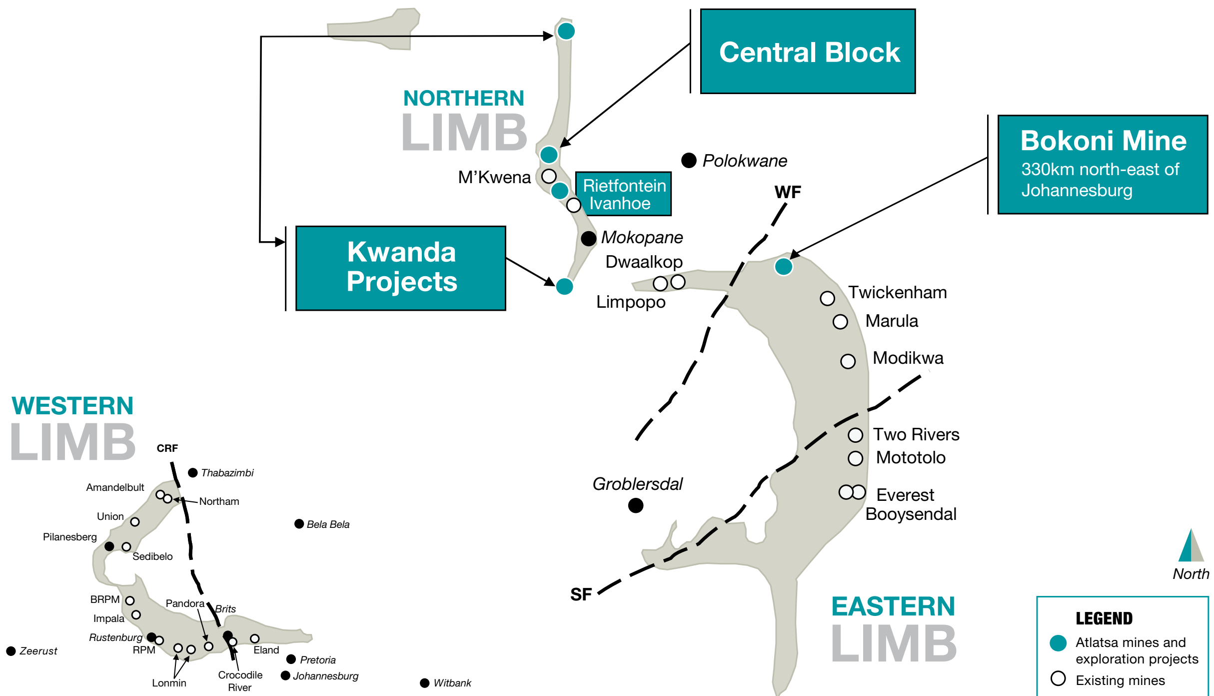
Atlatsa

RESOURCES CORPORATION

for the years ended December 31, 2015, 2014 and 2013

EMPOWERED TO PRODUCE

WHERE WE ARE:
OUR ASSETS



Disclaimer

Certain statements in this Report constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws, including without limitation, statements relating to potential acquisitions and/or disposals, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects such statements appear in a number of different places in this Report and can be identified by words such as "anticipate", "estimate", "project", "expect", "intend", "believe", "plan", "forecasts", "predicts", "schedule", "forecast", "predict", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Atlatsa's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. 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; Bokoni Mine will maintain production levels in accordance with mine operating plan; the Restructure Plan will continue to be implemented as planned, and is anticipated to be fully completed by Quarter 2 of 2016 and on the expected timeframes and will achieve improvements in production and operational efficiencies as anticipated; the Company's ability to meet the conditions of utilisation of the Term Loan Facility; 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.Forward-looking statements, however, are not guarantees of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include: uncertainties related to the timing, implementation and financial and operational outcomes expected as a result of the Restructure Plan at Bokoni Mine; uncertainties related to the continued implementation of the Bokoni Mine operating plan and opencast mining operations; uncertainties related to the timing of the implementation of the Bokoni Mine deferred expansion plans; fluctuations in market prices, levels of exploitation and exploration successes; changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation; continued availability of capital and financing; general economic, market or business conditions; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes; political instability; suspension of operations and damage to mining property as a result of community unrest and safety incidents; insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining government approvals; and the Company's ability to satisfy the terms and conditions of the Term Loan Facility, as described in Section 1.11 Liquidity and to 1.3 Bokoni Restructure Plan , and under "Going Concern" in note 2 of the audited Consolidated Financial Statements for fiscal year ended December 31, 2015. These factors and other risk factors that could cause actual results to differ materially from those in forward-looking statements are described in further detail under Item 3D "Risk Factors" in Atlatsa's Annual Report on Form 20 F for Fiscal 2015, which is publicly available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Atlatsa advises investors that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to Atlatsa or persons acting on its behalf. Atlatsa assumes no obligation to update its forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as required by law. Investors should carefully review the cautionary notes and risk factors contained in this and other documents that Atlatsa files from time to time with, or furnishes to, Canadian securities regulators or the SEC and which are publicly available on SEDAR at www.sedar.com and on EDGAR 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. All information contained in this report is reported in Canadian dollars ($), 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.

This report covers the financial performance for the 2015 financial year (that is, January 1, 2015 to December 31, 2015).

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.

HISTORY

1983	1999	2004	2006	2007	2008	2009	2011	2012	2013	2014	2015
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 refinancing plan with Anglo Platinum completed	Revised refinancing plan implemented	Revised refinancing plan successfully concluded	Announcement of restructure plan at Bokoni Mine & Term Loan Facility secured with Anglo Platinum

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 190,000 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 (Refinancing 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 Refinancing Plan with Amplats. The Refinancing Plan had a positive impact on the Company's corporate and capital structure. Highlights of the impact of the Refinancing 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.
- 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 Refinancing 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.

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

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

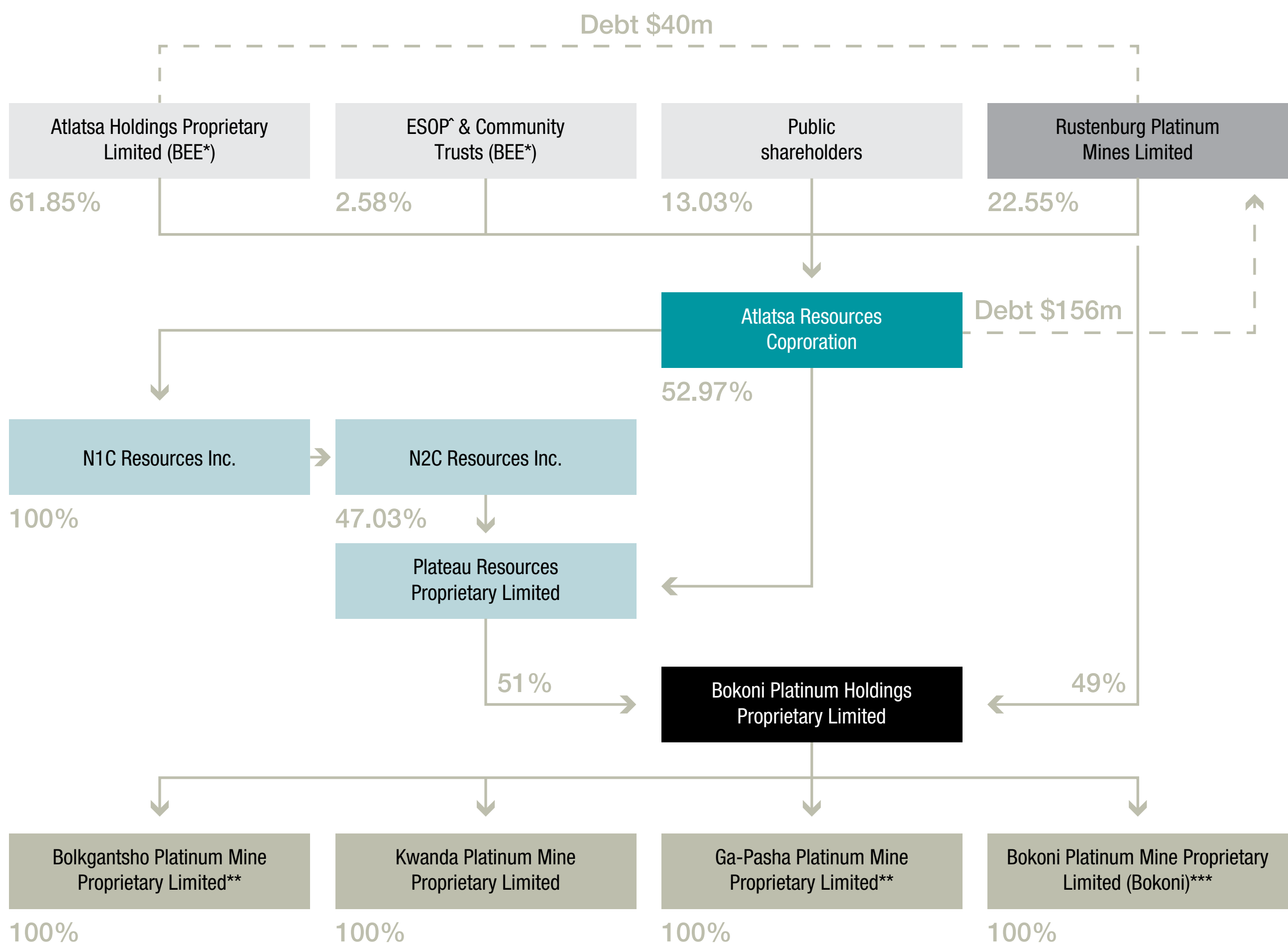
On September 16, 2015, the Company advised, together with Anglo American Platinum Limited ("Anglo Platinum"), that to ensure the future optimisation of Bokoni Mine, the Company has had to implement an operational and financial restructure plan at Bokoni Mine ("the Restructure Plan"). The primary objective of the Restructure Plan is to enable Bokoni Mine to endure a prolonged period of depressed PGM commodity prices, by reducing its existing cost structure and increasing production volumes of higher grade ore from underground operations.

Furthermore, on December 9, 2015, the Company secured a $29.9 million (ZAR334.0 million) Term Loan Facility with RPM to enable Plateau Resources Proprietary Limited ("Plateau") to advance its share of the shareholder loans to Bokoni Holdco for the sole purpose of enabling Bokoni to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from internal resources. Further detail is provided in note 2 of the consolidated financial statements.

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, Atlatsa 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 Refinancing Plan



* Black Economic Empowerment.
** Dormant from December 13, 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.

