ANGLO AMERICAN PLATINUM LIMITED

100 YEARS 1917 - 2017

DELIVERING CHANGE BUILDING RESILIENCE

POSITIONING FOR THE FUTURE

AngloAmerican

INTEGRATED REPORT 2016

DELIVERING CHANGE BUILDING RESILIENCE POSITIONING FOR THE FUTURE

Globally, the mining sector is weathering unprecedented challenges. Anglo American Platinum (Amplats) is proving its resilience and ability to manage change through a focused strategy that is positioning our group for the future.

By concentrating on elements within our control and building the foundations for continuous improvement, we are delivering on our strategy. We are shaping our business for a sustainable future – driving the transformation that will make us more robust, responsive and competitive.

As we focus strategically on value and not volume, we are repositioning our portfolio by exiting certain assets, focusing on market development opportunities and building positive relationships with all our stakeholders while our operations concentrate on optimising their potential.

Refers to other pages in this report.

Supporting documentation on the website

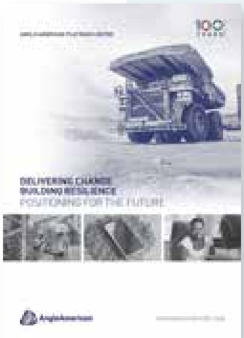
Full annual financial statements
Full mineral reserves and resources report
Supplementary report
GRI referenced index
UN Global Compact Assessment
King III application register

www.angloamericanplatinum.com/investors/annual-reporting/2016

CONTENTS

OUR APPROACH TO REPORTING

Throughout this report, and in supplementary information on our website, we focus on the relationships between factors, both external and internal, that enable Amplats to create value.



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INTEGRATED REPORT

Our annual integrated report provides a holistic assessment of the group's ability to create value.

This report includes information extracted from the full governance and remuneration report as well as from the supplementary report. It includes non-financial aspects which, if not managed, could have a material impact on our performance and on our business.

The report is developed for a wide range of stakeholders, including employees, local communities, non-governmental organisations (NGOs), customers and government.

Reporting framework

- International <IR> Framework of the International Integrated Reporting Council
- South African Companies Act 71 2008 (Companies Act)
- JSE Listings Requirements
- King Report on Corporate Governance for South Africa (King IV)
- Global Reporting Initiative (G4) guidelines
- Reporting according to AA plc Group S&SD indicators, definitions and guidance notes for non-financial indicators. These are available on request.

Assurance

Financial and several non-financial aspects in this report and in our 2016 suite of reports are independently assured. The report of the external auditor on our financial statements is on page 112, while the report of the external assurer on specific non-financial indicators is on pages 131 to 133.

Available online as a pdf

ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements present statutory and regulatory information required by the company's stock exchange listing.

Reporting framework

- International Financial Reporting Standards (IFRS)
- South African Companies Act 71 2008, as amended
- Listings Requirements of the JSE.

Assurance

The report of the external auditor on our financial statements is on page 112.

Available online as a pdf

ORE RESERVES AND MINERAL RESOURCES REPORT

In accordance with the Listings Requirements of JSE Limited, Amplats prepared its Mineral Resource and Ore Reserve Statements for all its operations with reference to SAMREC's guidelines and definitions (2007 edition, as amended July 2009). Competent persons have been appointed to work on, and assume responsibility for, the mineral resource and ore reserve statements for all operations and projects, as required.

Reporting framework

- JSE Listings Requirements
- SAMREC's guidelines and definitions (2007 edition, as amended July 2009)

Assurance

In compliance with the three-year external review and audit schedule:

- Snowden Mining Industry Consultants conducted a detailed numerical audit in 2016 of the data gathering, data transformation and reporting related to Mineral Resources and Ore Reserves for Union Mine
- Optiro Mining Consultants conducted an assessment of the remedial actions put in place as a consequence of the findings of the 2015 numerical audit findings at Mogalakwena Mine.

OUR APPROACH TO REPORTING continued

This integrated report is one of our primary communications with stakeholders. While it is prepared mainly for providers of capital and shareholders, financial information is balanced with commentary on our most material sustainability issues for a holistic view of the company.

This report covers the 12 months to 31 December 2016 and follows a similar report for the year to 31 December 2015.

REPORTING PRINCIPLES AND APPROACH

Our integrated report is guided by the framework of the International Integrated Reporting Council (IIRC), published in December 2013. Our disclosure considers the guiding principles of this framework:

CONSISTENCY AND COMPARABILITY
Year-on-year comparisons demonstrate progress towards our strategic goals.

STRATEGIC FOCUS AND FUTURE ORIENTATION
Insight on how our strategy influences our ability to create value in the short, medium and long term.

For more on strategic focus and future orientation see pages 16 to 23

ACCOUNTABILITY
Our leaders are accountable for the company's actions, and the custodians of our governance framework. The leadership section (page 70) details our governance structures and the key issues they dealt with in 2016.

For more on accountability see pages 76 to 81

RELIABILITY AND COMPLETENESS
Our chief executive officer provides assurance that this report includes all our material priorities in a balanced way, and without material error.

For more on reliability and completeness see below

CONNECTIVITY OF INFORMATION
This report provides a holistic view of the company – including financial, operational and non-financial aspects.

See our King III application register on
www.angloamericanplatinum.com/kingthree/register
For corporate and compliance information, please see administration on page 145.
Other sources of information
Additional information, including detailed disclosure on our sustainability performance in our supplementary report.
www.angloamericanplatinum.com/investors/annual-reporting/2016

REPORT BOUNDARY

This report includes disclosure on all entities in our consolidated financial statements, but excludes non-financial data on our joint ventures. Rustenburg operations are included until 31 October 2016.

For completeness, we also consider threats, opportunities and outcomes emanating from other entities or stakeholders with a significant effect on our ability to create value.

ASSURANCE

Financial and several non-financial aspects in this report and in our 2016 suite of reports are independently assured. The report of the external auditor on our financial statements is on page 112, while the report of the external assurer on specific non-financial indicators is on page 131.

REPORT CONTENT

Our material issues are defined as those with the greatest real and potential impact – both positive and negative – on achieving our business objectives. These may be related to our internal or external environments (page 26), significant risks and opportunities identified in our integrated risk management process (page 30), or issues that are important to stakeholders (page 34). In reviewing our material issues, we considered:

- The views, expectations, interests and concerns conveyed by stakeholders, directly and indirectly, formally and informally
- Peer reports and industry benchmarks
- Implicit and explicit messages conveyed by strike action and other labour relations issues
- Relevant legislation and regulation, and our commitments
- Media coverage and market reports on the company, the platinum sector and the industry
- Our values, policies, strategies, systems, goals and targets
- Significant risks that could affect our success
- Views expressed by stakeholders through direct interviews by an external party. Targeted participating stakeholders included investors, media and market analysts, NGO leaders and customers.

The prioritisation of our material issues was reviewed and confirmed first by the executive committee and then by the board.

Our business model (page 10) illustrates how Amplats considers the capitals – financial, human and intellectual, natural, manufactured and social – articulated by the IIRC in creating value.

APPROVAL OF REPORT

The board acknowledges its responsibility for ensuring the integrity of the integrated report, and has applied its collective mind to the preparation and presentation of this report. In our opinion, the 2016 integrated report is presented in accordance with the framework of the IIRC.

Valli Moosa	**Chris Griffith**
Chairman	*Chief executive officer*

FORWARD LOOKING STATEMENTS DISCLAIMER

Certain elements in this integrated report constitute forward looking statements. These are typically identified by terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes' and 'anticipates', or negative variations. Such forward looking statements are subject to a number of risks and uncertainties, many beyond the company's control and all based on the company's current beliefs and expectations about future events. Such statements could cause actual results and performance to differ materially from expected results or performance, expressed or implied. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries.

GROUP PERFORMANCE

Financial performance

Net debt

R7.3bn

2016	R7.3bn
2015	R12.8bn

Headline earnings

R1.9bn

2016	R1.9bn
2015	(R0.1bn) restated

Headline earnings per share

713 cents

2016	713 cents
2015	(48 cents) restated

Total capital expenditure

R5.0bn

2016	R5.0bn
2015	R5.1bn

Cash generated by operations

R13.6bn

2016	R13.6bn
2015	R10.9bn restated

EBIT

R4.4bn

2016	R4.4bn
2015	(R6.9bn)

Operational performance

Number of fatalities

7

2016	7
2015	2

Total recordable case frequency rate (TRCFR)

1.05

2016	1.05
2015	1.52

Energy consumption measured in terajoules

24,628TJ

2016	24,628TJ
2015	25,178TJ

Total new water use measured in Mega metres cubed

32.69Mm³

2016	32.69Mm³
2015	33.19Mm³

GHG emissions kt CO_2 equivalent

5.58kt

2016	5.58kt
2015	5.88kt

OUR MATERIAL ISSUES

In line with good reporting practice, the content of our integrated report is based on a comprehensive materiality assessment that determines what is sufficiently material to the company, or any of its key stakeholders, to warrant consideration and explanation.

INTERNAL MATERIALITY

This involves assessing matters that directly affect the operations of a business, as discussed at board, committee and operational management level.

Minuted executive discussions were analysed to identify the most material issues identified or addressed in the reporting period. Whether impacting input costs, material supply, customer demand, productive capacity, worker health, safety and retention, or direct environmental impact, internal material issues tend to be well known by the company through stakeholder engagement, guidance from consultants and advisers, or structured management strategy processes. This analysis supplemented the assessment of outcomes from the risk or audit committee process for risk identification and prioritisation, and adapted a materiality process to identify trends, business opportunities and emerging societal trends.

EXTERNAL MATERIALITY

We assess issues that may not currently be affecting the company but could pose a future risk. This involves looking at the company, industry, product, labour market and reputation to assess the broader context in which Amplats functions. It also includes a form of early warning for future issues and their resolution.

An assessment of external issues impacting South Africa, in general, and the mining sector in particular, was conducted by analysing media articles, research materials, industry benchmarking studies and economic outlook reports as well as key stakeholder interviews, to identify gaps between what Amplats already considers in determining materiality and what external trends are suggesting needs to be considered.

Stakeholder engagement on material issues

Stakeholder engagement is an important component of the process. Throughout the year, input from stakeholders on critical issues filters up to the board (or committees) for Amplats to consider via ongoing stakeholder engagement at both group and operation level. Towards the end of the year, we engage a number of key stakeholders in one-on-one interviews to gauge whether material issues identified by the company are aligned to issues stakeholders believe are most material to our ongoing success.

The proposed material issues are then presented to the executive team and board for debate. Once agreed, a multidisciplinary workshop refines the content and ranks issues by potential impact and our ability to influence and manage these, forming the basis for our reporting.

MATERIAL ISSUE

Safeguarding our employees and communities
Workforce stability

Macro-economic environment

Positioning the business for the future
Optimising and/or repositioning assets
External forces affecting operational effectiveness
Switch to growth

Managing stakeholder expectations and maximising community benefit
Community issues and stakeholder management

Managing resource availability and impact
Resource availability and environmental performance

Meeting our commitments to governments and society
Legal and regulatory compliance and change

Ensuring business continuity
Information risk, security and governance

MATERIAL ISSUES IDENTIFIED IN 2015 STILL MATERIAL IN 2016	NEW MATERIAL ISSUES IDENTIFIED IN 2016 THROUGH MATERIALITY SCANS	WHERE THIS IS DISCUSSED
• Labour unrest/people excellence • Employee indebtedness • Workforce localisation • Employee health and safety • Employee retention and skills shortages		This is primarily covered in the supplementary report on pages 3 to 13 and in the CEO's review on pages 12 to 15
• Market conditions/commercial excellence		This section is primarily covered in the integrated report on pages 26 and 29. However, elements are covered in the supplementary report
• Asset repositioning for value • Optimising the potential of operating assets • Capital allocation • Modernisation of the business • Competition and product substitution • Infrastructure • Research and development	• New market development • Access to capital	Detailed in the integrated report is the chairman's report (page 6), CEO report (page 12) and operational review (page 49)
• Community protest • High levels of local unemployment • Supply chain localisation (and management) • Stakeholder engagement and communications • Effective integrated reporting and assurance	• Health, safety and environmental protection of impacted communities • CSI and SLP project effectiveness • Human rights due diligence	See related material issue in supplementary report (page 14)
• Electricity scarcity and rising costs • Uncontrolled discharges • Water scarcity • Environmental impacts	• Environmental rehabilitation and restoration provisions	This is detailed in the supplementary report on pages 24 to 33 and covers water, power, air, land
• New mining charter and regulatory uncertainty • Ethics and integrity • Security of tenure (Zimbabwe) • Political environment • Government effectiveness • Say on pay (shareholder resolutions on executive/director remuneration)		These are covered under each material issue in the supplementary report (page 34)
• IT risk, security and governance • Business continuity and disaster recovery		This is covered in the integrated report on page 81

CHAIRMAN'S LETTER

Valli Moosa *Chairman*

Anglo American Platinum has made sound progress in 2016 on repositioning the business for the future, in line with its strategy. The completion of the sale of our Rustenburg operations is a particularly significant milestone in the review period.

POSITIONING THE BUSINESS FOR THE FUTURE

Shareholders will recall that we announced a strategy in 2013 centred on a fundamental transformation of this business, which included embarking on a process to modernise the company. There are a number of key elements to this modernisation: consistently generating acceptable returns for our stakeholders, changes to labour methods and labour relations, mechanising our mining processes and ensuring greater benefits for communities in which we operate ensuring we reduce our environmental footprint through, for example, our zero waste to landfill by 2020 target. Our goal is to position Amplats for the future by creating a more socially acceptable, sustainable and modern organisation.

To deliver this modernised business would require repositioning our portfolio of assets to enable operations to align with elements of the strategy. Integral to this process and after a thorough review, we decided to retain Mogalakwena, Amandelbult and Unki mines, retain the joint-venture or JV operations at BRPM, Modikwa and Mototolo, and continue project work at Twickenham, Der Brochen and other prospects on the Northern Limb of the Bushveld complex. At the time, we also announced we would exit Rustenburg and Union mines, as well as our JV interests in Pandora, Kroondal and Bokoni. The proviso for all these transactions was an exit price for value.

Pleasing progress was made in 2016, with conclusion of the sale of Rustenburg operations to Sibanye Rustenburg Platinum Mines Proprietary Limited (a subsidiary of Sibanye Gold Limited) (Sibanye) on 1 November 2016, concluding an agreement with Lonmin plc for the sale of our 42.5% interest in Pandora Mine and a sale agreement with Northam Platinum Limited enabling that company to acquire long-dated Amandelbult Mine mineral resources contiguous to its Zondereinde Mine for R1 billion.

Post year end, on 14 February 2017, an agreement was entered into with Siyanda Resources Proprietary Limited to acquire our 85% interest in Union Mine and our 50.1% interest in Masa Chrome Proprietary Limited. This transaction is likely to be concluded by the end of 2017 once all conditions precedent have been met.

All these transactions form an integral part of our modernisation and repositioning journey. Further progress will be made in 2017 as we determine the optimal manner to exit the Bokoni JV with Atlatsa and Kroondal JV with Sibanye and conclude the process on the sale agreement with Lonmin/Pandora and Northam/Amandelbult mineral resources.

BUILDING RESILIENCE

Sale of Rustenburg operations

Greater community benefits

Engaging on vital policy matters

PRICING ENVIRONMENT FOR OUR COMMODITIES

The review period was another challenging year for platinum group metal prices, with the average price of each of our major metals falling year on year in US dollar terms. At the same time, two of these metals, platinum and palladium, recorded fundamental deficits according to most major forecasters and our own research. For instance, Johnson Matthey's November PGM market report forecast that palladium would be in deficit by 650koz in 2016, while platinum would have a deficit of 420koz.

I raised the question of this underperformance in my message last year, citing weak sentiment, slowing Chinese economic growth, tightening monetary policy in the USA and elsewhere, and negative sentiment on the diesel engine as some of the causes. It seems these factors are still casting a shadow over these uniquely useful metals.

Addressing each of these issues in turn, it is clear that sentiment remains negative, partly driven by weak prices themselves in a circular fashion, and partly due to the other factors I mentioned. Our view remains that these lower prices and reduced expectations of future prices have encouraged consumers to run leaner than they might otherwise have done, but that this behaviour cannot continue indefinitely.

Questions on the quantum of above-ground stocks are linked with this issue. Although above-ground stocks of palladium are widely believed to be substantial, the metal nonetheless slipped into backwardation (the unusual situation in which the spot or cash price of a commodity is higher than the forward price) throughout much of November 2016, signifying at least a near-term shortage of metal availability and contributing to substantial gains in the spot price. This demonstrates that the mere existence of metal above ground does not necessarily prevent price gains. Without wishing to forecast metal prices themselves, this could affect consumer behaviour, making them keener to hold onto more normal levels of our metals, which in turn could add some buoyancy to PGM prices in the near to medium term.

The approach of tighter monetary policy has been negative for US dollar prices of gold and platinum too. While a 25-basis point rise in rates at the end of 2016 was unremarkable in historical terms, bond yields rose more substantially, depressing some investors' desire to hold precious metals in their portfolio.

Looking at platinum specifically, there can be little doubt that the final two factors, a weaker-than-expected Chinese economy and concern over the future of the diesel engine have been particularly negative for this metal. Demand for platinum from the Chinese jewellery sector plays a very significant role, compounding the impact of this sector's sudden reverse from rapid growth. Consumers have reduced purchases of all types of jewellery, including platinum. The overall negative impact on demand has been exacerbated by a move from stock-building to a reduction in stock across the industry. We take some comfort in the fact that Amplats and other producers are working through the Platinum Guild International to further entrench platinum's image in this key market.

On the diesel issue, the VW emissions scandal of 2015 clearly tarnished the reputation of diesel. The share of this technology among new cars sold in Europe seems to have fallen below 50% in 2016 from 55% only five years ago. However, the rate of change has not accelerated and the number of diesel cars sold in Europe actually increased year on year. Diesel remains attractive to many consumers – particularly those buying larger vehicles – and to carmakers who regard it as important in their attempts to improve the greenhouse gas efficiency of their fleets. It is a matter of some pride that our metals are used to minimise emissions from these vehicles and look set to be used in this role for a considerable time to come.

POLICY AND THE PLATINUM INDUSTRY

The platinum mining industry in South Africa remains in a precarious financial position owing to continued low PGM prices and the impact of rising input cost pressures. Accordingly, we continue to engage government, unions and other key stakeholders on vital policy matters such as the amendment bill to the Minerals and Petroleum Resources Development Act (MPRDA), proposed mining charter III, black economic empowerment ownership aspects and section 54 safety notice applications. These particular policies all have the potential to materially increase the cost of operating and doing business, and put already-marginal operations at risk of closing.

DIVIDEND POSITION

Owing to the net debt position of the company and uncertain macroeconomic environment, the board has decided not to declare a dividend in 2016. The board will continue to monitor its capital requirements and the balance sheet before considering future dividend payments.

The company's dividend policy remains unchanged and requires a dividend cover on headline earnings of between 2.0 and 3.0 times, paid out of net cash generated from operations.

BOARD AND MANAGEMENT

There were no changes to the board in 2016 and I thank my fellow directors for applying their minds effectively, their ongoing diligence and care in their duties.

I thank Chris Griffith, the executive and management team and all employees for their contribution and commitment in 2016 and for the steady progress in repositioning the business for the future.

Valli

Valli Moosa
Chairman

Johannesburg
14 February 2017

WORLD'S LEADING PRIMARY PRODUCER OF PGMs

Amplats is the world's leading primary producer of platinum group metals (PGMs), extracting some 37% of new platinum mined globally each year. We mine metals that make modern life possible in safe, smart and responsible ways.

Mined production

40,574kt
milled

3.16g/t
4E built-up head grade

2,382koz Pt
M&C[1]
[1] *Platinum in concentrate produced and purchased.*

34.7 per annum
refined Pt ounces per operating employee

For more information see pages 48 to 63

Refined production

2,335koz
platinum (Pt)

1,464koz
palladium (Pd)

317koz
rhodium (Rh)

25,400 tonnes
nickel (Ni)

14,100 tonnes
copper (Cu)

For more information see pages 64 and 65

Financial performance

R62.0 billion
net sales revenue

R25,649 per Pt oz sold
rand basket price

R56.1 billion
cost of sales

R23,222 per Pt oz sold
cost of sales

R729 per tonne milled
cash on-mine costs

R19,545 per Pt oz
cash operating costs

R5.9 billion
gross profit on metal sales

9.5%
gross profit margin

R1,867 million
headline earnings

R7.3 billion
net debt

1:3.1
debt:equity ratio

R5.0 billion
capital expenditure (including capitalised interest)

8.9%
return on average capital employed (ROCE)

9.4%
return on average attributable capital employed

For more information see pages 113 to 130

We own and operate two mining complexes in the Bushveld complex: Mogalakwena, and Amandelbult. We also operate the Unki Platinum Mine on the Great Dyke in Zimbabwe. We have a number of joint ventures (JVs) in which we hold significant interests:

- Bafokeng-Rasimone Platinum Mine (BRPM) (33%) and the Styldrift project with Royal Bafokeng Platinum
- The Mototolo Platinum Mine (50%), with the Glencore Kagiso Tiso Platinum Partnership
- Modikwa Platinum Mine (50%), with African Rainbow Minerals Mining Consortium Limited
- A pooling-and-sharing agreement with Sibanye Platinum, covering the shallow reserves of the Kroondal and Marikana mines
- Bokoni Platinum Mine (49%), with Atlatsa Resources

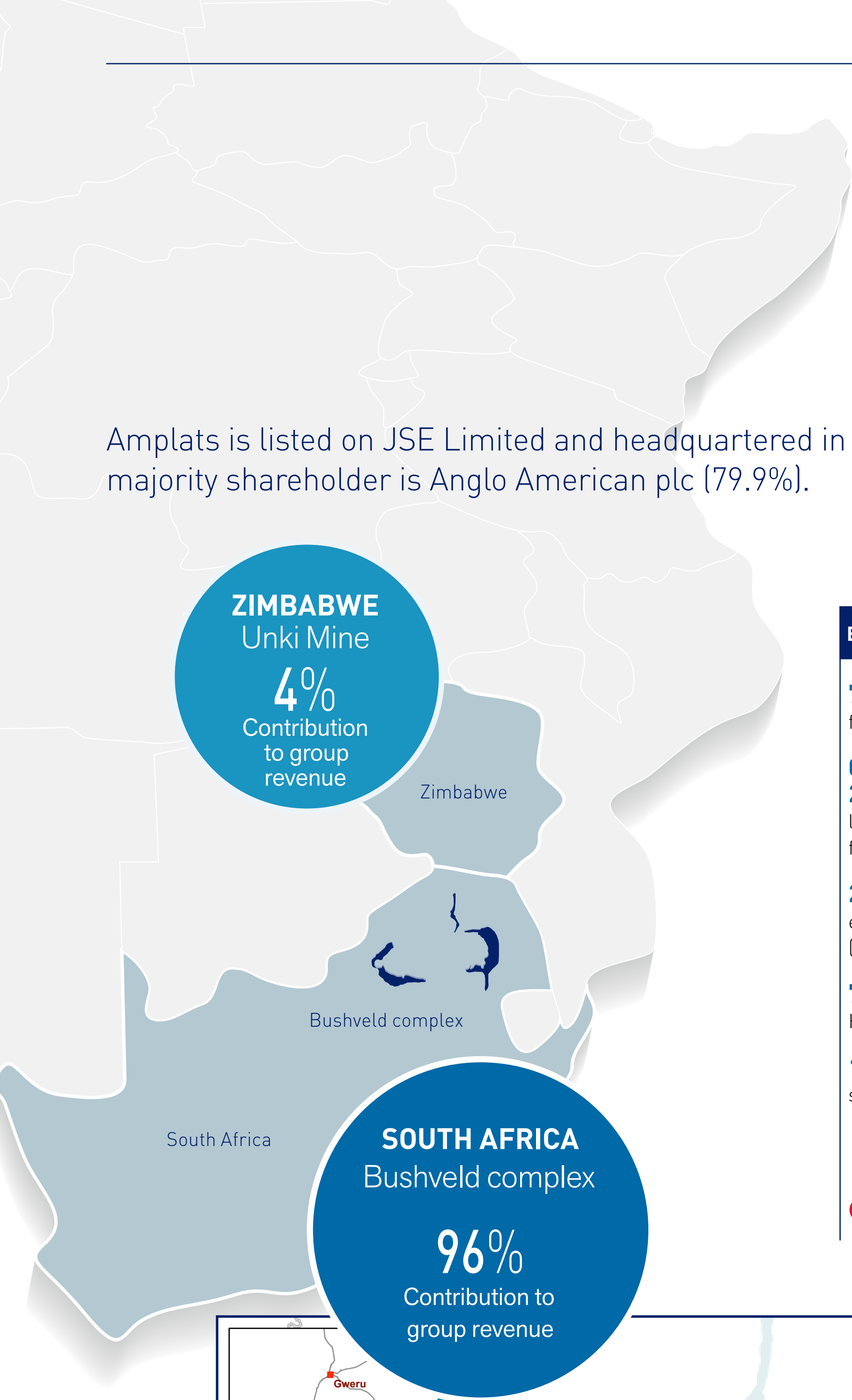
Our smelting and refining operations treat concentrates from JVs and third parties, as well as our owned operations

The Twickenham project was placed on care and maintenance in February 2016, after board approval

The Rustenburg disposal was effective 1 November 2016

Post year end, we announced a sale-and-purchase agreement for Union Mine (see page 45).

Amplats is listed on JSE Limited and headquartered in Johannesburg, South Africa. Our majority shareholder is Anglo American plc (79.9%).



Environmental, social and governance (ESG)

7
fatalities

0.73 per 200,000 hours
lost-time injury frequency rate

28,250
employees (as at 31 December)

73.6%
HDSAs in management

19.6kt
sulfur dioxide emissions

5.579kt
GHG emissions, CO_2 equivalents

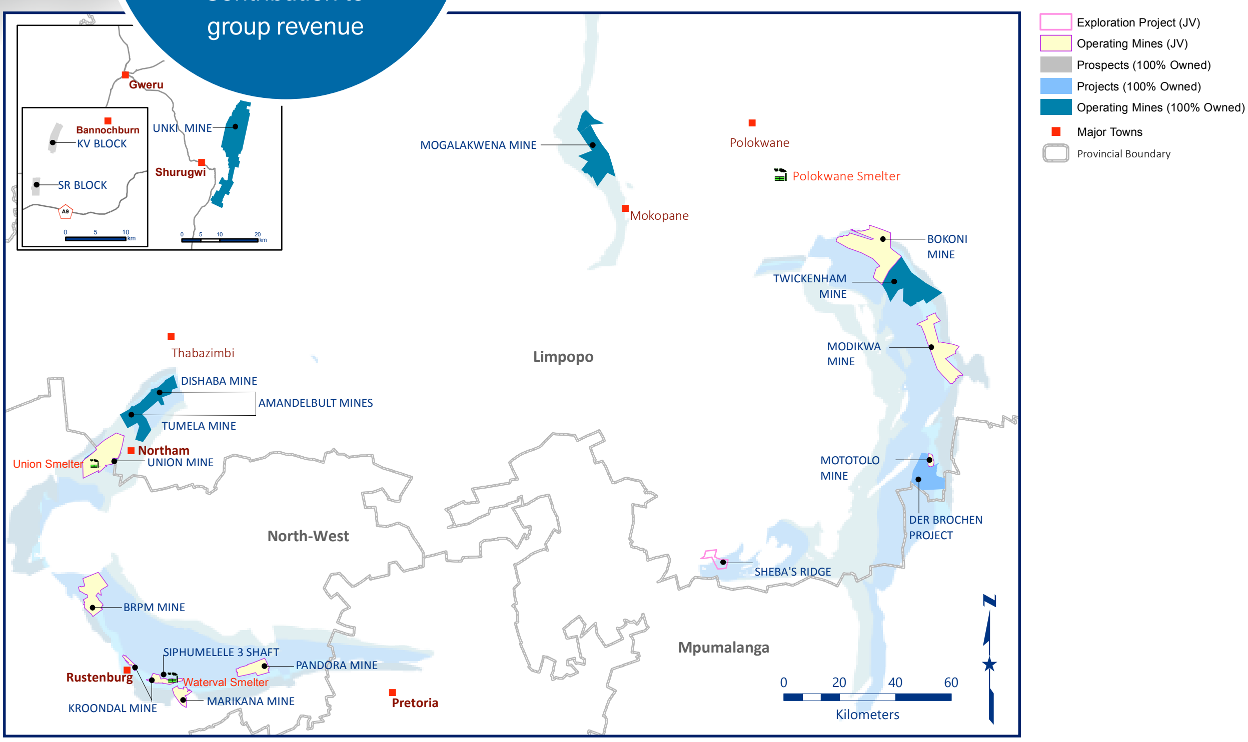
29.291Mm³
water used for primary activities (production and process)

24,628TJ
energy used

0
level 3, 4 and 5 environmental incidents

R354 million
corporate social investment

For more information see page 48 and Supplementary report



OUR BUSINESS MODEL

CAPITAL INPUTS

FINANCIAL CAPITAL

Commercial excellence: Executing our marketing and commercial strategy to maximise value from our basket of metals, and pursue effective market development initiatives.

Project excellence: Ensuring efficient investment and effective execution of value-accretive projects, on time and within budget.

Capital expenditure of **R4.7 billion** (2015: R4.7 billion)

HUMAN AND INTELLECTUAL CAPITAL

People excellence: Investing in people and skills to achieve our strategy.

Collective knowledge and research support strategic goals

NATURAL CAPITAL

Environmental excellence: Preventing harm; making a positive contribution while operating; and leaving a positive legacy after closure.

HOW WE CREATE SHARED VALUE

Mineral resources, surface land, water and energy are critical components in sustaining the business

MANUFACTURED CAPITAL

Mining and processing excellence: Creating and extracting maximum value from assets, safely. Achieving industry-leading productivity and cost performance targets; delivering to plan.

Investing in engineering and technical solutions to reduce risk and increase efficiency

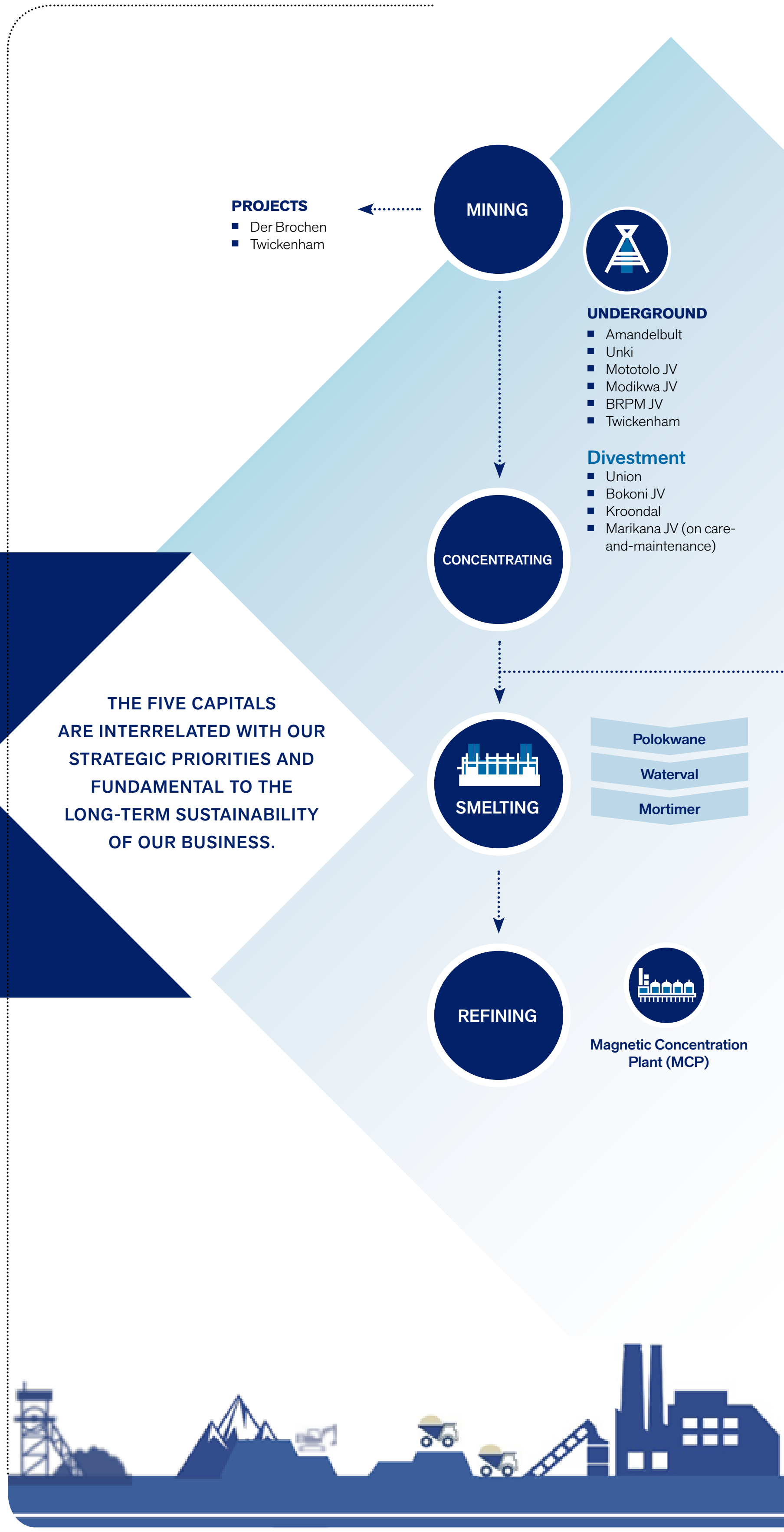
Management systems to manage hazards and risk

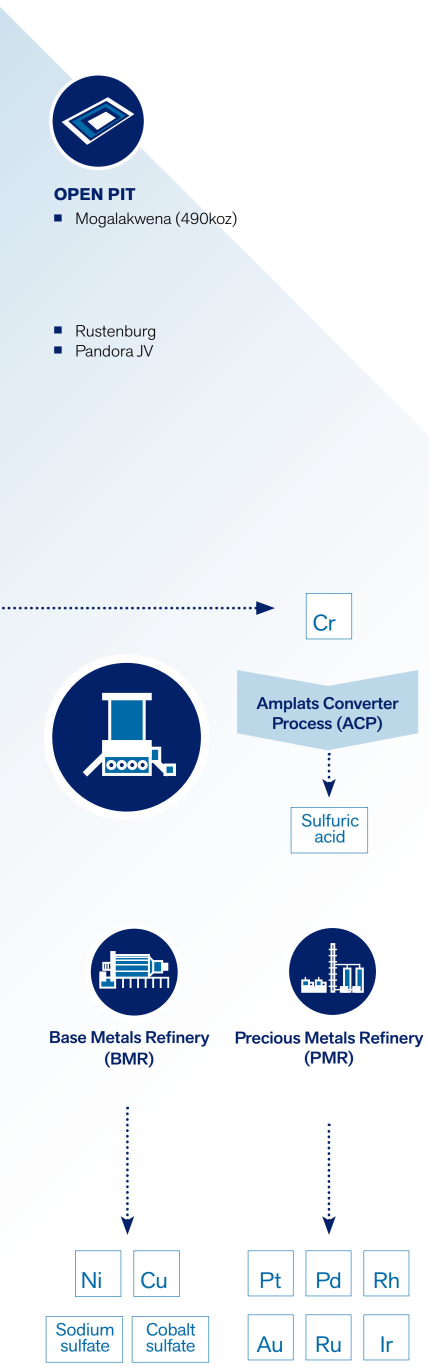
SOCIAL CAPITAL

Sustainability excellence: Creating sustainable value for all stakeholders – a sustainable business, sustainable communities and sustainable environments.

