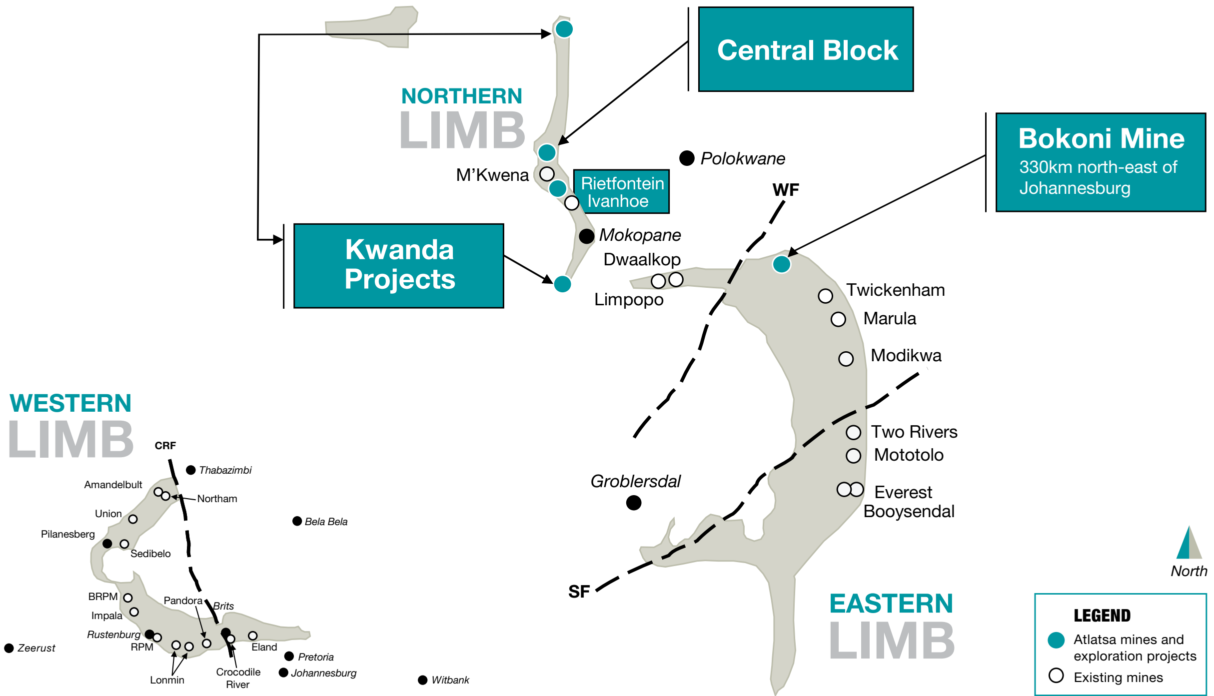
Atlatsa
RESOURCES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014, 2013 and 2012

EMPOWERED TO PRODUCE

WHERE WE ARE:
OUR ASSETS



Disclaimer

This report includes certain statements that may be deemed forward-looking statements within the definition of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws that are based on Atlatsa's expectations, estimates and projections as of the dates as of which those statements are made, including statements relating to anticipated financial or operational performance. All statements in this report, other than statements of historical facts, that address potential acquisitions and/or disposals, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects are forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should" and similar expressions. Atlatsa believes that such forward-looking statements are based on material factors and reasonable assumptions, including the following assumptions: open cast mining and accelerated development of underground shaft systems at Bokoni Mine will have anticipated positive impacts on operations and production; the Bokoni Mine will maintain production levels in accordance with mine operating plan; the Bokoni Mine operating plan will continue to be implemented as expected and will achieve improvements in production and operational efficiencies as anticipated; the Company will be able to satisfy the terms and conditions of its letter of support from Anglo Platinum, dated November 10, 2014, as described in Section 1.11 "Liquidity" in the MD&A and under "Going Concern" in note 2 of the Consolidated Financial Statements; the Platreef Projects will continue to be positive; contracted parties provide goods and/or services on the agreed timeframes; equipment necessary for construction and development is available as scheduled and does not incur unforeseen breakdowns; no material labour slowdowns, strikes or community unrest are incurred; plant and equipment functions as specified; geological or financial parameters do not necessitate future mine plan changes; and no geological or technical problems occur. Factors that could cause actual results to differ materially from those in forward-looking statements include but are not limited to known and unknown risks, market prices, exploitation and exploration successes, changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation and continued availability of capital and financing, and general economic, market or business conditions. For further information on Atlatsa, investors should review the Company's Annual Report on Form 20-F for the year ended December 31, 2014 and other disclosure documents available at www.sedar.com and with the United States Securities and Exchange Commission, available at www.sec.gov.

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REPORT PROFILE

Atlatsa Resources Corporation (Atlatsa) was incorporated on April 19, 1983 under the laws of the Province of British Columbia, Canada, and all information contained in this report is reported in Canadian dollars (CAD$), unless otherwise indicated. In this report, references to Atlatsa include the Company's subsidiaries. In addition to this report, extensive information on Atlatsa, including its regulatory filings, is available on the Company's website at www.atlatsaresources.co.za, www.sedar.com and www.sec.gov.

The financial statements are expressed throughout the report in Canadian dollars and are used inter-changeably with the symbol CAD$.

This report covers the financial performance for the 2014 financial year (that is, January 1, 2014 to December 31, 2014).

CORPORATE
PROFILE

Atlatsa (formerly known as Anooraq Resources Corporation) is a black economic empowerment (BEE) platinum group metal (PGM) producer and exploration company, with assets located on the Bushveld Igneous Complex (BIC) of South Africa, the world's largest platinum deposit, which produces in excess of 75% of annual primary platinum supply to international markets.

HISTORY

1983	1999	2004	2006	2007	2008	2009	2011	2012	2013	2014
Atlatsa incorporated in Canada	Exploration focus shifts to South Africa	Pelawan Investments effects reverse takeover of Atlatsa	Inward listing on JSE completed	Announcement for purchase of Lebowa and JV projects controlling interests from Anglo Platinum	Finalisation of transaction continues	Atlatsa assumes operational control of Bokoni Platinum Mine	Strategic review of Bokoni Group asset base completed	Phase One of restructure plan with Anglo Platinum completed	Revised restructure plan implemented	Revised restructure plan successfully concluded

The BIC hosts numerous PGM mines and prospects, mainly within the Merensky and UG2 reefs and the Platreef mineralised horizons. Atlatsa completed the acquisition of a controlling interest in Bokoni (formerly Lebowa*) from Anglo American Platinum Limited (Amplats) in July 2009 (the Bokoni Transaction), and now operates this four-shaft mine complex, currently producing 194,000 4E** ounces on an annual basis. With the Bokoni acquisition, Atlatsa also gained controlling interests in the Ga-Phasha Project, located adjacent to Bokoni, and the Boikgantsho and Kwanda Projects (Bokoni Group). This was revised subsequent to Atlatsa's refinancing, restructuring and recapitalisation transaction with Amplats (Restructure Plan), announced in February 2012. In terms of the transaction, Atlatsa disposed of its entire interest in the Boikgantsho Project and the eastern section of the Ga-Phasha Project to Amplats. The western section of the Ga-Phasha Project (comprising of the two mineral properties Avoca 472 KS and Klipfontein 465 KS) was consolidated into the mining right of Bokoni.

Atlatsa's objective is to become a significant PGM producer with a substantial and diversified PGM asset base, including production and exploration assets. The acquisition of the controlling interest in Bokoni Platinum Holdings Proprietary Limited (Bokoni Holdco) was the first stage of advancing Atlatsa's PGM production strategy and resulted in Atlatsa controlling a significant estimated mineral resource base in excess of 150 million PGM ounces. Of this, approximately 78.5 million PGM ounces is directly attributable to Atlatsa. On implementation of the Bokoni Transaction, Atlatsa assumed management control over the Bokoni Group operations. Amplats, a subsidiary of Anglo American plc, through its wholly owned subsidiary Rustenburg Platinum Mines Limited (RPM), retained a 49% non-controlling interest in Bokoni Holdco.

On February 1, 2014, the Company announced the conclusion of its previously announced Restructure Plan with Amplats. The Restructure Plan had a positive impact on the Company's corporate and capital structure. Highlights of the impact of the Restructure Plan are as follows:

- 31.6 million PGM ounces of Mineral Resource that were not incorporated into Bokoni's 25-year mine plan were sold for a profit of CAD$171 million.
- The repayment of various historical debt instruments resulted in the consolidated Company debt being reduced by 75% from CAD$587 million to CAD$156 million.

* *Lebowa Platinum Mines Limited (Lebowa) now known as Bokoni Platinum Mines Proprietary Limited (Bokoni).*

** *4E consists of platinum, palladium, rhodium and gold.*

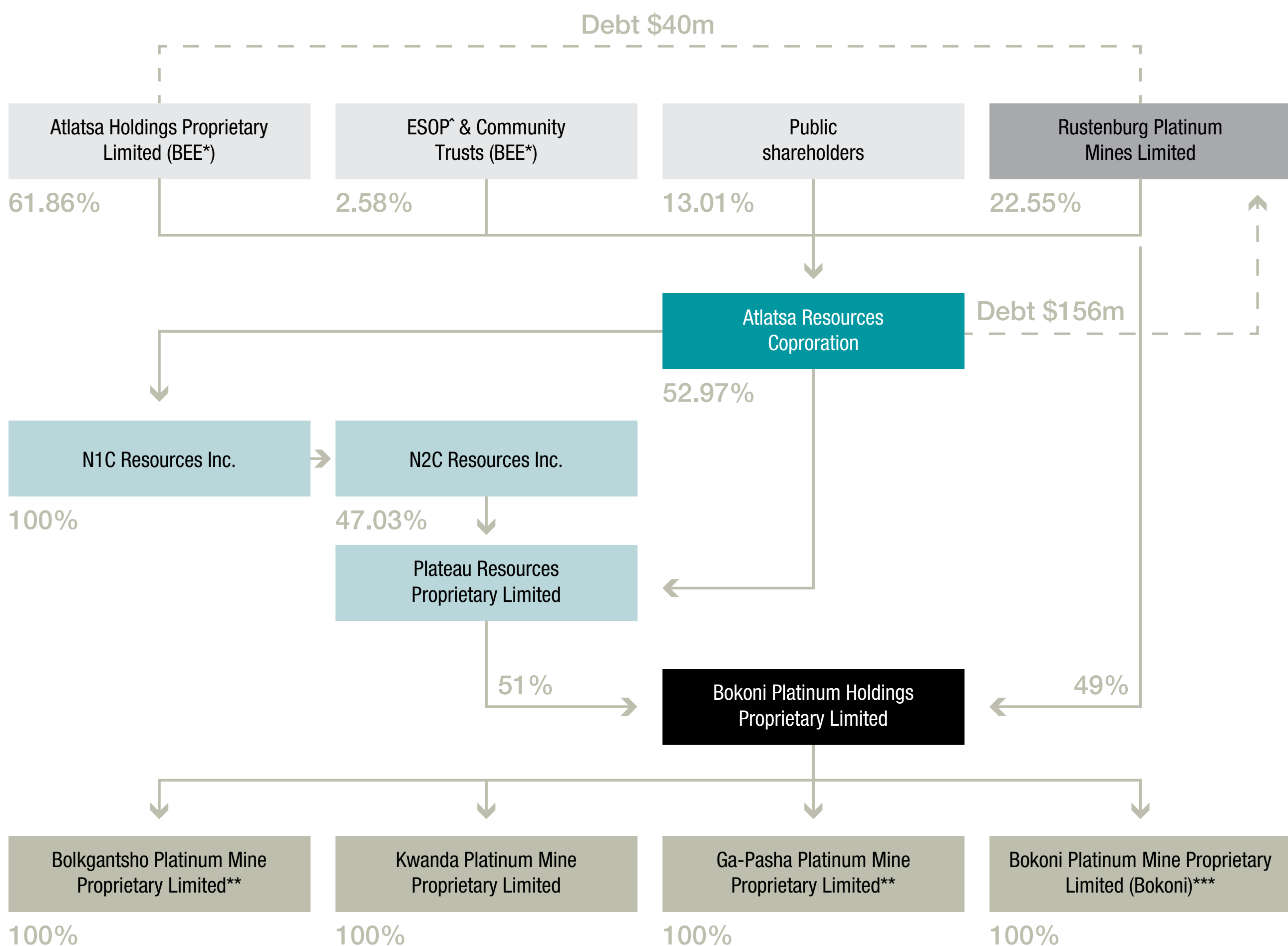
- Ownership of four Northern Limb (Platreef) exploration properties, together with an option to acquire an ownership interest in the Polokwane Smelter Complex, was retained by the Company for future growth opportunities.
- After completion of the Restructure Plan, Atlatsa has an outstanding share capital of 554,288,473 common shares and all classes of convertible securities (other than stock options) have been eliminated.

Atlatsa derives its revenues from PGM production through the sale of metal in concentrate, produced at Bokoni, to Amplats in terms of a dedicated concentrate sale agreement. This metal in concentrate contains various payable metals, most prominently, platinum, palladium, rhodium and gold, as well as base metals, copper and nickel. On delivery of the metal in concentrate to Amplats, metal assays are performed in order to assess the metal content. Such metal in concentrate is then purchased by Amplats based on a formula relating to spot metal pricing, less smelting and refining charges, as well as penalties, if applicable.

Atlatsa's broad-based black empowerment roots are impeccable, with a 64% BEE interest split between Atlatsa Holdings Proprietary Limited (formerly Pelawan Investments Proprietary Limited), a broad-based, 42% women and 100% black-owned company, Anooraq Community Trust and an employee trust.

Atlatsa has a primary listing on the Toronto Stock Exchange (TSX: ATL), and secondary listings on the New York Stock Exchange (NYSE MKT: ATL) and the JSE Limited (JSE: ATL).

Corporate structure post the restructure plan



* *Black Economic Empowerment.*
** *Dormant from 13 December 2013.*
*** *Bokoni Rehabilitation Trust is consolidated into Bokoni Mine.*
^ *ESOP Trust is consolidated into Atlatsa.*

CORPORATE
GOVERNANCE

The Atlatsa Board of directors (the Board) has adopted corporate governance guidelines to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its shareholders. The guidelines are to be applied in a manner consistent with applicable laws and the Company's incorporating documents.

The guidelines provide a framework for the conduct of the Board's business. The Board may modify or make exceptions to the guidelines from time to time in its discretion and consistent with the duties and responsibilities owed to the Company and its shareholders. These guidelines have been prepared with the intention that they comply with corporate governance rules established and proposed by the TSX, Canadian securities regulators and the rules mandated by AMEX and the SEC.

The Company's corporate governance manual can be found on the Company's website at www.atlatsaresources.co.za/corporate-responsibility/corporate-governance

BOARD
AND MANAGEMENT

BOARD OF DIRECTORS

Tumelo M Motsisi
Executive Chairman and Director
BA, LLM, MBA

Tumelo Motsisi is a prominent South African businessperson with experience in the South African financial services, mining and energy sectors. Between 1994 and 1998 he was employed first as a senior manager and then as a director within the Negotiated Benefits Consultants division of Alexander Forbes, a South African financial services company.

In 1998 he established Kopano Ke Matla Investment Company (KKM), the investment arm of South Africa's largest trade union federation, the Congress of South African Trade Unions. He was subsequently appointed as the Chief Executive Officer (CEO) of KKM. Mr Motsisi also served as Executive Chair of Prosperity Holdings Proprietary Limited, a financial services company established between KKM, NBC Financial Services Proprietary Limited and Peregrine Proprietary Limited. Mr Motsisi is a founding member of Atlatsa Holdings, the controlling shareholder of Atlatsa. Mr Motsisi has been a director of Atlatsa since September 2004.

AHC (Harold) Motaung
Chief Executive Officer and Executive Director
BSc, MBA

Harold Motaung was previously employed at the Free State and Vaal River operations of Anglo American Corporation of South Africa Limited for six years as a mining engineer and as a production supervisor. Mr Motaung then moved to the Department of Mineral Resources (DMR) as a director within the Mine Inspectorate. As a Deputy Chief Inspector, he was responsible for implementing the Mine Health and Safety Act. Subsequently he was appointed Chief Director within the Mine Inspectorate. His portfolio included the gold, platinum and coal regions of South Africa.

In Mr Motaung's capacity as a Chief Director of the Mine Inspectorate, he was appointed on numerous boards of government-associated institutions including the National Nuclear Regulator (NNR), the Deep Mining Board and the Mining Qualifications Authority. Mr Motaung also chaired the Mines Research Board, which administered a mining safety fund. Mr Motaung also represented the South African government in a number of international and bi-national engagements with foreign countries, and was a member of the DMR executive team

responsible for briefs and presentations at the Parliamentary Portfolio Committee on the status of minerals and energy within the country, which culminated in the enactment of the Mineral and Petroleum Resources Development Act (MPRDA). Mr Motaung left the DMR to establish a mining and geological consultancy, African Minerals Professionals Proprietary Limited. Mr Motaung has been a director of Atlatsa since September 2004 and the CEO of the Company since April 2011. He is a founding member of Atlatsa Holdings, the controlling shareholder of Atlatsa.

Joel Kesler

Chief Commercial Officer and Executive Director

BCom, LLB (Cum Laude) UCT

Joel Kesler is a South African qualified lawyer with 18 years of international experience in mining finance, mergers and acquisitions, business and corporate development. He was a founding member of Atlatsa Holdings in 2002 and was a key person in effecting the reverse takeover of Atlatsa (formerly Anooraq Resources) in 2004. From 2005 to 2014 Mr Kesler has been serving on the Atlatsa Executive Committee as its Chief Commercial Officer, primarily responsible for the Company's corporate and business strategy, corporate finance and corporate communications.

