

ANGLO AMERICAN PLATINUM LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS 2019

**RE-IMAGINING
MINING TO
IMPROVE
PEOPLE'S LIVES**



PURPOSE: RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES

Amid ongoing challenges in the global mining industry, Anglo American Platinum (Amplats) has proven its resilience and ability to manage change through a focused strategy that is unlocking our full potential and positioning our group for a sustainable future. At the same time, we understand that our future is inextricably linked the wellbeing of all our stakeholders.

At Amplats, we give life to our purpose because only by re-imagining mining can we unlock the potential of our precious metals and our people to create a positive impact on people's lives and the environment. The heart of everything we do lies in our behaviours that will be consistent with our values of safety, care and respect, integrity, accountability, collaboration and innovation.

Our strategic focus is on value – and we are intent on creating that value across our capitals as we re-imagine our industry and our world to improve people's lives.

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The preparation of the group's audited results and the summarised consolidated financial statements for the year ended 31 December 2019 were supervised by the finance director, Mr CW Miller CA(SA) and have been audited in compliance with the Companies Act No 71 of 2008.

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2019

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group (the term 'group' refers to the company, its subsidiaries, associates, joint ventures and joint operations) as at the end of the financial year and the results of its operations and cash flows for that period, and conforming with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards, Companies Act requirements and based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment.

To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss cost effectively. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors believe, based on information and explanations from management, that the system of internal control is adequate for ensuring the:

- Reliability and integrity of financial and operating information
- Compliance of established systems with policies, plans, procedures, laws and regulations
- Safeguarding of group assets against unauthorised use or disposition
- Economic, effective and efficient use of resources
- Achievement of established objectives and goals for operations or programmes.

The directors believe, as a result of the comprehensive structures and controls in place and ongoing monitoring of the activities of executive and operational management, the board maintains effective control over the group's affairs.

The separate and consolidated annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the group and company will not remain a going concern for the foreseeable future.

Norman Mbazima
Chairman

Chris Griffith
Chief executive officer

Johannesburg

14 February 2020

COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2019

In my capacity as the company secretary, I hereby certify to the best of my knowledge and belief that Anglo American Platinum Limited has lodged with the Companies and Intellectual Property Commission all returns required of a public company in terms of the Companies Act 71 2008. Further, I certify that such returns are true, correct and up to date.



Elizna Viljoen

Company secretary

Anglo American Platinum Limited

Johannesburg

14 February 2020

INDEPENDENT AUDITOR'S REPORT



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Audit & Assurance –
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Anglo American Platinum Limited

Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the consolidated and separate financial statements of Anglo American Platinum Limited (the group) set out on pages 15 to 97, which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 December 2019, and its consolidated and separate financial performance and 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. There are no key audit matters related to the separate financial statements.

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer
*AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal TP Pillay Consulting *JK Mazzocco Talent & Transformation
MG Dicks Risk Independence & Legal *KL Hodson Financial Advisory *B Nyembe Responsible Business & Public Policy *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

| Key audit matter | How the matter was addressed in the audit |
|---|---|
| <p>Physical quantities and measurement of metal inventory</p> <p>Metal inventory as disclosed in note 21, is held in a wide variety of forms and prior to refinement as a precious metal, is always contained in a carrier material. It is not possible to determine the exact metal content within the carrier material until the refinement process is complete. As such, theoretical quantities are determined through a process known as metal accounting in which the process of sampling, analysing and weighing determines the metal content and split between type of metal.</p> <p>The accuracy of metal accounting can vary quite significantly, and the quantum of metal inventory requires a significant amount of estimation and the directors' judgement in its determination.</p> <p>In relation to the measurement of the inventory quantity the cost calculation involves significant inputs from a wide variety of internal and external sources with fluctuating market values of the precious metals in determining net realisable value. See the significant accounting principles.</p> <p>These risks and judgements are significant in determining the carrying value of inventory and were therefore considered a key audit matter</p> | <p>Physical quantities</p> <p>Our audit procedures included the attendance of the annual metal inventory counts on site as well as testing the operating effectiveness of the monthly control that compares in situ and theoretical inventory quantities.</p> <p>We assessed the design and implementation of key metal accounting controls, including an assessment of the process by our technical mining specialists.</p> <p>We tested the operating effectiveness of controls over theoretical inventory quantities.</p> <p>We recalculated differences arising in both the annual stock count and the monthly comparisons of in situ to theoretical inventory and compared them to the required threshold levels set by the directors. This included enquiring of the directors' internal metal accounting specialists to understand and consider the reasons for differences that exceeded thresholds.</p> <p>We assessed the explanations of the metal inventory estimate adjustments that have occurred in the current and recent prior periods to consider reasons for the adjustments. This included meeting with the directors' internal metal accounting specialists to understand the nature and cause of the adjustments and an assessment of industry accounting practice. We concluded that it is appropriate for the adjustment to be classified as a change in estimate.</p> <p>We ensured that the theoretical quantities determined by metal accounting at year end agreed to the inventory valuation calculations prepared by the finance department. We confirmed that the finance department has no role in the determination of metal inventory quantities.</p> <p>We are satisfied that the directors' internal metal accounting specialists are competent and that the theoretical physical quantities used in the measurement of metal inventories are appropriate.</p> <p>Measurement</p> <p>We performed an independent model-simulated calculation of the metal inventory valuation in support of the director's calculations based on audited underlying data. This included independent updates to the model by us for the changes in the concentrate purchase arrangements with Sibanye-Stillwater's Rustenburg operations from a purchase of concentrate agreement to a toll refining agreement. We assessed the directors' application of the requirements of IAS 2: <i>Inventories</i> and in particular the requirements for accounting for joint products and by-products as well as the disclosure requirements regarding inventories.</p> <p>We considered the appropriateness of the disclosure of inventory.</p> <p>Our procedures determined the measurement to be reasonable and disclosed appropriately.</p> |

INDEPENDENT AUDITOR'S REPORT CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and 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 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 on the other information obtained prior to the date of this auditor's report, 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's 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

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

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

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

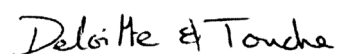
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Deloitte has been the auditor of Anglo American Platinum Limited for 22 years.

The logo for Deloitte & Touche, featuring the company name in a stylized, handwritten-style script.

Deloitte & Touche

Registered Auditor

Per: G Berry

Partner

15 February 2020

DIRECTORS' REPORT

The directors have pleasure in presenting the annual financial statements of Anglo American Platinum Limited (Amplats or the company) and the group for the year ended 31 December 2019. In the context of the financial statements, the term 'group' refers to the company, its subsidiaries, associates, joint ventures and joint operations.

NATURE OF BUSINESS

Amplats is a public company incorporated in South Africa, is the world's leading supplier of platinum group metals (PGMs), supplying customers with a range of mined, recycled and traded metal. PGMs comprise platinum, palladium, rhodium, ruthenium, iridium and osmium. Gold, nickel and copper are also extracted as part of the process.

The company is listed on the JSE Limited. Its mining, smelting and refining operations are based in South Africa. Elsewhere in the world, the group owns Unki Platinum Mine in Zimbabwe which recently commissioned its own smelter and has marketing operations mainly based in London and Singapore.

HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

Amplats' holding company is Anglo American South Africa Investments Proprietary Limited (AASAI) which holds 77.28% of the company's equity (based on total shares in issue less treasury shares held by the group). AASAI are indirectly wholly owned by Anglo American plc, incorporated in the United Kingdom.

FINANCIAL RESULTS

The consolidated annual financial statements can be found on pages 15 to 92.

CAPITAL MANAGEMENT

The board takes ultimate responsibility for monitoring debt levels, return on capital, total shareholders' return and compliance with contractual loan covenants. During the year, the board approved capital expenditure projects totalling R7.9 billion (2018: R6.1 billion). In the same period, the group incurred R8.1 billion (2018: R6.7 billion) of capital expenditure excluding interest capitalised.

BORROWING POWERS AND FINANCIAL ASSISTANCE

At 31 December 2019, Amplats was operating within its debt covenants while maintaining adequate headroom within committed debt facilities with R26.6 billion of undrawn committed facilities. Net cash at 31 December 2019 was R17.3 billion. In line with the authorisation granted at the annual general meeting on 17 April 2019, the board of directors, at its meetings on 14 February 2019, 17 April 2019 and 18 July 2019 had approved, in accordance with section 45 of the Companies Act and the JSE Listings Requirements, the provision of financial assistance in the form of guarantees or security for the obligations of Rustenburg Platinum Mines Limited and Unki Mines Private Limited.

The company has satisfied the solvency and liquidity test, as contemplated in section 45 of the Companies Act and detailed in section 4 of that Act, and determined that post such assistance and the terms under which this assistance was provided were fair and reasonable to the company.

COMPLIANCE WITH ACCOUNTING STANDARDS

The group and the company's annual financial statements comply with International Financial Reporting Standards and the requirements of the South African Companies Act 2008 and the JSE Listings Requirements.

ACCOUNTING POLICIES

Refer to principal accounting policies in annexure D.

CHANGE IN ACCOUNTING POLICIES AND ESTIMATES

Refer to note 43 and 44 of the consolidated annual financial statements.

SHARE CAPITAL

The authorised share capital of the company as at 31 December 2019 is:

- 413,595,651 (2018: 413,595,651) ordinary shares of 10 cents each.

The issued share capital of the company as at 31 December 2019 is:

- 269,681,886 (2018: 269,681,886) ordinary shares of 10 cents each.

Further details of the authorised and issued share capital appear in note 25 of the annual financial statements.

SHARES REPURCHASED

The company purchased 287,229 shares in the market at an average price of R809.24 per share to satisfy requirements for the Bonus Share Plan, as well as the vesting of the Long-Term Incentive Plan. This constitutes 33.63% of total treasury shares held. Treasury shares comprise only those held for share incentive schemes.

ORDINARY DIVIDENDS

The company's dividend policy is to consider an interim and final dividend for each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass the payment of dividends. The board has adopted a pay-out ratio driven dividend policy, which is in accordance with the company's capital allocation framework and in line with our commitment to sustainably return cash to shareholders through the cycle, while retaining a high level of balance sheet strength. The board approved a dividend pay-out ratio at 40% of headline earnings for this reporting cycle.

The directors approved an interim dividend of R11.00 per ordinary share which equates to 40% of H1 headline earnings from distributable reserves on 18 July 2019. The dividend was paid on 12 August 2019 to shareholders registered on 8 August 2019. A final dividend of R11.2 billion (R41.60 per ordinary share) for the six-month period ended 31 December 2019 comprising R16.60 per ordinary share or 40% of H2 headline earnings and R25 per ordinary share special dividend was approved by the board for payment on 9 March 2020 to shareholders recorded in the register at the close of business on 6 March 2020.

CORPORATE ACTIVITY DURING THE YEAR

Further significant progress was made during the year in upgrading the company's portfolio.

Disposal

Bafokeng Rasimone Platinum Mine Joint Venture (BRPM JV)

As reported in the prior year, the Rustenburg Platinum Mines Limited (RPM), a subsidiary of Amplats, entered into a sale and purchase agreement with Royal Bafokeng Resources Proprietary Limited (RBR) on 4 July 2018 and the sale was completed on 11 December 2018. The sale completed on 11 December 2018. On the 17 July 2019 the Department of Mineral Resources approved the transfer of RPM's 33% undivided interest in the mining rights attributable to the BRPM JV to RBR.

Acquisition

Kwanda North and Central Block rights

The group and Atlatsa completed the acquisition and inclusion of the resources specified in the Kwanda North and Central Block prospecting rights into Mogalakwena's mining right on 27 August 2019 for a total consideration of R541 million consisting of R300 million in cash and the waiving of a loan to Plateau of R241 million. Cash consideration consisted of R30 million for resources specified in Kwanda North and R270 million for Central Block prospecting rights. The loan to Plateau of R241 million was waived and capitalised to mining assets as part of the acquisition price for this transaction.

DIRECTORATE AND SECRETARY

During the year, Craig Miller was appointed as finance director with effect from 1 April 2019. Mr Valli Moosa retired as chairman and board member at the AGM held on 17 April 2019, whereby he was succeeded by Norman Mbazima, an existing member of the board.

At the date of this report, the board comprises:

- Norman Mbazima (chairman)
- Peter Mageza (lead independent director)
- Chris Griffith (chief executive)
- Craig Miller (finance director)
- Mark Cutifani
- Stephen Pearce
- Anthony O'Neill
- Richard Dunne

- Nombulelo Moholi
- Dhanasagree Naidoo
- John Vice

The board is supported by the company secretary, Elizna Viljoen. The board conducted its annual review of her performance as per paragraph 3.84 (h) of the JSE Listings Requirements.

INTERESTS OF DIRECTORS

Directors' beneficial interest in the company's issued ordinary shares at 31 December 2019 is shown below:

| Name | Number of ordinary shares held | |
|----------------|--------------------------------|--------|
| | 2019 | 2018 |
| Chris Griffith | 27,474 | 20,706 |

In terms of the Long-Term Incentive Plan, executive directors held 102,132 awards to acquire shares in the company and 60,941 bonus share plan awards. There have been no changes to directors' beneficial interests between year end and the date of this report. There were no arrangements to which the company was a party at the end of the financial year, or at any time during the year, that would have enabled the directors or their families to benefit from acquiring shares in the company. There were no contracts of any significance during or at the end of the financial year in which any directors or alternate directors of the company were materially interested.

AUDITORS

Deloitte & Touche continued in office as auditors of the company and its subsidiaries during 2019. Ahead of the effective date for the mandatory audit firm rotation published by the Independent Regulatory Board for Auditors (IRBA), Amplats embarked on a tender process for the appointment of a new auditor. The outcome selected PricewaterhouseCoopers LLP (PwC) and Mr JFM Kotzé (practice number 901121) as individual designated auditor and accordingly the board resolved the appointment.

At the forthcoming annual general meeting, shareholders will be requested to appoint PwC as auditors of Amplats, and to confirm that Mr JFM Kotzé will be the designated audit partner for the 2020 financial year.

SPONSOR

Merrill Lynch South Africa Proprietary Limited acted as sponsor to the company for the financial year ended 31 December 2019.

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited serves as the South African registrar of the company.

DIRECTORS' REPORT CONTINUED

ADMINISTRATION AND SERVICES

To provide more efficient services at lower cost, Amplats has outsourced a number of its non-core activities to fellow subsidiary companies in Anglo American plc. Service-level agreements ensure that services provided are of appropriate quality. These include general accounting, human resources, internal audit, company secretarial, treasury, technical services, corporate finance, insurance, legal, IT, tax and certain risk management services.

SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the company has a direct or indirect interest are set out in annexure C.

EVENTS SUBSEQUENT TO 31 DECEMBER

Refer to note 47.

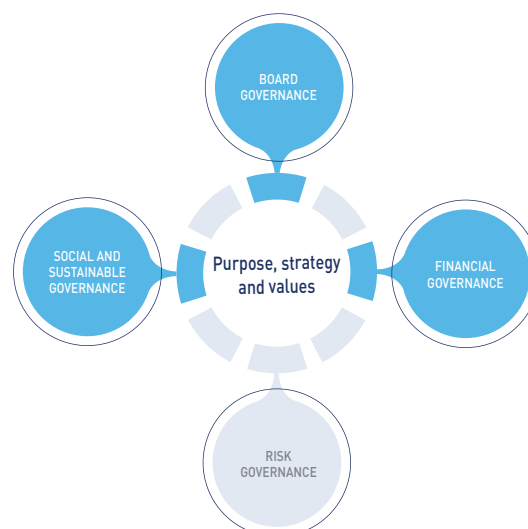
GOING CONCERN

The board believes the group has adequate financial resources to continue operating for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis. The board is not aware of any material changes that may adversely impact the group or any material non-compliance with statutory or regulatory requirements.

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the audit and risk committee report for the year ended 31 December 2019. This report has been prepared in line with the requirements of the South African Companies Act 71 2008, as amended (the Act), King Code of Governance for South Africa (King IV), JSE Listings Requirements and other applicable regulatory requirements.

The committee's main objective is to assist the board in discharging its duties. It makes recommendations to the board on safeguarding assets, operation of adequate financial and related systems, internal control and reporting processes, and preparing accurate reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.



COMPOSITION AND GOVERNANCE

This is a statutory committee, duly constituted under section 94 of the Act. Its members satisfy the requirements to serve in terms of the Act and King IV, and have the knowledge and experience to carry out their duties. All members are independent non-executive directors.

Membership and attendance are set out below:

| Members | Committee member since | Board status | Meeting attendance |
|----------------------|------------------------|------------------------------------|--------------------|
| RMW Dunne (chairman) | 1 July 2006 | Independent non-executive director | 4/4 |
| PN Mageza | 1 July 2013 | Independent non-executive director | 4/4 |
| D Naidoo | 1 July 2013 | Independent non-executive director | 4/4 |
| J Vice | 30 November 2012 | Independent non-executive director | 4/4 |

There were no membership changes in the review period. The chairman of the board, chief executive officer, finance director, company secretarial, head: risk and assurance, finance controller, senior manager financial reporting and external auditors attend by invitation to provide a coordinated approach to all assurance activities. The internal and external auditors have unrestricted access to the committee, and meet with committee members without management being present. The performance of the committee is reviewed annually as part of the board and committee evaluation process.

The committee's terms of reference are reviewed annually by the board. It executes its duties and responsibilities in line with these terms of reference for the group's accounting, financial reporting practices and finance function, external audit, internal audit and internal control, integrated reporting, risk management and information and technology (IT) governance.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

KEY AUDIT MATTER

The committee notes the key audit matter set out in the report of the independent auditors (pages 4 to 7), namely:

- Physical quantities of inventory as related to sampling (excluding ore stockpiles) and measurement of inventory.

The committee addressed the matter by receiving reports from the head of metal accounting to understand whether theoretical inventory levels were in line with in-situ levels. The committee was updated on the integration of our internal inventory model to SAP during the year. These results were checked against the outcome of the independently developed inventory valuation model of the external auditors. The committee considered the audit procedures undertaken and is comfortable that the matter is correctly represented.

ACTIVITIES OF THE COMMITTEE

During the year, the committee fulfilled the following duties:

| Adding value in 2019 | 2020 and beyond |
|--|-----------------|
| <p>Annual financial statements/interim (AFS) and integrated reporting process</p> <p>The committee is responsible for reviewing all published financial reports and information, including the integrated report prior to submission and approval by the board.</p> <ul style="list-style-type: none"> • Ensured appropriate financial reporting procedures are established and operating • Reviewed and discussed the AFS and interim report and related disclosures, considered the accounting treatment, significant or unusual transactions, and accounting estimates and judgements; confirmed the AFS had been prepared on a going-concern basis and recommended the AFS and interim report to the board for approval • Considered the integrated report and assessed its consistency with operational, financial and other information known to committee members, and for consistency with the AFS. The committee is satisfied that the integrated report is materially accurate, complete and reliable and consistent with the AFS. At its meeting on 12 February 2020, it recommended the integrated report for the year ended 31 December 2019 for approval by the board • Considered solvency and liquidity tests as and when required by the Act, to provide financial assistance to subsidiaries and/or proposals to pay interim and final dividends. | |
| <p>External audit</p> <p>The committee is responsible for the appointment, remuneration and oversight of the external auditors.</p> <ul style="list-style-type: none"> • Considered and recommended to shareholders the appointment of Deloitte & Touche, and the approval of its audit fees for the review period; ensured the appointment complied with all applicable legal and regulatory requirements. Prior to making its nomination, the committee considered all information in terms of the JSE Listings Requirements in assessing the auditor and designated auditor's suitability for appointment • Considered and recommended the appointment of PricewaterhouseCoopers Inc. for the 2020 audit following an extensive tender process. This is aligned to the Independent Regulatory Board for Auditors (IRBA) and Anglo American plc requirements for mandatory audit firm rotation • Approved the auditor's annual plan and scope of work, monitored the effectiveness of external auditors for audit quality, expertise and independence • Considered the key audit matter noted in the integrated report • Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved these • Received necessary representations from the auditors confirming their independence. | |

| Adding value in 2019 | 2020 and beyond |
|--|--|
| <p>Internal audit and control</p> <p>The committee is responsible for monitoring the effectiveness of internal audit, ensuring that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the group's systems of internal control and reporting. Internal audit services are currently provided by the Anglo Business Assurance Services department (ABAS) of Anglo Operations Limited.</p> <ul style="list-style-type: none"> • Ensured that internal audit performed an independent assurance function. Monitored the effectiveness of the internal audit function in terms of its assurance scope, plan execution, independence and overall performance of the function and its head • Approved the assurance plan, budget and assurance scope for the ensuing year • Assessed the group's systems of internal control including financial controls, business risk management and maintaining effective internal control systems • Monitored audit findings, risk areas and, where appropriate, challenged management on its actions • Based on the above, concluded there were no material breakdowns in internal control, including financial controls, business risk management and maintaining effective material control systems. | <ul style="list-style-type: none"> • Continue to embed the use and reporting of data analytics techniques • Implement a holistic governance, risk and compliance technology system to support the delivery of comprehensive risk and assurance activities • Further enhance the link between risk and assurance |
| <p>IT governance</p> <p>The board has formally delegated responsibility for IT governance to the audit and risk committee. Amplats has adopted the methodology of the IT Governance Institute and the Control Objectives for Information and Related Technology (COBIT) framework to meet King IV requirements for IT governance. Reports following this framework are submitted to the committee biannually.</p> <ul style="list-style-type: none"> • Reviewed IT risks and control environment • Received management reports on results of disaster-recovery tests and security management • Considered the impact of cybercrime and reviewed information security capability in the organisation • Reviewed reports on the effectiveness of IT risk management as part of group risk management • Reviewed digital transformation initiatives aligned to the group's strategic priorities. | <ul style="list-style-type: none"> • Review internal control environment for information management |
| <p>Risk management</p> <p>The board has delegated the function of risk management to the audit and risk committee. The committee regularly reviews significant risks and mitigating strategies. It reports to the board on material changes in the group's risk profile and an annual board risk workshop is held. The risk management process is facilitated by ABAS, but overall accountability and responsibility for risk management rests with the Amplats board, executive committee and other officers.</p> <ul style="list-style-type: none"> • Reviewed group policies on risk assessment and risk management for financial reporting and the going-concern assessment, and found them appropriate • Held a board workshop to review and consider significant risks facing the company • Received a written assessment of the effectiveness of the company's system of internal controls and risk management from the business assurance services department of Anglo Operations Proprietary Limited. | <ul style="list-style-type: none"> • Continued enhancements to risk reporting to align risk management to strategy |
| <p>Sustainability</p> <p>The committee is responsible for reviewing the material issues reported to shareholders and other stakeholders, and considers the scope and conclusion of independent assurance providers for those reports.</p> <ul style="list-style-type: none"> • Considered PwC assurance scope and schedule of key material issues for the 2019 integrated report • Received necessary assurances through this process that material disclosures are reliable and do not conflict with financial information. | <ul style="list-style-type: none"> • Determine audit scope for material issues |

AUDIT AND RISK COMMITTEE REPORT CONTINUED

| Adding value in 2019 | 2020 and beyond |
|---|--|
| <p>Marketing</p> <p>The committee receives updates and approves the marketing division's mandate as it relates to the sale, purchase, and trading of metals to ensure that appropriate risk management processes are in place.</p> <ul style="list-style-type: none"> Received an update on trading performance and noted planned activities in the areas of governance, risk and compliance. Approved amendments to the marketing mandate to effectively manage price risk for base metals and option trading for all PGMs in cleared markets. | <ul style="list-style-type: none"> Continue to monitor trading performance within value-at-risk limits |
| <p>Legal</p> <p>All material legal matters are brought to the committee's attention to evaluate the legal risk or any reputational exposure.</p> <ul style="list-style-type: none"> Reviewed, with management, legal matters that could have a reputational or material financial impact on the group. | <ul style="list-style-type: none"> Monitor developments from changes in legislation |
| <p>Combined assurance</p> <p>The committee oversees that a combined assurance model is applied to provide a coordinated approach to all assurance activities.</p> <ul style="list-style-type: none"> Reviewed the combined assurance framework that categorises each provider of assurance into different lines of defence in the organisation: management, internal and external assurance providers Reviewed the level of assurance provided by the combined assurance framework and concluded this was appropriate for identified business risks and exposures Reviewed plans and work outputs of external and internal auditors and concluded these were adequate to address all significant financial risks facing the business. | <ul style="list-style-type: none"> Continued alignment of internal and external assurance providers to ensure the combined assurance framework is effective |

FINANCE DIRECTOR AND FINANCE FUNCTION

The committee has reviewed an internal assessment of the skills, expertise and experience of Craig Miller, the finance director, and is satisfied he has the appropriate expertise and experience to meet his responsibilities. The evaluation also considered the appropriateness of the expertise, continuous improvement and adequacy of resources of the finance function.

CONCLUSION

The audit and risk committee is satisfied that it has considered and discharged its responsibilities in line with its terms of reference in the review period.



Richard Dunne
Chairman

Johannesburg

13 February 2020

SIGNIFICANT ACCOUNTING PRINCIPLES

for the year ended 31 December 2019

The significant accounting principles applied in the presentation of the group's and company's annual financial statements are set out on the following pages. The complete set of group and company accounting policies adopted is detailed in Annexure D: Principal Accounting Policies.

BASIS OF PREPARATION

The consolidated and separate financial statements are in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the JSE Limited Listings Requirements and the Companies Act of South Africa.

The annual financial statements for the year ended 31 December 2019 are prepared under the supervision of the finance director, Mr Craig Miller (CA)SA.

The financial statements are prepared on the historical cost basis except for certain financial instruments, liabilities and third-party metal inventory that are stated at fair value. Significant details of the group's and company's accounting policies are set out below and are consistent with those applied in the previous year, except where otherwise indicated.

The following principal accounting policy elections in terms of IFRS have been made:

- Expenses are presented on a function basis;
- Items of other comprehensive income (OCI) have been disclosed net of the related tax effects;
- Operating cash flows are presented on the direct method;
- Property, plant and equipment are measured on the historic cost model; and
- The group has elected to continue applying the hedge accounting principles in IAS 39 *Financial Instruments: Recognition and Measurement*.

FUNCTIONAL CURRENCY

The annual financial statements are presented in South African rand, which is the presentation currency of the group and the functional currency of the company and its most significant operating subsidiary, namely Rustenburg Platinum Mines Limited.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the annual financial statements in terms of IFRS, management is required to make certain estimates and assumptions that may materially affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period and the related disclosures. Critical accounting estimates and judgements have been disclosed on the following pages.

Critical accounting estimates

Those estimates and assumptions that may result in material adjustments to the carrying amount of assets and liabilities and related disclosures within the next financial year are discussed below:

Metal inventory

Work-in-progress metal inventory is valued at the lower of net realisable value (NRV) and the average cost of production or purchase less net revenue from sales of other metals, in the ratio of the contribution of these metals to gross sales revenue.