Society needs PGMs for industrial, environmental and jewellery applications. Society ultimately gives Amplats its licence to operate and legitimacy

OUR OPERATING PROCESS





OUTPUTS

R13.8 billion
to salaries, wages and other benefits, net of tax

R3.6 billion
to taxation

R1.5 billion
to providers of debt capital

Rnil
to shareholders

Seven fatalities

0.73 LTIFR (2015: 0.98)

23 new cases of noise-induced hearing loss (2015: 36)

Energy consumption down 2.2%
to 24,628 terajoules

Water consumption down 1.5%
to 32.7 million m^3

Waste to landfill up 13.6%
to 21.3 kilotonnes

Total refined production

- Platinum **2,334.7 koz**
- Palladium **1,464.2 koz**
- Nickel **25.4 Mt**
- Copper **14.1 Mt**
- Rhodium **317.4 koz**
- Chrome **685.6 Mt**

OUTCOMES

Total value disbursed directly by Amplats
R24 billion

Turnover of **8%** including VSPs **(3.98%** excluding VSPs) (2015: 3.94%)

Average attrition rate for critical and scarce roles of **7.88%** (7.37% in 2015) excluding VSPs (2015 restated)

To date **1,237** employees have individual development charter based on identified needs (2015: 3,156). There is a significant decline in numbers because in previous reports, competitive numbers were used; in 2015 two shafts were closed; and a number of employees left the company as a result of restructuring (VSPs).

6.01% of total payroll spent on training and development in 2016 (2015: 4.3%)

Progress in technology development to enhance mechanisation

CO_2 emissions down 5.08%

SO_2 emissions up 9.16%

170.2 4E Moz Ore Reserves (including Zimbabwe)

831.7 4E Moz Mineral Resources inclusive of Ore Reserves (including Zimbabwe)

Beneficiated
The 2016 local beneficiation volumes are shown on the left

Identified sustainability indicators

Public healthcare **for the reporting period, a total of 11,269 primary care consultations were offered, an average of 939 per month**

Education **(bursaries and graduate in-training programmes for 379 people)**

Adult basic education and training (ABET) **provided to 790 employees, 60 contractors and 334 community members**

A total of **9,258 employees have signed up with Nkululeko which represents 145%** of the original project target of 15% of total AAP employees.

Corporate social investment spend
R354 million (2015: R546 million)

Chris Griffith *Chief executive officer*

CHIEF EXECUTIVE OFFICER'S REVIEW

In 2016, we have made material progress on delivering against our commitments in the company's revised strategy set in 2013, following the platinum review and our decision to move from a volume- to a value-based strategy. These changes are undoubtedly building a more resilient PGM mining business and placing us in a position of strength for the future.

In summarising Amplats' performance for the year to 31 December 2016, the number of employee fatalities in work-related incidents was an immense setback, despite the material improvement in other safety indicators. The company's solid operating performance reflects good cost control with unit costs up only 1% for the year. The substantial reduction in net debt is positioning our business strongly for the future and all operations were cash positive for the year. We made demonstrable progress on strategically repositioning the portfolio and, notably, we signed a three-year wage agreement with our biggest union (the Association of Mineworkers and Construction Union or AMCU), without material industrial action, for an increase in line with CPI. Equally, I am pleased to inform shareholders that Amplats delivered on all guidance parameters we set at the start of 2016.

DELIVERING ON THE KEY PILLARS OF OUR STRATEGY

The elements of our modernisation strategy, summarised in the chairman's statement on page 6, are underpinned by three pillars:

- **Operational excellence:** · substantially improving operational performance across our assets to deliver superior financial returns
- **Repositioning the portfolio:** to ultimately improve our operational performance and deliver superior returns for the benefit of stakeholders, we need to own and operate only the highest-margin assets – those for which we have capital to invest in securing a long-term future. Simultaneously, we need to increase mechanised production and divest from assets that do not meet the elements of our modernisation strategy. Noteworthy progress was made in 2016 in repositioning the business, as detailed on page 14
- **Developing the markets for PGMs:** investing in developing the PGM market to grow demand.

An overview of the company's 2016 performance against each of these pillars follows.

OPERATIONAL EXCELLENCE

Operationally, a solid performance reflects disciplined cost control for a commendable unit cost outcome but the fatalities were particularly regrettable and a blemish on our performance, despite the marked improvement in other safety indicators.

Safety, health and environment

Tragically, we lost seven colleagues in work-related incidents during the year. Mr Mlamuli Cornelius Kubheka and Mr Mveliso Ntamehlo died in a winch incident at Amandelbult (Tumela Mine) on 26 April 2016. Mr Pieter Henrico was struck by a rock conveyance at Rustenburg (Thembelani Mine) on 31 March 2016 and passed away on 9 July 2016. Mr Tamsanqa Ngqambiya sustained fatal injuries in a fall-of-ground at Rustenburg (Thembelani Mine) on 3 June 2016. Mr Amos Mataboge died in a fall-of-ground at Rustenburg (Siphumelele Mine) on 5 August 2016, and Mr Nekisile Zibhonti died after drilling into explosives at Rustenburg (Thembelani Mine) on 18 August 2016. Mr Peter Leshoella was fatally injured in a conveyor belt incident at Union Mine on 24 October 2016. Our deepest condolences go to their families, friends and colleagues.

This increase in work-related fatalities is particularly disappointing given the steady improvement in the underlying safety performance indicators in 2016. For example, the LTIFR dropped 26% from 0.98 in 2015 to 0.73 while the total recordable case injury frequency rate (TRCFR) improved 31% from 1.52 in 2015 to 1.05. These rates include Rustenburg operations to 31 October 2016.

BUILDING RESILIENCE

POSITIONING FOR THE FUTURE

Rustenburg sale complete and further key agreements announced

STRONG PERFORMANCE

All operations cash positive and debt reduced

SAFETY

Tragically 7 fatalities, but steady improvement in underlying safety indicators

The company's safety strategy, based on zero harm, embeds continuous improvement and review processes to incorporate learnings and evaluate the effectiveness of strategic focus areas. This enables Amplats to continue learning from each incident, with measures in place to prevent repeats. Our priority remains to further improve the safety strategy and support employees to ensure they remain focused and consistent in applying safety measures at all times. Particular focus in 2017 will be on ensuring unconditional and consistent adherence to critical controls.

We have put in significant effort over the past three years to improve disease awareness and the availability of prevention programmes at our operations, with a material increase in employee participation in the disease management programme. The encouraging uptake of antiretroviral treatment has also increased during the year, with a significant reduction in HIV/Aids and tuberculosis-related deaths reported in 2016.

In terms of environmental management, there were no serious environmental incidents (levels 3 – 5) in the period and we were again among the top performers in both the water and the global carbon disclosure project.

Sustainability

The company signed a three-year wage agreement on 27 October 2016 with AMCU, retrospectively applied from 1 July 2016 when the prior agreement ended. The new agreement was extended to the National Union of Mineworkers (NUM), United Association of South Africa (UASA) and non-union affiliated employees in terms of section 23 of the Labour Relations Act 66 1995. The agreement reflects a constructive and collaborative negotiation process, resulting in a cost-to-company increase of 6.71% in year one, 6.56% in year two and 6.96% in year three, or 6.74% on average over the period – an outcome deemed fair to employees and one that ensures a sustainable future for the business. In addition, historically our increases have been the highest for the lowest level employees against management which has enabled us to make progress on closing the gap.

In our communities, the pace of delivering on social and labour plan (SLP) commitments normalised in 2016 after accelerated investment in 2015 to counter prior delays. In South Africa, we invested R354 million (2015: R546 million) in community development on SLPs and in line with mining charter requirements. Since 2010, 114 projects have been initiated under SLPs. By the end of 2016, 107 projects had been completed with the remaining seven projects due for completion in 2017.

With the official completion of the first phase of SLPs (SLP1:2011-2016), we have developed, submitted and implemented SLP2 projects for all operations. A total of 96 projects were identified in consultation with communities, local municipalities and ratified by relevant provincial departments. Implementation is under way, with six completed in the review period.

We recognise the invaluable contribution that mining continues to make to South Africa's economic and social landscape. The mining charter provides important guidelines in advancing the transformation of our industry, covering a range of pillars – from ownership, mine community development and employment equity to living conditions and procurement. We are confident we have met the targets set out in the current mining charter.

Operational performance

Given the strong operational performance, total platinum production (both mined and purchased) increased 2% to 2.38 million ounces (on a metal-in-concentrate basis) while platinum produced by our managed mines, including Twickenham project rose 5% to 956,000 from 909,000 ounces in 2015 as operational excellence initiatives continue to enhance productivity.

Mogalakwena Mine's stellar performance continued in 2016, with production rising 5% to a record 412,000 ounces (including ounces from the Baobab concentrator plant) and up over 100,000 ounces in three years without any major capital expenditure. Total tonnes mined increased 4% to 96 million supported by improved equipment efficiencies and increased maintenance reliability.

Amandelbult Mine's turnaround strategy also delivered good results in 2016, with production up 7% to 467,000 ounces, reflecting improved mineable ore reserves and panel-to-crew ratios. The mine successfully commissioned a new chrome plant during the year, with steady-state production expected from 2017. Production in 2016 was 2.8 million tonnes of UG2 tailings, yielding 235,000 tonnes of chrome concentrate.

Unki Mine had a very strong performance in 2016, increasing production 12% to 75,000 ounces, driven by greater productivity and improved mining reef cut, resulting in more quality-grade ore being delivered to the concentrator and therefore the 4E built-up head grade rising to 3.46g/t from 3.22g/t.

Union Mine turned its performance around in 2016. With production up 7% to 151,000 platinum ounces through higher stoping efficiencies and an increase in low-grade surface ore, despite a significant reduction in labour after the restructuring that was completed in June 2016 and the impact of the fatal incident. The mine also reduced total injuries by 40% and improved its cash on-mine costs per platinum ounce by 15% versus 2015.

Total production from the Rustenburg operations decreased 4% from 478,000 ounces to 460,000 in 2016. Produced platinum ounces to the end of October 2016 decreased to 377,000 from 402,000 for the comparative 10-month period in 2015. This reflects the impact of fatal incidents, section 54 stoppages and operational difficulties.

Joint-venture operations in 2016 continued to deliver sterling performances, with production up 2% year on year to 785,000 ounces. Modikwa was up 10% to 115,000 ounces, reflecting an effective productivity improvement plan; BRPM rose 9% due to increased mining of the higher-grade Merensky Reef from North shaft phase 3; Kroondal was up 4%, its best performance since inception on improved stoping efficiencies; Mototolo rose 2% on increased throughput. Bokoni was down 21% to 83,000 ounces due to the planned closure of the unprofitable UM2 and Vertical shafts, but normalising for the closures, this mine was up 4%.

Total refined platinum production of 2,335koz decreased by 5% compared to the 2,459koz in 2015, mainly as a result of the run-out at furnace 1 at Waterval smelter in September 2016. This impacted refined production by 65koz in 2016, and has led to an increase in work-in-process inventory which is expected to be refined in full, during 2017. The decrease in refined inventory was also a result of a lower stock gain in 2016 than that of 2015's, by some 70koz. This lower pipeline inventory amount led to less material in process to refine.

CHIEF EXECUTIVE OFFICER'S REVIEW
continued

Refined platinum sales decreased 2% to 2,416,000 ounces, of which 2,400,000 ounces were sales from refined metal and the balance from market activities. Sales were higher than refined production, which was supplemented by a drawdown in refined inventory.

Financial performance

A detailed breakdown of the company's performance appears in the finance director's report on page 38. In summary, the company generated R13.6 billion in cash from operations, including a R2.0 billion customer prepayment. Underlying cash from operations was R11.6 billion, including R342 million in restructuring costs. These cash flows were used to fund capital expenditure of R4.7 billion (excluding capitalised interest, including capitalised waste); pay taxation of R1.1 billion; settle net interest of R1.4 billion to our debt providers and contribute R1.0 billion to funding our joint-venture and associate operations in 2016.

2016 saw good cost control across the company and a great unit cost outcome for the year. Unit costs per platinum ounce increased 1% year on year to R19,545/Pt oz, well below mining inflation of ~8% and CPI of 6.4% and within the market guidance range of R19,250 and R19,750.

EBITDA increased by R10.7 billion to a profit of R9.1 billion from a loss of R1.6 billion in 2015 due to the prior period impairment and write off of assets totalling R10.2 billion. Normalised for the 2015 impairments, EBITDA increased from R8.6 billion to R9.1 billion.

Headline earnings rose to R1.9 billion in 2016 from the restated loss of R126 million in 2015, while headline earnings per share rose to 713 cents from the restated loss of 48 cents in 2015.

Projects and the allocation of capital

We have a strict capital-allocation policy in place to ensure the best use of capital to achieve the highest returns. Our first priority is to maintain the core current operations and ensure they are equipped to achieve operational excellence. Stay-in-business capital and business continuity therefore remain focus areas. The exit of Rustenburg, Pandora and now Union will enable Amplats to focus its capital on its best assets. The next priority is to deleverage the balance sheet so that it is strong enough to manage through the cycle.

After that, Amplats would like to introduce a sustainable dividend in line with the dividend policy.

In the current environment, we have decided to delay any major growth projects until the market demands the PGMs and the balance sheet allows, certainly post 2017. The operating free cash flow of own operations has been improved by reducing the capital intensity of stay-in-business capital, without increasing operational risk in future.

If there is any further capital to be allocated, the company will consider a reiterative cycle of allocation between further debt reduction, capital projects if the market needs the ounces and a further dividend distribution.

STRATEGIC REPOSITIONING OF THE PORTFOLIO

Amplats has made material progress in 2016 in repositioning the portfolio. We aim to own and operate the best assets in the PGM industry, consisting of Mogalakwena, Amandelbult, Unki and our JV operations – BRPM, Mototolo and Modikwa – and the processing assets.

By completing the sale of the Rustenburg operations in 2016, and announcing agreements for the sale of our 42.5% stake in the Pandora JV and the disposal of Union and Masa Chrome operations, (expected to be completed in 2017), Amplats can focus on the most competitive assets, comprising largely open-pit and more mechanised operations which will result in higher-margin production, a smaller and more highly skilled workforce, safer operations and a less complex organisation. As a result, our core operations stand to benefit from dedicated management attention and technical expertise, as well as our disciplined capital allocation model.

Discussions on the most appropriate manner to exit Bokoni Mine are ongoing. We completed a technical review in 2016, in collaboration with our JV partner, of the mine extraction strategy and developed a path towards a sustainable and optimised operation. Following the closure of Vertical and UM2 shafts and reducing headcount by a third, Bokoni is implementing its new optimised mine plan, and will close the open-pit operations.

Kroondal Mine continues to generate attractive cash flows for Amplats and will only be sold for value. No formal discussions have begun as yet although we have signalled that the mine does not form part of our strategic portfolio.

As part of our strategic repositioning, we have focused on an innovation strategy to find alternatives for conventional mining and to enable our mechanisation strategy. Our aim is for 80% mechanised production from the repositioned portfolio. The move to mechanisation will ensure these alternative mining methods will be safer and more productive, therefore more cost-effective for the business. We are focused on finding alternative ways to modernise mining in narrow tabular orebodies in the platinum industry by using different equipment, methods, layouts and techniques that will change the conventional way of mining. Testing this technology moved to Twickenham from Bathopele Mine in 2016 following the sale of the Rustenburg operations.

MARKETS AND MARKET DEVELOPMENT

Pricing environment and market conditions

The average US dollar basket price for 2016 was $1,753/oz, 8% lower than in 2015, while the average rand basket price was R25,649, 6% higher than R24,203 in the prior year. The closing platinum spot price at 31 December 2016 was $900/oz while the full-year average achieved price was $993/oz. Following its weak performance in 2015, the palladium price recovered strongly in 2016, particularly in the second half, but still recorded a lower annual average year-on-year price, down 13%. The closing palladium spot price at 31 December 2016 was $675/oz while the full-year achieved price was $610/oz.

Palladium and platinum were, relatively, the best performers as underlying demand outweighed supply. Rhodium prices were particularly weak due to a substantial surplus. Although many commodity prices were boosted in 2016 by Chinese stimulus efforts, PGMs suffered again due to weak sentiment, concern over the longer-term future of the diesel engine and the potential disruptive effect of the battery electric vehicle as well as expectations of tightening US economic policy, all of which acted negatively on prices.

The fundamental picture for palladium was in sharp contrast to this disappointing price performance. Tax cuts and economic growth in China sent car sales and palladium consumption sharply higher.

Although exchange-traded fund investors were net palladium sellers, outflows were lower than a year earlier. Industrial demand edged lower but total gross global demand climbed by 2.4% or 220koz to 9.38 million ounces. Domestic South African supplies of palladium were marginally lower than 2015, but growth in metal from North America and Zimbabwe meant that global mine output was also fairly stable, rising only by 0.3% to 6.47 million ounces. There was some growth in recycling volumes of palladium recovered from autocatalysts but this did not return to 2014 levels, meaning that palladium was in a strong underlying deficit of 350koz last year.

The picture for platinum was more mixed. While we believe this metal was in a small fundamental deficit of 300 – 400koz, weaker Chinese jewellery demand in the second half played a major part in driving the deficit lower year on year. Automotive demand for platinum edged higher, despite concerns over diesel, but faces further headwinds in 2017. Overall, demand declined marginally year on year (0.9%) to 8.21 million ounces.

Investment demand remained strong in 2016 up from 451koz in 2015 to 487koz in 2016 largely driven by continued buying of platinum bars, and to a lesser extent coins, in Japan.

On the supply side, mine output softened marginally, falling 1.8% to 6.01 million ounces. Recovery of platinum through recycling automotive catalytic converters edged higher and there was more significant growth in jewellery recycling in China too, meaning that the platinum market was in modest deficit in 2016.

Market development

Against this landscape, it was particularly pleasing to see some successes from our marketing and market development activities with the launch of new platinum investment products and the progress of platinum jewellery as a brand in India under very challenging economic conditions.

Our global PGM market development initiatives are clearly focused on offsetting the risk of lower demand in existing segments through a mix of marketing activities in existing or near-term applications and targeted market development in longer-term growth areas, such as fuel cells, hydrogen and clean energy generally. South African beneficiation objectives form part of our broader market development activities. We invest in market development and beneficiation across a number of demand segments, using a range of appropriate approaches including platinum jewellery market development through the Platinum Guild International (PGI), investment demand growth for platinum led by the World Platinum Investment Council (WPIC) and a PGM investment programme that uses a venture capital-type approach to provide start-up or early-stage capital to companies working on commercialising technology that uses one or more PGMs. Many of these investments have focused on hydrogen, fuel cells and clean energy such as the 2016 investments in Greyrock, a company developing and commercialising technology to produce clean fuels from flare gas, and in United Hydrogen Corporation, which is working on low-cost hydrogen, a key issue for the adoption of fuel cell vehicles. In addition, we sponsor academic research on the use of PGMs at universities in South Africa and elsewhere.

We also continue to work on areas aiding the widespread commercial adoption of fuel cells and hydrogen in transport and other sectors. This involves a range of activities from investing in companies that address specific market development opportunities through the PGM investment programme, to engaging with government to ensure equitable regulations for these technologies, and assisting in demonstration programmes where appropriate.

OUTLOOK

Platinum production guidance (metal in concentrate) will be 2.35 – 2.4 million ounces for 2017, driven by higher purchase of concentrate from third parties. Own mine and managed production will remain flat year on year.

We recorded input inflation of around 7.5% in 2016 and cost inflation is likely to remain a challenge in 2017. While some costs have been mitigated by cost reductions from restructuring the company and implementing various initiatives, inflationary pressures from wages and electricity remain.

The decrease in waste stripping capital costs in 2017 at Mogalakwena Mine will add around R350 per ounce to unit costs for 2017, as overall volume is maintained and a lower amount of volume is capitalised. Further initiatives have been identified to reduce the impact of cost escalations on the business and we expect the unit cost per platinum ounce produced to be between R20,350 and R20,850 in 2017. There are no significant restructuring activities envisaged for the year ahead as the material operational restructuring is complete.

The sale of out-of-plan resources at Amandelbult Mine to Northam for R1 billion in cash and a second customer prepayment for R1.5 billion will be used to reduce debt in 2017.

In terms of the market, we expect the economic environment to remain challenging for PGMs in 2017, with prices at relatively low levels. Headwinds in the market outlook for platinum suggest that overall demand will change little this year. In contrast, palladium is expected to remain in substantial deficits over the next five years as growth in auto-catalyst demand drives overall demand higher. The outlook for rhodium is less positive; although there are signs of additional demand developing, this metal is currently in surplus and unlikely to move into deficit rapidly.

In closing, I thank my executive team and all our people for their hard work in 2016, particularly July Ndlovu, who now heads Anglo American Coal SA. We welcomed Gary Humphries as the new head of our process division. We are well on our path to successfully repositioning this business and building a more resilient PGM company, placing us in a position of strength for the future.

Chris Griffith
Chief executive officer

Johannesburg
14 February 2017

OUR STRATEGY JOURNEY

While the major transformation under way in our business is both an exciting opportunity and a challenge, the integrated effort of our people is proving our goals are attainable. Progress against our strategic priorities is detailed on page 24.

Repositioning our assets into a value-optimised portfolio

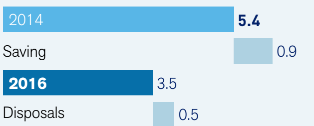
Restructuring since 2013

- Reshaped Rustenburg
  - consolidated and closed five mines to two mines
  - 210koz volume reduced
- Reshaped Union
  - Consolidated two mines to one and closed declines
  - 80koz volume reduced
- Simplified JV portfolio
  - Bokoni optimised
- Twickenham on care and maintenance

Divestments

- Rustenburg sale completed
- Union and Pandora – sales announced
- Bokoni – process continues
- Kroondal – pending engagement with partner

Overhead rightsizing (Rbn)



Core business

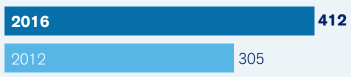
- Mogalakwena
- Amandelbult
- Unki
- BRPM (JV)
- Mototolo (JV)
- Modikwa (JV)
- Processing

Extracting the full potential from our operations through our people

Mogalakwena

- Operating model embedded
- Low-capital option to be executed to scale the operation

Pt koz



Amandelbult

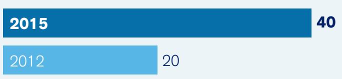
- Tumela upper replacement, through pre-developed Dishaba UG2
- Chrome recovery plant commissioned

Pt koz

Process

- Optimal utilisation and increased efficiency with minimal capital
- Copper recovery (2014: 66% to 2015: 74%)
- Smelter build times reduced

Base metals Mt



Preparing for our future

Market development

- **Jewellery**
  - PGI focus remains on China and India
- **Automotive**
  - global fuel cell and hydrogen economy
- **Investment**
  - product availability through WPIC

People and communities

- Cultural transformation journey – ensuring an engaged workforce
- Implementing second-generation social and labour plans
- Developing detailed plans for regional SED strategy

Innovation

- New mining technology proof-of-concept testing
- Focus on mining technology to unlock value of existing operations and projects

WE HAVE MADE GOOD PROGRESS IN ALL STRATEGIC PRIORITY AREAS

- Substantial improvements in operational performance across our assets
- Profitable investment in high-value, capital-light projects with short payback periods – such as the Amandelbult chrome recovery plant which was successfully commissioned
- Further restructuring was required, with the Twickenham project placed on care and maintenance
- The Kroondal JV was positioned for exit, at value and at the right time
- A significant milestone in November 2016 was closing the Rustenburg sale
- Announced disposal of the Pandora JV
- Announced disposal for Union and Masa Chrome, with sale and purchase agreement signed in February 2017.

By restructuring the business and exiting certain mining assets, we will reduce our mining operations from 18 to five, resulting in a more focused and less complex business – one that can generate free cash flow in a weak price environment, be more resilient to a possible deeper downturn in the market, or participate in an upswing.

OUR VISION IS TO BE

The global leader in platinum group metals, from mine to market, for a better future for all

AMBITION:

- Extracting the full potential from our operations through our people
- Repositioning our assets into a value-optimised portfolio
- Developing the market for platinum group metals

. . .delivered in a **values-driven** and **socially responsible** way

WHERE WE COMPETE

FOCUSING THE PORTFOLIO
High-quality, low-cost production, sustained higher margin assets with reduced safety risk

SCALING AND GROWING PRODUCTION
Retaining optionality to grow in line with market demand, supported by balance sheet strength

ENHANCING RETURNS
Profitable investment in high-value, capital-light projects with short payback periods

MARKET DEVELOPMENT
Defend automotive share of demand, widen and deepen other segments to diversify demand

HOW WE WIN

COMMERCIAL EXCELLENCE
Capturing a greater share of end-user spend by delivering a direct advantage

INNOVATION
Unlocking value through modernised mining and processing technology

OPERATIONAL EXCELLENCE
Sustainably operating all our assets in the lower half of the cost curve

PEOPLE EXCELLENCE
The right people in the right roles, doing the right work, producing efficient and effective outcomes

KEY ENABLERS

- Organisational culture anchored on a significant leadership style and values orientation
- Enabling a sustainable business through zero harm – safety, health and environment
- Building leading community and stakeholder relationships around our operations
- Enhance the social licence to operate by making a lasting contribution to communities

VALUES	CARE AND RESPECT	INTEGRITY	ACCOUNTABILITY	COLLABORATION	INNOVATION

THE CHOICES THAT DEFINE OUR FUTURE

Reposition our assets into a value-optimised portfolio

Near-term goals

Complete the current exit programme:
- ✓ Rustenburg
- ✓ Union
- ✓ Pandora JV
- ↘ Bokoni JV
- ↘ Kroondal JV
- ✓ Profitable investment in high-value and capital-light projects

Develop the market for PGMs

Near-term goals

- ↘ Defend the automotive share of demand by commercialising platinum-containing fuel cell applications
- ↘ Through Platinum Guild International, develop platinum jewellery markets
- ↘ Stimulate investment demand through World Platinum Investment Council
- ↘ Invest in early-stage industrial applications and technology

Develop the full potential of our operations

Near-term goals

- ✕ Achieve zero-harm environment
- ↘ Leading employee and community engagement and relationships
- ↘ Entrench our culture and values
- ↘ Optimise operational performance to manage our business for the current environment
- ✓ Disciplined capital allocation
- ↘ Develop mining and processing technologies

✕ Not achieved ✓ Achieved ↘ Under way

HOW WE MEASURE THIS

Return on capital employed (ROCE)	Cash flow generated	Allocation and use of capital	Sustainable returns for shareholders	Position on cost curve – lower half	Safety and health – do no harm to our workforce	Environment – minimise and mitigate impact	Mutual benefits from mining for local communities and government	Our people – engaged and productive workforce, competitively rewarded

HOW WE REWARD SUCCESS

Our CEO, finance director and prescribed officers are rewarded through incentives against specific formulas (pages 94 and 95). While Amplats has made good progress against its strategic priorities in recent years, no increases were awarded to executive directors, prescribed officers, senior management and non-executive directors in 2016. In line with our commitment to ensuring a fair, living wage for our people, general staff again received an inflation-linked increase and we concluded a three-year agreement with organised labour (page 97). We believe this approach is appropriate in light of prevailing conditions and our focus on cost containment.

Increases

2016		2015	
0%	Non-executive directors	**6%**	Non-executive directors
0%	Executive directors, prescribed officers and senior management	**5.5%**	Executive directors, prescribed officers and senior management
9.47%	Unionised labour	**9.36%**	Unionised labour

STRATEGIC APPROACH TO SUSTAINABILITY

OUR SOCIAL REALITY – KEY CHALLENGES ACROSS OUR OPERATIONS

KEY SOCIAL ISSUES OVER THE NEXT FIVE TO TEN YEARS

The global mining downturn was a key driver in reviewing our social strategy in 2016. The summary of issues raised by our operations or through social analysis below highlights the imperative that **our socio-economic strategies must build resilience into our communities and provinces**.

Political leadership and issues	High dependence on mining	Economic growth no longer assured	Infrastructure issues
▪ Land claims are complex in some areas ▪ Role of traditional leadership structures still being challenged by some sections of civil society ▪ Some distrust of mine leadership	▪ Global downturn in mining ▪ Limited opportunities for local employment at our mines ▪ Expectations of greater participation at mine level	▪ Pervasive unemployment ▪ Sluggish manufacturing market performance ▪ Skills and education deficiencies	▪ Weakness in educational attainment ▪ Transport infrastructure inefficiency ▪ Water access at some of our mines ▪ Social infrastructure sometimes poor

REFINING OUR APPROACH INTO A HOLISTIC VIEW

In the past five years, Amplats has added direct value to its employees and communities of over R1.5 billion. Our challenge is that the amount we spend at mine level (even combined with that of other mines and government) cannot ever meet the full range of community needs and expectations.

Accordingly, we initiated a study on reimagining economic and social change in our key host province of Limpopo. This examined Limpopo's challenges and, using a spatial development planning approach, identified a new and more holistic framework to catalyse Amplats:

- From insular local actor to regional development partner
- From debate participant to leader and facilitator of development conversation
- Ultimately securing, nurturing and revitalising our social licence to operate.

The intent is that the resulting model will link people, places and potential more effectively, culminating in a development-partner approach to our socio-economic development initiatives. The work has three pillars (below) and sets out the scale of change required for Amplats and other regional stakeholders to succeed into the future. The work is extremely ambitious but we believe it is the only viable way to secure lasting benefits for all stakeholders.

Phase I focused on scientific analysis of the challenges, identification of opportunities in the province and the platform necessary to deliver these opportunities most effectively. In the second phase, we are shaping the first of those opportunities into specific initiatives, establishing the partnership platform and, with other stakeholders, co-designing the longer-term strategic approach of the platform.

Critical success factors

Planning	Resourcing	Monitoring
▪ **Proof and clarity of concepts for SED strategy** – clear description, testing and external validation to demonstrate an idea has market potential ▪ Distributional **fairness** management in all social development work – tracked and communicated ▪ Adequate **planning and marketing** – access to planning and marketing skills ▪ **Community engagement** – long-term success and sustainability lies with engaging local stakeholders and beneficiaries	▪ **Funding** leverage ▪ **Partnerships** with private sector ▪ **Skills and capabilities** to deliver/right people in the right role ▪ **Aligned** to objectives of development by other functions, eg SHE/technical ▪ **Government openness** to review policy/ **alignment of government** to our approach ▪ **Champions and leadership** (from relevant sectors – government, private sector and others). Commitment and continuity of individuals to lead and coordinate	▪ **Partnership management** – ability to negotiate and maintain core relationships ▪ **Managing associated risks** – demonstrated planning to mitigate risks and externalities ▪ Short, medium and long-term **benefits management**

However, to become the agent of change we envision in our development partner framework, we needed to realign our own strategy and continue to address gaps and issues, including legacy issues, that affect our host communities (overleaf). Our focus areas for 2016 and beyond are summarised on page 21.