Fikile Tebogo De Buck

Independent Non-Executive Director

BA, FCCA

Fikile Tebogo De Buck is a Fellow of the Association of Chartered Certified Accountants FCCA (UK) and has extensive experience in business operations and financial affairs with companies in the mining sector. She holds a Bachelor of Arts degree in Economics and Accounting from the University of Swaziland. Ms De Buck is currently a Non-Executive Director and the Lead Independent Director of Harmony Gold Mining Company Limited (Harmony) and is a member of various board committees of Harmony, including the Audit Committee. She has also served in various positions at the Council for Medical Schemes in South Africa.

Colin Wayne Clarke

Lead independent Non-Executive Director

BA (Political Science), University of Texas; Juris Doctorate (JD), USA; University of Denver School of Law, USA; MBA, Said Business School, Oxford University

Since 2012, Mr Clarke has been the Chairman of ACPI Investment Managers South Africa, a London based asset management firm operating in the fixed income, equities, special situations and private equities space between 2011 and 2012. Mr Clarke was the Chief Investment Officer of the Sishen Iron Ore Company Community Development Trust (SIOC-CDT). During his time with the SIOC-CDT, Mr Clarke conceptualised, created, developed and executed the SIOC-CDT's investment policy.

Mr Clarke has also served as the Chief Operating Officer of the National Empowerment Fund (NEF) in South Africa between 2009 and 2010, where he headed the group operations as well as Asset Management, Marketing and Communications and Strategy and Planning. Mr Clarke has many years of international legal, private equity and corporate finance experience with multinational organisations such as BP Amoco, where he served as legal counsel in their acquisitions department. Mr Clarke has also held the positions of Deputy Director for Trade and Investment at the African America Institute and Programme Director for the Africa Regional Assistance Electoral Fund.

Mr Clarke gained extensive private equity experience in Africa having served as legal counsel and partner with two southern African focused private equity funds, Southern African Enterprise Development Fund (SAEDF) and Sloan Financial Groups New Africa Advisors Fund between 1996 and 2000.

For the past five years to date, Mr Clarke has been a director of the following companies: ACPI (SA) from 2012 to date, Sherbourne Capital, Director 2011 to date, Sizwe Medical Fund – Audit Committee member and Chairman of Investment Committee from June 2013 to date, Chief Financial Officer (CFO) of SIOC-CDT, 2011 to 2012, SIOC-CDT Investment Holdings (RF) Proprietary Limited and Continental Coal Proprietary Limited. Mr Clarke was appointed Lead Independent Director of Atlatsa effective December 30, 2014.

Ralph Havenstein

Non-Executive Director

BSc (Chem Eng); MSc (Chem Eng); BCom; Stanford Senior Executive Programme

Mr Havenstein served as CEO of Anglo Platinum Limited. between 2003 and 2007. Other mining roles include CEO of Norilsk Nickel International between 2008 and 2009; Non-Executive Director of Northam Platinum Limited from 2003 to present; Non-Executive Director of Simmer and Jack Mines Proprietary Limited between 2010 and 2011; and Non-Executive Director of Hernic Ferrochrome Proprietary Limited from 2012 to present, He has been Chairman from March 2013 to date. Mr Havenstein was with Sasol Limited for 24 years from 1979 to 2003. He was Vice President of the South African Chamber

of Mines between 2006 and 2007, as well as Director of Mintek (South Africa) Limited between 2005 and 2010. His principal occupation for the past five years has been as a Non-Executive Director of companies.

Andile Mabizela

Independent Non-Executive Director

LLB (Natal), BSc (Economics) Hons (Zimbabwe)

Andile Mabizela has worked in business development and executive management roles in the aviation, financial services and supply chain sectors. He has considerable board level experience. He was a Board member of SAA (SOC) Limited until November 2014, and was the Chairman of SA Express (SOC) Limited until February 2014. He is also Chairperson of the Johannesburg Property Company. Mr Mabizela previously served on STANLIB Wealth Management subsidiary boards as well as country boards of Liberty Africa Asset Management, spanning Swaziland, Lesotho, Kenya and Botswana. From March 2009 to August 2010, Mr Mabizela worked for STANLIB Wealth Management Limited as Head of the Institutional Multi Asset Business Unit (Pension Funds) and also served as Head of Asset Management for Liberty Africa. In the past three years, Mr Mabizela has been an Executive Director of Afrilog South Africa Proprietary Limited (Afrilog). Afrilog is an international company with extensive experience in supply chain management, as well as providing project logistics and advisory services to mining companies on the African continent through its subsidiary Multilog Proprietary Limited.

Bongiwe Ntuli

Independent Non-Executive Director

CA (SA)

Ms Ntuli is a Chartered Accountant by profession. She began her career working for Anglo American plc where she held various finance, treasury and risk management positions at its subsidiaries in South Africa, Canada and the United Kingdom. Ms Ntuli joined Grindrod Freight Services on her return to South Africa in 2008 as its CFO. In 2012, Ms Ntuli was appointed as a member of the Grindrod group executive committee as Executive: Corporate Services. In September 2014, Ms Ntuli was appointed Chief Executive Officer of Grindrod Ports, Terminals and Rail division. Ms Ntuli also serves as a Non-Executive Director of Adapt IT Holdings Limited, a JSE-listed entity, where she has been Chairman of the Audit Committee since 2008.

EXECUTIVE MANAGEMENT

Tumelo M Motsisi

Executive Chairman and Director

BA, LLM, MBA

Tumelo Motsisi is a prominent South African businessperson with experience in the South African financial services, mining and energy sectors. Between 1994 and 1998 he was employed first as a senior manager and then as a director within the Negotiated Benefits Consultants division of Alexander Forbes, a South African financial services company.

In 1998 he established Kopano Ke Matla Investment Company (KKM), the investment arm of South Africa's largest trade union federation, the Congress of South African Trade Unions. He was subsequently appointed as the CEO of KKM. Mr Motsisi also served as Executive Chair of Prosperity Holdings Proprietary Limited, a financial services company established between KKM, NBC Financial Services Proprietary Limited and Peregrine Proprietary Limited. Mr Motsisi is a founding member of Atlatsa Holdings, the controlling shareholder of Atlatsa. Mr Motsisi has been a director of Atlatsa since September 2004.

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BSc, MBA

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Deep Mining Board and the Mining Qualifications Authority. Mr Motaung also chaired the Mines Research Board, which administered a mining safety fund. Mr Motaung also represented the South African government in a number of international and bi-national engagements with foreign countries, and was a member of the DMR executive team responsible for briefs and presentations at the Parliamentary Portfolio Committee on the status of minerals and energy within the country, which culminated in the enactment of the Mineral and Petroleum Resources Development Act (MPRDA). Mr Motaung left the DMR to establish a mining and geological consultancy, African Minerals Professionals Proprietary Limited. Mr Motaung has been a director of Atlatsa since September 2004 and the CEO of the Company since April 2011. He is a founding member of Atlatsa Holdings, the controlling shareholder of Atlatsa.

Joel Kesler

Chief Commercial Officer and Executive Director

BCom, LLB (Cum Laude) UCT

Joel Kesler is a South African qualified lawyer with 18 years of international experience in mining finance, mergers and acquisitions, business and corporate development. He was a founding member of Atlatsa Holdings in 2002 and was a key person in effecting the reverse takeover of Atlatsa in 2004. From 2005 to 2014 Mr Kesler has been serving on the Atlatsa Executive Committee as its Chief Commercial Officer, primarily responsible for the Company's corporate and business strategy, corporate finance and corporate communications.

Prudence Lebina

Head of investor relations and corporate development

CA (SA)

Prudence Lebina is a chartered accountant by profession and has extensive experience in corporate finance, sponsor and regulatory services work. She spent five years in investment banking at Deutsche Bank SA and was recently Investor Relations Manager and part of the corporate finance team at Exxaro Resources Limited.

Prudence holds a BCom degree and a higher diploma in Accountancy from the University of Witwatersrand as well as a certificate in Business Leadership from Columbia Business School. She qualified as a chartered accountant with PwC.

Boipelo P Lekubo

Chief Financial Officer

CA (SA), BCom (Hons)

Boipelo Lekubo is a chartered accountant by profession with extensive experience in group financial management and reporting within the mining industry. Boipelo holds a BCom (Hons) degree from the University of Johannesburg (formerly Rand Afrikaans University) and qualified as a chartered accountant with KPMG. Her previous finance and accounting roles were at Total Coal South Africa Proprietary Limited and Northam Platinum Limited. She also has experience in project finance and corporate strategy and serves as a Director on the Board of Trans Hex Group Limited.

Bava Reddy

Executive: Technical Services

BSc (Hons), GDE, Pr Sci Nat

Bava Reddy is a geologist by training with more than 17 years experience in the South African minerals industry. Mr Reddy held a number of positions in the Mineral Resources Management field at AngloGold Ashanti and Harmony Gold Mining Limited. He was the General Manager at Harmony Gold's Target Mine before joining Atlatsa Resources. He is responsible for all Technical and Mineral Resource Development aspects of Atlatsa's Exploration and Mining Projects. Mr. Reddy is not a Director of any public companies.

Dawid Stander

Managing Director: Bokoni Platinum Mines

BSc (Hons), GDE, Pr Sci Nat

Dawid Stander has 37 years of experience in the mining sector. Positions previously held include Director at a mining consultancy and Managing Director at GMSI.

INDEPENDENT
AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ATLATSA RESOURCES CORPORATION

We have audited the accompanying consolidated financial statements of Atlatsa Resources Corporation ("the Corporation"), which comprise the consolidated statement of financial position at December 31, 2014 and December 31, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2014, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for each of the years in the three-year period ended December 31, 2014 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

We draw attention to note 2 of the consolidated financial statements, which indicates that the Corporation incurred a net loss of CAD$49.5 million for the year ended December 31, 2014 and, as of that date, the Corporation's total assets exceeded its total liabilities by CAD$415.2 million. Note 2 states that these conditions, along with other matters, indicate the existence of a material uncertainty, which may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

KPMG Inc.
Registered Auditors

Johannesburg, South Africa
March 31, 2015

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014 AND 2013

(Expressed in Canadian dollars, unless otherwise stated)

	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	10	**646,245,336**	651,178,482
Capital work-in-progress	11	**29,272,118**	27,296,481
Other intangible assets	12	**289,390**	326,350
Mineral property interests	13	**7,339,706**	7,612,443
Goodwill	14	**8,776,080**	8,845,940
Platinum Producers' Environmental Trust	15	**3,721,035**	3,292,979
Other non-current assets		**517**	540
Total non-current assets		**695,644,182**	698,553,215
Current assets			
Inventories	16	**726,343**	373,698
Trade and other receivables	17	**16,256,784**	33,782,099
Cash and cash equivalents	18	**8,148,558**	40,655,103
Restricted cash	19	**48,744**	265,293
Total current assets		**25,180,429**	75,076,193
Total assets		**720,824,611**	773,629,408
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**309,659,583**	71,967,083
Treasury shares	20	**(4,991,726)**	(4,991,726)
Convertible preference shares	20	**–**	162,910,000
Foreign currency translation reserve		**(10,558,030)**	(10,119,860)
Share-based payment reserve		**26,245,459**	25,794,650
Accumulated loss		**(89,283,115)**	(64,673,717)
Total equity attributable to equity holders of the Company		**231,072,171**	180,886,430
Non-controlling interests		**184,133,904**	198,227,542
Total equity		**415,206,075**	379,113,972
Non-current liabilities			
Loans and borrowings	21	**130,402,292**	110,320,221
Finance lease liability	22	**283,877**	–
Deferred tax liability	23	**116,744,891**	124,519,382
Provisions	24	**13,357,268**	11,100,511
Total non-current liabilities		**260,788,328**	245,940,114
Current liabilities			
Trade and other payables	25	**41,670,800**	71,878,955
Short-term portion of loans and borrowings	21	**524,854**	76,696,367
Short-term portion of finance lease liability	22	**2,634,554**	–
Total current liabilities		**44,830,208**	148,575,322
Total liabilities		**305,618,536**	394,515,436
Total equity and liabilities		**720,824,611**	773,629,408

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors on March 31, 2015

Harold Motaung
Director

Fikile De Buck
Director

CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014, 2013 AND 2012

(Expressed in Canadian dollars, unless otherwise stated)

	Note	2014	2013	2012
Revenue	26	237,390,814	195,621,452	117,557,331
Cost of sales	27	(264,758,202)	(233,776,296)	(195,387,551)
Gross loss		(27,367,388)	(38,154,844)	(77,830,220)
General and administrative expenses		(10,195,478)	(19,805,849)	(14,589,526)
Other expenses	29	(2,581,855)	(1,688,165)	(822,621)
Other income	30	35,209	219,434,036	90,694,313
Operating (loss)/profit		(40,109,512)	159,785,178	(2,548,054)
Finance income	31	296,995	330,591	382,262
Finance costs	32	(16,269,673)	(56,393,072)	(82,837,200)
Net finance costs		(15,972,678)	(56,062,481)	(82,454,938)
(Loss)/profit before income tax	33	(56,082,190)	103,722,697	(85,002,992)
Income tax	34	6,532,348	(3,853,420)	(10,563,878)
(Loss)/profit for the year		(49,549,842)	99,869,277	(95,566,870)
Other comprehensive income				
Foreign currency translation differences for foreign operations		(2,088,318)	(27,068,629)	2,415,302
Other comprehensive income for the year, net of income tax	35	(2,088,318)	(27,068,629)	2,415,302
Total comprehensive income for the year		(51,638,160)	72,800,648	(93,151,568)
(Loss)/profit attributable to:				
Owners of the parent		(24,609,398)	199,492,438	(18,717,839)
Non-controlling interests		(24,940,444)	(99,623,161)	(76,849,031)
(Loss)/profit for the year		(49,549,842)	99,869,277	(95,566,870)
Total comprehensive income attributable to:				
Owners of the parent		(25,064,244)	198,879,308	(17,236,373)
Non-controlling interests		(26,573,916)	(126,078,660)	(75,915,195)
Total comprehensive income for the year		(51,638,160)	72,800,648	(93,151,568)
Basic earnings per share	36	(5 cents)	47 cents	(4 cents)
Diluted earnings per share	36	(5 cents)	46 cents	(4 cents)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014, 2013 AND 2012

(Expressed in Canadian dollars, unless otherwise stated)

		Share capital		Treasury shares	
	Note	Number of shares	Amount	Number of shares	Amount
Balance at January 1, 2012		201,888,473	71,967,083	4,497,062	(4,991,726)
Acquisition of shares in Bokoni Platinum Holdings Proprietary Limited	28	–	–	–	–
Total comprehensive income for the year					
Loss for the year		–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the year		–	–	–	–
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value gain on de-recognition of debt facility in relation to the first phase of debt restructuring		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Balance at December 31, 2012		201,888,473	71,967,083	4,497,062	(4,991,726)
Acquisition of shares in Bokoni Platinum Holdings Proprietary Limited	28	–	–	–	–
Total comprehensive income for the year					
Profit/(loss) for the year		–	–	–	–
Other comprehensive income for the year, net of tax	35	–	–	–	–
Total comprehensive income for the year		–	–	–	–
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Fair value loss on repayment of debt facility	28	–	–	–	–
Share-based payments expense		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Balance at December 31, 2013		201,888,473	71,967,083	4,497,062	(4,991,726)
Common shares issued	20	125,000,000	74,782,500	–	–
Conversion of convertible preference shares		227,400,000	162,910,000	–	–
Acquisition of shares in Bokoni Platinum Holdings Proprietary Limited	28	–	–	–	–
Total comprehensive income for the year					
Loss for the year		–	–	–	–
Other comprehensive income for the year, net of tax	35	–	–	–	–
Total comprehensive income for the year		–	–	–	–
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Share-based payments expense		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Balance at December 31, 2014		554,288,473	309,659,583	4,497,062	(4,991,726)

The accompanying notes are an integral part of these consolidated financial statements.