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

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Prudence Lebina

Head of Investor Relations and Corporate Finance

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, and serves as a Director on the board of GAIA Infrastructure Limited.

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 (until 31 January 2016)

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.

Jose Melembe

General Manager: Bokoni Platinum Mines

BTech, NDip (Mining Engineering)

Jose Malembe has 26 years of experience in the mining sector. Positions previously held include Mining Manager, Proto Coordinator and Production Mine Overseer at Tshepong Mine. Shift Overseer at Anglo Gold Ashanti. Jose Melebe replaced Dawid Stander on February 1, 2016.

INDEPENDENT
AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ATLATSA RESOURCES CORPORATION

We have audited the accompanying consolidated financial statements of Atlatsa Resources Corporation ("the Company"), which comprise the consolidated statements of financial position at December 31, 2015 and December 31, 2014, 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, 2015, 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 auditor considers internal control relevant to the Company'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 Company'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 Atlatsa Resources Corporation at December 31, 2015 and December 31, 2014, and its consolidated financial performance and its consolidated cash flows for each of the years in the three-year period ended December 31, 2015 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 Group incurred a net loss of $369.0 million for the year ended December 31, 2015 and, as of that date, the Group's total current liabilities exceeded its total current assets by $71.0 million. These conditions, along with other matters as set forth in note 2 in the consolidated financial statements, indicate the existence of a material uncertainty that may cast substantial doubt about the ability of the Company and its subsidiaries' to continue as going concerns.

KPMG Inc.
Registered Auditors
Johannesburg, South Africa
March 30, 2016

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015 AND 2014

(Expressed in Canadian Dollars, unless otherwise stated)

	Note	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	9	**294,924,626**	646,245,336
Capital work-in-progress	10	**9,197,977**	29,272,118
Other intangible assets	11	**226,995**	289,390
Mineral property interests	12	**6,958,857**	7,339,706
Goodwill	13	**–**	8,776,080
Platinum Producers' Environmental Trust	14	**3,685,645**	3,721,035
Other non-current assets		**–**	517
Total non-current assets		**314,994,100**	695,644,182
Current assets			
Inventories	15	**1,553,872**	726,343
Trade and other receivables	16	**6,298,336**	16,256,784
Cash and cash equivalents	17	**3,495,531**	8,148,558
Restricted cash	18	**45,683**	48,744
Total current assets		**11,393,422**	25,180,429
Total assets		**326,387,522**	720,824,611
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**309,691,439**	309,659,583
Treasury shares	19	**(4,991,726)**	(4,991,726)
Foreign currency translation reserve		**(13,587,314)**	(10,558,030)
Share-based payment reserve		**28,058,038**	26,245,459
Accumulated loss		**(256,352,015)**	(89,283,115)
Total equity attributable to equity holders of the Company		**62,818,422**	231,072,171
Non-controlling interests		**(10,267,725)**	184,133,904
Total equity		**52,550,697**	415,206,075
Non-current liabilities			
Loans and borrowings	20	**136,837,718**	130,402,292
Finance lease liability	21	**–**	283,877
Deferred tax liability	22	**40,811,920**	116,744,891
Provisions	23	**13,769,756**	13,357,268
Total non-current liabilities		**191,419,394**	260,788,328
Current liabilities			
Trade and other payables	24	**36,558,488**	41,670,800
Restructuring provision	25	**9,506,434**	–
Short-term portion of loans and borrowings	20	**36,048,074**	524,854
Short-term portion of finance lease liability	21	**304,435**	2,634,554
Total current liabilities		**82,417,431**	44,830,208
Total liabilities		**273,836,825**	305,618,536
Total equity and liabilities		**326,387,522**	720,824,611

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

Approved by the Board of Directors on March 30, 2016

Harold Motaung
Director

Fikile De Buck
Director

CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	2015	2014	2013
Revenue	26	205,690,922	237,390,814	195,621,452
Cost of sales	27	(260,574,210)	(264,758,202)	(233,776,296)
Gross loss		(54,883,288)	(27,367,388)	(38,154,844)
General and administrative expenses		(8,983,474)	(10,195,478)	(19,805,849)
Restructuring costs		(14,925,719)	–	–
Other expenses including impairment loss	29	(337,459,411)	(2,581,855)	(1,688,165)
Other income	30	19,314	35,209	219,434,036
Operating (loss)/profit		(416,232,578)	(40,109,512)	159,785,178
Finance income	31	237,551	296,995	330,591
Finance costs	32	(23,882,654)	(16,269,673)	(56,393,072)
Net finance costs		(23,645,103)	(15,972,678)	(56,062,481)
(Loss)/profit before income tax	33	(439,877,681)	(56,082,190)	103,722,697
Income tax	34	70,895,943	6,532,348	(3,853,420)
(Loss)/profit for the year		(368,981,738)	(49,549,842)	99,869,277
Other comprehensive income				
Foreign currency translation differences for foreign operations		1,333,926	(2,088,318)	(27,068,629)
Other comprehensive income for the year, net of income tax	35	1,333,926	(2,088,318)	(27,068,629)
Total comprehensive income for the year		(367,647,812)	(51,638,160)	72,800,648
(Loss)/profit attributable to:				
Owners of the parent		(167,068,900)	(24,609,398)	199,492,438
Non-controlling interests		(201,912,838)	(24,940,444)	(99,623,161)
(Loss)/profit for the year		(368,981,738)	(49,549,842)	99,869,277
Total comprehensive income attributable to:				
Owners of the parent		(170,412,542)	(25,064,244)	198,879,308
Non-controlling interests		(197,235,270)	(26,573,916)	(126,078,660)
Total comprehensive income for the year		(367,647,812)	(51,638,160)	72,800,648
Basic (loss)/earnings per share	36	(30 cents)	(5 cents)	47 cents
Diluted (loss)/earnings per share	36	(30 cents)	(5 cents)	46 cents

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

CONSOLIDATED

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Expressed in Canadian Dollars, unless otherwise stated)

		Attributable to equity holders of the Company										
		Share capital		Treasury shares								
	Note	Number of shares	Amount	Number of shares	Amount	Convertible preference shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated loss	Total shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2013		**201,888,473**	71,967,083	**4,497,062**	(4,991,726)	162,910,000	(9,797,657)	25,285,851	(264,166,155)	(18,792,604)	224,049,827	**205,257,223**
Acquisition of shares in Bokoni Platinum Holdings (Pty) Limited	28	–	–	–	–	–	–	–	–	–	199,179,381	**199,179,381**
Total comprehensive income for the year												
Profit/(loss) for the year		–	–	–	–	–	–	–	199,492,438	199,492,438	(99,623,161)	**99,869,277**
Other comprehensive income for the year, net of tax	35	–	–	–	–	–	(322,203)	(290,927)	–	(613,130)	(26,455,499)	**(27,068,629)**
Total comprehensive income for the year		–	–	–	–	–	(322,203)	(290,927)	199,492,438	198,879,308	(126,078,660)	**72,800,648**
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		–	–	–	–	–	–	–	–	–	(98,923,006)	**(98,923,006)**
Share-based payment transactions		–	–	–	–	–	–	799,726	–	799,726	–	**799,726**
Total contributions by and distributions to owners		–	–	–	–	–	–	799,726	–	799,726	(98,923,006)	**(98,123,280)**
Balance at December 31, 2013		**201,888,473**	71,967,083	**4,497,062**	(4,991,726)	162,910,000	(10,119,860)	25,794,650	(64,673,717)	180,886,430	198,227,542	**379,113,972**
Common shares issued	19	**125,000,000**	74,782,500	–	–	–	–	–	–	74,782,500	–	**74,782,500**
Conversion of convertible preference shares		**227,400,000**	162,910,000	–	–	(162,910,000)	–	–	–	–	–	**–**
Acquisition of shares in Bokoni Platinum Holdings (Pty) Ltd	28	–	–	–	–	–	–	–	–	–	12,480,278	**12,480,278**
Total comprehensive income for the year												
Profit/(loss) for the year		–	–	–	–	–	–	–	(24,609,398)	(24,609,398)	(24,940,444)	**(49,549,842)**
Other comprehensive income for the year, net of tax	35	–	–	–	–	–	(438,170)	(16,676)	–	(454,846)	(1,633,472)	**(2,088,318)**
Total comprehensive income for the year		–	–	–	–	–	(438,170)	(16,676)	(24,609,398)	(25,064,244)	(26,573,916)	**(51,638,160)**
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Share-based payments expense		–	–	–	–	–	–	467,485	–	467,485	–	**467,485**
Total contributions by and distributions to owners		–	–	–	–	–	–	467,485	–	467,485	–	**467,485**
Balance at December 31, 2014		**554,288,473**	309,659,583	**4,497,062**	(4,991,726)	–	(10,558,030)	26,245,459	(89,283,115)	231,072,171	184,133,904	**415,206,075**
Common shares issued	19	**133,333**	31,856	–	–	–	–	(31,856)	–	–	–	**–**
Acquisition of shares in Bokoni Platinum Holdings (Pty) Limited	28	–	–	–	–	–	–	–	–	–	2,833,641	**2,833,641**
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(167,068,900)	(167,068,900)	(201,912,838)	**(368,981,738)**
Other comprehensive income for the year, net of tax	35	–	–	–	–	–	(3,029,284)	(314,358)	-	(3,343,642)	4,677,568	**1,333,926**
Total comprehensive income for the year		–	–	–	–	–	(3,029,284)	(314,358)	(167,068,900)	(170,412,542)	(197,235,270)	**(367,647,812)**
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Share-based payments expense		–	–	–	–	–	–	2,158,793	-	2,158,793	-	**2,158,793**
Total contributions by and distributions to owners		–	–	–	–	–	–	2,158,793	-	2,158,793	-	**2,158,793**
Balance at December 31, 2015		**554,421,806**	309,691,439	**4,497,062**	(4,991,726)	–	(13,587,314)	28,058,038	(256,352,015)	62,818,422	(10,267,725)	**52,550,697**

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

CONSOLIDATED
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(Expressed in Canadian Dollars, unless otherwise stated)