STRATEGIC APPROACH TO SUSTAINABILITY
continued

Our social strategy rests on three key pillars

STRATEGIC OBJECTIVES

Enhance our **social licence to operate** by making lasting **positive contributions** to communities where we operate to support our business strategy

VALUE LEVERS | **KEY FOCUS AREAS** | **KEY ENABLERS** | **WHAT SUCCESS LOOKS LIKE**

Community benefit (maximise positive benefit)

Participation
- Community participation through model
- Alchemy
- Establish functional community trusts with appropriate governance
- Community participation – value chain
- Supply chain: procurement opportunities

Regional social economic development
- Implement strategic regional socio-economic development (SED) priorities
- Leverage partnership funding
- Collaborate with mining houses
- Limpopo government collaboration
- Social and Labour Plan (SLP) alignment
- Implement institutional strengthening programme

Engagement/ relationships

Engagement

Communication

Influence

- Establish joint community/operation decision-making framework
- Improve NGO/religious leaders' interaction on issues of mutual interest
- Develop community communication

Risk and impact management

Risk
- Deliver requirements of the social way (including socio-economic assessment)
- Manage social risk and impact

Impact
- Manage community health, safety and security
- Contractors, suppliers and business partners risk assessment and management

KEY ENABLERS

1 Social way

2 Appropriate skills and resourcing

3 Effective channels, systems and processes

4 Social risk management

5 Stakeholder mapping and engagement processes

6 Community intelligence-gathering process

7 Procedural and substantive fairness

WHAT SUCCESS LOOKS LIKE

- Zero costs of community conflict
- Economically diverse and sustainable communities
- Conducive policy environment
- Informed and engaged stakeholders
- Negative social and environmental impact mitigated
- Stakeholders trust and accept our presence in the area

Key focus areas (2016 to 2020)

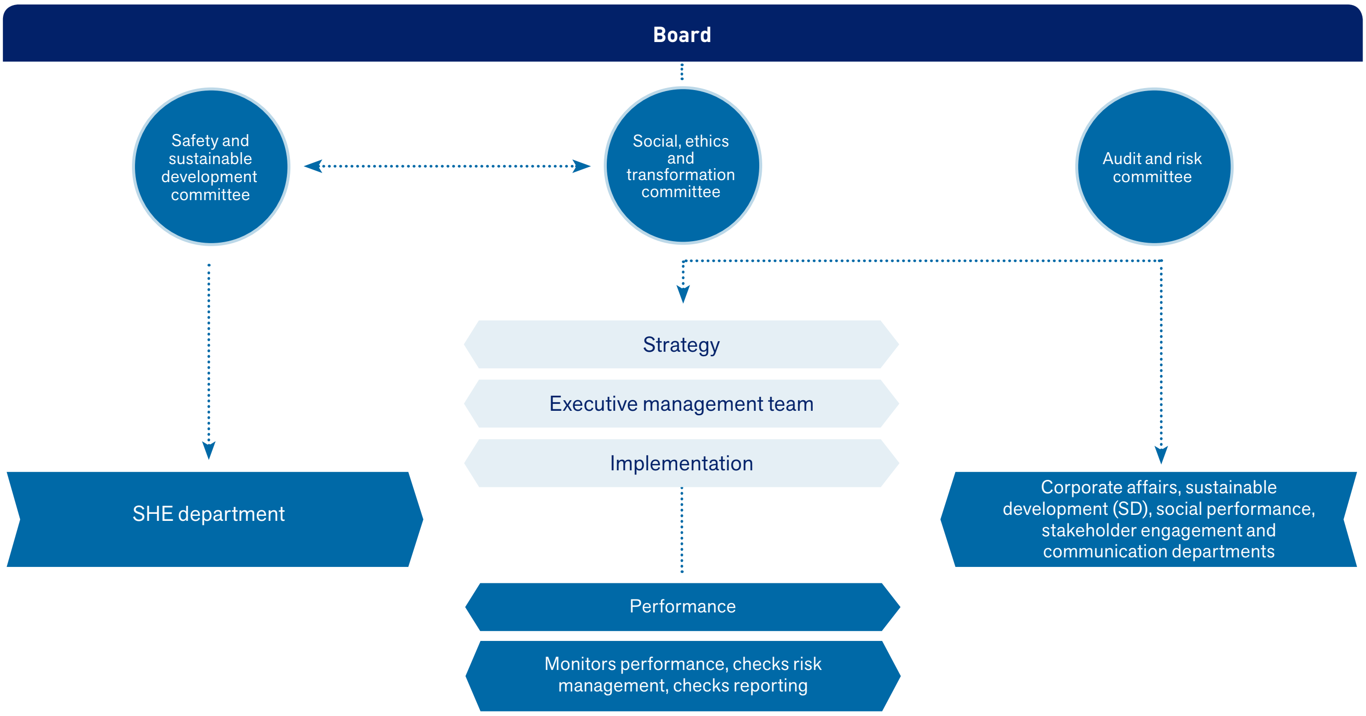
Translating our strategy into actionable items over the next five years

	The starting point Today	The transition	The steady state	What success looks like
Value chain participation	Value chain participation poor	Develop tailings retreatment business model	Tailings retreatment model implemented	Community participation in operational value chain
Alchemy	Project implementation to be improved	Resourced implementation for identified projects	Track and monitor impact/refine	Community make own investment decisions
Supply chain participation	Ineffective participation avenues	Carefully defined opportunities with mentorship and funding	Track and monitor success/optimise	Community opportunities in supply chain optimised
Regional spatial SED strategy	SED localised and impact limited/Northern limb strategy aligned to regional SED strategy	Implement phase II: consultation, demonstrations and partnerships	Demonstration projects implemented and scaled up	Systemic, employment, skills and social development opportunities implemented in partnership
Institutional strengthening	Infrastructure blockages hindering operations	Second skills in areas where there are blocks – water/roads	Implement comprehensive programme and monitor success	Local institutions able to support local development
Joint participation model	Current forums do not offer effective participation at operations	Review participation models for sustainable development	Implement models and monitor effectiveness	Mine and local stakeholder participation and collaboration in development planning and implementation
Community communication	Limited focus on grassroots level communication and feedback	Finalise community communication/implement	Track and monitor programme success/optimise	Proactive, communication and dialogue leads to improved relations
Influence policy	Reactive to policy trends and changes	Finalise model/implement	Use independent opinion leaders/research position papers	Policy environment conducive to mining and development
Social risk and impact management	Social risk and impact plans not updated/used to manage	Social risk managed as integral part of operations	Social risks managed and stakeholder perceptions changed	Local stakeholders trust us to effectively manage risks and impacts
Community health and safety	No joint planning on community emergency plans	Implement joint consultation and planning forums	Track and monitor effectiveness/optimise	Communities feel safe and are fully aware of emergency preparedness plans and procedures
Contractor/partner management	Contractor/supplier management of social impacts/benefits sub-optimal	Supply chain awareness programme roll out	Monitor compliance and assess contractor impacts/benefits	Contractor impacts are minimised and local stakeholder opportunities maximised

STRATEGIC APPROACH TO SUSTAINABILITY
continued

GOVERNANCE OF SUSTAINABILITY

Effective governance is essential to ensure we manage our operational, social and environmental impacts responsibly (page 78). Specific governance structures for sustainable development provide clear lines of accountability from the board through to the operations.



Executive management is accountable to the board for ensuring resources are allocated effectively, and sustainability policies and strategies are implemented. It relies on specific disciplines in the noted departments to develop, coordinate, implement and assess company policy and ensure all material issues are addressed and continually improved.

The safety and sustainable development committee and social, ethics and transformation committee provide policy direction and guidance, and monitor performance (see pages 84 to 91 for detailed reports).

Our audit and risk committee reviews and monitors the effectiveness of our internal controls and risk management systems (see page 82), which have a direct impact on how we identify and manage sustainability issues. It also oversees our reporting on sustainability, including third-party assurance.

MANAGING RISK

Social risks are a substantial part of our risk profile. Of the 16 key risks identified in 2016, 11 relate to typical sustainability topics. Significant organisational risks and our control measures are reviewed on page 30.

In 2016, we invested significantly in refining our social risk assessment and management process. Critical generic events caused by losing control of a hazard were identified by examining past social risks and engaging with key staff. These were then refined to the specific circumstances of a mine or operation. We developed bowties – a specific and widely accepted technique to identify and map hazards, causes, consequences and controls required to manage these – for all critical social risks at our operations.

These become an input to our operating model. As a result, social risks are now being addressed using extremely robust methodologies generated for safety.

Part of this initiative involved reviewing human rights due diligence at all our operating units. Working with one of the world's leading human rights organisations, we conducted workshops with site teams to identify potential human rights risks and the required controls to prevent their occurrence.

Global guidance and local accountability

Our policies and performance standards are aligned to Anglo American's good citizenship principles on business integrity; safety, health and the environment; human rights; and community development.

Group technical standards and the Anglo American 'ways' guide our investment decisions, how we plan and implement projects, and how we manage and close our operations. This forms the basis of our policies, frameworks and mandatory performance standards for managing and reporting our core sustainability risks and opportunities. These are also used to measure and report Amplats' non-financial performance data. Anglo American is a member of the International Council of Mining and Metal (ICMM) and Anglo American Platinum adheres to the 10 Principles of the organisation.

To execute our business strategy, effectively manage our risks and ensure legal compliance, management systems are in place at all operations. Operations also have agreements with organised labour as well as government on safety and health, training and development, and employment equity, among others.

All our appointed service providers are expected to follow our standards and policies. Equally, we promote comparable standards in our joint ventures and associate companies.

CASE STUDY

Reimagining socio-economic and environmental change in Limpopo through development partnerships

The Limpopo province of South Africa is vital to Amplats, being home to the bulk of our platinum assets.

Significant community unrest in recent years has highlighted the magnitude of socio-economic issues in Limpopo, which will require action on a scale far greater than any single mine could meaningfully begin to tackle.

The province, like most of South Africa, faces enormous challenges. It has a large population with generally low literacy and skills levels, and high rates of unemployment. Similar to many other areas in the country, there is a shortage of quality housing and limited infrastructure, including sanitation and potable water. Water is a scarce resource.

Against this background, and underscoring our real commitment to lasting mutual benefit, we reviewed our social strategy. Analysing the outcomes of our initiatives, it became apparent that our approach of focusing on the benefits, relationships and impacts on our host communities, while ever more important, was simply not enough nor sustainable. It became clear that we needed to move from being a single actor to a regional partner; from a participant in the development debate to a leader and facilitator.

As a result, we initiated a project to catalyse collaboration and partnership on systemic, cross-sector, transformational, and sustainable development in Limpopo.

The starting point was to develop a detailed understanding of opportunities, based on the bio-physical and social conditions of the province.

Working with Dobbin International, experts in spatial analysis and planning, we assessed the province to determine potential opportunities across a range of sectors. This involved gathering relevant spatial data on socio-economic and environmental aspects, including: climate, soils, groundwater availability, sensitive ecosystems, as well as transport and urban developments. The data was fed into a range of models including agriculture, energy, forestry and tourism to determine the potential.

The results identified significant potential in agriculture – game farming, forestry, tourism – as well as the energy sector. The advantage of having all the information spatially referenced is that interventions and programmes can be specifically targeted.

A critical success factor in this initiative is the partnership platform. The proposed approach draws on the collective impact model: for organisations to create lasting solutions to social problems on a large scale, they need to coordinate their efforts and work together around a clearly defined goal.

The approach requires a strong backbone support team, comprising representatives for the core areas of business, government, the UN and donor community, faith groups and the research sector.

Post year end, we finalised a memorandum of understanding with the Department of Small Business Development on facilitating and collaborating various mutually beneficial initiatives in Limpopo (see page 36).

Although still embryonic, we hope this new approach of inclusive, participatory and transparent collaboration and partnership for development will significantly increase the range, scale and integration of development initiatives, both around our mines and more widely in our host province. By doing so, we will begin to make a lasting difference to development in Limpopo, one of our most important homes.

PERFORMANCE AGAINST OPERATIONAL TARGETS

Operational targets are set to collectively deliver on our strategic goals.

Safety and health

DO NO HARM TO OUR WORKFORCE

For more information see **our supplementary report**

Work-related fatal injury frequency rate (FIFR)
FIFR is the number of employee and contractor fatal injuries due to all causes per 200,000 hours worked

New cases of occupational disease (NCOD)
Number of NCOD cases diagnosed among employees in the period

Total recordable case frequency rate (TRCFR)
TRCFR is the number of fatal injuries, lost-time injuries and medical treatment cases for employees and contractors per 200,000 hours worked

Environment

MINIMISE HARM TO THE ENVIRONMENT

For more information see **our supplementary report**

Energy consumption
Measured in million gigajoules (GJ)

Greenhouse gas (GHG) emissions
Measured in million tonnes of CO_2 equivalent emissions

Total water consumed by source
Total water consumed includes water used for primary and non-primary activities, measured in million (Mega) m^3

Socio-political

PARTNER IN THE BENEFITS OF MINING WITH LOCAL COMMUNITIES AND GOVERNMENTS

For more information see **our supplementary report**

Corporate social investment
Social investment as defined by the London Benchmarking Group includes donations, gifts in kind and staff time for administering community programmes and volunteering in company time (shown as percentage of underlying EBIT, less underlying EBIT of associates and joint ventures)

BEE/HDSA procurement
Procurement of goods and services from black economic empowerment (BEE) companies (minimum of 25% plus one vote ownership)

People

RESOURCE THE COMPANY WITH AN ENGAGED AND PRODUCTIVE WORKFORCE

For more information see **our supplementary report**

Voluntary labour turnover
Number of permanent employee resignations as percentage of total permanent employees (see pages 11, 137 and 138)

Productivity
Achieve production of greater than 48.97Pt oz M&C per employee

Gender diversity
Percentage of women, and female managers, employed by the group. Meeting the requirements of the mining charter

Production

TO EXTRACT OUR MINERAL RESOURCES IN A SUSTAINABLE WAY TO CREATE VALUE

For more information see **our operations review on page 50**

Production volumes
Production volumes in 2016 are discussed for each operation in the operations section of this report (see pages 50 to 65)

Cost

BE COMPETITIVE BY OPERATING AS EFFICIENTLY AS POSSIBLE

For more information see **our financial review on page 38**

Unit costs of production
Discussed for each operation in the operations section of this report (see pages 48 to 63)

Financial

DELIVER SUSTAINABLE RETURNS FOR OUR SHAREHOLDERS

For more information see **our financial review on page 38**

Attributable return on capital employed
Return on adjusted capital employed attributable to equity shareholders of Amplats. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Amplats has control but does not hold 100% of the equity. It is calculated as annualised underlying EBIT divided by adjusted capital employed

Headline earnings per share (HEPS)
HEPS is an additional earnings number that is permitted by IAS 33. The starting point is determined in IAS 33, excluding separately identifiable remeasurements (as defined), net of related tax (both current and deferred) and related non-controlling interest, other than remeasurements specifically included in headline earnings

RESULTS AND TARGETS

FIFR
Targets
2017 = 0
2016 = 0
Actual
2016 **0.013**
2015 0.003

TRCFR
Targets
2017 = 0.78**
2016 = 1.39
Actual
2016 **1.05**
2015 1.52

NCOD
Actual
2016 **28**
2015 45

Energy consumption
Targets
2017 = 22,900 terajoules
2016 = 28,080 terajoules
Actual
2016 **24,628TJ**
2015 25,178TJ

Greenhouse gas (GHG) emissions
Targets
2017 = 5,030kt CO_2e
2016 = 5,766kt CO_2e
Actual
2016 **5,579kt CO_2e**
2015 5,878kt CO_2e

Total new water used
Targets
2017 = 29,100
2016 = 39,432Mm^3
Actual
2016 **32,687Mm^3**
2015 33,197Mm^3

Community development spend
Actual
2016 **R354 million**
2015 R546 million

BEE ownership
Targets
2017 = 26%
2016 = 26%
Actual
2016 **33.34%**
2015 26%

BEE/HDSA procurement
Targets
2017 = 70%
2016 = 65%
Actual
2016 **72%**
2015 65%

Productivity (oz/employee)
Actual
2016 **34.7**
2015 33.2

HDSAs in management
Targets
2017 = 40%
2016 = 40%
Actual
2016 **73.6%**
2015 62%

Women in mining
Targets
2017 = 10%
2016 = 10%
Actual
2016 **15%**
2015 14%

Total refined production
Actual
2016 **2,335koz**
2015 2,459koz

Managed core mines – refined
Actual
2016 **922koz**
2015 919koz

Joint ventures – refined
Actual
2016 **773koz**
2015 816koz

Total operating cost
Actual
2016 **R57.4bn**
2015 R55.6bn

EBIT*
Actual
2016 **R4.4bn**
2015 R3.4bn restated

ROCE*
Actual
2016 **8.9%**
2015 5.8% restated

HEPS
Actual
2016 **713 cents**
2015 (48) cents restated

** 2015 normalised for impairments.*
*** The 2017 TRCFR is calculated as a 15% improvement against the 2016 performance of the continuing operations, ie excluding the divested Rustenburg operations.*

OUR EXTERNAL ENVIRONMENT

Material issue: Understanding and navigating the macro-economic environment

We firmly believe long-term supply and demand fundamentals for PGMs remain attractive, despite current price levels. Rising demand from existing applications and those being developed, as well as stimulatory measures to develop the PGM market, will support sustainable demand and will in time foster growth. To manage short-term price fluctuations, we operate our mines cost-effectively and profitably, exiting operations that are not strategic to our portfolio.

PGM DEMAND FUNDAMENTALS

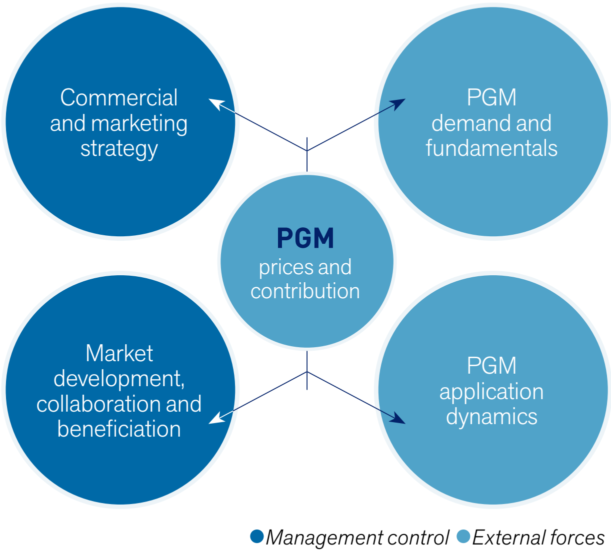
The average prices of all three major platinum group metals (palladium, platinum and rhodium) declined in 2016 from the prior year, reflecting US dollar strength, concerns over possible interest rate rises in the USA and a potential economic slowdown in China. Palladium was, nonetheless, in substantial deficit, largely due to strong Chinese car sales which provided some price support. Demand for platinum exceeded combined supply from mining and recycling, although this weakened in the second half, removing some support for prices. Rhodium was again in fundamental surplus, with vehicle manufacturers adding only marginally to the previous year's demand. Overall, sentiment remains muted towards platinum and rhodium but has gradually become more favourable to palladium, helping that metal outperform its sister metals in price terms.

Platinum

Gross global platinum demand declined by 0.9% or 75koz in 2016. Gross jewellery demand fell again but investment demand remained strong while automotive demand increased despite negative sentiment on the diesel engine after 2015's emissions scandal. Industrial demand also grew strongly. Primary (mine) supplies of platinum decreased by 1.8% or 110koz in the review period and remained close to more normal levels than over 2012 – 2014. South African production changed relatively little but supplies to the market declined given lower sales of metal from stocks. Russian platinum production dropped on lower output from some alluvial producers but output increased from North American and Zimbabwean PGM mining operations. Automotive recycling flows remained weak, with low metal prices a major factor, but other recycling was boosted by higher jewellery scrap flows in China. Overall, the fundamental deficit in platinum fell to 250koz.

Palladium

Gross global palladium demand climbed by 2.4% or 220koz from last year. The automotive industry remains the major purchaser of this metal, accounting for 7.81 million ounces, up 2.9% on a year earlier, primarily due to growth in production and sales in China. Industrial demand, however, edged lower in a range of applications. Investor flows were again negative, with investors taking profits at various points throughout the year although net outflows fell to a degree.



Global mine supply of palladium changed little year on year. South African sales of metal fell, while production climbed both in Russia and in North America. Autocatalyst recycling volumes were somewhat higher than 2015 and overall supply grew by only 130koz. The annual palladium deficit consequently increased from 260koz to 350koz.

Rhodium

Gross rhodium demand grew by 3.8% or 35koz in 2016, with the automotive sector increasing its use of the metal after last year's decline. Even so, automotive rhodium demand has changed little between 2012 and last year. Glass sector demand increased strongly. At the same time, sales of rhodium by the mining sector fell by 1.3% or 10koz, largely due to a reduction in UG2 output in South Africa. Recycling flows were higher than 2015 but did not recover to 2014 levels. Overall, this meant rhodium was able to narrow its surplus from the previous year's 100koz to 65koz in 2016.

SUPPLY AND DEMAND

Platinum supply and demand

000 oz	2016	2015
Supply		
South Africa	**4,345**	4,560
Russia	**650**	670
North America	**380**	340
Zimbabwe	**480**	400
Other	**155**	150
Total primary supply	**6,010**	6,120
Autocatalyst recycling	**1,180**	1,125
Jewellery recycling	**740**	575
Industrial recycling	**30**	30
Secondary supply	**1,950**	1,730
Gross supply	**7,960**	7,850
Demand		
Autocatalyst: gross	**3,130**	3,100
Jewellery: gross	**2,390**	2,820
Industrial: gross	**2,100**	1,915
Investment	**590**	450
Gross demand	**8,210**	8,285
Deficit	**(250)**	(435)

Palladium supply and demand

000 oz	2016	2015
Supply		
South Africa	**2,555**	2,690
Russia	**2,490**	2,440
North America	**925**	860
Zimbabwe	**380**	320
Other	**120**	140
Total primary supply	**6,470**	6,450
Autocatalyst recycling	**2,050**	1,950
Jewellery recycling	**40**	40
Industrial recycling	**470**	460
Secondary supply	**2,560**	2,450
Gross supply	**9,030**	8,900
Demand		
Autocatalyst: gross	**7,810**	7,590
Jewellery: gross	**190**	200
Industrial: gross	**1,980**	2,030
Investment	**(600)**	(660)
Gross demand	**9,380**	9,160
Deficit	**(350)**	(260)

Rhodium supply and demand

000 oz	2016	2015
Supply		
South Africa	**595**	610
Russia	**80**	80
North America	**25**	25
Zimbabwe	**40**	35
Other	**5**	5
Total primary supply	**745**	755
Autocatalyst recycling	**285**	275
Gross supply	**1,030**	1,030
Demand		
Autocatalyst: gross	**780**	765
Other	**185**	165
Total demand	**965**	930
Surplus	**65**	100

PGM PRICES AND CONTRIBUTION

Platinum remained the single-largest revenue generator for Amplats, accounting for 57% of sales revenue in 2016. Palladium and rhodium accounted for 22% and 5% of 2016 net sales revenue respectively.

The average platinum market price decreased by 6.5% to USD989 per ounce with the achieved dollar basket price decreasing by 8.0% to USD1,753 (2015: USD1,905). The South African rand average rate on achieved sales weakened by 15% against the USD in 2016 (R12.71/USD to R14.63/USD), leading to an increase of 6.0% in the achieved rand basket price of R25,649 per ounce (2015: R24,203). The average palladium market price decreased by 12.6% to USD614 per ounce (2015: USD691 per ounce). The average rhodium market price fell by 34.1% to USD695 per ounce (2015: USD932 per ounce).

PGM MARKET DYNAMICS

Autocatalyst

Global light vehicle sales expanded by 4.6% in 2016 to a record of 93.2 million units. Sales were strong in Europe, North America and particularly China, where a cut in the purchase tax payable on the purchase of smaller vehicles drove overall light-duty vehicles sales over 12% higher. However, sales were weaker in a number of emerging economies, including Argentina, Brazil and Russia.

Gross automotive demand for platinum increased by 30koz or 1.0%, to its highest level since 2008. The standout performance was in Europe where strong demand for new vehicles more than offset a slight decline in the share of the diesel engine. In fact, the number of diesel cars sold in Europe rose and loadings increased too. More negatively, diesel's share of the Indian car market fell and North American heavy-duty diesel demand for platinum was weaker than expected. Automotive demand for palladium again moved higher to 7.81 million oz as increased vehicle production outweighed the

OUR EXTERNAL ENVIRONMENT continued

ongoing effects of thrifting. Strong growth in Chinese car sales, driven by domestic stimulus efforts, was the major factor. In fact, despite some growth in palladium demand in Europe and Japan, China alone took 300koz more metal than in the previous year. Gross automotive rhodium demand edged up 2.0%, with higher global car production outweighing the impact of slower thrifting of this metal.

The outlook for the diesel engine remains a key factor after the emissions scandal in 2015. Diesel share has fallen in Europe but only in line with prior expectations as the smallest vehicles move away from this technology where it is least economically attractive. Catalyst loadings edged higher in 2016 but could fall in 2017 before rising again as the later stages of new, tougher European emissions rules, Euro 6, are phased in. While electric vehicles of all types – both battery and their fuel-cell equivalents – are making technological headway and receiving copious media coverage, diesel is still extremely important for light-duty and, more particularly, heavy-duty vehicle manufacturers and is likely to retain a strong position among larger vehicles.

Jewellery

Gross global jewellery sector purchasing of platinum fell for a second year in 2016, dropping by 15.3% or 430koz. The major negative factor was slowing jewellery sales – for both gold and platinum – in China, the single-largest jewellery purchaser of platinum. A decrease in the availability of credit to jewellery retailers and manufacturers combined with relatively weak consumer spending to send consumer purchases of all types of jewellery lower. Where retailers preserved high margins on platinum, sales performance was positive but this metal lost some ground where margins came under pressure. We believe there may be some scope for a rebound in demand in 2017 but do not anticipate a rapid return to 2012 – 2014 levels.

Outside China, there were some positive indicators for jewellery demand. In India, the platinum Evara brand continues to perform well, demonstrating the success of Platinum Guild International's approach to marketing in this country, although sales were affected at the end of the year by the decision to withdraw high-denomination bank notes from circulation. Looking forward, we anticipate considerable potential for further demand growth here, although the recent demonetisation process is likely to pose a short-term headwind.

Elsewhere, North American demand expanded, reflecting strong economic growth and returning consumer confidence in the USA in particular.

Industrial

Demand for platinum from other industrial applications was healthy in 2016, growing by 185koz or 9.7%, much faster than the pace of global economic growth. The glass manufacturing sector again took more metal than a year earlier but other industries purchased more platinum too. Although still relatively small, demand for platinum in fuel cells continues to grow, exceeding the 50koz level last year. In the short term, much of this demand is from using fuel cells in niches such as telecommunications back-up power or forklift trucks. However, there are also positive signs of growing demand now and in the future from the transport sector including the launch of a number of semi-commercial fuel-cell vehicle models. A further example comes from China where fuel-cell vehicles seem likely to play an increasingly important role alongside battery electric vehicles. In the short term, subsidies for fuel-cell buses are driving strong interest in this technology. Over the longer term, China has targets for a million fuel-cell cars to be sold annually by 2030, which would generate significant platinum demand if achieved.

Industrial demand for palladium fell slightly in 2016, by 50koz or 2.5%, partly due to thrifting in electronic applications. Rising demand for rhodium from the glass sector helped boost industrial and other demand by 20koz to 185koz.

Investment

Investment demand for PGMs includes physically backed exchange-traded fund (ETF) holdings and the purchase of physical metal products such as bars and coins. Net investment demand for platinum was healthy, at close to its five-year average, and grew by 31.1% or 140koz compared to the prior year. ETF liquidation slowed and even reversed: US dollar strength meant that the platinum price provided some interesting buying opportunities in many currencies. Significantly, Japanese investors bought a net 500koz of platinum. Platinum's continuing discount to gold and low absolute price in yen terms kept consumers very keen buyers for a second year. Work by the World Platinum Investment Council to improve product availability has supported demand for physical products in a number of countries.

ETF flows were the dominant factor in palladium investment demand. As the palladium price firmed in US dollar terms, and even more in a number of other currencies, this provided an opportunity for profit taking and ETF investors reduced their holdings by a net 590koz over the year. Investment demand for rhodium and the minor metals was boosted by improved product availability although net rhodium investment flows were negative.

Market development, collaboration and beneficiation

Anglo American Platinum's global PGM market development initiatives are focused on offsetting the risk of lower demand in existing segments through a mix of marketing efforts in existing or near-term applications and targeted market development in longer-term growth areas, such as fuel cells, hydrogen and clean energy. South African beneficiation objectives form part of our broader market development activities.

The company invests in market development and beneficiation across a number of demand segments, using a range of appropriate approaches summarised below.

Global and local development of platinum jewellery markets is carried out through the Platinum Guild International (PGI) which is funded by Amplats and other primary PGM producers. The PGI is focused on a number of important markets, including China, India, Japan and the USA, where it promotes platinum jewellery by working with designers, manufacturers and retailers.

Development of investment demand for platinum is led by the World Platinum Investment Council (WPIC), an industry body funded by a number of platinum producers including Amplats. Achievements in 2016 include partnering with Valcambi, a Swiss refiner, to increase the availability of physical investment products, the UK's BullionVault to offer vaulted products, and Mitsubishi UFJ to stimulate further Japanese demand for platinum through an ETF.

As part of ongoing investments in securing future markets for its metals, Amplats also operates the PGM investment programme. This uses a venture capital type approach to provide start-up or early-stage capital to companies working on commercialising technology that uses or enables the use of PGMs. Many of these investments have focused on hydrogen, fuel cells and clean energy.

In 2016, we invested in US-based Greyrock Energy, which is developing and commercialising gas-to-liquids technology used to produce clean fuels from stranded or flared gas. As emissions regulations in the USA and elsewhere limit methane flaring, Greyrock's technology can help companies comply with regulations and monetise stranded gas. Amplats also invested in United Hydrogen Corporation, based in the US, which supplies low-cost hydrogen, a critical issue for fuel-cell vehicles.

Previous investments include Altergy Systems (stationary fuel cell products for standby power in the telecommunications market), Ballard Power Systems (proton exchange membrane fuel cell products for markets such as heavy-duty motive, portable power, material handling), Hydrogenious Technologies (low-cost storage and distribution of hydrogen in a liquid organic hydrogen carrier) and Food Freshness Technology Holdings (ethylene scavenger product to slow the ripening process of fruits, allowing for extended shelf life and reduced wastage).

We also continue to work on areas aiding the widespread commercial adoption of fuel cells and hydrogen in the transport sector and other sectors. This involves a range of activities from investing in companies that address specific market failures through the PGM investment programme, to engaging with governments across the world to ensure a fair regulatory environment for these technologies, and assisting in demonstration programmes where appropriate.

Where possible, we aim to integrate this demand stimulation with developing skills and capacity building in South Africa. In the jewellery sector, this year's PlatAfrica competition sought to provide opportunities for successful South African jewellery designers to have their designs manufactured and sold in the Indian market. Together with Rand Refinery, we continue to provide a metal financing scheme to local jewellery manufacturers for working capital requirements. We also see an opportunity to position South Africa both as a market and as a manufacturing location for fuel-cell products. The creation of a fuel-cell industry, along with manufacturing, installation and maintenance jobs, is aligned with the national development plan and government's industrial development priorities. As an example, we worked with partners, including a number of South African government departments, on a 28-month field trial of a fuel-cell mini-grid system in Free State province. This trial has now ended and the community has been connected to the main electricity grid while the results of the trial will be used to improve the design and reduce the costs of next-generation power systems, supporting commercialisation of this technology.

OUR APPROACH TO RISK MANAGEMENT AND OUR TOP RISKS

GROUP RISK FRAMEWORK

Identifying and managing risk is critical to our business in a changing world. In addition, an integrated risk management framework ensures the effective governance of operational and strategic risks. We define risks as situations or actions with the potential to threaten our ability to deliver on our strategic priorities and, ultimately, to create value.