Convertible preference shares	Foreign currency translation reserve	Share- based payment reserve	Accumulated loss	Total shareholders' equity	Non-controlling interests	Total equity
162,910,000	(11,238,333)	24,042,711	(245,448,316)	(2,758,581)	(25,326,683)	(28,085,264)
–	–	–	–	–	197,477,602	197,477,602
–	–	–	(18,717,839)	(18,717,839)	(76,849,031)	(95,566,870)
–	1,440,676	40,790	–	1,481,466	933,836	2,415,302
–	1,440,676	40,790	(18,717,839)	(17,236,373)	(75,915,195)	(93,151,568)
–	–	–	–	–	127,814,103	127,814,103
–	–	1,202,350	–	1,202,350	–	1,202,350
–	–	1,202,350	–	1,202,350	127,814,103	129,016,453
162,910,000	(9,797,657)	25,285,851	(264,166,155)	(18,792,604)	224,049,827	205,257,223
–	–	–	–	–	199,179,381	199,179,381
–	–	–	199,492,438	199,492,438	(99,623,161)	99,869,277
–	(322,203)	(290,927)	–	(613,130)	(26,455,499)	(27,068,629)
–	(322,203)	(290,927)	199,492,438	198,879,308	(126,078,660)	72,800,648
–	–	–	–	–	(98,923,006)	(98,923,006)
–	–	799,726	–	799,726	–	799,726
–	–	799,726	–	799,726	(98,923,006)	(98,123,598)
162,910,000	(10,119,860)	25,794,650	(64,673,717)	180,886,430	198,227,542	379,113,972
–	–	–	–	74,782,500	–	74,782,500
(162,910,000)	–	–	–	–	–	–
–	–	–	–	–	12,480,278	12,480,278
–	–	–	(24,609,398)	(24,609,398)	(24,940,444)	(49,549,842)
–	(438,170)	(16,676)	–	(454,846)	(1,633,472)	(2,088,318)
–	(438,170)	(16,676)	(24,609,398)	(25,064,244)	(26,573,916)	(51,638,160)
–	–	467,485	–	467,485	–	467,485
–	–	467,485	–	467,485	–	467,485
–	**(10,558,030)**	**26,245,459**	**(89,283,115)**	**231,072,171**	**184,133,904**	415,206,075

CONSOLIDATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014, 2013 AND 2012

(Expressed in Canadian dollars, unless otherwise stated)

	Note	2014	2013	2012
Cash flows from operating activities				
Receipts from customers		256,163,397	166,392,406	140,085,828
Payments to suppliers and employees		(268,132,188)	(157,268,152)	(171,351,040)
Cash (utilised by)/generated from operations	37	(11,968,791)	9,124,254	(31,265,212)
Interest received		190,369	226,073	296,187
Interest paid		(1,595,243)	(20,660)	(158)
Income tax paid		(353,374)	(7,043,536)	(2,079,516)
Net cash flows (used in)/from operating activities		(13,727,039)	2,286,131	(33,048,699)
Cash flows from investing activities				
Increase in investments held by Platinum Producers' Environmental Trust	15	(358,912)	(431,999)	(461,681)
Acquisition of property, plant and equipment	10	(1,335)	(278,200)	(2,563)
Expenditures on capital work-in-progress		(31,740,491)	(50,987,358)	(38,917,145)
Proceeds on disposal of property, plant and equipment		4,076	278,200	–
Proceeds on disposal of assets held for sale		–	171,600,312	–
Net cash flows (used in)/from investing activities		(32,096,662)	120,180,954	(39,381,389)
Cash flows from financing activities				
Proceeds from loans and borrowings	21	14,794,838	314,087,529	388,484,352
Payment of loans and borrowings	21	(75,365,709)	(621,959,514)	(514,138,069)
Acquisition of shares in Bokoni Platinum Holdings Proprietary Limited		–	207,518,927	197,477,614
Finance lease liability entered into	22	(368,094)	–	–
Common shares issued	20	74,782,500	–	–
Other loans repaid		–	293,604	–
Net cash flows from/(used in) financing activities		13,843,535	(100,059,454)	71,823,897
Effect of foreign currency translation		(526,379)	3,791,294	(757,931)
Net (decrease)/increase in cash and cash equivalents		(32,506,545)	26,074,217	(1,364,122)
Cash and cash equivalents at January 1		40,655,103	14,580,886	15,945,008
Cash and cash equivalents at December 31	18	8,148,558	40,655,103	14,580,886

The accompanying notes are an integral part of these consolidated financial statements.

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014, 2013 AND 2012

(Expressed in Canadian dollars, unless otherwise stated)

1. CORPORATE AND GROUP INFORMATION

Atlatsa Resources Corporation (the Company or Atlatsa) is incorporated in the Province of British Columbia, Canada. The Company has a primary listing on the TSX and has a secondary listing on the New York Stock Exchange (NYSE MKT) and the JSE Limited (JSE). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). Its principal business activity is the mining and exploration of Platinum Group Metals (PGM) through its mineral property interests. The Company focuses on mineral property interests located in the Republic of South Africa in the Bushveld Complex. Atlatsa operates in South Africa through its wholly owned subsidiary Plateau Resources Proprietary Limited (Plateau) which owns the Group's various mineral property interests and conducts the Group's business in South Africa.

2. GOING CONCERN

The Group incurred a loss for the year ended December 31, 2014 of CAD$49.5 million (2013: CAD$99.9 million, profit) and as of that date its total assets exceeded its total liabilities by CAD$415.2 million (2013: CAD$379.1 million).

The current liabilities of the Group are CAD$44.8 million compared to the current assets (excluding restricted cash) of CAD$25.1 million. This arises as a result of the CAD$14.1 million (ZAR140.0 million) backlog of trade and other payables owed to Anglo American Platinum Limited (Anglo Platinum). By initial agreement with Anglo Platinum this amount was deferred and Bokoni Mine will start repaying CAD$1.6 million (ZAR15.6 million) a month from April 2015 to December 2015. In terms of the letter of support received on November 10, 2014, this will be paid as part of the New Senior Debt Facility (discussed below). This will enable the Company to manage its liquidity position.

The Group completed a part of Phase two of its restructuring and recapitalising plan on December 13, 2013. The net result was the Group's debt was reduced by CAD$370.8 million (ZAR3,610.4 million) by December 31, 2013. The restructuring and recapitalising plan was finalised on January 31, 2014 resulting in the amount outstanding under the New Senior Debt Facility being reduced by a further CAD$76.0 million (ZAR750.0 million). The outstanding debt payable at December 31, 2014 is CAD$130.4 million (2013: CAD$110.3 million). This facility was fully drawn by March 2014.

The New Senior Debt Facility is only repayable once the company generates sufficient free cash flow.

Further negotiations were entered into at March 31, 2014 with Rustenburg Platinum Mines Limited (RPM) and the following were agreed to ensure the Group had sufficient cash resources:

- RPM will meet its 49% shareholder commitment to match any cash resources that Atlatsa contributes;
- The backlog of trade and other payables relating to Anglo Platinum of approximately CAD$14.2 million (ZAR140 million) will be deferred to be paid from April 2015 over nine equal instalments;
- The available facility of the CAD$9.1 million (ZAR90.0 million) Working Capital Facility will be made available in the event Bokoni Platinum Mines Proprietary Limited ("Bokoni Mine" or "Bokoni") requires additional cash resources.
- RPM will consider the availability of the CAD$2.9 million (ZAR29.0 million) outstanding on the sale of the Boikgantsho Project that took place on December 13, 2013 which is currently payable by RPM to the Company on the date of execution of a notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights; and
- Atlatsa executives will make available CAD$6.1 million (ZAR60.0 million), currently committed and held in escrow, as cash resources.

On November 10, 2014, a letter of support was received from Anglo Platinum to provide financial support up to a maximum of CAD$42.4 million (ZAR422.0 million) to March 31, 2016, in the event of unforeseen circumstances not within the Company's control, that may result in Bokoni Mine not meeting its planned cash forecasts.

2. GOING CONCERN continued

This letter of support is subject to the following terms and conditions:

- Bokoni Mine continues to operate according to the current plan as agreed with RPM;
- Bokoni Mine assesses and implements any opportunities identified to optimise revenue and production and minimise costs and capital expenditure in order to minimise funding requirements;
- the backlog of the trade and other payables relating to Anglo Platinum of approximately CAD$14.1 million (ZAR140.0 million) to be repaid by increasing the facility available under the New Senior Debt Facility. This is to be completed within three months from November 10, 2014 and if it is not possible to implement this as part of the New Senior Debt Facility then another facility will be entered into under similar terms;
- Bokoni Mine to continue to pay any advances including the trade and other payables balances due to Anglo Platinum within 30 days from the end of the month in which such advance is made. If there are valid disputes, this is to be resolved within 60 days and if the amount is due to Anglo Platinum, the amount must be paid within 5 days thereafter;
- the amendments to the Working Capital Facility, to access the CAD$2.9 million (ZAR29.0 million) outstanding from RPM for the sale of Boikgantsho, are finalised and executed within 30 days from November 10, 2014;
- definitive agreements in respect of the purchase by RPM of at least a further 25% in the Kwanda North prospecting rights, held by Kwanda Platinum Mine Proprietary Limited (Kwanda), and at least 60% in the Central Block prospecting rights, held by Plateau, are executed within six months from November 10, 2014;
- the Atlatsa executives to subscribe for CAD$6.0 million (ZAR60.0 million) of equity in Atlatsa by March 31, 2015; and
- the financial support will be withdrawn if Anglo Platinum sells its shareholding in Bokoni Holdco.

In addition to the above, an alternative funding arrangement was entered into with RPM in November 2013, whereby an advance on the Purchase of Concentrate revenue (Advance) on the concentrate sales made to RPM by Bokoni Mine was provided. The Advance was originally available from November 1, 2013 until November 30, 2014. The agreement with RPM with respect to the Advance provides that RPM may advance funds to Bokoni up to an amount of the lower of 90% of an advance on revenue for the preceding two months and CAD$36.5 million (ZAR360.0 million), provided that the amount advanced shall not exceed the actual cash requirements for that month. This agreement was renegotiated in March 2014 to provide that RPM may advance funds to Bokoni up to an amount of the lower of 95% of an advance on revenue for the preceding two months and CAD$48.1 million (ZAR475.0 million), provided that the amount advanced shall not exceed the actual cash requirements, for that month, of Bokoni Mine and was extended to December 31, 2015.

The Working Capital Facility made available by RPM to Plateau is a maximum of CAD$3.0 million (ZAR30.0 million) per year during each of 2013, 2014 and 2015 for an aggregate facility of CAD$9.0 million (ZAR90.0 million), including capitalised interest to fund Atlatsa's corporate and administrative expenses through to 2015. The facility available at December 31, 2014 was CAD$3.0 million (ZAR30.0 million) (2013: CAD$6.1 million (ZAR60.0 million)). The Working Capital Facility is repayable in full by December 31, 2018.

Subsequently, the condition relating to the amendments to the Working Capital Facility was amended to finalisation and execution within 90 days from November 10, 2014 and the subscription by Atlatsa executives of equity in Atlatsa by March 31, 2015 was amended to June 30, 2015.

The consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the conditions set out in the letter of support with Anglo Platinum, dated November 10, 2014, and deferred as described above, will be met. In the event the above terms are not met, these conditions give rise to a material uncertainty which may cast significant doubt on the ability of the Company and its subsidiaries to continue as going concerns and therefore may be unable to realise their assets and discharge their liabilities in the normal course of business.

3. BASIS OF PREPARATION

3.1 Overview

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis as set out in the accounting policies below. Certain items, including derivative financial instruments, are stated at fair value. The consolidated financial statements are presented in Canadian dollars (CAD$), and all values are rounded to the nearest dollar, except where otherwise stated.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.3 Foreign currencies

The consolidated financial statements are presented in Canadian dollars, which is also the parent entity's functional currency. The Group does have foreign operations.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Estimates and underlying assumptions are continually reviewed and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact various accounting policies are either described with the associated accounting policy note within Note 6 or are described below.

These include:

Judgements:

- Exploration and evaluation expenditure (i)
- Recovery of deferred tax assets (ii)
- Functional currency (Note 3.3)

Estimates and assumptions:

- Ore reserve and mineral resource estimates (iii)
- Exploration and evaluation expenditure (i)
- Unit-of-production (UOP) depreciation (iv)
- Mine rehabilitation (v)
- Recoverability of assets (vi)
- Inventories (vii)
- Fair value measurements (viii)
- Contingencies (ix)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below or in the related accounting policy note (see list above for references). The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

The determination of a SAMREC resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is recognised in profit or loss when the new information becomes available.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(iii) Ore reserve and mineral resource estimates

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets; mine properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the unit-of-production method, or where the useful life of the related assets change
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group estimates and reports ore reserves and mineral resources in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009), known as the "SAMREC Code".

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves and mineral resources may change.

(iv) Unit-of-production depreciation

Estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Units of production used to calculate depreciation includes proven and probable reserves only. These reserves are updated on a yearly basis as the life-of-mine plan is revised. The life of each item has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

The calculation of the UOP rate of depreciation/amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change.

Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves of differences between actual commodity prices and commodity price assumptions; and
- Unforeseen operational issues.

Changes in estimates are accounted for prospectively.

(v) Mine rehabilitation

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (5.40% (2013: 5.50%)), and changes in discount rates (7.96% (2013: 8.23%)). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(vi) Recoverability/impairment of assets

The Group assesses each cash-generating unit (CGU) annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair-value-less-costs-of-disposal and value in use. These assessments require the use of estimates and assumptions such as long-term

commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is the price that would be received to sell an asset or payment made to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of CGUs, remaining useful lives of assets and estimates of projected cash flows and fair-value-less-costs-of-disposal. Management's analysis of CGUs involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed. Cash flows are discounted by an appropriate discount rate to determine the net present value.

Management has assessed its CGU as being the Bokoni Mine, which is the lowest level for which cash flows are largely independent of other assets.

The determined value in use of the CGU is most sensitive to the platinum price, the US dollar exchange rate and the discount rate.

In assessing the value in use, key estimates and judgements were made by management, which are based on management interpretation of market forecast and the future inflation rates.

These included long term platinum prices and US dollar exchange rates. Both these variables were determined based on market consensus forecast prices for the first five years after which the price for platinum was inflated using 2.85% (2013: 2.85%). The real weighted average cost of capital used to discount the future free cash flows was determined as 10.97% real (2013: 10.97% real).

(vii) Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained Platinum Group Metal (PGM) ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

(viii) Fair value measurements

The Group measures financial instruments at fair value on initial recognition. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or CGU at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Share-based payments

The fair value of options granted is being determined using Black-Scholes and Monte-Carlo Simulation valuation models. Refer to Note 39 for significant inputs into the models for the various share option schemes.

New Senior Facilities Agreement

Management has applied judgement when determining the fair value on initial recognition for the New Senior Facilities Agreement. The fair value of the New Senior Facilities Agreement is determined using a cash flow valuation model. The significant inputs into the model are the opening balances as contractually agreed with the counterparty, set interest rates applicable to the Company, projected drawdowns and repayments on the loan and projected forward Johannesburg Interbank Agreed Rate (JIBAR) plus a market related spread. Based on the aforementioned, an effective interest rate was established on initial recognition that would be used to build the loan back up to contractual value by date of payment.

The following assumptions in the model may change:

- Any additional drawdowns have to be fairly valued at initial recognition;
- Update of the quarter end JIBAR curve, which may have an impact on the projected JIBAR rates; and
- An adjustment to the estimates of cash flows.

(ix) Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 6 to all periods presented in these consolidated financial statements.

5.1 Change in accounting policies

The Group adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014:

- **IFRS 11, *Joint Arrangements***

The application of the standard did not impact the Group's accounting for its interests in joint arrangements because the Group determined that:

– its joint arrangements that were previously classified as jointly controlled assets were classified as joint operations under IFRS 11

– its joint arrangement that was previously classified as a jointly controlled entity (JCE) and equity accounted was classified as a joint venture (JV) under IFRS 11 and hence continued to be equity accounted

As a result, the Group's previous methods of accounting for its joint arrangements continue to be appropriate under IFRS 11.

- **Amendments to IFRS 10 *Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and International Accounting Standard (IAS) 27 Separate Financial Statements – Investment Entities***

The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The adoption of this amendment had no impact on the Group as the holding company does not comply with the definition of an investment entity.

- **Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities***

The amendments clarify the accounting requirements for offsetting financial instruments. New guidance clarifies that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of a default, or in the event of insolvency or bankruptcy of the entity and all of the counterparties. The adoption of this amendment had no impact on the Group, as the financial instruments that were previously offset comply also with the new criteria.

- **Amendments to IAS 36 *Impairment of Assets***

These amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify that additional information should also be disclosed on discount rates if fair value less costs of disposal is based on present value techniques. This amendment had no impact on the Group as impairment calculations are normally done on a value in use basis.

- **Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting***

The amendment provides relief from discontinuing hedge accounting when novation of a derivative (designated as a hedging instrument) to a central counterparty following the introduction of a new law or regulation meets certain criteria. The adoption of this amendment had no impact on the Group as hedge accounting is not applied.

- ***International Financial Reporting Interpretations Committee (IFRIC) 21 Levies***

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

This interpretation has no impact on the Group as the Group has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

- **Improvements to IFRSs – 2010-2012 Cycle: Amendments to IFRS 13 – *Short-term receivables and payables***

The amendment clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment had no impact on the Group as the principle was already applied.

- **Improvements to IFRSs – 2011-2013 Cycle: Amendments to IFRS 1 – *Meaning of "effective IFRSs"***

The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment had no impact on the Group as the Group already adopted IFRS in 2006.

Summary of quantitative impacts

There was no quantitative impact on the Group's financial position, comprehensive income and cash flows due to the above changes in the accounting policies.

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

5.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below:

Effective July 1, 2014:

- IAS 19 *Defined Benefit Plans: Employee Contributions – Amendments to IAS 19*
- Annual IFRS Improvements Process 2010-2012 Cycle:
  - IFRS 2 Share-based *Payment – Definitions of vesting conditions*
  - IFRS 3 *Business Combinations – Accounting for contingent consideration in a business combination*
  - IFRS 8 *Operating Segments – Aggregation of operating segments*
  - IFRS 8 *Operating Segments – Reconciliation of the total of the reportable segments' assets to the entity's assets*
  - IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation/amortisation*
  - IAS 24 *Related Party Disclosures – Key management personnel*
- Annual IFRS Improvements Process 2011-2013 Cycle:
  - IFRS 3 *Business Combinations – Scope exceptions for joint ventures*
  - IFRS 13 *Fair Value Measurement – Scope of paragraph 52 (portfolio exception)*
  - IAS 40 *Investment Property – Interrelationship between IFRS 3 and IAS 40 (ancillary services)*

Effective January 1, 2016:

- IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*
- IFRS 10, IFRS 12, and IAS 28 *Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28*
- IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11*
- IFRS 14 *Regulatory Deferral Accounts*
- IAS 1 *Disclosure Initiative – Amendments to IAS 1*
- IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38*
- IAS 16 and IAS 41 *Agriculture – Bearer Plants – Amendments to IAS 16 and IAS 41*
- IAS 27 – *Equity Method in Separate Financial Statements – Amendments to IAS 27*
- Annual IFRS Improvements Process 2012 – 2014 Cycle:
  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal*
  - IFRS 7 *Financial Instruments: Disclosures – Servicing contracts*
  - IFRS 7 *Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements*
  - IAS 19 *Employee Benefits – Discount rate: regional market issues*
  - IAS 34 *Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report'*

Effective January 1, 2017:

- IFRS 15 *Revenue from Contracts with Customers*

Effective January 1, 2018:

- IFRS 9 *Financial Instruments*

All Standards and Interpretations will be adopted at their effective date, if applicable.