Production costs are allocated to platinum, palladium, rhodium and nickel (joint products) by dividing the mine output into total mine production costs, determined on a 12-month rolling average basis. Concentrate purchased from third parties is determined on a 12-month rolling average basis. The quantity of ounces of joint products in work in progress is calculated based on the following factors:

- The theoretical inventory at that point in time, which is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period.
- The inputs and outputs include estimates due to the delay in finalising analytical values.
- The estimates are subsequently trued up to the final metal accounting quantities when available.
- The theoretical inventory is then converted to a refined equivalent inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.
- Unrealised profits and losses are excluded from the inventory valuation before determining the lower of NRV and cost calculation.

Other than at the precious metal refinery, an annual physical count of work in progress is done, usually around February of each year. The precious metal refinery is subject to a physical count usually every three years, but this could occur more frequently by exception. The most recent physical count of the precious metal refinery was in February 2019. The annual physical count is limited to once per annum due to the dislocation of production required to perform the physical inventory count and the in-process inventories being contained in tanks, pipes and other vessels. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded. Thereafter the physical quantity forms the opening balance for the theoretical inventory calculation. Consequently, the estimates are refined based on actual results over time. The nature of the production process inherently limits the ability to precisely measure recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the variables used in the process are refined based on actual results over time.

SIGNIFICANT ACCOUNTING PRINCIPLES CONTINUED

for the year ended 31 December 2019

Deferred consideration

Deferred consideration is treated as a financial instrument to the extent that it constitutes a right or obligation to receive cash from or deliver cash to a counterparty. The deferred consideration is revalued biannually with changes recognised in profit or loss. Deferred consideration has arisen as a result of the disposal of Rustenburg Mine, Union Mine, the group's equity-accounted investments in the Pandora joint venture and Bafokeng Rasimone Platinum Mine (BRPM), and acquisition of control in the Mototolo business.

The key assumptions used in arriving at the discounted cash flows of the deferred consideration include: estimated future cash flows based on assumptions of future metal prices, costs and capital expenditure; the counterparty cost of borrowing and weighted average cost of capital; and the group's cost of borrowing.

Derivative instruments

Current market prices are used to measure the obligations and assets under purchase and sale of concentrate arrangements and leasing and borrowing activities.

Fair value measurement

The group makes use of fair value measurement on an ongoing basis for derivative instruments; investments in equity securities; concentrate receivables and payables; third-party-sourced trading metal inventory; and provisions arising from metal leasing and borrowings. Fair value measurement is also required in certain transactions including business combinations and disposals. The group assesses the assumptions and data used to fair value such items and accordingly classifies the fair value as Level 1, Level 2 or Level 3 in accordance with the fair value hierarchy of IFRS 13 *Fair Value Measurement*. In the event that fair value cannot be determined from publicly available information, the group makes use of relevant valuation techniques that make maximum use of observable market inputs. The group determines fair value using the following techniques: unadjusted quoted prices in active markets (Level 1); valuations using quoted prices for similar assets and liabilities as well as relevant market-corroborated inputs (Level 2); and valuations using unobservable inputs along with group assumptions of risk, cash flows and discount rates (Level 3).

Decommissioning and rehabilitation obligations

The group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Management estimates, with the assistance of independent experts, the group's expected total spend for the rehabilitation, management and remediation of negative environmental impacts at closure at the end of the lives of the mines and processing operations. The estimation of future costs of environmental obligations relating to decommissioning and rehabilitation is particularly complex and requires management to make estimates, assumptions and judgements relating to the future. These estimates are dependent on a number of factors including assumptions around environmental legislation, life of mine, cost and escalation percentages, and discount rates.

Critical accounting judgements

The following accounting policies have been identified as being particularly complex or involving subjective judgements or assessments:

Cash-generating unit and impairment assessment

Due to the vertically integrated operations of the group and the fact that there is no active market for the group's intermediate products, the group's operations as a whole constitute the smallest cash-generating unit.

The recoverable amount of the group is the higher of: the group's market capitalisation, adjusted for the carrying amounts of assets that are tested for impairment separately – including financial assets, investments in associates and other assets that are excluded from the single platinum cash-generating unit owing to their probability of being recovered through sale; and the value-in-use of the group. In practice the market capitalisation significantly exceeds the carrying value, hence no value-in-use calculation is performed.

Stripping costs

The costs of stripping activity is accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realised in the form of inventory produced.

The costs of stripping activity which provides a benefit in the form of improved access to the PGM ore body is recognised as a non-current 'stripping activity asset' in accordance with IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The current mine planning systems allow management to identify the areas of the pit that are being mined thereby allowing management to accurately allocate the associated costs.

The stripping activity asset is initially measured at cost and subsequently carried at cost less depreciation and impairment losses. Depreciation is calculated on the units of production method on a reducing balance basis over the expected useful life of the identified pit that becomes more accessible as a result of the stripping activity.

Ore stockpiles

Low grade ore stockpiles are only recognised to the extent that they arise during the period and there is a reasonable expectation of their utilisation, in line with available capacity over the five-year budget period. Where life of mine plans change, or alternative capacity is identified, this may have an impact on the volume of ore stockpiles recognised.

Fair valuation of trading metal inventory

To the extent of third-party metal arising from its trading activities, the group is considered to meet the commodity-broker exemption for inventory valuation, whereby inventories are valued at fair value less costs to sell.

NEW AND AMENDED ACCOUNTING STANDARDS

Impact of standards and interpretations not yet adopted

At the reporting date, 31 December 2019, the following relevant new accounting standards were in issue but not yet effective:

| | Effective for annual periods commencing on or after |
|--|---|
| IFRS 17 <i>Insurance Contracts</i> – effective 1 January 2021, however, it is not applicable to Anglo American Platinum as the group does not issue any insurance contracts. | 1 January 2021 |
| Amendments to IFRS 3 <i>Definition of a business</i> – The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. | 1 January 2020 |
| Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> – deal with situations where there is a sale or contribution of assets between an investor and its associates or joint ventures. | To be determined |
| Amendments to IAS 1 and IAS 8 <i>Definition of material</i> – The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. | 1 January 2020 |
| The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency. | |
| <i>Amendments to References to the Conceptual Framework</i> in IFRS Standards – The IASB has issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. | 1 January 2020 |
| Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. | |

The above standards and amendments are not expected to have a material effect for the group.

Impact of standards issued, effective on 1 January 2019 and adopted by the group

IFRS 16 *Leases* – the group adopted IFRS 16 on 1 January 2019. See Annexure D and note 43 for changes in accounting policies.

Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs – the group has adopted the amendments included in the Annual Improvements to IFRS Standards 2015-2017 Cycle for the first time in the current year.

IFRIC 23 Uncertainty over Income Tax Treatments – the group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

The adoption of these standards had an immaterial impact for the group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

| | Notes | 2019 Rm | 2018 ¹ Rm |
|--|-------|-----------------|-------------------------|
| Gross sales revenue | 1 | 99,571 | 74,582 |
| Commissions paid | | (20) | — |
| Net sales revenue | 2 | 99,551 | 74,582 |
| Cost of sales | 3 | (72,737) | (63,286) |
| Gross profit on metal sales | 3 | 26,814 | 11,296 |
| Market development and promotional expenditure | | (788) | (796) |
| Other net (expenditure)/income | 7 | (388) | 342 |
| Loss on impairment and scrapping of property, plant and equipment | | (173) | (21) |
| Operating profit | | 25,465 | 10,821 |
| Fair value measurements of other financial assets and liabilities | 8 | 248 | 931 |
| Interest received | 8 | 349 | 265 |
| Interest expensed | 8 | (572) | (738) |
| Impairment of non-current financial assets | | (77) | (234) |
| Losses from associates (net of taxation) | 18 | (56) | (15) |
| Losses from joint ventures (net of taxation) | 18 | (52) | (25) |
| Dividends received | 8 | — | 42 |
| Impairment of investment in associate Bafokeng Rasimone Platinum Mine (BRPM) | | — | (1,133) |
| Impairment of Richtrau 123 Proprietary Limited | | — | (5) |
| Loss on disposal of Union Mine and Masa Chrome | | — | (850) |
| Profit on step acquisition of Mototolo business | 45 | — | 396 |
| Profit on disposal of Platinum Group Metals Investment Programme (PGMIP) | | — | 249 |
| Profit on disposal of associates | | — | 15 |
| Profit before taxation | 9 | 25,305 | 9,719 |
| Taxation | 10 | (6,736) | (2,640) |
| Profit for the year | | 18,569 | 7,079 |
| Other comprehensive income, post-tax | | 33 | 650 |
| Items that may be reclassified subsequently to profit or loss | | (192) | 880 |
| Deferred foreign exchange translation gains/(losses) | | (192) | 880 |
| Items that will not be reclassified subsequently to profit or loss | | 225 | (230) |
| Net gains/(losses) on equity investments at fair value through other comprehensive income (FVTOCI) | | 279 | (261) |
| Tax effects | | (54) | 31 |
| Total comprehensive income for the year | | 18,603 | 7,729 |
| Profit attributed to: | | | |
| Owners of the company | | 18,497 | 6,903 |
| Non-controlling interests | | 72 | 176 |
| | | 18,569 | 7,079 |
| Total comprehensive income attributed to: | | | |
| Owners of the company | | 18,531 | 7,553 |
| Non-controlling interests | | 72 | 176 |
| | | 18,603 | 7,729 |
| EARNINGS PER SHARE | | | |
| Earnings per ordinary share (cents) | 11 | | |
| – Basic | | 7,046 | 2,631 |
| – Diluted | | 7,021 | 2,622 |
| Headline earnings | 12 | 18,603 | 7,588 |

¹ Restated. Refer to note 45.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

| | Notes | 2019 Rm | 2018 ¹ Rm |
|---|-------|----------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | 57,177 | 54,252 |
| Property, plant and equipment | 13 | 43,504 | 39,708 |
| Capital work-in-progress | 14 | 8,501 | 7,780 |
| Other financial assets | 16 | 2,558 | 4,109 |
| Inventories | 21 | 1,006 | 650 |
| Investments held by environmental trusts | 17 | 798 | 1,183 |
| Investment in associates and joint ventures | 18 | 413 | 407 |
| Goodwill | 20 | 397 | 397 |
| Other non-current assets | | — | 18 |
| Current assets | | 46,843 | 35,138 |
| Inventories | 21 | 22,446 | 21,988 |
| Cash and cash equivalents | 22 | 18,546 | 9,541 |
| Trade and other receivables | 23 | 1,686 | 1,607 |
| Other assets | 24 | 1,633 | 1,347 |
| Other financial assets | 16 | 2,532 | 276 |
| Taxation | 37 | — | 379 |
| Total assets | | 104,020 | 89,390 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | 25 | 27 | 27 |
| Share premium | | 22,691 | 22,746 |
| Retained earnings | | 35,039 | 21,564 |
| Foreign currency translation reserve | | 2,452 | 2,644 |
| Remeasurements of equity investments irrevocably designated at FVTOCI | | 441 | 216 |
| Non-controlling interests | | 192 | 231 |
| Shareholders' equity | | 60,842 | 47,428 |
| Non-current liabilities | | 14,646 | 17,078 |
| Deferred taxation | 26 | 11,120 | 8,238 |
| Environmental obligations | 27 | 1,898 | 1,925 |
| Other financial liabilities | 28 | 924 | 762 |
| Lease liabilities | 29 | 404 | 100 |
| Interest-bearing borrowings | 30 | 281 | 6,038 |
| Employee benefits | 31 | 19 | 15 |
| Current liabilities | | 28,532 | 24,884 |
| Trade and other payables | 32 | 16,246 | 15,647 |
| Other liabilities | 33 | 11,306 | 8,423 |
| Other financial liabilities | 28 | 609 | 639 |
| Lease liabilities | 29 | 164 | 17 |
| Interest-bearing borrowings | 30 | 42 | 129 |
| Taxation | 37 | 96 | — |
| Share-based payment provision | 31 | 69 | 29 |
| Total equity and liabilities | | 104,020 | 89,390 |

¹ Restated. Refer to note 45.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

| | Notes | 2019 Rm | 2018 Rm |
|--|-------|-----------------|------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 98,715 | 75,184 |
| Cash paid to suppliers and employees | | (66,499) | (57,224) |
| Cash generated from operations | 35 | 32,216 | 17,960 |
| Taxation paid | 37 | (3,349) | (1,771) |
| Interest paid (net of interest capitalised) | | (429) | (609) |
| Net cash from operating activities | | 28,438 | 15,580 |
| Cash flows used in investing activities | | | |
| Purchase of property, plant and equipment | 38 | (8,600) | (6,964) |
| Receipt of deferred consideration | | 348 | 101 |
| Interest received | | 342 | 260 |
| Proceeds from sale of plant and equipment | | 38 | 24 |
| Growth in environmental trusts | 17 | 7 | 6 |
| Advances made to Plateau Resources Proprietary Limited | | (93) | (133) |
| Shareholder funding capitalised to investment in associates | | (68) | (869) |
| Investment in AP Ventures | 18 | (59) | (382) |
| Purchases of financial assets investments | | (24) | (39) |
| Other advances | | (4) | (45) |
| Purchase of AA plc shares for the Bonus Share Plan | | (1) | — |
| Acquisition of convertible notes in United Hydrogen | | — | (15) |
| Acquisition of equity investment in Hydrogenious | | — | (48) |
| Acquisition of Mototolo JV | 45 | — | (1,278) |
| Net proceeds on disposal of Royal Bafokeng Platinum shares | | — | 510 |
| Net proceeds on disposal of Union Mine and Masa Chrome | | — | 414 |
| Proceeds from disposal of Hydrogenious | | — | 353 |
| Proceeds on disposal of investment in BRPM | | — | 555 |
| Proceeds from disposal of PGMIP investments | | — | 310 |
| Purchase of concentrate pipeline | | — | (974) |
| Net cash used in investing activities | | (8,114) | (8,214) |
| Cash flows used in financing activities | | | |
| Repayment of interest-bearing borrowings | | (5,793) | (4,889) |
| Dividends paid | | (4,921) | (1,922) |
| Purchase of treasury shares for the Bonus Share Plan | | (232) | (141) |
| Deferred consideration payments | | (184) | — |
| Repayment of lease obligation | | (67) | (18) |
| Cash distributions to non-controlling interests | | (111) | (198) |
| Net cash used in financing activities | | (11,308) | (7,168) |
| Net increase in cash and cash equivalents | | 9,015 | 198 |
| Cash and cash equivalents at beginning of year | | 9,541 | 9,357 |
| Foreign exchange differences on Unki cash and cash equivalents | | (10) | (14) |
| Cash and cash equivalents at end of year | 22 | 18,546 | 9,541 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

| | Share capital Rm | Share premium Rm | Foreign currency translation reserve (FCTR) Rm | Re-measurements of equity investments irrevocably designated at FVTOCI Rm | Retained earnings Rm | Non-controlling interests Rm | Total Rm |
|---|---------------------|---------------------|---|--|-------------------------|---------------------------------|---------------|
| Balance at 31 December 2017 | 27 | 22,673 | 1,764 | 429 | 16,634 | (526) | 41,001 |
| Total comprehensive (loss)/income for the year¹ | | | 880 | (261) | 6,903 | 176 | 7,698 |
| Deferred taxation charged directly to equity | | | | 31 | 6 | | 37 |
| Cash distributions to minorities | | | | | | (198) | (198) |
| Shares acquired in terms of the BSP – treated as treasury shares | (—)* | (141) | | | | | (141) |
| Shares vested in terms of the BSP | —* | 214 | | | (214) | | — |
| Equity-settled share-based compensation | | | | | 180 | | 180 |
| Shares forfeited to cover tax expense on vesting | | | | | (11) | | (11) |
| Transfer of reserve upon disposal of investments | | | | 17 | (17) | | — |
| Dividends paid** | | | | | (1,922) | | (1,922) |
| Disposal of business | | | | | | 779 | 779 |
| Retirement benefit | | | | | 5 | | 5 |
| Balance at 31 December 2018 | 27 | 22,746 | 2,644 | 216 | 21,564 | 231 | 47,428 |
| Change on adoption of IFRS 16 Leases | | | | | (136) | | (136) |
| Total equity at 1 January 2019 – restated | 27 | 22,746 | 2,644 | 216 | 21,428 | 231 | 47,292 |
| Profit for the year | | | | | 18,497 | 72 | 18,569 |
| Other comprehensive income for the year | | | (192) | 279 | | | 87 |
| Total comprehensive (loss)/income for the year | | | (192) | 279 | 18,497 | 72 | 18,656 |
| Deferred taxation charged directly to equity | | | | (54) | 33 | | (21) |
| Dividends paid** | | | | | (4,921) | | (4,921) |
| Retirement benefit | | | | | (2) | | (2) |
| Cash distributions to minorities | | | | | | (111) | (111) |
| Shares acquired in terms of the BSP – treated as treasury shares | (—)* | (232) | | | | | (232) |
| Shares vested in terms of the BSP | —* | 177 | | | (177) | | — |
| Equity-settled share-based compensation | | | | | 188 | | 188 |
| Shares forfeited to cover tax expense on vesting | | | | | (7) | | (7) |
| Balance at 31 December 2019 | 27 | 22,691 | 2,452 | 441 | 35,039 | 192 | 60,842 |
| | | | | | | | Per share (R) |
| | | | | | | | Rm |
| | | | | | | | 11.00 |
| | | | | | | | 7.51 |
| | | | | | | | 2,925 |
| | | | | | | | 1,996 |
| | | | | | | | 4,921 |

* Less than R500,000.

** Dividends paid
Interim 2019
Final 2018

¹ Restated. Refer to note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

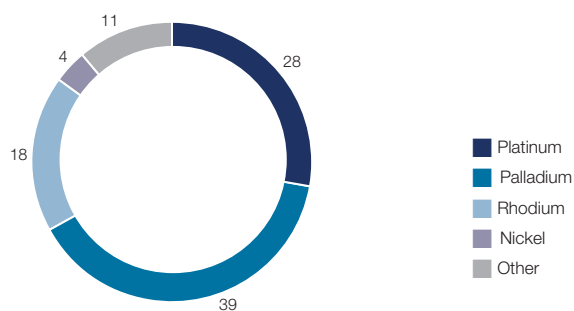
1. GROSS SALES REVENUE

| | 2019 Rm | 2018 Rm |
|--|---------------|------------|
| Sales revenue emanated from the following principal regions: | | |
| Precious metals | 91,176 | 67,063 |
| Asia | 36,862 | 23,492 |
| Europe | 48,650 | 35,676 |
| North America | 4,448 | 2,301 |
| South Africa | 1,216 | 5,594 |
| Base metals | 5,719 | 5,546 |
| Asia | 3,062 | 1,974 |
| Europe | 2,003 | 2,371 |
| South Africa | 228 | 621 |
| Rest of the world | 426 | 580 |
| Other | 2,676 | 1,973 |
| Asia | 751 | 1,775 |
| Europe | 453 | 4 |
| South Africa | 1,463 | 164 |
| Rest of the world | 9 | 30 |
| | 99,571 | 74,582 |
| Gross sales revenue by metal | | |
| Platinum | 28,200 | 29,190 |
| Palladium | 39,258 | 22,571 |
| Rhodium | 17,668 | 9,401 |
| Nickel | 4,427 | 4,172 |
| Other | 10,018 | 9,248 |
| Gross sales revenue | 99,571 | 74,582 |
| Gross sales revenue by country¹ | | |
| United Kingdom | 33,153 | 24,691 |
| Japan | 25,178 | 17,265 |
| Germany | 15,481 | 10,559 |
| China | 13,756 | 6,935 |

¹ These are countries that individually contributed at least 10% to the total group revenue in the current and prior year, with the exception of China which contributed at least 10% for 2019 only.

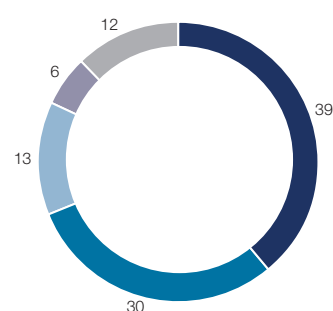
GROSS SALES REVENUE BY METAL – 2019

[%]



GROSS SALES REVENUE BY METAL – 2018

[%]



2. SEGMENTAL INFORMATION

2.1 Segment revenue and results

| | Net sales revenue | | EBITDA | |
|---|-------------------|---------------|---------------|---------------|
| | 2019 Rm | 2018 Rm | 2019 Rm | 2018 Rm |
| Operations | | | | |
| Mogalakwena Mine | 25,845 | 18,106 | 14,375 | 8,249 |
| Amandelbult Mine | 17,424 | 13,192 | 5,132 | 2,031 |
| Mototolo Mine | 4,506 | 2,030 | 1,956 | 591 |
| Unki Platinum Mine | 4,403 | 2,884 | 1,520 | 835 |
| Modikwa Platinum Mine ¹ | 2,988 | 2,138 | 1,080 | 566 |
| Kroondal Platinum Mine ¹ | 5,824 | 3,833 | 2,499 | 1,052 |
| Other mined | — | 286 | (462) | (395) |
| Total – mined | 60,989 | 42,469 | 26,099 | 12,929 |
| Tolling and purchase of concentrate | 30,708 | 29,368 | 4,392 | 2,884 |
| Trading ² | 7,854 | 2,793 | 247 | 7 |
| Market development and promotional expenditure | — | — | (788) | (796) |
| Other ³ | — | (48) | — | (521) |
| | 99,551 | 74,582 | 29,950 | 14,503 |
| Depreciation | | | (4,441) | (4,168) |
| Marketing development and promotional expenditure | | | 788 | 796 |
| Other income and expenses | | | 409 | 109 |
| Loss from associates and joint ventures | | | 108 | 40 |
| Restructuring | | | — | 16 |
| Gross profit on metal sales | | | 26,814 | 11,296 |

¹ The group's share (excluding purchase of concentrate).

² Includes purchases of third-party refined metal and leasing.

³ Includes associate's loss, restructuring costs and inter-segmental transaction.

Information reported to the Executive Committee of the group for purposes of resource allocation and assessment of segment performance is done on a mine-by-mine basis.

The group's mining, smelting and refining operations are all located in South Africa with the exception of Unki Platinum Mine, which is located in Zimbabwe.

2.2 Information about customers

Included in net sales revenue, is revenue from customers that represents the following percentages of the total net sales revenue:

| | 2019 % | 2018 % |
|------------|-----------|-----------|
| Customer A | 19 | 17 |
| Customer B | 5 | 11 |

2.3 Non-current assets¹

| | 2019 Rm | 2018 ² Rm |
|----------------|---------------|-------------------------|
| South Africa | 46,645 | 41,900 |
| Zimbabwe | 5,805 | 6,048 |
| United Kingdom | 365 | 362 |
| | 52,815 | 48,310 |

¹ Excludes investments held by environmental trusts, other financial assets, and inventories.

² Restated. Refer to note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2019

3. GROSS PROFIT ON METAL SALES

| | 2019 Rm | 2018 Rm |
|--|-----------------|------------|
| Net sales revenue | 99,551 | 74,582 |
| Cost of sales | (72,737) | (63,286) |
| Cash operating costs (note 4) | (33,612) | (30,550) |
| On-mine | (25,624) | (23,278) |
| Smelting | (4,159) | (3,695) |
| Treatment and refining | (3,829) | (3,577) |
| Purchase of metals and leasing activities¹ | (30,384) | (29,212) |
| Depreciation (note 5) | (4,441) | (4,140) |
| On-mine | (3,051) | (2,871) |
| Smelting | (685) | (566) |
| Treatment and refining | (705) | (703) |
| Increase in metal inventories | 910 | 3,591 |
| (Decrease)/increase in ore stockpiles | (137) | 466 |
| Other costs (note 6)² | (5,073) | (3,441) |
| Other items | (2,939) | (2,756) |
| Royalties | (2,134) | (685) |
| Gross profit on metal sales | 26,814 | 11,296 |

¹ Consists of purchased metals in concentrate, secondary metals and other metals.² Excluded from costs of inventories expensed during the period.

4. CASH OPERATING COSTS

Cash operating costs comprise the following principal categories:

| | On-mine ¹ Rm | Smelting Rm | Treatment and refining Rm | Total Rm |
|-------------|----------------------------|----------------|------------------------------------|---------------|
| 2019 | | | | |
| Labour | 9,554 | 769 | 1,127 | 11,450 |
| Stores | 8,533 | 871 | 1,103 | 10,507 |
| Utilities | 2,404 | 1,745 | 454 | 4,603 |
| Contracting | 1,307 | — | 102 | 1,409 |
| Sundry | 3,826 | 774 | 1,044 | 5,644 |
| | 25,624 | 4,159 | 3,829 | 33,612 |
| 2018 | | | | |
| Labour | 8,726 | 661 | 1,035 | 10,422 |
| Stores | 7,492 | 816 | 987 | 9,295 |
| Utilities | 2,136 | 1,563 | 397 | 4,096 |
| Contracting | 1,414 | — | 71 | 1,485 |
| Sundry | 3,510 | 655 | 1,087 | 5,252 |
| | 23,278 | 3,695 | 3,577 | 30,550 |

¹ On-mine costs comprise mining and concentrating costs.

5. DEPRECIATION OF PLANT AND EQUIPMENT

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Depreciation of plant and equipment comprises the following categories: | | |
| Operating assets ¹ | 4,441 | 4,140 |
| Mining | 3,051 | 2,871 |
| Smelting | 685 | 566 |
| Treatment and refining | 705 | 703 |
| Depreciation included in other costs | 13 | 28 |
| | 4,454 | 4,168 |

¹ Depreciation relating to Mototolo was not restated for 2018 as the effect for the two months was less than R1 million and does not change the amount disclosed in 2018. Refer to note 45.