	Note	2015	2014	2013
Cash (utilised by)/generated from operations	37	(18,012,427)	(11,968,791)	9,124,254
Interest received		116,848	190,369	226,073
Interest paid		(3,525,458)	(1,595,243)	(20,660)
Income tax paid		(548)	(353,374)	(7,043,536)
Net cash flows (used in)/from operating activities		(21,421,585)	(13,727,039)	2,286,131
Cash flows from investing activities				
Increase in investments held by Platinum Producers' Environmental Trust	14	(301,318)	(358,912)	(431,999)
Acquisition of property, plant and equipment	9	(6,005)	(1,335)	(278,200)
Expenditures on capital work-in-progress	10	(25,684,322)	(31,740,491)	(50,987,358)
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		(25,991,645)	(32,096,662)	120,180,954
Cash flows from financing activities				
Proceeds from loans and borrowings	20	46,692,236	14,794,838	314,087,529
Payment of loans and borrowings	20	–	(75,365,709)	(621,959,514)
Acquisition of shares in Bokoni Platinum Holdings (Pty) Ltd		–	–	207,518,927
Finance lease repaid	21	(2,922,491)	(368,094)	–
Common shares issued	19	–	74,782,500	–
Other loans repaid	20	(498,229)	–	293,604
Net cash flows from/(used in) financing activities		43,271,516	13,843,535	(100,059,454)
Effect of foreign currency translation		(511,313)	(526,379)	3,666,586
Net (decrease)/increase in cash and cash equivalents		(4,653,027)	(32,506,545)	26,074,217
Cash and cash equivalents at January 1, 2015		8,148,558	40,655,103	14,580,886
Cash and cash equivalents at December 31, 2015	17	3,495,531	8,148,558	40,655,103

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

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(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 Toronto Stock Exchange ("TSX") and has a secondary listing on the JSE Limited ("JSE"). On July 10, 2015, the Company announced its intention to file a Form 25 (Notification of Removal from Listing and/or Registration under Section 12(b) of the Securities Exchange Act of 1934) with the U.S. Securities and Exchange Commission (the "SEC") to voluntarily withdraw its common shares from listing on the NYSE MKT. The Company filed the Form 25 on July 20, 2015 and the delisting was effective 10 days following the filing of the Form 25. The Company remains an SEC registrant and will review this position prior to the first anniversary of the delisting off the NYSE MKT. The Company's common shares continue to be listed on the TSX and the JSE.

The consolidated financial statements comprise of the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Groups' 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 net loss for the year of $369.0 million (which includes an impairment loss of $337.1 million) compared to a 2014 fiscal year loss of $49.5 million. The loss for the year is primarily as a result of the softening in the platinum price during the 2015 financial year and the impact on profitability of the Group's subsidiary, Bokoni Platinum Mines Proprietary Limited ("Bokoni" or "Bokoni Mine").

The Group's current liabilities exceeded its current assets by $71.0 million. This deficit arises mainly as a result of the following:

- The $12.5 million (ZAR140 million) backlog of trade and other payables owed to Rustenburg Platinum Mines Limited ("RPM") (RPM is a related party to the Group) by Bokoni. By initial agreement with RPM, the backlog of the trade and other payables was deferred and Bokoni was expected to start repaying $1.4 million (ZAR15.6 million) a month from April 2015 to December 2015. On December 9, 2015, the Senior Facilities Agreement was increased by $6.4 million (ZAR71.4 million) to make available funds to Plateau to repay its 51% pro rata share ($6.4 million (ZAR71.4 million)) of the backlog, subject to conditions precedent being met. Refer to Amended and Restated Senior Facilities Agreement below.
- RPM advanced additional funds (not supported by physical metal deliveries) on the purchase of concentrate agreement of $35.9 million (ZAR401,9 million) to secure short term funding until all conditions precedent on the Term Loan facility provided by RPM as discussed below, had been met and this facility could be utilised to fund the Bokoni operations.
- The estimated costs associated with the Bokoni Mine Restructure Plan (discussed below) of $9.5 million (ZAR106 million) having been provided for during the period.

The deficit will be financed from short term cash flows and the Term Loan facility provided by RPM as discussed below.

Bokoni Mine operations and restructure plan

The main constraint at Bokoni Mine is the current inability to produce sufficient volumes of high grade underground ore to fill the mill capacity. At current basket prices the Mine continues to make losses, even at an operating cost level, due to the high cost of production. Even in the event of producing 160 kilo tonnes per month (ktpm) of higher grade ore from underground, Bokoni will remain marginal at these volumes.

Reviews of the operations indicated that the optimum level of production required to ensure that the Bokoni Mine is profitable and sustainable is around 240 ktpm. This review process culminated in the design and development of the current mine plan, which targets a significant increase in mining and concentrating capacity from 160 ktpm to 240 ktpm. In order for Bokoni to achieve the mining and concentrating scale of 240 ktpm targeted in the aforementioned mine plan, Bokoni would require a significant capital investment.

As a result, on September 16, 2015, the Company advised, together with Anglo American Platinum Limited ("Anglo Platinum"), that to ensure the future optimisation of Bokoni Mine, the Company has had to implement an operational and financial restructure plan at Bokoni Mine ("the Restructure Plan"). The primary objective of the Restructure Plan is to enable Bokoni Mine to endure a prolonged period of depressed PGM commodity prices, by reducing its existing cost structure and increasing production volumes of higher grade ore from underground operations.

The Restructure Plan was based on the following assumptions for fiscal 2016:

- Platinum price per ounce over life of mine: US$1,392
- 4E average basket price per ounce: R13,545
- ZAR/US$ exchange rate: 11.92

Implementation of the Restructure Plan at Bokoni Mine is anticipated to result in:

- the older, high cost UM2 and Vertical Merensky shaft operations being placed on care and maintenance in August and December 2015 respectively, the relevant assets have also been impaired;
- continued ramp up of the Middelpunt Hill UG2 and Brakfontein Merensky development shafts to steady state production of 60,000 tonnes per month (tpm) by the fourth quarter of 2016 and 100,000 tpm by 2019, respectively;
- continued mining at the Klipfontein Merensky open-cast operation as a mill gap filler during ramp up of the underground operations;
- significant reduction in labour overheads; and
- reduction in Bokoni Mine's unit cost of production.

Bokoni Mine issued a Section 189 (3) notice to relevant parties pursuant to Section 189A of the South African Labour Relations Act, 66 of 1995 (LRA) on September 15, 2015, for the commencement of a consultation process on the contemplated retrenchments of a significant number of its employees based on operational requirements.

The anticipated costs of implementing the Restructure Plan will be financed from short-term cash flows and from the Term Loan Facility provided by RPM as discussed below.

As at December 31, 2015 the restructure plan was underway and is anticipated to be fully completed by Quarter 2 of 2016. To date, on base cost calculated from August 2015, operational costs have reduced by 15% on average per month, which was achieved by a substantial reduction in Bokoni's labour force.

Term Loan Facility Agreement

On December 9, 2015, a Term Loan Facility Agreement ("the Facility"), was entered into with RPM providing a $29.9 million (ZAR334.0 million) facility to enable Plateau to advance its share of the shareholder loans to Bokoni Holdco for the sole purpose of enabling Bokoni Mine to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from Bokoni Mine cash flows. RPM will fund its 49% share of cash calls made by Bokoni Mine in accordance with the joint venture shareholders' agreement between the parties. The Facility bears no interest and replaces the letter of support of November 10, 2014 received from RPM. If however, any amount which is due and payable in accordance with the facility is unpaid, the unpaid amount shall accrue interest at the prime rate plus 2%. The Facility is repayable at the earlier of an event of default and December 31, 2018. There will be a mandatory repayment upon the occurrence of a change of control or a sale of all or substantially all the assets of Bokoni whether in a single transaction or a series of related transactions.

In agreeing to the terms and conditions of the Facility, Atlatsa has agreed to co-operate with Anglo Platinum in relation to RPM's acquisition of: (i) the prospecting rights held by Kwanda; (ii) the mining rights in respect of Central Block mineral properties held by Plateau (previously contemplated in the letter of support of November 10, 2014); and (iii) the disposal of all or any part of the Holdco Shareholding (collectively, the "Proposed Transaction").

The conditions to utilisation of the $29.9 million (ZAR334.0 million) Facility include the following:

1. RPM being satisfied that Bokoni Mine is implementing the Restructure Plan in accordance with its terms;
2. RPM being satisfied that Bokoni Mine is optimising its operations to minimise the funding required from shareholders and that Bokoni Mine is identifying and implementing opportunities to optimise revenue, operating costs and capital expenditure (where appropriate);
3. Evidence that all intercompany advances made by RPM to Bokoni Mine (primarily arising from the supply chain between such parties) are paid up to date in accordance with the applicable due date for payment as set out in the terms for payment (as set by RPM) for such transactions (which date shall be no later than the end of the month following the month in which the delivery of goods or services occurred);
4. A consent letter provided by Atlatsa, Plateau, Bokoni Holdco and Bokoni Mine to RPM, consenting to the disclosure by RPM of certain Confidential Information (as defined in the Holdco Shareholders Agreement) in relation to the sale process to facilitate the transfer of the funding arrangements between RPM and Plateau and the disposal of the Holdco Shareholding as contemplated in the Proposed Transaction;

2. GOING CONCERN continued

5. Plateau co-operating with the RPM and at RPM's request, doing all such things, performing all such acts and taking all such steps, and to procure the doing of all such things, within its power and control, as may be necessary for and incidental to the Parties finding a long term sustainable solution to fund Bokoni Mine including in relation to the implementation of the Proposed Transaction;
6. A signed addendum to the management services agreement entered into amongst Plateau, Atlatsa, Anglo Platinum, Bokoni Holdco and Bokoni Mine on or about 19 June 2009, to facilitate a reduction in the monthly management fee payable by Bokoni Mine to Atlatsa from approximately $0.4 million (ZAR5.0 million) to an amount which is no greater than $0.4 million (ZAR4.0 million);
7. The aggregate monthly operating costs of Atlatsa and Plateau have reduced by at least $0.1 million (ZAR1.0 million) per month on a sustainable basis (measured relative to the average operating costs incurred for the 6 months to November 2015);
8. Plateau implementing appropriate initiatives with immediate effect, to reduce: (i) the operating cash losses; and (ii) to the extent possible, the maintenance or 'stay-in-business' capital (excluding project capital expenditure), at Bokoni Mine so that Bokoni Mine does not incur an operating loss (known as "Cost 4" at the measurement level);
9. An operational action plan indicating how the tonnage production build-up of Brakfontein and Middelpunt Hill (Bokoni Mine underground shafts) will meet the level set out in the Restructure Plan by 1 January 2016;
10. A project plan on the retrenchment process applicable to Bokoni Mine and evidence that the Bokoni Mine steering committee and the Bokoni Holdco Board of directors have evaluated and approved such retrenchment process; and
11. Written confirmation from Plateau that it will: (i) consult with RPM during the process of recruiting a new General Manager and new Finance Manager of Bokoni Mine, each in a permanent capacity ; (ii) obtain RPM's prior written approval in respect of the persons to be appointed to such positions.