Management is currently in the process of assessing the impact of the above-mentioned changes, if any.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. As part of a business combination, the Group assesses whether there are any operating lease contracts of the acquiree that may be onerous – that is, where the lease premiums being paid on that contract exceed the current market rate for such lease arrangements. Those mineral reserves, resources and exploration potential that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition-date fair value, and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* is measured at fair value, with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured, and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss. Goodwill is tested annually for impairment.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.1 Business combinations continued

Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation of and the portion of the CGU retained.

(ii) Acquisitions of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Acquisitions of non-controlling interests that do not result in loss of control are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

(iii) Subsidiaries

Subsidiaries are entities over which the Group exercises control. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

6.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Such gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges that are effective, which are recognised in other comprehensive income.

(ii) Foreign operations

The financial results of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Company is Canadian Dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the rate of exchange in effect at the transaction date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (FCTR) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognised in other comprehensive income and are included in the foreign currency translation reserve.

On disposal of part or all of the operations, such that control, significant influence or joint control is lost, the proportionate share of the related cumulative gains and losses previously recognised in the FCTR through the other income are included in determining the profit or loss on disposal of that operation recognised in profit or loss.

6.3 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale (AFS) financial assets, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurements of financial assets are classified into four categories:

- Financial assets at fair value through profit or loss – the Group has no financial assets at fair value through profit or loss.
- Loans and receivables.
- Held-to-maturity investments — the Group has no held-to-maturity investments.
- AFS financial investments — the Group has no AFS financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial measurement loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss for loans and receivables.

Loans and receivables comprise trade and other receivables, restricted cash, investment in the Platinum Producer's Environmental Trust and cash and cash equivalents.

Derecognition

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when either:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.3 Financial instruments – initial recognition and subsequent measurement continued

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in profit or loss. This category generally applies to loans and borrowings and trade and other payables.

For loans and borrowings with a shareholder, refer to Note 6.18, Transactions with a shareholder.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss, unless the transaction takes place with a shareholder acting in its capacity as shareholder, in which case the gain or loss is recognised directly in equity.

(iii) Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, redeemable for a fixed number of the Company's shares, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's Board of Directors. Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the holders, or if dividend payments are not discretionary. Dividends thereon are recognised as finance expense in profit or loss as accrued.

Treasury shares

Shares issued to subsidiaries are reflected as treasury shares on consolidation.

When the shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

(iv) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid — for example, cash set aside to cover rehabilitation obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

6.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the 'probable economic benefits' test and also are rarely debt funded. Any related borrowing costs incurred during this phase are therefore generally recognised in profit or loss in the period they are incurred.

6.5 Mineral exploration, evaluation and development expenditure

(i) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. The feasibility of a mining operation is determined by a feasibility study, which includes the following criteria:

- Economic benefits,
- Water and power availability,
- Environmental management,
- Surface rights, and
- All other regulatory permitting and the successful application for a mining licence.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.5 Mineral exploration, evaluation and development expenditure continued

Exploration and evaluation costs are capitalised once the outcome of the mining operation's feasibility study is considered favourable.

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data;
- Gathering exploration data through geophysical studies;
- Exploratory drilling and sampling;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Conducting market and finance studies.

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation expenditure incurred on licences where a SAMREC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a compliant resource. Costs expensed during this phase are included in 'Other operating expenses' in profit or loss.

Upon the establishment of a SAMREC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as exploration and evaluation assets up to the point when a SAMREC-compliant reserve is established. Capitalised exploration and evaluation expenditure is considered to be a tangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is value beyond proven and probable reserves. Similarly, the costs associated with acquiring an exploration and evaluation asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment. Once SAMREC-compliant reserves are established and development is sanctioned, exploration and evaluation assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of Mine properties. No amortisation is charged during the exploration and evaluation phase.

6.6 Property, plant and equipment

(i) Initial recognition

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. Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included in property, plant and equipment.

(ii) Depreciation

Items of property, plant and equipment, excluding capitalised mine development and infrastructure costs, are depreciated on a straight-line basis over their expected useful life. Capitalised mine development and infrastructure are depreciated on a units of production basis. Depreciation is charged on mining assets from the date on which they are available for use.

Units of production used to calculate depreciation includes proved and probable reserves only. These reserves are updated on a yearly basis as the Life of Mine plan is reviewed.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are depreciated over their estimated useful lives as follows:

Land	Not depreciated
Mine development and infrastructure	units of production over proved and probable resources
Plant and equipment	1 – 30 years
Buildings	5 – 30 years
Motor vehicles	1 – 5 years
Furniture and fittings	1 – 10 years

(iii) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(iv) Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits will flow to the Group. All other subsequent expenditure is recognised as an expense and included in profit or loss.

(v) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

(vi) Annual review of residual values, depreciation methods and useful lives

The assets' residual value, depreciation method and useful life are reviewed at each reporting period and adjusted prospectively, if appropriate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.7 Intangible assets

(i) Other intangible assets

Other intangible assets include computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred. The useful lives of intangibles are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(ii) Mineral property interests

Mineral property interests are carried at cost less accumulated amortisation and impairment losses, if any. Gains and losses on disposal of mineral property interests are determined by comparing the proceeds from disposal with the cost less accumulated impairment losses of the asset and are recognised net within profit or loss.

Mineral property interests transferred between segments (subsidiaries) are recognised at the nominal amount paid. The resulting profit or loss caused by the transfer of mineral property interests is recognised in profit or loss of the segment (subsidiary).

6.8 Impairment of assets

(i) Non-financial assets (excluding goodwill)

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating units exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, for example:

- Default or delinquency by a debtor
- Indications that a debtor will enter into bankruptcy

and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

6.9 Inventories

Inventories, comprising of consumables and concentrate, are physically measured or estimated and valued at the lower of cost or net realisable value.

The cost of inventories is based on the average cost of ore in stockpiles and comprises all costs incurred to the stage immediately prior to stockpiling, including costs of extraction and crushing, as well as processing costs associated with ore stockpiles, based on the relevant stage of production.

Net realisable value is the estimated future sales price of the product the Group expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the years during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the year in which the employees render the service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee cost, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of the share appreciation rights (SARs) or conditional share units (CSUs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employee costs in profit or loss.

The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The fair value of the cash-settled SARs is measured using the Black-Scholes valuation model. Measurement inputs include share price on measurement date, strike price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), vesting, expiry and exercise dates, expected dividends and the risk free interest rate (based on the Bond Exchange of South Africa).

The fair value of the equity-settled CSUs is measured using the Monte-Carlo simulation. Measurement inputs include share price on measurement date, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), vesting, expiry and exercise dates, expected dividends and dividend yield, the correlation of various stock prices in order to simulate correlated Brownian motions and the risk free interest rate (NACC – based on the Bond Exchange of South Africa).

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

(iv) Termination benefits

Termination benefits are recognised as an expense at the earlier of when Group can no longer withdraw the offer of those benefits and when Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

6.11 Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed – for example, under an insurance contract – the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in profit or loss.

(ii) Environmental rehabilitation provision

Mine rehabilitation costs will be incurred by the Group either while operating, or at the end of the operating life of, the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances which arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is recognised immediately in profit or loss.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is recognised in profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.12 Platinum Producers' Environmental Trust continued

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs.

For closed sites, changes to estimated costs are recognised immediately in profit or loss.

6.12 Platinum Producers' Environmental Trust

Contributions to the Platinum Producers Environmental Trust are determined on the basis of the estimated environmental obligation over the life of a mine. Contributions made are recognised in non-current investments, and are held by the Platinum Producers' Environmental Trust. Interest earned on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recognised as finance income.

6.13 Revenue

Revenue arising from the sale of metals and intermediary products is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the concentrate reaches the smelter.

Revenue from the sale of metals and intermediary products in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue further excludes value added tax and mining royalties.

6.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement.

(i) Finance leases – Lessee

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(ii) Operating leases – Lessor

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under other income in profit or loss.

(iii) Operating leases – Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

6.15 Finance income and finance costs

Finance income comprises interest income on funds invested and interest received on loans and receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and dividends on preference shares classified as liabilities that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

6.16 Income taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss,
- In respect of taxable temporary differences relating to investments in subsidiaries to the extent that the group controls the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.
- In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

6.16 Income taxes continued

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or if outside the measurement period, it is recognised in profit or loss.

(iii) Royalty taxes

In addition to corporate income taxes, the Group's consolidated financial statements also include and recognise as taxes on income, other types of taxes on net income.

Royalty taxes are accounted for under IAS 12 *Income Taxes* when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales. The royalty taxes payable by the Group do not meet the criteria to be treated as part of income taxes.

(iv) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

6.17 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

6.18 Transactions with a shareholder

When a transaction is with a shareholder at terms and conditions that would not be expected from a third party, it is clear that either the company or the shareholder obtained a benefit because of the shareholder relationship. This benefit is recognised directly in equity.

In respect of loans with shareholders, the difference between the loan received or settled and the amount recognised at fair value on initial recognition or the carrying amount at settlement date, is recognised directly in equity.

7. FAIR VALUE MEASUREMENT

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are recognised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quote (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability to the entire measurement lowest level input that is significant might be categorised in different levels of fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

7.1 Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

8. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

9. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables, related party loans and borrowings and overdrafts. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure program. The Group's principal financial assets comprise trade and other receivables, cash and short-term deposits that arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk
- commodity price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, and cash and equivalents.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

Trade receivables represents sale of concentrate to RPM in terms of a concentrate off-take agreement. The carrying value represents the maximum credit risk exposure. The Group has no collateral against these receivables. The terms of the receivables are 90 days.

100% of the Group's revenue is generated in South Africa from sale of concentrate by Bokoni Mine to RPM.

Cash and cash equivalents

At times when the Group's cash position is positive, cash deposits are made with financial institutions having superior local credit ratings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Group's holdings of cash and cash equivalents. The New Senior Debt Facility and the Working Capital Facility were entered into on December 13, 2013. The Group's cash and cash equivalents are invested in business accounts which are available on demand.

An alternative funding arrangement was entered into with RPM whereby an advance on the Purchase of Concentrate revenue (Advance) on the concentrate sales made to RPM by Bokoni was provided. This arrangement is available until December 31, 2015.

The Group operates in South Africa and is subject to currency exchange controls administered by the South African Reserve Bank (SARB). South African law provides for exchange control regulations that restrict the export of capital. The exchange control regulations, which are administered by SARB, regulate transactions involving South African residents, including legal entities, and limit a South African company's ability to borrow from and repay loans to non-residents and to provide guarantees for the obligations of its affiliates with regard to funds obtained from non-residents.

A portion of the Company's funding for its South African operations consists of loans advanced to its South African subsidiaries from subsidiaries that are non-residents of South Africa. The Company is in compliance with SARB regulations and is therefore not subject to restrictions on the ability of its South African subsidiaries to transfer funds to the Company or to other subsidiaries. In addition, the SARB has introduced various measures in recent years to relax the exchange controls in South Africa to entice foreign investment in the country. However, if more burdensome exchange controls were proposed or adopted by the SARB in the future, or if the Company was unable to comply with existing SARB regulations, such exchange control regulations could restrict the ability of the Company and its subsidiaries to repatriate funds needed to effectively finance the Company's operations.

The maturity profile of the contractual undiscounted cash flows of financial instruments, including scheduled interest payments on loans and borrowings, at December 31, were as follows:

Non-derivative financial liabilities

	2015	2016	2017	2018	Thereafter	Total
2014						
Loans and borrowings	7,100,290	13,699,600	20,614,820	155,703,778	142,949,732	340,068,220
Finance lease liability	2,980,622	299,828	–	–	–	3,280,450
Trade and other payables	31,725,265	–	–	–	–	31,725,265
Total	41,806,177	13,999,428	20,614,820	155,703,778	142,949,732	375,073,935

	2014	2015	2016	2017	Thereafter	Total
2013						
Loans and borrowings	74,774,668	7,318,397	13,102,767	60,199,898	214,439,463	369,855,193
Trade and other payables	36,923,487	–	–	–	–	36,923,487
Total	111,698,155	7,318,397	13,102,767	60,199,898	214,439,463	406,778,680

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The interest rate is linked to JIBAR.

The following demonstrates the sensitivity to a possible change in interest rates, of the Group's profit/(loss) before tax due to changes in the rate of loans and borrowings. All other variables are held constant.

(Expressed in Canadian dollars, unless otherwise stated)

9. FINANCIAL RISK MANAGEMENT continued

Increase /(decrease) in interest rate	Effect on loss before tax for the year ended December 31, 2014 increase/(decrease)	Effect on profit before tax for the year ended December 31, 2013 increase/(decrease)
	CAD$	CAD$
+1%	2,614,340	1,294,102
–1%	(2,412,597)	(1,276,489)

(iv) Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group, from time to time, enters into transactions for the purchase of supplies and services denominated in foreign currency. As a result, the Group is subject to foreign exchange risk from fluctuations in foreign exchange rates. The Group has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk.

Within the Group, certain loans between Group entities amounting to CAD$49.0 million (2013: CAD$50.0 million) are exposed to foreign exchange fluctuations. The closing ZAR to CAD$ exchange rate for the year ending December 31, 2014 was ZAR9.95 (2013: ZAR9.87).

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, of the Group's profit/(loss) before tax due to changes in the carrying value of monetary assets and liabilities at reporting date. All other variables are held constant.

Increase /(decrease) in foreign exchange rate	Effect on loss before tax for the year ended December 31, 2014 (increase)/decrease	Effect on profit before tax for the year ended December 31, 2013 increase/(decrease)
	CAD$	CAD$
+10%	(4,875,633)	5,000,529
–10%	4,875,633	(5,000,529)

The Group has no significant external exposure to foreign exchange risk. All loans and borrowings are denominated in ZAR (refer to note 21).

(v) Commodity price risk

The value of the Group's revenue and resource properties depends on the prices of PGMs and their outlook. The Group does not hedge its exposure to commodity price risk. PGM prices historically have fluctuated widely and are affected by numerous factors outside of the Group's control, including, but not limited to, industrial and retail demand, forward sales by producers and speculators, levels of worldwide production, and short-term changes in supply and demand because of hedging activities.

Increase /(decrease) in 4E basket price	Effect on loss before tax for the year ended December 31, 2014 (increase)/decrease	Effect on profit before tax for the year ended December 31, 2013 increase/(decrease)
	CAD$	CAD$
+10%	23,739,081	19,562,145
–10%	(23,739,081)	(19,562,145)

(vi) Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of the Group in a way that optimises the cost of capital, maximises shareholders' returns, matches the current strategic business plan and ensures that the Group remains in a sound financial position.

The Group manages and makes adjustments to the capital structure which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The Group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure. Atlatsa's ability to raise new equity in the equity capital markets is subject to the mandatory requirement that Atlatsa Holdings Proprietary Limited (Atlatsa Holdings) (formerly Pelawan Investments Proprietary Limited), its majority BEE shareholder, retain a 51% fully diluted shareholding in the Company up until December 31, 2020, as required by covenants given by Atlatsa Holdings and Atlatsa in favour of the South African DMR, the SARB and Anglo Platinum.

During the year the Group entered into an Advance on Concentrate sales agreement to manage capital risk. (Please refer to liquidity risk section). There were no other changes to the Group's approach to capital management during the year.

(vii) Summary of the carrying value of the Group's financial instruments

At December 31, 2014	Loans and receivables	Financial liabilities at amortised cost
Platinum Producers' Environmental Trust**	**3,721,035**	**–**
Trade and other receivables*	**14,329,673**	**–**
Cash and cash equivalents**	**8,148,558**	**–**
Restricted cash*	**48,744**	**–**
Loans and borrowings	**–**	**130,927,146**
Finance lease liability	**–**	**2,918,431**
Trade and other payables*	**–**	**31,725,265**

At December 31, 2013	Loans and receivables	Financial liabilities at amortised cost
Platinum Producers' Environmental Trust**	3,292,979	–
Trade and other receivables*	32,730,150	–
Cash and cash equivalents**	40,655,103	–
Restricted cash*	265,293	–
Loans and borrowings	–	187,016,588
Trade and other payables*	–	36,923,487

* *Not measured at fair value and carrying amount is a reasonable approximation of the fair value due to the short-term to maturity.*

** *Not measured at fair value and the carrying amount is a reasonable approximation of fair value due to this being cash deposits.*

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value, if the carrying value is a reasonable approximation of the fair value.