6. OTHER COSTS

| | 2019 Rm | 2018 Rm |
|--|--------------|--------------|
| Other costs comprise the following principal categories: | | |
| Corporate related costs | | |
| Corporate costs | 564 | 516 |
| Corporate costs – Anglo American ¹ | 133 | 110 |
| Share-based payments | 116 | 85 |
| Research | 109 | 111 |
| Community social investment | 73 | 52 |
| Exploration | 26 | 48 |
| | 1,021 | 922 |
| Operational related costs | | |
| Transport of metals | 836 | 911 |
| Technical and sustainability – Anglo American ¹ | 506 | 334 |
| Community social investment | 175 | 219 |
| Share-based payments | 141 | 110 |
| Studies | 121 | 79 |
| Research – Anglo American ¹ | 83 | 90 |
| Exploration | 39 | 33 |
| Other | 17 | 58 |
| | 1,918 | 1,834 |
| Royalties and carbon tax | | |
| Royalties | 2,134 | 685 |
| Total other costs | 5,073 | 3,441 |

¹ Services provided by Anglo American plc and its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2019

7. OTHER NET (EXPENDITURE)/INCOME

| | 2019 Rm | 2018 Rm |
|--|--------------|------------|
| Other net (expenditure)/income comprises the following principal categories: | | |
| Realised and unrealised foreign exchange loss | (156) | (68) |
| Fair value (loss)/gain on cash and cash equivalents designated as a hedging instrument (note 33) | (477) | 528 |
| Fair value gain/(loss) on contract liability (note 33) | 466 | (561) |
| Other foreign exchange losses | (145) | (35) |
| Project maintenance costs ¹ | (153) | (109) |
| Restructuring and other related costs | (42) | (16) |
| (Loss)/Profit on disposal of plant, equipment and conversion rights | (2) | 18 |
| Royalties received | 87 | 58 |
| Insurance proceeds | 22 | 490 |
| Proceeds realised on treasury bills | — | 218 |
| Other – net | (144) | (249) |
| | (388) | 342 |

¹ Project maintenance costs comprise costs incurred to maintain land held for future projects and costs to keep projects on care and maintenance. It also includes the costs of the operations put onto care and maintenance once the decision was made.

8. INTEREST EXPENSED AND RECEIVED

| | 2019 Rm | 2018 Rm |
|--|--------------|--------------|
| Interest expensed | | |
| Interest paid on financial liabilities classified as liabilities held at amortised cost | (304) | (615) |
| Interest paid on financial liabilities classified as liabilities at amortised cost | (520) | (922) |
| Less: Capitalised (note 38) ¹ | 216 | 307 |
| Time value of money adjustment to environment obligations | (194) | (123) |
| Decommissioning costs (note 27) | (102) | (29) |
| Restoration costs (note 27) | (92) | (94) |
| Interest paid on lease liabilities | (74) | — |
| | (572) | (738) |
| Interest received | | |
| Interest received on financial assets measured at amortised cost | | |
| Interest received | 342 | 259 |
| Growth in environment trust investments (note 17) | 7 | 6 |
| | 349 | 265 |
| Dividends received | — | 42 |
| Remeasurements of financial assets measured at amortised cost | | |
| Gains on remeasurements of other financial assets and liabilities | 248 | 931 |

¹ The rate used to capitalise borrowing costs was 9.68% (2018: 8.69%).

9. PROFIT BEFORE TAXATION

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Profit before taxation is arrived at after taking account of: | | |
| Movement in inventory measured at net realisable value ¹ | (2,901) | (1,121) |
| Mined | (1,647) | (977) |
| Purchased | (1,254) | (144) |
| Loss on financial instruments at fair value through profit or loss ² | 2,302 | 609 |
| Increase in provision for stores obsolescence | 28 | 72 |
| Insurance proceeds realised on loss of assets | (22) | (468) |
| Auditors' remuneration – current year audit fees | 17 | 15 |
| Fair value changes on hedging accounting | (11) | (33) |
| Loss on disposal of property, plant and equipment | (3) | (8) |
| Operating lease charges – buildings and equipment | — | 88 |

¹ This movement arises as a result of changes in prices of metal.

² Excludes the gain on re-measurements of other financial assets and liabilities included in note 8.

10. TAXATION

| | 2019 Rm | 2018 ¹ Rm |
|----------------------------------|------------|-------------------------|
| Current (note 37) | 3,841 | 1,819 |
| Deferred (note 26) | 2,895 | 821 |
| | 6,736 | 2,640 |
| Comprising: | | |
| South African normal taxation | 6,351 | 2,655 |
| Current year | 6,406 | 2,572 |
| Prior year | (55) | 83 |
| Foreign and withholding taxation | 385 | (15) |
| Current year | 390 | 154 |
| Prior year | (5) | (169) |
| | 6,736 | 2,640 |

¹ Restated. Refer to note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

10. TAXATION CONTINUED

| | 2019 % | 2018 ¹ % |
|---|-----------|------------------------|
| A reconciliation of the standard rate of South African normal taxation compared with that charged in the statement of comprehensive income is set out in the following table: | | |
| South African normal tax rate | 28.0 | 28.0 |
| Disallowable items that are individually immaterial | 0.3 | 1.0 |
| Effect of after-tax share of losses from associates | 0.1 | 0.3 |
| Impairment of non-current financial assets | 0.1 | 0.7 |
| Difference in tax rates of subsidiaries | (1.0) | (1.9) |
| Deferred consideration unwinding | (0.6) | (1.2) |
| Disallowable provisions | (0.2) | 0.8 |
| Prior year (overprovision)/underprovision | (0.2) | (0.9) |
| Impairment of investments in associates | (0.1) | 0.1 |
| Loss on disposals/impairment of Union Mine and Masa Chrome | — | 2.1 |
| Impact of acquisition of Mototolo Mine ¹ | — | (1.2) |
| Other | 0.2 | (0.5) |
| Effective taxation rate | 26.6 | 27.3 |

¹ Restated. Refer to note 45.

11. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings and headline earnings per ordinary share is based on a basic earnings of R18,497 million and headline earnings of R18,603 million respectively (2018: earnings of R6,903 million and headline earnings of R7,588 million) and a weighted average of 262,515,452 (2018: 262,322,693) ordinary shares in issue during the year.

The calculation of diluted earning per ordinary share, basic and headline, is based on basic earnings of R18,497 million and headline earnings of R18,603 million respectively (2018: basic earnings of R6,903 million and headline earnings of R7,588 million). Refer below for weighted average number of potential diluted ordinary shares in issue during the year.

| | 2019 | 2018 |
|--|--------------------|-------------|
| Weighted average number of potential diluted ordinary shares in issue | | |
| Weighted average number of ordinary shares in issue | 262,515,452 | 262,322,693 |
| Dilutive potential ordinary shares relating to share option schemes | 947,977 | 940,882 |
| Weighted average number of potential diluted ordinary shares in issue – basic | 263,463,429 | 263,263,575 |

The weighted average number of ordinary shares in issue has been adjusted to exclude the ordinary shares issued as part of the community economic empowerment transaction, as these shares are subject to repurchase by the company. For accounting purposes, these shares have been treated as though the company has granted an option over its own equity to the community development trust. Therefore, the shares issued as part of this transaction only impact diluted earnings per share. These shares had no impact on the number of potential diluted ordinary shares in issue.

12. RECONCILIATION BETWEEN PROFIT AND HEADLINE EARNINGS

| | 2019 Rm | 2018 ¹ Rm |
|---|---------------|-------------------------|
| Profit attributable to shareholders | 18,497 | 6,903 |
| Adjustments | | |
| Loss on impairment and scrapping of property, plant and equipment | 173 | 21 |
| Tax effect thereon | (48) | (6) |
| Non-controlling interest share | — | (1) |
| Insurance proceeds on loss of assets | (22) | (468) |
| Tax effect thereon | 6 | 131 |
| Net loss on disposal of property, plant and equipment (note 9) | (3) | (8) |
| Tax effect thereon | — | 2 |
| Fair value gain on existing interest in Mototolo Mine | — | (396) |
| Tax effect thereon ¹ | — | (25) |
| Profit on disposal of PGMIP investments | — | (249) |
| Tax effect thereon | — | — |
| Impairment of investments in associates | — | 1,138 |
| Tax effect thereon | — | (253) |
| Profit on disposal of associates | — | (15) |
| Tax effect thereon | — | — |
| Disposal of Union Mine and Masa Chrome | — | 850 |
| Tax effect thereon | — | (32) |
| Non-controlling interests' share | — | (3) |
| Headline earnings | 18,603 | 7,588 |
| Attributable headline earnings per ordinary share (cents) | | |
| Headline | 7,087 | 2,893 |
| Diluted | 7,061 | 2,822 |

¹ Restated. Refer to note 45.

13. PROPERTY, PLANT AND EQUIPMENT

| | 2019 Rm | 2018 Rm |
|---|---------------|------------|
| Cost | | |
| Opening balance | 78,200 | 74,982 |
| Transfer from capital work in progress (note 14) | 7,125 | 4,924 |
| Acquisition of Mototolo JV (note 45) ¹ | — | 1,399 |
| Additions at cost (note 38) | 1,220 | 273 |
| Disposals/scrapping of assets | (1,146) | (4,385) |
| (Reductions)/additions to decommissioning asset (note 27) | (7) | 12 |
| Foreign currency translation differences | (179) | 995 |
| Closing balance | 85,213 | 78,200 |
| Accumulated depreciation | | |
| Opening balance | 38,492 | 38,385 |
| Charge for the year (note 5) | 4,454 | 4,168 |
| Disposals/scrapping of assets | (1,113) | (4,364) |
| Foreign currency translation differences | (124) | 303 |
| Closing balance | 41,709 | 38,492 |
| Carrying amount (Annexure A) | 43,504 | 39,708 |

¹ Restated. Refer to note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2019

14. CAPITAL WORK IN PROGRESS

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Opening balance | 7,780 | 5,361 |
| Additions at cost (note 38) | 8,107 | 6,752 |
| Transfer to property, plant and equipment (note 13) | (7,125) | (4,924) |
| Scrapping of capital work in progress | (175) | (21) |
| Foreign currency translation differences | (86) | 176 |
| Acquisition of Mototolo JV (note 38) | — | 436 |
| Closing balance | 8,501 | 7,780 |

15. EXPLORATION AND EVALUATION

The balances and movements for exploration and evaluation costs as included in Annexure A as part of mining development and infrastructure above are as follows:

| | 2019 Rm | 2018 Rm |
|---------------------------------|------------|------------|
| Cost | | |
| Opening balance | 2,171 | 2,102 |
| Disposal | (578) | — |
| Additions | 67 | 69 |
| Closing balance | 1,660 | 2,171 |
| Accumulated depreciation | | |
| Opening balance | (1,208) | (1,171) |
| Charge for the year | (32) | (37) |
| Disposal | 474 | — |
| Closing balance | (766) | (1,208) |
| Carrying amount | 894 | 963 |

16. OTHER FINANCIAL ASSETS

Non-current financial assets

| | 2019 Rm | 2018 Rm |
|---|--------------|--------------|
| Loans carried at amortised cost | | |
| Loan to ARM Mining Consortium Limited ¹ | 68 | 44 |
| Loans to Plateau Resources Proprietary Limited (Plateau) ² | — | 224 |
| Other | 100 | 100 |
| | 168 | 368 |
| Equity investments irrevocably designated at FVTOCI³ | | |
| Investment in Ballard Power Systems Inc. | 480 | 175 |
| Investment in Wesizwe Platinum Limited (Wesizwe) ⁴ | 108 | 89 |
| Investment in SA SME Fund | 40 | — |
| Investment in Anglo American plc shares | 17 | 30 |
| Investment in Primus Power | — | 22 |
| | 644 | 316 |
| Other financial assets mandatorily measured at fair value through profit or loss | | |
| Deferred consideration on sale of Rustenburg Mine ⁵ | 1,566 | 1,730 |
| Deferred consideration on sale of Pandora Joint Venture ⁵ | 181 | 149 |
| Deferred consideration on sale of BRPM (note 47) ⁵ | — | 1,546 |
| | 1,746 | 3,425 |
| Total other financial assets – non-current | 2,558 | 4,109 |

¹ This advance is interest free and the repayment thereof is dependent on the free cash flows from Modikwa Platinum Mine. The advance was fair valued on initial recognition by discounting the expected cash flows using a market-related interest rate. At each reporting date the cash flows are reassessed and the value updated accordingly. As security for the repayment of the advance, ARMMC has ceded its right to payments from Modikwa Platinum Mine to the group (related party transaction).

² The group provided Plateau (a wholly owned subsidiary of Atlatsa) with a secured facility to meet its obligations in respect of operating and capital expenditure for Bokoni Platinum Mine. The security for this facility includes a pledge of shares and claims in Plateau and Bokoni Platinum Mine, as well as certain assets of Plateau and Bokoni Platinum Mine. A further facility was put in place to fund Plateau's proportionate share of care and maintenance expenditure of Bokoni Mine. In the past, all but R241 million of the loans to Plateau were impaired. This loan was recovered through the acquisition of the Kwanda North and Central Block rights (refer to note 46).

³ These are irrevocably designated at fair value because they are equity instruments not held for trading and there is no recycling of the reserve to profit or loss but within equity on derecognition. No dividends were received and no investments were disposed of during 2019.

⁴ The group holds 13% in Wesizwe.

⁵ The deferred considerations result from the discounted deferred purchase price of for the disposal of Rustenburg Mine, Pandora Joint Venture and BRPM.

Current financial assets

| | 2019 Rm | 2018 Rm |
|---|--------------|------------|
| Other financial assets mandatorily measured at fair value through profit or loss | | |
| Deferred consideration on sale of BRPM – short-term portion (note 47) | 1,840 | — |
| Deferred consideration on sale of Rustenburg Mine – short-term portion | 673 | 265 |
| Fair value of derivatives | 19 | 11 |
| Current | 2,532 | 276 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 December 2019

17. INVESTMENTS HELD BY ENVIRONMENTAL TRUSTS

| | 2019 Rm | 2018 Rm |
|--|------------|--------------|
| Movement in total investments held by environmental trusts | | |
| Opening balance | 1,183 | 970 |
| Investment attributable to Rustenburg Mine transferred to Sibanye | (317) | — |
| Investment attributable to Union Mine transferred to Siyanda | (144) | — |
| Remeasurements | 69 | 19 |
| Growth in environmental trusts (note 8) | 7 | 6 |
| Acquisition of Mototolo Mine | — | 36 |
| Disposal of Union Mine | — | (1) |
| Growth in/value attributable to Rustenburg Mine not yet transferred to Sibanye | — | 9 |
| Growth in/value attributable to Union Mine not yet transferred to Siyanda | — | 5 |
| Reclassified as held for sale | — | 139 |
| Closing balance | 798 | 1,183 |
| Disclosed as: | | |
| Investments held by environmental trusts | 798 | 1,183 |
| | 798 | 1,183 |

These funds may only be utilised for purposes of settling decommissioning and environmental liabilities relating to existing mining operations. All income earned on these funds is reinvested or spent to meet these obligations. These obligations are included in environmental obligations (note 27).

Platinum Producers' Environmental Trust

The Platinum Producers' Environmental Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. The group funds its environmental obligations through a combination of funding the Platinum Producers' Environmental Trust and providing guarantees to the Department of Mineral Resources. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected in non-current investments held by the Platinum Producers' Environmental Trust if the investments are not short term.

18. INVESTMENT ASSOCIATES AND JOINT VENTURES

A. ASSOCIATES

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Unlisted | | |
| Peglerae Hospital Proprietary Limited | | |
| Carrying value of investment | 57 | 59 |
| Bokoni Platinum Holdings Proprietary Limited (Bokoni Holdco) ¹ | | |
| Carrying value of investment | — | — |
| Primus Power | | |
| Carrying value of investment | — | 5 |
| | 57 | 64 |

¹ Equity investment in Bokoni Holdco and further advances during 2019 were impaired during the current and prior years.

A listed equity investment in Atlatsa Resources Corporation was disposed of during the year (2018 market value: R131 million).

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| The movement for the year in the group's investment in associates was as follows: | | |
| Opening balance | 64 | 2,464 |
| Loss from associates (after taxation) | (56) | (15) |
| Additional funding provided to associates | 75 | 1,400 |
| Deferred foreign exchange translation losses | (18) | 11 |
| Repayments of loans to associates | (7) | (531) |
| Additional investment in Hydrogenious Technologies GmbH | — | 48 |
| Disposal of BRPM | — | (2,080) |
| Disposal of investment in Hydrogenious Technologies GmbH | — | (95) |
| Impairment of investments in associates | — | (1,138) |
| Closing balance | 57 | 64 |

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Summarised financial information of associates as at 31 December 2019 | | |
| Profit/(loss) ¹ | 58 | (114) |

¹ The financial information used for Primus Power and Peglerae were for the nine months ended 30 September 2019. 31 December is the year end for Primus Power and 30 September is the year end for Peglerae.

The market value disclosed for the listed investment in associates is categorised as Level 1 as per the fair value hierarchy (as defined in note 40).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

18. INVESTMENT ASSOCIATES AND JOINT VENTURES CONTINUED

B. JOINT VENTURES

Unlisted investment: AP Ventures (APV)

On 17 July 2018 AAP announced that its wholly owned subsidiary, Anglo Platinum Marketing Limited (APML), had subscribed for interests in two UK-based venture capital funds (the Funds), with a total aggregate commitment equivalent to USD100 million. AAP's commitment to the Funds is matched by a USD100 million commitment from South Africa's Public Investment Corporation SOC Limited (PIC). APML and the PIC comprise the Limited Partners (LPs).

APV comprises two funds, APV Fund I and APV Fund II. Fund I is closed to other investors with APML and PIC holding equal ownership interest of 49.5% each and 1% held by General Partners, who have power and authority over APV. APV is a legally separate entity from the Limited Partners. The two Limited Partners invested R328 million each into Fund I on 21 September 2018.

APV is independently managed by the General Partners. The General Partners (GPs) are responsible for the day-to-day investment, disinvestments, financing and distribution decisions.

The GPs are required to hold at all times the 1% of the capital contributed by the LPs. The removal of the GPs require 75% of committed capital by Limited Partners to approve the decision. This demonstrates that the Limited Partners require unanimous consent to remove the General Partners and therefore the investment in Fund I is that of a joint venture and is equity accounted by APML from 1 October 2018.

APV has a 31 March year end, measures its investments at fair value through profit or loss and therefore unaudited internal valuations as at 30 November 2019 were used for equity accounting purposes.

The movement for the year in the group's investment in joint ventures was as follows:

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Opening balance | 343 | — |
| Loss from joint ventures (after taxation) | (52) | (25) |
| Investment in AP Ventures | 59 | 382 |
| Foreign exchange translation losses/gain in FCTR | 5 | (14) |
| Closing balance | 355 | 343 |
| Total balance for associates and joint ventures | 413 | 407 |
| Summarised financial information of AP Ventures as at 30 November | | |
| Capital drawn down | 909 | 682 |
| Net allocated loss attributable to LPs | (181) | (28) |
| Capital balance | 728 | 654 |

AP Ventures carries its investments as at fair value and therefore the summarised financial information is based on the reporting by AP Ventures.

19. JOINT ARRANGEMENTS

Joint operations

The group has classified all the joint arrangements to which it is a party to as joint operations, except for AP Ventures, as they are unincorporated and the group has rights to the assets and obligations for the liabilities of the arrangements. The classification was made in line with the requirements of IFRS 11 *Joint Arrangements*.

These joint operations have additional separate legal entities, as detailed in Annexure C. The group is of the opinion that the substance of these joint operations must be given prominence over their legal form. In most cases, the separate legal entities have been formed to hold legal title to mineral and surface rights as well as to legally employ employees working at the joint operation. The substance is that these companies are mere extensions of the main joint operation to which they relate and consequently should be accounted for in the same manner, namely as a joint operation.

Modikwa Platinum Mine

The group and ARM Mining Consortium Limited (ARMMC) established a 50:50 joint operation, known as the Modikwa Platinum Mine Joint Venture (Modikwa). Modikwa operates a mine and a processing plant on the Eastern Limb of the Bushveld Complex, which is managed by Modikwa.

Kroondal Platinum Mine

The group and Kroondal Operations (South Africa) Proprietary Limited (Kroondal), a subsidiary of Sibanye Platinum Limited (Sibanye), have pooled certain mineral rights and infrastructure via a pooling-and-sharing agreement. The parties share 50:50 in the profits or losses from the jointly operated mine and processing plant located on the Western Limb of the Bushveld Complex, which is managed by Kroondal.

20. GOODWILL

| | 2019 Rm | 2018 ¹ Rm |
|---|------------|-------------------------|
| The movement in goodwill is as follows: | | |
| Cost | | |
| Opening balance | 397 | — |
| Acquisition of Mototolo Mine | — | 397 |
| Carrying amount | 397 | 397 |

¹ Restated. Refer to note 45.

The recoverable amount of Mototolo Mine has been determined based on a fair value less costs of disposal calculation which indicated no impairment to goodwill. Fair value was determined using a resource multiple (\$10 to \$20/oz) based on market transactions.

21. INVENTORIES

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Refined metals | 4,466 | 3,972 |
| At cost | 3,778 | 2,990 |
| At net realisable values | 688 | 982 |
| Work-in-process | 14,310 | 13,893 |
| At cost | 12,685 | 9,851 |
| At net realisable values | 1,625 | 4,042 |
| Total metal inventories | 18,776 | 17,865 |
| Ore stockpiles | 2,119 | 2,256 |
| Stores and materials at cost less obsolescence provision | 2,557 | 2,517 |
| | 23,453 | 22,638 |
| Less: Non-current inventories (ore stockpiles) | (1,006) | (650) |
| | 22,446 | 21,988 |

There are no inventories pledged as security to secure any borrowings of the group.

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22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, balances with banks and money-market instruments.

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Cash on deposit and on hand ¹ | 18,169 | 9,175 |
| Restricted cash ² | 377 | 366 |
| | 18,546 | 9,541 |

¹ Includes cash on deposit of R9,694 million held as a foreign currency exchange hedge on the prepayment transaction (note 33).

² Cash held in trust comprises funds which may only be utilised for purposes of community development activities and villages resettlements. All income earned on these funds is reinvested or spent to meet these obligations.

23. TRADE AND OTHER RECEIVABLES

| | 2019 Rm | 2018 Rm |
|---------------------------|------------|------------|
| Trade accounts receivable | 829 | 554 |
| Other receivables | 857 | 1,053 |
| | 1,686 | 1,607 |

| Analysis of amounts past due but not impaired | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Less than 30 days | 21 | — |
| Between 31-60 days | — | — |
| Between 60-90 days | — | — |
| Greater than 90 days | 1 | — |
| | 22 | — |
| Payments received after year end | 19 | — |

The average credit period on sale of precious metals is seven days and base metals is 30 days. Interest is charged at market-related rates on the overdue balances. No provision for doubtful debts has been raised on any amounts past due at balance sheet date as these amounts have either been received post year end or the amounts are still considered recoverable. The group holds no collateral over these balances.

Before accepting any new customers, the group uses a credit bureau or performs a credit assessment to assess the potential customer's credit quality and credit limits. The credit limits are reviewed on a regular basis throughout the year due to the volatility in commodity price movements which necessitates the frequent review of credit limits. Trade accounts receivable involve primarily a small group of international companies. The financial conditions of these companies and the countries in which they operate are regularly reviewed. Therefore, the group has no provision for doubtful debts at year end and has not written off or impaired any trade receivables during the year.

The fair value of accounts receivable is not materially different from the carrying values presented due to the short term to maturity (refer to note 40). There are no trade receivables pledged as security to secure any borrowings of the group.

24. OTHER ASSETS

| | 2019 Rm | 2018 Rm |
|----------------------------|------------|------------|
| VAT receivable and rebates | 1,153 | 1,067 |
| Prepayments | 292 | 280 |
| Other | 188 | — |
| | 1,633 | 1,347 |

25. SHARE CAPITAL

| 2018 Number of shares | 2019 Number of shares | | 2019 Rm | 2018 Rm |
|-----------------------------|-----------------------------|---|------------|------------|
| | | Authorised | | |
| 413,595,651 | 413,595,651 | Ordinary shares of 10 cents each | 41 | 41 |
| | | Issued – Ordinary shares | | |
| 269,681,886 | 269,681,886 | Ordinary shares of 10 cents | 27 | 27 |
| | | Treasury shares held within the group | | |
| 978,316 | 854,112 | Ordinary shares held by the group in terms of certain share schemes | —* | —* |
| | | Alchemy shares | | |
| 6,290,365 | 6,290,365 | Ordinary shares in AAPL issued to a Trust at 10 cents each for the purposes of community development. The Trust is consolidated | —* | —* |

* Less than R1,000,000.

Ordinary shares

3% of authorised but unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting.

Reconciliation of treasury shares

| | Number of shares |
|--|---------------------|
| Balance on 1 January | 978,316 |
| Acquisition of shares for employee share schemes | 287,229 |
| Shares vested in terms of employee share schemes | (411,433) |
| Balance at 31 December | 854,112 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended 31 December 2019

26. DEFERRED TAXATION

| | 2019 Rm | 2018 ¹ Rm |
|---|----------------|-------------------------|
| Opening balance | 8,238 | 7,455 |
| Released to the statement of comprehensive income (note 10) | 2,895 | 821 |
| Charged directly to equity | 20 | (37) |
| Other | (33) | (1) |
| Acquisition of Mototolo JV ¹ | — | — |
| Closing balance | 11,120 | 8,238 |
| Comprising: | | |
| Deferred taxation liabilities | 12,838 | 9,700 |
| Mining property, plant and equipment ¹ | 12,152 | 9,042 |
| Other | 686 | 658 |
| Deferred taxation assets | (1,718) | (1,462) |
| Unrealised loss on metal inventory | (420) | (290) |
| Net deferred considerations on acquisition/disposal of businesses | (345) | (424) |
| Accrual for leave pay | (280) | (249) |
| Environmental liabilities | (195) | (227) |
| Bonus provision | (184) | (139) |
| Other provisions | (155) | — |
| Other | (105) | (101) |
| Share-based payment provision | (27) | (26) |
| Post-retirement medical aid benefits | (7) | (6) |
| Net position as at 31 December | 11,120 | 8,238 |

¹ Restated. Refer to note 45.

Unrecognised tax losses, capital in nature, at 31 December 2019 amounted to R10,051 million (2018: R4,834 million).

Unki has retained earnings of R2.7 billion (2018: R1.8 billion) that would attract withholding tax of 14.5% if it were to be distributed as at 31 December 2019.

27. ENVIRONMENTAL OBLIGATIONS

| | 2019 Rm | 2018 Rm |
|---|--------------------|------------|
| Provision for decommissioning cost | 653 | 795 |
| Opening balance | 795 | 910 |
| Charged to interest expensed (note 8) | 102 | 29 |
| Reduction in discounted amount for decommissioning of expansion projects | (235) | (60) |
| Increase/(reduction) in decommissioning asset (note 13) | (7) | 12 |
| Foreign currency translation differences | (2) | 11 |
| Acquisition of Mototolo JV | — | 27 |
| Disposal of Union Mine | — | (134) |
| Provision for restoration cost | 1,245 | 1,130 |
| Opening balance | 1,130 | 984 |
| Charged to interest expensed (note 8) | 92 | 94 |
| Discounted amount for increase in restoration obligation charged to the statement of comprehensive income | 25 | 69 |
| Foreign currency translation differences | (1) | 9 |
| Acquisition of Mototolo JV | — | 41 |
| Disposal of Union Mine | — | (67) |
| Environmental obligations before funding | 1,898 | 1,925 |
| Less: Environmental trusts (note 17) | (798) | (1,183) |
| Unfunded environmental obligations | 1,100 | 742 |
| Real pretax risk-free discount rate (South African rand) | 4.00% | 4.00% |
| Real pretax risk-free discount rate (US dollar) | 1.50% | 2.00% |
| Undiscounted amount of environmental obligations in real terms | 6,268 | 5,324 |

Refer to note 39 with respect to details on guarantees provided to the Department of Mineral Resources in this regard.