Our assessment of strategic, operational and project-related risks follows four well-defined processes:

- Identifying risks
  - We use a robust methodology to identify key risks across the business, operations and projects. This is applied consistently through the development and ongoing implementation of the Anglo American group integrated risk management standard
  - Operations identify risks by function and this information is consolidated and considered by the Amplats executive committee and audit and risk committee where risks are compared and aligned to those identified at strategic level.
- Analysing risks and controls to manage identified risks
  - Once identified, the process evaluates identified risks to establish root causes, financial and non-financial impacts and likelihood of occurrence
  - Risk treatments are considered to create a prioritised risk register and determine which risks should be prioritised
  - External views are also considered – including risks identified by our customers, investors and the market.
- Determining management actions required
  - The effectiveness and adequacy of controls are assessed. If additional controls are required, these are identified and responsibilities assigned.
- Reporting and monitoring
  - Management is responsible for monitoring progress on mitigating key risks and determining if the risk is operating within the limits of our risk appetite
  - Management is supported by internal audit programme, which evaluates the design and effectiveness of controls
  - The risk management process is continuous; key risks are reported to the audit and risk committee, with sustainability risks also reported to the sustainability committee.

We aim to embed the process of identifying risks so that it becomes part of everything we do, to achieve the full scope of risk management.

OPPORTUNITIES

Identifying associated opportunities is integral to this process. Our business model (page 10) and review of our external environment (page 26) elaborate on how we leverage opportunities to ultimately create value.

CATASTROPHIC RISKS

We also face certain risks that we deem catastrophic. These are very high severity/very low likelihood events that could result in multiple fatalities or injuries, an unplanned fundamental change to strategy or the way we operate, and have significant financial consequences. We do not consider likelihood when assessing these risks as the potential impacts mean they must be treated as a priority.

RISK APPETITE AND TOLERANCE

The concept of risk appetite guides our risk management activities. It enables the executive committee and board to establish a baseline level of risk the company is willing to accept, and evaluates the likelihood and impact of certain threats. We look at risk appetites from the context of severity of consequences should the risk materialise, any relevant internal or external factors influencing the risk and the status of management actions to mitigate the risk. Risk tolerance refers to the amount of risk Amplats is able to withstand. Both are core considerations in determining our strategy.

The heat map positions (below) identify risks relative to our appetite. Our actions to manage risks are detailed on pages 31 to 33.

Primary impact on operational excellence

Primary impact on capital excellence

Primary impact on commercial excellence

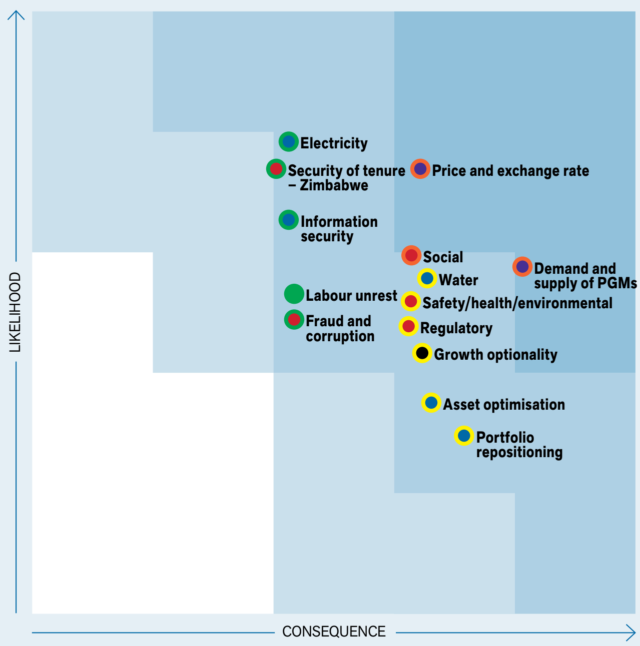
Primary impact on people excellence

Primary impact on sustainability excellence

Within risk appetite

Within risk appetite – the high consequence rating requires close monitoring

Within risk appetite but has the potential to exceed it – urgently complete actions



On the following pages, we summarise key risks facing the business, our mitigating strategies and where these risks fit in with our strategic priorities.

Strategic priority	Risk	Mitigating actions
Operational excellence Reposition to a value-maximising portfolio. Safe and effective management of assets, targeting industry-leading productivity and cost performance.	**Inability to successfully reposition the portfolio to yield improved margins and returns** Repositioning our portfolio will allow us to exit assets that no longer fit with our strategy, and optimise and grow those that do. By focusing on mainly mechanised operations and open-pit mines, we can reduce our costs, improve safety performance, increase returns and maintain portfolio diversification. Our success in this process will help define the Amplats of the future.	▪ Divestment programme, complete sales process at Union, Bokoni and Pandora ▪ The board regularly monitors progress of individual transactions ▪ Employees appointed to relevant work streams.
	Failing to realise operational potential Delivering the full potential of retained operating assets by meeting productivity targets and successfully implementing the operating model.	▪ Deliver value by rolling out the operating model ▪ All optimisation initiatives tracked and reported ▪ Operational risks assessments conducted and mitigation actions in place.
	Cost and quantum of electricity supply Although adequate mitigations are in place to address the operational consequences of planned or unplanned power outages, longer-term supply limitations and the escalating cost of electricity are concerns.	▪ Short-term energy management strategy mitigating production impact of load curtailment ▪ Investigating various ways to secure independent power generation.
	Constrained/disrupted water supply Southern Africa is a water-stressed region. Water is essential to our operations and we are exposed to constrained or disrupted supply.	Short-term water management strategy mitigating interruptions. Other initiatives include: ▪ Operational shift to non-potable process water ▪ Assistance and technical support to local and regional water authorities ▪ Participating in longer-term supply initiatives.
	Failing to adequately protect data and information from leakage or attack Cyber breaches such as phishing, spoofing and hacking attempts could lead to loss of sensitive data or financial loss.	▪ Existing capabilities are being extended to include monitoring high-risk assets and advanced network monitoring technologies ▪ Implementing augmented detection capabilities.
Capital excellence Structured and sustainable capital allocation model. Ensuring efficient investments and effective execution of value-accretive projects – on time and budget.	**Unlocking growth options** Retaining our options to grow in line with market demand, supported by balance sheet strength.	▪ Portfolio management strategy revised and optimised ▪ Rigorous selection processes applied to capital allocation ▪ Rigorous selection processes applied to stay-in-business capital allocation.

OUR APPROACH TO RISK MANAGEMENT AND OUR TOP RISKS continued

Strategic priority	Risk	Mitigating actions
Commercial excellence Enhance returns by growing PGM demand and capturing a greater share of end-user spend.	**Price and currency volatility** Price uncertainty remains as global economic environments contribute to weak commodity prices, compounded by volatility in the South African exchange rate and its impact on profitability (cost and revenue).	▪ Strategy to position Amplats into high-cost curve ensuring sustainable return ▪ Regularly updated economic analysis and commodity price assumptions to management ▪ Continued focus on cost control and cash generation.
	Future demand and supply of PGMs Future demand for PGMs is at risk from a potential decline in combustion engine vehicle manufacturing, technological developments resulting in battery electric vehicles competing with hydrogen fuel-cell electric vehicles and secondary supply from recycling.	▪ Investigating multiple demand segments to reduce risk through marketing and stimulating demand ▪ Invest in new PGM technologies, leveraging Amplats' footprint to add value.
People excellence Enable operations to deliver their full potential through our people by ensuring we have the right people in the right roles doing the right work, and who are efficient, effective and engaged.	**Labour unrest** Labour unrest that leads to stoppages, strike action and violence has a significantly negative effect on our business, and the ability to stop production, while stabilising, the labour climate remains volatile in South Africa.	▪ Actively engaging with our employees and labour unions to rebuild a relationship of trust ▪ Three-year wage agreement with labour in place until mid-2019.
Sustainability excellence To enable a sustainable business, create a zero-harm environment in our operations and build leading community and stakeholder relationships around our operations.	**Employee safety** Although safety performance in terms of fatalities has deteriorated during the year, zero harm remains the ambition. Inability to deliver a sustained improvement in safety performance will result from a failure of management interventions and training initiatives to translate into behavioural change by all employees and contractors.	Various safety initiatives emphasise our commitment to zero harm: ▪ Executive management has a relentless focus on safety improvement and safety risk management ▪ Operating standards and guidelines are in place to mitigate safety risk, supported by robust risk management and risk assurance processes ▪ Moving to mechanised mining methods will eliminate many safety risks.
	Employee health Delivering a sustained improvement in the health of our employees.	▪ Various programmes are addressing employee wellness, including proactive initiatives focusing on TB and HIV ▪ Occupational disease monitoring system in place and case management.
	Uncontrolled discharge (water, gases, hydrocarbons and waste) A catastrophic release from one of our sites could have material safety, environmental, legal/regulatory, financial and reputational consequences for the business.	Measures instituted to ensure that controls are adequately designed, in place and performing as expected.

Strategic priority	Risk	Mitigating actions
Sustainability excellence continued	**Social unrest** If local communities actively oppose the existence of our operations, our ability to conduct our activities could be threatened. In South Africa, there are rising levels of dissatisfaction in communities on social delivery, unresolved legacy issues, and a less-than-expected benefit from mining.	▪ Implemented social strategy: regional socio-economic development strategy, social risk and impact management, increase community and employee ownership ▪ Innovative developmental initiatives in place.
	Regulatory requirements, uncertainty and compliance Changing regulatory requirements in South Africa, specifically mining charter amendments, increase the risk of non-compliance and failing to deliver on our social and labour plans (SLPs). Non-compliance could result in fines/penalties, production interruptions from section 53 and 54 notices issued by the regulator. Changes to land, water and environmental legislation and the broader developmental role expected of mining create uncertainty.	▪ Participating with the Chamber of Mines and in regional development forums ▪ Responsibility for SLP infrastructure project execution allocated to our projects department which has the skills to manage large infrastructure projects. We focus on ensuring compliance with internal standards, and ensure these are aligned to regulatory compliance ▪ Engage government and policy makers proactively while policy is being developed.
	Concerns on security of tenure The legal protection of our assets in Zimbabwe is a concern, as are increased taxes and beneficiation demands on our products despite power, throughput and cost constraints.	▪ Implementing solution for beneficiation ▪ Engagement through the Chamber of Mines and lobbying through the South African and Zimbabwean governments.
	Fraud and corruption Increased exposure to corrupt practices within society as well as greater pressure to engage in fraud and corruption during a challenging economic climate.	▪ Business integrity programme provides greater awareness of corrupt practices and corruption risks ▪ Roll out of code of conduct across the organisation. ▪ The company has a zero tolerance approach and does not tolerate any such practices, including facilitation payments.

STAKEHOLDER ENGAGEMENT AND ISSUES

Material issue: Managing stakeholder expectations and maximising community benefit

Engaging with stakeholders – those who may be affected by, or have a positive or negative effect on our company – is central to achieving our strategy. These stakeholders are diverse – investors, analysts, employees, trade unions, customers, business partners, municipalities, government, NGOs, educational institutions, local communities, communities in labour-sending areas, media, environmental groups, supply-chain partners and joint-venture partners. They also are at different scales – local, regional, national and international.

Effective stakeholder engagement across this spectrum is essential to our strategic objectives. Our business needs to connect with society at large and our host communities in particular if we are to succeed.

As reported last year, we have revised our social strategy to ensure we build lasting, mutually beneficial relationships and restore the trust between Amplats and certain stakeholders. One of the key value levers in this strategy is the quality of engagement and relationships. Society is increasingly demanding this of business.

We believe it is right for society to require us to engage with stakeholders on our business intent and approaches. Equally, when done honestly and openly and in line with our values of care and respect, it potentially offers great rewards to our business.

Business as a whole has always faced a somewhat fractious relationship with societal stakeholders and Amplats is no different.

This relationship is often marked by scepticism and cynicism. At worst, resentment can lead to unrest, as in 2015. In 2016, there were fewer incidents of unrest. However, we are under no illusion that the situation can change quickly. It is a process – one of forging a more open and proactive engagement with our stakeholders.

Building on our clearer strategic intent for engagement and relationships, in 2016 we updated our 'maps' of stakeholders from 2013. We identified who these stakeholders were, what issues they had with our business, how we interacted with them, how they wanted us to interact with them, and how they linked to each other.

This information enables us to more fully understand the impacts stakeholders are concerned about – both actual impacts and, almost more importantly, perceived impacts. It also enables us to consider and increasingly involve stakeholders in our decision making. Specifically, it enables us to start integrating stakeholders in our work initiatives.

Our stakeholders remain partners in development. In 2016, we have taken a new approach through regional socio-economic development work in Limpopo to realise this. This work will increasingly involve government, other businesses and organisations and, of course, local communities.

OUR STAKEHOLDER ENGAGEMENT STRATEGY: IN A NUTSHELL

Strategic intent	Strategic objectives	Progress in 2016
Effectively engage with stakeholders in obtaining the right to, and support for, safe and profitable platinum mining.	Delivering stakeholder-specific engagement programmes, appropriately conceptualised, implemented and evaluated. Strengthening our reputation through profiling and thought leadership. Mitigating social risk and crisis preparedness.	Engagement continued with stakeholders proactively and one on one on key issues that impact them, seeking advice and guidance when necessary.* Limpopo regional socio-economic development initiative and delivery platform continued with government, business, NGOs and research organisations. Efforts in 2016 saw our communications team undertake a new community communication initiative to make local communities much more aware of the activities of the business and the operations and opportunities linked to them. Tracking of social risks continue with additional effort on human rights requirements and putting in place governance and management controls on all the other identified risks.
Build a reputation for consistent and reliable delivery on commitments to stakeholders.	Being a partner of choice.	Anglo American commitments guidance developed. New and outstanding commitments undertaken in line with group guidance.
Become a partner of choice in integrated and sustainable local economic development in provinces where we operate.	Quality, standardised and effective engagement with all stakeholders.	We have created several forums for engagement around our operations. We have increased the amount of time we spend with our communities through community engagement forums.

** Major issues in 2015 included: Financial crisis in the platinum sector; sales process for existing mines.*

Our site and corporate teams develop stakeholder engagement plans for the year. Engagements with our stakeholders are both formal, in line with each plan, and informative as required. While engagements vary greatly in nature, broadly, they allow us to:

- Understand stakeholder needs, expectations and concerns
- Explain issues we as a company face as well as limitations we may have to address those needs, expectations and concerns
- Respond to concerns and provide updates on progress in resolving them
- Explore how we can maximise the socio-economic opportunities Amplats can contribute.

Key issues in the review period and our responses are summarised below:

Stakeholder	Issue	Response
Department of Mineral Resources (DMR)	Twickenham project was issued a notice under the MPRDA (section 47) for non-compliance with the local economic development component of its social and labour plan	Amplats responded by supporting key stakeholders and has made progress in addressing the non-compliances. We continue to engage with the DMR Limpopo region.
Recognised unions	Wage negotiations	Amplats engaged with the unions on a new wage agreement. Through negotiation, industrial action was avoided and a three-year agreement reached with the Association of Mineworkers and Construction Union (AMCU) retrospectively from 1 July 2016. This agreement was then extended to the National Union of Mineworkers (NUM), the United Association of South Africa (UASA) and non-union affiliated employees in line with the terms of section 23 of the Labour Relations Act 66 1995.
Host communities around our mines		
Mogalakwena	The Mapela task team was established in 2015 after community protests. The South African Human Rights Commission (SAHRC) verified villages with the task team Ga-Sekhaolelo community, represented by David Moselakgomo, had written to parliament in September 2014 about the relocation agreement between the community and Amplats	The SAHRC and task team completed the verification process in 27 villages. The executive committee of the task team has been established and formally introduced to key stakeholders, Kgoshi Langa, the 32 headmen in Mapela, the municipality, NGOs operating in the area as well as the DMR. Amplats took all concerns raised by its host communities seriously and supported submissions made to the hearing. We also assisted the select committee on petitions and executive undertakings in resolving issues raised in the letter of complaint. We outlined our support for various initiatives that contribute to the socio-economic upliftment of communities around our mines. We also responded to parliament by submitting the signed agreement for the Ga-Sekhaolelo relocation.
Process division	The community leadership forum (CLF) from Photsaneng, Mfidikwe, Bokomoso, and Thekwana engaged Amplats on environmental emissions and associated monitoring. The CLF indicated that newspapers and text messages were not sufficient to ensure awareness of emission activities at the process operations	Amplats agreed with CLF that a combined process environmental engagement committee will be formed to meet periodically and address process-related environmental issues.
Twickenham	Retrenched employees marched to the mine and handed over a memorandum about mechanisation and its impact on jobs in the area	The general manager hosted a joint stakeholder update for all nine local traditional leaders and their representatives, two local mayors' representatives, six affected ward councillors, local South African Police Service managers and representatives from other key local stakeholders.
Amandelbult	Department of Small Business Development visited the mine to initiate collaborations on enterprise development	The initiative will help Amandelbult receive grants to develop small, medium and micro-enterprises (SMMEs). A memorandum of agreement to collaborate with the department has been signed on 1 February 2017.
Unki	Indigenisation	Ongoing engagements on the approved indigenisation implementation plan.

STAKEHOLDER ENGAGEMENT AND ISSUES
continued

Stakeholder	Issue	Response
Provinces		
Limpopo	Premier's employment and growth advisory council, under the integrated infrastructure technical working group. This is co-chaired by the MEC of provincial treasury and Amplats' CEO	Our CEO has detailed our commitment to government and appointed a senior project manager to oversee all infrastructural projects where we are collaborating with government. The CEO holds quarterly sessions with the advisory council and all infrastructural government departments to find ways of unblocking stalled projects. At the end of the review period, the co-chairs report back to the Limpopo premier.
	Spatial socio-economic development	Continuous engagement with the Limpopo office of the premier to collaborate on projects that are sustainable beyond the life of the mine. Memorandum of understanding signed with Department of Small Business on facilitation and collaboration across a spectrum of initiatives. Similar memoranda signed with a number of other partners to date.
Municipalities		
Feta Kgomo-Tubatse	Building a mutually beneficial relationship with our local government is critical for Amplats	The social performance team presented the Twickenham and Der Brochen social and labour plans as well as the Limpopo regional strategy to the new Feta Kgomo-Tubatse mayor and his team. Our efforts were applauded for being the first company to present its plans. The mayor made a commitment to support Amplats in its endeavour to deliver on social and labour plan objectives.
Mogalakwena	Water shortage remains a challenge in Mapela and communities continuing to request assistance from the mine	The mine is supplying water to the community of Mapela at a monthly cost of about R3 million. It has donated 11,000 5ℓ bottles of water to Operation Hydrate. This donation benefited the communities of Gamokaba, Machikiri, Ga-mabusela, Ga-molekane, Ga-chaba, Skimming, the home of the frail and aged in Mokopane, orphans and crèche in Ga-mabusela.
Thabazimbi	Thabazimbi municipality remains under administration, and the sheriff of the high court has attached certain assets. Some communities are not receiving any municipal services, and many residents have now turned to the mine for assistance	Amplats continues to support the municipality and limit the negative impact both on its employees and municipal residents. This included supporting maintenance of essential services such as water and sanitation.
Government of Zimbabwe	Beneficiation requirements	The effective date for the proposed 15% tax on exporting concentrates was deferred to 1 January 2018. Construction of a smelter at Unki in compliance with beneficiation requirements is progressing, with construction expected to be complete in the second half of 2018.

DIRECT VALUE ADDED TO SOUTH AFRICA

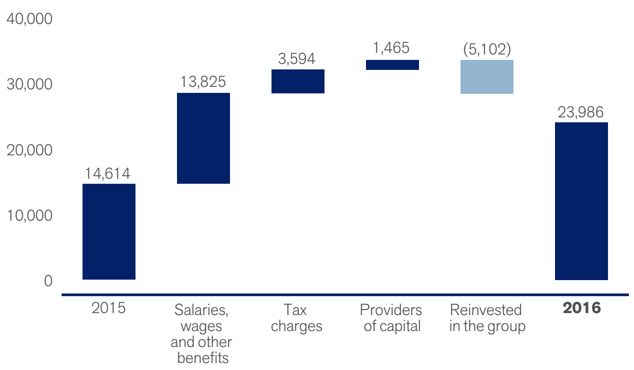
Value added statement for the year ended 31 December 2016

	2016 R million	%	2015 R million restated	%
Value added				
Net sales revenue	**61,960**		59,815	
Less: Purchase of goods and services needed to operate the mines and produce refined metal, including market development and promotional expenditure	**(34,346)**		(26,661)	
Other net expenditure*	**(1,431)**		(11,460)	
Value added by operations	**26,183**	**109**	21,694	148
Losses from investments net of interest received**	**(2,197)**	**(9)**	(7,080)	(48)
	23,986	**100**	14,614	100
Value distributed				
Salaries, wages and other benefits	**13,825**	**58**	15,539	106
Tax charges	**3,594**	**15**	3,545	24
Taxes borne and collected	**3,749**		3,476	
Other tax costs	**(155)**		69	
Providers of capital	**1,465**	**6**	1,390	10
Interest paid	**1,421**		1,269	
Dividends	**44**		121	
Total value distributed	**18,884**		20,474	
Reinvested in the group	**5,102**	**21**	(5,860)	(40)
Amortisation and depreciation	**4,667**		5,281	
Accumulated profits/(losses)	**435**		(11,141)	
	23,986	**100**	14,614	100

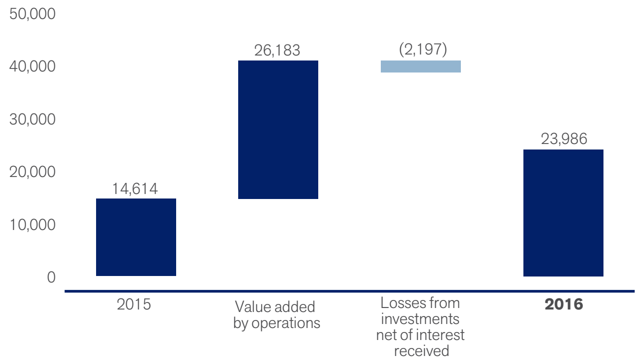
* *Includes loss on scrapping of assets of R22 million (2015: R10,242 million).*
** *Includes impairments of investments and loans of R394 million (2015: R6,649 million).*

To support our BBBEE goals, we have entered into a number of empowerment transactions and joint ventures. One such initiative, project Alchemy, was designed to provide direct participation in the company by local communities. For an overview of the progress of the project, see the timeline that follows.

Value distributed
R million



Value added
R million



FINANCIAL REVIEW

Ian Botha *Finance director*

2015 RESTATEMENT

Shareholders are advised that the company has released restated group financial results for the year ended 31 December 2015 and half year ended 30 June 2016. The restatement arose from a correction of the exchange rate used for the translation of Unki Mine's depreciation from USD into ZAR; a correction of the valuation of work-in-process and finished goods metal inventory and a correction of the proportionate consolidation of a joint venture. Anglo American Platinum corrected these as material prior period errors on the basis of the aggregated impact and restated the company's prior period financials. A detailed analysis on the impact of these restatements is contained in note 52 of the financial statements. The five year review set out on pages 46 and 47 incorporates the corrections in the years they arose.

OVERVIEW

The company has achieved significant key strategic successes in 2016 while operational performance continued to improve.

The repositioning and restructuring of the company continued in 2016 with the successful completion of the sale of Rustenburg mines to Sibanye Gold on 1 November 2016, Twickenham project was placed on care-and-maintenance from 1 July 2016 while Modikwa JV and Bokoni, an associate, completed operational restructuring at their mines. Overhead reduced R0.7 billion from 2015 and an annual run-rate saving of R1.0 billion was achieved in the fourth quarter of 2016.

The company also signed agreements to dispose of long-dated mineral resources within the Amandelbult mining right and surface properties above and adjacent to the resource to Northam Platinum for a cash consideration of R1.0 billion and to sell its 42.5% interest in Pandora to Lonmin for a deferred cash payment of a minimum of R400 million and maximum of R1.0 billion over six years. The Pandora transaction includes a rental agreement for the use of and full operational control of Lonmin's Baobab concentrator for a three-year period. The proceeds on sale of the Amandelbult mineral resources will be used to repay debt.

In addition, during 2016, the company concluded a broad-based black economic empowerment (BBBEE) transaction for its Amandelbult chrome plant, granting 26% of the equity to its BBBEE partners. An upfront consideration was received by the company, which is less than the fair value of the equity granted. The remaining consideration was settled through vendor financing assistance provided by the company. This transaction therefore resulted in the company recognising R156 million in the form of an IFRS 2 (share-based payment) charge which impacted both basic and headline earnings for the full year to 31 December 2016. This is a one-off charge calculated on conclusion of the transaction.

As part of the company strategy to strengthen the balance sheet, Amplats engaged a key customer to advance a prepayment for future guaranteed delivery of metal. The deal is structured over five years with an initial payment of USD250 million, USD153 million (R2.0 billion) became due and payable in the last quarter of 2016 and contributed significantly to the reduced working capital and net debt at year end. The remainder of the payment will be received in quarter one of 2017. The transaction is cost neutral to the company.

The company signed a three-year wage agreement with the Association of Mineworkers and Construction Union (AMCU) through a constructive process. We believe this outcome is both fair to employees and ensures a sustainable future for our business. This agreement was extended to the National Union of Mineworkers (NUM), United Association of South Africa (UASA) and non-union affiliated employees in terms of section 23 of the Labour Relations Act 66 1995.

The company announced the completion of the sale of Rustenburg operations to Sibanye Rustenburg Platinum Mines Proprietary Limited (a subsidiary of Sibanye Gold Limited) (Sibanye) on SENS on 1 November 2016. As a result basic earnings were affected in the period by a loss on disposal of these operations, calculated as R0.9 billion (post-tax). The loss on disposal did not impact headline earnings. Restated basic earnings and EPS for the comparative period are a loss of R12,358 million (R12,125 million previously) and a loss of 4,728 cents per share (4,638 cents previously).

Restated headline earnings and HEPS for the comparative period are a loss of R126 million (R107 million profit previously) and loss of 48 cents per share (41 cents profit previously). The increase in basic earnings in the period is largely due to impairments and write-offs in the comparative period of R14.0 billion (post-tax). Of these impairments, R1.8 billion impacted headline earnings. In addition, higher restructuring costs in the comparative period of R850 million (post-tax) impacted both basic and headline earnings.

Headline earnings increased to R1.9 billion in 2016 from the restated loss of R126 million in 2015. This reflected favourable foreign exchange movements, operating and overhead cost reduction, lower restructuring costs and impairments in the comparative period. As a result, headline earnings per share rose to 713 cents in 2016 from a loss of 48 cents in 2015.

Profit attributable to ordinary shareholders increased to R632 million from a restated loss of R12.4 billion in 2015, resulting in 241 cents per share compared to a restated loss of 4,728 cents per share in 2015. Included in both periods are abnormal events and one-off costs. On a normalised basis, excluding the loss on disposal of Rustenburg in 2016, impairments and restructuring costs in both years, profit attributable to ordinary shareholders increased to R3.0 billion from a normalised R0.6 billion in 2015.

Included in both periods are abnormal events and one-off costs. On a normalised basis, excluding the loss on disposal of Rustenburg in 2016, impairments in 2015 and restructuring costs in both years, profit attributable to ordinary shareholders increased to R1.9 billion from a normalised R1.0 billion in 2015.

For a more comprehensive account of the company's financial position and performance, this review should be read in conjunction with the annual financial statements for 2016.

FINANCIAL PERFORMANCE

The key financial indicators underpinning our operating performance in the past year were:

R million	**2016**	2015	% change	2014
Net sales revenue	**61,960**	59,815	4	55,612
Cost of sales	**56,096**	54,584	(3)	53,320
EBITDA	**9,096**	(1,601)	668	5,394
EBIT	**4,429**	(6,882)	164	409
Headline earnings	**1,867**	(126)	1,582	492
Cash generated from operations	**13,595**	10,942	24	7,876
Capital expenditure excluding capitalised waste stripping and interest	**3,398**	3,747	(9)	5,754

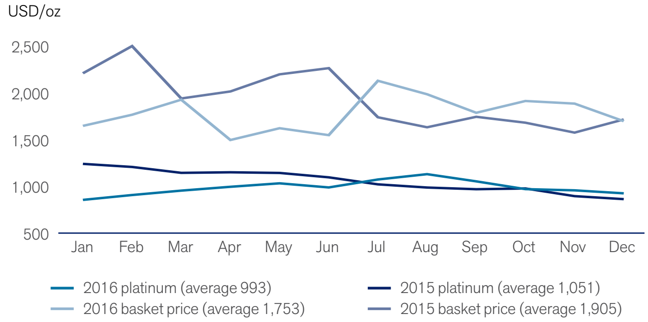
Cost of sales, EBITDA, EBIT and headline earnings restated for 2015 and 2014.

Revenue

Net sales revenue rose 4% to R62.0 billion from R59.8 billion in 2015, due primarily to the weakening of the rand/US dollar exchange rate. This was partly offset by reduced sales volumes and the decline in metal prices, particularly platinum and palladium. Refined platinum sales for the year decreased to 2,416koz (2,400koz ex-mine), down 2% on the comparative period. Sales of refined palladium and rhodium declined 4% and 1% respectively while sales of nickel increased 7%. Lower PGM sales volumes reflect lower refined production after a furnace hearth burn-through at Waterval smelter in September and subsequent rebuild in quarter 4 of 2016.

R million	**2016**	2015	% change	2014
Gross sales revenue by metal	**61,976**	59,829	4	55,626
Platinum	**35,156**	33,116	6	31,762
Palladium	**13,644**	14,222	(4)	10,966
Rhodium	**3,062**	3,772	(19)	2,902
Nickel	**3,787**	3,680	3	5,139
Other	**6,327**	5,039	26	4,857
Commissions paid	**(16)**	(14)	14	(14)
Net sales revenue	**61,960**	59,815	4	55,612

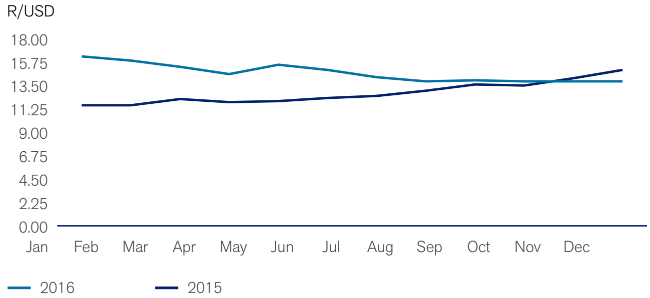
Average monthly dollar platinum and basket price



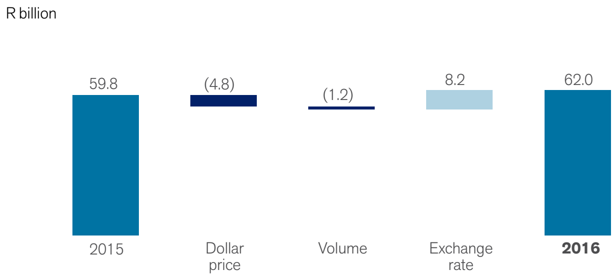
The average US dollar basket price per platinum ounce sold decreased 8% in 2016 to USD1,753 from USD1,905 in 2015. This was driven by the decrease in prices for all metals other than gold and iridium. The average US dollar sales price achieved on most metals declined, with platinum down 6% to USD993 per ounce, palladium down 13%, rhodium down 29%, nickel down 18% and copper down 8%.

The average rand/US dollar exchange rate weakened by 15% to R14.63 from the R12.71 average in the comparative period. After including the effect of the weakening rand against the US dollar, the average realised rand basket price per platinum ounce was 6% stronger at R25,649.

Average monthly exchange rate



Net revenue



FINANCIAL REVIEW continued

Cost of sales

Cost of sales increased by 3%, from R54.6 billion in 2015 to R56.1 billion. Following the sale of Rustenburg operations in November 2016, the company will have higher purchase-of-concentrate costs and lower on-mine costs due to the purchase of concentrate from Sibanye Platinum.

On-mine costs (mines and concentrators) reduced by R1.1 billion to R32.8 billion due to lower mining costs as a result of the Rustenburg exit partly offset by input inflation and increased volume at retained operations. Processing costs rose 5% or R350 million to R7.1 billion which was below input cost inflation.

Purchase-of-concentrate costs increased to R13.5 billion from R10.2 billion in 2015 due to higher volume which now includes two months of Rustenburg production as purchased metal, higher rand basket price compared to 2015 and R0.4 billion of metals purchased through marketing activity.

Other costs increased 8% to R2.8 billion from R2.6 billion in 2015. The increase in costs was primarily due to higher transport of metal costs of R247 million and additional royalty expenses of R188 million partly offset by lower expenditure on corporate office, share-based payments, exploration and research.

The company reduced its overheads by R700 million from R4.2 billion in 2015 to R3.5 billion in 2016. Operational overhead, included in on-mine and processing costs, reduced R516 million from R2.59 billion to R2.08 billion while off-mine overhead included in other costs reduced by R182 million from R1.65 billion to R1.47 billion.