(Expressed in Canadian dollars, unless otherwise stated)

9. FINANCIAL RISK MANAGEMENT continued

	2014		2013	
	Carrying value	Fair value (level 2)	Carrying value	Fair value (level 2)
Loans and borrowings	130,927,146	130,927,146	187,016,588	187,016,588
Finance lease liability	2,918,431	2,918,431	–	–

The carrying amount of loans and borrowings approximates fair value. The loans were recognised at fair value on initial recognition and subsequently adjusted for all changes in cash flows.

The contractual value of the loans and borrowings (financial liabilities at amortised cost) at December 31, 2014 was CAD$166,392,966 (ZAR1,655,651,405) (2013:CAD$225,463,195 (ZAR2,225,697,880)).

(a) Valuation techniques and unobservable inputs:

The following table shows the valuation techniques used in measuring level 2 fair values:

Type	Valuation technique
Loans and borrowings	Discounted cash flows

(b) Key assumptions:

- JIBAR rates changing per quarter
- Cash flow assumption changes per quarter
- Drawdowns made in the quarter

10. PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment	2014	2013
Cost		
Balance at beginning of year	780,046,204	856,549,652
Additions	2,177,645	278,200
Transferred from capital work-in-progress	33,853,496	41,942,185
Disposals	(2,378,349)	(2,982,768)
Increase in rehabilitation assets	975,833	2,697,102
Effect of translation	(6,636,047)	(118,438,167)
Closing Balance	808,038,782	780,046,204
Accumulated depreciation and impairment losses		
Balance at beginning of year	128,867,722	108,092,747
Depreciation for the year	36,456,360	39,397,747
Disposals	(2,040,078)	(1,964,190)
Effect of translation	(1,490,558)	(16,658,582)
Closing balance	161,793,446	128,867,722
Carrying value	646,245,336	651,178,482

2014	Total	Mining Development and Infrastructure	Plant and Equipment	Buildings	Motor Vehicles	Furniture and Fittings
Cost						
Balance at beginning of year	780,046,204	647,929,105	86,779,486	40,667,146	4,170,611	499,856
Additions	2,177,645	2,176,310	–	–	–	1,335
Transferred from capital work-in-progress	33,853,496	31,340,590	1,475,915	622,308	414,683	–
Disposals	(2,378,349)	(2,268,496)	–	–	(109,853)	–
Increase in rehabilitation assets	975,833	975,833	–	–	–	–
Effect of translation	(6,636,047)	(5,559,641)	(705,604)	(329,712)	(37,124)	(3,966)
Closing Balance	808,038,782	674,593,701	87,549,797	40,959,742	4,438,317	497,225
Accumulated depreciation and impairment losses						
Balance at beginning of year	128,867,722	101,936,589	16,801,342	6,797,720	2,903,176	428,895
Depreciation for the year	36,456,360	28,295,702	5,380,371	2,154,577	608,105	17,605
Disposals	(2,040,078)	(1,965,850)	–	–	(74,228)	–
Effect of translation	(1,490,558)	(1,214,332)	(206,607)	(83,286)	(27,299)	40,966
Closing Balance	161,793,446	127,052,109	21,975,106	8,869,011	3,409,754	487,466
Carrying Value	646,245,336	547,541,592	65,574,691	32,090,731	1,028,562	9,759

2013	Total	Mining Development and Infrastructure	Plant and Equipment	Buildings	Motor Vehicles	Furniture and Fittings
Cost						
Balance at beginning of year	856,549,652	708,159,785	97,125,875	46,689,356	4,023,134	551,502
Transfer between classes	–	132,671	(132,671)	–	–	–
Additions	278,200	278,200	–	–	–	–
Transferred from capital work-in-progress	41,942,185	37,291,369	3,209,728	378,776	1,037,835	24,477
Disposals	(2,982,768)	(2,547,828)	(80,094)	(49,299)	(305,547)	–
Adjustment to rehabilitation assets	2,697,102	2,697,102	–	–	–	–
Effect of translation	(118,438,167)	(98,082,194)	(13,343,352)	(6,351,687)	(584,811)	(76,123)
Closing Balance	780,046,204	647,929,105	86,779,486	40,667,146	4,170,611	499,856
Accumulated depreciation and impairment losses						
Balance at beginning of year	108,092,747	86,442,543	13,145,963	5,239,931	2,788,850	475,460
Transfer between classes	–	121,611	(121,611)	–	–	–
Depreciation for the year	39,397,747	30,318,959	5,924,448	2,399,196	736,195	18,949
Disposals	(1,964,190)	(1,694,392)	(51,125)	(2,876)	(215,797)	–
Effect of translation	(16,658,582)	(13,252,132)	(2,096,333)	(838,531)	(406,072)	(65,514)
Closing Balance	128,867,722	101,936,589	16,801,342	6,797,720	2,903,176	428,895
Carrying Value	651,178,482	545,992,516	69,978,144	33,869,426	1,267,435	70,961

10. PROPERTY, PLANT AND EQUIPMENT continued

In the current year, leased assets are included under Mining Development and Infrastructure. These relate to the acquisition of equipment under instalment sale agreements (refer to note 22).

Certain assets are encumbered (refer to note 21).

The recoverable amount of mining assets and goodwill reviewed for impairment is determined based on value-in-use calculations. All mining assets and goodwill are allocated to one CGU. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on financial budgets approved by management which is based on the mine's life-of-mine plan. Management determines the expected performance of the mine based on past performance and its expectations of market developments which are incorporated into a life-of-mine plan.

Key assumptions used in the value-in-use calculation of the impairment assessment of mining assets were the following:

- Life-of-mine – 36 years (2013: 39 years). The revision of the life-of-mine estimate is due to old shafts which are not economically viable to mine for an extended period.
- Real weighted average cost of capital – 10.97% (2013: 10.97%).
- Range of PGM prices – based on market expectations. Initial price of US$1,742/oz (2013: US$1,551/oz) for platinum in 2015.
- Range of ZAR/US$ exchange rates – based on market expectations. Initial exchange rate of ZAR9.33/US$ (2013: ZAR9.44/US$) used in 2015.
- South African inflation – based on market expectations. Long term inflation rate of 5.40% (2014: 5.50%).
- Production of 4E ounces starts at 203,889 (2014: 214,245) ounces in 2015, building up to 370,691 (2014: 374,327) ounces in 2041 and gradually scales down towards the end of the life of mine.
- Sensitivity analysis:

Sensitivity Analysis	Real WACC	95%	100% (Base NPV)	105%
Price (4E basket)	10.97%	847,740	882,372	915,740
Production volumes	10.97%	870,775	882,372	893,957
Operating Cost	10.97%	904,542	882,372	859,794
WACC	10.97%	973,512	882,372	801,368
Capital	10.97%	886,781	882,372	877,963

11. CAPITAL WORK-IN-PROGRESS

Capital work-in-progress consists of mine development and infrastructure costs relating to the Bokoni Mine and will be transferred to property, plant and equipment when the relevant projects are commissioned.

	2014	2013
Balance at beginning of year	**27,296,481**	20,027,764
Additions	**32,891,360**	50,987,358
Transfer to property, plant and equipment	**(33,853,496)**	(41,942,185)
Capitalisation of borrowing costs	**3,183,868**	1,502,507
Effect of translation	**(246,095)**	(3,278,963)
Balance at end of year	**29,272,118**	27,296,481

Capital work-in-progress is funded through cash generated from operations and available loan facilities (refer to note 21).

12. OTHER INTANGIBLE ASSETS

	2014	2013
Cost		
Balance at beginning of year	2,504,882	2,898,047
Additions	–	–
Effect of translation	(19,782)	(393,165)
Balance at end of year	2,485,100	2,504,882
Accumulated amortisation and impairment losses		
Balance at beginning of year	2,178,532	2,096,119
Amortisation for the year	34,862	387,422
Effect of translation	(17,684)	(305,009)
Balance at end of year	2,195,710	2,178,532
Carrying value	289,390	326,350

The intangible asset relates to the implementation of a SAP system throughout the Group during 2011. The asset is amortised on a straight line basis over 10 years.

13. MINERAL PROPERTY INTERESTS

	2014	2013
Balance at beginning of year	7,612,443	11,903,918
Mineral property interests sold	–	(3,449,797)
Amortisation	(251,394)	–
Write-off*	(709,665)	–
Effect of translation	688,322	(841,678)
Balance at end of year	7,339,706	7,612,443

* *This relates to the write off of the cost of Paschaskraal and De Kamp remaining after the sale of the two farms (refer to (i) below).*

The Group's mineral property interest consists of various early stage exploration projects as detailed below:

(i) Ga-Phasha

The mineral title relating to the Ga-Phasha Project was held by Ga-Pasha Platinum Mines Proprietary Limited (Ga-Phasha). On December 13, 2013, the Company sold two (Paschaskraal and De Kamp) of the four farms in Ga-Phasha to RPM as part of the refinancing and restructuring plan of the Group and Klipfontein and Avoca were incorporated into Bokoni Mine.

(ii) Platreef

As of July 1, 2009, the Group holds an effective 51% in Platreef properties located on the Northern Limb of the Bushveld Igneous Complex (BIC) in South Africa. The Group has received conversion to new order prospecting rights in respect of all Platreef mineral properties.

(iii) Boikgantsho

As of July 1, 2009, the Boikgantsho JV agreements terminated and Boikgantsho Platinum Mine Proprietary Limited (BPM), a private company incorporated under the laws of South Africa, a wholly owned subsidiary of Bokoni Holdco, acquired the interest in and assets relating to the Boikgantsho Project. On December 13, 2013, the Company sold the BPM mineral assets to RPM as part of the refinancing and restructuring plan of the Group.

13. MINERAL PROPERTY INTERESTS continued

(iv) Kwanda

As of July 1, 2009, the Kwanda JV agreements terminated and Kwanda Platinum Mine Proprietary Limited, a private company incorporated under the laws of South Africa, a wholly owned subsidiary of Bokoni Holdco, acquired the interest in assets relating to the Kwanda Project. Atlatsa owns an effective 51% interest in this project. The Group received conversion to new order prospecting rights for the Kwanda North and Kwanda South properties.

(v) Rietfontein

The Group has entered into an agreement (the Agreement) effective December 11, 2009 with Ivanhoe Nickel & Platinum Limited. (Ivanplats) relating to the Rietfontein property located on the Northern Limb of the BIC. Salient terms of the Agreement are as follows:

- The existing joint operation (JO) between the parties is amended such that the current Rietfontein JO is extended to incorporate a defined area of Ivanplats' adjacent Turfspruit mineral property. Both parties retain their existing prospecting rights in respect of mineral properties in their own names but make these rights and technical information available to the extended JO (the Extended JO).
- Atlatsa will be entitled to appoint a member to the Extended JO technical committee and all technical programmes going forward will be carried out with input from Atlatsa.
- Atlatsa is awarded a 6% free carried interest in the Extended JO, provided that the Extended JO contemplates an open pit mining operation, incorporating the Rietfontein mineral property. Atlatsa has no financial obligations under the Extended JO terms and Ivanplats is required to fund the entire exploration programme to feasibility study with no financial recourse to Atlatsa. On delivery of the feasibility study, Atlatsa may elect to either:
  - Retain a participating interest of 6% in the Extended JO and finance its pro rata share of the project development going forward; or
  - Relinquish its participating interest of 6% in the Extended JO in consideration for a 5% net smelter return royalty in respect of mineral products extracted from those areas of the Rietfontein mineral property forming part of the Extended JO mineral properties.

The operation is dormant with no exploration activities currently taking place except for activities to maintain the prospecting right, which is for the cost of Ivanplats.

14. GOODWILL

	2014	2013
Balance at beginning of year	8,845,940	10,234,394
Effect of translation	(69,860)	(1,388,454)
Balance at end of year	8,776,080	8,845,940

Goodwill arises principally because of the following factors:

- The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resource through new discoveries.
- The requirement to recognise deferred tax assets and liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination.

For impairment considerations, refer to notes 4 and 10. The goodwill relates to the acquisition of the Bokoni Mine.

15. PLATINUM PRODUCERS' ENVIRONMENTAL TRUST

The Group contributes to the Platinum Producers' Environmental Trust annually. The 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. Contributions are determined on the basis of the estimated environmental obligation over the life of a mine. The Group's share of the cash deposits made is reflected in non-current cash deposits held by the Platinum Producers' Environmental Trust.

	2014	2013
Balance at beginning of year	3,292,979	3,250,760
Contributions	358,912	431,999
Growth in environmental trust	101,475	78,427
Effect of translation	(32,331)	(468,207)
Balance at end of year	3,721,035	3,292,979

The non-current cash deposits are restricted in use as they are to be used exclusively for pollution control, rehabilitation and mine closure at the end of lives of the Group's mines. Any shortfall is covered by guarantees issued by RPM.

16. INVENTORIES

	2014	2013
Consumables	283,988	108,843
Stock pile	442,355	264,855
	726,343	373,698

17. TRADE AND OTHER RECEIVABLES

	2014	2013
Financial assets		
Trade receivables	9,863,567	31,300,081
Other trade receivables	4,466,106	1,430,069
	14,329,673	32,730,150
Non-financial assets		
Prepayments	1,532,489	1,046,385
Lease debtor	2,312	2,330
Value added tax	3,875	3,234
Employee receivables	388,435	–
Total trade and other receivables	16,256,784	33,782,099

Trade receivables are non-interest bearing and are on terms of 90 days. The Group has one major customer with an outstanding account within the agreed payment terms. As a result, no allowance for impairment losses has been recognised (2013: CAD$nil).

(Expressed in Canadian dollars, unless otherwise stated)

18. CASH AND CASH EQUIVALENTS

	2014	2013
Bank balances	8,148,558	40,655,103

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purposes of the statement of cash flows, cash and cash equivalents comprise only the above balances as the Group has no bank overdrafts.

19. RESTRICTED CASH

	2014	2013
ESOP Trust	48,744	265,293

Restricted cash consists of cash and cash equivalents held by the Bokoni Platinum Mine Employee Share Ownership Plan (ESOP) Trust. The reserve is not available to finance the Group's day-to-day operations and therefore has been excluded from cash and cash equivalents for purposes of the statement of cash flows.

During the year, there were distributions to beneficiaries in terms of the trust deed to the value of CAD$224,121 (ZAR2,184,412) (2013: CAD$219,356 (ZAR2,036,732)).

20. SHARE CAPITAL

	Number of shares	
Authorised and issued	**2014**	**2013**
Common shares with no par value	554,288,473	201,888,473
B2 Convertible Preference shares of CAD$0.1481 (ZAR1) each	–	115,800
B3 Convertible Preference shares of CAD$0.1481 (ZAR1) each	–	111,600

The Company's authorised share capital consists of an unlimited number of common shares without par value. During 2009 cumulative convertible "B" preference shares were issued to facilitate the acquisition of the 51% shareholding in Bokoni Holdco. In January 2014, the Convertible Preference shares were converted into common shares. A further 125,000,000 shares were issued as part of the restructuring transaction.

Share capital	2014	2013
Share capital	311,842,616	74,150,116
Share issue costs	(2,183,033)	(2,183,033)
	309,659,583	71,967,083

Authorised and issued	Number of shares 2014	2013
Treasury shares	4,991,726	4,991,726
Treasury shares relate to shares held by the ESOP Trust in Atlatsa, which is consolidated by the Group.		
Convertible preference shares		
B2 Convertible Preference shares	–	17,150
B3 Convertible Preference shares	–	16,528
Share premium	–	162,876,322
	–	162,910,000

CAD$162.9 million (ZAR1.1 billion) was raised through share-settled financing with the issue of cumulative mandatory convertible "B" preference shares (B Prefs) to RPM and a subsidiary of Atlatsa Holdings to finance the 51% acquisition in Bokoni Holdco on July 1, 2009. The final effects of the share settled financing will result in RPM receiving a fixed number of 115.8 million common shares of Atlatsa and Atlatsa Holdings, Atlatsa's controlling shareholder, receiving a fixed number of 111.6 million common shares. These preference shares are convertible upon the earlier of the date of receipt of a conversion notice from RPM and July 1, 2018. A dividend was to be declared on the last business day immediately prior to the conversion date, in terms of a formula set out in the preference share subscription agreement.

On January 14, 2014, these shares were converted as a result of the Group's refinancing and restructuring plan. A dividend of CAD$24.6 million (ZAR240.6 million) was declared on redemption at a Plateau level.