During the annual review of environmental liabilities, the discount periods of certain operations were revised to align with revised life of mine plans. This resulted in an overall increase in discounting period for the purposes of determining the group's environmental obligations. This was accounted for as a change in accounting estimate and therefore adjusted prospectively, reducing the obligation at year end by R303 million.

As this comprised a change in the timing of the rehabilitation of related assets, the decrease was first recognised as a reduction in the related decommissioning asset in terms of IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*. This resulted in a decrease in the decommissioning asset of R7 million to reduce it to a Rnil balance. The remainder of the reduction was recognised in profit or loss.

This is a once-off adjustment and it does not impact the future periods, except for the future depreciation on relevant decommissioning asset being Rnil, giving rise to an increased future gross profit on metal sales and operating profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. ENVIRONMENTAL OBLIGATIONS CONTINUED

Sensitivity analysis on environmental obligations

Assumed expected cash flows, discount rates and life of mine have a significant impact on the amounts recognised in the statement of financial position and statement of comprehensive income. A 10% change in expected cash flows, five-year change in the expected life of mine and a 0.50% change in the discount rates would have the following impact:

| | Profit or loss | | Decommissioning asset | | Environmental obligations | |
|-----------------------------------|----------------|------------|-----------------------|------------|---------------------------|------------|
| | 2019 Rm | 2018 Rm | 2019 Rm | 2018 Rm | 2019 Rm | 2018 Rm |
| 10% change in expected cash flows | | | | | | |
| Reduction | 151 | 163 | 42 | 35 | 193 | 198 |
| Increase | 143 | 170 | 50 | 18 | 193 | 188 |
| 0.5% change in discount rates | | | | | | |
| Reduction | 276 | 250 | 2 | 10 | 277 | 260 |
| Increase | 232 | 213 | 2 | 8 | 234 | 221 |
| Five-year change in life of mine | | | | | | |
| Reduction | 286 | 228 | 102 | 21 | 388 | 249 |
| Increase | 265 | 180 | 56 | 15 | 321 | 195 |

28. OTHER FINANCIAL LIABILITIES

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Financial liabilities carried at fair value | | |
| Deferred consideration payable on sale of Mototolo JV | 924 | 762 |
| Non-current | 924 | 762 |
| Financial liabilities carried at amortised cost | | |
| Platinum Producers' Environmental Trust (PPET) payable to Siyanda and Sibanye ¹ | — | 461 |
| Financial liabilities carried at fair value | | |
| Deferred consideration payable on acquisition of Mototolo JV | 592 | 176 |
| Fair value of derivatives | 17 | 2 |
| Current | 609 | 639 |
| Total other financial liabilities | 1,533 | 1,401 |

¹ Comprises PPET investment balances attributable to Rustenburg Mine and Union Mine. These were transferred to Siyanda and Sibanye during 2019.

29. LEASE LIABILITIES

The group holds leases, under IFRS 16, at its various operations with various lease terms. These are disclosed as follows, with the increase due to the adoption of IFRS 16.

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Lease liabilities ¹ | 568 | 117 |
| Less: Short-term portion included in current liabilities | (164) | (17) |
| Long-term portion included in non-current liabilities | 404 | 100 |

Reconciliation of future minimum lease payments

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|------------------------|------------|---|------------|
| | 2019 Rm | 2018 Rm | 2019 Rm | 2018 Rm |
| Due within one year | 156 | 19 | 164 | 17 |
| Due within two to five years | 492 | 89 | 356 | 52 |
| More than five years | 1,240 | 202 | 48 | 48 |
| | 1,888 | 310 | 568 | 117 |
| Less: Future finance charges | (1,320) | (193) | — | — |
| Present value of minimum lease payments | 568 | 117 | 568 | 117 |

¹ The corresponding right-of-use assets and the movement thereof are disclosed in Annexure A.

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30. INTEREST-BEARING BORROWINGS

| | 2019 Facility amount Rm | 2019 Utilised amount Rm | 2018 Facility amount Rm | 2018 Utilised amount Rm |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| The group has the following borrowing facilities: | | | | |
| Committed facilities | 20,540 | 323 | 20,499 | 6,078 |
| ABSA Bank Limited | 1,600 | — | 1,600 | — |
| Anglo American SA Finance Limited | 9,100 | — | 9,100 | 5,536 |
| BNP Paribas | 1,000 | — | 1,000 | — |
| FirstRand Bank Limited | 2,657 | — | 2,657 | — |
| Nedbank Limited | 3,623 | 223 | 3,662 | 262 |
| Rand Merchant Bank | 360 | 100 | 280 | 280 |
| Standard Bank of South Africa Limited | 2,200 | — | 2,200 | — |
| Uncommitted facilities | 6,403 | — | 6,438 | 89 |
| Anglo American SA Finance Limited | 5,000 | — | 5,000 | 89 |
| Bank of Nova Scotia | 561 | — | 575 | — |
| Nedbank London [#] | 842 | — | 863 | — |
| Total interest-bearing borrowings | 26,943 | 323 | 26,937 | 6,167 |
| Current interest-bearing borrowings | | 42 | | 129 |
| Non-current interest-bearing borrowings | | 281 | | 6,038 |
| | | 323 | | 6,167 |
| Weighted average borrowing rate (%) | | 9.67 | | 8.69 |

[#] USD60 million uncommitted facility.

Borrowing powers

The borrowing powers in terms of the memorandum of incorporation of the holding company and its subsidiaries are unlimited. Committed facilities are defined as the bank's obligation to provide funding until maturity of the facility, by which time the renewal of the facility is negotiated.

An amount of R17,240 million (2018: R16,937 million) of the facilities is committed for one to five years; R1,000 million (2018: R1,000 million) is committed for a rolling period of 364 days; R2,300 million (2018: R2,300 million) is committed for a rolling period of 18 months. The company has adequate committed facilities to meet its future funding requirements.

Uncommitted facilities are callable on demand.

31. EMPLOYEE BENEFITS

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Employees' service benefit obligations (non-current) | | |
| Provision for post-retirement medical aid benefits | 19 | 15 |
| Share-based payments provision | — | — |
| Total | 69 | 29 |
| Less: Transferred to current liabilities | (69) | (29) |
| | 19 | 15 |
| Aggregate earnings | | |
| The aggregate earnings of employees including directors were: | | |
| Salaries and wages and other benefits | 11,678 | 10,481 |
| Retirement benefit costs | 702 | 790 |
| Medical aid contributions | 517 | 458 |
| Share-based compensation (note 6) | 257 | 195 |
| Equity-settled | 193 | 175 |
| Cash-settled | 40 | 9 |
| Cash payments | 24 | 11 |
| | 13,154 | 11,924 |
| Termination benefits | | |
| Voluntary separation costs (included in restructuring and other related costs) | 16 | 42 |
| Directors' emoluments | | |
| Remuneration for executives | | |
| Salaries, benefits, performance-related bonuses and other emoluments | 28 | 31 |
| Remuneration for non-executives | | |
| Fees | 11 | 9 |
| Paid by holding company and subsidiaries | 39 | 40 |
| Paid by subsidiaries | (28) | (31) |
| Paid by holding company | 11 | 9 |

Directors' remuneration is disclosed in Annexure E.

Equity compensation benefits

Annexure B provides details of share options and awards issued and exercised during the year by participants as well as the disclosures required by IFRS 2 *Share-based Payments*. The details pertaining to share options and awards issued to and exercised by directors during the year are disclosed in Annexure E.

Retirement funds

Separate funds, independent of the group, provide retirement and other benefits to all employees. These funds comprise defined contribution plans. All funds are subject to the Pension Funds Act, 1956. The Amplats Officials Pension Fund, the Amplats Employees Pension Fund and the MRR Pension Fund are in the process of being wound up.

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31. EMPLOYEE BENEFITS CONTINUED**Defined contribution plans**

Contributions are made to the following defined contribution plans:

| | Number of members | Employer contributions Rm | Market value of fund assets Rm |
|------------------------------|-------------------|---------------------------|--------------------------------|
| 2019 | | | |
| Old Mutual SuperFund | 15,254 | 551 | 9,264 |
| Amplats Group Provident Fund | 12,559 | 410 | 386 |
| | 27,813 | 961 | 9,650 |
| 2018 | | | |
| Old Mutual SuperFund | 15,783 | 486 | 8,462 |
| Amplats Group Provident Fund | 13,215 | 239 | 2,847 |
| | 28,998 | 725 | 11,309 |

32. TRADE AND OTHER PAYABLES

| | 2019 Rm | 2018 Rm |
|-----------------------------------|---------------|---------------|
| Trade accounts | 11,761 | 12,108 |
| Purchase of concentrate liability | 8,722 | 9,703 |
| Other | 3,019 | 2,382 |
| Related parties (note 34) | 20 | 23 |
| Other accounts payable | 4,485 | 3,539 |
| | 16,246 | 15,647 |

The fair value of accounts payable are not materially different to the carrying values presented due to the short term to maturity.

33. OTHER LIABILITIES

| | 2019 Rm | 2018 Rm |
|--|---------------|--------------|
| Contract liability ¹ | 9,356 | 6,127 |
| Accrual for leave pay | 1,037 | 921 |
| Liabilities for the return of metal ² | — | 211 |
| Other accruals ³ | 913 | 1,164 |
| | 11,306 | 8,423 |

¹ The contract liability represents a payment in advance for metal to be delivered in six months' time. An amount is received monthly on a rolling six-month basis over five years of the contract ending in March 2023. US dollar cash and cash equivalents are held as a hedging instrument in respect of the foreign exchange risk of this liability, which is denominated in US dollars. The entity measures hedge effectiveness based on the movements in foreign exchange rates applied to the nominal amounts of the cash and cash equivalents and the contract liability. No hedge ineffectiveness is expected. Historically, foreign exchange risk represented all of the fair value movements in this liability. The nominal amounts of the contract liability and the cash and cash equivalents designated as a hedging instrument is \$667 million as at 31 December 2019. The contract liability included R389 million of re-measurements due to hedged foreign exchange differences.

² Liabilities for the return of metal comprise provisions arising from metal leasing transactions, the best estimate of which is determined with reference to the spot metal price at the end of the reporting period applied to the ounces of metal obtained under such leasing arrangements.

³ Includes a provision of R470 million (2018: R470 million) in respect of disputes with counterparties in sale and purchase agreements. Further disclosure is not provided because it would be seriously commercially prejudicial.

| | 2019 Rm | 2018 Rm |
|--|--------------|--------------|
| Reconciliation of contract liabilities | | |
| Prepayment received | 26,203 | 13,515 |
| Carrying amount at beginning of period | 6,127 | 4,623 |
| Top up reclassification | 13 | (13) |
| Foreign exchange differences | (466) | 561 |
| Delivery of metal | (22,521) | (12,559) |
| Carrying amount at end of period | 9,356 | 6,127 |

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34. RELATED PARTY TRANSACTIONS

The company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase, service and lease transactions with Anglo American South Africa Investments Proprietary Limited (parent company) and the ultimate holding company (Anglo American plc), their subsidiaries, joint arrangements and associates, as well as transactions with the group's associates. Certain deposits and borrowings are also placed with subsidiaries of the holding company. The group participates in the Anglo American plc insurance programme. Material related party transactions with subsidiaries and associates of Anglo American plc and the group's associates (as set out in note 18) and not disclosed elsewhere in the notes to the financial statements are as follows:

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Deposits ¹ | 16,783 | 7,969 |
| Purchase of goods and services from Anglo American plc ¹ | 1,201 | 899 |
| Corporate costs | 133 | 110 |
| Enterprise development | 13 | — |
| Information management | 185 | 138 |
| Office costs | 38 | 35 |
| Research | 83 | 90 |
| Routine analysis (sample testing) | 55 | 41 |
| Shared services | 97 | 91 |
| Supply chain | 91 | 60 |
| Technical and sustainability | 506 | 334 |
| Insurance paid for the year ¹ | 431 | 449 |
| Interest paid for the year ¹ | 376 | 757 |
| Interest received for the year ¹ | 253 | 158 |
| Compensation paid to key management personnel ² | 123 | 98 |
| Insurance received for the year ¹ | 40 | 490 |
| Commitment fees paid for the year ¹ | 37 | 5 |
| Commitment fees owed to related parties ¹ | 32 | 5 |
| Purchase of goods and services for the year from associates | — | 4,660 |
| Interest-bearing borrowings (including interest accrued) ¹ | — | 5,587 |
| Amounts owed to related parties (note 32) | 20 | 23 |
| Associates | — | — |
| Anglo American plc and its subsidiaries | 20 | 23 |

Trade payables

Trade payables are settled on commercial terms.

Deposits

Deposits earn interest at market-related rates and are repayable on maturity.

Interest-bearing borrowings

Interest-bearing borrowings bear interest at market-related rates and are repayable on maturity.

Directors

Refer Annexure E.

Key management personnel

Refer Annexure E.

Shareholders

The principal shareholders of the company are detailed in note 42.

¹ Anglo American plc and its subsidiaries.

² 2018 has been restated to include the IFRS 2 charge for the year.

35. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | Notes | 2019 Rm | 2018 ¹ Rm |
|---|-------|------------|-------------------------|
| Profit before taxation | | 25,305 | 9,719 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5 | 4,454 | 4,168 |
| Interest expensed | 8 | 378 | 617 |
| Gains on remeasurement of other financial assets and liabilities | 8 | (248) | (931) |
| Interest received | 8 | (342) | (259) |
| Net equity-settled share-based payments charge to reserves | 6 | 257 | 195 |
| Time value of money adjustment to environmental obligations | 8 | 194 | 123 |
| Cash payment on vesting of cash-settled share based payments | | (71) | (12) |
| Other remeasurements | | (90) | — |
| Impairment of non-current financial assets | | 80 | 276 |
| Losses from associates | 18 | 56 | 15 |
| Losses from joint venture | 18 | 52 | 25 |
| Fair value adjustment on other financial assets and liabilities | | (4) | — |
| Other movements | | — | 14 |
| Growth in environmental trusts | 8 | (7) | (6) |
| Foreign translation losses/(gains) | | (77) | (10) |
| Gain on step acquisition | | — | (396) |
| Impairment of investment in associates | 18 | — | 1,138 |
| Loss on impairment, disposal and scrapping of property, plant and equipment | | 170 | 863 |
| Profit on disposal of associates | | — | (239) |
| | | 30,107 | 15,300 |
| Movement in non-cash items | | (208) | 67 |
| Increase in provision for environmental obligations | | (210) | 69 |
| Increase in employees' service benefit obligations | | 2 | (2) |
| Working capital changes | | 2,317 | 2,593 |
| Increase in other liabilities | | 3,872 | 2,277 |
| Increase in metal inventories | | (911) | (3,541) |
| (Decrease)/increase in trade and other payables | | (361) | 3,941 |
| Increase in other assets | | (135) | (184) |
| (Increase)/decrease in trade and other receivables | | (275) | 634 |
| Decrease/(increase) in ore stockpiles | | 137 | (495) |
| Increase in stores and materials | | (50) | (47) |
| Increase in share-based payment provision | | 40 | 8 |
| Cash generated from operations | | 32,216 | 17,960 |

¹ Restated. Refer to note 45.

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36. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | | Cash flows | | Non-cash changes | | |
|---|-----------------|-------------|---------------|------------------|------------|-----------------|
| | Opening balance | Repay-ments | Interest paid | Interest accrued | New leases | Closing balance |
| 2019 | | | | | | |
| Interest-bearing borrowings | 6,167 | (5,793) | (355) | 304 | — | 323 |
| Lease liabilities | 117 | (67) | (74) | 43 | 550 | 568 |
| Total liabilities from financing activities | 6,284 | (5,860) | (429) | 347 | 550 | 891 |
| 2018 | | | | | | |
| Interest-bearing borrowings | 11,075 | (4,889) | (608) | 589 | — | 6,167 |
| Lease liabilities | 115 | (18) | (1) | 21 | — | 117 |
| Total liabilities from financing activities | 11,190 | (4,907) | (609) | 610 | — | 6,284 |

37. TAXATION PAID

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Amount receivable at beginning of year | (379) | (469) |
| Current taxation provided (note 10) | 3,841 | 1,819 |
| Foreign exchange differences | (17) | 42 |
| Amount (payable)/receivable at end of the year | (96) | 379 |
| Payments made | 3,349 | 1,771 |

38. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | 2019 Rm | 2018 Rm |
|---|--------------|--------------|
| Additions to capital work-in-progress (note 14) | 8,107 | 6,752 |
| Additions to plant and equipment (note 13) | 1,220 | 274 |
| Acquisition of Mototolo JV (note 14) | — | 436 |
| Total additions | 9,328 | 7,462 |
| Right of use assets | (486) | — |
| Non-cash additions | (242) | (62) |
| Acquisition of Mototolo JV (note 14) | — | (436) |
| Cash purchases | 8,600 | 6,964 |
| Total additions are made up as follows: | | |
| Stay-in-business | 5,243 | 4,189 |
| Waste stripping | 2,062 | 1,548 |
| Projects | 1,807 | 982 |
| Interest capitalised (note 8) | 216 | 307 |
| Acquisition of Mototolo JV (note 14) | — | 436 |
| | 9,328 | 7,462 |

39. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Property, plant and equipment | | |
| Contracted for | 2,207 | 1,580 |
| Not yet contracted for | 2,785 | 3,123 |
| Authorised by the directors | 4,992 | 4,703 |
| Project capital | 1,572 | 1,324 |
| – Within one year | 773 | 875 |
| – Thereafter | 799 | 449 |
| Stay-in-business capital | 3,420 | 3,378 |
| – Within one year | 2,166 | 3,138 |
| – Thereafter | 1,254 | 240 |
| Capital commitments relating to the group's share in associates | | |
| Contracted for | — | — |
| Not yet contracted for | — | — |
| Other | | |
| Operating lease rentals – buildings and equipment ¹ | — | 1,658 |
| Due within one year | — | 67 |
| Due within two to five years | — | 331 |
| Due after five years | — | 1,260 |

¹ IFRS 16 came into effect on 1 January 2019 and as a result no operating leases exist after this date.

The group has a commitment to fund the care and maintenance costs of its associate, Bokoni Mine, in 2020 for an amount of R220 million. This funding is contingent on the group's financial director reviewing the costs to ensure they are for approved care and maintenance costs before they are paid over to Bokoni. 51% of the committed funding is accounted for as a loan to Plateau Resources when the funds are paid to Bokoni.

Contingent liabilities

Letters of comfort have been issued to financial institutions to cover banking facilities. There are no encumbrances of group assets.

The group is the subject of various legal claims, which are individually immaterial and are not expected, in aggregate, to result in material losses.

The group has, in the case of some of its mines, provided the Department of Mineral Resources with guarantees that cover the difference between closure cost and amounts held in the environmental trusts. At 31 December 2019, these guarantees amounted to R2,973 million (2018: R2,598 million). Refer to note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

40. FINANCIAL INSTRUMENTS

Capital risk management

The capital structure of the group consists of debt, which includes interest-bearing borrowings disclosed under note 27, cash and cash equivalents and equity attributable to equity holders of the parent company, which comprises issued share capital and premium and accumulated profits disclosed in the consolidated statement of changes in equity.

The group's capital management objective is to safeguard the group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and continue as a going concern while achieving an optimal weighted average cost of capital.

The policy of the group is to achieve sufficient gearing so as to have an optimal weighted average cost of capital while also ensuring that at all times its creditworthiness is maintained.

The targeted level of gearing is determined after consideration of the following key factors:

- Current and forecast metal prices and exchange rates and their impact upon revenue and gearing under various scenarios
- The needs of the group to fund current and future capital expenditure
- The desire of the group to maintain its gearing within levels considered to be acceptable and consistent with a suitable credit standing, taking into account potential business volatility and position of the group in the business cycle.

On an annual basis the group updates its long-term business plan. These outputs are then incorporated into the budget process.

Should the group have excess capital, the group will consider returning this to shareholders (through dividends or share buybacks, whichever may be appropriate at the time). Alternatively, if additional capital is required, the group will look to source this from either the debt markets or from shareholders, whichever is most appropriate at the time so as to meet its policy objectives and based on market circumstances.

These decisions are evaluated by the group's corporate finance and treasury departments, before being approved by the Executive Committee and board, where required.

The group has entered into a number of debt facilities that dictate certain requirements in respect of capital management.

These covenants are a key consideration when the capital management strategies of the group are evaluated and include:

- Maximum net debt/tangible net worth ratios
- Maximum tangible net worth values
- An undertaking not to exceed a maximum value of guarantees, excluding guarantees provided to the Department of Mineral Resources.

The group has complied with these requirements. The group's overall strategy remains unchanged.

Significant accounting policies

Details of significant accounting policies, including the recognition criteria, the basis for measurement and the basis on which income and expenses are recognised, in respect of each category of financial asset, financial liability and equity instrument are disclosed under the note on accounting policies. Refer Annexure D.

40. FINANCIAL INSTRUMENTS CONTINUED

Categories of financial instruments

| | Amortised cost Rm | FVTPL Rm | FVTOCI Rm | Total Rm | Fair value Rm |
|--|-------------------------|--------------|--------------|---------------|------------------|
| 2019 | | | | | |
| Financial assets | | | | | |
| Investments held by environmental trusts | — | 798 | — | 798 | 798 |
| Other financial assets | 168 | 4,278 | 644 | 5,090 | 5,090 |
| Trade and other receivables | 1,685 | — | — | 1,685 | 1,685 |
| Cash and cash equivalents | 18,546 | — | — | 18,546 | 18,546 |
| | 20,399 | 5,076 | 644 | 26,119 | 26,119 |
| 2018 | | | | | |
| Financial assets | | | | | |
| Investments held by environmental trusts | — | 1,183 | — | 1,183 | 1,183 |
| Other financial assets | 368 | 3,701 | 316 | 4,385 | 4,385 |
| Trade and other receivables | 1,607 | — | — | 1,607 | 1,607 |
| Cash and cash equivalents | 9,541 | — | — | 9,541 | 9,541 |
| | 11,516 | 4,884 | 316 | 16,716 | 16,716 |

| | FVTPL Rm | Amortised cost Rm | Total Rm | Fair value Rm |
|---|-----------------|-------------------------|-----------------|------------------|
| 2019 | | | | |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | — | (281) | (281) | (281) |
| Non-current lease liabilities | — | (404) | (404) | (404) |
| Current interest-bearing borrowings | — | (42) | (42) | (42) |
| Current lease liabilities | — | (164) | (164) | (164) |
| Trade and other payables | (8,722) | (7,524) | (16,246) | (16,246) |
| Other financial liabilities | (1,533) | — | (1,533) | (1,533) |
| | (10,255) | (8,415) | (18,670) | (18,670) |
| 2018 | | | | |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | — | (6,038) | (6,038) | (6,038) |
| Non-current lease liabilities | — | (100) | (100) | (100) |
| Current interest-bearing borrowings | — | (129) | (129) | (129) |
| Current lease liabilities | — | (17) | (17) | (17) |
| Trade and other payables | (9,703) | (5,944) | (15,647) | (15,647) |
| Other financial liabilities | (940) | (461) | (1,401) | (1,401) |
| | (10,643) | (12,689) | (23,332) | (23,332) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. FINANCIAL INSTRUMENTS CONTINUED

Fair value disclosures

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into Levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

- Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities
- Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs
- Level 3 – fair value is determined on inputs not based on observable market data

| | 31 December 2019 | Fair value measurement 31 December 2019 | | |
|---|---------------------|--|----------------|----------------|
| | Rm | Level 1 Rm | Level 2 Rm | Level 3 Rm |
| Financial assets through profit or loss | | | | |
| Investments held by environmental trusts | 798 | 798 | — | — |
| Other financial assets | 4,278 | — | 19 | 4,259 |
| Equity investments irrevocably designated at FVTOCI | | | | |
| Other financial assets | 644 | 125 | — | 519 |
| Total | 5,720 | 923 | 19 | 4,778 |
| Financial liabilities through profit or loss | | | | |
| Trade and other payables* | (8,722) | — | (8,722) | — |
| Other financial liabilities | (1,533) | — | (17) | (1,516) |
| Non-financial liabilities at fair value through profit or loss | | | | |
| Liabilities for return of metal | — | — | — | — |
| Total | (10,255) | — | (8,739) | (1,516) |

| | 31 December 2018 | Fair value measurement 31 December 2018 | | |
|---|---------------------|--|----------------|---------------|
| | Rm | Level 1 Rm | Level 2 Rm | Level 3 Rm |
| Financial assets through profit or loss | | | | |
| Investments held by environmental trusts | 1,183 | 1,183 | — | — |
| Other financial assets | 3,701 | — | 11 | 3,690 |
| Equity investments irrevocably designated at FVTOCI | | | | |
| Other financial assets | 316 | 119 | — | 197 |
| Total | 5,200 | 1,302 | 11 | 3,887 |
| Financial liabilities through profit or loss | | | | |
| Trade and other payables* | (9,703) | — | (9,703) | — |
| Other financial liabilities | (940) | — | (2) | (938) |
| Non-financial liabilities at fair value through profit or loss | | | | |
| Liabilities for return of metal | (211) | — | (211) | — |
| Total | (10,854) | — | (9,916) | (938) |

* Represents payables under purchase of concentrate agreements.

There were no transfers between the levels during the year.

40. FINANCIAL INSTRUMENTS CONTINUED

Valuation techniques used to derive Level 2 fair values

Level 2 fair values for other financial liabilities relate specifically to forward foreign exchange contracts and fixed price commodity contracts.

The valuation of forward foreign exchange contracts is a function of the ZAR:USD exchange rate at balance sheet date and the forward exchange rate that was fixed as per the forward foreign exchange rate contract. Fixed price commodity contracts are valued with reference to relevant quoted commodity prices at period end.

Level 2 fair values for trade and other payables relate specifically to purchase of concentrate trade creditors which are priced in US dollar. The settlement of these purchase of concentrate trade creditors takes place on average three to four months after the purchase has taken place. The fair value is a function of the expected ZAR:USD exchange rate and the metal prices at the time of settlement. The Level 2 fair value of liabilities for the return of metal is determined by multiplying the quantities of metal under open leases by the relevant commodity prices and ZAR:USD exchange rates.

Level 3 fair value measurement of financial assets and financial liabilities at fair value

The Level 3 fair value of other financial assets comprises investment in unlisted companies Ballard Power Systems, SA SME fund and Primus Power. These investments are irrevocably designated as at fair value through other comprehensive income per IFRS 9 *Financial Instruments* and, the deferred consideration on the disposal of the Rustenburg Mine, Pandora Joint Venture and BRPM which are classified as financial assets at fair value through profit or loss. The fair values are based on unobservable market data, and estimated with reference to recent third-party transactions in the instruments of the company, or based on the underlying discounted cash flows expected.