The respective segments of our business have different ratios of each element, as categorised below:

%	Labour	Stores	Utilities	Contractors	Other
Underground mines	60	18	9	5	8
Mechanised mines	40	24	4	25	7
Open pit	19	53	12	4	12
Company average	40	27	14	6	13
Company average post-Rustenburg	37	29	15	5	14

Cost of sales analysis

R million	**2016**	2015*	% change	2014
On-mine	**32,812**	33,913	(3)	29,029
Processing	**7,134**	6,784	5	6,020
Smelting	**3,515**	3,403	3	3,051
Treatment and refining	**3,619**	3,381	7	2,969
Movement in inventories	**(187)**	1,029	118	2,703
Purchase of metals and trading activities	**13,518**	10,247	32	12,411
Other costs	**2,819**	2,611	8	2,805
Cost of sales	**56,096**	54,584	3	52,968

** Restated*

In 2016, the company's input cost inflation averaged 7.5% due to above-headline inflation (CPI) increases in the price of electricity, consumables and labour. This is up on the 6.9% recorded in 2015.

The cash operating cost per platinum ounce (excluding projects) was R19,545, 1% higher than the 2015 unit cost of R19,266. This is significantly less than input cost inflation and CPI, with the benefit of the reduction in operating costs and overhead. The unit cost for core operations (excludes Rustenburg and Union mines) increased by 3% to R18,755 per ounce.

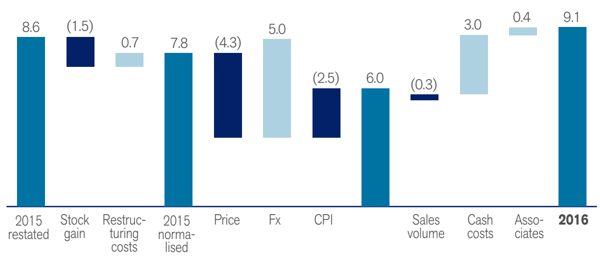
Earnings before interest, taxation, depreciation and amortisation (EBITDA)

Reported EBITDA increased by R10.7 billion to a profit of R9.1 billion from a loss of R1.6 billion in 2015 due to the prior impairment and write-off of assets totalling R10.2 billion. Normalised for 2015 impairments, EBITDA increased from R8.6 billion to R9.1 billion. Stock-count gains and restructuring costs were once-off items in both years. The 2016 stock gain was R618 million compared to R2.125 billion in 2015 while restructuring costs reduced by R654 million year on year to R342 million. Uncontrollable items, which include inflation, metal prices and the rand/US dollar exchange rate, reduced earnings by R1.8 billion from R7.8 billion to R6.0 billion, with inflation contributing R2.5 billion, weaker metal prices R4.3 billion, partly offset by the weaker rand of R5.0 billion. The company's earnings are very sensitive to price movements in the commodities we sell and to the rand/US dollar exchange rate. Every R100 change in the rand basket price realised equates to R0.2 billion of EBITDA.

Controllable items – volume and costs – contributed R3.1 billion, with sales volumes below 2015 reducing earnings by R0.3 billion. Costs, after adjusting for volume, inflation and forex, reduced R3.0 billion from 2015, including lower on-mine costs as a result of the Rustenburg sale, supported by higher income from associates of R427 million. The company's return on capital employed (ROCE) was 8.9% compared to restated 5.8%, after adjusting for scrappings, in 2015.

EBITDA waterfall

R billion



Headline earnings

Headline earnings increased to R1.9 billion compared to the restated loss of R126 million in 2015. This reflected foreign exchange movements, operating and overhead cost reduction, lower restructuring costs and impairments in the comparative period. As a result, headline earnings per share rose to 713 cents from a restated loss of 48 cents in 2015.

The group effective tax rate for the year ended 31 December 2016 was 34.3% (2015: 13.7%). This increase is partly due to changes in Controlled Foreign Company (CFC) legislation, which results in the profits of the marketing companies in the United Kingdom and Singapore being taxed at 28%. In addition, the effective tax rate is impacted by the impairment of loans and investments which do not have an associated tax effect.

Capital expenditure

Disciplined capital allocation remains a priority for the company. We continued to see benefits from improved stay-in-business capital governance, review and optimisation processes introduced in late 2014. The robust governance process prioritises safety critical and business continuity capital to be spent, therefore not hurting the business or impacting on operational maintenance costs. The company continued its strategy in 2016, with all project capital delayed until after 2017 and only projects in execution being advanced. Any new growth capital expenditure projects will only be advanced as the market demands the metal and the balance sheet allows. We are continuing studies on our high-quality/high-margin expansion projects with potential to be at the lower end of the cost curve, such as the Mogalakwena debottlenecking. Capital expenditure for 2016, excluding capitalised interest and capitalised waste stripping, declined 9% to R3.4 billion from R3.7 billion in 2015. Stay-in-business capital expenditure increased by R0.3 billion to R2.8 billion in 2016, focused on safety-critical, business continuity, value-accretive and margin improvement projects.

Project capital expenditure decreased by R0.6 billion from R1.2 billion to R0.6 billion in 2016. This was focused on Unki smelter, housing at the Unki mine, phase 5 expansions at Bathopele Mine and Rustenburg ore replacement projects.

Interest capitalised during the period decreased to R323 million from R406 million in 2015 due to lower assets qualifying for capitalisation of interest. The company capitalised costs of R1.3 billion (2015: R999 million), spent on waste stripping at Mogalakwena Mine as part of the life-of-mine plan. Waste tonnes mined increased from 77.0Mt in 2015 to 77.6Mt in 2016. In 2016, the cost of mining 38.5Mt was capitalised against a capitalisation of 32.0Mt in 2015.

R million	**2016**	2015	% change	2014
Capital expenditure, comprising:	**3,398**	3,747	(9)	5,755
Projects	**648**	1,211	(46)	1,859
Stay-in-business	**2,750**	2,536	8	3,896
Capitalised interest	**323**	406	(20)	547
Capitalised waste stripping	**1,297**	999	30	561
Total amounts capitalised	**5,018**	5,152	(3)	6,863

In keeping with our disciplined capital allocation processes and deferring all new project capital expenditure, 2017 project and stay-in-business capex is forecast at R3.7 billion to R4.2 billion and capitalised waste stripping is expected to be around R0.8 billion.

Working capital

Trade working capital decreased by R5.3 billion to R8.0 billion as at 31 December 2016 while days decreased to 49 compared with 75 restated for 2015. Through a number of initiatives, the company has managed its working capital down. Examples include creditor payment terms, where large creditor terms have been extended from 30 to 60 days, and consumable inventory management where store areas have been consolidated, minor metal sales programmes such as iridium and maintaining debtors' discipline. The increase in trade creditors was mainly due to the purchase of concentrate after the sale of Rustenburg.

	2016 R million	**Days**	2015* R million	Days	2014* R million	Days
Inventory	**16,369**	**101**	16,305	93	17,100	117
Trade accounts receivable	**1,509**	**8**	1,334	8	2,083	14
Trade accounts payable	**(9,833)**	**(60)**	(4,338)	(26)	(4,919)	(26)
Total after customer prepayment	**8,045**	**49**	13,301	75	14,264	105

** Restated*

Performance review

FINANCIAL REVIEW continued

Cash flows and net debt

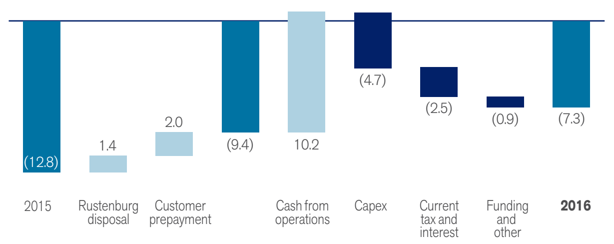
The company generated R13.6 billion in cash from operations, including the R2.0 billion customer prepayment. Underlying cash from operations therefore was R11.6 billion, which includes R342 million in restructuring costs. These cash flows were used to fund capital expenditure of R4.7 billion (excluding capitalised interest, including capitalised waste); pay taxation of R1.1 billion; settle interest of R1.4 billion to our debt providers and contribute R1.0 billion to funding our joint venture and associate operations in 2016.

R million	2016	2015
Non-current interest-bearing borrowings	**9,398**	12,124
Obligations due under finance leases	**96**	94
Current interest-bearing borrowings	**3,267**	2,209
Obligations due under finance leases within one year	**15**	14
Total	**12,776**	14,441
Cash and cash equivalents	**(5,457)**	(1,672)
Net debt	**7,319**	12,769
Total equity	**39,782**	39,244
Debt:equity ratio	**1:3.1**	1:2.7

The company's net debt position at 31 December 2016 was R7.3 billion, which was R5.5 billion lower than 2015, representing gearing of 18% (31 December 2015: 32%). The reduction in net debt was as a result of the cash generation at operations, working capital management including the R2.0 billion customer prepayment and the R1.4 billion net cash receipts for the sale of Rustenburg.

Net debt

R billion

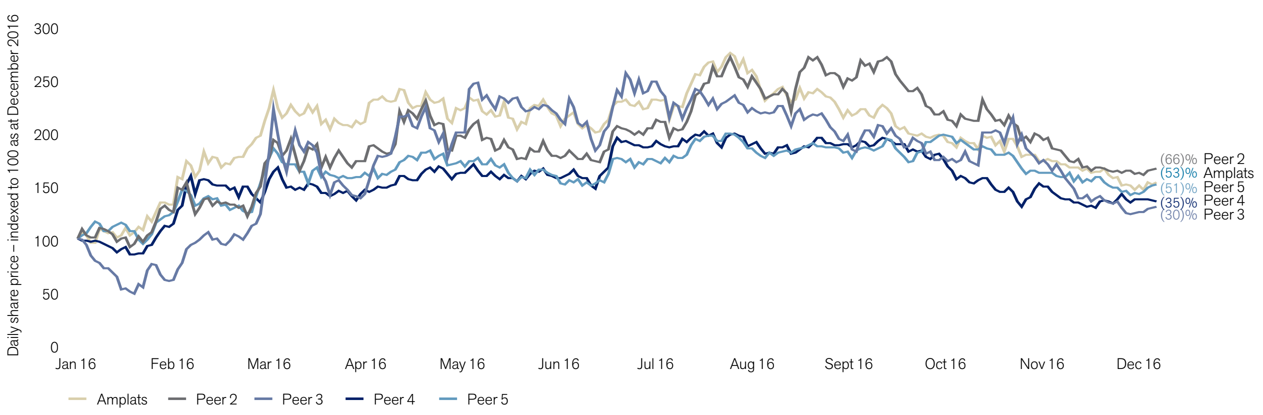


The company has two debt covenants: total net borrowings to tangible consolidated net worth; and a threshold below which tangible consolidated net worth should not decrease. In addition, there is an undertaking not to exceed a maximum value of guarantees, excluding guarantees to the Department of Mineral Resources (DMR). The company was not in breach of either of its covenants during the year and has significant headroom to meet these covenants in the foreseeable future.

As at 31 December 2016, the company had R22.3 billion in long-term committed debt facilities, of which R9.4 billion had been used. In addition, R3.2 billion of the R5.8 billion of uncommitted facilities had been drawn. The company's forecasts, taking account of reasonable possible changes in performance, indicate its ability to operate within the level of its current facilities.

For detail on the maturity profile of the company's debt facilities, refer to note 26 to the annual financial statements 2016 on our website.

Share price – relative to peers (12 months)



Investor relations activity and share price

The company has continued targeted engagement with investors and potential shareholders over the last year. Engaging with key shareholders has been important given the recent progress in completing disposals and repositioning the portfolio, settling on wage negotiations and the need to articulate our strategy. We have raised the company's profile in the USA and UK after a series of roadshows and continue to engage with our South African shareholders. While the company share price recovered from R185 at 31 December 2015 to R264 on 31 December 2016, this is still lower than the maximum share price achieved in the year. The USD platinum price continues to weigh on our share price. Our shareholder base comprises companies, individuals, pension and provident funds, insurance companies, banks, nominee and finance companies, trust funds and investment companies, and other corporate bodies. The shareholding of Anglo South Africa Capital Proprietary Limited was 77.69%.

Dividends

Reintroducing a dividend impacts part of the capital allocation model. The policy to maintain a dividend cover on headline earnings paid out of cash generated from operations, is unchanged. However, the quantum of the dividend would be subject to prevailing and expected economic conditions and funding commitments at the time of consideration by the board. Owing to the net debt position of the company and considering future funding requirements and uncertainty in global economic markets, the board decided not to declare a dividend in 2016.

SIGNIFICANT ACCOUNTING MATTERS

Adjustment to prior periods

During the second half of 2016 Amplats, together with the external auditor Deloitte, discovered errors in amounts contained in previously published results. These included a non-systemic error in the valuation calculation of metal inventory; incorrect use of the historical exchange rate for the translation of depreciation arising within a foreign operation; and incorrect elimination in the proportionate consolidation of a joint venture. Amplats corrected these as material prior period errors on the basis of the aggregated impact and restated the company's prior period financials. This was affected by a restatement of: the opening balance sheet at 1 January 2015; for the cumulative impact of these errors from prior years. The financial results for the year ended 31 December 2015; and the financial results for the six months ended 30 June 2016. A detailed analysis on the impact of these restatements is contained in note 52 of the financial statements.

The five-year review set out on pages 46 and 47 incorporates the corrections in the years they arose.

Change in estimate of quantities of inventory

During the current year, the company changed its estimate of the quantities of inventory based on the outcome of a physical count of in-process metals. The group runs a theoretical metal inventory system based on inputs, the results of previous counts and outputs. Due to the nature of in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place once per annum, except in the Precious Metal Refinery, where the physical count is usually conducted every three years. The Precious Metals Refinery physical count was conducted by exception again in 2016.

This change in estimate has had the effect of increasing the value of inventory disclosed in the financial statements by R618 million (2015 restated: increase of R2.1 billion). This resulted in the recognition of an after-tax gain of R445 million (2015 (restated): after-tax gain of R1.5 billion).

Anglo American Platinum completes sale of Rustenburg operations to Sibanye

In September 2015, the company entered into a sale and purchase agreement with Sibanye for the Rustenburg Mine, which was sold on 1 November 2016 as a going concern, for an upfront consideration of R1.5 billion and deferred consideration of 35% of the business's distributable free cash flow for six to eight years, subject to a minimum of R3.0 billion. These proceeds will be offset by funding to be provided by the company in the event of the business having a negative free cash flow between closing the transaction and 31 December 2018. This funding is limited to R267 million per annum and is pro-rated. Taking into account the latest cash flow estimates for the business, the estimated fair value of the total consideration is R2.0 billion. This excludes any economic value generated from the future purchase-of-concentrate and toll-treatment arrangements which will be recognised for accounting purposes when the benefit is received. On 1 November 2016, the net assets and liabilities of the Rustenburg operations were derecognised from our balance sheet. After taking into account the value of upfront proceeds, deferred disposal proceeds, adjustment to purchase consideration and transaction costs, an accounting loss on disposal of the Rustenburg operations of R1.7 billion (R0.9 billion after tax) has been recognised, which impacted basic earnings for the review period.

Sale of interest in Pandora

The company entered into a conditional sale and purchase agreement (SPA) on 10 November 2016 with Eastern Platinum Limited, a wholly owned subsidiary of Lonmin plc (Lonmin) to sell its 42.5% interest in the Pandora joint venture (Pandora). The consideration for this interest will comprise a deferred cash payment of 20% of the distributable free cash flows generated by Pandora over six years, with a minimum amount of R400 million; and a rental agreement for the use and full operational control of Lonmin's Baobab concentrator for a three-year period.

Following the signing of the binding sales agreement, the investment in associate was assessed separately for impairment. As such, the recoverable value of Pandora is calculated as the fair value of the estimated proceeds less transaction costs, and amounts to R192 million – resulting in an impairment of R153 million. It excludes any economic value generated from the Baobab rental agreement which will be recognised for accounting purposes at the time when the benefit is received.

Since the transaction remains subject to DMR approval in terms of section 11, the investment has not been reclassified as held for sale.

FINANCIAL REVIEW continued

Sale of out-of-plan resources at Tumela to Northam

On 11 November 2016, Amplats announced the disposal of mineral resources within the Amandelbult mining right (the resource), and surface properties above and adjacent to the resource, to Northam Platinum Limited (Northam) for a consideration comprising R1.0 billion in cash (the proceeds) and an ancillary mineral resource within Northam's Zondereinde mining right that borders Amandelbult's mining right and which provides the company with flexibility for the placement of future mining infrastructure.

The resource is long-dated and outside of Amplats' long-term life-of-mine plans and therefore does not impact any current or future mining plans. The transaction does not constrain the company's next generation options for the Amandelbult mine, which has a number of shallow and less capital intensive life extension options. The carrying value of the resource is nil. The transaction remains subject to DMR approval under section 102.

Waterval smelter furnace runout

On 10 September 2016 one of the company's furnaces suffered a leak of molten furnace matte from the Waterval furnace hearth. A preliminary assessment of the damage to the furnace has shown that a rebuild of the furnace should be brought forward, as the most prudent means of mitigating future potential operational risks.

The capital expenditure for the rebuild, of R95 million, will be capitalised. The net book value of the affected assets of R7 million was scrapped.

A claim for the rebuild has been submitted to the insurers. The insurance policy covers asset and business interruption including machinery breakdown. It insures property against all risks of physical loss, destruction, damage and electrical or machinery breakdown and against losses resulting from interruption with the business because of an insured property damage event and against extra expenses. The claim limit is USD1.5 billion. A deductible applies, which is the higher of USD5 million or USD1 million and 45 days of business interruption. At 31 December 2016 the company had received R13 million as insurance pay-out. The proceeds from the insurance policy (cost incurred by the company less deductible) will be recognised as insurance income when received.

Impairment of assets and investments

Equity investments in Atlatsa and Bokoni, and associated loans

The company has a 22.76% shareholding in Atlatsa as well as a 49% shareholding in Bokoni (which is equity accounted as an associate). The group, together with Atlatsa, has completed a technical review of the Bokoni Platinum Mine to develop a new optimised mine plan. Following the closure of Vertical and UM2 shafts and reducing headcount by a third, Bokoni is implementing this new optimised mine plan.

In light of the difficult market conditions and negative cash flows incurred by Bokoni Platinum Mine, the company fully impaired its equity interests in Atlatsa and Bokoni in 2015. A further impairment of R130 million arose in 2016 with respect to the investment in Bokoni owing to the capitalisation of funding. These write-offs are included in basic earnings but excluded from headline earnings.

Atlatsa's ability to service its debt obligations in the context of the current market conditions, where Bokoni Platinum Mine is its main source of funding, is doubtful at current PGM price levels. In 2015 the company, therefore, for accounting purposes fully impaired the various loans extended to Atlatsa to the value of R1,792 million. A further impairment of R111 million was recognised in this regard during 2016. The impairment losses arising from these loan write-offs are included in basic and headline earnings.

Equity investment in BRPM and available-for-sale investment in RB Plat

The company has an 11.68% shareholding in RB Plat and a 33% direct interest in BRPM. At present, there are no indicators to suggest that these investments should be reassessed for impairment. The share price for RB Plat has increased from R26.65 at 31 December 2015 to R35.61 at 31 December 2016. The company continued to equity account 33% of the earnings of BRPM, resulting in the carrying value of this investment rising from R3,434 million to R3,665 million.

Black economic empowerment (BEE) transaction

Atomatic, a subsidiary, holds a chrome processing plant adjacent to the Amandelbult Mine. As part of Amplats' commitment to transformation, Atomatic has issued 26% of its own shares to a BEE partner which was primarily funded by way of cumulative, non-convertible and redeemable preference shares by the company during September 2016. For accounting purposes, the shares issued by Atomatic have been treated as an option over its own equity, which resulted in a once-off share-based BEE expense of R156 million on initial recognition of the transaction.

Unki indigenisation in Zimbabwe

Following approval of its indigenisation plan, Anglo American Platinum signed a heads of agreement with the government of Zimbabwe in November 2012 that set out the key terms of the approved indigenisation plan for the company's Unki Mine investment. The proposed transaction would have resulted in the disposal of up to 51% equity in Unki facilitated through a notional vendor funded transaction.

The plan has not yet been implemented as the government of Zimbabwe has been refining its thoughts regarding indigenisation. In early April 2016, President Mugabe issued a press statement which sought to clarify the government of Zimbabwe's position on the indigenisation and economic empowerment policy. In terms of the statement, existing mining companies such as Unki would achieve compliance with the indigenisation requirements through ensuring that at least 75% of gross sales proceeds are spent and retained in Zimbabwe. The statement concluded by stating that President Mugabe had directed that the indigenisation legislation be amended to comply with this latest position. Amendments to the Indigenisation Act are yet to be made.

Project status update

Our strategy is to continue repositioning our assets into a value-optimising portfolio, positioned in the first half of the primary PGM production cost curve. As a result, Twickenham project was placed on care-and-maintenance with effect from July 2016.

POST-BALANCE SHEET EVENT

Sale of Union Mine

As part of the group's divesture initiatives, a binding sale-and-purchase agreement with Siyanda Resources (Siyanda) was signed on 14 February 2017 for the group's interest in Union Mine, which sets out the following key commercial terms:

- Initial purchase price of R400 million
- Deferred consideration of 35% of net cumulative positive free cash flow for 10 years (with an early settlement option)
- Purchase of concentrate agreement for seven years with a toll arrangement from year eight (with an early settlement option).

As a result of definitive agreements being signed, Union Mine will be considered separate from the Amplats single cash-generating unit as of this date and will accordingly be separately assessed for impairment.

Key factors that will affect future financial results

Restructuring and repositioning

Post year end, a sale agreement was finalised for Union Mine. This agreement and sale of Pandora are expected to be finalised in 2017 once conditions precedent have been fulfilled.

The sale of out-of-plan resources at Amandelbult to Northam for R1 billion in cash and a second customer prepayment for R1.5 billion will reduce debt in 2017.

Inflation and cost escalation

The company recorded input cost inflation of 7.5% in 2016. Cost inflation will remain a challenge in 2017. While some costs have been mitigated by restructuring the company and implementing various initiatives, inflationary pressures from wages which are on average 6.74% over a three-year period starting July 2016 and electricity remain. The decrease in waste capital costs at Mogalakwena for 2017 will add around R400 per ounce to unit costs as we extract more ore in 2017. Further initiatives have been identified to reduce the impact of costs on the business and we expect the unit cost per platinum ounce produced to be between R20,350 and R20,850 in the year ahead.

OUTLOOK

The company expects to produce 2.35 million to 2.40 million ounces of platinum in 2017. Capital expenditure is projected at R3.7 billion to R4.2 billion, with R2.9 billion to R3.2 billion of total expenditure being on sustaining capex. The waste-stripping capital of Mogalakwena Mine is expected to decrease to R0.8 billion in 2017.

THANKS AND ACKNOWLEDGEMENT

I thank the Anglo American Platinum finance team for its support in another demanding year as the company goes through significant change.

Ian Botha
Finance director

Johannesburg
14 February 2017

FIVE-YEAR REVIEW

R million	**2016**	2015	2014	2013	2012
STATEMENT OF COMPREHENSIVE INCOME					
Gross sales revenue	**61,976**	59,829	55,626	52,822	43,148
Commissions paid	**(16)**	(14)	(14)	(418)	(310)
Net sales revenue	**61,960**	59,815	55,612	52,404	42,838
Cost of sales	**(56,096)**	(54,584)	(53,320)	(46,332)	(41,965)
Cash operating costs	**(48,835)**	(45,729)	(42,622)	(41,555)	(37,482)
On-mine costs	**(29,615)**	(29,918)	(25,391)	(26,666)	(24,167)
Purchased metals	**(13,518)**	(10,247)	(12,411)	(10,582)	(8 ,959)
Smelting costs	**(2,834)**	(2,886)	(2,518)	(2,385)	(2,310)
Treatment and refining costs	**(2,868)**	(2,678)	(2,302)	(1,922)	(2,046)
Depreciation of operating assets	**(4,629)**	(5,215)	(4,926)	(4,824)	(4,771)
Deferred waste stripping	**–**	–	–	–	(126)
Increase/(decrease) in metal inventories	**187**	(1,029)	(2,967)	3,290	3,151
Other costs	**(2,819)**	(2,611)	(2,805)	(3,243)	(2 ,737)
Gross profit on metal sales	**5,864**	5,231	2,292	6,072	873
Other net expenditure	**(600)**	(514)	(561)	(1,094)	(224)
Loss on scrapping of property, plant and equipment	**(22)**	(10,242)	(480)	(2,814)	(6,606)
Market development and promotional expenditure	**(683)**	(800)	(827)	(450)	(420)
Operating profit/(loss)	**4,559**	(6,325)	424	1,714	(6,377)
IFRS 2 charge	**(156)**	–	–	–	–
Net gain on final phase of the Atlatsa refinancing transactions	**–**	–	243	–	–
Loss on acquisition of properties from Atlatsa Resources Corporation (Atlatsa)	**–**	–	–	(833)	–
Loss on disposal of Rustenburg Mine	**(1,681)**	–	–	–	–
Net gain on Atlatsa refinancing transaction	**–**	–	–	454	–
(Loss)/gain on revaluation of investment in Wesizwe Platinum Limited	**–**	–	–	(40)	(358)
Impairment of investments in associates	**(283)**	(4,082)	(168)	–	(105)
Impairment of non-current financial assets	**(111)**	(1,792)			
Impairment of available-for-sale in investment in Royal Bafokeng Platinum	**–**	(775)			
Net investment (expense)/income	**(1,153)**	(911)	(336)	(574)	(161)
Loss from associates (net of taxation)	**(115)**	(529)	(128)	(298)	(659)
Profit/(loss) before taxation	**1,060**	(14,414)	35	423	(7,660)
Taxation	**(364)**	1,979	(5)	(2,138)	903
Profit/(loss) for the year	**696**	(12,435)	30	(1,715)	(6,757)
Basic earnings/(loss) attributable to ordinary shareholders	**632**	(12,358)	282	(1,571)	(6,714)
Headline earnings/(loss) attributable to ordinary shareholders	**1,867**	(126)	445	1,250	(1,505)
EBITDA	**9,096**	(1,601)	5,327	6,311	(2,155)
Dividends	**–**	–	–	–	532
STATEMENT OF FINANCIAL POSITION					
Assets					
Property, plant and equipment	**38,574**	39,869	44,297	43,298	43,946
Capital work in progress	**4,892**	6,548	10,736	9,810	9,149
Investment in associates	**3,963**	3,883	7,637	6,816	6,653
Investments held by environmental trusts	**907**	882	842	732	642
Other financial assets	**3,326**	1,023	3,120	3,422	4,204
Other non-current assets	**–**	–	54	54	58
Current assets	**26,035**	20,715	22,373	24,286	20,891
Total assets	**77,697**	72,920	89,059	88,418	85,543
Equity and liabilities					
Shareholders' equity	**39,782**	39,244	49,836	49,572	49,815
Long-term interest-bearing borrowings	**9,398**	12,124	9,459	9,486	8,104
Obligations due under finance leases	**96**	94	–	–	–
Other financial liabilities	**219**	–	–	–	–
Environmental obligations	**1,938**	2,404	2,110	1,859	1,709
Employees' service benefit obligations	**17**	14	8	3	24
Deferred taxation	**7,519**	7,928	10,270	10,451	10,712
Current liabilities	**18,728**	11,112	17,376	17,047	15,179
Total equity and liabilities	**77,697**	72,920	89,059	88,418	85,543

R million	2016	2015	2014	2013	2012
STATEMENT OF CASH FLOWS					
Net cash from operating activities	**11,400**	8,264	4,645	6,078	1,889
Net cash used in investing activities	**(5,829)**	(6,064)	(7,398)	(7,013)	(7,891)
Purchase of property, plant and equipment (including interest capitalised)	**(5,018)**	(5,152)	(6,863)	(6,346)	(7,201)
Other	**(811)**	(912)	(535)	(667)	(690)
Net cash (used in)/from financing activities	**(1,786)**	(1,730)	2,793	(77)	5,880
(Repayment from)/proceeds from interest-bearing borrowings	**(1,668)**	(1,487)	3,204	(50)	6,706
Cash dividends paid	**–**	–	–	–	(532)
Proceeds of rights offer (net of costs)	**–**	–	–	–	–
Other	**(118)**	(243)	(411)	(27)	(294)
Net increase/(decrease) in cash and cash equivalents	**3,785**	470	40	(1,012)	(122)
Cash and cash equivalents at beginning of year	**1,672**	1,202	1,162	2,174	2,296
Cash and cash equivalents at end of year	**5,457**	1,672	1,202	1,162	2,174
RATIO ANALYSIS					
Gross profit margin (%)	**9.5**	8.7	4.1	11.6	2.0
Operating profit as a % of average operating assets	**7.7**	(10.2)	0.6	2.7	(10.3)
Return on average shareholders' equity (%)	**1.8**	(27.9)	0.1	(3.5)	(12.7)
Return on average capital employed (%) (ROCE)	**8.9**	(11.8)	0.5	2.3	(11.8)
Return on average attributable capital employed (%)	**9.4**	(12.2)	0.6	2.7	(12.2)
Current ratio	**1:4.1**	1.9:1	1.3:1	1.4:1	1.4:1
Debt:equity ratio	**1:3.1**	1:2.7	1:3.2	1:3.9	1:3.9
Interest cover — EBITDA	**6.4**	(1.3)	5.0	6.9	(3.3)
Debt coverage ratio	**1.1**	0.8	0.5	0.6	0.2
Net debt to capital employed (%)	**15.5**	24.5	22.7	18.8	17.4
Interest-bearing debt to shareholders' equity (%)	**32.1**	36.8	31.7	25.5	25.4
Net asset value as a % of market capitalisation	**55.8**	78.5	54.2	46.7	41.4
Effective tax rate (%)	**(34.3)**	(13.7)	14.3	509.0	(11.8)
SHARE PERFORMANCE					
Number of ordinary shares in issue (millions)	**262.0†**	261.7†	261.2†	261.0†	261.0†
Weighted average number of ordinary shares in issue (millions)	**261.9†**	261.4†	261.1†	261.0†	261.0†
Headline earnings/(loss) per ordinary share (cents)	**713**	(48)	170	479	(577)
Dividends per share (cents)	**–**	–	–	–	–
Interim	**–**	–	–	–	–
Final	**–**	–	–	–	–
Market capitalisation (R million)	**71,307**	49,983	91,994	106,230	120,367
Net asset value per ordinary share	**148.3**	146.4	186.3	185.4	190.8
Number of ordinary shares traded (millions)	**113.9**	100,6	67.2	101.1	73.2
Highest price traded (cents)	**48,780**	40,526	53,000	50,899	59,850
Lowest price traded (cents)	**15,646**	15,905	30,620	27,318	35,874
Closing price (cents)	**26,441**	18,534	34,112	39,391	44,633
Number of deals	**989,978**	936,320	638,455	526,611	388,644
Value traded (R million)	**39,336**	28,154	29,117	38,233	34,382

† Net of 1,408,887 (2015: 1,700,843) shares held in respect of the group's share scheme, the 6,290,365 shares issued as part of the community economic empowerment transaction and, in 2014 and prior years, 356,339 shares held by the Kotula Trust (the group employee share participation scheme).
Includes the correction of prior period errors in the years in which they arose.

OPERATIONS REVIEW

Material issue: Positioning the business for the future

The mining operations of Amplats consist of managed mines, joint venture mines and associate mines across South Africa and Zimbabwe. These mines extract ore from Merensky and UG2 reefs, the Platreef and Main Sulphide Zone.

The ore is milled and treated by own managed, joint venture and associate concentrators and further processed by our own smelters and refineries.

The group performance summaries below are cross referenced to detailed commentary in our supplementary report on our website. We continue to disclose mine-specific safety performance.

KEY SUSTAINABILITY INDICATORS

0.73
LOST TIME INJURY FREQUENCY RATE ↓

FATALITIES
7

28,250 (AS AT 31 DECEMBER) ↓
NUMBER OF EMPLOYEES

74%
OF MANAGEMENT FROM DESIGNATED GROUPS

19.6kt SULPHUR DIOXIDE EMISSIONS ↑

5,579kt GHG EMISSIONS, CO_2 EQUIVALENTS ↓

29.3Mm³ WATER USED FOR PRIMARY ACTIVITIES (PRODUCTION AND PROCESS) ↓

24,628TJ ENERGY USED ↓

ZERO LEVEL 3, 4 AND 5 ENVIRONMENTAL INCIDENTS

SOCIAL INCIDENTS:
LEVEL 3 - 0, LEVEL 4 - 0 LEVEL 5 - 0

R354 MILLION*
CORPORATE SOCIAL INVESTMENT

** Including Unki Mine.*

Given the material changes to our business in recent years, we have not included comparative tables as these would be misleading. Readers are referred to the economic, safety, human resources and environmental tables of indicators from page 139 for historical data. We have also not attempted to compartmentalise the broad categories below into specific material issues – by nature, they intersect and overlap repeatedly. The table on page 4 sets out the constituent components of each material issue.

SAFETY

- Tragically, we recorded seven fatalities in 2016 (page 3).
- Lost-time injury frequency rate (LTIFR) per 200,000 hours of 0.73 ahead of target (0.88) and well below 2015 performance of 0.98. Moving to reporting of total recordable case frequency rate (TRCFR), which includes medical treatment cases, lost-time injuries and serious injuries. TRCFR for 2016 of 1.05 compared to our target of 1.39 and 1.52 in 2015.
- 43 regulatory (section 54) stoppages and 37 non-compliance (section 55) notices issued across our operations.