On March 8, 2016 the conditions precedent to utilisation of the Facility were met, allowing for draw downs to finance operational cash short falls and the repayment of the purchase of concentrate funding previously discussed.

Amended and Restated Senior Facilities Agreement

The Senior Facilities Agreement was amended and restated to increase the availability under the facility by $6.4 million (ZAR71.4 million) on December 9, 2015 to enable the backlog of the trade and other payables relating to RPM of approximately $12.5 million (ZAR140.0 million) (discussed above) to be repaid in order to manage the Group's liquidity. As at the date of the issue of these consolidated financial statements a condition precedent remains outstanding and it is anticipated will be met by Quarter 2 of 2016. On mutual agreement with RPM the repayment would take place once the condition precedent has been met, which is anticipated shortly.

Going concern conclusion

Atlatsa remains in discussions with Anglo Platinum surrounding the future optimisation of Bokoni Mine, as contemplated in the Proposed Transaction above, as well as potential alternative financial support for the Company having regard to current challenges within the South African platinum industry. Management is continuously investigating areas to preserve cash in the short term including the possibility of a further reduction in capital projects where appropriate. In addition, the board is considering the disposal of non-core assets and alternative sources of funding are being explored with third parties.

The consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Restructure Plan will be successfully implemented, including the production profile as per the Restructure Plan being met and consensus PGM metal price forecasts strengthening to the projected forecasts for 2016, to have sufficient cash resources available to settle the Group's liabilities in the ordinary course of business.

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 ("$"), 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, 2015. 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; and
- 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; and
- 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.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS continued

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 (Note 6) or are described below.

These include:

Judgements:

- Exploration and evaluation expenditure (i)
- Recovery of deferred tax assets (ii)
- Functional currency (Note 6.2)

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/impairment 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 exploration 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 (South African Code for Reporting of Mineral Resources and Mineral Reserves) 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 unutilised 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; and
- 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.

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 ("UOP") 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.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS continued

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 (5.50% (2014: 5.40%)), and changes in discount rates (9.63%(2014: 7.96%)). 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. Goodwill is assessed for impairment annually, regardless of indicators. 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's interpretation of market forecasts and future inflation rates. These include long term platinum prices and USD 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 2.22% (2014: 2.85%). The real weighted average cost of capital used to discount the future free cash flows was determined as 12.55% (2014: 10.97%).

(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, based on assay data, and the estimated recovery percentage, 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.

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") rates 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, 2015:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- 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.

5.2 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 January 1, 2016:

- Accounting for Acquisitions of interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012-2014 Cycle – various standards
  - 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'*
- Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure initiative (Amendments to IAS 1)

Effective January 1, 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2019:

- IFRS 16 Leases

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. 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.

Where goodwill forms part of a CGU and part of the operation and 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 and the portion of the CGU retained.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) 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.

(ii) 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.

(iii) 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.

(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 or 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:

1. Financial assets at fair value through profit or loss – the Group has no financial assets at fair value through profit or loss.
2. Loans and receivables.
3. Held-to-maturity investments — the Group has no held-to-maturity investments.
4. 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 net finance costs 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.

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.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, either as financial liabilities at fair value through profit or loss, or 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 6.17, 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.

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.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 reserves
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.

6.7 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.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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 judgment 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.

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.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

(iii) Restructuring provision

Provisions for restructuring costs are recognised only when the general recognition criteria for provisions are met. A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring which identifies at least: the business or the part of the business concerned, principal locations affected, approximate number of employees that would need to be compensated for termination resulting from the restructuring (along with their function and location), expenditure that would be required to carry out the restructuring, and information as to when the plan is to be implemented.

Furthermore, the recognition criteria also requires that the entity should have raised a valid expectation among those affected by the restructuring that it will, in fact, carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The restructuring provision is measured at a best estimate of the expected expense involved in the restructuring plan, The restructuring plan that was announced has to be implemented and wound up by June 2016. Due to the short-term nature of the provision there is no discounting of the expenses/liability.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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; and
- 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.

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.

6.17 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)

The inputs used to measure the fair value of an asset or liability 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.

8 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables, loans and borrowings. 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 cash equivalents 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
- 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. In addition to this the Group entered into the Term loan Facility Agreement and amended the Senior Facilities Agreement on 9 December 2015 (please refer to note 20). 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

	2016	2017	2018	2019	Thereafter	Total
2015						
Loans and borrowings	35,952,642	–	122,495,754	59,059,502	51,910,791	269,418,689
Finance lease liability	318,634	–	–	–	–	318,634
Trade and other payables	28,268,321	–	–	–	–	28,268,321
Total	64,539,597	–	122,495,754	59,059,502	51,910,791	298,005,644
	2015	**2016**	**2017**	**2018**	**Thereafter**	**Total**
2014						
Loans and borrowings	–	–	–	128,300,029	121,724,866	250,024,895
Finance lease liabilities	2,980,622	299,828	–	–	–	3,280,450
Trade and other payables	31,725,265	–	–	–	–	31,725,265
Total	34,705,887	299,828	–	128,300,029	121,724,866	285,030,610

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.

(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.

8 FINANCIAL RISK MANAGEMENT continued

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

Increase/(decrease) in interest rate	Effect on loss before tax for the year ended December 31, 2015 increase/(decrease)	Effect on profit before tax for the year ended December 31, 2014 increase/(decrease)
+1%	2,474,710	2,614,340
–1%	(2,323,683)	(2,412,597)

The Group has no other significant external exposure to foreign exchange risk. All other loans and borrowings are denominated in ZAR (refer note 20).

(iv) Commodity price risk

The value of the Group's revenue and resource properties depends on the prices of PGM's 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. All other variables are kept constant.

Increase/(decrease) in 4E basket price	Effect on loss before tax for the year ended December 31, 2015 increase/(decrease)	Effect on profit before tax for the year ended December 31, 2014 increase/(decrease)
+10%	20,569,092	23,739,081
–10%	(20,569 092)	(23,739,081)

(v) 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 Black Economic Empowerment ("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 Department of Mineral Resources ("DMR"), the SARB and Anglo Platinum.

There were no other changes to the Group's approach to capital management during the year.

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

At December 31, 2015	Loans and receivables	Financial liabilities at amortised cost
Platinum Producers' Environmental Trust**	3,685,645	–
Trade and other receivables*	4,926,455	–
Cash and cash equivalents**	3,495,531	–
Restricted cash*	45,683	–
Loans and borrowings***	–	172,885,792
Finance lease liability*	–	304,435
Trade and other payables*	–	28,268,321

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 liabilities***	–	2,918,431
Trade and other payables*	–	31,725,265

* *Not measured at fair value as carrying amount is a reasonable approximation of the fair value due to the short-term to maturity.*
** *Not measured at fair value as the carrying amount is a reasonable approximation of fair value due to this being cash deposits.*
*** *Not measured at fair value as the carrying amount is a reasonable approximation of fair value.*

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments at fair value. 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.

	2015		2014	
	Carrying value	Fair value (level 2)	Carrying value	Fair value (level 2)
Loans and borrowings	172,885,792	172,885,792	130,927,146	130,927,146

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, 2015 was $157,445,158 (ZAR1,759,950,347) (2014:$166,392,966 (ZAR1,655,651,405)).

8 FINANCIAL RISK MANAGEMENT continued

(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

9 PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment	2015	2014
Cost		
Balance at beginning of year	808,038,782	780,046,204
Additions	6,005	2,177,645
Transferred from capital work-in-progress	45,392,534	33,853,496
Disposals	(14,510)	(2,378,349)
Adjustments to rehabilitation assets	(1,387,613)	975,833
Effect of translation	(93,596,702)	(6,636,047)
Balance at end of year	758,438,496	808,038,782
Accumulated depreciation and impairment losses		
Balance at beginning of year	161,793,446	128,867,722
Depreciation for the year	37,867,916	36,456,360
Impairment loss	328,096,271	–
Disposals	(14,510)	(2,040,078)
Effect of translation	(64,229,253)	(1,490,558)
Balance at end of year	463,513,870	161,793,446
Carrying value	294,924,626	646,245,336

2015	Total	Mining Development and Infrastructure	Plant and Equipment	Buildings	Motor Vehicles	Furniture and Fittings
Cost						
Balance at beginning of year	808,038,782	674,593,701	87,539,747	40,959,742	4,438,317	507,275
Additions	6,005	–	–	–	–	6,005
Transferred from capital work-in-progress	45,392,534	43,366,300	1,572,699	26,359	427,176	–
Disposals	(14,510)	–	–	–	(14,510)	–
Decrease in rehabilitation assets	(1,387,613)	(1,387,613)	–	–	–	–
Effect of translation	(93,596,702)	(78,716,011)	(9,789,069)	(4,502,354)	(532,884)	(56,384)
Balance at end of year	758,438,496	637,856,377	79,323,377	36,483,747	4,318,099	456,896
Accumulated depreciation and impairment losses						
Balance at beginning of year	161,793,446	127,052,109	21,975,106	8,869,011	3,409,754	487,466
Depreciation for the year	37,867,916	31,793,594	3,994,455	1,603,095	464,807	11,965
Impairment	328,096,272	310,174,968	10,156,150	7,314,289	444,261	6,604
Disposals	(14,510)	–	–	–	(14,510)	–
Effect of translation	(64,229,254)	(57,436,818)	(4,162,098)	(2,093,321)	(481,303)	(55,714)
Balance at end of year	463,513,870	411,583,853	31,963,613	15,693,074	3,823,009	450,321
Carrying value	294,924,626	226,272,524	47,359,764	20,790,673	495,090	6,575

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)
Balance at end of year	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
Balance at end of year	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	1,028,563	9,759

9 PROPERTY, PLANT AND EQUIPMENT continued

Certain assets are encumbered. The Senior Debt 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.

Due to the economic climate and the significant re-rate in forecasted metal prices, the Group tested the carrying value of its assets for impairment and recognised an impairment loss of $337,064,465 with respect to property, plant and equipment and goodwill (refer note 13).

Management has assessed its cash-generating unit ("CGU") as being Bokoni Mine, which is the lowest level for which cash flows are largely independent of other assets. The goodwill relates to the acquisition of Bokoni Mine. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis (refer note 13).

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 – 37 years (2014: 36 years).
- Real weighted average cost of capital – 12.55% (2014: 10.97%).
- Average price deck for PGM prices was used. Initial price of US$995/oz (2014: US$1,742/oz) for platinum in 2015.
- Range of R/US$ real exchange rates – based on market expectations. Initial exchange rate of R13.91/US$ (2014: R9.33/US$) used in 2015.
- South African inflation – based on market expectations. Long term inflation rate of 5.50% (2014: 5.40%).
- Production of 4E ounces starts at 201,868 (2014: 203,889) ounces in 2015, building up to 364,379 (2014: 370,691) ounces in 2037 and gradually scales down towards the end of the life of mine.