The Level 3 fair value of other financial liabilities comprises the components of the deferred consideration on the acquisition of control in Mototolo business, which is classified as financial liabilities at fair value through profit or loss. The fair value is based on the underlying discounted cash flows expected.

Reconciliation of Level 3 fair value measurements of financial assets and liabilities at fair value

| | 2019 Other financial assets Rm | 2018 Other financial assets Rm | 2019 Other financial liabilities Rm | 2018 Other financial liabilities Rm |
|---|--|--|---|---|
| Opening balance | 3,887 | 2,330 | (938) | (543) |
| Remeasurements of deferred considerations through profit or loss* | 918 | 421 | (762) | 474 |
| Total (losses)/gains included in other comprehensive income | 279 | (150) | — | — |
| Foreign exchange translation | 42 | 85 | — | — |
| Payment (received)/made | (348) | (101) | 184 | 56 |
| Transfer to retained earning on disposal of investments at FVTOCI | — | 57 | — | — |
| BRPM deferred consideration | — | 1,529 | — | — |
| Acquisition of control in Mototolo Joint Operations | — | — | — | (925) |
| Investment in Primus Power convertible notes | — | 6 | — | — |
| Acquisition of investment in United Hydrogen Group Inc. | — | 15 | — | — |
| Investment in HyET Holding B.V. | — | 33 | — | — |
| Disposal of PGMIP investments | — | (338) | — | — |
| Closing balance | 4,778 | 3,887 | (1,516) | (938) |

* These are included in fair value remeasurements of other financial assets in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended 31 December 2019

40. FINANCIAL INSTRUMENTS CONTINUED

Level 3 fair value sensitivities

Assumed expected cash flows, discount rates and market prices of peer groups have a significant impact on the amounts recognised in the statement of comprehensive income. A 10% change in expected cash flows and a 0.5% change in the discount rates would have the following impact:

| | Financial assets | | Financial liabilities | |
|--|------------------|------------|-----------------------|------------|
| | 2019 Rm | 2018 Rm | 2019 Rm | 2018 Rm |
| 10% change in expected cash flows | | | | |
| Reduction to profit or loss | 51 | 39 | 34 | 8 |
| Increase to profit or loss | 51 | 39 | 24 | 8 |
| 0.5% change in discount rates | | | | |
| Reduction to profit or loss | 25 | 40 | 11 | 12 |
| Increase to profit or loss | 25 | 41 | 11 | 12 |
| 10% change in market price of peer groups | | | | |
| Reduction to OCI | 49 | 23 | — | — |
| Increase to OCI | 49 | 23 | — | — |

Financial risk management

The group trades in PGM financial instruments and in the normal course of its operations, the group is primarily exposed to currency, metal price, credit, interest rate, equity and liquidity risks. In order to manage these risks, the group may enter into transactions that make use of financial instruments. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures.

Managing risk in the group

The Executive Committee and the board of directors are responsible for risk management activities within the group. Overall limits have been set by the board, while the Executive Committee is responsible for setting individual limits. In order to ensure adherence to these limits, activities are marked to market on a daily basis and reported to the group treasury. The group treasury is responsible for monitoring currency, interest rate and liquidity risk within the limits and constraints set by the board. The marketing department is responsible for monitoring metal price risk, also within the limits and constraints set by the board.

40. FINANCIAL INSTRUMENTS CONTINUED

Currency risk

The carrying amount of the group's foreign currency-denominated monetary assets and liabilities at 31 December is as follows:

| | South African rand Rm | US dollar Rm | Other Rm | Total Rm |
|--|-----------------------|----------------|--------------|-----------------|
| 2019 | | | | |
| Financial assets | | | | |
| Investments held by environmental trusts | 798 | — | — | 798 |
| Other financial assets | 4,592 | 498 | — | 5,090 |
| Trade and other receivables | 832 | 796 | 58 | 1,686 |
| Cash and cash equivalents | 6,934 | 11,546 | 65 | 18,546 |
| | 13,156 | 12,840 | 123 | 26,120 |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | (281) | — | — | (281) |
| Non-current lease liabilities | (404) | — | — | (404) |
| Current interest-bearing borrowings | (42) | — | — | (42) |
| Current lease liabilities | (164) | — | — | (164) |
| Trade and other payables | (8,296) | (7,730) | (220) | (16,246) |
| Other financial liabilities | (1,516) | (17) | — | (1,533) |
| | (10,703) | (7,747) | (220) | (18,670) |
| | South African rand Rm | US dollar Rm | Other Rm | Total Rm |
| 2018 | | | | |
| Financial assets | | | | |
| Investments held by environmental trusts | 1,183 | — | — | 1,183 |
| Other financial assets | 4,177 | 208 | — | 4,385 |
| Trade and other receivables | 546 | 902 | 159 | 1,607 |
| Cash and cash equivalents | 1,136 | 8,121 | 284 | 9,541 |
| | 7,042 | 9,231 | 443 | 16,716 |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | (6,038) | — | — | (6,038) |
| Non-current lease liabilities | (100) | — | — | (100) |
| Current interest-bearing borrowings | (129) | — | — | (129) |
| Current lease liabilities | (17) | — | — | (17) |
| Trade and other payables | (6,407) | (9,065) | (175) | (15,647) |
| Other financial liabilities | (1,399) | (2) | — | (1,401) |
| | (14,090) | (9,067) | (175) | (23,332) |

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for the year ended 31 December 2019

40. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency sensitivity

The US dollar is the primary foreign currency to which the group is exposed. The following table indicates the group's sensitivity at year end to the indicated movements in the US dollar on financial instruments:

| | US dollar | |
|-----------------------|-----------------------|-----------------------|
| | Rm 10% increase | Rm 10% decrease |
| 2019 | | |
| (Loss)/profit | 496 | (496) |
| Financial assets | 1,293 | (1,293) |
| Financial liabilities | (797) | 797 |
| 2018 | | |
| (Loss)/profit | 31 | (31) |
| Financial assets | 956 | (956) |
| Financial liabilities | (925) | 925 |

Foreign exchange forward contracts

The group operates in the global business environment and many transactions are priced in a currency other than South African rand. Accordingly the group is exposed to the risk of fluctuating exchange rates and manages this exposure, when appropriate, through the use of financial instruments. These instruments typically comprise forward exchange contracts and options. Forward contracts are the primary instruments used to manage currency risk. Forward contracts require a future purchase or sale of foreign currency at a specified price.

Current policy prevents the use of option contracts without Executive Committee's approval. Options provide the group with the right but not the obligation to purchase (or sell) foreign currency at a predetermined price, on or before a future date. No foreign currency options were entered into during the year.

40. FINANCIAL INSTRUMENTS CONTINUED**Metal price risk**

Metal price risk arises from the risk of an adverse effect on current or future earnings or uncertainty resulting from fluctuations in metal prices. The ability to place forward contracts is restricted owing to the limited size of the financial market in PGMs. Financial markets in certain base metals are, however, well established. At the recommendation of the Executive Committee, the group may place contracts where opportunities present themselves to increase/reduce the exposure to metal price fluctuations. At times historically, the group has made use of forward contracts to manage this exposure. Forward contracts enable the group to obtain a predetermined price for delivery at a future date. No such contracts existed at year end.

The carrying amount of the group's financial assets and liabilities at balance sheet date that are subject to metal price risk is as follows:

| | Subject to metal price movements Rm | Not impacted by metal price movements Rm | Total Rm |
|------------------------------|-------------------------------------|--|----------|
| 2019 | | | |
| Financial assets | | | |
| Other financial assets | 2,420 | 2,670 | 5,090 |
| Financial liabilities | | | |
| Other financial liabilities | (1,516) | (17) | (1,533) |
| Trade and other payables | (8,722) | (7,524) | (16,246) |
| 2018 | | | |
| Financial assets | | | |
| Other financial assets | 2,144 | 2,241 | 4,385 |
| Financial liabilities | | | |
| Other financial liabilities | (938) | (463) | (1,401) |
| Trade and other payables | (9,703) | (5,944) | (15,647) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended 31 December 2019

40. FINANCIAL INSTRUMENTS CONTINUED

Metal price sensitivity

The group is exposed primarily to movements in platinum, palladium, rhodium and nickel prices. The following table indicates the group's sensitivity at year end to the indicated movements in metal prices on financial instruments. The rates of sensitivity represent management's assessment of the possible change in metal price movements for trade and other payables: The sensitivity of other financial assets and other financial liabilities to metal price risk is demonstrated through the sensitivity to the changes in expected cash flows in Level 3 fair value sensitivities.

| | 2019 | | 2018 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Rm 10% increase | Rm 10% decrease | Rm 10% increase | Rm 10% decrease |
| Platinum | | | | |
| (Loss)/profit | (188) | 188 | (277) | 277 |
| (Increase)/decrease in financial liabilities | (188) | 188 | (277) | 277 |
| Palladium | | | | |
| (Loss)/profit | (192) | 192 | (218) | 218 |
| (Increase)/decrease in financial liabilities | (192) | 192 | (218) | 218 |
| Rhodium | | | | |
| (Loss)/profit | (179) | 179 | (127) | 127 |
| (Increase)/decrease in financial liabilities | (179) | 179 | (127) | 127 |
| Nickel | | | | |
| (Loss)/profit | (22) | 22 | (20) | 20 |
| (Increase)/decrease in financial liabilities | (22) | 22 | (20) | 20 |

40. FINANCIAL INSTRUMENTS CONTINUED**Interest rate risk**

During the year, the group was in a net cash position, while still maintaining some surplus cash on deposit. The size of the group's position, be it either short cash or long cash, exposes it to interest rate risk. This risk is managed through the term structure utilised when placing deposits or taking out borrowings. Furthermore, when appropriate, the group may also cover these exposures by means of derivative financial instruments subject to the approval of the Executive Committee. During the period, the group did not use any forward rate agreements to manage this risk.

The carrying amount of the group's financial assets and liabilities at 31 December that are subject to interest rate risk is as follows:

| | Subject to interest rate movements | | Non-interest-bearing | Total |
|---|------------------------------------|-------------|----------------------|----------|
| | Fixed Rm | Floating Rm | Rm | Rm |
| 2019 | | | | |
| Financial assets | | | | |
| Investment held by environmental trusts | — | — | 798 | 798 |
| Other financial assets | — | — | 5,090 | 5,090 |
| Trade and other receivables | — | — | 1,685 | 1,685 |
| Cash and cash equivalents | — | 18,546 | — | 18,546 |
| | — | 18,546 | 7,573 | 26,119 |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | — | (281) | — | (281) |
| Non-current lease liabilities | (404) | — | — | (404) |
| Current interest-bearing borrowings | — | (42) | — | (42) |
| Current lease liabilities | (164) | — | — | (164) |
| Trade and other payables | — | — | (16,246) | (16,246) |
| Other current financial liabilities | — | — | (1,533) | (1,533) |
| | (568) | (323) | (17,779) | (18,670) |
| 2018 | | | | |
| Financial assets | | | | |
| Investment held by environmental trusts | — | — | 1,183 | 1,183 |
| Other financial assets | — | — | 4,385 | 4,385 |
| Trade and other receivables | — | — | 1,607 | 1,607 |
| Cash and cash equivalents | — | 9,541 | — | 9,541 |
| | — | 9,541 | 7,175 | 16,716 |
| Financial liabilities | | | | |
| Non-current interest-bearing borrowings | — | (6,038) | — | (6,038) |
| Non-current lease liabilities | (100) | — | — | (100) |
| Current interest-bearing borrowings | — | (129) | — | (129) |
| Current lease liabilities | (17) | — | — | (17) |
| Trade and other payables | — | — | (15,647) | (15,647) |
| Other current financial liabilities | — | — | (1,401) | (1,401) |
| | (117) | (6,167) | (17,048) | (23,332) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

40. FINANCIAL INSTRUMENTS CONTINUED

Interest rate sensitivity

The group is sensitive to the movements in the ZAR and US dollar interest rates which are the primary interest rates to which the group is exposed. If the ZAR interest rate decreased by 50 basis points (2018: 50 basis points) and the US dollar interest rate decreased by 50 basis points (2018: 50 basis points) at year end, then income for the year would have decreased by R58 million (2018 increase: R26 million) and decreased by R33 million (2018 decrease: R43 million) respectively.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. This risk is minimised through the holding of cash balances and sufficient available borrowing facilities (refer to note 26). In addition, detailed cash flow forecasts are regularly prepared and reviewed by group treasury. The cash needs of the group are managed according to its requirements.

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to repay the liability. The cash flows include both the principal and interest payments. The adjustment column includes the possible future cash flows attributable to the financial instrument which are not included in the carrying value of the financial liability at balance sheet date:

| | Weighted average effective interest rate % | Less than 12 months Rm | One to two years Rm | Two to five years Rm | Greater than five years Rm | Unearned finance charges Rm | Total Rm |
|--|--|------------------------|---------------------|----------------------|----------------------------|-----------------------------|----------|
| Non-derivative financial instruments 2019 | | | | | | | |
| Non-current interest-bearing borrowings | 9.67 | — | (115) | (217) | — | 51 | (281) |
| Non-current lease liabilities | 8.69 | — | (192) | (300) | (206) | 295 | (403) |
| Current interest-bearing borrowings | 9.67 | (60) | — | — | — | 18 | (42) |
| Current lease liabilities | 8.69 | (228) | — | — | — | 64 | (165) |
| Trade and other payables | n/a | (16,246) | — | — | — | — | (16,246) |
| Other financial liabilities | 8.06 | (598) | (335) | (794) | — | 211 | (1,516) |
| | | (17,132) | (642) | (1,311) | (206) | 639 | (18,653) |
| 2018 | | | | | | | |
| Non-current interest-bearing borrowings | 8.69 | — | (6,217) | (649) | (30) | 858 | (6,038) |
| Non-current lease liabilities | 17.74 | — | (20) | (69) | (202) | 191 | (100) |
| Current interest-bearing borrowings | 8.69 | (680) | — | — | — | 551 | (129) |
| Current lease liabilities | 17.74 | (19) | — | — | — | 2 | (17) |
| Trade and other payables | n/a | (15,647) | — | — | — | — | (15,647) |
| Other financial liabilities | 8.37 | (184) | (204) | (622) | (172) | 244 | (938) |
| | | (16,530) | (6,441) | (1,340) | (404) | 1,846 | (22,869) |
| Derivative financial instruments 2019 | | | | | | | |
| Other current financial assets | | 19 | — | — | — | — | 19 |
| Other current financial liabilities | n/a | (17) | — | — | — | — | (17) |
| 2018 | | | | | | | |
| Other current financial assets | | 11 | — | — | — | — | 11 |
| Other current financial liabilities | n/a | (2) | — | — | — | — | (2) |

The non-derivative other financial liabilities and trade and other payables are subject to metal price risk that could significantly impact the amounts paid in the various periods. The exposure to metal price risk is disclosed the metal price risk section of this note.

40. FINANCIAL INSTRUMENTS CONTINUED

Credit risk

Potential concentrations of credit risk consist primarily of short-term cash investments and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. The group minimises credit risk by ensuring that counterparties are banking institutions of the highest quality, that appropriate credit limits are in place for each counterparty and that short-term cash investments are spread among a number of different counterparties. Banking counterparty limits are reviewed annually by the board.

Trade accounts receivable involve primarily a small group of international companies. Therefore, a significant portion of the group's revenue and accounts receivable are from these major customers. The financial condition of these companies and the countries they operate in are reviewed annually by the Executive Committee. At 31 December 2019, no trade receivables were past due and not impaired.

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided:

| | Maximum credit risk | |
|--|----------------------------|------------|
| | 2019 Rm | 2018 Rm |
| Financial assets and other credit exposures | | |
| Investments held by environmental trusts | 798 | 1,183 |
| Other financial assets | 5,090 | 4,385 |
| Trade and other receivables | 1,686 | 1,607 |
| Cash and cash equivalents | 18,546 | 9,541 |
| | 26,120 | 16,716 |

In addition, the group has provided facilities/guarantees to certain third parties. Refer to note 39.

Market equity risk

The group has equity price risk on certain assets and liabilities. These financial instruments are held for strategic purposes and are managed on this basis.

| | 2019 Rm | 2018 Rm |
|---|--------------------|------------|
| Financial assets | | |
| Investment held by environmental trusts | 798 | 1,183 |
| Other financial assets | 645 | 316 |
| | 1,443 | 1,499 |

Equity price sensitivity

The group is sensitive to the movements in equity prices on certain listed shares on the JSE. If the equity prices had been 10% higher at year end, then income for the year would have increased by R63 million (2018: R49 million) and other comprehensive income would have increased by R60 million (2018: R30 million). If the equity prices had been 10% lower at year end, then income for the year would have decreased by R63 million (2018: R14 million) and other comprehensive income would have decreased by R60 million (2018: R30 million).

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41. IMPAIRMENT OF ASSETS AND INVESTMENTS

Equity investments in Atlatsa and Bokoni Holdco and associated loans

AAP no longer has a shareholding in Atlatsa in 2019 (2018: 22.76%) but still holds a 49% shareholding in Bokoni Holdco, which is equity accounted as an associate.

On 21 July 2017 Atlatsa Resources announced the placement of Bokoni Platinum Mine on care and maintenance, which was effected on 1 October 2017. AAP committed to support Bokoni while on care and maintenance until the end of December 2019. A total of R139 million was advanced during the year ended 31 December 2019.

All funding advanced has been impaired to the extent that it comprises a loan to Plateau for its 51% share of the funding requirements. The 49% effective shareholder contribution to Bokoni was capitalised to the investment. Equity-accounted losses were applied thereto.

Bokoni

R68 million (49%) of the care and maintenance funding was capitalised to the investment in Bokoni and equity-accounted losses to the same value were applied against this amount. The equity-accounted losses impact headline earnings.

Atlatsa

R71 million (51%) of the care and maintenance funding for 2019 was capitalised as a loan to Atlatsa. R54 million hereof was impaired leaving a carrying value of R241 million which was recovered through the acquisition of the Kwanda North and Central Block prospecting rights for R541 million (refer to note 46).

42. ANALYSIS OF SHAREHOLDERS

An analysis of the share register at year end showed the following:

Ordinary shares

| | 2019 | | 2018 | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | Number of shareholders | % of issued capital | Number of shareholders | % of issued capital |
| Size of shareholding | | | | |
| 1 – 1,000 | 9,833 | 0.43 | 10,026 | 0.48 |
| 1,001 – 10,000 | 969 | 1.24 | 1,014 | 1.26 |
| 10,001 – 100,000 | 320 | 3.70 | 303 | 3.67 |
| 100,001 – 1,000,000 | 75 | 7.05 | 85 | 7.27 |
| 1,000,001 – and over | 13 | 87.58 | 11 | 87.32 |
| | 11,210 | 100.00 | 11,439 | 100.00 |
| Category of shareholder | | | | |
| Bank, nominee and finance companies | 404 | 9.57 | 399 | 10.24 |
| Companies | 246 | 77.71 | 256 | 77.73 |
| Individuals | 8,715 | 0.62 | 9,009 | 0.74 |
| Insurance companies | 54 | 0.87 | 59 | 0.71 |
| Pension and provident funds | 302 | 4.86 | 282 | 4.62 |
| Trust funds and investment companies | 1,390 | 6.27 | 1,320 | 5.82 |
| Other corporate bodies | 99 | 0.10 | 114 | 0.14 |
| | 11,210 | 100.00 | 11,439 | 100.00 |
| Shareholder spread | | | | |
| Public shareholders | 11,203 | 22.39 | 11,436 | 22.42 |
| Non-public shareholders | | | | |
| Directors and associates | 6 | — | 2 | 0.01 |
| Persons interested, directly or indirectly, in 10% or more | 1 | 77.61 | 1 | 77.57 |
| | 11,210 | 100.00 | 11,439 | 100.00 |

Major shareholder

According to the company's share register at year end, the following shareholders held shares equal to or in excess of 5% of the issued ordinary share capital of the company:

| | Number of shares | % | Number of shares | % |
|---|---------------------|-------|---------------------|-------|
| Anglo American South Africa Investments Proprietary Limited | 208,417,151 | 77.28 | 208,417,151 | 77.56 |

Geographical analysis of shareholders

Resident shareholders held 241,971,698 shares (89.72%) (2018: 240,491,873; 89.50%) and non-resident shareholders held 27,710,188 shares (10.28%) (2018: 28,211,697; 10.50%) of the company's issued ordinary share capital of 268,827,774 shares at 31 December 2019 (2018: 268,703,570).

The treasury shares of 854,112 (2018: 978,316) held in terms of the Bonus Share Plan and other schemes, have been excluded from the shareholder analysis. The shareholder details above include the shares issued by the company in respect of the community economic empowerment transaction.

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43. CHANGES IN ACCOUNTING POLICIES

IFRS 16

The group adopted IFRS 16 *Leases* on 1 January 2019, using a modified retrospective approach whereby the comparative impact was recognised in retained earnings. This resulted in an increase in property, plant and equipment (right-of-use asset) of R491 million, in financial liabilities (lease liability) of R593 million and a decrease in retained earnings of R136 million.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The impact of the adoption of IFRS 16 on the group's consolidated financial statements is described below.

The group has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

The group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the group has elected to apply the low-value lease recognition exemption. The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 8.69%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

| | Rm |
|---|------------|
| Operating lease commitments at 31 December 2018 | 1,658 |
| Effect of discounting the above amounts | (1,182) |
| Finance lease liabilities recognised under IAS 17 at 31 December 2018 | 117 |
| Lease liabilities recognised at 1 January 2019 | 593 |

44. CHANGES IN ACCOUNTING ESTIMATES

Change in estimate of quantities of inventory

Inventory

During the current period, the group changed its estimate of the quantities of inventory based on the outcome of a physical count of in-process metals. The group runs a theoretical metal inventory system based on inputs, the results of previous counts and outputs. Due to the nature of in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place once per annum, except in the Precious Metal Refinery, where the physical count is usually conducted every three years. The Precious Metals Refinery physical count was conducted in 2020.

This change in estimate has had the effect of increasing the value of inventory disclosed in the financial statements by R961 million (31 December 2018: decrease of R485 million). This results in the recognition of an after tax gain of R692 million (31 December 2018: after tax loss of R349 million).

45. BUSINESS COMBINATION

In 2018, AAP signed a binding SPA to acquire Glencore's 40% in the unincorporated Mototolo Mine joint venture (JV) which increased its interest to 90%, structured in two phases, which can be completed independently of one another. AAP held an existing interest of 50% in the JV.

Phase 1 for the acquisition of 40% of the business was subject to Competition Commission approval, which was granted and therefore, became unconditional on 1 November 2018. Phase 2 for the transfer of Glencore's Thornclyff mining right requires DMR section 102 approval.

Phase 1 of the transaction was completed on 1 November 2018, acquisition date, from which date AAP obtained control of the Mototolo Mine and was therefore consolidated for two months ended 31 December 2018. On the acquisition date Kagiso, Glencore's BEE partner in Mototolo Mine, sold its 10% interest in Mototolo Mine to AAP thereby granting AAP 100% ownership of the Mototolo Mine.

Mototolo Mine is engaged in mining operations and was acquired to continue the expansion of the group's operations in mining.

| | Rm |
|---|--------------|
| Consideration transferred | |
| Upfront cash payment | 1,278 |
| Glencore's 40% interest | 1,011 |
| Kagiso's 10% interest | 267 |
| Existing purchase of concentrate (POC) liability derecognised | (486) |
| Contingent deferred consideration | 925 |
| | 1,717 |

The consideration is made up of an upfront payment of R1,278 million (R267 million for Kagiso and R1,011 million for Glencore's interest) which was paid on 1 November 2018 and the remaining balance is paid monthly on a deferred basis over a period of 72 months in equal instalments of R12.6 million. The contingent deferred consideration is remeasured based on the actual PGM 4E prices realised from the effective date of the transaction to 31 December 2024, with resulting changes recognised in profit or loss and included in headline earnings. The maximum amount payable is limited to R22 billion. This is, however, unlikely to be reached as the PGM 4E prices will have to increase significantly. Refer to note 40 for sensitivity analysis of financial liabilities.

Acquisition-related costs to the value of R13 million were incurred, excluded from consideration transferred and recognised as an expense in profit or loss.

The purchase of concentrate liability, that was payable to Glencore for concentrate delivered to AAP, will not be required to be settled and therefore comprise a purchase price adjustment.

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for the year ended 31 December 2019

45. BUSINESS COMBINATION CONTINUED

| | Provisional Rm | Adjustment Rm | Final Rm |
|---|-------------------|------------------|--------------|
| Assets acquired and liabilities assumed on 1 November 2018 | | | |
| Non-current assets | 2,889 | 59 | 2,948 |
| Property, plant and equipment ¹ | 1,803 | (67) | 1,736 |
| Mining right | 121 | 126 | 247 |
| Capital work in progress | 893 | — | 893 |
| Environmental trust assets | 72 | — | 72 |
| Current assets | 130 | — | 130 |
| Trade and other receivables ² | 7 | — | 7 |
| Inventory | 123 | — | 123 |
| Total assets | 3,019 | 59 | 3,078 |
| Non-current liabilities | 136 | — | 136 |
| Environmental obligations | 136 | — | 136 |
| Current liabilities | 301 | — | 301 |
| Trade and other payables | 239 | — | 239 |
| Other liabilities | 62 | — | 62 |
| Total liabilities | 437 | — | 437 |
| Net assets | 2,582 | 59 | 2,641 |
| Property, plant and equipment as included in Annexure A is made up as follows: | | | |
| Mining infrastructure and development (including goodwill) | 1,192 | (290) | 902 |
| Plant and equipment (including chrome plant) | 484 | (3) | 481 |
| Land and buildings | 12 | (1) | 11 |
| Decommissioning asset | 5 | — | 5 |
| | 1,693 | (294) | 1,399 |

¹ Property, plant and equipment acquired includes the chrome plant with a fair value of R61 million purchased from Glencore. This is included in the business combination accounting because it was negotiated as part of the acquisition of the acquiree's business. The chrome plant will continue to be operated by Glencore at its own costs to obtain the chrome concentrate that was part of an existing chrome supply contract. A new chrome supply agreement was entered into on the same commercial terms until 31 December 2024, at the end of the life of the mining right related to the chrome business. The fair value of the mining right related to the chrome business has therefore taken into account the fact that the chrome business is not transferred to AAP.

² The receivables acquired (which primarily comprised trade receivables) in this transaction with a fair value of R7 million had a gross contractual amounts of R7 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected are Rnil.