21. LOANS AND BORROWINGS

	2014	2013
RPM – Working Capital Facility (related party)	5,948,787	3,039,000
RPM – New Senior Debt Facility (related party)	124,453,505	176,691,263
RPM – Interest free loan (related party)	–	2,928,688
RPM – Shareholder loan (related party)	–	3,267,477
Other	524,854	1,090,160
	130,927,146	187,016,588
Short-term portion of loans and borrowings		
RPM – New Senior Debt Facility (related party)	–	(75,975,000)
Other	(524,854)	(721,367)
	(524,854)	(76,696,367)
Long-term portion of loans and borrowings	130,402,292	110,320,221

21. LOANS AND BORROWINGS continued

The carrying value of the Group's loans and borrowings changed during the year as follows:

	2014	2013
Balance at beginning of the year	187,016,588	435,791,920
Loan from RPM – Consolidated Facility	–	68,921,455
Loan repaid – Consolidated Facility	–	(620,494,506)
Loan from RPM – Transaction Cost Facility	–	749,000
Loan repaid – Transaction Cost Facility	–	(769,223)
Loans repaid – Other	(652,039)	(695,785)
Loan from RPM – New Senior Debt Facility	6,250,317	237,770,925
Loan repaid – New Senior Debt Facility	(74,782,500)	–
Loan from RPM – Working Capital Facility	2,526,305	3,194,816
Loan from RPM – Shareholder loan	6,005,206	3,451,333
Shareholder loan capitalised	(12,480,278)	–
Finance expenses accrued	17,039,491	57,227,112
Fair value gain on additional drawdowns of Consolidated Facility	–	(25,900,282)
AG8 adjustments on Consolidated Facility	–	(8,512,338)
Derecognition of facility at a Bokoni Holdco and Plateau level	–	133,100,219
Fair value gain on recognition of New Senior Debt Facility	–	(51,586,902)
Fair value loss/(gain) on additional draw down of New Senior Debt Facility	(1,109,648)	(748,112)
AG8 on New Senior Debt Facility	3,233,584	–
Effect of translation	(2,119,880)	(44,482,992)
Balance at end of the year	130,927,146	187,016,588

The fair value adjustments of the consolidated facility and New Senior Debt facility and subsequent adjustments are made up of the following:

	2014	2013
Fair value gain – owners of the company	–	(60,614,173)
Fair value gain – non-controlling interest (refer to note 28)	–	(17,621,123)
Subsequent adjustments (refer to note 28)	3,233,584	129,159,136
	3,233,584	50,923,840

The terms and conditions for the outstanding borrowings at December 31, 2014 are as follows:

(i) Senior Term Loan Facility (subsequently recognised as part of the "Consolidated facility")

On March 27, 2013, as part of Phase Two of the Restructure Plan, RPM agreed to make additional facilities available to the Company when, amongst other things, the conditions precedent to such drawdowns were met. Due to the delay in the conditions precedent being met, on May 28, 2013, the parties signed an Amendment Agreement, making available CAD$21.8 million (ZAR215.7 million) of the additional facilities.

On December 12, 2013, the conditions precedent were met and on that date, the Consolidated Facility was repaid and the additional facilities were made available under the New Senior Debt Facility. The repayment terms of the New Senior Debt Facility include quarterly cash sweeps when cash is available with the debt to be reduced to CAD$100.5 million (ZAR1 billion) by December 31, 2018, CAD$50.3 million (ZAR500 million) by December 31, 2019 and fully repaid by December 31, 2020.

(ii) RPM – New Senior Debt Facility

As at December 31, 2014, the facility under the New Senior Debt Facility is CAD$155.8 (ZAR1,550 million) (2013: CAD$233.0 million (ZAR2,300 million)).

On December 13, 2013, with the implementation of Phase Two of the Restructure Plan, the Consolidated Facility was converted to the New Senior Debt Facility and one of the implementation steps was to make a repayment under the Consolidated Facility by drawing down on the New Senior Debt Facility, to give effect to the revised terms of the facility. The repayment terms of the New Senior Debt Facility, includes quarterly cash sweeps, when cash is available. Atlatsa will be required to reduce the New Senior Debt Facility owing to RPM to an outstanding balance (including capitalised interest) of CAD$100.5 million (ZAR1 billion) as at December 31, 2018, and CAD$50.3 million (ZAR500 million) as at December 31, 2019 and zero at December 31, 2020.

(iii) RPM – Working Capital Facility

On December 13, 2013, Plateau and RPM entered into a Working Capital Facility whereby RPM will make a maximum of CAD$3.0 million (ZAR30 million) per year available to Plateau during each of 2013, 2014 and 2015 for an aggregate facility of CAD$9.1 million (ZAR90 million), including capitalised interest to fund Atlatsa's corporate and administrative expenses through to 2015.

Pursuant to the terms of the Working Capital Facility, interest will be charged on the outstanding amounts of the Working Capital Facility at a three-month JIBAR plus 4% per annum. The balance of the Working Capital Facility cannot exceed CAD$9.0 million (ZAR90 million) at any time. Atlatsa cannot pay any dividends until the Working Capital Facility is fully repaid. The Working Capital Facility will be repayable in full by December 31, 2018. The Company was not entitled to the Working Capital Facility until, amongst other things, the conditions precedent to implement Phase Two had been met (which were only met on December 12, 2013).

Prior to implementation of Phase Two of the Restructure Plan and as an interim measure pursuant to closing of the Restructure Plan, the parties agreed to a Transaction Cost Loan Agreement, as signed and implemented on May 28, 2013. A facility of CAD$2.3 million (ZAR22.5 million) was made available under this agreement. The additional facility of CAD$11.1 million (ZAR110 million) under the Amendment Agreement, implemented on May 28, 2013 was inclusive of the CAD$2.3 million (ZAR22.5 million) provided for under the Transaction Cost Loan Agreement.

As at September 30, 2013, a drawdown of CAD$0.7 million (ZAR7 million) was made under the Transaction Cost Loan Agreement. On December 13, 2013, the CAD$0.7 million (ZAR7 million) inclusive of interest was repaid from the draw down on the Working Capital Facility. Please refer to the going concern note for further information regarding the Working Capital Facility.

As at December 31, 2014, CAD$3.0 million (ZAR30 million) was available under the Working Capital Facility (2013: CAD$6.1 million (ZAR60 million).

(iv) RPM – Interest-free loan

The loan was between RPM and Bokoni Holdco and was interest-free and repayable 12 months and 1 day after being requested by RPM. The loan was capitalised (debt repaid using proceeds of share subscription) on March 31, 2014.

(v) RPM – Shareholder loan

The treatment of this shareholder's loan is to be decided by the Bokoni Holdco Board of Directors as per the Bokoni Holdco Shareholders Agreement. This loan bears no interest and no repayment terms. The loan was capitalised (debt repaid using proceeds of share subscription) on March 31, 2014.

(vi) Other

This loan is between Plateau and the Deloitte Mining Shared Service Centre (DMSSC) relating to the financing of the SAP system (refer to note 12). The loan bears interest at prime (9.25% at December 31, 2014) plus 2% (2013: 8.5% at December 31, 2013) and is payable in quarterly instalments starting March 31, 2011.

(Expressed in Canadian dollars, unless otherwise stated)

21. LOANS AND BORROWINGS continued

(vii) Security

The Senior Term Loan Facility was secured through various security instruments, guarantees and undertakings provided by the Group against 51% of the cash flows generated by the Bokoni Mine, together with 51% of the Bokoni Mine asset base. The New Senior Debt Facility is secured in the same manner as the Senior Term Loan Facility.

Atlatsa Holdings will provide security to RPM in relation to the Atlatsa Holdings Vendor Finance Loan by way of a pledge and cession of its entire shareholding in Atlatsa, which shares remain subject to a lock-in arrangement through to 2020. Should Atlatsa Holdings be unable to meet its minimum repayment commitments under the Atlatsa Holdings Vendor Finance Loan between 2018 to 2020, Atlatsa will have a discretionary right, with no obligation, to step in and remedy such obligation in order to protect its BEE shareholding status, subject to commercial terms being agreed between Atlatsa Holdings and Atlatsa for that purpose and receipt of the necessary regulatory and shareholder approvals.

The Group's debt is denominated in South African Rand (ZAR).

22. FINANCE LEASE LIABILITY

	2014	2013
Finance lease – Fermel	931,429	–
Finance lease – Atlas Copco	1,987,002	–
Total finance lease liability	2,918,431	–
Short-term portion of finance lease liability		
Finance lease – Fermel	(647,552)	–
Finance lease – Atlas Copco	(1,987,002)	–
	(2,634,554)	–
	283,877	–
Long-term portion of finance lease liability		
The carrying value of the Group's finance lease liability changed during the year as follows:		
Balance at beginning of the year	–	–
Finance lease entered into – Fermel	1,150,869	–
Finance lease entered into – Atlas Copco	2,176,310	–
Lease repayment	(609,887)	
Finance expenses accrued	241,794	–
Effect of translation	(40,655)	–
Balance at end of the year	2,918,431	–
The terms of the lease are as follows:		
Interest rate	2% – 22.1%	–
Lease term	13 months – 2 years	–
Carrying amount of leased assets*	2,902,602	–

* *Included under Mining Development and Infrastructure (refer to note 10)*

Bokoni entered into instalment sale agreements with Fermel Proprietary Limited (Fermel) and Atlas Copco South Africa Proprietary Limited (Atlas Copco) for the lease of equipment.

Ownership of the equipment leased from Fermel will be transferred to Bokoni when all amounts due in terms of the agreements have been paid.

The Atlas Copco agreement provides for an option to purchase the equipment at the end of the lease term. Management intends to exercise the option to purchase the machinery at the end of the lease term.

The finance lease liabilities are payable as follows:

	Less than one year	Between two and five years
Future minimum lease payments	2,980,622	299,828
Interest	346,068	15,951
Present value of minimum lease payments	2,634,554	283,877

23. DEFERRED TAX

Deferred tax liabilities and assets on the statement of financial position relate to the following:

	2014	2013 (*Restated*)*
Deferred tax liabilities		
Property plant and equipment (including capital work-in-progress)	189,131,819	189,791,869
Prepayments	380,003	278,792
Environmental trust fund contributions	849,541	756,400
Fair value gain on consolidated debt facility	19,077,880	24,168,180
Total deferred tax liability	209,439,243	214,995,241
Deferred tax assets		
Provision for environmental liabilities	(3,740,035)	(3,108,143)
Unredeemed capital expenditure	(60,306,622)	(51,712,618)
Accrual for employee leave liabilities	(1,467,234)	(1,494,278)
Liability for share-based compensation	(309,186)	(963,445)
Calculated tax losses	(56,478,438)	(55,331,997)
Deferred tax asset not recognised	33,394,489	24,747,988
Foreign exchange losses	(2,695,622)	(2,605,201)
Other items	(1,091,704)	(8,164)
Total deferred tax asset	(92,694,352)	(90,475,858)
Net deferred tax liability	116,744,891	124,519,382

* *For the 2013 financial year, the classification in the note has been restated to be comparable with the 2014 balances. The total remains unchanged but some individual line items have been reclassified.*

(Expressed in Canadian dollars, unless otherwise stated)

23. DEFERRED TAX continued

The movement in the net deferred tax liability recognised in the statement of financial position is as follows:

	2014	2013 *(Restated)**
Balance at beginning of year	**124,519,382**	142,341,072
Current year	**(6,885,352)**	(3,190,180)
Fair value gain/(loss) recognised directly in equity	**–**	(2,325,969)
Effect of translation	**889,139**	(12,305,606)
	116,744,891	124,519,382
As at December 31, the Group had not recognised the following net deferred tax assets:		
Deferred tax assets	**33,394,489**	24,747,988
The unrecognised temporary differences are:		
Unredeemed capital expenditure	**60,306,622**	51,712,618
Tax losses	**56,478,438**	55,331,997
Other deductible temporary differences	**(86,086,193)**	(84,901,829)
Foreign exchange losses	**2,695,622**	2,605,202
	33,394,489	24,747,988

Deferred tax assets have not been recognised for the above temporary differences as it is not probable that the respective Group entities to which they relate will generate future taxable income against which to utilise the temporary differences.

Gross calculated tax losses expire as follows:

	2014	2013 *(Restated)**
2014-2018	**(2,121,387)**	(2,715,067)
Thereafter	**(12,690,008)**	(12,719,109)
Indefinitely	**(187,955,270)**	(183,420,345)
	(202,766,665)	(198,854,521)

* *For the 2013 financial year, the classification in the note has been restated to be comparable with the 2014 balances. The total remains unchanged but some individual line items have been reclassified.*

24. PROVISIONS

Non-current provisions	2014	2013
Rehabilitation provision		
Balance at beginning of the year	11,100,511	9,786,479
Capitalised to property, plant and equipment	975,833	2,697,102
Unwinding of interest	909,842	647,680
Recognised in profit or loss	491,405	(554,417)
Effect of translation	(120,323)	(1,476,333)
Balance at end of year	13,357,268	11,100,511
Future net obligations		
Undiscounted rehabilitation cost	19,255,117	18,797,660
Amount invested in environmental trust fund (refer to note 15)	(3,721,035)	(3,292,979)
Total future net obligation – Undiscounted	15,534,082	15,504,681

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2039, which is when the producing mine properties are expected to cease operations. These provisions have been created on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend on future PGM prices, which are inherently uncertain.

The Group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions as well as the proceeds on sale of assets and metals from plant clean-up at the time of mine closure.

Key assumptions used in determining the provision:

Non-current provisions	2014	2013
Discount period – Underground	24.5 years	26.5 years
Discount period – Opencast mine	9 years	10 years
South African discount rate (risk free rate)	7.96%	8.2%
South African inflation	5.40%	5.5%

The method used in the sensitivity analysis is to assume a change in basis points. The change in basis point is applied to one variable while the other variable remains constant.

24. PROVISIONS continued

Non-current provisions	2014	2013
Sensitivity – change in provision	**Inflation rate (discount rate constant)**	**Inflation rate (discount rate constant)**
1% increase	2,033,888	2,291,298
1% decrease	(1,596,887)	(1,860,610)

Sensitivity – change in provision	Discount rate (inflation rate constant)	Discount rate (inflation rate constant)
1% increase	(1,498,727)	(1,803,212)
1% decrease	1,915,785	2,250,392

25. TRADE AND OTHER PAYABLES

	2014	2013
Financial liabilities		
Trade payables	25,280,799	25,485,317
Other payables	6,444,466	11,438,170
	31,725,265	36,923,487
Non-financial liabilities		
Payroll accruals	2,341,658	2,387,606
Leave liabilities	4,891,735	3,785,549
Share-appreciation rights	1,104,235	3,359,180
Lease accrual	42,681	681,323
Other accruals	87,697	–
Deferred income	454,561	–
Value added tax	1,022,968	24,741,810
Total trade and other payables	41,670,800	71,878,955

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

26. REVENUE

Revenue from mining operations by commodity:

	2014	2013	2012
Platinum	138,260,962	120,127,718	72,048,362
Palladium	51,141,257	38,233,831	19,887,921
Rhodium	11,367,006	8,404,880	6,097,887
Nickel	20,878,678	14,684,989	9,870,789
Other	15,742,911	14,170,034	9,652,372
Total revenue	237,390,814	195,621,452	117,557,331

Revenue consists of the sale of concentrate to RPM (a related party), net of VAT and trade discounts.

27. COST OF SALES

Cost of sales includes:	2014	2013	2012
Labour	98,638,517	89,037,773	80,915,283
Stores	44,487,865	39,065,648	29,147,878
Power and compressed air	15,355,223	13,958,444	12,057,211
Contractors cost	41,453,468	29,155,947	14,723,372
Other costs	28,228,216	22,767,295	21,581,660
Inventory movement	(182,093)	422,723	(38,257)
Depreciation	36,777,006	39,368,466	37,000,404
Total cost of sales	264,758,202	233,776,296	195,387,551

28. FAIR VALUE GAIN ON CONSOLIDATED FACILITY

On December 13, 2013, Atlatsa and Anglo Platinum announced the completion of the Phase Two of the Restructure Plan for the refinancing, recapitalisation and restructure of the Group. In terms of Phase Two of the Restructure Plan, the New Senior Debt Facility between the Company as borrower, and RPM as lender, was amended to increase the total amount available, and this amount was utilised to repay the amounts owed to RPM under the Consolidated Debt Facility.

As a result of this debt consolidation and associated interest rate adjustment, the Company has recognised fair value gains and AG8 adjustments of CAD$47.9 million (ZAR448.6 million) in its 2013 financial statements, representing the fair value difference between the Company's new costs of borrowing under the New Senior Debt Facility compared to a market related cost of borrowing available to the Company. During 2014, RPM acquired additional shares in Bokoni Holdco for CAD$12,480,278 (2013: CAD$199,179,381; 2012: CAD$197,477,602) as part of the restructure plan.

There was no fair value or AG8 adjustment attributable to non-controlling interests as their portion of the loan was capitalised.

2014	Through profit/loss (Owners of the Company)	Through profit/ loss (Non-Controlling interest)	Total – through profit/loss	Directly in equity (Non-controlling interest)
Fair value gain of drawdowns on the New Senior Debt Facility	(1,109,648)	–	(1,109,648)	–
AG8 adjustments on New Senior Debt Facility	3,233,584	–	3,233,584	–
	2,123,936	–	2,123,936	–

The AG8 adjustment relates to revised estimates of payments and receipts (cash flows) by the end of December 31, 2014 as compared to cash flows used in computing the fair value at December 31, 2013.

28. FAIR VALUE GAIN ON CONSOLIDATED FACILITY continued

2013	Through profit/loss (Owners of the Company)	Through profit/ loss (Non-Controlling interest)	Total – through profit/loss	Directly in equity (Non-controlling interest)
Fair value gain of drawdowns on Consolidated Facility	(8,279,158)	(17,621,123)	(25,900,281)	–
AG8 adjustments on Consolidated Facility	(8,517,641)	5,302	(8,512,339)	–
Derecognition of facility between RPM and Bokoni Holdco	38,748,472	–	38,748,472	94,351,747
Deferred tax impact on fair value of loans recognised in equity	–	–	–	4,571,259
Fair value gain on recognition of New Senior Debt Facility	(51,586,902)	–	(51,586,902)	–
Fair value gain of drawdowns on the New Senior Debt Facility*	(748,112)	–	(748,112)	–
	(30,383,341)	(17,615,821)	(47,999,162)	98,923,006

* *Movement related to Non-controlling interest is due to changes in the fair value of a shareholders loan being accounted for directly in equity.*

The AG8 adjustment relates to revised estimates of payments and receipts (cash flows) by the end of December 31, 2013 as compared to cash flows used in computing the fair value at December 13, 2012.