HEALTH

- New cases of occupational diseases (page 7): significant improvement, most notably in addressing exposure to noise.
- Two mobile clinics provided over 11,269 primary-care consultations to residents of informal settlements in Rustenburg.

ENVIRONMENT

- ISO 14001 certification: our managed operations are transitioning from the previous ISO 14001:2004 to the new, ISO 14001:2015. A gap analysis is under way at each operation, aiming for certification against the new standard in 2018. However, Rustenburg Base Metals Refinery (RBMR) and Precious Metals Refinery (PMR) – which are responsible for product delivery and must comply to external requirements – were recertified under ISO 14001:2004 in the review period, and are realigning their environmental management systems to the new standard (page 24).
- Environmental performance assessments: Our mining operations complied with 88.5% of commitments in their environmental management programme reports, while our process operations complied with 96.8%. In both cases, the remaining findings are either in the process of becoming compliant or not yet applicable (page 24).

- During the year, no fines or non-monetary sanctions for non-compliance with environmental regulations, licences or permits were imposed by authorities on any of our managed operations in South Africa or Zimbabwe.
- No significant environmental incidents (level 3, 4 and 5) were recorded (2015: nil), but 23 community complaints were received on our environmental impact (page 25).
- Lower environmental expenditure of R96.6 million for our managed operations reflects divestments, cost savings, reduced water/energy use and operations now on care-and-maintenance.

KEY ENVIRONMENTAL INDICATORS

- Water (page 25): Total new-water consumption (primary + non-primary) increased by 1.5% even with increased production. By year end, we had achieved an estimated 20.6% saving against our projected water use of 39.45Mm^3. Total water consumed intensity was up 5.4% while water use intensity for primary activities rose 6.1% and our potable water use intensity decreased 8.4%.
- Energy (page 28): We achieved our target for reducing energy use by 3% and CO_2 emissions per unit of production by 5%.
- Air quality (page 30): While Amplats has not yet achieved full compliance on emissions from the smelter stacks or chimneys, we fully comply with limits for ambient (publicly accessible) areas adjacent to operations. These are constantly measured to ensure surrounding communities and the environment are not impacted significantly.
- Waste (page 31): We reused/recycled 49.2kt of waste, 39.5% more than waste sent to landfill (68.7% in 2015).
- Rehabilitation (page 32): The total estimated undiscounted rehabilitation liability for our operations (excluding Rustenburg mines, concentrator and lease, which are now Sibanye assets) at year end was R2.8 billion.

OUR PEOPLE

- Three-year wage agreement successfully concluded with recognised unions (page 86).
- Our Nkululeko financial wellness programme is making a significant difference in the lives of overindebted employees. After two years, employees have saved over R28 million annually on debt instalments (page 85).
- Expenditure on training and development was 6.01% of total payroll (2015: 4.3%) and each employee received an average 91 hours of training.
- 74% of our managers are from designated groups, exceeding mining charter requirements.

OUR COMMUNITIES

- Social and labour plans: projects in the 2015 to 2019 cycle start in earnest after some delays.
- Integrated strategic approach to sustainable development launched (page 14) that will harness the collective resources of the public and private sector, initially in the Limpopo province.
- Stakeholder engagement: Comprehensive review of our stakeholder mapping in 2016 ensures we are engaging with all interested and affected parties. This will facilitate future engagement (page 14).
- Human rights due diligence review undertaken to ensure potential human rights impacts are identified, fully understood and controls put in place to prevent their occurrence (page 22).
- 23 community complaints in 2016, but fewer social incidents (page 21).

OPERATIONS REVIEW continued

MANAGED (OWNED) MINES OVERVIEW

Amplats-managed mines consist of three mining complexes and projects stretching from the Western Limb to the Eastern Limb of the Bushveld complex in South Africa. Unki Platinum Mine is located 21km south-east of the town of Shurugwi on Zimbabwe's Great Dyke. With the exception of Mogalakwena Mine, which is an open pit operation, all the mines are underground conventional and mechanised operations. The Twickenham project was placed on care and maintenance with effect from 1 July 2016.

SAFETY

After being fatality-free in 2015, Amplats managed mines regrettably recorded a double fatality at the Amandelbult complex in a single winch-related incident in 2016.

Safety, aimed at achieving zero harm to our employees, remained the key focus throughout 2016 and all the operations reached significant safety milestones during the year.

- Mogalakwena Mine is four and a half years fatality-free
- Unki Mine is five years fatality-free
- Amandelbult mine Dishaba shaft achieved three million fatality-free shifts
- Lost time injuries reduced from 167 in 2015 to 109 for 2016
- Lost-time injury frequency rate (LTIFR) at 0.44 is the lowest achieved rate by managed mines since inception

Amplats managed mines lost-time injury frequency rate (LTIFR) improved 37% from 2015 to 0.44 in 2016 mainly as a result of continued safety improvement initiatives. Our processes to identify risks, hazards, controls in order to manage and eliminate these hazards are continuously being refined in achieving our vision of zero harm. Focus remains on our fall-of-ground management, SPOTM (Supply, People, Ore, Transport, Management) and HITS (Hazard Identification, Treatment, System) processes and to reinforce the importance of safety to our employees.

Section 54 safety stoppages remained a challenge in 2016. However, due to the improved safety performance we have seen a reduction in the number of stoppages, as well as a reduction in the severity of the stoppages leading to a lower impact on production.

OPERATIONAL REVIEW

Platinum produced by our managed mines increased by 6% to 953,000 from 896,000 ounces in 2015. Mogalakwena Mine produced a record 412,000 ounces and exceeded production for 2015 by 5%. Amandelbult Mine produced 467,000 ounces; an increase of 7% as compared to 2015. This was supported by an improved panel-to-crew ratio resulting from establishing increased mineable ore reserves. Unki Platinum Mine in Zimbabwe achieved 75,000 ounces; an increase of 12% compared to 2015 largely driven by an increase in productivity and reducing the mining height resulting in higher grade ore being delivered to the concentrator. At 3.40g/t, the overall 4E built-up head grade was 1% lower than 2015 due to lower grade from Mogalakwena and Amandelbult, partly offset by increased grade at Unki.

Productivity, measured as 4E produced ounces per employee, improved 5% over 2015 to 102 produced ounces per employee per annum.

Cash operating costs (mining, concentrating and allocated smelting and refining costs) increased by 11% to R17.9 billion in 2016 which was attributable mainly to increased production and inflationary increases. Mogalakwena Mine costs increased by 11% as a result of mining inflation, increased production and the weaker exchange rate. Cash operating costs at Amandelbult Mine increased by 11% as a result of increased production, the new chrome plant costs from H2 2016 and mining inflation. Costs at Unki mine were 8% higher than 2015 as a result of the weaker rand compared to the US dollar. Unki, a USD denominated operation, decreased on-mine dollar costs 6% year on year.

The increase in the cash operating costs per platinum ounce was 4% year on year. This was contained well below mining inflation and CPI, resulting in the managed mines achieving a unit cost of R18,894 per ounce in 2016.

Operating free cash flow (cash after operating costs, allocated overheads, SIB capital, waste stripping and minorities; presented before project capital and restructuring costs) decreased to R4.3 billion from R5.1 billion in the previous year. This is due to cost expenditure, stay-in-business capital and waste stripping capital increases over 2015 partly offset by higher sales volume and increased basket price.

CAPITAL EXPENDITURE

Capital expenditure for managed mines and the respective concentrator operations in 2016 was R1.6 billion compared to R1.9 billion in 2015:

- In-line with our strategy, whereby all project capital decisions have been delayed until after 2017, project capital expenditure reduced to R156 million from R559 million in 2015
- Stay-in-business capital increased to R1.4 billion from R1.3 billion in 2015

Capitalised waste stripping expenses at Mogalakwena mine increased by R300 million to R1.3 billion compared to R1.0 billion in 2015.

Details and the impact of our capital projects in execution are covered in the individual mine reviews below.

OUTLOOK

Platinum ounce production from managed operations is expected to be similar in 2017 compared to that achieved in 2016.

Dean Pelser *Executive head: mining*

MANAGED MINES

MOGALAKWENA MINE (MANAGED – 100% OWNED)

	2016	2015
Safety		
Fatalities	**–**	–
LTIFR	**0.16**	0.17
Platinum produced ounces (000 oz)	**411.9**	392.5
Net sales revenue (Rm)	**14,227**	13,864
Operating cost of sales (Rm)*	**(9,442)**	(8,690)
EBIT (Rm)*	**3,959**	4,615
EBIT margin (%)*	**27.8**	33.3
Operating free cash flow (Rm)*	**3,158**	4,378
Net cash flow (Rm)*	**3,122**	4,325
Cash operating cost/Pt oz M&C	**18,477**	17,502
Cash operating cost/tonne milled	**428**	409

** 2015 restated.*

Mineral resources including ore reserves

Platreef **3,778.5Mt ➧ 294.9(4E Moz)**

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Mogalakwena Mine is 30km north-west of the town of Mokopane in Limpopo province, and operates under a mining right covering 137km^2.

The current infrastructure comprises five open pits (Sandsloot, Zwartfontein, Mogalakwena South, Mogalakwena Central and Mogalakwena North). The mining method is truck and shovel, and current operating pit depths vary from 45m to 245m. Ore is milled at the on-mine North and South concentrators as well as Messina Mine Baobab concentrator.

Key achievements

- Four and a half years fatality-free
- Continued world class LTIFR of 0.16
- Mogalakwena complex was awarded two awards during 2016's MineSafe conference for the Most Improved Year-on-Year Safety Performance and Best Safety Performance in class 2016
- Record platinum production of 412,000 ounces
- Tonnes milled increased 8% year on year

OPERATIONAL REVIEW

The Mogalakwena safety programme continued to deliver significant results and the lost-time injury frequency rate improved by 6% to 0.16 from that achieved in 2015.

Tonnes mined increased 4% to 96 million tonnes in 2016 supported by improved mining equipment efficiencies and increased maintenance reliabilities. Tonnes milled increased 8% with all three concentrators delivering additional volume (North +317k, South +286k and Baobab +295k). Platinum ounces produced increased 5% to a record 412,000 in 2016. The Baobab concentrator delivered 31,000 platinum ounces up 30% from 2015. The 4E built-up head grade returned to a normal level of 3.02g/t from 3.09g/t in 2015.

Cash operating costs (the costs after allowing for off-mine smelting and refining activities) increased by 11% to R7.6 billion from R6.9 billion due to increased production, mining inflation and the weakening of the rand against the dollar (25% of costs forex exposed). Cash operating costs per platinum ounce increased 6% to R18,477.

Operating free cash flow (cash after cash operating costs, allocated overheads, SIB capital, waste stripping and minorities; presented before project capital and restructuring costs) decreased R1.2 billion to R3.2 billion. The decrease was as a result of higher costs, higher SIB capital, increased waste capitalisation and lower sales volume of platinum and palladium compared to 2015 partly offset by a higher basket price achieved.

EBIT for 2016 was R4.0 billion, down 14% from R4.6 billion in 2015.

CAPITAL EXPENDITURE

Total capital expenditure inclusive of capitalised waste stripping increased to R2.3 billion in 2016 (R1.9 billion in 2015). Stay-in-business capital expenditure was R972 million (R893 million in 2015) and project capital expenditure was R35 million (R47 million in 2015).

Capital waste stripping increased to R1.3 billion from R1.0 billion in 2015 and is expected to reduce to R784 million in 2017.

OUTLOOK

Mogalakwena platinum production is expected to remain around 400,000 ounces in 2017.

Platinum production

000 oz

411.9oz

Cash operating cost (mining and concentrator)

R/tonne milled

R428

OPERATIONS REVIEW continued

MANAGED MINES continued

AMANDELBULT MINE (MANAGED – 100% OWNED)

	2016	2015
Safety		
Fatalities	**2**	–
LTIFR	**0.55**	0.89
Platinum produced ounces (000 oz)	**466.5**	437.5
Net sales revenue (Rm)	**10,870**	9,032
Operating cost of sales (Rm)*	**(9,503)**	(8,191)
EBIT (Rm)*	**669**	472
EBIT margin (%)*	**6.2**	5.2
Operating free cash flow (Rm)*	**1,066**	620
Net cash flow (Rm)*	**1,026**	243
Cash operating cost/Pt oz M&C	**18,415**	17,672
Cash operating cost/tonne milled	**1,092**	1,069

** 2015 restated.*

Mineral resources including ore reserves

Merensky	**206.4Mt ➧ 44.2(4E Moz)**
UG2	**433.8Mt ➧ 76.9(4E Moz)**

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

The Amandelbult Mine complex is in Limpopo, between the towns of Northam and Thabazimbi, on the North-western Limb of the Bushveld complex. The mine operates under a mining right covering 141km².

The complex consists of two mines (Tumela and Dishaba) and three concentrators with a chrome plant. The current working mine infrastructure has five vertical and seven decline shaft systems to transport rock, men and material, with mining on the Merensky reef and UG2 reef horizons. The mining layout is conventional scattered breast mining with strike pillars and open pits. The operating depth for current workings runs from surface to 1.3km below surface. Short-life, high-value open-pit mining is being performed across the mining right from time to time.

Regrettably there was a double fatality at Tumela Mine on 26 April 2016. Messrs Mlamuli Kubheka and Mveliso Ntamehlo lost their lives in a winch-related incident.

Key achievements

Despite sustaining two fatalities the mine reached significant industry safety milestones during the year, these include:

- The LTIFR improved 38% to 0.55 in 2016 from 0.89 in 2015
- Lost-time injuries reduced from 155 in 2015 to 97 for 2016
- Tumela Mine achieved 5.2 million fatality free shifts before the tragic loss of life. This was a new record for the mine.
- Dishaba Mine achieved 3 million fatality-free shifts on 21 November 2016
- Both Tumela and Dishaba mines were awarded trophies at 2016's MineSafe conference for the Best Improved Safety Performance 2016 and Best Safety Performance in class
- Amandelbult concentrators' recorded 5.5 million fatality-free shifts in 2016.

OPERATIONAL REVIEW

Amandelbult successfully commissioned a new chrome plant at the mine during 2016 with steady-state production expected from 2017 onward. The chrome plant was built at a capital cost of R415 million and is 74% owned by Amplats and 26% by Baphalane Siyanda Chrome Company.

Platinum production increased to 467,000 ounces, 7% higher than in 2015. The increase was supported by higher tonnes milled which rose 9% to 7.1 million tonnes. Tonnes from surface sources increased year on year by 0.8 million tonnes due to open pit operations producing for 12 months in 2016 compared to 6 months in 2015. The increased surface sources in the ore mix reduced the 4E build-up head grade by 1% year on year to 4.07 g/t in 2016. The 4E build-up headgrade from underground sources at 4.46g/t is 3% higher compared to 2015.

Production from the chrome plant amounted to 2.8 million tonnes of UG2 tailings yielding 235,000 tonnes of chrome concentrate for 2016.

Cash operating costs (costs after allowing for off-mine smelting and refining activities) increased by 11% to R8.4 billion in 2016, mainly due to increased opencast production, chrome plant operational costs and mining inflation. The cash operating costs per platinum ounce increased by 4% to R18,415.

Operating free cash flow (cash after cash operating costs, allocated overheads, SIB capital and minorities; presented before project capital and restructuring costs) increased to R1.1 billion from R620 million in 2015 mainly due to increased revenue from the mines as a result of increased PGM and chrome sales in 2016.

EBIT increased 42% to R669 million in 2016 from R472 million in 2015.

CAPITAL EXPENDITURE

Total capital expenditure decreased to R364 million in 2016 (R683 million in 2015). Stay-in-business capital expenditure was R324 million (R308 million in 2015), while project capital amounted to R40 million (R375 million in 2015).

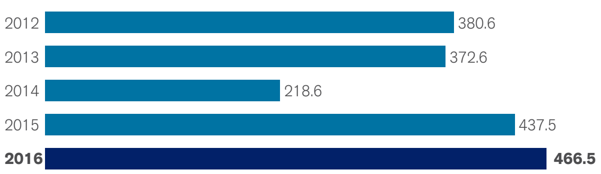
OUTLOOK

Amandelbult platinum production is expected to increase marginally over 2016 to 480,000 ounces.

Platinum production

000 oz

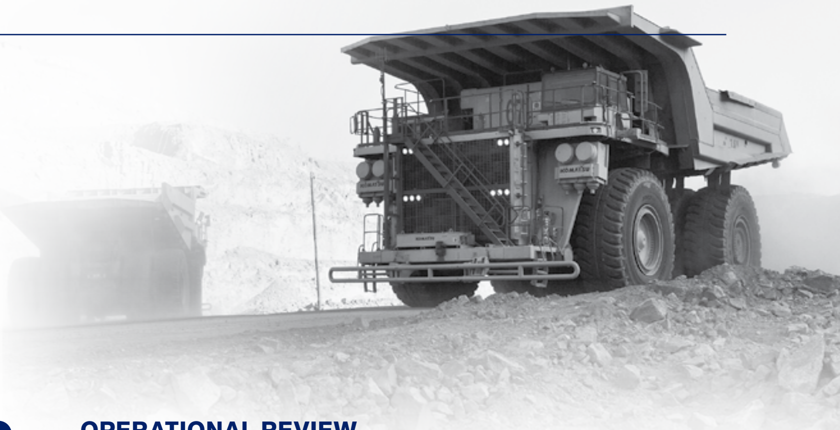
466.5oz



Cash operating cost (mining and concentrator)

R/tonne milled

R1,092



UNKI PLATINUM MINE – ZIMBABWE (MANAGED – 100% OWNED)

	2016	2015
Safety		
Fatalities	–	–
LTIFR	0.17	0.21
Platinum produced ounces (000 oz)	74.5	66.5
Net sales revenue (Rm)	2,227	2,024
Operating cost of sales (Rm)*	(2,205)	(2,086)
EBIT (Rm)*	(162)	(129)
EBIT margin (%)*	(7.3)	(6.4)
Operating free cash flow (Rm)*	61	158
Net cash flow (Rm)*	(20)	20
Cash operating cost/Pt oz M&C	24,151	25,078
Cash operating cost/tonne milled	873	835

** 2015 restated.*

Mineral resources including ore reserves

MSZ **228.5Mt ▸ 30.8(4E Moz)**

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Unki Mines Private Limited's operations are on the Great Dyke in Zimbabwe, 60km south-east of the town of Gweru.

The mine is a mechanised, trackless bord-and-pillar underground operation. A twin-decline shaft system provides access to underground workings for men and material, as well as for ore conveyance. Both shafts are now 1,898m from the portal on surface. Fifteen mining sections have been established so far, 14 of which are fully equipped and have strikes belts for transferring ore directly onto the main incline shaft conveyor. Run-of-mine ore is processed at the 120,000tpm concentrator plant on site. Since commissioning the concentrator plant at the beginning of 2011, ongoing debottlenecking has enabled the plant to treat up to 155,000tpm.

Key achievements

- Unki Platinum Mine has been fatality-free for five years
- The LTIFR of 0.17, an improvement of 19% over 2015 is world-class for underground mining
- The number of lost-time injuries reduced from 4 in 2015 to 3 in 2016
- A record of 75,000 platinum ounces was produced, an increase of 12% over 2015
- Dollar cash operating costs declined 6% from 2015

OPERATIONAL REVIEW

Unki mine's lost-time injury frequency rate improved 19% from 2015 to 0.17.

Tonnes milled increased 4% to 1.72 million due to increased productivity from operating teams, while the 4E built-up head grade increased to 3.46g/t from 3.22g/t. The higher grade was achieved through lowering the mining height from 2.25 metre to 2.05 metre yielding less diluted ore for delivery to the concentrators. Consequently, platinum ounces produced increased by 12% year on year to 75,000 ounces.

Cash operating costs (the costs after allowing for off-mine smelting and refining activities) at Unki increased 8% to R1.5 billion from 2015. The increase in costs was driven primarily by increased production and the rand weakening against the US dollar by 15% from an average of R12.72 in 2015 to R14.66 in 2016. Unki, being a USD-denominated operation, through stringent cost control measures reduced the dollar on-mine costs by 6% year on year. The cash operating costs per platinum ounce for the year decreased 4% to R24,151 from R25,078 in 2015.

Operating free cash flow (cash after cash operating costs, allocated overheads, SIB capital and minorities; presented before project capital and restructuring costs) decreased to R61 million from R158 million in 2015. This is attributable to an 8% increase in operating costs and an R27m increase in stay-in-business capital expenditure partly offset by a 10% increase in revenue derived from increased metal sales and higher basket price.

EBIT decreased to (R162) million in 2016 from (R129) million in 2015 principally due to increased amortisation costs.

CAPITAL EXPENDITURE

Total capital expenditure decreased 12% from R246 million in 2015 to R217 million in 2016. Stay-in-business capital expenditure increased R27 million to R136 million (R109 million in 2015), while project capital expenditure ended the year at R81 million (R137 million in 2015).

The Unki smelter, a project in execution, is expected to be completed in 2018 at a cost of R664 million. R54 million of the Unki 2016 project capital expenditure was incurred on this project and R361 million of costs is expected to be incurred in 2017 on the project.

The first phase of the Unki housing project was completed during 2016 with 321 employees having taken occupation of their homes in Shurugwi in Q4 2016.

OUTLOOK

Platinum production in 2017 is expected to be similar to what the mine produced in 2016.

Platinum production

000 oz

74.5oz

Cash operating cost (mining and concentrator)

R/tonne milled

R873

OPERATIONS REVIEW continued

MANAGED MINES continued

TWICKENHAM PROJECT (MANAGED – 100% OWNED)

The Twickenham project is central to unlocking value for the company in the Eastern Limb of the Bushveld complex as it offers long-term potential for shallow mechanised mining activities on both the UG2 reef and the Merensky reef horizons.

In the current environment, we have delayed all expansionary project decisions until after 2017. As a result, the Twickenham project was placed on care and maintenance during 2016.

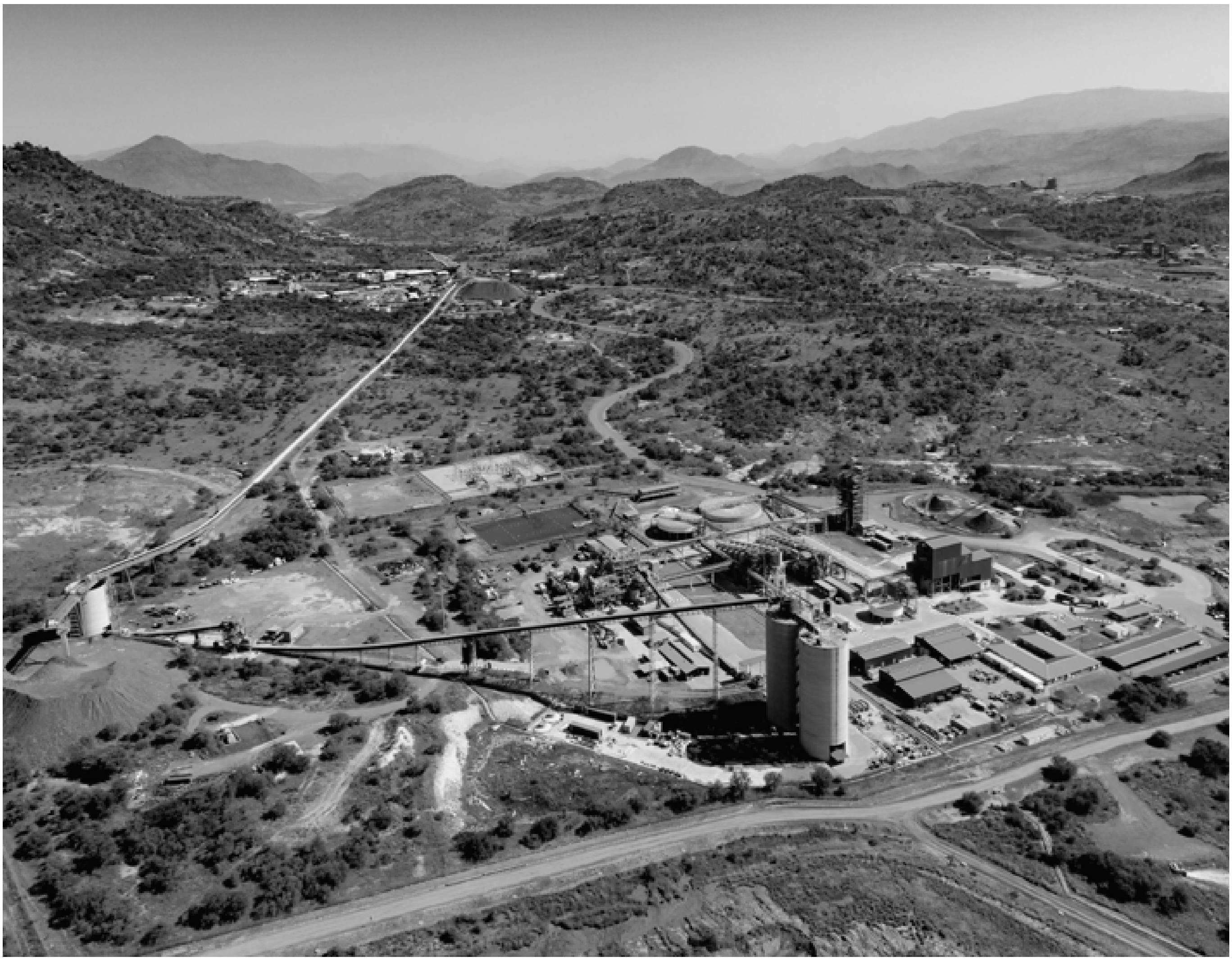
As Twickenham remains a key part of our portfolio and development will resume once the market demands the additional PGMs and the group's balance sheet allows, some of the mining footprint is being used to do research on new mining technology which include small-scale mining activity.

Operating free cash flow losses reduced from (R528) million in 2015 to (R402) million in 2016.

DER BROCHEN (MANAGED – 100% OWNED)

Der Brochen is a greenfield project area in the extreme south of the Eastern Limb of the Bushveld complex. It borders on the Mototolo JV, which exploits a combination of the Glencore (Thorncliffe farm) and Rustenburg Platinum Mines (Richmond farm) mining rights.

The consolidated and amended environmental impact assessment was submitted to the authorities and a record of decision is imminent. If approved, this would permit open-pit mining on the UG2 outcrop. Study work on how best to exploit the down-dip total resource continues, and a number of exploitation options are being considered, ranging from a stand-alone phased decline shaft access to possible joint ventures.



Vishnu Pillay *Executive head: joint ventures and exit operations*

JOINT VENTURES AND ASSOCIATES OVERVIEW

This portfolio includes Bafokeng-Rasimone Platinum Mine (BRPM), Kroondal, Marikana and Pandora mines in the Western Limb of the Bushveld complex, and the Bokoni, Modikwa and Mototolo mines in the Eastern Limb of the complex.

The joint ventures (JV) portfolio was established over a decade ago to promote industry transformation and optimise mineral resource extraction. These are primarily underground mines and are not operationally managed by Amplats.

Mined ore is processed into concentrate at each mine. Amplats claims its portion and acquires the JV partners' portion of concentrate under purchase agreements. The exception is the Pandora JV, where ore is sold to Western Platinum Limited (a subsidiary of Lonmin plc). In November, we announced the sale of Pandora to Lonmin, our JV partner. Marikana was placed on care-and-maintenance in 2012.

SAFETY

In collaboration with our JV partners, we strive to create a zero-harm environment in our operations to enable a sustainable business.

The LTIFR regressed by 3% from 0.62 per 200,000 man hours worked in 2015 to 0.64 in 2016 (Mototolo 0.15, BRPM 0.36, Modikwa 0.66, Kroondal 0.83 and Bokoni 0.86).

Regrettably, the JV operations recorded six fatalities in 2016: three at Bokoni Brakfontein shaft on 12 January, 8 February and 9 December 2016, one at BRPM North shaft on 12 May 2016 and two at Kroondal (Bambanani shaft on 19 August 2016 and Kwezi shaft on 17 November 2016).

Mototolo has operated five years without a fatality. In 2016, it recorded the best safety performance in this portfolio and since inception, with a 12% improvement against 2015. Modikwa remained fatality free in the review period and achieved 3 million fatality-free shifts in September 2016 as well as its best safety rate since 2011.

Platinum production (mined and purchased)

000 oz

784.9oz

** Excluding Marikana – Care-and-maintenance in June 2012*

OPERATIONAL REVIEW

In association with our JV partners, significant work over the last six years has focused on supporting these operations to achieve operational excellence. A dedicated resource base in Amplats assists the JV operations, with project execution, mining engineering, improving the cost base and safety performance.

We thank our managing JV partners for their contribution to this success in 2016, despite the tough operating and financial environment.

The portfolio remains focused on its strategic objectives:

- Rebuild operations to match installed capacity
- Secure future sustainability and profitability
- Rationalise portfolio in line with Amplats' strategy.

Despite a difficult start to the year, mainly due to section 54 stoppages post-fatalities, platinum production from operating JVs and associates in 2016 (including mined and purchased production) was 785,000 concentrate ounces. Production rose 2% from 2015 on improved performances from all JV operations (Modikwa +10%, BRPM +9%, Mototolo +2% and Kroondal +4%). Bokoni improved 4% year on year after normalising for the closure of its Vertical and UM2 shafts in 2015. Together, the JV and associate mines contributed 33% of our total concentrate ounces in 2016.

The JV portfolio reflected attributable productivity of 10.2m^2 per employee (including concentrator employees) in 2016, up 10% compared to 2015.

The 4E built-up head grade and concentrator recovery at the JV and associate operations were 3.83g/t (3.81g/t in 2015) and 84.6% (83.5% in 2015) respectively.

Our attributable JV cash on-mine costs (mining and concentrating) increased 9% to R4.4 billion. Cash on-mine cost per tonne milled (attributable to Amplats) increased below CPI at 6%, from R874 to R927. Cash operating unit cost (the costs after allowing for off-mine smelting and refining activities) per platinum ounce at R18,787 increased 3% from R18,179 in 2015. All operations continuously review cash expenditure to deliver savings in the current economic environment.

CAPITAL EXPENDITURE

Our attributable capital expenditure for the JV mines in 2016 was R436 million (R536 million in 2015), of which R73 million was for expansion and replacement projects and the balance for stay-in-business projects. Expansion and replacement projects primarily include the South 2 shaft at Modikwa and Styldrift shaft at BRPM. All capital expenditure was reviewed and reprioritised to align to the current economic reality. This included slowing the Styldrift production build-up to restrict capital expenditure in a low-price environment.

OUTLOOK

Platinum production from the JV and associate mines in 2017 is expected to be in line with production in 2016.

OPERATIONS REVIEW continued

JOINT VENTURES AND ASSOCIATES OVERVIEW continued

MOTOTOLO PLATINUM MINE (NON-MANAGED – 50% OWNED)

	2016	2015
Safety		
Fatalities	–	–
LTIFR	0.15	0.17
Platinum produced ounces (000 oz)	116.8	114.8
Net sales revenue (Rm)	1,418	1 411
Operating cost of sales (Rm)*	(1,128)	(1,040)
EBIT (Rm)*	257	342
EBIT margin (%)*	18.1	24.2
Operating free cash flow (Rm)*	286	354
Net cash flow (Rm)*	286	351
Cash operating cost/Pt oz M&C	16,899	16,060
Cash operating cost/tonne milled	678	625

** 2015 restated.*

Mineral resources including ore reserves

UG2	12.1Mt ➧ 1.5 4E Moz

JV partner

Glencore Kagiso Tiso Platinum Partnership	50%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Mototolo is a 50:50 JV between the Glencore Kagiso Tiso Platinum Partnership and Rustenburg Platinum Mines. The mine is managed by Glencore, while Amplats manages the concentrator. Situated in Limpopo, Mototolo is 30km west of the town of Burgersfort. It forms part of the Eastern Limb of the Bushveld complex and operates under a mining right covering 9km^2.

Current mine infrastructure consists of two decline shafts, Lebowa and Borwa, and a concentrator. Mototolo is fully mechanised and extracts the UG2 horizon some 450 metres below surface, using bord-and-pillar mining.

SAFETY

Mototolo has been fatality-free since 2011 and reached 8 million fatality-free shifts in September 2016. It also achieved its best LTIFR since inception of 0.15, a 12% improvement from 2015.

OPERATIONAL REVIEW

Platinum ounces attributable to Amplats, which included 58,000 ounces purchased from the JV partner, increased by 2% to 117,000 ounces. Despite its best first-half performance since inception, production was affected by replacing the primary and secondary mill girth gear as well as lower broken grades due to increased middling and internal waste at Borwa shaft.

The concentrator exceeded nameplate capacity of 200ktpm for the third consecutive year by milling an average of 214ktpm in 2016.

The mine's best square metre production contributed to record employee efficiency at 15.5m^2/total employees' cost, up 13% on the prior year.

Cash on-mine costs increased 8% to R0.9 billion in 2016. Cash operating unit cost at R16,899 increased by 5% from R16,060 in 2015.