Sensitivity analysis:

Sensitivity	Real WACC	95%	100% (Base NPV in millions)	105%
Price (4E basket)	12.55%	202.64	309.46	414.02
Production volumes	12.55%	202.64	309.46	414.02
Operating cost	12.55%	383.30	309.46	234.39
WACC	12.55%	341.55	309.46	280.84
Capital expenditure	12.55%	323.19	309.46	295.74

10 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.

	2015	2014
Balance at beginning of year	29,272,118	27,296,481
Additions	25,684,322	32,891,360
Transfer to property, plant and equipment	(45,392,534)	(33,853,496)
Capitalisation of borrowing costs	766,579	3,183,868
Effect of translation	(1,132,508)	(246,095)
Balance at end of year	9,197,977	29,272,118

Capital work-in-progress is funded through cash generated from operations and available loan facilities (refer note 20).

11 OTHER INTANGIBLE ASSETS

	2015	2014
Cost		
Balance at beginning of year	2,485,100	2,504,882
Additions	–	–
Effect of translation	(272,990)	(19,782)
Balance at end of year	2,212,110	2,485,100
Accumulated amortisation and impairment losses		
Balance at beginning of year	2,195,710	2,178,532
Amortisation for the year	34,383	34,862
Effect of translation	(244,978)	(17,684)
Balance at end of year	1,985,115	2,195,710
Carrying value	226,995	289,390

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 ten years.

12 MINERAL PROPERTY INTERESTS

	2015	2014
Balance at beginning of year	7,339,706	7,612,443
Amortisation	(117,527)	(251,394)
Write-off*	–	(709,665)
Effect of translation	(263,322)	688,322
Balance at end of year	6,958,857	7,339,706

**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.*

12 MINERAL PROPERTY INTERESTS continued

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 joint venture 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.

(iv) Kwanda

As of July 1, 2009, the Kwanda joint venture 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.

13 GOODWILL

	2015	2014
Balance at beginning of year	8,776,080	8,845,940
Impairment loss	(8,968,194)	–
Effect of translation	192,114	(69,860)
Balance at end of year	–	8,776,080

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; and
- 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 9. The goodwill relates to the acquisition of Bokoni Mine.

14 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.

	2015	2014
Balance at beginning of year	3,721,035	3,292,979
Contributions	301,318	358,912
Growth in environmental trust	118,127	101,475
Effect of translation	(454,835)	(32,331)
Balance at end of year	3,685,645	3,721,035

The non-current cash deposits are restricted in use as it is 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.

15 INVENTORIES

	2015	2014
Consumables	724,443	283,988
Stock pile	829,429	442,355
	1,553,872	726,343

16 TRADE AND OTHER RECEIVABLES

	2015	2014
Financial assets		
Trade receivables	–	9,863,567
Other trade receivables	4,926,455	4,466,106
	4,926,455	14,329,673
Non-financial assets		
Prepayments	677,201	1,532,489
Lease debtor	2,058	2,312
Value-added tax	1,017	3,875
Employee receivables	691,605	388,435
Total trade and other receivables	6,298,336	16,256,784

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 (2014: $nil).

17 CASH AND CASH EQUIVALENTS

	2015	2014
Bank balances	3,495,531	8,148,558

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.

18 RESTRICTED CASH

	2015	2014
ESOP Trust	45,683	48,744

Restricted cash consist 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 no distributions to beneficiaries in terms of the trust deed (2014: $224,121 (ZAR2,184,412)).

19 SHARE CAPITAL

Authorised and issued	Number of shares 2015	2014
Common shares with no par value	554,421,806	554,288,473

The Company's authorised share capital consists of an unlimited number of common shares without par value. 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.

	2015	2014
Share capital		
Share capital	311,874,472	311,842,616
Share issue costs	(2,183,033)	(2,183,033)
	309,691,439	309,659,583
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.

	2015	2014
Share capital reconciliation		
Opening balance at 1 January	311,842,616	311,842,616
Shares issued	31,856	–
Closing balance as at 31 December	311,874,472	311,842,616

$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 plan. A dividend of $24.6 million (ZAR240.6 million) was declared on redemption at a Plateau level.

20 LOANS AND BORROWINGS

	2015	2014
RPM – Working Capital Facility (related party)	9,092,256	5,948,787
RPM – New Senior Debt Facility (related party)	127,745,462	124,453,505
RPM – POC Advance (related party)	35,952,642	–
Other	95,432	524,854
	172,885,792	130,927,146
Short-term portion of loans and borrowings		
RPM – POC Advance	(35,952,642)	–
Other	(95,432)	(524,854)
Long-term portion of loans and borrowings	136,837,718	130,402,292
The carrying value of the Group's loans and borrowings changed during the year as follows:		
Balance at beginning of the year	130,927,146	187,016,588
Loans repaid – Other	(498,229)	(652,039)
Loan from RPM – New Senior Debt Facility	–	6,250,317
Loan repaid – New Senior Debt Facility	–	(74,782,500)
Loan from RPM – Working Capital Facility	3,477,500	2,526,305
Loan from RPM – Shareholder loan	2,825,282	6,005,206
Loan from RPM – POC Advance	40,389,454	–
Shareholder loan capitalised	(2,833,641)	(12,480,278)
Finance expenses accrued	19,646,355	17,039,491
Fair value gain on additional draw down of New Senior Debt Facility	–	(1,109,648)
AG8 adjustment on New Senior Debt Facility	314,840	3,233,584
Effect of translation	(21,362,915)	(2,119,880)
Balance at end of the year	172,885,792	130,927,146

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

	2015	2014
Subsequent adjustments (refer note 28)	314,840	3,233,584
	314,840	3,233,584

The terms and conditions for the outstanding borrowings at December 31, 2015 are as follows:

(i) RPM – New Senior Debt Facility

On May 5, 2014, Anglo Platinum's Board of Directors authorised an amount of $14.3 million (R160 million) of accrued and unpaid interest to accrue above the facility limit of $138.7 million (R1,550 million) up to December 31, 2015.

On December 9, 2015 the New Senior Facilities Agreement was amended and restated to increase the availability under the facility by $6.4 million (ZAR71.4 million). As at December 31, 2015, the facility under the New Senior Debt Facility is $145.1 million (ZAR1,621 million) (2014: $138.7 million (ZAR1,550 million)) (Refer note 2).

(ii) RPM – Working Capital Facility

On December 13, 2013, Plateau and RPM entered into a Working Capital Facility whereby RPM will make a maximum of $2.7 million (ZAR30 million) per year available to Plateau during each of 2013, 2014 and 2015 for an aggregate facility of $8.1 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 $8.1 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 $2.0 million (ZAR22.5 million) was made available under this agreement. The additional facility of $9.8 million (ZAR110 million) under the Amendment Agreement, implemented on May 28, 2013 was inclusive of the $2.0 million (ZAR22.5 million) provided for under the Transaction Cost Loan Agreement.

As at September 30, 2013 a drawdown of $0.6 million (ZAR7 million) was made under the Transaction Cost Loan Agreement. On December 13, 2013 the $0.6 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.

On May 25, 2015 the Working Capital facility was increased to $10.9 million (ZAR122 million). As at December 31, 2015 the outstanding contractual balance was $9.1 million (ZAR101.6 million). The amount available under the Working Capital Facility was $1.8 million (ZAR20.4 million).

(iii) 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 August 21, 2015.

(iv) Other

This loan is between Plateau and the Deloitte Mining Shared Service Centre ("DMSSC") relating to the financing of the SAP system (refer note 11). The loan bears interest at prime (9.75% at December 31, 2015) plus 2% (2014: 9.25% at December 31, 2014) and is payable in quarterly instalments starting March 31, 2011.

(v) 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.

(vi) RPM – POC Advance

In addition to the other facilities provided, RPM agreed to fund the Bokoni Mine, pursuant to the Advance on Concentrate Revenue Agreement (the "POC Advance"), with an advance on the sale of concentrate revenue made to RPM pursuant to the Concentrate Agreement, at an interest rate of three-month JIBAR plus 1.41% per annum, from November 1, 2013 to November 30, 2014.

The Advance provided that RPM may advance funds to Bokoni up to an amount equal to the lower of 90% of an advance on revenue for the preceding two months and $36.2 million (ZAR360.0 million), provided that the amount advanced does not exceed the actual cash requirements for that month. The terms of the Advance were re negotiated in March 2014 to permit RPM to advance funds to Bokoni up to an amount equal to the lower of 95% of an advance on revenue for the preceding two months and $47.7 million (ZAR475.0 million), provided that the amount advanced does not exceed the actual cash requirements of Bokoni Mine for that month, and to extend the term of the Advance to March 30, 2015. In July 2014, the Advance was amended to extend the term of the agreement to December 31, 2015.

Drawdowns pursuant to the Advance of $74.5 million (ZAR832.2 million) were made against the concentrate revenue in Q4 2015, of which $48.6 million (ZAR542.8 million) was already recovered and $1.7 million (ZAR17.4 million) will be recovered as part of revenue received from RPM after the date hereof. RPM advanced additional funds (not supported by physical metal deliveries) on the purchase of concentrate agreement of $35.9 million (ZAR401,9 million) to secure short-term funding until all conditions precedent on the Term Loan facility provided by RPM as discussed below, had been met and this facility could be utilised to fund the Bokoni operations (refer to note 2).

The Group's debt is denominated in ZAR.