29. OTHER EXPENSES

	2014	2013	2012
Components of other expenses:			
Transaction costs	457,919	1,688,165	822,621
Fair value loss and AG8 adjustments on loans and borrowings	2,123,936	–	–
	2,581,855	1,688,165	822,621

30. OTHER INCOME

	2014	2013	2012
Components of other income:			
Realised foreign exchange gains	31,133	321,476	152
Profit on sale of assets	4,076	171,113,397	–
Rental income			105,025
Fair value gain and AG8 adjustments on loans and borrowings	–	47,999,163	90,589,136
	35,209	219,434,036	90,694,313

31. FINANCE INCOME

	2014	2013	2012
Financial assets at amortised cost			
Platinum Producers' Environmental Trust	101,475	78,427	85,312
Bank accounts	195,520	252,164	296,950
	296,995	330,591	382,262

32. FINANCE COSTS

	2014	2013	2012
Financial liabilities at amortised cost			
"A" Preference shares (related party)	–	–	33,258,103
OCSF and funding facilities (related party)	–	–	24,209,389
Senior Term Loan Facility (related party)	–	–	12,274,479
Consolidated debt facility	–	55,837,155	14,180,371
New Senior Debt Facility	16,500,115	1,197,435	–
Working Capital Facility	448,351	15,328	–
Fermel – Instalment Sale Agreement	60,056	–	–
Atlas Copco – Instalment Sale Agreement	181,738	–	–
Transaction Cost Facility	–	20,223	–
Advance on Purchase of Concentrate revenue	1,261,697	17,454	–
Other	91,741	160,304	244,314
	18,543,698	57,247,899	84,166,656
Non-financial liabilities			
Notional interest – rehabilitation provision	909,842	647,680	672,204
Commitment fees on OCSF	–	–	380,409
	909,842	647,680	1,052,613
Total finance costs before interest capitalised	19,453,540	57,895,579	85,219,269
Interest capitalised	(3,183,867)	(1,502,507)	(2,382,069)
Total finance costs	16,269,673	56,393,072	82,837,200

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the year is 13.72% (2013: 13.94%, 2012:12.6%).

33. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax as stated includes the following:

	2014	2013	2012
Operating lease expense – buildings	158,234	164,189	227,869
Share-based payment expense – equity settled	470,547	21,783	309,769
Share-based payment expense – cash settled	2,180,491	(837,758)	(389,858)
Depreciation and amortisation	36,742,616	39,785,169	38,092,878

(Expressed in Canadian dollars, unless otherwise stated)

34. INCOME TAX

	2014	2013	2012
SA normal taxation			
Current tax – prior year	–	–	162,375
Deferred tax – current year	(6,885,722)	(3,190,116)	2,530,794
Deferred tax – prior year	–	–	6,069,415
Capital Gains Tax	–	7,043,536	–
Securities Transfer Tax	353,374	–	1,801,294
	(6,532,348)	3,853,420	10,563,878
Tax rate reconciliation			
Statutory Canadian tax rate	(26.0%)	25.75%	25.00%
Other disallowed expenditure	0.04%	0.07%	0.96%
Depreciation on mineral rights	3.87%	–	–
Transaction costs disallowed	0.21%	0.52%	(0.20%)
Nontaxable income	–	(45.03%)	–
Preference dividends disallowed	–	–	(10.96%)
Equity settled share based compensation	0.22%	0.29%	(0.51%)
Investment income not taxable	(0.05%)	(0.02%)	0.03%
Tax adjustments – prior year	–	–	(7.32%)
Deferred tax assets not recognised	4.32%	14.37%	(2.27%)
Nondeductible deemed dividend (S8F)	3.02%	–	–
Securities Transfer Tax	(0.63%)	–	(2.12%)
Capital gains tax	–	6.79%	–
Recoupment of finance expense	–	–	(18.17%)
Effect of rate differences	3.35%	0.98%	3.12%
Effective taxation rate	(11.65%)	3.72%	(12.44%)

35. OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX

	2014	2013	2012
Components of other comprehensive income:			
Foreign currency translation differences for foreign operations*	(2,088,318)	(27,068,629)	2,415,302
Other comprehensive income for the year, net of income tax	(2,088,318)	(27,068,629)	2,415,302
Attributable to:			
Owners of the Company	(454,846)	(613,130)	1,481,466
Non-controlling interest *	(1,633,472)	(26,455,499)	933,836
	(2,088,318)	(27,068,629)	2,415,302

* *Relates to the foreign currency translation differences for foreign operations in 2014, 2013 and 2012.*

36. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended December 31, 2014 was based on the loss attributable to owners of the Company of CAD$24,609,398 (2013: profit of CAD$199,492,438 ; 2012: loss of CAD$18,717,839), and a weighted average number of common shares of 541,956,940 (2013: 426,290,432 ; 2012: 424,791,411).

At December 31, 2014 and 2013, share options were excluded in determining diluted weighted average number of common shares as all the options were significantly undervalued and were not exercised.

	2014	2013	2012
Issued common shares at January 1	**201,888,473**	201,888,473	201,888,473
Effect of shares issued	**114,726,027**	–	–
Treasury shares	**(2,057,560)**	(2,998,041)	(4,497,062)
"B" Preference shares converted to common shares	**219,300,822**	–	–
Convertible "B" Preference shares – issued on July 1, 2009	**8,099,178**	227,400,000	227,400,000
Weighted average number of common shares at December 31	**541,956,940**	426,290,432	424,791,411

The basic loss per share for the year ended December 31, 2014 was 5 cents (2013: earnings of 47 cents; 2012: loss of 4 cents).

The calculation of diluted earnings per share for the year ended December 31, 2014 was based on the loss attributable to owners of the Company of CAD$24,609,398 (2013: profit of CAD$199,492,438 ; 2012: loss of CAD$18,717,839), and a weighted average number of common shares of 544,014,500 (2013: 429,288,473; 2012: 424,791,411).

At December 31, 2014, share options were excluded in determining diluted weighted average number of common shares as all the options were significantly undervalued and were not exercised.

	2014	2013	2012
Issued common shares at January 1	**201,888,473**	201,888,473	201,888,473
Effect of shares issued	**114,726,027**	–	–
Treasury shares	**(2,057,560)**	–	(4,497,062)
"B" Preference shares converted to common shares	**219,300,822**	–	–
Convertible "B" Preference shares – issued on July 1, 2009	**8,099,178**	227,400,000	227,400,000
Weighted average number of common shares at December 31	**541,956,940**	429,288,473	424,791,411

The diluted loss per share for the year ended December 31, 2014 was 5 cents (2013: earnings of 46 cents; 2012: loss of 4 cents).

(Expressed in Canadian dollars, unless otherwise stated)

37. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	2014	2013	2012
(Loss)/profit before income tax	(56,082,190)	103,722,697	(85,002,992)
Adjusted for:			
Finance costs	16,269,673	56,393,072	82,837,200
Finance income	(296,995)	(330,591)	(382,262)
Non-cash items:			
Depreciation and amortisation	36,742,616	39,785,169	38,092,878
Share-based compensation	479,905	799,726	1,346,509
Profit on disposal of property, plant and equipment	(4,076)	(170,402,784)	581
Fair value on drawdowns and AG8 Adjustments	2,123,936	(47,999,163)	(90,589,136)
Balance due on sale of mineral properties	–	3,103,227	–
Rehabilitation adjustment	491,405	(554,415)	–
Write off of assets	1,047,935	–	–
Cash generated from/(utilised by) operations before ESOP transactions	772,209	(15,483,062)	(53,697,222)
ESOP cash transactions (restricted cash)	70,106	307,614	312,510
Cash generated from/(utilised by) operations before working capital changes	842,315	(15,175,448)	(53,384,712)
Working capital changes			
Decrease/(increase) in trade and other receivables (i)	17,425,794	(32,914,115)	22,816,980
(Decrease)/increase in trade and other payables (ii)	(29,876,350)	56,906,061	(659,223)
(Increase)/decrease in inventories (iii)	(360,550)	307,756	(38,257)
Cash (utilised by)/generated from operations	(11,968,791)	9,124,254	(31,265,212)

(i) Decrease/(increase) in trade and other receivables

	2014	2013	2012
Opening balance	33,782,099	3,272,400	27,048,591
Closing balance	(16,256,784)	(33,782,099)	(3,272,400)
Movement for the year	17,525,315	(30,509,699)	23,776,191
Effect of translation	(99,521)	(2,404,416)	(959,211)
	17,425,794	(32,914,115)	22,816,980

(ii) (Decrease)/increase in trade and other payables

	2014	2013	2012
Opening balance	(71,878,950)	(20,888,631)	(23,125,587)
Closing balance	41,670,800	71,878,950	20,888,631
Movement for the year	(30,208,150)	50,990,319	(2,236,956)
Effect of translation	331,800	5,915,742	1,577,733
	(29,876,350)	56,906,061	(659,223)

(iii) (Increase)/decrease in inventories

	2014	2013	2012
Opening balance	373,698	769,447	787,084
Closing balance	(726,343)	(373,698)	(769,447)
Movement for the year	(352,645)	395,749	(17,637)
Effect of translation	(7,905)	(87,993)	(20,620)
	(360,550)	307,756	(38,257)

38. SEGMENT INFORMATION

The Group has two reportable segments as described below. These segments are managed separately based on the nature of operations. For each of the segments, the Group's CEO (the Group's chief operating decision maker) reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

- Bokoni Mine – Mining of PGMs.
- Projects – Mining exploration in Boikgantsho, Kwanda, and Ga-Phasha exploration projects. Please refer to Note 13 for the sale of mineral rights.

The majority of operations and functions are performed in South Africa. An insignificant portion of administrative functions are performed in the Company's country of domicile.

The CEO considers earnings before net finance costs, income tax expense, depreciation and amortisation (EBITDA) to be an appropriate measure of each segment's performance. Accordingly, the EBITDA for each segment has been included. All external revenue is generated by the Bokoni Mine segment.

	December 31, 2014			December 31, 2013			
	Bokoni Mine	Projects	Total	Bokoni Mine	Projects	Total	Note
Revenue	237,390,814	–	237,390,814	195,621,452	–	195,621,452	
Cost of sales	(263,620,401)	–	(263,620,401)	(234,860,426)	–	(234,860,426)	(i)
EBITDA	1,975,419	(20,169)	1,955,250	21,557,943	77,595,515	99,153,458	(ii)
(Loss)/profit before income tax	(35,897,142)	(5,751)	(35,902,893)	(42,561,288)	77,595,515	35,034,227	(iii)
Income tax expense	–	–	–	(140,414)	7,043,536	6,903,122	(iv)
Depreciation and amortisation	(35,639,205)	–	(35,639,205)	(38,949,245)	–	(38,949,245)	(v)
Finance income	271,001	–	271,001	279,389	–	279,389	(vi)
Finance costs	(2,504,358)	–	(2,504,358)	(25,449,376)	–	(25,449,376)	(vii)
Total assets	734,753,789	3,038,554	737,792,343	764,378,809	2,527,644	766,906,453	(viii)
Additions to non-current assets	35,067,670	–	35,067,670	51,265,558	–	51,265,558	(ix)
Total Liabilities	(57,325,100)	(981,997)	(58,307,097)	(59,024,036)	(42,785,419)	(101,809,455)	(x)

38. SEGMENT INFORMATION continued

Reconciliations of reportable segment cost of sales, EBITDA, profit or loss before income tax, income tax expense, depreciation, finance income, finance costs, assets, addition to non-current assets and liabilities:

(i) Cost of sales

	2014	2013	2012
Total cost of sales for reportable segments	**(263,620,401)**	(234,860,426)	(196,735,768)
Corporate and consolidation adjustments	**(1,137,801)**	1,084,128	1,348,217
Consolidated cost of sales	**(264,758,202)**	(233,776,298)	(195,387,551)

(ii) EBITDA

	2014	2013	2012
Total EBITDA for reportable segments	**1,955,250**	99,153,458	(61,022,520)
Net finance costs	**(2,233,356)**	(25,449,376)	(82,454,938)
Depreciation and amortisation	**(35,639,205)**	(39,949,245)	(38,092,878)
Corporate and consolidation adjustments	**(20,164,879)**	69,967,860	96,567,344
Consolidated (loss)/profit before income tax	**(56,082,190)**	103,722,697	(85,002,992)

(iii) (Loss)/profit before income tax

	2014	2013	2012
(Loss)/profit before tax for reportable segments	**(35,902,893)**	35,034,227	(170,120,775)
Corporate and consolidation adjustments	**(20,179,297)**	68,688,470	85,117,783
Consolidated (loss)/profit before income tax	**(56,082,190)**	103,722,697	(85,002,992)

(iv) Income tax expense

	2014	2013	2012
Income tax expense for reportable segments	**–**	6,903,122	14,049,927
Corporate and consolidation adjustments	**6,532,348**	(3,049,702)	(24,613,805)
Consolidated income tax expense	**6,532,348**	3,853,420	(10,563,878)

(v) Depreciation and amortisation

	2014	2013	2012
Depreciation and amortisation for reportable segments	**(35,639,205)**	(38,949,245)	(35,567,022)
Corporate and consolidation adjustments	**(1,103,411)**	(835,924)	(2,525,856)
Consolidated depreciation and amortisation	**(36,742,616)**	(39,785,169)	(38,092,878)

(vi) Finance income

	2014	2013	2012
Finance income for reportable segments	271,001	279,389	280,872
Corporate and consolidation adjustments	25,994	51,202	101,390
Consolidated finance income	296,995	330,591	382,262

(vii) Finance costs

	2014	2013	2012
Finance costs for reportable segments	(2,504,358)	(25,449,376)	(73,812,106)
Corporate and consolidation adjustments	(13,765,315)	(30,943,696)	(9,025,094)
Consolidated finance costs	(16,269,673)	(56,393,072)	(82,837,200)

(viii) Total assets

	2014	2013	2012
Assets for reportable segments	737,792,343	766,906,453	941,678,440
Corporate and consolidation adjustments	(16,967,732)	6,722,956	(127,613,111)
Consolidated assets	720,824,611	773,629,409	814,065,329

(ix) Additions to non-current assets

	2014	2013	2012
Additions to non-current assets for reportable segments	35,067,670	51,265,558	38,917,145
Corporate and consolidation adjustments	1,335	–	21,010
Consolidated additions to non-current assets	35,069,005	51,265,558	38,938,155

(x) Total liabilities

	2014	2013	2012
Liabilities for reportable segments	(58,307,097)	(101,809,455)	(284,162,945)
Corporate and consolidation adjustments	(247,311,439)	(292,705,976)	(324,645,161)
Consolidated liabilities	(305,618,536)	(394,515,431)	(608,808,106)

(Expressed in Canadian dollars, unless otherwise stated)

39. SHARE-BASED PAYMENTS

39.1 Equity-settled

39.1.1 Stock options

The Group has a share option plan approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers, and consultants to acquire up to 55,428,847 (2013: 32,600,000) common shares. As at December 31, 2014, 9,702,882 options were outstanding and 45,725,965 options remained available to be granted. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts) on the TSX. Options have a term of up to a maximum of ten years (however, the Company has historically granted options for up to a term of five years), and terminate 30 to 90 days following the termination of the optionee's employment or term of engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted. The continuity of share purchase options is as follows:

	Weighted average exercise price	Number of options	Contractual weighted average remaining life (years)
Balance – December 31, 2012	CAD$1.03	7,933,000	2.14
Granted	–	–	
Exercised	–	–	
Cancelled	–	–	
Expired	1.21	(2,823,000)	
Balance – December 31, 2013	CAD$0.93	5,110,000	2.24
Granted	0.39	5,142,882	
Exercised	–	–	
Cancelled	–	–	
Expired	0.96	(550,000)	
Balance – December 31, 2014	CAD$1.36	9,702,882	6.03

Options outstanding and exercisable at December 31, 2014 were as follows:

Expiry date	Option price	Number of options outstanding	Number of options vested	Weighted average life (years)
November 30, 2016	CAD$0.84	4,060,000	4,060,000	1.92
May 1, 2017	CAD$1.61	500,000	500,000	2.33
August 19, 2024	CAD$0.39	5,142,882	–	9.64
Total		9,702,882	4,560,000	
Weighted average exercise price		**CAD$1.36**	**CAD$1.36**	

The exercise prices of all share purchase options granted during the year were equal to or greater than the market price at the grant date. Using the Black-Scholes option pricing model with the assumptions noted below, the estimated fair value of all options granted have been reflected in the statement of changes in equity.

The share-based payments expense recognised during the year ended December 31, 2014 was CAD$370,891 (2013: CAD$21,783; 2012: CAD$309,769).

The assumptions used to estimate the fair value of options granted during the year were:

	2014	2013	2012
Risk-free interest rate	6.10% – 7.86%	2.8%	2.8%
Option term	0. 5 – 8 years	5 – 7 years	5 – 7 years
Volatility	60%	83%	83%
Forfeiture rate	0%	0%	0%
Expected dividends	Nil	Nil	Nil

The volatility of the shares was calculated over the expected life of the option. Volatility was calculated by using available historical information on the share price for Atlatsa equal to the expected life of the scheme.

The risk free rate for periods within the contractual term of the share right is based on the Government of Canada benchmark bond yield.