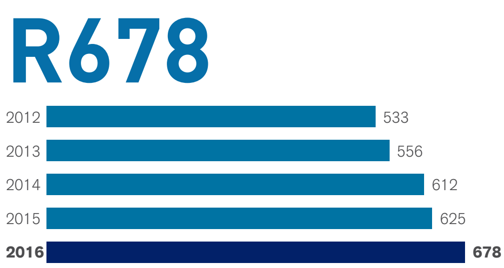
CAPITAL EXPENDITURE

Our attributable share of capital expenditure for the year was R91 million for ongoing development, 9% lower than 2015.

With the necessary permission, the mine is increasing the height of the current tailing storage facility from 1,124m to 1,145m, sufficient at current production levels until 2018. A feasibility study on a new tailings storage facility is in progress. A new tailings facility is being planned at Mareesburg, in close proximity to the Mototolo concentrator.

Platinum production
000 oz

Cash operating cost (mining and concentrator)
R/tonne milled



MODIKWA PLATINUM MINE (NON-MANAGED – 50% OWNED)

	2016	2015
Safety		
Fatalities	**–**	–
LTIFR	**0.66**	0.70
Platinum produced ounces (000 oz)	**114.8**	104.8
Net sales revenue (Rm)	**1,608**	1,469
Operating cost of sales (Rm)*	**(1,590)**	(1,393)
EBIT (Rm)*	**(18)**	59
EBIT margin (%)*	**(1.1)**	4.0
Operating free cash flow (Rm)*	**147**	158
Net cash flow (Rm)*	**71**	(12)
Cash operating cost/Pt oz M&C	**23,778**	23,762
Cash operating cost/tonne milled	**1,238**	1,189

2015 restated.

Mineral resources including ore reserves

Merensky	**106.4Mt → 9.2 4E Moz**
UG2	**133.0Mt → 25.7 4E Moz**

JV partner

ARM Mining Consortium Limited	50%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Modikwa is an independently managed, 50:50 JV between ARM Mining Consortium and Rustenburg Platinum Mines. It is situated in Limpopo, 25km west of the town of Burgersfort, where it forms part of the Eastern Limb of the Bushveld complex and operates under a mining right covering 140km².

Current infrastructure comprises three major decline shafts (North 1, South 1 and South 2), three adits on Onverwacht Hill and a concentrator. The mine is a hybrid operation using conventional breast stoping with strike pillars, supported by trackless development and ore clearance. It extracts UG2 reef from surface to 450m below surface.

Modikwa remained fatality-free in the review period and achieved 3 million fatality-free shifts in September 2016 as well as its best safety rate since 2011.

OPERATIONAL REVIEW

Platinum production attributable to Amplats, including 57,000 ounces purchased from our JV partner, was 10% above 2015 production at 115,000 ounces, reflecting an effective productivity improvement plan (increased blasts, tramming and hoisting with focused engagement initiatives). The 4E built-up head grade at Modikwa increased by 3% to 4.53g/t in 2016.

Employee efficiency at 7.6m²/TEC was 19% higher than the prior year after replacing master blaster explosive accessories with products that reduce misfires substantially.

Cash on-mine costs increased 11% to R1.3 billion in 2016. Cash operating unit cost at R23,778 remained in line with 2015 (R23,762).

CAPITAL EXPENDITURE

Our attributable share of capital expenditure for the year was R119 million, 44% lower than the R211 million in 2015. This was primarily due to the 12-month deferment of North 1 shaft's 9-level scope of work and continued expenditure on two execution projects.

Project activities associated with the ongoing UG2 North 1 shaft phase 2 project (developing and equipping 9-level) will resume in the first quarter of 2017, with forecast completion in early 2018.

The South 2 shaft phase 1 project includes developing a new decline shaft to 2-level and relevant surface infrastructure. The project is progressing as planned, with completion forecast for the first half of 2017.

SAFETY

Platinum production
000 oz

114.8oz

Cash operating cost (mining and concentrator)
R/tonne milled

R1,238

OPERATIONS REVIEW continued

JOINT VENTURES AND ASSOCIATES OVERVIEW continued

KROONDAL PLATINUM MINE (NON-MANAGED – 50% OWNED)

	2016	2015
Safety		
Fatalities	**2**	–
LTIFR	**0.83**	0.49
Platinum produced ounces (000 oz)	**274.0**	263.1
Net sales revenue (Rm)	**3,101**	3,010
Operating cost of sales (Rm)*	**(2,783)**	(2,534)
EBIT (Rm)*	**246**	395
EBIT margin (%)*	**7.9**	13.1
Operating free cash flow (Rm)*	**412**	475
Net cash flow (Rm)*	**412**	474
Cash operating cost/Pt oz M&C	**17,286**	16,882
Cash operating cost/tonne milled	**928**	883

** 2015 restated.*

Mineral resources including ore reserves

UG2	**12.6Mt ➔ 1.3 4E Moz**

JV partner

Sibanye Platinum	50%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Kroondal was a 50:50 pooling-and-sharing agreement (PSA 1 and 2) between Aquarius Platinum (South Africa) Proprietary Limited and Rustenburg Platinum Mines until May 2016. In April 2016, the Aquarius portion was acquired by Sibanye Platinum and Kroondal is now a 50:50 PSA between Sibanye and Rustenburg Platinum Mines but managed by Sibanye. It is in the North West province, some 10km outside the town of Rustenburg, and up-dip of Rustenburg Platinum Mines. Kroondal forms part of the South-western Limb of the Bushveld complex and operates under a mining right covering 22km^2.

Current infrastructure comprises five decline shafts – Bambanani, K6, Kopaneng, Kwezi and Simunye – and two concentrators.

Kroondal is a mechanised, partly handheld-drilling operation that mines the UG2 reef exclusively, between surface and 450m below using bord-and-pillar mining.

SAFETY

Regrettably, an employee at Bambanani shaft died in a vehicle collision in the decline on 19 August 2016. Kroondal also had a fatality at Kwezi shaft on 17 November 2016 when an employee was struck by a rock slab from a pillar. Kroondal's LTIFR regressed by 69% to 0.83 after more lost-time injuries than the prior year.

OPERATIONAL REVIEW

Platinum ounces attributable to Amplats, including 137,000 ounces purchased from our JV partner, rose by 4% to 274,000 ounces the best performance since inception. This reflects improved stoping efficiencies.

Employee efficiency at 10.3m^2/TEC is showing a 3% improvement against the prior year. Reduced labour and increased square metre production positively impacted performance.

Cash on-mine costs increased 7% to R2.2 billion in 2016. Cash operating unit cost at R17,286 increased 2% from R16,882 in 2015, while our share of capital expenditure was R226 million, in line with 2015 after investing in staff deepening, belt extensions and equipment.

Platinum production
000 oz

274.0oz

Cash operating cost (mining and concentrator)
R/tonne milled

R928

BAFOKENG-RASIMONE PLATINUM MINE (BRPM) (NON-MANAGED – 33% OWNED)

	2016	2015
Safety		
Fatalities	**1**	5
LTIFR	**0.36**	0.41
Financial		
Amplats' attributable profit/(loss) before tax (Rm)	**90**	38
Net cash distributions/(cash calls) (Rm)	**(211)**	(386)

Mineral resources including ore reserves

Merensky	**51.1Mt ➔ 12.1 4E Moz**
UG2	**66.5Mt ➔ 10.9 4E Moz**

JV partner

Royal Bafokeng Platinum Limited	67%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

BRPM is a 67:33 JV between Royal Bafokeng and Rustenburg Platinum Mines, and managed by Royal Bafokeng Platinum Management Services. The mine is in the North West province, 25km north of the town of Rustenburg. It forms part of the Western Limb of the Bushveld complex and operates under a mining right covering 87km^2.

Current infrastructure comprises two decline shafts, North and South, and a 250ktpm concentrator. Both decline shafts extend 550m below surface. The primary reef mined at BRPM is Merensky, with limited mining of UG2 reef at both shafts. The mining method is conventional breast stoping with strike pillars, with an operating depth for current workings of 50m to 500m below surface.

Platinum production
000 oz

195.9oz

Development of the new mechanised underground mine, Styldrift 1, is ongoing. To date, the main shaft and service shafts have been sunk to 758m and 728m below surface respectively. The main shaft is fully equipped and fully operational, and equipping of the service shaft began in September 2016.

SAFETY

Regrettably, BRPM recorded a fatality on 12 May 2016 at North shaft, when an employee died in a conveyor belt incident.

Overall, BRPM recorded a good safety performance for the year, achieving its lowest LTIFR of 0.36, 12% better than the prior year.

OPERATIONAL REVIEW

Our attributable platinum production from BRPM rose 9% to 196,000 ounces, reflecting increased mining of the higher-grade Merensky reef from North shaft phase 3.

BRPM has been equity accounted at 33% since 2010. Our attributable profit before taxation was R90 million for 2016 (2015: R38 million). Net cash calls for the period were R211 million (2015: R386 million). Equity accounting uses BRPM's management accounts for the year ended 31 December 2016, adjusted for certain consolidation entries.

PROJECTS

The North shaft phase 3 project to deepen the existing shaft by five levels (10 to 15) is ongoing. It is ahead of schedule and below budget, with all capital work for production levels 10 to 13 completed last year. Although mining development for levels 14 and 15 is complete, project activities associated with constructions have been deferred to 2017.

The Styldrift 1 shaft project, accessed via a twin vertical shaft system, will establish a new 230ktpm Merensky reef mine. Currently reef development is occurring on 600L to expose adequate bord-and-pillar face length to support future ramp up. Given prevailing market conditions, in July 2016, the JV undertook to execute the remaining project scope of Styldrift 1 using a two-phased approach. The first phase allows Styldrift 1 to ramp up to 150ktpm, followed by a second phase that ramps-up, depending on market conditions, to 230ktpm. Currently, two of the four underground silos have been commissioned, allowing waste and reef tonnages to be hoisted separately and for independent monitoring of hoisted reef grades.

OPERATIONS REVIEW continued

EXIT MINES

RUSTENBURG MINE (MANAGED – 100% OWNED)

	2016△	2015
Safety		
Fatalities	**4**	1
LTIFR	**1.13**	1.37
Platinum produced ounces (000 oz)	**377.5**	478.1
Net sales revenue (Rm)	**9,307**	10,957
Operating cost of sales (Rm)*	**(8,897)**	(10,945)
EBIT (Rm)*	**(129)**	(547)
EBIT margin (%)*	**(1.4)**	(5.0)
Operating free cash flow (Rm)*	**72**	192
Net cash flow (Rm)*	**(278)**	28
Cash operating cost/Pt oz M&C	**21,888**	20,717
Cash operating cost/tonne milled	**637**	693

* *2015 restated.*
△ *2016 operating statistics only until October 2016. Management passed to Sibanye from November.*

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Rustenburg mines are in the North West province, near the town of Rustenburg, and lie in the Western Limb of the Bushveld complex. They operate under a mining right covering over 185km^2.

After reorganisation in 2015, this is now a two-mine operation: the West Mine comprises the Thembelani and Khuseleka shafts while East Mine houses the Siphumelele and Bathopele shafts. The Bathopele shaft's trackless mechanised operation mines the UG2 horizon exclusively at a depth of 40m to 350m below surface using low-profile (LP) and extra-low-profile (XLP) equipment.

The remaining Rustenburg operations have three vertical shafts (one each at Thembelani, Khuseleka and Siphumelele) and associated underground declines that transport rock, men and material. Both the Merensky and UG2 reef horizons are mined. The predominant mining layout on West Mine is conventional scattered breast mining with strike pillars, while Siphumelele Mine uses conventional breast stoping with dip pillars. The operating depth for current workings is between 400m and 1,350m below surface.

SAFETY

Tragically, Rustenburg recorded four fatalities in work-related incidents during the year, one at Siphumelele Mine and three at Thembelani Mine (detailed in our supplementary report). The Thembelani fatalities constituted of two at Khuseleka shaft and one at Thembelani shaft.

The LTIFR improved by 18% from 1.37 in 2015 to 1.13 in 2016. Notably, Rustenburg Mine achieved an LTIFR of 1.04 for October, the lowest since 2006.

OPERATIONAL REVIEW FOR 10 MONTHS TO OCTOBER 2016

In October, we announced that the sale of the Rustenburg operations to Sibanye Rustenburg Platinum Mines Proprietary Limited was unconditional. This followed consent under section 11 of the MPRDA being granted for the sale of the associated mining right and prospecting right to Sibanye.

Platinum ounces produced decreased to 377,000 ounces from 402,000 ounces for the comparative 10-month period in 2015 (2015: full year 478,000 ounces). This reflects the impact of fatal incidents, section 54 stoppages, poor ground conditions at Siphumelele, insufficient IMS panels at Thembelani and Khuseleka as well as excessive pothole intersections at Bathopele.

Operating free cash flow (after cash operating costs, overheads, stay-in-business capital, waste stripping and minorities; before project capital and restructuring costs) was R72 million compared to R192 million in 2015.

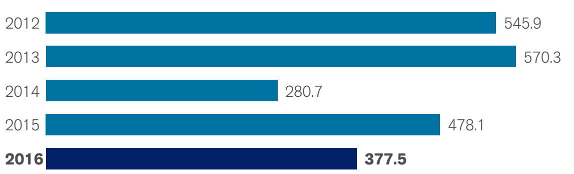
Cash operating costs per platinum ounce (after off-mine smelting and refining activities) rose by 6% to R21,888 (R20,717 in 2015) reflecting lower metal production for the 10 months.

CAPITAL EXPENDITURE

Total capital expenditure increased by 66% to R662 million (2015: R400 million). Stay-in-business capital expenditure was R315 million (2015: R239 million). Project capital rose from R161 million to R347 million (to October 2016), due to establishing three new ore reserve development projects at Khuseleka, Thembelani and Siphumelele.

Platinum production
000 oz

377.5oz



Cash operating cost (mining and concentrator)
R/tonne milled

R637

UNION MINE
(MANAGED – 85% OWNED)

	2016	2015
Safety		
Fatalities	**1**	–
LTIFR	**1.25**	1.61
Platinum produced ounces (000 oz)	**151.2**	141.1
Net sales revenue (Rm)	**3,958**	3,756
Operating cost of sales (Rm)*	**(3,362)**	(3,685)
EBIT (Rm)*	**221**	(179)
EBIT margin (%)*	**5.6**	(4.8)
Operating free cash flow (Rm)*	**302**	34
Net cash flow (Rm)*	**302**	29
Cash operating cost/Pt oz M&C	**20,020**	23,152
Cash operating cost/tonne milled	**1,015**	1,138

** 2015 restated.*

Mineral resources including ore reserves

Merensky	**75.1Mt → 14.5 4E Moz**
UG2	**143.8Mt → 24.8 4E Moz**
Tailings	**15.0Mt → 0.6 4E Moz**

JV partner

Bakgatla-Ba-Kgafela	15%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Union Mine spans the Limpopo and North West provinces, 15km west of the town of Northam, and forms part of the North-western Limb of the Bushveld complex. It operates under a mining right covering 119km^2.

Its operating infrastructure comprises two vertical shafts (Spud and Richard) and a concentrator complex. Four uneconomic decline complexes were closed in 2014, while Ivan concentrator was placed on care-and-maintenance in 2015.

The operating depth of current workings is between 100m and 1,500m below surface.

The mine extracts mostly UG2 reef ore, but also produces limited Merensky reef ore and treats low-grade surface ore and tailings. Its underground production is conventional using breast stoping with strike pillars.

SAFETY

Regrettably, Union Mine had a fatality on 24 October 2016 when an employee died in a conveyor belt incident (detailed in our supplementary report).

Despite this, the mine improved its overall safety performance with an LTIFR of 1.25, 22% better than 2015.

OPERATIONAL REVIEW

Union Mine's platinum ounces produced increased by 7% to 151,000 ounces. Despite the fatality and bad ground conditions, Union improved tonnes milled (2%), tonnes delivered (16%) and square metres broken (2%). Increased square metre production and reduced labour contributed to higher employee efficiency of 4.4m^2/TEC, a 29% improvement against 2015.

Cash on-mine costs decreased 7% to R2.6 billion. Cash operating costs per platinum ounce dropped 14% to R20,020 as a result of increased production and focused cost-savings initiatives on mine.

Union generated R302 million operating free cash flow (after cash operating costs, overheads, stay-in-business capital, waste stripping and minorities; before project capital and restructuring costs).

CAPITAL EXPENDITURE

Total stay-in-business capital expenditure decreased by 49% to R40 million in 2016 (2015: R79 million).

TRANSACTION UPDATE

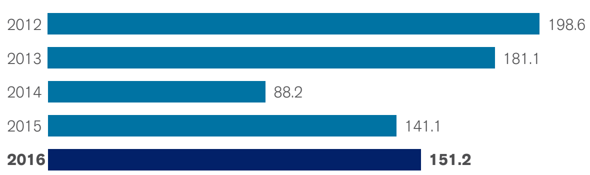
A binding sale and purchase agreement with Siyanda Resources was signed on 14 February 2017, with the following key commercial terms:

- Initial purchase price of R400 million
- Deferred consideration of 35% of net cumulative positive free cash flow for 10 years
- Purchase of concentrate agreement for seven years with a toll arrangement from year eight.

Platinum production

000 oz

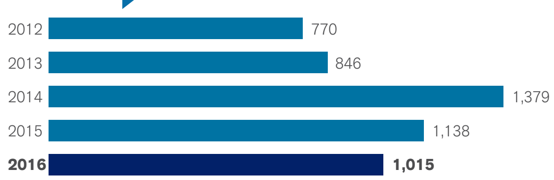
151.2oz



Cash operating cost (mining and concentrator)

R/tonne milled

R1,015



OPERATIONS REVIEW continued

EXIT MINES continued

BOKONI PLATINUM MINE (NON-MANAGED – 49% OWNED)

	2016	2015
Safety		
Fatalities	**3**	–
LTIFR	**0.86**	1.10
Financial		
Amplats' attributable profit/(loss) before tax (Rm)	**(159)**	(382)
Net cash distributions/(cash calls) (Rm)	**(289)**	(28)

Mineral resources including ore reserves

Merensky	**169.7Mt ➔ 27.0 4E Moz**
UG2	**227.6Mt ➔ 48.1 4E Moz**

JV partner

Atlatsa Resources Corporation	51%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

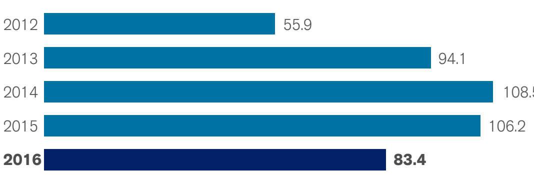
Bokoni Platinum Holdings Proprietary Limited is a 51:49 JV between Atlatsa and Rustenburg Platinum Mines. The mine is in the province of Limpopo, 80km south-east of the town of Polokwane. It forms part of the North-eastern Limb of the Bushveld complex and operates under a mining right covering 147km^2.

Current mining infrastructure comprises a vertical shaft (Vertical), three decline shafts (UM2, Middelpunt Hill and Brakfontein), one opencast operation and two concentrators. The older Vertical and UM2 shafts, using conventional mining methods, were closed in 2015. The Brakfontein and Middelpunt Hill shafts, which are in ramp-up phase, use hybrid mining methods. Merensky ore is extracted from Brakfontein shaft and UG2 ore from the Middelpunt Hill shaft. The operating depth for current workings is between surface and 500m below surface.

The opencast operation came into production in 2013 and was designed to deliver 30ktpm. These operations were terminated in December 2016 and rehabilitation began in January 2017.

Platinum production
000 oz

83.4oz



SAFETY

Sadly, Bokoni recorded three fatal incidents at Brakfontein shaft in 2016. However, the LTIFR improved by 22% to 0.86 in 2016, the best safety rate since 2013.

OPERATIONAL REVIEW

Amplats' attributable platinum production from Bokoni decreased by 21% to 83,000 ounces after the fatalities, related section 54 stoppages and community unrest in May. However, production improved 4% year on year after normalising for the closure of the Vertical and UM2 shafts in 2015.

Bokoni and its recognised unions signed a two-year agreement (1 July 2016 to 30 June 2018) covering the review of wages and other conditions of employment in the operational units.

In August 2016, the mine initiated a consultation process under section 189 of the Labour Relations Act and section 52(1)-(3) of the MRPDA. This process is expected to be completed in early 2017 after a final facilitation session by the CCMA and involved unions.

A tender process is under way to identify a suitable contractor to execute the required works at Brakfontein shaft as part of the development strategy for 2017 and 2018. This process should be finalised in early 2017.

FINANCIAL REVIEW

Bokoni is equity accounted at 49%. Our attributable loss before taxation was R159 million for 2016 (2015: R382 million), while cash calls totalled R289 million (2015: R28 million).

PROJECTS

The Brakfontein project entails extending the decline shaft from 5-level to 7-level as part of the production build-up to 100ktpm of Merensky reef ore. This shaft will replace Merensky production from the closed Vertical and UM2 shafts.

The Middelpunt Hill project will extend the existing decline shaft to 3-level to build up production to 60ktpm of UG2.

PANDORA PLATINUM MINE
(NON-MANAGED – 42.5% OWNED)

	2016	2015
Safety		
Fatalities	–	1
LTIFR	**1.41**	1.84
Financial		
Amplats attributable profit/(loss) before tax (Rm)	**(55)**	(75)
Net cash distributions/(cash calls) (Rm)	**(18)**	(44)

Mineral resources including ore reserves

UG2	**80.3Mt ➧ 12.0 4E Moz**

JV partner

Eastern Platinum Limited (subsidiary of Lonmin plc)	50%
Mvelaphanda Resources	7.5%

For our full ore reserves and mineral resources report 2016, please go to **www.angloamericanplatinum.com/investors/annual-reporting/2016**

MINE OVERVIEW

Rustenburg Platinum Mines has a 42.5% interest in the Pandora JV. The other partners are shown above. In November 2016, we announced that Lonmin would buy Amplats out of this JV (detailed on page 43). The mine is in the North West province, 40km east of the town of Rustenburg, in Lonmin's Marikana mining area. It forms part of the South-western Limb of the Bushveld complex.

Mine infrastructure consists of one decline shaft system, E3, which mines only UG2 ore. Pandora is a shallow, conventional underground mine, with current workings between surface and 300m below surface.

SAFETY

LTIFR at the mine improved 23% to 1.41 in 2016.

OPERATIONAL REVIEW

There are no platinum ounces attributable to Amplats from Pandora, as all ore is sold to Lonmin subsidiary, Western Platinum. Platinum production was 36,000 ounces in 2016, down 8% from 2015 as a result of section 54 safety stoppages.

FINANCIAL REVIEW

Pandora is equity accounted at 42.5%. The mine incurred a loss before taxation of R55 million for 2016 (2015: loss of R75 million), while cash calls totalled R18 million (2015: R44 million).

PROJECTS

Capital expenditure was limited to stay-in-business projects and environmental approvals at the future East 4 shaft expansion project.

TRANSACTION UPDATE

In November 2016, Amplats entered into a conditional sale and purchase agreement with Eastern Platinum to sell its interest in Pandora for a deferred cash payment of a minimum of R400 million and maximum of R1.0 billion over six years (nominal terms); and a rental agreement for the use and full operational control of Lonmin's Baobab concentrator for a three-year period.

The transaction is conditional on approval by the competition authorities and all necessary consents from the DMR, including section 11 approval to transfer the mining right to Lonmin.

Gary Humphries *Executive head: processing*

PROCESS OVERVIEW

SAFETY

The process division was fatality-free for 2016, although the LTIFR deteriorated 26% to 0.54. The operations remain focused on managing a comprehensive safety improvement plan.

OPERATIONAL REVIEW

Tonnes smelted increased by 2% to 1.32Mt in 2016 on higher receipts of concentrate.

Base metal production reduced 5% or 1,911 tonnes to 38,550 tonnes. The base metal plant operated steadily without any major operational challenges. It continued to make excellent progress on optimisation activities, achieving record full-year nickel production.

PMR refined platinum production decreased 5% to 2,313,000 ounces in 2016 (2015: 2,426,000 ounces) following a section 54 safety stoppage, and reduced metal input following the furnace 1 run-out incident.

Cost management and cash conservation remained a focus area during 2016. Total cash operating costs rose 3% to R5.4 billion (2015: R5.3 billion). Internal cost management and business improvement initiatives continued to deliver value during the year, with special attention and projects aimed at energy efficiency and working capital management. Cash operating cost per refined platinum ounce produced increased by 9% to R2,320 from R2,136 in 2015, mainly due to lower volume.

SMELTERS

	2016	2015
Safety		
Fatalities	**–**	–
LTIFR	**0.33**	0.10
Tonnes smelted (Mt)	**1.32**	1.30
Cash costs/tonne new concentrate smelted (R)	**2,141**	2,216

Our three smelting operations, namely Polokwane, Waterval and Mortimer, are responsible for the pyrometallurgical treatment of concentrates received from Amplats, JVs and third parties. The smelters produce furnace mattes from these concentrates, which are transferred to the Amplats converter process (ACP) for upgrading and producing converter matte, which is rich in PGMs and base metals. The ACP acid plant also captures sulfur dioxide gases from the Waterval complex producing sulphuric acid and ensuring the off gas meets legislated requirements. The ACP product, converter matte, is slow cooled for five days before being despatched to Amplats' Rustenburg Base Metal Refiners for further processing.

Value enhancement initiatives undertaken during the year centred on cost optimisation projects across all smelting operations, improvement of the ACP run-time and achieving greater operating stability of the smelter fleet. The ACP improved its run-time by a further 5% to achieve the target of 71% in 2016. Polokwane smelter achieved a new record of 642kt smelted, as compared to the previous record of 607kt set in 2015. Total cash operating costs were 2% lower year on year at R2.8 billion, reflecting disciplined cost management at the smelting operations.

SAFETY

One of the four smelting operations recorded a calendar year without an LTI, although collectively the LTIFR for all smelters deteriorated from 0.10 in 2015 to 0.33 in 2016. The operations continue to focus on safety improvements, particularly through analysis of leading indicators and the reduction of high-potential incidents.

PRODUCTION

Collectively the smelting operations smelted 2% more concentrate (1.32Mt) in 2016 when compared to 2015. The majority of the concentrate was treated at the Polokwane smelter, due to its good operating factor, and its proximity to Mogalakwena Mine and concentrator.

At Waterval smelter, furnace 1 experienced a run-out on 10 September 2016 when matte and slag leaked through the hearth. The furnace was shut down safely, and no injuries or damage to peripheral equipment occurred as a result of the incident. The furnace rebuild which had been slated for 2019 was brought forward and successfully completed. Matte was tapped from the rebuilt furnace on 14 December 2016.

ACP processed 183kt furnace matte, 15% lower than 2015, largely due to the effect of the furnace 1 rebuild. Platinum ounces produced declined by 5% to 2,313,000 compared to 2015.

COSTS

Total cash operating costs were decreased 2% year on year to R2.8 billion, reflecting disciplined cost management at the smelting operations.

The unit cash cost per tonne of concentrate smelted dropped by 3% to R2,141 from R2,216 in the previous year, due to the slightly higher volumes and cost containment.

CAPITAL EXPENDITURE

Capital expenditure rose by 30% to R284 million. Stay-in-business capital was invested at Waterval smelter on the furnace 1 rebuild (R95 million) and the procurement of long lead items for the furnace 2 rebuild planned for 2017 (R60 million). End wall replacements were undertaken at both Polokwane and Mortimer (R22 million). Slag pad extensions at Polokwane (R25 million) and slag mill refurbishment at Mortimer (R17 million) were the other significant SIB capital expenditures.

OUTLOOK

The journey to zero harm will continue in 2017, with continued emphasis on avoiding low-frequency, high-impact incidents. Building on the milestones already achieved at ACP, slag cleaning furnace and Polokwane, the same methods will be applied to the remaining assets to unlock value. At Waterval, Furnace 2 is planned for a total rebuild, and is the only major shutdown slated for 2017.

RUSTENBURG BASE METAL REFINERY

	2016	2015
Safety		
Fatalities	**–**	–
LTIFR	**0.49**	0.84
Base metal production (kt)	**38.6**	40.4
Cash costs/base metal tonne (R)	**46,969**	41,746

The main function of the Rustenburg Base Metal Refinery (RBMR) is the separation of precious metals from base metals using milling and magnetic concentration at the MC plant. The magnetic fraction is upgraded further in a three-stage leaching plant to produce a final concentrate of 60% PGMs fed to the Precious Metals Refinery (PMR). The non-magnetic fraction is refined at the Base Metals Refinery (BMR) to produce base metal products – nickel and copper cathode, cobalt sulfate and a sodium sulfate by-product.

SAFETY

Reflecting the unwavering focus on safety, lost-time injuries reduced by 42%, the severity of injuries decreased and the LTIFR almost halved to 0.49 in 2016. RBMR remains committed to the 'safely to 33,000' campaign, aimed at achieving design nameplate capacity safely.

PRODUCTION

The RBMR complex has been functioning steadily without any major operational challenges. However, base metal production was impacted by reduced converter matte receipts. The operation continued to make excellent progress on optimisation activities, with nickel full-year production a record. Cobalt sulfate production at 952t was 6% above the previous maximum recorded during 2015.

COSTS

Cash operating costs for 2016 rose 7% to R1.8 billion. Lower base metal production contributed to the 13% year-on-year unit cost increase to R46,969 per base metal tonne.

CAPITAL EXPENDITURE

Capital expenditure was 6% higher at R149 million, mainly for production and safety-critical projects to sustain the current production profile. No major expansion projects were undertaken in 2016.

OUTLOOK

To improve operational excellence and align with the Amplats strategy, RBMR is scheduled to roll out a revised operating model to unlock additional operational efficiencies.

PRECIOUS METALS REFINERY (PMR)

	2016	2015
Safety		
Fatalities	**–**	–
LTIFR	**1.21**	0.52
Platinum production (Moz)	**2.3**	2.4
Cash costs/Pt oz	**334**	279

PMR receives final concentrate from RBMR, which is refined into various PGMs and gold to high degrees of purity. Products are customised to meet market requirements.

SAFETY AND HEALTH

PMR's safety performance deteriorated in the review period, with the LTIFR regressing from 0.52 in 2015 to 1.21. The operation has intensified its focus on implementing its comprehensive safety improvement plan. Key aspects are a zero-harm mindset; operational discipline; managing change; and improving competencies.

Platinum salt sensitivity (PSS) and rhodium salt sensitivity (RSS) are the major health risks at PMR. These are being mitigated by implementing world-class occupational and environmental exposure control standards, which characterise the workplace in terms of PSS and RSS, and ensure regular measurements monitor changes in the work environment and the people working in it.

PRODUCTION

Refined platinum production decreased 5% to 2,313,000 ounces, largely driven by reduced input following the Waterval Furnace 1 run-out.

PRODUCT QUALITY

Platinum, palladium and rhodium purity has been maintained at or above 99.95%, resulting in good customer satisfaction levels.

COSTS

PMR's cash operating costs for 2016 rose 14% to R772 million. The above inflation cost increase includes R23 million (3%) incurred as a result of the section 54 safety stoppage in February 2016.

CAPITAL EXPENDITURE

Capital expenditure increased by 75% to R56 million, all related to stay-in-business capital.

OUTLOOK

The PMR will continue to focus on delivering a safe and stable operation, and disciplined cost management.

Gordon Smith *Executive head: technical*

ORE RESERVES AND MINERAL RESOURCES REVIEW

Material issue: Managing resource availability and impact

RESERVES

The combined South African and Zimbabwean Ore Reserves have decreased from 184.6 4E Moz to 170.2 4E Moz in the year under review. This was primarily as a result of the sale of the Rustenburg mines and concentrating operations (Bathopele, Siphumelele 1 and 2, Khomanani, Thembelani and Khuseleka mines, Waterval concentrators, Western Limb tailings retreatment and chrome recovery plant) on a going concern basis to Sibanye Rustenburg Platinum Mines Proprietary Limited (a subsidiary of Sibanye Gold Limited) (Sibanye). The reduction of Ore Reserves associated with the sale of the Rustenburg mines has been partially offset by an increase in Ore Reserves at Mogalakwena and Dishaba mines due to the additional conversion of Mineral Resources to Ore Reserves. At Mogalakwena, Ore Reserves increased significantly due to pit shell design changes and at Dishaba, the Ore Reserves increased materially due to a revised UG2 extraction strategy below 14 level.

The Rustenburg mines were transferred from the ownership of Amplats to Sibanye on 1 November 2016. As a result of this transaction, the Amplats Merensky Ore Reserves in South Africa decreased by 21% (–2.3 4E Moz) and the UG2 Ore Reserves decreased by 39% (–20.4 4E Moz) for the year under review.

At Mogalakwena Mine, a combination of pit shell design changes, production and stockpile movements resulted in the Mogalakwena Platreef Ore Reserves increasing by 8.0 4E Moz, during the year under review, from 116.0 4E Moz in 2015 to 124.1 4E Moz in 2016. The pit shell design change resulted from a geotechnical review which resulted in the average pit slope angle increasing to ~50 degrees from ~45 degrees in 2015. Sensitivity to higher and lower metal prices (±5%) have indicated minimal impact on the scale of the Mogalakwena Ore Reserve.