(Expressed in Canadian Dollars, unless otherwise stated)

21 FINANCE LEASE LIABILITY

	2015	2014
Finance lease – Fermel	304,435	931,429
Finance lease – Atlas Copco	–	1,987,002
Total finance lease liability	304,435	2,918,431
Short-term portion of finance lease liability		
Finance lease – Fermel	(304,435)	(647,552)
Finance lease – Atlas Copco	–	(1,987,002)
	(304,435)	(2,634,554)
Long-term portion of finance lease liability	–	283,877
The carrying value of the Group's finance lease liability changed during the year as follows:		
Balance at beginning of the year	2,918,431	–
Finance lease entered into – Fermel	–	1,150,869
Finance lease entered into – Atlas Copco	–	2,176,310
Lease repayment	(2,922,491)	(609,887)
Finance expenses accrued	346,064	241,794
Effect of translation	(37,569)	(40,655)
Balance at end of the year	304,435	2,918,431
The terms of the lease are as follows:		
Interest rate	2% – 22.1%	2% – 22.1%
Lease term	13 months – 2 years	13 months – 2 years
Carrying amount of leased assets*	955,685	2,902,602

* *Included under Mining Development and Infrastructure (refer to note 9).*

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 did not 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
2015		
Future minimum lease payments	318,634	–
Interest	(14,199)	–
Present value of minimum lease payments	304,435	–
2014		
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

22 DEFERRED TAX

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

	2015	2014
Deferred tax liabilities		
Property plant and equipment (including capital work-in-progress)	76,642,072	189,131,819
Prepayments	30,341	380,003
Environmental trust fund contributions	831,319	849,541
Fair value gain on consolidated debt facility	8,172,196	19,077,880
Total deferred tax liability	85,630,928	209,439,243
Deferred tax assets		
Provision for environmental liabilities	(3,855,532)	(3,740,035)
Unredeemed capital expenditure	(60,429,352)	(60,306,622)
Accrual for employee leave liabilities	(1,556,199)	(1,467,234)
Liability for share-based compensation	(46,163)	(309,186)
Calculated tax losses	(57,803,759)	(56,478,438)
Deferred tax asset not recognised	85,688,864	33,394,489
Foreign exchange losses	(3,869,872)	(2,695,622)
Other items	(2,946,995)	(1,091,704)
Total deferred tax asset	(44,819,008)	(92,694,352)
Net deferred tax liability	40,811,920	116,744,891

22 DEFERRED TAX continued

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

	2015	2014
Balance at beginning of year	116,744,891	124,519,382
Current year	(70,895,943)	(6,885,352)
Effect of translation	(5,037,028)	(889,139)
	40,811,920	116,744,891

As at December 31, the Group had not recognised the following net deferred tax assets:

	2015	2014
Deferred tax assets	85,688,864	33,394,489
The unrecognised temporary differences are:		
Unredeemed capital expenditure	60,429,352	60,306,622
Tax losses	57,803,759	56,478,438
Other deductible temporary differences	(36,414,119)	(86,086,193)
Foreign exchange losses	3,869,872	2,695,622
	85,688,864	33,394,489

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:

	2015	2014
2016 – 2019	(2,290,393)	(2,121,387)
Thereafter	(10,774,480)	(12,690,008)
Indefinitely	(194,310,327)	(187,955,270)
	(207,375,200)	(202,766,665)

23 PROVISIONS

	2015	2014
Non-current provisions		
Rehabilitation provision		
Balance at beginning of the year	13,357,268	11,100,511
Capitalised to property, plant and equipment	(1,387,613)	975,833
Unwinding of interest	1,131,355	909,842
Recognised in profit or loss	2,368,031	491,405
Effect of translation	(1,699,285)	(120,323)
Balance at end of year	13,769,756	13,357,268
Future net obligations		
Undiscounted rehabilitation cost	23,366,437	19,255,117
Amount invested in environmental trust fund (refer note 14)	(3,685,645)	(3,721,035)
Total future net obligation – Undiscounted	19,680,792	15,534,082

23 PROVISIONS continued

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:

	2015	2014
Discount period – Underground	23.5 years	24.5 years
Discount period – Opencast mine	2.5 years	9 years
South African discount rate (risk free rate)	9.63%	7.96%
South African inflation	5.50%	5.40%

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.

Sensitivity – change in provision	Inflation rate (discount rate constant)	Inflation rate (discount rate constant)
1% increase	1,678,009	2,033,888
1% decrease	(1,388,698)	(1,596,887)

Sensitivity – change in provision	Discount rate (inflation rate constant)	Discount rate (inflation rate constant)
1% increase	(1,329,897)	(1,498,727)
1% decrease	1,625,049	1,915,785

24 TRADE AND OTHER PAYABLES

	2015	2014
Financial liabilities		
Trade payables	24,642,829	25,280,799
Other payables	3,625,492	6,444,466
	28,268,321	31,725,265
Non-financial liabilities		
Payroll accruals	2,410,682	2,341,658
Leave liabilities	4,661,063	4,891,735
Share-appreciation rights	164,868	1,104,235
Lease accrual	37,871	42,681
Other accruals	69,755	87,697
Deferred income	873	454,561
Value-added tax	945,055	1,022,968
Total trade and other payables	36,558,488	41,670,800

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

25 RESTRUCTURING PROVISION

	2015	2014
Restructuring provision	10,679,595	–
Effect of translation	(1,173,161)	–
Balance at end of year	9,506,434	–

On the September 16, 2015 the Group announced the implementation of a Restructure Plan at Bokoni Mine as discussed in note 2.

Bokoni Mine remains in development with its key underground operations, Middelpunt Hill (UG2) and Brakfontein (Merensky), estimated to achieve steady state production by the fourth quarter of 2016 and by 2019, respectively. Given various operational and market related challenges experienced during the ramp up phase of the two operations, Bokoni Mine has had to ensure that its older, higher cost Merensky operations at the Vertical and UM2 shafts remained operational for longer than originally contemplated, a position which is no longer sustainable in light of limited available ore reserves remaining at these shaft operations and continued depressed Platinum Group Metal ("PGM") prices.

To ensure the future sustainability of Bokoni Mine, the Company has had to implement an operational and financial restructure plan at Bokoni Mine (the "Restructure Plan"). The primary objective of the Restructure Plan is to enable Bokoni Mine to endure a prolonged period of depressed PGM commodity prices, by reducing its existing cost structure and increasing production volumes of higher grade ore from underground operations.

The Restructuring provision includes costs associated with a significant labour restructuring, legal, human resources and security related charges associated directly with the restructuring.

26 REVENUE

Revenue from mining operations by commodity:	2015	2014	2013
Platinum	117,012,850	138,260,962	120,127,718
Palladium	47,796,554	51,141,257	38,233,831
Rhodium	9,719,897	11,367,006	8,404,880
Nickel	15,323,897	20,878,678	14,684,989
Other	15,837,724	15,742,911	14,170,034
Total revenue	205,690,922	237,390,814	195,621,452

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:	2015	2014	2013
Labour	100,198,058	98,638,517	89,037,773
Stores	43,273,534	44,487,865	39,065,648
Power and compressed air	15,819,267	15,355,223	13,958,444
Contractors cost	34,154,489	41,453,468	29,155,947
Other costs	29,485,024	28,228,216	22,767,295
Inventory movement	(371,489)	(182,093)	422,723
Depreciation	38,015,327	36,777,006	39,368,466
Total cost of sales	260,574,210	264,758,202	233,776,296

28 FAIR VALUE GAIN

On December 13, 2013 Atlatsa and Anglo Platinum announced the completion of the Phase Two of the refinancing plan for the refinancing, recapitalisation and restructure of the Group. In terms of Phase Two of the refinancing 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 adjustments in accordance with IAS 39, Application Guidance 8 ("AG8 adjustments") of $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 2015, RPM acquired additional shares in Bokoni Holdco for $2,833,641 (2014: $12,480,278; 2013: $199,179,381) as part of the refinancing plan.

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

28 FAIR VALUE GAIN continued

2015	Through profit/loss (Owners of the Company)	Through profit/loss (Non-Controlling interest)	Total – through profit/loss	Directly in equity (Non-controlling interest)
AG8 adjustments on New Senior Debt Facility	314,480	–	314,840	–
	314,480	–	314,480	–

The AG8 adjustment relates to revised estimates of payments and receipts (cash flows) by the end of December 31, 2015 as compared to cash flows used in computing the fair value at December 31, 2014.

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 adjustment 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 13, 2013.

29 OTHER EXPENSES

Components of other expenses:	2015	2014	2013
Transaction costs	80,466	457,919	1,688,165
Impairment loss of property, plant and equipment and goodwill	337,064,465	–	–
Fair value loss and AG8 adjustments on loans and borrowings	314,480	2,123,936	–
	337,459,411	2,581,855	1,688,165

30 OTHER INCOME

Components of other income:	2015	2014	2013
Realised foreign exchange gains	–	31,133	321,476
Profit on sale of assets	–	4,076	171,113,397
Rental income	19,209	–	–
Other fee income	105	–	–
Fair value gain and AG8 adjustments on loans and borrowings	–	–	47,999,163
	19,314	35,209	219,434,036

31 FINANCE INCOME

Financial assets at amortised cost	2015	2014	2013
Platinum Producers' Environmental Trust	118,127	101,475	78,427
Bank accounts	119,424	195,520	252,164
	237,551	296,995	330,591

32 FINANCE COSTS

Financial liabilities at amortised cost	2015	2014	2013
Consolidated debt facility	–	–	55,837,155
New Senior Debt Facility	18,741,815	16,500,115	1,197,435
Working Capital Facility	848,518	448,351	15,328
Fermel – Instalment Sale Agreement	75,061	60,056	–
Atlas Copco – Instalment Sale Agreement	271,003	181,738	–
Transaction Cost Facility	–	–	20,223
Advance on Purchase of Concentrate revenue	3,525,271	1,261,697	17,454
Other	56,209	91,741	160,304
	23,517,877	18,543,698	57,247,899
Non-financial liabilities			
Notional interest – rehabilitation provision	1,131,355	909,842	647,680
	1,131,355	909,842	647,680
Total finance costs before interest capitalised	24,649,232	19,453,540	57,895,579
Interest capitalised	(766,578)	(3,183,867)	(1,502,507)
Total finance costs	23,882,654	16,269,673	56,393,072

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the year is 14.11% (2014:13.72%, 2013:13.94%).

33 (LOSS)/PROFIT BEFORE INCOME TAX

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

	2015	2014	2013
Operating lease expense – buildings	153,553	158,234	164,189
Share-based payment expense – equity settled	2,158,793	470,547	21,783
Share-based payment expense – cash settled	(919,021)	(2,180,491)	(837,758)
Depreciation and amortisation	38,019,826	36,742,616	39,785,169

34 INCOME TAX

	2015	2014	2013
SA normal taxation			
Deferred tax – current year	(70,895,943)	(6,885,722)	(3,190,116)
Capital gains tax	–	–	7,043,536
Securities transfer tax	–	353,374	–
	(70,895,943)	(6,532,348)	3,853,420
Tax rate reconciliation			
Statutory Canadian tax rate	(26.0%)	(26.0%)	25.75%
Non-deductible expenditure	0.42%	0.04%	0.07%
Impairment of assets	25.77%		
Depreciation on mineral rights	0.13%	3.87%	–
Transaction costs disallowed	–	0.21%	0.52%
Nontaxable income	(0.04%)	–	(45.03%)
Equity settled share-based compensation	0.03%	0.22%	0.29%
Investment income not taxable	(0.01%)	(0.05%)	(0.02%)
Deferred tax assets not recognised	15.82%	4.32%	14.37%
Nondeductible deemed dividend (S8F)	–	3.02%	–
Securities transfer tax	–	(0.63%)	–
Capital gains tax	–	–	6.79%
Effect of rate differences	–	3.35%	0.98%
Effective taxation rate	16.12%	(11.65%)	3.72%

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

Components of other comprehensive income:

	2015	2014	2013
Foreign currency translation differences for foreign operations*	1,333,926	(2,088,318)	(27,068,629)
Other comprehensive income for the year, net of income tax	1,333,926	(2,088,318)	(27,068,629)
Attributable to:			
Owners of the Company	(3,343,642)	(454,846)	(613,130)
Non-controlling interest	4,677,568	(1,633,472)	(26,455,499)
	1,333,926	(2,088,318)	(27,068,629)

36 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended December 31, 2015 was based on the loss attributable to owners of the Company of $167,068,900 (2014: loss of $24,609,398; 2013: loss of $199,492,438), and a weighted average number of common shares of 553,808,838 (2014: 541,956,940; 2013: 426,290,432).

