by prior period cash margin
- (14) Costs include cash operating costs, inventory movements, depreciation and profit or loss from associates
- (15) AAP Mining inflation is CPI and inflation above CPI as experienced by AAP based on its basket of costs
- (16) Source: Johnson Matthey, May 2016 Report
- (17) Source: LMC Automotive
- (18) Company costs includes mainly marketing expenses and corporate SIB expenditure