45. BUSINESS COMBINATION CONTINUED

| | Provisional Rm | Adjustment Rm | Final Rm |
|--|-------------------|------------------|-------------|
| Fair value of the existing 50% interest in the JV | | | |
| Carrying value (50% of the net asset value before acquisition) | 924 | — | 924 |
| Fair value | 1,260 | 60 | 1,320 |
| Gain on existing shareholding recognised in profit or loss | 336 | 60 | 396 |
| Excess of consideration transferred over net asset acquired | | | |
| Consideration transferred | 1,717 | — | 1,717 |
| Plus: Fair value of the existing shareholding | 1,260 | 60 | 1,320 |
| | 2,977 | 60 | 3,037 |
| Less: Fair value of the identifiable assets and liabilities | (2,582) | (58) | (2,640) |
| Less: Deferred tax | (42) | 42 | — |
| Goodwill ⁴ | 353 | 44 | 397 |
| Net cash flows on acquisition of Mototolo Mine | | | |
| Consideration paid in cash | 1,717 | — | 1,717 |
| Less: cash and cash equivalents acquired | — | — | — |
| | 1,717 | — | 1,717 |

⁴ Goodwill represents synergies/improvements arising from the utilisation of the acquired Mototolo infrastructure to mine and process Der Brochen and other adjacent properties.

The following transaction is recognised separately from the business combination accounting:

AAP and Glencore had an existing chrome supply agreement that continues post the business combination on the same commercial terms to the end of December 2024. This is treated separately from the business combination accounting because it is not settled as part of the business combination. This transaction is accounted for in terms of IFRS 15 *Revenue from Contracts with Customers* with revenue recognised and presented in the statement of comprehensive income.

A reconciliation between property, plant and equipment assumed on 1 November and that included in Annexure A is as follows:

| | Provisional Rm | Adjustment Rm | Final Rm |
|---|-------------------|------------------|-------------|
| Assets acquired and liabilities assumed on 1 November 2018 | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,803 | (67) | 1,736 |
| Mining right | 121 | 126 | 247 |
| Less: Assets already included in property, plant and equipment before acquisition | (584) | — | (584) |
| Goodwill on acquisition | 353 | 44 | 397 |
| | 1,693 | 103 | 1,796 |
| Less: Goodwill disclosed separately | — | (397) | (397) |
| Property, plant and equipment included in Annexure A | 1,693 | (294) | 1,399 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2019

46. ACQUISITION AND DISPOSAL TRANSACTIONS

Bafokeng Rasimone Platinum Mine (BRPM)

On 4 July 2018 AAP signed a binding agreement to dispose of its 33% interest in the unincorporated BRPM joint venture to Royal Bafokeng Platinum (RBPlat) structured in two phases, which will be completed independently. Phase 1 is for the sale of AAP's 33% interest in BRPM. Shareholder and lender approvals were obtained and the capital raise by RBPlat was completed on 26 September 2018. Phase 2 is for the transfer of AAP's 33% interest in the mining rights, which required section 11 DMR approval and was obtained on 26 June 2019.

This phase of the transaction has no accounting implications as it was an equity accounted associate with no separate mining rights recognised in the group's accounts.

Acquisition of Kwanda North and Central Block rights

The group and Atlatsa completed the acquisition and inclusion of the resources specified in the Kwanda North and Central Block prospecting rights into Mogalakwena's mining right on 27 August 2019 for a total consideration of R541 million consisting of R300 million in cash and the waiving of a loan to Plateau of R241 million. Cash consideration consisted of R30 million for resources specified in Kwanda North and R270 million for Central Block prospecting rights. The loan to Plateau of R241 million was waived and capitalised to mining assets as part of the acquisition price for this transaction.

47. POST-BALANCE SHEET EVENTS

Settlement of BRPM deferred consideration

The group disposed of its 33% interest in Bafokeng Rasimone Platinum Mine (BRPM) to Royal Bafokeng Platinum (RBPlat) for a total purchase consideration of R1,863 billion, plus an additional R315 million for the repayment of RPM's contribution into the BRPM JV from date of signature. The upfront consideration of R555 million was settled on completion date (11 December 2018). The outstanding purchase consideration of R1.6 billion was deferred and left on loan account and escalated at RBPlat's borrowing rate plus a premium of 2%. The deferred consideration was to be paid in three equal tranches after 1.5 years, 2.5 years and 3.5 years from the completion date.

During October 2019, RBPlat entered into a gold streaming agreement with Triple Flag and stated their intention to utilise the proceeds to early settle the deferred consideration owed to the group. An amount of R1.85 billion was received on 30 January 2020 for the early settlement of the deferred consideration.

Dividend declared

A final dividend of R11.2 billion (R41.60 per share) for the year ended 31 December 2019 was declared after year end, payable on Monday, 9 March 2020 to shareholders recorded in the register at the close of business on Friday, 6 March 2020.

48. EXCHANGE RATES TO THE SOUTH AFRICAN RAND

| | 2019 R | 2018 R |
|-----------------------------------|-----------|-----------|
| Year-end rates | | |
| US dollar | 14.0254 | 14.3786 |
| British pound | 18.4326 | 18.3804 |
| Average rates for the year | | |
| US dollar | 14.4497 | 13.2464 |
| British pound | 18.4483 | 17.6851 |

ANNEXURES

for the year ended 31 December 2019

ANNEXURE A

Property, plant and equipment

| | 31 December 2019 | | | 31 December 2018 | | |
|--|------------------|-----------------------------------|--------------------------|------------------|-----------------------------------|--------------------------|
| | Cost Rm | Accumulated depreciation Rm | Carrying amount Rm | Cost Rm | Accumulated depreciation Rm | Carrying amount Rm |
| Owned and leased assets | | | | | | |
| Mining development and infrastructure ¹ | 33,215 | 9,808 | 23,407 | 31,354 | 9,559 | 21,795 |
| Plant and equipment ² | 42,374 | 27,065 | 15,309 | 38,945 | 25,203 | 13,742 |
| Land and buildings | 6,107 | 2,433 | 3,674 | 5,865 | 2,287 | 3,578 |
| Motor vehicles | 2,293 | 1,864 | 429 | 1,453 | 1,149 | 304 |
| Right of use assets ³ | 606 | 144 | 462 | — | — | — |
| Furniture, fittings and equipment | 424 | 302 | 122 | 378 | 244 | 134 |
| | 85,019 | 41,616 | 43,403 | 77,995 | 38,442 | 39,553 |
| Decommissioning asset | 194 | 93 | 101 | 205 | 50 | 155 |
| Note 13 | 85,213 | 41,709 | 43,504 | 78,200 | 38,492 | 39,708 |

The carrying amount of property, plant and equipment can be reconciled as follows:

| | Carrying amount at beginning of year Rm | Additions Rm | Reclassi- fications/ transfers Rm | Impair- ments, disposals and scrapping Rm | Depre- ciation Rm | Foreign currency translation differences Rm | Carrying amount at end of year Rm |
|--|---|-----------------|--|--|-------------------------|---|--|
| 2019 | | | | | | | |
| Owned and leased assets | | | | | | | |
| Mining development and infrastructure – owned ¹ | 21,795 | 3,306 | (460) | — | (1,265) | 31 | 23,407 |
| Plant and equipment – owned ² | 13,742 | 4,068 | 135 | (10) | (2,526) | (100) | 15,309 |
| Plant and equipment – leased ² | — | 358 | 92 | — | (93) | — | 357 |
| Land and buildings – owned | 3,578 | 250 | 51 | (20) | (197) | 12 | 3,674 |
| Land and buildings – leased | — | 127 | — | — | (22) | — | 105 |
| Motor vehicles | 304 | 194 | 182 | (7) | (246) | 2 | 429 |
| Furniture, fittings and equipment | 134 | 42 | — | 4 | (60) | 2 | 122 |
| | 39,553 | 8,345 | — | (33) | (4,409) | (53) | 43,403 |
| Decommissioning asset | 155 | (7) | — | — | (45) | (2) | 101 |
| Note 13 | 39,708 | 8,338 | — | (33) | (4,454) | (55) | 43,504 |
| 2018 | | | | | | | |
| Owned and leased assets | | | | | | | |
| Mining development and infrastructure | 19,715 | 3,363 | (718) | (5) | (865) | 305 | 21,795 |
| Plant and equipment ² | 12,947 | 3,053 | 329 | 6 | (2,842) | 249 | 13,742 |
| Land and buildings | 3,551 | 48 | 15 | (9) | (154) | 127 | 3,578 |
| Motor vehicles | 224 | 116 | 78 | — | (118) | 4 | 304 |
| Furniture, fittings and equipment | 16 | 15 | 296 | — | (193) | — | 134 |
| | 36,453 | 6,595 | — | (8) | (4,172) | 685 | 39,553 |
| Decommissioning asset | 144 | 13 | — | (13) | 4 | 7 | 155 |
| Note 13 | 36,597 | 6,608 | — | (21) | (4,168) | 692 | 39,708 |

¹ Includes exploration and evaluation assets. Refer to note 15 for balances and movements during the year.

² Included in plant and equipment is an energy recovery plant held by the group under finance lease. Refer note 29. The carrying amount of the plant at 31 December 2019 was R84 million (2018: R99 million). As of 2019, this energy recovery plant has been disclosed as a right-of-use asset in terms of IFRS 16.

³ The corresponding lease liabilities and the movements thereof are included in note 29.

ANNEXURES CONTINUED

for the year ended 31 December 2019

ANNEXURE A CONTINUED

Useful lives of assets

| | 2019 | 2018 |
|---------------------------------------|---------------------|---------------------|
| Mining development and infrastructure | Units of production | Units of production |
| Plant and equipment | 2 to 20 years | 2 to 20 years |
| Buildings | 10 to 50 years | 10 to 50 years |
| Motor vehicles | 4 to 5 years | 4 to 5 years |
| Furniture, fittings and equipment | 2 to 10 years | 2 to 10 years |
| Decommissioning asset | 35 years | 35 years |

ANNEXURE B

Equity compensation benefits

1. Anglo American Platinum Long-term Incentive Plan (equity-settled)

| | 2019 | | | 2018 | | |
|---|----------------|----------------------|----------------|-----------|----------------------|----------|
| | Directors | Employees and others | Total | Directors | Employees and others | Total |
| Outstanding at 1 January | 170,915 | 212,944 | 383,859 | 145,936 | 262,648 | 408,584 |
| Granted during the year | 29,413 | 67,037 | 96,450 | 65,508 | 95,272 | 160,780 |
| Exercised during the year | (47,086) | (57,405) | (104,491) | (14,113) | (45,660) | (59,773) |
| Conditional forfeiture during the year ¹ | (2,766) | (3,373) | (6,139) | (26,416) | (63,260) | (89,676) |
| Lapsed | (48,344) | (974) | (49,318) | — | (36,056) | (36,056) |
| Outstanding at 31 December | 102,132 | 218,229 | 320,361 | 170,915 | 212,944 | 383,859 |
| Number of awards allocated during the year: | 29,413 | 67,037 | 96,450 | 65,508 | 95,272 | 160,780 |
| Expiry date | 2,022 | 2022 | 2022 | 2021 | 2021 | 2021 |
| Fair value per share at grant date (R) | 763.00 | 763.00 | 763.00 | 317.10 | 317.10 | 317.10 |

¹ The performance criteria were partially met.

| | | 2019 Number | 2018 Number |
|---------------------|---|----------------|----------------|
| Vesting date | Vesting after three years dependent on actual performance against indicated weighted targets | | |
| 16 April 2018 | 50% total shareholder return, 50% return on capital employed | — | — |
| 13 April 2019 | 50% total shareholder return, 50% return on capital employed | — | 110,630 |
| 13 April 2020 | 70% total shareholder return, 10% return on capital employed, 10% attributable free cash flow, 10% Safety and Sustainable Development | 103,057 | 125,176 |
| 20 April 2021 | 70% total shareholder return, 10% return on capital employed, 10% attributable free cash flow, 10% Safety and Sustainable Development | 121,828 | 148,053 |
| 22 April 2022 | 70% total shareholder return, 10% return on capital employed, 10% attributable free cash flow, 10% Safety and Sustainable Development | 95,476 | — |
| | | 320,361 | 383,859 |

For purposes of IFRS 2, the grant price is discounted with the dividend yield and the proportion of shares that is expected to vest is based on management's expectation of achieving indicated targets. The fair value of the market condition (total shareholders' return) is measured using a Monte Carlo simulation. Expected volatility is based on historic volatility of 29.05% on average for 2019 (2018: 29.50%). The weighted average fair value of long-term incentive plan rights granted during the year is R387.09 (2018: R164.54). A risk-free rate of 8.48% (2018: 7.50%) and a dividend yield of 1.47% (2018: 1.1%) was applied.

ANNEXURE B CONTINUED

2. Anglo American Platinum Long-term Incentive Plan – Non-conditional (equity-settled)

| | 2019 | | | 2018 | | |
|---|-----------|----------------------|----------|-----------|----------------------|----------|
| | Directors | Employees and others | Total | Directors | Employees and others | Total |
| Outstanding at 1 January | — | 67,630 | 67,630 | — | 119,317 | 119,317 |
| Granted during the year ¹ | — | 1,281 | 1,281 | — | 28,844 | 28,844 |
| Exercised during the year | — | (21,577) | (21,577) | — | (70,410) | (70,410) |
| Lapsed | — | (1,757) | (1,757) | — | (10,121) | (10,121) |
| Outstanding at 31 December | — | 45,577 | 45,577 | — | 67,630 | 67,630 |
| Number of awards allocated during the year: | — | 1,281 | 1,281 | — | 28,844 | 28,844 |
| Expiry date | — | 2021 | 2021 | — | 2021 | 2021 |
| Fair value per share at grant date (R) | — | 317.10 | 317.10 | — | 317.10 | 317.10 |

¹ There were no Long-term Incentive Non-conditional grants for 2019, however, there was a late 2018 grant in 2019.

Terms of the awards outstanding at 31 December

| | 2019 Number | 2018 Number |
|---------------|----------------|----------------|
| Expiry date | | |
| 13 April 2019 | — | 21,577 |
| 13 April 2020 | 18,594 | 19,398 |
| 13 April 2021 | 26,983 | 26,655 |
| | 45,577 | 67,630 |

For purposes of IFRS 2, the grant price is discounted with the dividend yield. These grants have no performance or market conditions.

3. Anglo American Platinum Bonus Share Plan (equity-settled)

| | 2019 | | | 2018 | | |
|---|-----------|----------------------|-----------|-----------|----------------------|-----------|
| | Directors | Employees and others | Total | Directors | Employees and others | Total |
| Outstanding at 1 January | 89,203 | 821,962 | 911,165 | 66,342 | 1,004,441 | 1,070,783 |
| Granted during the year | 14,031 | 154,145 | 168,176 | 40,392 | 315,382 | 355,774 |
| Released during the year | (19,044) | (260,950) | (279,994) | (17,531) | (435,725) | (453,256) |
| Lapsed | (23,249) | (24,417) | (47,666) | — | (62,136) | (62,136) |
| Outstanding at 31 December | 60,941 | 690,740 | 751,681 | 89,203 | 821,962 | 911,165 |
| Number of awards allocated during the year: | 14,031 | 154,145 | 168,176 | 40,392 | 315,382 | 355,774 |
| Expiry date | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
| Fair value per share at grant date (R) | 639.52 | 639.52 | 639.52 | 338.24 | 338.24 | 338.24 |

ANNEXURES CONTINUED

for the year ended 31 December 2019

ANNEXURE B CONTINUED

3. Anglo American Platinum Bonus Share Plan (equity-settled) continued Terms of the awards outstanding at 31 December

| Expiry date | 2019 Number | 2018 Number |
|------------------|----------------|----------------|
| 16 April 2017 | 405 | 405 |
| 16 April 2018 | — | — |
| 13 April 2019 | — | 275,137 |
| 13 April 2020 | 273,526 | 298,381 |
| 15 February 2021 | 313,079 | 337,242 |
| 11 February 2022 | 164,671 | — |
| | 751,681 | 911,165 |

The Bonus Share Plan consists of a forfeitable award of Anglo American Platinum Limited shares based on the amount of the cash bonus received by an employee. The award will vest after three years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the grant date fair market value of the instruments granted.

4. Unki Notional Bonus Share Plan (cash-settled)

| | 2019 | | | 2018 | | |
|---|-----------|-------------------------|----------|-----------|-------------------------|----------|
| | Directors | Employees and others | Total | Directors | Employees and others | Total |
| Outstanding at 1 January | — | 98,426 | 98,426 | — | 99,414 | 99,414 |
| Granted during the year | — | 18,212 | 18,212 | — | 36,247 | 36,247 |
| Exercised during the year | — | (31,352) | (31,352) | — | (37,235) | (37,235) |
| Lapsed | — | — | — | — | — | — |
| Outstanding at 31 December | — | 85,286 | 85,286 | — | 98,426 | 98,426 |
| Number of awards allocated during the year: | — | 18,212 | 18,212 | — | 36,247 | 36,247 |
| Expiry date | — | 2022 | 2022 | — | 2021 | 2021 |
| Fair value per share at grant date (R) | — | 763 | 763 | — | 317.1 | 317.1 |

Terms of the awards outstanding at 31 December

| Expiry date | 2019 Number | 2018 Number |
|---------------|----------------|----------------|
| 16 April 2019 | — | 31,352 |
| 13 April 2020 | 30,827 | 30,827 |
| 13 April 2021 | 36,247 | 36,247 |
| 20 April 2022 | 18,212 | — |
| | 85,286 | 98,426 |

The Unki Notional Bonus Share Plan consists of a forfeitable award of notional Anglo American Platinum Limited shares based on the amount of the cash bonus received by an employee. The award will vest after three years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the fair market value of the instruments granted and subsequently revalued to its latest fair value.

5. Employee Share Ownership Plan (equity-settled)

| | Directors | 2019 Employees and others | Total |
|---|-----------|---------------------------------|--------|
| Outstanding at 1 January | — | — | — |
| Granted during the year | — | 85,377 | 85,377 |
| Exercised during the year | — | — | — |
| Lapsed | — | — | — |
| Outstanding at 31 December | — | 85,377 | 85,377 |
| Number of awards allocated during the year: | — | 85,377 | 85,377 |
| Expiry date | — | 2021 | 2021 |
| Fair value per share at grant date (R) | — | 930.74 | 930.74 |

Terms of the awards outstanding at 31 December

| | 2019 Number |
|---------------|----------------|
| Expiry date | |
| 13 April 2019 | 85,377 |
| | 85,377 |

The Employee Share Ownership Plan consists of a forfeitable award of Anglo American Platinum Limited shares. Each participant is awarded the same value. The award will vest after two years, provided that the employee is still in the group's employ.

For purposes of IFRS 2, the grant is valued at grant date using the grant date fair market value of the instruments granted.

ANNEXURES CONTINUED

for the year ended 31 December 2019

ANNEXURE C

Investments in subsidiaries, joint arrangements and associates

| | Nature of business | Number of shares held | |
|--|--------------------|-----------------------|-------------|
| | | 2019 | 2018 |
| Direct investments | | | |
| Anglo Platinum Management Services Proprietary Limited | J | 23,250 | 23,250 |
| Mogalakwena Platinum Limited | J | 129,762,372 | 129,762,372 |
| Rustenburg Platinum Mines Limited | A,B,C,D | 600,913 | 426,230 |
| Kaymin Resources Limited ⁹ | F | — | 1,000 |
| Indirect investments | | | |
| Africa Pipe Industries North Proprietary Limited | B,K | 510 | 510 |
| Anglo Platinum Marketing Limited ⁴ | I | 4,000,350 | 4,000,350 |
| Atomatic Trading Proprietary Limited (74% owned) | B,K | 74 | 74 |
| Blinkwater Farms 244 KR Proprietary Limited | C | 100 | 100 |
| Erabas B.V. ² | E | 17,500 | 17,500 |
| Matthey Rustenburg Refiners Proprietary Limited | J | 1,360,000 | 1,360,000 |
| Micawber 146 Proprietary Limited | J | 1 | 1 |
| New Age Metals Inc. ¹⁰ | K | 901,907 | — |
| Norsand Holdings Proprietary Limited | C | 9 | 9 |
| PGI SA ¹ | I | 100 | 100 |
| PGI KK ³ | I | 40,000 | 40,000 |
| PGI (Shanghai) Co. Limited ⁸ | I | 100 | 100 |
| PGI (United Kingdom) Limited ⁴ | I | — | — |
| PGI (United States of America) Jewelry Inc. ⁷ | I | 100 | 100 |
| PGI (Hong Kong) ⁶ | I | 100 | 100 |
| PGM Investment Company Proprietary Limited | L | — | — |
| Platinum Guild India PVT Limited ⁵ | I | 10,005 | 10,005 |
| Platmed Properties Proprietary Limited | C | 100 | 100 |
| Platmed Proprietary Limited | H | 100 | 100 |
| Precious Metal Refiners Proprietary Limited | J | 1,000 | 1,000 |
| RA Gilbert Proprietary Limited | H | 100 | 100 |
| Rustenburg Base Metal Refiners Proprietary Limited | J | 1,000 | 1,000 |
| Sedibelo Platinum Mine Limited ^{11*} | A,C | 165,716,314 | 165,716,314 |
| Whiskey Creek Management Services Proprietary Limited | G | 1,000 | 1,000 |

* The prior year number has been updated to provide a comparative to the current year.

Joint operations

| | |
|--|---|
| Kroondal Platinum Mine (Note 19) | A |
| Modikwa Platinum Mine (Note 19) | A |
| Modikwa Mining Personnel Services Proprietary Limited [#] | G |
| Modikwa Platinum Mine Proprietary Limited [#] | C |

[#] Refer to note 19 for details as to why these entities are assessed as joint operations.

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ANNEXURES CONTINUED

for the year ended 31 December 2019

ANNEXURE D

PRINCIPAL ACCOUNTING POLICIES

1. Consolidation

The consolidated financial statements include the results and financial position of Anglo American Platinum Limited, its subsidiaries, joint ventures and associates. Subsidiaries are entities which the group has power over and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities. The results of any subsidiaries acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Total comprehensive income of the subsidiary is attributed to owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intra-group transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

All changes in the parent's ownership interests that do not result in the loss of control are accounted for within equity. The carrying amount of the group's interest and the interest of the non-controlling shareholders is adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received are recognised directly in equity.

When an entity loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and also derecognises the carrying amount of any non-controlling interests in the former subsidiary at that date. It recognises the fair value of any consideration received on the loss of control and recognises any of the investment retained in the former subsidiary at its fair value at the date when control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

2. Investment in associates and joint ventures

An associate is an entity over which the group exercises significant influence, but which it does not control, through participation in the financial and operating policy decisions of the investee. The group is assumed to have significant influence over an investee if it holds, directly or indirectly, at least 20% of the voting power over it.

A joint venture is a joint arrangement whereby the parties that have joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual agreement, have rights to the net assets of the joint arrangement.

These investments are accounted for using the equity method.

The carrying amount of the investment in an associate or joint venture in the statement of financial position represents the cost of the investment, including goodwill arising on acquisition, the group's share of post-acquisition retained earnings and any other movements in reserves as well as any long-term debt interests which in substance form part of the group's net investment in the associate or joint venture. Where the group's share of losses in the

associates or joint venture is in excess of its interest in that associate or joint venture, these losses are not recognised unless the group has an obligation to fund such losses. The total carrying amount of the associate or joint venture is reviewed for impairment when there is objective evidence that the asset is impaired. If an impairment is identified, it is recorded in the period in which the circumstances arose.

When a group entity transacts with its associates or joint venture, any profits or losses arising on the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of the interests in the associate or joint venture that are not related to the group.

When the group loses significant influence over an associate or joint venture, it recognises the fair value of any consideration received on the loss of significant influence and recognises any of the investment retained in the former associate or joint venture at its fair value at the date when significant influence is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

3. Investments in joint operations

A joint operation is a joint arrangement in which the group holds a long-term interest and shares joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual agreement and has rights to the assets, and obligations for the liabilities, of the arrangement. The group's interest in joint operations, except when the investment is classified as held for sale and treated in accordance with IFRS 5, is accounted for as mentioned below.

The group recognises its share of the joint operations' individual income and expenses, assets and liabilities in the relevant components of its financial statements on a line-by-line basis.

When a group entity transacts with its joint operation, any profits or losses arising on the transactions with the joint operation are recognised in the group's consolidated financial statements only to the extent of the interests in joint operation that are not related to the group.

When the group loses joint control over a joint operation, it derecognises its share of the assets and liabilities of the joint operation at their carrying amounts at the date when joint control is lost. It also recognises the fair value of any consideration received on the loss of joint control and recognises any of the investment retained in the former joint operation at its fair value at the date when joint control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the group.

4. Property, plant and equipment

Mine development and infrastructure costs are capitalised to capital work in progress and transferred to property, plant and equipment when the mining venture reaches commercial production.

Property, plant and equipment is measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Capitalised mine development and infrastructure costs include expenditure incurred to develop new mining operations and to expand the capacity of the mine. Costs include interest capitalised during the construction period, where qualifying expenditure is

financed by borrowings, and the discounted amount of future decommissioning costs. Items of 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 are depreciated on a unit-of-production basis on the reducing balance method. Depreciation is first charged on property, plant and equipment from the date on which they are available for use.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off. Residual values and useful economic lives are reviewed at least annually and adjusted if, and where appropriate.

Revenue earned during the project phase is recognised in the statement of comprehensive income and an appropriate amount of development costs is charged against it.

With respect to open-pit operations, waste removal costs that are incurred in the open-pit operations during the production phase of these mines, which provide improved access to the ore, are recognised as stripping assets in non-current assets in either property, plant and equipment or capital work in progress. The costs of normal ongoing operational stripping activities are expensed as incurred or accrued. The stripping asset is depreciated on a unit-of-production basis over the life of the orebody to which it improves access.

Impairment

An impairment review of property, plant and equipment is carried out when there is an indication that these may be impaired by comparing the carrying amount thereof to its recoverable amount. The group's operations as a whole constitute the smallest cash-generating unit. The recoverable amount thereof is the higher of: the group's market capitalisation, adjusted for the carrying amounts of financial assets and investments in associates that are tested for impairment separately; and the value in use of the group determined with reference to a discounted cash flow valuation. Specific asset impairment results from the disposal of assets within the group due to definitive sales agreements which result in the assets being able to be carved out of the group's operations. Individual assets may also be impaired by way of scrapping which only arises when a specific indicator event occurs which results in the individual asset no longer being able to be used as intended by management.

Where the recoverable amount is less than the carrying amount, the impairment charge is included in other net expenditure in order to reduce the carrying amount of property, plant and equipment to its recoverable amount. The adjusted carrying amount is depreciated on a straight-line basis over the remaining useful life of property, plant and equipment.

5. Leases

The group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below. Policies applicable from 1 January 2019.

Lease payments are allocated between finance costs and the capital repayments, using the effective interest method.

The group as a lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Right of use assets are depreciated over the shorter of the lease term or their useful lives.