At December 31, 2015 and 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.

	2015	2014	2013
Issued common shares at January 1	554,288,473	201,888,473	201,888,473
Effect of shares issued	78,904	114,726,027	–
Treasury shares	(558,539)	(2,057,560)	(2,998,041)
"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
Weighted average number of common shares at December 31	553,808,838	541,956,940	426,290,432

The basic loss per share for the year ended December 31, 2015 was 30 cents (2014: loss of 5 cents; 2013: earnings of 47 cents).

The calculation of diluted earnings per share for the year ended December 31, 2015 was based on the loss attributable to owners of the Company of $167,068,900 (2014: loss of $24,609,398; 2013: loss of $199,492,438), and a weighted average number of common shares of 553,808,838 (2014: 541,956,940; 2013: 429,288,473).

At December 31, 2015 share options were excluded in determining diluted weighted average number of common shares as all the options were significantly undervalued and were not exercised.

	2015	2014	2013
Issued common shares at January 1	554,288,473	201,888,473	201,888,473
Effect of shares issued	78,904	114,726,027	–
Treasury shares	(558,539)	(2,057,560)	–
"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
Weighted average number of common shares at December 31	553,808,838	541,956,940	429,288,473

The diluted loss per share for the year ended December 31, 2015 was 30 cents (2014: loss of 5 cents; 2013: earnings of 46 cents).

37 CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	2015	2014	2013
(Loss)/profit before income tax	(439,877,681)	(56,082,190)	103,722,697
Adjusted for:			
Finance costs	23,882,654	16,269,673	56,393,072
Finance income	(237,551)	(296,995)	(330,591)
Non-cash items:			
Depreciation and amortisation	38,019,826	36,742,616	39,785,169
Impairments of property, plant and equipment	337,064,465	–	–
Share-based compensation	2,158,793	479,905	799,726
Profit on disposal of property, plant and equipment	–	(4,076)	(170,402,784)
Fair value on drawdowns and AG8 Adjustments	314,840	2,123,936	(47,999,163)
Balance due on sale of mineral properties	–	–	3,103,227
Rehabilitation adjustment	2,368,031	491,405	(554,415)
Restructure costs	10,679,595	–	–
Write-off of investment in subsidiaries	417	1,047,935	–
Cash (utilised by)/generated from operations before ESOP transactions	(25,626,613)	772,209	(15,483,062)
ESOP cash transactions (restricted cash)	85,542	70,106	307,614
Cash (utilised by)/generated from operations before working capital changes	(25,541,071)	842,315	(15,175,448)
Working capital changes			
Decrease/(increase) in trade and other receivables (i)	9,140,049	17,425,794	(32,914,115)
(Decrease)/increase in trade and other payables (ii)	(592,117)	(29,876,350)	56,906,061
(Increase)/decrease in inventories (iii)	(1,019,288)	(360,550)	307,756
Cash generated (utilised by)/from operations	(18,012,427)	(11,968,791)	9,124,254

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

	2015	2014	2013
Opening balance	16,256,784	33,782,099	3,272,400
Closing balance	(6,298,336)	(16,256,784)	(33,782,099)
Movement for the year	9,958,448	17,525,315	(30,509,699)
Effect of translation	(818,399)	(99,521)	(2,404,416)
	9,140,049	17,425,794	(32,914,115)
(ii) (Decrease)/increase in trade and other payables			
Opening balance	(41,670,800)	(71,878,950)	(20,888,631)
Closing balance	36,558,488	41,670,800	71,878,950
Movement for the year	(5,112,312)	(30,208,150)	50,990,319
Effect of translation	4,520,195	331,800	5,915,742
	(592,117)	(29,876,350)	56,906,061

	2015	2014	2013
(iii) (Increase)/decrease in inventories			
Opening balance	726,343	373,698	769,447
Closing balance	(1,553,872)	(726,343)	(373,698)
Movement for the year	(827,529)	(352,645)	395,749
Effect of translation	(191,759)	(7,905)	(87,993)
	(1,019,288)	(360,550)	307,756

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 Kwanda exploration project. Please refer to Note 12 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, 2015			December 31, 2014			
	Bokoni Mine	Projects	Total	Bokoni Mine	Projects	Total	Note
Revenue	205,690,922	–	205,690,922	237,390,814	–	237,390,814	
Cost of sales	(257,810,562)	–	(257,810,562)	(263,620,401)	–	(263,620,401)	(i)
Impairment loss	(351,695,167)	–	(351,695,167)	–	–	–	(ii)
EBITDA	(390,248,096)	–	(390,248,096)	1,975,419	(20,169)	1,955,250	(iii)
(Loss)/profit before income tax	(430,328,407)	–	(430,328,407)	(35,897,142)	(5,751)	(35,902,893)	(iv)
Income tax expense	–	–	–	–	–	–	(v)
Depreciation and amortisation	(35,251,680)	–	(35,251,680)	(35,639,205)	–	(35,639,205)	(vi)
Finance income	230,082	–	230,082	271,001	–	271,001	(vii)
Finance costs	(5,058,712)	–	(5,058,712)	(2,504,358)	–	(2,504,358)	(viii)
Total assets	320,862,265	3,586	320,865,851	734,753,789	3,038,554	737,792,343	(ix)
Additions to non-current assets	25,684,322	–	25,684,322	35,067,670	–	35,067,670	(x)
Total liabilities	95,711,611	31,872	95,743,483	(57,325,100)	(981,997)	(58,307,097)	(xi)

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:

38 SEGMENT INFORMATION continued

	2015	2014	2013
(i) Cost of sales			
Total cost of sales for reportable segments	(257,810,562)	(263,620,401)	(234,860,426)
Corporate and consolidation adjustments	(2,763,648)	(1,137,801)	1,084,128
Consolidated cost of sales	(260,574,210)	(264,758,202)	(233,776,298)
(ii) Impairment loss			
Total cost of sales for reportable segments	(351,695,167)	–	–
Corporate and consolidation adjustments	14,630,702	–	–
Consolidated cost of sales	(337,064,465)	–	–
(iii) EBITDA			
Total EBITDA for reportable segments	(390,248,096)	1,955,250	99,153,458
Net finance costs	(4,828,631)	(2,233,356)	(25,449,376)
Depreciation and amortisation	(35,251,680)	(35,639,205)	(39,949,245)
Corporate and consolidation adjustments	(9,549,274)	(20,164,879)	69,967,860
Consolidated (loss)/profit before income tax	(439,877,681)	(56,082,190)	103,722,697
(iv) (Loss)/profit before income tax			
(Loss)/profit before tax for reportable segments	(430,328,407)	(35,902,893)	35,034,227
Corporate and consolidation adjustments	(9,549,274)	(20,179,297)	68,688,470
Consolidated (loss)/profit before income tax	(439,877,681)	(56,082,190)	103,722,697
(v) Income tax expense			
Income tax expense for reportable segments	–	–	6,903,122
Corporate and consolidation adjustments	70,895,943	6,532,348	(3,049,702)
Consolidated income tax expense	70,895,943	6,532,348	3,853,420
(vi) Depreciation and amortisation			
Depreciation and amortisation for reportable segments	(35,251,680)	(35,639,205)	(38,949,245)
Corporate and consolidation adjustments	(2,768,146)	(1,103,411)	(835,924)
Consolidated depreciation and amortisation	(38,019,826)	(36,742,616)	(39,785,169)
(vii) Finance income			
Finance income for reportable segments	230,082	271,001	279,389
Corporate and consolidation adjustments	7,469	25,994	51,202
Consolidated finance income	237,551	296,995	330,591
(viii) Finance costs			
Finance costs for reportable segments	(5,058,712)	(2,504,358)	(25,449,376)
Corporate and consolidation adjustments	(18,823,942)	(13,765,315)	(30,943,696)
Consolidated finance costs	(23,882,654)	(16,269,673)	(56,393,072)

	2015	2014	2013
(ix) Total assets			
Assets for reportable segments	320,865,851	737,792,343	766,906,453
Corporate and consolidation adjustments	5,521,671	(16,967,732)	6,722,956
Consolidated assets	326,387,522	720,824,611	773,629,409
(x) Additions to non-current assets			
Additions to non-current assets for reportable segments	25,684,322	35,067,670	51,265,558
Corporate and consolidation adjustments	6,005	1,335	–
Consolidated additions to non-current assets	25,690,327	35,069,005	51,265,558
(xi) Total liabilities			
Liabilities for reportable segments	(95,743,483)	(58,307,097)	(101,809,455)
Corporate and consolidation adjustments	(178,093,342)	(247,311,439)	(292,705,976)
Consolidated liabilities	(273,836,825)	(305,618,536)	(394,515,431)

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 55,442,181 (2014: 55,428,847) common shares. As at December 31, 2015, 8,962,047 options were outstanding and 8,579,030 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, 2013	$0.93	5,110,000	2.24
Granted	$0.39	5,142,882	
Exercised	–	–	
Cancelled	–	–	
Expired	0.96	(550,000)	
Balance – December 31, 2014	$0.64	9,702,882	6.03
Granted	–	–	
Exercised	–	–	
Cancelled	$0.42	(740,835)	
Expired	–	–	
Balance – December 31, 2015	$0.66	8,962,047	4.78

39 SHARE-BASED PAYMENTS continued

Options outstanding and exercisable at December 31, 2015 were as follows:

Expiry date	Option price	Number of options outstanding	Number of options vested	Weighted average life (years)
November 30, 2016	$0.84	4,010,000	4,010,000	0.92
May 1, 2017	$1.61	500,000	500,000	1.33
August 19, 2024	$0.39	4,452,047	2,274,919	8.64
Total		8,962,047	6,784,919	
Weighted average exercise price		$0.66	$0.66	

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, 2015 was $310,132 (2014: $370,891; 2013: $21,783).