39.1.2 Conditional Share Units (CSUs)

On August 20, 2014, the Company awarded 9,004,500 CSUs to eligible employees of Plateau, entitling the applicable employee to one common share of the Company on the vesting date. These CSUs will vest on March 31, 2017, after the Company's Average Total Shareholder Return (TSR) for the 2014, 2015 and 2016 years are assessed when compared to five specified peer comparator companies. The CSUs will vest based on the following ranking in relation to the TSR:

Ranking of Atlatsa to peer comparator companies	% of shares to vest
First	100
Second	90
Third	60
Fourth	40
Fifth or below	0

The Monte Carlo simulation was used to simulate the future share prices by applying Geometric Brownian motion, dividends and expected vesting percentages. The performance of Atlatsa and the peer comparator companies was done at each entity's reporting date. The final value of the scheme was calculated as the expected share price on December 31, 2016, multiplied by the expected vesting percentage, plus expected dividends (or the dividends converted to the appropriate number of additional shares) during the vesting period, discounted to the valuation date (August 20, 2014). The inputs and assumptions used in the valuation are described below:

	2014	2013	2012
Share price at grant date	ZAR3.60	–	–
Expected vesting percentage	24%	–	–
Volatility	25% – 60%	–	–
Risk-free interest rate (NACC)	6.09% – 6.68%	–	–
Expected dividend and dividend yield	0.00% – 2.72%	–	–
Correlation	(1%) – 100%	–	–

The share-based payment expense recognised during the period was CAD$0.

(Expressed in Canadian dollars, unless otherwise stated)

39. SHARE-BASED PAYMENTS continued

39.2 Cash-settled

39.2.1 Share Appreciation Rights (SARs)

The Group currently has a scheme in place to award SARs to recognise the contributions of senior staff to the Group's financial position and performance and to retain key employees. These SARs are linked to the share price of the Group on the JSE and are settled in cash on the exercise date.

A third of the SARs granted are exercisable annually from the grant date with an expiry date of 4 years from the grant date for senior management and 5 years for lower and middle management. The offer price of these SARs equaled the closing market price of the underlying shares on the trading date immediately preceding the granting of the SARs.

	2014	2013	2012
Vested shares	**6,266,993**	1,647,770	1,997,268
Share appreciation rights granted	**21,851,994**	15,166,658	15,327,601
Vesting year of unvested share appreciation rights:			
Within one year	**8,187,001**	5,558,728	5,636,401
One to two years	**3,774,000**	7,048,597	5,237,200
Two to three years	**3,624,000**	2,559,333	4,418,000
Total number of shares unvested	**15,585,001**	15,166,658	15,327,601

The movement, recognised in profit and loss, for the SARs provision is calculated as an income in the year ended December 31, 2014, of CAD$2,189,849 (2013: CAD$4,188,348 expense, 2012: CAD$nil).

The assumptions used to estimate the fair value of the SARs granted during the year were:

	2014	2013	2013
South African risk-free rate	**5.95% – 7.32%**	5.0% – 7.3%	4.9% – 5.8%
Volatility	**65%**	88% – 113%	82% – 106%
Share Price	**ZAR2.30**	ZAR5.73	ZAR1.30
Weighted average exercise price	**ZAR1.49**	ZAR1.93	ZARnil
Forfeiture rate	**0%**	0%	0%
Expected dividends	**Nil**	Nil	Nil

The only vesting condition for the scheme is that the employees should be in the employment of the Group at the time of vesting.

The volatility of the shares was calculated with the equally weighted standard approach of calculating volatility by using available historical information on the share price for Atlatsa equal to the term to maturity of the scheme.

The risk free rates were obtained from the bootstrapped zero coupon perfect fit swap curve as at December 31, 2014, sourced from the Bond Exchange of South Africa.

39.2.3 Restricted Share Units (RSUs)

On November 6, 2014, the Company awarded 133,333 RSUs to eligible employees of Plateau, entitling the applicable employee to one common share of the Company on the vesting date for each unit held. These RSUs will vest on May 31, 2015.

The share-based expense recognised during the period was CAD$9,358.

39.3 Equity settled – Bokoni Platinum Mine ESOP Trust

Prior to the acquisition of Bokoni on July 1, 2009, certain employees of Bokoni were part of the Anglo Group Employee Empowerment Scheme (Kotula Scheme). When Atlatsa acquired Bokoni, Anglo Platinum and Atlatsa replaced the Kotula Scheme with the Bokoni Platinum Mine ESOP Trust (ESOP Trust), which has similar participation benefits to the Kotula Scheme.

The purpose of the ESOP Trust scheme is to incentivise and retain employees, promote BEE and increase broad-based and effective participation in the equity of Atlatsa by historically disadvantaged persons. The ESOP Trust holds and utilises ordinary shares in Atlatsa (refer to note 17) for the benefit of the beneficiaries.

Any units that the employees held in the Kotula Scheme were exchanged into units in the ESOP Trust at a ratio of 15 units in the ESOP Trust for every Kotula unit held. The remaining units in the ESOP Trust are allocated to the employees in five equal annual installments beginning March 31, 2010 and for the next four years thereafter. Employees will receive an equal allocation of units. Any units held by a beneficiary that are forfeited shall be added back to the number of unallocated units available for future allocation.

The ESOP Trust shall dispose of the shares held in Atlatsa to the beneficiaries as follows:

- One third vested in proportion to the beneficiaries units on May 16, 2013;
- Half of the remaining balance of ordinary shares will vest in proportion to their interest on May 16, 2014; and
- The remaining balance of ordinary shares will vest in proportion to their interest on May 16, 2015.

The trustees (acting as agent on behalf of the beneficiaries) shall dispose of and sell as many shares as will be necessary to settle all taxes payable by the beneficiaries. The beneficiaries may also direct the trustees to sell the distribution shares on behalf of the beneficiaries and the proceeds of such sale, net of all expenses, shall be distributed to the beneficiaries.

If a beneficiary's employment is terminated due to death, retrenchment, retirement, disability or ill-health, Bokoni will pay a cash amount equal to the fair value of the beneficiary's units to the beneficiary who will then cease to be a beneficiary of the ESOP Trust. The units will be transferred to Bokoni who will become a beneficiary of the ESOP Trust. Where the beneficiary's employment is terminated prior to the termination date for any other reason, the beneficiary shall forfeit all his rights under the scheme. The forfeited units will be added back to the number of unallocated units for future allocation.

At December 31, the following units were allocated:

	2014	2013	2012
Total units available for allocation	70,000,000	70,000,000	70,000,000
Allocation July 1, 2009	(20,078,634)	(20,078,634)	(20,078,634)
Allocation March 31, 2010	(10,282,759)	(10,282,759)	(10,282,759)
Allocation March 31, 2011	(10,666,586)	(10,666,586)	(10,666,586)
Allocation March 31, 2012	(11,081,905)	(11,081,905)	(11,081,905)
Allocation March 31, 2013	(11,081,905)	(11,081,905)	–
Allocation March 31, 2014*	(12,444,929)	–	–
Total units available for allocation at December 31	(5,636,718)	6,808,211	17,890,116

* *The over allocation in 2014 was due to units forfeited being re-allocated again.*

39. SHARE-BASED PAYMENTS continued

39.3 Equity settled – Bokoni Platinum Mine ESOP Trust continued

	2014	2013	2012
Units forfeited	819,158	1,378,332	1,535,309
South African risk free rate	7.95%	6.4%	6.4%
Forfeiture rate	5.0%	5%	5%
Expected dividends	Nil	Nil	Nil
Exercise price	Nil	Nil	Nil
Share price at grant date (ZAR)	5.05	8.00	7.00

The share-based payment expense recognised during the year ended December 31, 2014 was CAD$99,656 (2013: CAD$955,704; 2012: CAD$877,546).

40. CONTINGENT LIABILITIES

Deep Groundwater Pollution

Bokoni Mine has identified a future pollution risk posed by deep groundwater in certain underground shafts. Various studies have been undertaken by the mine since 2012. In view of the documentation of current information for the accurate estimation of the liability, we are unable to quantify the extent of either the existence or extent of pollution or its source, if any. As such, the criteria in IAS 37 for recognizing a liability have not been met.

Litigation claims

There are pending litigation claims at year end to which Bokoni Mine is a defendant. The possible obligation amounts to CAD$761,846 (ZAR7,580,561).

41. RELATED PARTIES

Relationships

Related party	Nature of relationship
RPM	The Group concluded a number of shared services agreements between Bokoni and RPM, a wholly owned subsidiary of Anglo Platinum and a 49% shareholder in Bokoni Holdco. Pursuant to the terms of various shared services agreements, the Anglo Platinum group of companies will continue to provide certain services to Bokoni at a cost that is no greater than the costs charged to any other Anglo Platinum group company for the same or similar services. It is anticipated that, as Atlatsa builds its internal capacity, and makes the transformation to a fully operational PGM producer, these services will be phased out and replaced either with internal services or third party services. RPM also provides debt funding to the Group and purchases all of the Group's PGM concentrate.
Atlatsa Holdings	Atlatsa Holdings is the Company's controlling shareholder.
Key management	All directors directly involved in the Atlatsa Group and certain members of top management at Bokoni and Plateau.

Related party balances

		2014	2013
RPM	Loans and Borrowings (refer to note 21)	(130,402,292)	(185,926,441)
	Trade and other payables	(16,493,972)	(15,546,290)
	Trade and other receivables	12,636,881	3,035,968

Related party transactions

		2014	2013
RPM	Revenue (refer to note 26)	(237,390,814)	(195,621,452)
	Finance expense (before interest capitalised)	18,210,163	57,070,142
	Administration expenses	5,030,864	6,335,745
	Cost of sales	49,097,952	58,026,729
	Costs capitalised to capital work-in-progress	7,974,873	9,224,910
	Profit on sale of mineral property interests#	–	171,113,399
	Fair value gain on Consolidated Debt Facility (refer to note 28)	–	47,999,162

The Profit on sale of mineral property interests is brought about by the sale of mineral assets (as described in note 13) to RPM. The actual consideration for the sale was CAD$174.6 million (ZAR1.7 billion) of which CAD$171.6 million (ZAR1.67 billion) was received by year-end.

Included in non-controlling interest is a gain on de-recognition of the debt facility between Bokoni Holdco and RPM of CAD$nil (2013: CAD$98,923,006).

Key Management Compensation

	2014	2013	2012
Remuneration for executive directors and key management			
– Salaries	3,330,699	3,414,860	3,483,677
– Short-term benefits	2,365,772	1,655,880	723,609
– Share options	–	21,783	259,387
– Cash settled share-based payments	23,216	837,758	–
– Remuneration for non-executives	444,665	348,408	334,985
Total key management compensation	6,146,352	6,278,689	4,801,658

42. COMMITMENTS

	2014	2013
Contracted for	6,478,886	13,808,613
Not yet contracted for	4,959,265	16,965,588
Authorised capital expenditure	11,438,151	30,774,201

The committed expenditures relate to property, plant and equipment and will be funded through cash generated from operations and available loan facilities.

(Expressed in Canadian dollars, unless otherwise stated)

43. EVENTS AFTER THE REPORTING DATE

There were no events of a material nature that occurred between the reporting date and the date of this report.

44. EMPLOYEE COSTS

Employee costs included in profit/(loss) for the year are as follows:

	2014	2013	2012
Salaries and wages and other benefits	101,276,362	91,766,785	83,552,252
Retirement benefit costs	334,483	315,949	366,621
Medical aid contributions	13,664	12,939	14,570
Share-based payments – equity-settled	99,656	799,056	1,329,857
Share-based payments – cash-settled	(2,180,491)	837,758	–
Total employee costs	99,543,674	93,732,487	85,263,300

45. GROUP ENTITIES

The following are the shareholdings of the Company in the various group entities:

Company	Country of Incorporation	2014	2013
N1C Resources Incorporation	Cayman Islands	100%	100%
N2C Resources Incorporation *	Cayman Islands	100%	100%
Plateau Resources Proprietary Limited *	South Africa	100%	100%
Bokoni Holdings Proprietary Limited *	South Africa	51%	51%
Bokoni Mine Proprietary Limited *	South Africa	51%	51%
Boikgantsho Proprietary Limited *	South Africa	51%	51%
Kwanda Proprietary Limited *	South Africa	51%	51%
Ga-Phasha Proprietary Limited *	South Africa	51%	51%
Lebowa Platinum Mine Limited * #	South Africa	51%	51%
Middlepunt Hill Management Services Proprietary Limited * # ø	South Africa	–	51%
The following are the structured entities in the group:			
Bokoni Platinum Mine ESOP trust**	South Africa	Consolidated structured entity	Consolidated structured entity
Bokoni Rehabilitation Trust***	South Africa	Consolidated structured entity	Consolidated structured entity
Bokoni Platinum Mine Community Trust****	South Africa	Unconsolidated structured entity	Unconsolidated structured entity

* *Indirectly held*

\# *These entities are dormant*

** *The Atlatsa Group provided the funding through Bokoni Mine to construct the trust and purchase shares in Atlatsa, but is not required to provide any further financial support to this entity. The purpose of the Trust is to facilitate a share-based payment arrangement on behalf of the Group. Atlatsa has the right to appoint one trustee, who has the right to reject any decision made by the other trustees. Atlatsa therefore has power of the trust.*

*** *Atlatsa Group has power over the trust, as the sole trustee is a director of Atlatsa. All the cash resources kept by the trust is on behalf of Atlatsa, to be later utilised against any rehabilitation and decommissioning incurred.*

**** *As per the requirements of IFRS 10, we have considered the purpose and objective of the trust, and the Group has concluded that the power over the investee, exposure or rights to variable returns and the ability to use its power over the investee to affect the amount of the investor's return does not reside with Atlatsa. This is due to Atlatsa having the right to appoint one trustee of the trust, but do not have the deciding vote, Atlatsa has no interest in/or power over the operations of the trust. The Atlatsa Group is also not required to provide any financial support to the trust.*

ø *The entity was deregistered at the end of December 2013.*

46. NON-CONTROLLING INTEREST

The only non-controlling interest is the 49% shareholding of RPM in Bokoni Holdco (please refer to organogram). Bokoni Holdco owns the Group's various mineral property interests and operations are conducted in the Republic of South Africa in the Bushveld Complex.

Non-controlling interest roll forward	Note	2014	2013
Balance beginning of year		198,227,542	224,049,827
Acquisition of shares in Bokoni Platinum Holdings Proprietary Limited	28	12,480,278	199,179,381
Loss for the year		(24,940,444)	(99,623,161)
Total other comprehensive income for the year	35	(1,633,472)	(26,455,499)
Loss on de-recognition of debt facility	28	–	(98,923,006)
Balance at end of year		184,133,904	198,227,542

The following is summarised financial information for the Bokoni Holdco subgroup, prepared in accordance with IFRS.

	2014	2013
Non-current assets	957,013,938	940,116,063
Current assets	25,194,819	73,851,830
Non-current liabilities	(13,641,146)	(123,388,538)
Current liabilities	(43,722,494)	(70,833,003)
Net assets	924,845,117	819,746,352
Revenue	237,390,814	195,621,452
Total comprehensive income (*)	(50,898,865)	(203,312,573)
Cash flows from operating activities	(9,208,777)	88,166
Cash flows from investment activities	(34,979,248)	131,497,258
Cash flows from financing activities	12,634,923	(101,770,828)
Net increase in cash and cash equivalents	(31,553,102)	29,814,596

* *As Bokoni Holdco has no other comprehensive income, total comprehensive income is therefore equal to the loss for the year*

GLOSSARY
OF TERMS AND ACRONYMS

4E	Platinum, palladium, rhodium and gold
AFS	Available for sale
Anglo Platinum	Anglo American Platinum Limited
BEE	Black economic empowerment
BIC	Bushveld Igneous Complex
Bokoni	Bokoni Platinum Mines Proprietary Limited or "the Bokoni Mine"
Bokoni Group	Bokoni Holdco and all of its subsidiaries
Bokoni Holdco	Bokoni Platinum Holdings Proprietary Limited
BPM	Boikgantsho Platinum Mine Proprietary Limited
CAD	Canadian dollar or "CAD$", the currency of Canada
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
CSU	Conditional share unit
DMR	Department of Mineral Resources
EBITDA	Earnings before net finance costs, income tax, depreciation and amortisation
EDGAR	Electronic document gathering and retrieval system
ESOP	Employee share ownership plan
FCTR	Foreign currency translation reserve
GPM	Ga-Phasha Platinum Mine Proprietary Limited
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Agreed Rate
JO	Joint operation
JSE	JSE Limited
JV	Joint venture

KPM	Kwanda Platinum Mine Proprietary Limited
ktpm	kilotonnes per month
MD&A	Management's discussion and analysis
mtpa	million tonnes per annum
NACC	Nominal annual compounded continuously
NCI	Non-controlling interest
NYSE MKT	New York Stock Exchange, NYSE MKT LLC, formerly the NYSE Amex Equities
OCI	Other comprehensive income
OCSF	Operating cash flow shortfall facility
oz	ounce
PGM	Platinum group metal
Plateau	Plateau Resources Proprietary Limited
RPM	Rustenburg Platinum Mines Limited
RSU	Restricted share unit
SAMREC	South African Code for Reporting of Mineral Resources and Mineral Reserves
SAR	Share appreciation right
SARB	South African Reserve Bank
SEC	United States Securities and Exchange Commission
tpm	tonnes per month
TSR	Total shareholder return
TSX	Toronto Stock Exchange
UOP	Unit of production
US	United States of America or United States
USD	US Dollar or "US$", the currency of the United States of America
VAT	Value-added tax
WCF	Working capital facility
ZAR	South African Rand, the currency of South Africa

RUSSELL AND ASSOCIATES 8423/15

Atlatsa
RESOURCES CORPORATION

Corporate information and administration

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