6. Investments in subsidiaries

Investments in subsidiaries are measured at cost.

7. Inventories

Own refined metals

Metal inventories are measured at the lower of cost, on the weighted average basis, or net realisable value. The cost per ounce or tonne is determined as follows:

- Platinum, palladium, rhodium and nickel from own mine production are treated as joint products and are measured by dividing the mine output into total mine production cost, determined on a 12-month rolling average basis, less net revenue from sales of other metals, in the ratio of the contribution of these metals to gross sales revenue. Concentrate purchased from third parties is measured based on costs determined on a 12-month rolling average basis.
- Gold, copper and cobalt sulphate are measured at net realisable value.
- Iridium and ruthenium are measured at a nominal value of R1 per ounce.

Third-party refined metals

To the extent of third-party metal arising from its trading activities, the group is considered to meet the commodity-broker exemption for inventory valuation, whereby inventories are valued at fair value less costs to sell. Fair value gains or losses are recognised in profit or loss.

Work in progress

Work in progress is valued at the average cost of production or purchase less net revenue from sales of other metals. Production cost is allocated to joint products in the same way as is the case for refined metals. Work in progress includes purchased and produced concentrate.

Stripping costs

The costs of stripping activity is accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realised in the form of inventory produced.

ANNEXURES CONTINUED

for the year ended 31 December 2019

The costs of stripping activity which provides a benefit in the form of improved access to the PGM ore body is recognised as a non-current 'stripping activity asset' in accordance with IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The current mine planning systems allow management to identify the areas of the pit that are being mined thereby allowing management to accurately allocate the associated costs.

The stripping activity asset is initially measured at cost and subsequently carried at cost less depreciation and impairment losses. Depreciated is calculated on the units of production method over the expected useful life of the identified pit that becomes more accessible as a result of the stripping activity.

Ore stockpiles

Ore stockpiles are measured at the lower of cost and net realisable value on a weighted average basis. Volumes are expressed in tonnes. Production costs are allocated to ore stockpiles to the extent that there is a reasonable expectation of their utilisation, in line with available capacity over the five-year budget period. Low-grade ore stockpiles expected to be used over a period exceeding 12 months are presented as non-current in the statement of financial position.

Stores and materials

Stores and materials consist of consumable stores and are valued at cost on the first-in, first-out (FIFO) basis. Obsolete and redundant items are written off to operating costs.

Chrome inventory

Chrome inventory is valued at the lower of cost or net realisable value. Unit cost is calculated by determining the average cost of production for a 12-month period and then dividing by the average production for the corresponding period.

8. Revenue recognition

- Revenue from contracts with customers is recognised when the performance obligation is satisfied at the amount of the transaction price that is allocated to the transaction price. The group's revenue arising from the sale of metals and intermediary products to customers is recognised when the goods are delivered to the agreed point of delivery. The point of delivery is the agreed destination where control over the goods is transferred to the customer. The group's revenue arising from toll refining is recognised over time as and when the services are provided. A time proportion basis is used to recognise revenue. Gross sales revenue represents the invoiced amounts excluding value added tax.
- Dividends are recognised when the right to receive payment is established.
- Interest is recognised on a time proportion basis, which takes into account the effective yield on the asset over the period it is expected to be held.

9. Dividends declared

The liability for dividends and related taxation thereon is raised only when the dividend is declared.

10. Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

11. Taxation

The charge for current tax is based on the profit before tax for the year, as adjusted for items which are exempt or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except when it relates to items credited or charged directly to other comprehensive income or to equity, in which case the taxation effect is also recognised in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period when the asset is realised and the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or assessed or calculated losses can be utilised. However, such assets or liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither the taxable income nor the accounting profit.

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

12. Research and exploration cost

Research expenditure is written off when incurred. Exploration expenditure is written off when incurred, except when it is probable that a mining asset will be developed for commercial production as a result of the exploration work. In such cases, the capitalised exploration expenditure is depreciated on a unit-of-production basis over the expected useful life of the constructed mining asset.

Capitalisation of exploration expenditure ceases when the project is discontinued. Any previously capitalised costs are expensed.

13. Metal trading activities

Leasing

When metal is leased in accordance with the trading activities of the group, a liability is recognised for the return of metal. This liability comprises a provision and is measured at the fair value of the physical metal to be delivered to the counterparty. Fair value gains and losses arising on the remeasurement of the liability are included in profit or loss. Upon the sale of such leased metal, cost of sales is initially recognised at the fair value of the metal on the leased in date. Upon settlement of the lease with own metal, a gain arises which is partly attributed to cost of sales in order to normalise the margin on the sale of that metal, with the remainder being recognised in profit or loss as a realisation of trading gains or losses. Lease costs are included in profit or loss.

Borrowing

When metal is borrowed in accordance with the trading activities of the group, the substance of the transaction is that of a financing arrangement giving rise to an interest-bearing financial asset. This financial asset is classified as a loan and receivable and measured at amortised cost. Resultant interest is included in profit or loss. Upon sale of borrowed metal a liability is recognised for the return of metal. This liability comprises a provision and is measured at the fair value of the physical metal to be delivered to the counterparty to the borrowing. The cost of sales for the sale of borrowed metal amounts to the fair value of the metal on the date of sale. Fair value gains and losses arising on the remeasurement of the liability are included in profit or loss. Upon settlement of the borrowing with own metal, a gain arises which is attributed to cost of sales in order to normalise the margin on the sale of that borrowed metal.

Lending

When excess metal is lent to third parties in accordance with the trading activities of the group, the substance of the transaction is that of a financing arrangement giving rise to an interest-bearing financial liability. This financial liability is measured at amortised cost. Resultant interest is included in profit or loss.

Other

Other trading strategies include the use of derivative instruments, which are measured at fair value through profit or loss in line with the accounting policy for financial instruments set out below.

14. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. The group's financial instruments consist primarily of the following financial assets: non-current receivables, cash and cash equivalents, trade and other receivables; other current and non-current financial assets; and the following financial liabilities: borrowings, trade and other payables, current and non-current financial liabilities and certain derivative instruments.

Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the amount for which an asset could be sold, or an amount paid to transfer a liability, in an orderly transaction in the principal or most advantageous market, at the measurement date under current market conditions regardless of whether this price is directly observable or estimated using a valuation technique. Fair values have been determined as follows:

- Where market prices are available, these have been used.
- Where there are no market prices available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.

The fair value of the trade and other receivables, cash and cash equivalents, and trade and other payables approximates their carrying amount due to the short maturity period of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument.

Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Financial assets

The group classifies financial assets into the following categories:

- Fair value through profit or loss (FVTPL);
- Amortised costs (AC); and
- Fair value through other comprehensive income (FVTOCI).

Financial assets are classified based on how their performance is managed, evaluated and their contractual cash flow characteristics (the business model).

Financial assets are presented as current if their maturity is within 12 months, otherwise they are presented as non-current.

Amortised cost

Financial assets are classified and measured as at amortised costs when the group holds them to collect contractual cash flows that have characteristics of principal amount and interest on the principal amount outstanding. Amortised cost is determined using the effective interest method.

Any subsequent impairment is included in the determination of other net income/expenditure.

Fair value through other comprehensive income

Financial assets that are equity instruments in their entirety are irrevocably designated, classified and measured as at FVTOCI by the group.

ANNEXURES CONTINUED

for the year ended 31 December 2019

Fair value through profit or loss

The group classifies and measures at fair value through profit or loss financial assets that are not measured at amortised cost or fair value through other comprehensive income.

Impairments

The group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at the initial recognition. The group measures the loss allowance at an amount equal to the life time expected losses if credit risk on the financial asset has increased significantly since initial recognition. Credit risk is considered to have significantly increased when supportable information available to the group indicate that the financial asset would not be recoverable as agreed.

For financial assets that the group determines the recoverability is unlikely, such that the credit quality has significantly deteriorated and are credit impaired, a life time expected credit loss is recognised and interest only accrues on the net amount.

For trade and other receivables, the group recognises a loss allowance as a life time expected credit loss due to their short-term nature. The group reassesses the life time expected credit losses at each reporting period and recognises any changes as an impairment gain or loss.

Equity instruments

An equity instrument represents a contract that evidences a residual interest in the net assets of an entity. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The group classifies financial liabilities between amortised costs and fair value through profit or loss. Financial liabilities are not reclassified.

Financial liabilities are classified as at amortised cost, using the effective interest method, by default except for derivative liabilities which are classified and measured as at fair value through profit or loss.

If a contract contains one or more embedded derivatives, the entire contract is designated at FVTPL.

Financial liabilities which have been designated at FVTPL consist of trade creditors due in respect of purchase of concentrate (POC) agreements and deferred consideration payable to Glencore on acquisition of Mototolo business. The reason for the designation of the POC is that these liabilities due to the third parties are based on concentrate purchased from them which is mostly priced and quantities confirmed three months into the future. The pricing is thus dependent on commodity and exchange rate movements in the interim period. Consequently, the liability is initially reflected at fair value. This liability is then remeasured monthly based on the movement in the forward curves of

commodity prices, quantities and exchange rates. Any gains/losses on the remeasurements are reflected in cost of sales.

Payables arising from lending metal in the course of trading activities have also been classified as at FVTPL.

Other financial liabilities

These include borrowings, obligations under finance leases, and trade and other payables. They are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated taking into account any issue costs and any discount or premium on settlement.

Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, volatility of exchange rates and changes in interest rates. From time to time portions of these exposures are managed through the use of derivative financial instruments. Derivatives are initially measured at fair value.

All derivatives are subsequently marked to market at financial reporting dates and any changes in their fair values are included in other net income/expenditure in the period to which they relate.

Commodity contracts that are included in the group's trading activities fall within the scope of IFRS 9 are recognised and measured at fair value.

Gains or losses arising on all other contracts not spanning a reporting interval are recognised and included in the determination of other net income/expenditure at the time that the contract expires.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives, in respect of foreign currency risk as fair value hedges.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivative and non-derivative financial instruments that are designated and qualify as fair value hedges, together with any changes in the fair value of the hedged assets or liability that are attributable to the hedged risk, are recognised immediately in profit or loss for the period. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item "other net expenditure".

Embedded derivatives

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and

characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the profit or loss for the period.

15. Foreign currencies

The South African rand is the functional currency of all the operations of the group, except Unki Platinum Mine which has a US dollar functional currency.

Foreign currency transactions are recorded at the spot rate of exchange on the transaction date. At the end of the period, monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the reporting date. Non-monetary assets and liabilities carried at fair value are translated at the rate of exchange ruling at the date of determining the fair value. Non-monetary items that are denominated in foreign currencies and measured at historical cost are not retranslated. Foreign exchange differences arising on monetary items are reflected in profit or loss except in limited circumstances.

The financial position of the group's foreign operations is translated into rand, using the exchange rate ruling at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period. If the exchange rates fluctuate significantly, then the items are translated at the exchange rates ruling at the date of the transaction. All resulting exchange differences on the group's foreign operations are recognised in other comprehensive income.

16. Environmental rehabilitation provisions

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technology, environmental and regulatory requirements.

Decommissioning costs

When the asset reaches commercial production an estimate is made of future decommissioning costs. The discounted amount of estimated decommissioning costs that embody future economic benefits is capitalised as a decommissioning asset and concomitant provisions are raised. These estimates are reviewed annually and discounted using a pre-tax risk-free rate that reflects current market assessments of the time value of money. The increase in decommissioning provisions, due to the passage of time, is charged to interest paid. All other changes in the carrying amount of the provision subsequent to initial recognition are included in the determination of the carrying amount of the decommissioning asset. Decommissioning assets are amortised on a straight-line basis over the lesser of the actual life of mine (LoM) 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 current market assessments of the time value of money. The increase in

restoration provisions, owing to the passage of time, is charged to interest paid. All other changes in the carrying amount of the provision subsequent to initial recognition are included in profit or loss for the period in which they occur.

Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation costs is recognised as an expense when incurred.

Platinum Producers' Environmental Trust

The Platinum Producers' Environmental Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. The group funds its environmental obligations through a combination of funding the Platinum Producers' Environmental Trust and providing guarantees to the Department of Mineral Resources. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are reflected in non-current investments held by the Platinum Producers' Environmental Trust if the investments are not short term.

17. Borrowing costs

Borrowing costs are charged to interest paid.

When borrowings are utilised to fund qualifying capital expenditure, such borrowing costs are capitalised in the period in which the capital expenditure and related borrowing costs are incurred.

18. Employee benefits

Short-term employee benefits

Remuneration paid to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Accruals are made for accumulated leave and are measured at the amount that the group expects to pay when the leave is used.

Termination benefits

Termination benefits are charged against income when the group is demonstrably committed to terminating the employment of an employee or group of employees before their normal retirement date.

Post-employment benefits

Defined contribution plans

Retirement, provident and pension funds

Contributions to defined contribution plans in respect of services rendered during a reporting period are recognised as an expense in that period.

19. Share-based payments

The group issues equity-settled and cash-settled share-based instruments to certain employees. They are measured at the fair value of the equity instruments at the date of grant. Fair value is measured using the binomial option-pricing model. The fair values used in the model have been adjusted for those with performance and/or market conditions, based on management's best estimate, for the effects of non-transferability, exercise restrictions and

ANNEXURES CONTINUED

for the year ended 31 December 2019

behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on management's estimate of shares that are expected to eventually vest.

For cash-settled share-based payments, a liability equal to the fair value of the equity instruments at the date of grant is recognised.

20. Treasury shares

The carrying value of the company's shares held by the company's subsidiaries in respect of the group's employee share schemes are reflected as treasury shares and shown as a reduction in shareholders' equity. The carrying value comprises the cost of purchasing these shares. When the shares vest, shareholders' equity increases by a commensurate amount.

21. Guarantees

A financial guarantee contract requires the issuer to reimburse the holder for a loss it incurs by the debtor failing to make payments when due in accordance with the agreed terms of the debt instrument.

On a transaction-by-transaction basis the group assesses whether such guarantees will be treated as financial instruments or as insurance contracts.

Where such a guarantee is explicitly stated as being an insurance contract by the group, the guarantee is only recognised and disclosed to the extent that such contract will need to be honoured.

22. Comparative figures

The comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

To the extent that restatements occur, the statement of financial position includes a third comparative period and the previous comparative period of the statements of comprehensive income, financial position, cash flow and changes in equity are re-adjusted accordingly. A note is included in the financial statements which explains the nature of the restatement as well as actions taken and an analysis comparing restated information to previously reported information, that were directly restated.

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

ANNEXURE E

REMUNERATION OF KEY MANAGEMENT

Service contracts of executive directors and prescribed officers

All executive directors and prescribed officers have permanent employment contracts with Amplats or its subsidiaries. The contracts prescribe notice periods of 12 months for the CEO and six months for the finance director and prescribed officers. Executive directors and prescribed officers are subject to a restraint of trade period of six months from date of termination. Senior management's notice period was increased to three months as a retention mechanism. These contracts are regularly reviewed to ensure they remain aligned with governance and legislative requirements.

External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the committee. If approval is granted, directors may retain fees payable from one such appointment. The company policy on internal and external directorships stipulates that:

- The executive director may, as part of the non-executive directorship position, participate in one committee of that board
- Fees not retained by the executive director from both external and internal sources must be ceded to the company before accruing to the director.

Executive director total remuneration

The annual cash incentive and BSP award for the CEO, finance director and other prescribed officers are set out below.

2019 annual cash incentive payments and BSPs to be awarded in 2020 relating to performance in 2019

| Name | Annual cash incentive R | Percentage of base salary % | BSPs awarded R | Cash award in lieu of BSP R | Percentage of base salary % |
|----------------------------|----------------------------|--------------------------------|-------------------|--------------------------------|--------------------------------|
| Executive directors | | | | | |
| CI Griffith | 7,353,037 | 81.30% | 11,029,556 | | 121.95% |
| CW Miller ¹ | 3,390,290 | 65.04% | 3,390,290 | | 65.04% |
| Prescribed officers | | | | | |
| DW Pelser | 2,358,313 | 43.20% | 3,301,638 | | 60.48% |
| GA Humphries | 2,169,120 | 43.20% | 3,036,769 | | 60.48% |
| GL Smith ² | 2,183,624 | 43.20% | | 3,057,073 | 60.48% |
| LN Mogaki | 1,985,113 | 43.20% | 2,779,158 | | 60.48% |
| S Macheli-Mkhabela | 1,872,747 | 43.20% | 2,621,846 | | 60.48% |
| P Moodliar ³ | 1,512,000 | 43.20% | 2,116,800 | | 60.48% |
| Grand total | 22,824,244 | | 28,276,058 | 3,057,073 | |

¹ CW Miller joined Amplats on the 1st April 2019.

² GL Smith falls within the two year cut-off threshold as per the share award policy. LTIP and BSP are awarded as cash payments, conditional on remaining in service until the effective retirement date.

³ P Moodliar joined Amplats on the 1st March 2019.

ANNEXURES CONTINUED

for the year ended 31 December 2019

2019 LTIP outcomes and awards

The annual share awards for 2019 and performance outcomes for the 2017 share awards (which performance period ended on 31 December 2019) for the CEO, finance director and other prescribed officers are set out below.

LTIP awards made in 2019

| Name | Number of LTIP awards | Face value ¹ R | % of base salary |
|----------------------------|-----------------------|---------------------------|------------------|
| Executive directors | | | |
| CI Griffith | 17,920 | 13,545,338 | 150% |
| CW Miller | 11,493 | 8,687,704 | 125% |
| Prescribed officers | | | |
| DW Pelser | 7,222 | 5,459,058 | 100% |
| GA Humphries | 6,643 | 5,021,114 | 100% |
| LN Mogaki | 6,079 | 4,595,168 | 100% |
| S Macheli-Mkhabela | 5,735 | 4,335,063 | 100% |
| P Moodliar | 5,556 | 4,200,000 | 100% |
| Total | 60,648 | 45,843,445 | |

¹ Market face value is based on the price at grant of R755.89.

² I Pillay resigned effective 31 August 2018.

LTIP grant date was 20 April 2019.

Vesting of LTIP awards (2017 – performance period ended 31 December 2019)

The extent to which performance measures for the 2016 award were met is detailed below. These awards will vest on 26 April 2019 after a three-year vesting period has lapsed.

| LTIP measures | Below | Threshold | Target | Above | Weighting | Weighted achieved |
|--|-------|-----------|--------|-------|-----------|-------------------|
| Total shareholder return | | | • | | 70% | 70% |
| Return on capital employed | | | • | | 10% | 10% |
| Cumulative attributable free cash flow | | • | | | 10% | 8% |
| Safety and sustainable development | | • | | | 10% | 10% |
| Resulting vesting LTIP award | | | | | | 98% |

Total remuneration outcomes

Total remuneration outcomes and mix between fixed and variable pay in 2019 for the CEO, finance director and prescribed officers are shown in the table below.

Executive directors and prescribed officers

Total remuneration and detail on outstanding and settled long-term incentives of executive directors and prescribed officers for 2018 and 2019 is reflected in the table below. The format is aligned to the King IV recommended single total figure disclosure of remuneration.

Total single figure of remuneration (income statement)

| Executive directors and prescribed officers | Financial year | Base salary ¹ R | Retirement and medical aid ² R | Cash incentive R | BSP share or cash award ^{3,4} R | LTIP reflected ^{5,6} R | Other ⁷ R | Total single figure of remuneration R |
|---|----------------|-------------------------------|--|---------------------|---|------------------------------------|-------------------------|--|
| Executive directors | | | | | | | | |
| CI Griffith ⁸ | 2019 | 9,044,327 | 1,589,218 | 7,353,037 | 11,029,556 | 35,943,105 | 1,076,719 | 66,035,962 |
| | 2018 | 8,519,565 | 1,495,610 | 7,156,435 | 10,734,652 | 15,832,366 | 1,076,719 | 44,815,347 |
| CW Miller | 2019 | 5,212,620 | 796,223 | 3,390,290 | 3,390,290 | — | — | 12,789,423 |
| | 2018 | — | — | — | — | — | — | — |
| Prescribed officers | | | | | | | | |
| DW Pelser | 2019 | 5,459,064 | 872,125 | 2,358,313 | 3,301,638 | 13,210,328 | — | 25,201,468 |
| | 2018 | 4,720,887 | 770,096 | 2,200,878 | 3,081,229 | 5,316,477 | — | 16,089,567 |
| GA Humphries | 2019 | 5,021,112 | 800,507 | 2,169,120 | 3,036,769 | 12,150,694 | — | 23,178,202 |
| | 2018 | 4,342,198 | 697,159 | 2,024,333 | 2,834,066 | — | — | 9,897,756 |
| GL Smith ¹¹ | 2019 | 5,054,689 | 787,345 | 2,183,624 | 3,057,073 | 12,231,867 | — | 23,314,598 |
| | 2018 | 4,371,187 | 684,511 | 2,183,408 | 3,056,770 | 4,922,664 | — | 15,218,540 |
| LN Mogaki | 2019 | 4,595,172 | 738,533 | 1,985,113 | 2,779,158 | 12,231,866 | — | 22,329,842 |
| | 2018 | 4,335,060 | 696,127 | 2,021,005 | 2,829,407 | 4,922,664 | — | 14,804,263 |
| S Macheli-Mkhabela | 2019 | 4,335,072 | 700,689 | 1,872,747 | 2,621,846 | 11,539,704 | — | 21,070,058 |
| | 2018 | 4,089,684 | 660,425 | 1,770,424 | 2,478,594 | 4,643,758 | — | 13,642,885 |
| P Moodliar | 2019 | 3,500,000 | 567,530 | 1,512,000 | 2,116,800 | — | — | 7,696,330 |
| | 2018 | — | — | — | — | — | — | — |
| Former employees | | | | | | | | |
| I Botha | 2019 | 1,190,990 | 177,613 | — | — | — | — | 1,368,603 |
| | 2018 | 6,741,436 | 1,006,819 | 4,692,039 | 4,692,039 | 9,569,119 | 165,112 | 26,866,564 |
| VP Pillay ^{9,10} | 2019 | — | — | — | — | 8,983,857 | — | 8,983,857 |
| | 2018 | 4,776,120 | 767,681 | 2,067,583 | 4,197,294 | 5,423,292 | — | 17,231,970 |
| I Pillay ¹² | 2019 | — | — | — | — | — | — | — |
| | 2018 | 2,726,456 | 464,975 | — | — | — | 1,222,815 | 4,414,246 |

Notes

¹ Base Salary is the aggregate of Basic Salary plus an optional Car Allowance and provision towards a 13th Cheque.

² Benefits are reported as the sum of Retirement and Medical Aid contributions.

³ The value of the 2018 BSP shares awarded on the basis of performance for the 2018 financial year is reflected in the 2018 single figure of remuneration.

⁴ The value of the 2019 BSP shares to be awarded on the basis of performance for the 2019 financial year is reflected in the 2019 single figure of remuneration.

⁵ The value of the 2016 LTIP with a performance period ending on 31 December 2018 is reflected in the 2018 single figure of remuneration at a 90 day VWAP of R539.47 per share.

⁶ The value of the 2017 LTIP with a performance period ending on 31 December 2019 is reflected in the 2019 single figure of remuneration at a 90 day VWAP of R1 096.93 per share.

⁷ Refers to the value of the use of a company vehicle for CI Griffith.

⁸ CI Griffith has an offshore GBP component to their remuneration which has been converted at monthly exchange rates and reported in ZAR.

⁹ Includes replacement awards for benefits lost on resignation from previous employer.

¹⁰ With regard to 2018, VP Pillay falls within the two year cut-off threshold as per the share award policy. LTIP and BSP are awarded as cash payments, conditional on remaining in service until the effective retirement date, which was 31 December 2018.

¹¹ GL Smith falls within the two year cut-off threshold as per the share award policy. LTIP and BSP are awarded as cash payments, conditional on remaining in service until the effective retirement date.

¹² I Pillay resigned effective 31 August 2018.