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

	2015	2014	2013
Risk- free interest rate	6.10% – 7.86%	6.10% – 7.86%	2.8%
Option term	0.5 – 8 years	0. 5 – 8 years	5 – 7 years
Volatility	60%	60%	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 – Plateau ("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 December 31, 2016 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. On May 28, 2015, the Company awarded 26,274,800 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 December 31, 2017 after the Company's TSR for the 2015, 2016 and 2017 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 schemes was calculated as the expected share price on December 31, 2016 and December 31, 2017 respectively, 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 and May 28, 2015). The inputs and assumptions used in the valuation are described below:

	2015	2014	2013
Share price at grant date	ZAR1.45	ZAR3.60	–
Expected vesting percentage	33.94%	24%	–
Volatility	29% – 85%	25% – 60%	–
Risk-free interest rate (NACC)	5.94% – 7.20%	6.09% – 6.68%	–
Expected dividend and dividend yield	0.00% – 1.77%	0.00% – 2.72%	–
Correlation	(5%) – 100%	(1%) – 100%	–

The share-based payment expense recognised during the period was $1,653,341 (2014: $0).

39.1.3 Share Appreciation Rights – Plateau ("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 not settled in cash on the exercise date. On May 28, 2015, the Company awarded 2,887,070 SARs to eligible employees of Plateau.

The 5 day volume weighted share price as at vesting date of December 31, 2017, shall have increased from grant date to the vesting date by a percentage that exceeds the movement in the consumer price index ("CPI") over the same period. Should the vesting condition be met, all the SARs will vest.

For the Atlatsa SARs, the Black-Scholes option pricing model was used to value the share units, this is since the vesting and the vesting date and expiry date are on the same date. The SARs do not entitle the participant to any rights with respect to voting or dividends.

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

	2015	2014	2013
South African risk-free rate	5.94% – 7.20%	–	–
CPI on grant date	111.41	–	–
CPI on vesting date	131.27	–	–
Increase in CPI	117.82%	–	–
Volatility	85%	–	–
VWAP	ZAR1.45	–	–
Expected dividends	Nil	–	–

39 SHARE-BASED PAYMENTS continued

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, 2015, sourced from the Bond Exchange of South Africa.

The following CPI linked bonds traded on the Johannesburg Stock Exchange ("JSE") were used to forecast CPI on the valuation date: R189, R197, R202, R210 and R211.

The share-based payment expense recognised during the period was $52,873 (2014: $0).

39.1.4 Restricted Share Units – Plateau ("RSUs")

On November 06, 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 vested on May 31, 2015.

The share-based expense recognised during the period was $21,590 (2014: $9,358).

39.1.5 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 incentivize 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 note 19) 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 received 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:

	2015	2014	2013
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)	(11,081,905)
Allocation March 31, 2014*	**(6,808,211)**	(12,444,929)	–
Total units available for allocation at December 31, 2015	**–**	(5,636,718)	6,808,211

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

	2015	2014	2013
Units forfeited	**277,759**	819,158	1,378,332
South African risk free rate	**7.95%**	7.95%	6.4%
Forfeiture rate	**5.0%**	5.0%	5%
Expected dividends	**Nil**	Nil	Nil
Exercise price	**Nil**	Nil	Nil
Share price at grant date (ZAR)	**N/A**	5.05	8.00

The share-based payment expense recognised during the year ended December 31, 2015 was $120,857 (2014: $99,656; 2013: $955,704).

On May 16, 2015 all ordinary distribution shares vested. The ESOP trustees agreed to purchase the distribution shares of all active employees as at June 12, 2015 at a share price of ZAR2,65 per share. That represented a 54% premium to the current market price. A total pre-tax amount of ZAR12.0 million was distributed to beneficiaries. The shares remain in the custody of the ESOP trust.

Atlatsa recognises the value added by employee beneficiaries at Bokoni Mine and has agreed that it is in the best interest of the mine and its stakeholders for employees to remain as long term shareholders of Bokoni Mine. It has been agreed that Bokoni Mine will establish a special purpose trust for the future benefit of Bokoni Mine employees. The shares in custody will be transferred to the special purpose trust. As at December 31, 2015 the special purpose trust had not yet been formed.

39.2 Cash-settled

39.2.1 Share Appreciation Rights – Bokoni Platinum Mine ("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 four years from the grant date for senior management and five 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.

39 SHARE-BASED PAYMENTS continued

	2015	2014	2013
Vested shares	12,041,118	6,266,993	1,647,770
Share appreciation rights granted	56,940,429	21,851,994	15,166,658
Vesting year of unvested share appreciation rights:			
Within one year	10,249,944	8,187,001	5,558,728
One to two years	10,329,567	3,774,000	7,048,597
Two to three years	24,319,800	3,624,000	2,559,333
Total number of shares unvested	44,899,311	15,585,001	15,166,658

The movement, recognised in profit and loss, for the SARs provision is calculated as an income for the year ended December 31, 2015 of $919,021 (2014: $2,189,849 expense, 2013: $4,188,348 income).The assumptions used to estimate the fair value of the SARS granted during the year were:

	2015	2014	2013
South African risk-free rate	6.38% – 8.63%	5.95% – 7.32%	5.0% – 7.3%
Volatility	70%	65%	88% – 113%
Share price	ZAR0.49	ZAR2.30	ZAR5.73
Weighted average exercise price	ZAR1.16	ZAR1.49	ZAR1.93
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, 2015, sourced from the Bond Exchange of South Africa.

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 recognising 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 $481,135.

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

		2015	2014
RPM	Loans and borrowings (refer note 20)	(172,790,360)	(130,402,292)
	Trade and other payables	(14,536,337)	(16,493,972)
	Trade and other receivables	2,594,530	12,636,881

Related party transactions

		2015	2014
RPM	Revenue (refer note 26)	205,690,922	(237,390,814)
	Finance expense (before interest capitalised)	23,115,604	18,210,163
	Administration expenses	8,086,930	5,030,864
	Purchases	38,775,936	49,097,952
	Costs capitalised to capital work-in-progress	4,770,046	7,974,873

Key Management Compensation

	2015	2014	2013
Remuneration for executive directors and key management			
– Salaries	3,447,281	3,330,699	3,414,860
– Short–term benefits	1,217,170	2,365,772	1,655,880
– Share options	–	–	21,783
– Share-based payments	21,590	23,216	837,758
– Remuneration for non-executives	334,997	444,665	348,408
– Retrenchment costs	54,461	–	–
Total key management compensation	5,075,499	6,164,352	6,278,689

(Expressed in Canadian Dollars, unless otherwise stated)

42 COMMITMENTS

	2015	2014
Contracted for	5,811,870	6,478,886
Not yet contracted for	4,755,473	4,959,265
Authorised capital expenditure	10,567,343	11,438,151

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

43 EVENTS AFTER THE REPORTING DATE

There were no events of a material nature that have 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:

	2015	2014	2013
Salaries and wages and other benefits	102,991,364	101,276,362	91,766,785
Retirement benefit costs	370,995	334,483	315,949
Medical aid contributions	12,881	13,664	12,939
Employment termination cost	4,246,124	–	–
Share-based payments – equity-settled	120,857	99,656	799,056
Share-based payments – cash-settled	808,782	(2,180,491)	837,758
Total employee costs	108,551,003	99,543,674	93,732,487

45 GROUP ENTITIES

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

Company	Country of Incorporation	2015	2014
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%

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.*

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	**2015**	**2014**
Balance beginning of year		**184,133,904**	198,227,542
Acquisition of shares in Bokoni Platinum Holdings (Pty) Ltd	28	**2,833,641**	12,480,278
Loss for the year		**(201,912,838)**	(24,940,444)
Total other comprehensive income for the year	35	**4,677,568**	(1,633,472)
Balance at end of year		**(10,267,725)**	184,133,904

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

	2015	**2014**
Non-current assets	**447,318,399**	957,013,938
Current assets	**11,666,534**	25,194,819
Non-current liabilities	**(13,769,756)**	(13,641,146)
Current liabilities	**(81,976,291)**	(43,722,494)
Net assets	**(363,238,886)**	924,845,117
Revenue	**205,690,922**	237,390,814
Total comprehensive income (*)	**(435,665,912)**	(50,898,865)
Cash flows from operating activities	**(20,623,357)**	(9,208,777)
Cash flows from investment activities	**(25,985,639)**	(34,979,248)
Cash flows from financing activities	**42,699,462**	12,634,923
Effect of translation	**429,465**	433,507
Net increase in cash and cash equivalents	**(3,480,069)**	(31,119,595)

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

47 HEADLINE AND DILUTED HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated by dividing headline earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. Diluted headline earnings per share is determined by adjusting the headline earnings attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Headline earnings per share

The calculation of headline loss per share for the year ended December 31, 2015 of 9 cents (2014: 4 cents; 2013: 10 cents) is based on headline loss of $51,048,052 (2014: $23,565,539; 2013: $43,783,633) and a weighted average number of shares of 553,808,838 (2014: 541,956,940; 2013: 426,290,432).

The following adjustments to profit/(loss) attributable to owners of the Company were taken into account in the calculation of headline loss attributable to owners of the Company:

	2015	2014	2013
(Loss)/profit attributable to shareholders of the Company	(167,068,900)	(24,609,398)	199,492,438
– Profit on disposal of Mineral property	–	–	(171,113,399)
– Minority interest in disposal of Mineral property	–	–	(72,339,309)
– (Profit)/loss on disposal of property, plant and equipment	–	(4,076)	35,766
– Write down of assets	176,297,292	1,047,935	–
– Tax effect	(60,276,444)	–	140,871
Headline loss attributable to owners of the Company	(51,048,052)	(23,565,539)	(43,783,633)

Diluted headline earnings per share

The calculation of diluted headline loss per share for the year ended December 31, 2015 of 9 cents (2014: 4 cents; 2013: 10 cents) is based on headline loss of $51,048,052 (2014: $23,565,539; 2013: $43,783,633) and a weighted average number of shares of 553,808,838 (2014: 541,956,940; 2013: 429,288,473).

At December 31, 2015 share options were excluded in determining diluted weighted average number of common shares as all the options were significantly undervalued and were not exercised.

Refer to note 36 for the calculation of the weighted average number of shares.

Atlatsa
RESOURCES CORPORATION

Corporate information and administration

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