ANNEXURES CONTINUED

for the year ended 31 December 2019

Unvested long-term incentive awards and cash value of settled awards

| Incentive scheme | Award year | Opening number on 1 Jan 2018 | Granted during 2018 | Forfeited in respect of 2018 vesting | Settled in respect of 2018 vesting |
|-------------------------------|------------|------------------------------|---------------------|--------------------------------------|------------------------------------|
| CI Griffith | | | | | |
| LTIP | 2015 | 40,529 | — | 26,417 | 14,112 |
| LTIP | 2016 | 31,072 | — | — | — |
| LTIP | 2017 | 33,436 | — | — | — |
| LTIP | 2018 | — | 39,283 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 17,531 | — | — | 17,531 |
| BSP | 2016 | 12,533 | — | — | — |
| BSP | 2017 | 18,732 | — | — | — |
| BSP | 2018 | — | 28,178 | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 153,833 | 67,461 | 26,417 | 31,643 |
| CW Miller¹³ | | | | | |
| LTIP | 2019 | — | — | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | — | — | — | — |
| DW Pelser | | | | | |
| LTIP | 2015 | 13,472 | — | 8,781 | 4,691 |
| LTIP | 2016 | 10,434 | — | — | — |
| LTIP | 2017 | 12,289 | — | — | — |
| LTIP | 2018 | — | 14,570 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 8,891 | — | — | 8,891 |
| BSP | 2016 | 5,450 | — | — | — |
| BSP | 2017 | 8,176 | — | — | — |
| BSP | 2018 | — | 8,241 | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 58,712 | 22,811 | 8,781 | 13,582 |
| GA Humphries | | | | | |
| LTIP | 2017 | 11,303 | — | — | — |
| LTIP | 2018 | — | 13,402 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 3,436 | — | — | 3,436 |
| BSP | 2016 | 2,466 | — | — | — |
| BSP | 2017 | 3,415 | — | — | — |
| BSP | 2018 | — | 7,580 | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 20,620 | 20,982 | — | 3,436 |

| Closing number on 31 Dec 2018 | Cash value on settlement during 2018 R | Closing fair value at 31 Dec 2018 R | Granted during 2019 | Forfeited in respect of 2019 vesting | Settled in respect of 2019 vesting | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 R | Closing fair value at 31 Dec 2019 R |
|-------------------------------|--|-------------------------------------|---------------------|--------------------------------------|------------------------------------|-------------------------------|--|-------------------------------------|
| — | 4,304,220 | — | — | — | — | — | — | — |
| 31,072 | — | 10,057,447 | — | 1,724 | 29,348 | — | 22,094,348 | — |
| 33,436 | — | 10,822,631 | — | — | — | 33,436 | — | 35,943,412 |
| 39,283 | — | 12,715,200 | — | — | — | 39,283 | — | 25,854,421 |
| — | — | — | 17,920 | — | — | 17,920 | — | 11,794,191 |
| — | 5,359,051 | — | — | — | — | — | — | — |
| 12,533 | — | 6,761,178 | — | — | 12,533 | — | 9,435,344 | — |
| 18,732 | — | 10,105,352 | — | — | — | 18,732 | — | 20,547,693 |
| 28,178 | — | 15,201,186 | — | — | — | 28,178 | — | 30,909,294 |
| — | — | — | 14,031 | — | — | 14,031 | — | 15,391,025 |
| 163,234 | 9,663,271 | 65,662,994 | 31,951 | 1,724 | 41,881 | 151,580 | 31,529,692 | 140,440,036 |
| — | — | — | 11,493 | — | — | 11,493 | — | 7,564,210 |
| — | — | — | — | — | — | — | — | — |
| — | — | — | 11,493 | — | — | 11,493 | — | 7,564,210 |
| — | 1,430,740 | — | — | — | — | — | — | — |
| 10,434 | — | 3,377,298 | — | 579 | 9,855 | — | 7,419,238 | — |
| 12,289 | — | 3,977,728 | — | — | — | 12,289 | — | 13,210,569 |
| 14,570 | — | 4,716,047 | — | — | — | 14,570 | — | 9,589,362 |
| — | — | — | 7,222 | — | — | 7,222 | — | 4,753,217 |
| — | 2,717,890 | — | — | — | — | — | — | — |
| 5,450 | — | 2,940,112 | — | — | 5,450 | — | 4,102,978 | — |
| 8,176 | — | 4,410,707 | — | — | — | 8,176 | — | 8,968,500 |
| 8,241 | — | 4,445,772 | — | — | — | 8,241 | — | 9,039,800 |
| — | — | — | 4,028 | — | — | 4,028 | — | 4,418,434 |
| 59,160 | 4,148,630 | 23,867,663 | 11,250 | 579 | 15,305 | 54,526 | 11,522,216 | 49,979,882 |
| 11,303 | — | 3,658,578 | — | — | — | 11,303 | — | 12,150,628 |
| 13402 | — | 4,337,986 | — | — | — | 13,402 | — | 8,820,634 |
| — | — | — | 6,643 | — | — | 6,643 | — | 4,372,144 |
| — | 1,050,351 | — | — | — | — | — | — | — |
| 2,466 | — | 1,330,333 | — | — | 2,466 | — | 1,856,503 | — |
| 3,415 | — | 1,842,290 | — | — | — | 3,415 | — | 3,746,016 |
| 7580 | — | 4,089,183 | — | — | — | 7,580 | — | 8,314,729 |
| — | — | — | 3,704 | — | — | 3,704 | — | 4,063,029 |
| 38,166 | 1,050,351 | 15,258,369 | 10,347 | — | 2,466 | 46,047 | 1,856,503 | 41,467,179 |

ANNEXURES CONTINUED

for the year ended 31 December 2019

| Incentive scheme | Award year | Opening number on 1 Jan 2018 | Granted during 2018 | Forfeited in respect of 2018 vesting | Settled in respect of 2018 vesting |
|---------------------------|------------|------------------------------|---------------------|--------------------------------------|------------------------------------|
| GL Smith | | | | | |
| LTIP | 2015 | 13,472 | — | 8,781 | 4,691 |
| LTIP | 2016 | 9,661 | — | — | — |
| LTIP | 2017 | 11,379 | — | — | — |
| LTIP | 2018 | — | 13,491 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 7,224 | — | — | 7,224 |
| BSP | 2016 | 5,801 | — | — | — |
| BSP | 2017 | — | — | — | — |
| BSP | 2018 | — | — | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 47,537 | 13,491 | 8,781 | 11,915 |
| LN Mogaki | | | | | |
| LTIP | 2015 | 13,472 | — | 8,781 | 4,691 |
| LTIP | 2016 | 9,661 | — | — | — |
| LTIP | 2017 | 11,379 | — | — | — |
| LTIP | 2018 | — | 13,491 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 6,669 | — | — | 6,669 |
| BSP | 2016 | 5,414 | — | — | — |
| BSP | 2017 | 6,561 | — | — | — |
| BSP | 2018 | — | 8,176 | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 53,156 | 21,667 | 8,781 | 11,360 |
| S Macheli-Mkhabela | | | | | |
| LTIP | 2015 | 12,709 | — | 8,283 | 4,425 |
| LTIP | 2016 | 9,114 | — | — | — |
| LTIP | 2017 | 10,735 | — | — | — |
| LTIP | 2018 | — | 12,727 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 3,146 | — | — | 3,146 |
| BSP | 2016 | 4,743 | — | — | — |
| BSP | 2017 | 5,237 | — | — | — |
| BSP | 2018 | — | 6,685 | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | 45,684 | 19,412 | 8,283 | 7,571 |

| Closing number on 31 Dec 2018 | Cash value on settlement during 2018 R | Closing fair value at 31 Dec 2018 R | Granted during 2019 | Forfeited in respect of 2019 vesting | Settled in respect of 2019 vesting | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 R | Closing fair value at 31 Dec 2019 R |
|-------------------------------|--|-------------------------------------|---------------------|--------------------------------------|------------------------------------|-------------------------------|--|-------------------------------------|
| — | 1,430,740 | — | — | — | — | — | — | — |
| 9,661 | — | 3,127,092 | — | 536 | 9,125 | — | 6,869,665 | — |
| 11,379 | — | 3,683,177 | — | — | — | 11,379 | — | 12,232,327 |
| 13,491 | — | 4,366,794 | — | — | — | 13,491 | — | 8,879,210 |
| — | — | — | — | — | — | — | — | — |
| — | 2,208,305 | — | — | — | — | — | — | — |
| 5,801 | — | 3,129,465 | — | — | 5,801 | — | 4,367,225 | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| 40,332 | 3,639,045 | 14,306,528 | — | 536 | 14,926 | 24,870 | 11,236,890 | 21,111,537 |
| — | 1,430,740 | — | — | — | — | — | — | — |
| 9,661 | — | 3,127,092 | — | 536 | 9,125 | — | 6,869,665 | — |
| 11,379 | — | 3,683,177 | — | — | — | 11,379 | — | 12,232,327 |
| 13,491 | — | 4,366,794 | — | — | — | 13,491 | — | 8,879,210 |
| — | — | — | 6,079 | — | — | 6,079 | — | 4,000,942 |
| — | 2,038,647 | — | — | — | — | — | — | — |
| 5,414 | — | 2,920,691 | — | — | 5,414 | — | 4,075,876 | — |
| 6,561 | — | 3,539,463 | — | — | — | 6,561 | — | 7,196,958 |
| 8,176 | — | 4,410,707 | — | — | — | 8,176 | — | 8,968,500 |
| — | — | — | 3,698 | — | — | 3,698 | — | 4,056,447 |
| 54,682 | 3,469,387 | 22,047,923 | 9,777 | 536 | 14,539 | 49,384 | 10,945,541 | 45,334,384 |
| — | 1,349,709 | — | — | — | — | — | — | — |
| 9,114 | — | 2,950,038 | — | 506 | 8,608 | — | 6,480,447 | — |
| 10,735 | — | 3,474,726 | — | — | — | 10,735 | — | 11,540,033 |
| 12,727 | — | 4,119,501 | — | — | — | 12,727 | — | 8,376,377 |
| — | — | — | 5,735 | — | — | 5,735 | — | 3,774,536 |
| — | 961,701 | — | — | — | — | — | — | — |
| 4,743 | — | 2,558,706 | — | — | 4,743 | — | 3,570,720 | — |
| 5,237 | — | 2,825,204 | — | — | — | 5,237 | — | 5,744,622 |
| 6,685 | — | 3,606,357 | — | — | — | 6,685 | — | 7,332,977 |
| — | — | — | 3,239 | — | — | 3,239 | — | 3,552,956 |
| 49,241 | 2,311,410 | 19,534,533 | 8,974 | 506 | 13,351 | 44,358 | 10,051,167 | 40,321,501 |

ANNEXURES CONTINUED

for the year ended 31 December 2019

| Incentive scheme | Award year | Opening number on 1 Jan 2018 | Granted during 2018 | Forfeited in respect of 2018 vesting | Settled in respect of 2018 vesting |
|-------------------------------|------------|------------------------------|---------------------|--------------------------------------|------------------------------------|
| P Moodliar | | | | | |
| LTIP | 2019 | — | — | — | — |
| BSP | 2019 | — | — | — | — |
| Total | | — | — | — | — |
| I Botha¹⁰ | | | | | |
| LTIP | 2015 | — | — | — | — |
| LTIP | 2016 | 18,780 | — | — | — |
| LTIP | 2017 | 22,119 | — | — | — |
| LTIP | 2018 | — | 26,225 | — | — |
| BSP | 2015 | — | — | — | — |
| BSP | 2016 | 6,511 | — | — | — |
| BSP | 2017 | 11,035 | — | — | — |
| BSP | 2018 | — | 12,214 | — | — |
| Total | | 58,445 | 38,439 | — | — |
| VP Pillay¹¹ | | | | | |
| LTIP | 2015 | 14,842 | — | 9,674 | 5,168 |
| LTIP | 2016 | 10,644 | — | — | — |
| LTIP | 2017 | 12,536 | — | — | — |
| LTIP | 2018 | — | 14,864 | — | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 13,221 | — | — | — |
| Total | | 51,243 | 14,864 | 9,674 | 5,168 |
| I Pillay¹² | | | | | |
| LTIP | 2015 | 12,709 | — | 8,284 | 4,425 |
| LTIP | 2016 | 9,114 | — | 9,114 | — |
| LTIP | 2017 | 10,735 | — | 10,735 | — |
| LTIP | 2018 | — | 12,727 | 12,727 | — |
| LTIP | 2019 | — | — | — | — |
| BSP | 2015 | 5,679 | — | — | 5,679 |
| BSP | 2016 | 4,743 | — | 4,743 | — |
| BSP | 2017 | 7,618 | — | 7,618 | — |
| BSP | 2018 | — | 7,713 | 7,713 | — |
| BSP | 2019 | — | — | — | — |
| Total | | 50,598 | 20,440 | 60,934 | 10,104 |

¹ The 2015 LTIP and BSP awarded on: 2015/04/16 at R296.00 per share, which vests on 2018/04/16. The estimated vesting for LTIP in 2017 was 60% and in 2018 the LTIP will vest at 34.82%.

² The 2016 LTIP and BSP awarded on: 2016/04/13 at R399.00 per share, which vests on 2019/04/13. The estimated vesting for LTIP in 2018 was 60% and in 2019 the LTIP will vest at 94.45%.

³ The 2017 LTIP and BSP awarded on: 2017/04/13 at R367.15 per share, which vests on 2020/04/13. The estimated vesting for LTIP in 2019 was 60% and in 2018 LTIP vesting was estimated at 98%.

⁴ The 2018 LTIP and BSP awarded on: 2018/04/20 at R321.33 per share, which vests on 2021/04/20. The estimated vesting for LTIP in 2019 was 60% and in 2018 LTIP vesting was estimated at 60%.

⁵ The 2019 LTIP and BSP awarded on: 2019/04/19 at R755.89 per share, which vests on 2022/04/16.

⁶ The 90-day volume-weighted average price (VWAP), for determining the fair value of unvested awards at 31 December 2018 is R539.47 per share.

⁷ The 90-day volume-weighted average price (VWAP), for determining the fair value of unvested awards at 31 December 2019 is R1,096.93 per share.

| Closing number on 31 Dec 2018 | Cash value on settlement during 2018 R | Closing fair value at 31 Dec 2018 R | Granted during 2019 | Forfeited in respect of 2019 vesting | Settled in respect of 2019 vesting | Closing number on 31 Dec 2019 | Cash value on settlement during 2019 R | Closing fair value at 31 Dec 2019 R |
|-------------------------------|--|-------------------------------------|---------------------|--------------------------------------|------------------------------------|-------------------------------|--|-------------------------------------|
| — | — | — | 5,556 | — | — | 5,556 | — | 3,656,726 |
| — | — | — | — | — | — | — | — | — |
| — | — | — | 5,556 | — | — | 5,556 | — | 3,656,726 |
| — | — | — | — | — | — | — | — | — |
| 18,780 | — | 6,078,748 | — | — | 18,780 | — | 14,138,335 | — |
| 22,119 | — | 7,159,522 | — | 22,119 | — | — | — | — |
| 26,225 | — | 8,488,560 | — | 26,225 | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| 6,511 | — | 3,512,489 | — | — | 6,511 | — | 4,901,741 | — |
| 11,035 | — | 5,953,051 | — | 11,035 | — | — | — | — |
| 12,214 | — | 6,589,087 | — | 12,214 | — | — | — | — |
| 96,884 | — | 37,781,458 | — | 71,593 | 25,291 | — | 19,040,076 | — |
| — | 1,576,235 | — | — | — | — | — | — | — |
| 10,644 | — | 3,445,271 | — | 590 | 10,054 | — | 7,569,053 | — |
| 12,536 | — | 4,057,678 | — | — | — | 12,536 | — | 13,476,092 |
| 14,864 | — | 4,811,209 | — | — | — | 14,864 | — | 9,782,861 |
| — | — | — | — | — | — | — | — | — |
| — | 4,041,527 | — | — | — | — | — | — | — |
| 38,044 | 5,617,762 | 12,314,158 | — | 590 | 10,054 | 27,400 | 7,569,053 | 23,258,953 |
| — | 1,349,709 | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | 1,736,014 | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — | — |
| — | 3,085,723 | — | — | — | — | — | — | — |

⁸ The 2016 LTIP and BSP were settled at R752.84 and R752.84 per share, respectively.

⁹ The value of the 2017 LTIP and BSP is estimated at a 90-day VWAP price of R1,096.93 per share, as date of transaction only occurs in April 2020.

¹⁰ I Botha left Amplats on 28 February 2019.

¹¹ VP Pillay retired 31 December 2018.

¹² I Pillay resigned 31 August 2018 and forfeited all unvested shares.

¹³ CW Miller joined Amplats on 1 April 2019.

¹⁴ P Moodliar joined Amplats on 1 March 2019.

ANGLO AMERICAN PLATINUM LIMITED

for the year ended 31 December 2019

NON-EXECUTIVE DIRECTORS' FEES

Increase in non-executive director fees

Fees payable to non-executive directors are annually benchmarked to industry and size-based comparators. There is a significant disparity between non-executive director fees and competing industry rates, resulting in non-executive director fees significantly lagging the market median for each committee of the board. As communicated to shareholders at the 2016 AGM, the committee has incorporated a three-year catch-up strategy to align current fees to market levels. For 2018, non-executive director fees will be adjusted in line with inflation, with an additional adjustment capped at 20% to move closer to the market median.

The tables below reflect non-executive fees for 2018 and 2019.

Non-executive directors' fees

| | Financial year R | Directors' fees R | Ad hoc committee meeting R | Committee fees R | Total remuneration R |
|----------------------------------|---------------------|----------------------|-------------------------------|---------------------|-------------------------|
| Current | | | | | |
| M Cutifani ^{3,8} | 2019 | 425,000 | — | 120,667 | 545,667 |
| | 2018 | 353,859 | 23,000 | 110,404 | 487,263 |
| RMW Dunne ^{1,2,3,4,5,6} | 2019 | 425,000 | 23,000 | 906,333 | 1,354,333 |
| | 2018 | 353,859 | 69,000 | 805,462 | 1,228,321 |
| N Mbazima ^{2,3,5} | 2019 | 1,331,667 | — | 431,000 | 1,762,667 |
| | 2018 | — | — | — | — |
| V Moosa ^{2,3,4,5,6} | 2019 | 488,336 | — | 215,783 | 704,119 |
| | 2018 | 1,591,244 | 46,000 | 704,213 | 2,341,457 |
| NP Mageza ^{1,4} | 2019 | 978,609 | — | 361,000 | 1,339,609 |
| | 2018 | 353,859 | 69,000 | 257,517 | 680,376 |
| NT Moholi ^{2,4,5,6} | 2019 | 425,000 | 23,000 | 683,667 | 1,131,667 |
| | 2018 | 353,859 | 46,000 | 612,674 | 1,012,533 |
| D Naidoo ^{1,2,4} | 2019 | 425,000 | 23,000 | 408,000 | 856,000 |
| | 2018 | 353,859 | 69,000 | 368,396 | 791,255 |
| A O'Neill ⁸ | 2019 | 425,000 | — | — | 425,000 |
| | 2018 | 353,859 | — | — | 353,859 |
| AH Sangqu ^{5,7} | 2019 | — | — | — | — |
| | 2018 | 353,859 | 23,000 | 107,483 | 484,342 |
| JM Vice ^{1,4,6} | 2019 | 425,000 | 23,000 | 419,333 | 867,333 |
| | 2018 | 353,859 | 69,000 | 369,614 | 792,473 |
| S Pearce ⁸ | 2019 | 425,000 | — | — | 425,000 |
| | 2018 | 353,859 | 23,000 | — | 376,859 |
| D Emmett ^{5,6} | 2019 | — | — | 332,667 | 332,667 |
| | 2018 | — | — | 298,693 | 298,693 |
| Total | 2019 | 5,773,612 | 92,000 | 3,878,450 | 9,744,062 |
| | 2018 | 4,775,975 | 437,000 | 3,634,456 | 8,847,431 |

¹ Audit committee.

² Remuneration committee.

³ Nomination committee.

⁴ Corporate governance committee.

⁵ Social, ethics and transformation committee.

⁶ Safety and sustainable development committee.

⁷ Directors' fees ceded to Anglo Operations Limited (AOL), a wholly owned subsidiary of Anglo American plc.

⁸ Directors' fees ceded to Anglo American Services UK Limited, a wholly owned subsidiary of Anglo American plc.

⁹ Dorian is not a director but a committee member only.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

| | Notes | 2019 Rm | 2018 Rm |
|---|-------|--------------|------------|
| Operating (loss)/profit | | (14) | (12) |
| Net investment income | 1 | 19 | 14 |
| Reversal of impairment of loan to Rustenburg Platinum Mines (RPM) | 2 | 4,918 | 86 |
| Dividends received | 2 | — | 42 |
| Profit before taxation | 2 | 4,923 | 130 |
| Taxation (expense)* | 3 | (1) | — |
| Profit for the year | | 4,922 | 130 |
| Total comprehensive profit | | 4,922 | 130 |

* Less than R500,000.

SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 December

| | Notes | 2019 Rm | 2018 Rm |
|---|-------|---------------|------------|
| ASSETS | | | |
| Non-current assets | | 78,359 | 78,391 |
| Investments | 4 | 71,591 | 16,446 |
| Loans to subsidiaries (Annexure C) | 5 | 6,761 | 61,936 |
| Deferred taxation | | 7 | 9 |
| Current assets | | — | 6 |
| Cash and cash equivalents* | | — | 5 |
| Trade and other receivables* | | — | 1 |
| Total assets | | 78,359 | 78,397 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | 6 | 27 | 27 |
| Share premium | | 23,112 | 23,112 |
| Retained earnings | | 53,360 | 53,399 |
| SHAREHOLDERS' EQUITY | | 76,499 | 76,538 |
| Non-current liabilities | | 1,853 | 1,853 |
| Loans from subsidiaries (Annexure C) | | 1,853 | 1,853 |
| Current liabilities | | 7 | 6 |
| Trade and other payables | 7 | 7 | 6 |
| Other liabilities – value added taxation* | | — | — |
| Total equity and liabilities | | 78,359 | 78,397 |

* Less than R500,000.

ANGLO AMERICAN PLATINUM LIMITED CONTINUED

for the year ended 31 December 2019

SEPARATE STATEMENT OF CASH FLOWS

for the year ended 31 December

| | Notes | 2019 Rm | 2018 Rm |
|--|-------|----------------|----------------|
| Cash flows used in operating activities | | | |
| Cash used in operations | 8 | (195) | (231) |
| Net cash used in operating activities | | (195) | (231) |
| Cash flows from investing activities | | | |
| Decrease in loans to subsidiaries | | 5,093 | 2,103 |
| Guarantee fees received | | 19 | 14 |
| Dividends received | | — | 42 |
| Net cash from investing activities | | 5,112 | 2,159 |
| Cash flows used in financing activities | | | |
| Dividends paid | | (4,922) | (1,923) |
| Net cash used in financing activities | | (4,922) | (1,923) |
| Net decrease in cash and cash equivalents | | (5) | 5 |
| Cash and cash equivalents at beginning of year | | 5 | — |
| Cash and cash equivalents at end of year | | — | 5 |

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

| | Share capital Rm | Share premium Rm | Retained earnings Rm | Total Rm |
|---|------------------------|------------------------|----------------------------|---------------|
| Balance as at 31 December 2017 | 27 | 23,112 | 55,250 | 78,389 |
| Total comprehensive profit for the year | | | 130 | 130 |
| Share-based payments | | | 161 | 161 |
| Shares issued to employees | | | (219) | (219) |
| Dividends paid | | | (1,923) | (1,923) |
| Balance as at 31 December 2018 | 27 | 23,112 | 53,399 | 76,538 |
| Total comprehensive profit for the year | | | 4,922 | 4,922 |
| Share-based payments | | | 144 | 144 |
| Shares issued to employees | | | (183) | (183) |
| Dividends paid | | | (4,922) | (4,922) |
| Balance as at 31 December 2019 | 27 | 23,112 | 53,360 | 76,499 |

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December

1. NET INVESTMENT INCOME

| | 2019 Rm | 2018 Rm |
|----------------------|------------|------------|
| Guarantee fee income | 19 | 14 |

2. PROFIT BEFORE TAXATION

| | 2019 Rm | 2018 Rm |
|---|------------|------------|
| Profit before taxation is arrived at after taking account of: | | |
| Reversal of impairment of loan to RPM (note 5) | (4,918) | (86) |
| Directors' emoluments – remuneration as non-executives | 11 | 10 |
| Dividends received | — | (42) |

3. TAXATION

| | 2019 Rm | 2018 Rm |
|----------------------------------|------------|------------|
| Deferred taxation – current year | 1* | —* |
| | 1 | — |

* Less than R500,000.

4. INVESTMENTS

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Investment in wholly owned subsidiaries at cost (Annexure C) | 71,591 | 16,446 |

During the year, the company and RPM entered into a capitalisation and debt restructuring agreement, whereby the company subscribed for an additional 174,683 ordinary no par value shares at an aggregate subscription price of R55 billion. At the same time, the subscription price was automatically set-off against an equivalent amount owing by RPM to the company.

ANGLO AMERICAN PLATINUM LIMITED CONTINUED

for the year ended 31 December 2019

5. LOANS TO SUBSIDIARIES

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| Opening balance as at 1 January | 61,936 | 63,953 |
| Repayments | (5,093) | (2,103) |
| Repayment by RPM through issuing of additional shares (note 4) | (55,000) | — |
| Reversal of impairment losses | 4,918 | 86 |
| Closing balance as at 31 December (Annexure C) | 6,761 | 61,936 |

During the prior years the amortised cost carrying value of the loan to RPM was partially impaired. The impairment was measured by comparing the carrying amount of the loan to the higher of the company's market capitalisation and the value in use of RPM determined on a discounted cash flow basis. Due to a significant improvement in the market capitalisation of the company, the previous impairment was partially reversed during the current year.

The loan is interest free and its repayment at the earlier of a change in control or the company providing RPM with a 12-month written notice to repay the loan.

6. SHARE CAPITAL

| 2018 Number of shares | 2019 Number of shares | | 2019 Rm | 2018 Rm |
|-----------------------------|-----------------------------|----------------------------------|------------|------------|
| | | Authorised | | |
| 413,595,651 | 413,595,651 | Ordinary shares of 10 cents each | 41 | 41 |
| | | Issued ordinary shares | | |
| 269,681,886 | 269,681,886 | Ordinary shares of 10 cents each | 27 | 27 |

3% of authorised but unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting.

7. TRADE AND OTHER PAYABLES

| | 2019 Rm | 2018 Rm |
|-------------------------------------|------------|------------|
| Other payables and accrued expenses | 7 | 6 |
| | 7 | 6 |

8. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

| | 2019 Rm | 2018 Rm |
|--|--------------|--------------|
| Profit before taxation | 4,923 | 130 |
| Adjustments for: | | |
| Reversal of impairment of loan to RPM (note 5) | (4,918) | (86) |
| Guarantee fee income (note 1) | (19) | (14) |
| Shares issued to employees | (183) | (219) |
| Dividends received | — | (42) |
| | (197) | (231) |
| Working capital changes | 2 | — |
| Decrease/(increase) in trade and other receivables | 1 | (1) |
| Increase/(decrease) in trade and other payables | 1 | 1 |
| Cash used in operations | (195) | (231) |

9. RELATED PARTY TRANSACTIONS

| | 2019 Rm | 2018 Rm |
|--|------------|------------|
| During the year the company, in the ordinary course of business, entered into various transactions with its direct subsidiaries. The effect of these transactions is included in the financial performance and results of the company. | | |
| Material related party transactions were as follows: | | |
| Guarantee fee received during the year | (15) | (11) |
| Reversal of impairment of loan to RPM ¹ | 4,918 | 86 |
| Directors' emoluments are disclosed in Annexure E. | | |
| Key management personnel disclosure is in Annexure E. | | |

¹ The prior year number has been updated to provide a comparative to the current year.

10. POST-BALANCE SHEET EVENTS

A final dividend of R11.2 billion (R41.60 per share) for the year ended 31 December 2019 was declared after year end, payable on Monday, 9 March 2020 to shareholders recorded in the register at the close of business on Friday, 6 March 2020.

ADMINISTRATION

Directors

Chairman

N Mbazima

Executive directors

C Griffith (chief executive officer)

C Miller (finance director)

Independent non-executive directors

RMW Dunne (British)

NP Mageza (lead independent director)

NT Moholi

D Naidoo

JM Vice

Non-executive directors

M Cutifani (Australian)

S Pearce (Australian)

AM O'Neill (British)

Alternate director

PG Whitcutt (alternate director to S Pearce)

Company secretary

Elizna Viljoen

elizna.viljoen@angloamerican.com

Telephone +27 (0) 11 638 3425

Facsimile +27 (0) 11 373 5111

Financial, administrative, technical advisers

Anglo Operations Proprietary Limited

Corporate and divisional office, registered office, business and postal addresses of company secretary and administrative advisers

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+27 (0) 11 834 2379

Sponsor

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Woodmead Sandton 2196

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Telephone +27 (0) 11 373 6239

Lead competent person

Gordon Smith

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Fraud line – speakup

Anonymous whistleblower facility

0800 230 570 (South Africa)

angloplat@anglospeakup.com

Human resources-related queries

Job opportunities: www.angloamericanplatinum.com/careers/job-opportunities

Bursaries, email: bursaries@angloplat.com

Career information: www.angloamericanplatinum.com/careers/working-at-anglo-american-platinum





Anglo American Platinum Limited

Incorporated in the Republic of South Africa

Date of incorporation: 13 July 1946

Registration number: 1946/022452/06

JSE code: AMS – ISIN: ZAE000013181

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