The combination of basket metal prices and exchange rate used for the resource and reserve estimates is based on long-term forecasts in a balanced supply/demand scenario.

A technical review of the UG2 mining at Dishaba Mine established that the UG2 Reef at Dishaba Mine below 14 level could be mined economically and safely. The UG2 Mineral Resources below 14 level that had not been previously converted to Ore Reserves have now been converted following implementation of a revised mine layout and design resulting in an increase of Ore Reserves declared at Dishaba Mine for the year under review from 6.9 4E Moz in 2015 to 10.2 4E Moz (+3.3 4E Moz).

Following the company's ongoing strategy to convert mines from the labour intensive conventional mining methods to safer technology driven mechanised mining methods, Twickenham Mine was reviewed with the intention to convert from conventional mining to mechanised mining. New mining technology trials have been introduced at Twickenham and a review of the current conventional mining has resulted in the mine being placed into care and maintenance with only the mechanised mining trial section remaining operational. This has resulted in a reduction of the declared reserves from 0.4 4E Moz to 0.03 4E Moz for the year under review.

RESOURCES

The combined South African and Zimbabwean Mineral Resource, inclusive of Ore Reserves decreased by 9.2% from 916.4 4E Moz to 831.7 4E Moz equivalent (–84.8 4E Moz) in the year under review. This was primarily the result of the disposal of Rustenburg mines Mineral Resource, inclusive of Ore Reserves to Sibanye (–85.5 4E Moz). The disposal of the Rustenburg mines Mineral Resource, inclusive of Ore Reserves has been partially offset by the increase of Mineral Resource, inclusive of Ore Reserves at Mogalakwena Mine mainly due to the pit shell design changes (+8.5 4E Moz).

DISPOSAL OF RUSTENBURG MINES

Mineral Resources inclusive of Ore Reserves

As part of the portfolio repositioning strategy, the Rustenburg mines and the Hoedspruit Prospecting Right (excluding Siphumelele 3 Shaft) were transferred from the ownership of Amplats to Sibanye on 1 November 2016.

- –23.1 4E Moz of Merensky Mineral Resources.
- –0.8 4E Moz of Merensky Mineral Resources (Hoedspruit).
- –60.8 4E Moz of UG2 Mineral Resources (Rustenburg mines excluding Siphumelele 3 shaft).
- –0.8 4E Moz of UG2 Mineral Resources (Hoedspruit).
- Combined Merensky and UG2 Mineral Resources of 85.5 4E Moz equivalent to a decrease of 14% for both reefs combined.

As a result of this disposal, the Amplats Merensky Mineral Resources in South Africa decreased by 12% (–24.0 4E Moz) and the UG2 Mineral Resources in South Africa decreased by 16% (–61.6 4E Moz) for the year under review.

MOGALAKWENA MINE PIT SLOPE OPTIMISATION

Mineral Resources inclusive of Ore Reserves

As a result of the pit slope optimisation initiative, the reserve shells for the Mogalakwena and the Zwartfontein mining areas were extended beyond the 2015 resource reporting depths. The change in the resource reporting depths and the improved economic assumptions used for the optimisation in 2016 have resulted in the increase of Platreef Mineral Resources inclusive of Ore Reserves by 3.0% from 286.4 4E Moz to 294.9 4E Moz equivalent (+8.5 4E Moz) for the year under review.

PENDING DISPOSALS OF PANDORA, UNION AND A PORTION OF AMANDELBULT MINES

Mineral Resources inclusive of Ore Reserves

As part of the ongoing portfolio repositioning strategy, Amplats is in the process of progressing transactions for the disposal of Amplats' share of Mineral Resources inclusive of Ore Reserves at Union Mine, Pandora Mine, and a portion of Amandelbult Mine. Finalisation of these transactions would result in a decrease of the Amplats Merensky and UG2 Mineral Resources inclusive of Ore Reserves in South Africa by around 8.5% from 800.9 4E Moz to ~732.9 4E Moz (–68.0 4E Moz) based on the 2016 declaration.

- 16.7 4E Moz from the Amandelbult mines.
- 12.0 4E Moz from Pandora Mine (42.5% attributable).
- 39.3 4E Moz from Union Mine (85% attributable).

Ore Reserves

Finalisation of the disposal of Amplats' share of Ore Reserves at Union and Pandora mines would result in a decrease of the Amplats Merensky and UG2 Ore Reserves in South Africa by around 3.7% from 165.2 4E Moz to ~159.1 4E Moz (–6.1 4E Moz) based on the 2016 declaration.

- 0.9 4E Moz from Pandora Mine (42.5% attributable).
- 5.3 4E Moz from Union Mine (85% attributable).

CHROMITE BY-PRODUCT FROM UG2 TAILINGS

Under current market conditions the recovery of saleable chromite concentrate from UG2 processing is economically viable. Recovery from inter-stage or final UG2 flotation tail streams produces saleable chromite product. The amount of chromite concentrate produced is directly linked to the UG2 Reef production and is recovered as a by-product during processing. Amplats currently operates two chromite recovery plants at Union and Amandelbult concentrators. Chromite recoveries are between 8% – 12% from every tonne of UG2 ore processed (overall yield factor) when the Cr_2O_3 head grade to the plant from the mine is greater than 20%. The contained monetary value of the chromite by-product is included when assessing UG2 Reef Ore Reserves where the chromite recovery plants are in production.

ALIGNMENT TO THE NEW 2016 SAMREC CODE

A new SAMREC Code was published in 2016 for implementation in 2017. The reporting of Mineral Resources and Ore Reserves by Amplats in 2016 has been aligned to the changes prescribed in the new SAMREC Code.

2016 SAMREC potential impact of revised focus on reasonable prospects for eventual economic extraction (RPEEE)

The 2016 SAMREC Code emphasises that any mineralisation where RPEEE has not been demonstrated may not be included in a Mineral Resource. RPEEE must be demonstrated through the application of an appropriate level of consideration of the potential viability of Mineral Resources. Amplats will be reviewing the RPEEE criteria in line with the revised focus on RPEEE in the 2016 SAMREC Code. The potential impact is expected to be limited to the residual Exclusive Mineral Resources which have not been considered as part of any future mine extraction plans. The overall impact on Mineral Resources is not expected to be significant.

Further alignment to the 2016 SAMREC Code, based on ongoing interpretation of provisions of the code will be undertaken in the 2017 Mineral Resources and Ore Reserves reporting period.

INTERNAL CONTROLS

Well established processes and protocols have ensured reliable Reserve and Resource reporting.

In compliance with internal review and audit schedules and improvement initiatives existing processes and reviews encompass:

Methodology

- Formal sign-off of the geological structure and geological discount factors; borehole and sample databases; and the Mineral Resource classification.
- A Mineral Resource classification scorecard for consistent resource-classification statements.
- Various single and multiple disciplinary reviews in the framework of the business planning process.

ORE RESERVES AND MINERAL RESOURCES REVIEW continued

- Mine design and scheduling for consistent Reserve reporting, which takes into account the company's business plan and tail management process.
- Further refinement of the Basic Resource Equation (BRE), an internal reconciliation of Mineral Resources segregated into the various business plans and investment centres.
- The annual sign-off of the Mineral Resources and Ore Reserves.

Information communicated

- Mineral Resource and Ore Reserve waterfall charts indicating annual movements.
- Prill and base-metal grade distribution of the Mineral Resources inclusive of Ore Reserves.
- Spatial distribution of the Ore Reserve and Mineral Resource classifications of the major mines.
- Reporting of Mineral Resources, inclusive of Ore Reserves.
- Statement of Deposits.

Resource and Reserve management database

- Platinum Resource and Reserve reporting system (PR3).
- Web-based data capturing of all relevant Mineral Resource and Ore Reserve information.

The system is in line with Anglo American plc's Group Resource and Reserve reporting management application. It has been audited and approved.

EXTERNAL REVIEWS

External independent audits are executed to ensure that the Company's standards and procedures are aligned with world best practice and include both process and numerical estimate audits.

In compliance with the three-year external review and audit schedule, Snowden Mining Industry Consultants was contracted to conduct the following:

- A detailed numerical audit in 2016 of the data gathering, data transformation and reporting related to Mineral Resources and Ore Reserves for Union Mine.

In compliance with the three-year external review and audit schedule, Optiro Mining Consultants was contracted to conduct the following:

- An assessment of the remedial actions put in place as a consequence of the findings of the 2015 numerical audit findings at Mogalakwena Mine.

COMPETENCE AND RESPONSIBILITY

In accordance with the Listings Requirements of the Johannesburg Stock Exchange (JSE Limited), Amplats prepared its Mineral Resource and Ore Reserve statements for all its operations with reference to SAMREC's guidelines and definitions (the SAMREC Code, 2007 Edition, as amended July 2009). Competent persons have been appointed to work on, and assume responsibility for, the Mineral Resource and Ore Reserve statements for all operations and projects, as required.

A register of all competent persons has been lodged with the Company secretary. The executive head: technical confirms that the information relating to Mineral Resources and Ore Reserves in this report is published in the form and context in which it was intended.

RISK

The Geosciences and Integrated Planning departments subscribe to risk management processes in order to systematically reduce risks relevant to the Mineral Resources and Ore Reserves estimation. Presently no area of risk is considered significant following the current controls. It is generally recognised that Mineral Resource and Ore Reserve estimations are based on projections that may vary as new information becomes available, specifically if assumptions, modifying factors and market conditions change materially. Since the parameters associated with these considerations vary with time, the conversion of Resources to Reserves may also change over time. For example, mining costs (capital and operating), exchange rates and metal prices may have significant impacts on the conversion of Resources to Reserves and the reallocation of Reserves back to Resources in cases where there is a reversal in the economics of a project or area. The assumptions, modifying factors and market conditions therefore represent areas of potential risk. In addition, security of mineral right tenure or corporate activity could have a material impact on the future mineral asset inventory.

Gordon Smith

Gordon Smith PrEng, PhD, MBA, MSc (Engineering), BSc (Mining Engineering)
Engineering Council of SA (930124)
Executive head: technical
Anglo American Platinum Limited

Johannesburg
14 February 2017

CHANGES IN THE ORE RESERVES AND MINERAL RESOURCES FOR 2016

Ore reserve and mineral resource estimation summary

Category	2016 Million tonnes (Mt)	2016 4E million troy ounces (4E Moz)	2015 Million tonnes (Mt)	2015 4E million troy ounces (4E Moz)
Ore reserves – South Africa	**1,719.2**	**165.2**	1,777.3	179.5
Ore reserves – Zimbabwe (Unki)	**45.5**	**4.9**	47.7	5.1
Ore reserves[1] – South Africa and Zimbabwe	**1,764.7**	**170.2**	1,824.9	184.6
Mineral resources exclusive of ore reserves – South Africa	**5,101.4**	**616.9**	5,483.2	683.7
Mineral resources exclusive of ore reserves – Zimbabwe (Unki)	**180.8**	**24.4**	187.2	25.4
Mineral resources exclusive of ore reserves[2] – South Africa and Zimbabwe	**5,282.2**	**641.3**	5,670.4	709.1
Mineral resources inclusive of ore reserves – South Africa	**6,757.9**	**800.9**	7,245.4	884.0
Mineral resources inclusive of ore reserves – Zimbabwe (Unki)	**228.5**	**30.8**	240.1	32.5
Mineral resources inclusive of ore reserves[2] – South Africa and Zimbabwe	**6,986.4**	**831.7**	7,485.5	916.4
Ore reserves – South Africa tailings	**0.1**	**0.0**	94.4	3.3
Mineral resources – South Africa tailings exclusive of ore reserves	**87.2**	**2.5**	87.2	2.5
Mineral resources – South Africa tailings inclusive of ore reserves	**87.4**	**2.5**	181.6	5.8

Note: 'Mineral resources exclusive of ore reserves' and 'scheduled resources converted to ore reserves' are not additive because of modifying factors being applied during the conversion from resources to reserves. The above mineral resources exclude the Boikgantsho and Sheba's Ridge projects in South Africa. These projects reflect a 3E grade which is the sum of platinum, palladium and gold grades, whereas the other mines and projects reflect a 4E grade. For these projects, see the tabulation below:

Category	2016 Million tonnes (Mt)	2016 3E million troy ounces (3E Moz)	2015 Million tonnes (Mt)	2015 3E million troy ounces (3E Moz)
Mineral resources inclusive of ore reserves – South Africa (Sheba's Ridge project)	**211.9**	**6.4**	211.9	6.4
Mineral Resources inclusive of Ore Reserves – South Africa (Boikgantsho Project)	**48.8**	**1.9**	48.8	1.9
Mineral resources inclusive of ore reserves[2] – South Africa	**260.7**	**8.3**	260.7	8.3

[1] *The ore reserves reflect the total of proved and probable ore reserves.*
[2] *The mineral resources reflect the total of measured, indicated and inferred mineral resources. The mineral resources are quoted after geological losses.*

OUR BOARD

Audit and risk committee | Governance committee | Nominations committee | Remuneration committee | Safety and sustainable development committee | Social, ethics and transformation committee

BOARD MEMBER

Valli Moosa (59)

BSc (mathematics)

Independent non-executive chairman

Appointed independent non-executive chairman in April 2013.

Director since 2008, deputy chairman and lead independent director since 2010. Board member of the World Wildlife Fund (South Africa), and served as a cabinet minister from 1994 to 2004.

External directorships: Imperial Holdings Limited, Sanlam Limited, Sun international Limited, Sappi Limited

Chris Griffith (52)

BEng (mining) (hons), PrEng

Chief executive officer

Appointed CEO in September 2012.

Member of the Anglo American plc group management committee and director of Anglo American South Africa Limited. Prior to his current appointment, he was CEO of Kumba Iron Ore from July 2008 and has been with Anglo American for 27 years. He joined Amplats in 1990, progressing rapidly from supervisor to one of the youngest general managers in the company, overseeing Amandelbult and Bafokeng-Rasimone Platinum mines, before heading the joint-venture operations.

Ian Botha (45)

BCom, CA(SA)

Finance director

Appointed as finance director in May 2015.

Previously group financial controller of Anglo American plc since November 2009. Prior to this, he was chief financial officer of Anglo American's coal division and its ferrous metals and industrial division.

Andile Sangqu (50)

BCom (acc), BCompt (hons), CTA, HDip tax law, MBL

Non-executive director

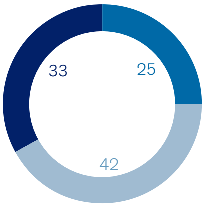
Appointed a director in July 2015.

Executive head and director of Anglo American South Africa, working with the constituent businesses to deliver the group's strategy, provide leadership and coordination for stakeholder relations in South Africa and facilitate regional alignment with the group's central functions. Prior roles include group executive of sustainability and risk at Impala Platinum and executive director for Glencore Xstrata South Africa. He served on the Chamber of Mines' national development plan committee and in executive and non-executive roles at Kagiso Trust Investments.

External directorships: Chamber of Mines (vice-president), Kumba Iron Ore Limited, Pioneer Food Group Limited

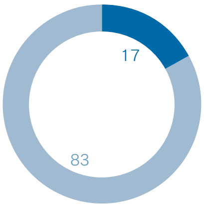
Board characteristics

Board composition by race
%



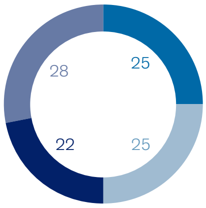
- Non-South African
- HDSA*
- Non-HDSA

Board composition by gender
%



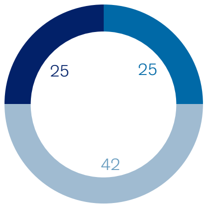
- Female
- Male

Board skills and experience
%



- Stakeholder
- Strategy
- Risk management
- Governance, compliance, finance and legal

Board composition by age
%



- 40-50 years
- 50-60 years
- 60-70 years

Dhanasagree (Daisy) Naidoo (44)

BCom, CA(SA), Masters in Accounting (taxation)

Independent non-executive director

Appointed a director in July 2013.

Professional background in structured finance and debt capital markets. Daisy developed her career at Sanlam after a brief tenure in financial planning and corporate taxation at SA Breweries and Deloitte & Touche respectively.

External directorships: STRATE, Omnia Holdings Limited, Barclays Africa Group Limited, Mr Price Group Limited, Hudaco Industries Limited. Trustee: Discovery Health Medical Scheme

John Vice (64)

BCom, CA(SA)

Independent non-executive director

Appointed a director in November 2012.

Before retiring in 2013, John was a senior partner in KPMG where his roles included head of audit, serving on the South African and African boards and executive committees, and chairman of KPMG's international IT audit.

External directorships: Standard Bank Group and Standard Bank of South Africa.

Mark Cutifani (58)

BEng (mining)

Non-executive director

Appointed a director in April 2013.

Mark has worked across six continents, 25 countries and over 20 commodities. He has been chief executive of Anglo American since 2013, and serves on the group management committee. Previously chief operating officer for Inco and Vale's global nickel business, and senior executive with leading multinational mining groups. With a leadership style focused on people development, accountability and delivering sustainable value, Mark has emphasised developing strong investor, labour, industrial, government and community relationships.

External directorships: Anglo American plc, Anglo American South Africa (chair), De Beers Societé Anonyme (chair)

Nombulelo (Pinky) Moholi (56)

BSc (engineering)

Independent non-executive director

Appointed a director in July 2013.

Pinky has spent most of her career in the telecommunications sector. She was chief executive officer of Telkom SA SOC Limited from 2011 to 2013 after heading senior portfolios in that company for 14 years. She also served in strategy, marketing and corporate affairs roles at Nedbank.

External directorships: Old Mutual Life Holdings SA, Woolworths Holdings Limited, Eyethu Community Trust (chair), Old Mutual Emerging Markets and Old Mutual Group Holdings

OUR BOARD continued

Audit and risk committee
Governance committee
Nominations committee
Remuneration committee
Safety and sustainable development committee
Social, ethics and transformation committee

BOARD MEMBER

Peter Mageza (62)

FCCA (UK)

Independent non-executive director

Appointed a director in July 2013.

Chartered certified accountant and fellow of the Association of Chartered Certified Accountants (ACCA) UK. Until 2009, he was executive director and group chief operations officer of Absa Group Limited and served that group in various capacities over his nine-year tenure.

External directorships: Remgro Limited, Sappi Limited, MTN Group Limited

René Médori (59) (French)

Doctorate in economics

Non-executive director

Appointed a director in March 2007.

Finance director of Anglo American plc. Previously finance director of The BOC Group plc and a non-executive director of Scottish and Southern Energy plc.

External directorships: De Beers Societé Anonyme, Petrofac plc

Richard Dunne (68) (British)

CA(SA)

Independent non-executive director

Appointed a director in July 2006.

Richard was with Deloitte for 42 years until retiring in 2006 as chief operating officer.

External directorships: Standard Bank Group Limited, AECI Limited

Tony O'Neill (59)

BEng, MBA

Non-executive director

Appointed a director in October 2013.

Group director technical at Anglo American plc and a recognised global business and technical expert in the mining industry. Spearheaded strategy development and significant turnarounds in large, complex and geographically diverse mining businesses. Tony's extensive career spans some 35 years, predominantly in the gold mining sector and including senior roles at Newcrest Mining, Western Mining Corporation and AngloGold Ashanti.

External directorships: Anglo American plc, Anglo American South Africa, De Beers Societé Anonyme

OUR EXECUTIVE COMMITTEE

Chris Griffith (52)

BEng (mining) (hons), PrEng

Chief executive officer

Appointed in September 2012.

See page 70.

Ian Botha (45)

BCom, CA(SA)

Finance director

Appointed in May 2015.

See page 70.

Dean Pelser (48)

BSc Eng (mining) hons

Executive head: mining operations

Appointed in December 2015.

Prior to his current appointment, Dean was executive head: safety, health and environment for over four years, and a director of Rustenburg Platinum Mines since 1999. He has an extensive background in the gold, coal and PGM mining industries spanning 30 years. Prior roles include general manager at Mogalakwena Mine, divisional director: Eastern Limb operations (mining, concentrating, smelting and JVs), general programme manager: Eastern Limb development and head of infrastructure and sustainable development. In addition to his operational experience in management, strategic planning and large-scale project delivery, he also served as chairman of Lebalelo Water User Association, Joint Water Forum and a decade on the board of Lepelle Northern Water.

Seara Macheli-Mkhabela (45)

BA (law), LLB, MBA

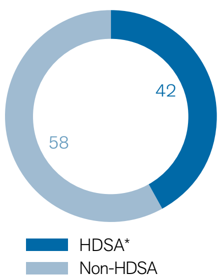
Executive head: corporate affairs

Appointed in July 2014.

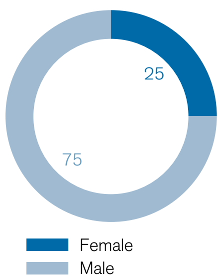
A lawyer by profession, with a specific interest and training in protection of intellectual property, Seara has 19 years' experience at executive corporate level which includes working for multinational companies. Her primary focus is on increasing community benefit from mining while minimising and managing associated risks. She drives the company's social strategy, premised on the principle of partnerships with stakeholders.

Executive management characteristics

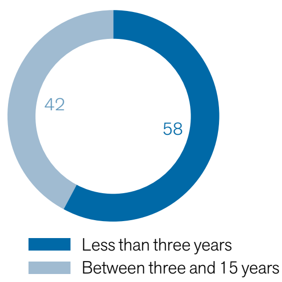
Composition by HDSA
%



Gender
%



Tenure
%



OUR EXECUTIVE COMMITTEE continued

Lorato Mogaki (47)

BA (law), master's dip (human resources management), MBA

Executive head: human resources

Appointed in June 2013.

Lorato joined Amplats in 2005 as group manager: people development and was later appointed head of human resources development and transformation. Prior to that, she was a training and development general manager in the post and telecommunications sector. She is a board member of the Mining Qualifications Authority (MQA), the regulating body for all mining-related qualifications. She also serves on the Zenzele board, which champions community development projects on behalf of Amplats.

Gary Humphries (51)

PrEng, BSc Eng (chem), BCom, MBA

Executive head: processing

Appointed in January 2017.

Gary joined Amplats in 2001 as manager: concentrator optimisation. He has held numerous technical and operational roles in the company, most recently head: process control and concentrator technology. Prior to joining Amplats, he was a senior consultant at SRI Consulting (Zurich), and worked at Fleming Martin Securities and AECI.

Indresen Pillay (45)

BSc (QS)

Executive head: projects and SHE

Appointed in March 2014.

Indresen has over 20 years of international experience in project management, cost management, procurement on complex building, infrastructure and industrial projects.

Vishnu Pillay (59)

BSc, MSc

Executive head: joint ventures and exit operations

Appointed as executive head: joint ventures in January 2011.

Prior to joining our executive committee, Vishnu was executive vice-president: South African operations for Gold Fields Limited and, before that, vice-president and head of operations at Driefontein Gold Mine. His 25 years at Gold Fields were interrupted by a period with the Council for Scientific and Industrial Research as director of mining technology and group executive for institutional planning and operations. In May 2013 he joined the board of Harmony Gold as an independent non-executive director. Since July 2015, Vishnu has had operational responsibility for our platinum assets to be disposed of.

Gordon Smith (58)

BSc Eng (mining), MSc Eng, MBA, PhD, PrEng

Executive head: technical

Appointed in September 2013.

Gordon has 38 years' minerals industry experience across precious metal, base metal, ferrous metals, chrome, diamond and semi-precious stone, and coal operations. He joined Amplats in 2003 as general manager: planning. Subsequent appointments included head of strategic business planning, head of mineral resource management and executive head: technical. Gordon is an honorary life fellow and past president of the Southern African Institute of Mining and Metallurgy, a fellow of the Mine Ventilation Society of South Africa, and a member of the South African National Institute of Rock Engineering and associate professor at University of the Witwatersrand, school of mining engineering.

Andrew Hinkly (52)

BSc Eng (civil), MBA

Executive head: marketing

Appointed in January 2012.

Moved to the new commercial business unit of Anglo American plc in 2014.

Andrew joined Anglo American in 2008 as group head: procurement and supply chain after working for the Ford Motor Company for 20 years, where he gained extensive global experience in finance, purchasing, strategy and new market development.

Elizna Viljoen (41)

BCom, FCIS

Company secretary

With over 20 years' experience in the company secretarial field in consulting and in-house positions, Elizna has been exposed to various corporate transactions across the industrial, mining, information technology and telecommunications sectors. She joined Anglo Operations Proprietary Limited in May 2013 where she is responsible for running the company secretarial teams at Amplats and Anglo American South Africa, serving their boards and board committees, and ensuring appropriate compliance with JSE Listings Requirements, the Companies Act and governance best practice.

July Ndlovu (51)

BSc (hons), MBL, CSEP, BLP

Executive head: process (to end-August), now CEO: SA – Anglo American Coal

Appointed in September 2016.

July was previously employed by Anglo American subsidiaries in Zimbabwe, holding senior managerial positions in metallurgical operations and technical services. In 2001, he transferred to Amplats, first as business manager of the Polokwane smelter, then head: process technology. He transferred to Anglo American Coal as chief executive officer: SA, effective 1 September 2016.

CORPORATE GOVERNANCE REPORT

Material issue: Meeting our commitments to governments and society

The board is the focal point for, and custodian of the company's governance framework through its committee structures, and its relationship with management, shareholders and other stakeholders.

GOVERNANCE FRAMEWORK

The board

Shareholders and other stakeholders

Company secretary

Responsible for the overall conduct and control for the affairs of the company. Sets the long-term direction and strategy, monitors and maintains an effective group-wide risk management framework.

Guides the chairman and directors, individually and collectively, on their duties, responsibilities and powers. She also advises on corporate governance, and compliance with legislation and the Listings Requirements of the JSE.

Board governance

Social, ethics and transformation committee

Monitors and develops the company's compliance with section 72(8) of the Companies Act, read in conjunction with regulation 43. Also monitors the company's goals for the 10 principles of the United Nations Global Compact; recommendations on corruption of the Organisation for Economic Cooperation; Employment Equity Act 55 1998, as amended; B-BBEE Act 53 2003, as amended; and other corporate citizenship, labour and employment principles.

Audit and risk committee

Monitors adequacy of financial controls and reporting; reviews audit plans and adherence to these by external and internal auditors; reviews the independence of the auditors; ascertains the reliability of the audit; ensures financial reporting complies with IFRS and the Companies Act; reviews and makes recommendations on all financial matters; nominates auditors for appointment; monitors the company's appetite for risk, and concomitant controls required. Governance of risk, information and technology.

Remuneration committee

Establishes principles of remuneration and determines the remuneration of executive directors and executive heads; considers, reviews and approves group policy on executive remuneration and communicates this to stakeholders in the integrated report.

Nomination committee

Considers suitable nominations for appointment to the board and succession planning; makes appropriate recommendations based on qualifications and experience.

Safety and sustainable development committee

Develops frameworks, policies and guidelines for S&SD management and ensures their implementation; monitors group compliance with relevant legislation. Evaluates all material sustainability impacts against the precautionary principle, and advises the board accordingly. It has a reporting line into the social, ethics and transformation committee and audit and risk committee, and directly to the board.

Governance committee

Monitors and reports on corporate governance in the group and recommends measures to enhance this in terms of King IV; monitors the relationship with the major shareholder for the benefit of the shareholders.

Advisory and support

Group management committee

Anglo American plc principal executive committee.

Responsible for formulating strategy, setting targets/budgets and managing the group's portfolio.

Investment committee

Responsible for making recommendations to the group management committee on capital investment proposals.

Corporate committee

Reviews corporate policies and processes, and financial performance against budgets at Anglo American plc business unit level.

Shared services

Internal audit
Supply chain
Technical and sustainability
Information system
Legal and secretarial
Human resources
Taxation
Corporate finance and treasury
Insurance
Risk management
Accounting
Company secretarial

Shared services (see table) are provided by Anglo American plc to all group subsidiaries and assist management in executing key activities and controls to mitigate risk and achieve business objectives. Service-level agreements ensure these are of appropriate quality.

Management governance

Chief executive officer – Chris Griffith

Develops and recommends the strategy and vision of the company to the board, along with annual business plans and budgets that support the company's long-term view.

Executive committee

Recommends policies and strategies; monitors implementation; deals with all executive management business; responsible for all strategic matters not expressly reserved for the board. It meets weekly.

Operations committee

Responsible for all operational matters; coordinates, manages and monitors resources; regularly reviews risk to achieve the group's aims. It meets monthly.

Capital review committee

Responsible for the group's investment portfolio, its evaluation and prioritisation; defines key principles governing the inclusion of assets and capital spend (including stay-in-business) and the flow-back impact on the group's portfolio. It meets at least quarterly or when projects require stage-gate approval.

APPLICATION OF KING CODE ON CORPORATE GOVERNANCE

The Institute of Directors in Southern Africa NPC released the King IV Report on Corporate Governance for South Africa, 2016 (King IV) on 1 November 2016. While disclosure on applying King IV is only effective for financial years from 1 April 2017, Amplats has adopted the new code immediately, as encouraged.

This report therefore addresses all the principles of King IV, grouped under the desired key governance outcomes of ethical culture, good performance, effective control and legitimacy. We have expanded these outcomes to better fit the company's scope of disclosure.

ETHICAL CULTURE

Principle 1: The governing body should lead ethically and effectively.

The board is committed to applying and enforcing applicable corporate governance principles. As such, it continues to develop and review its governance policies, practices and procedures in line with an integrated governance, risk and compliance framework. The directors recognise that sound corporate governance practices enhance both shareholder value and the long-term sustainability of the business.

Organisational cultural transformation journey

This process began in 2013. After implementing various restructuring processes amid continuous economic challenges, we continue to embed cultural transformation under the focus areas of leadership, engagement and values for the business.

A high-level overview on progress in 2016 indicates a thorough awareness and understanding of organisational cultural transformation among our leadership, good awareness and understanding among senior management and some awareness at lower levels. Renewed focus in 2017 will ensure all employees are included in this journey and that progress at each operation, function and level is systematically tracked and areas of concern addressed in real time.

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The board has adopted a number of key policies that provide guidelines on how ethics should be approached and addressed by the organisation and its stakeholders:

Key policies

Delegation of authority manual

Amplats has a detailed authority manual, which is reviewed annually. Its objectives are to delegate transactional and contractual authority from the board to staff members and officials at various levels. This provides effective and practical directives and guidelines for minimising or eliminating the company's possible exposure to risk. It also ensures staff members and officials fully understand demarcated authorisation limits and strictly adhere to them. The document is reviewed annually. The scope of this policy applies to Anglo American Platinum, its subsidiaries and managed joint ventures. Non-managed joint ventures are run by a management committee with Amplats representation.

The company's management committee members are subject to this authority policy manual.

Code of conduct and business integrity policy

During the year Anglo American plc reviewed its ethical framework resulting in the development of a Code of Conduct ("code") that brought together all the various policies and procedures that the Anglo American group has to govern ethical culture and behaviour. The Code of Conduct covers 23 difference areas, for example, bribery, competition, compliance, money-laundering, alcohol and drug abuse and data privacy. The board has adopted the code and the company's Business Integrity Policy will remain a critical subset of the code and therefore not be replaced by it.

A business integrity steering committee was formed in 2015 reporting to the executive committee. The purpose of the integrity committee is to provide organisational direction and the company stance on related matters on behalf of the board through exco and to advise exco on decisions and business matters covering 11 performance standards. The committee's approved terms of reference are aligned to the business integrity principles.

Conflicts of interest

Each quarter, the company obtains details from directors on external shareholdings and directorships that may create conflicts of interest while serving as directors on our board. The declarations are closely scrutinised by the chairman and company secretary, and tabled at each quarterly board meeting. Where a conflict arises, directors must recuse themselves from discussions. As far as possible, the company requires that directors avoid potential conflicts of interest.

CORPORATE GOVERNANCE REPORT continued

Share dealings

The company has a policy regulating dealings in its shares by directors and relevant employees. No group director or employee may deal, directly or indirectly, in the company's shares based on unpublished, price-sensitive information and in closed periods. These include the periods between our interim and financial year ends and the dates on which those results are published, and any time when Amplats is trading under a cautionary announcement. Directors and employees classified as insiders are also prohibited from trading during the closed period of the holding company.

Principle 3: The governing body should ensure the organisation is and is seen to be a responsible corporate citizen.

The concept of responsible corporate citizenship integrated into our company strategy, and its principles underpin all key aspects of our business. Given the broad scope of our social strategy and initiatives, oversight vests with two board committees: social, ethics and transformation; and safety and sustainable development. For the activities of these committees, refer to page 84 and page 89 respectively. Also refer to our strategic approach to sustainability on pages 18 to 23.

Ultimate responsibility lies with the board.

PERFORMANCE AND VALUE CREATION

Principle 4: The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The company's vision remains to be the global leader in platinum group metals, from resource to market, for a better future for all. The key steps that underpin this vision remain firmly focused on:

- Repositioning our assets into a value-maximising portfolio
- Delivering the full potential of our operations through our people
- Developing the market for platinum group metals.

The board has approved this strategy and oversees both its implementation and operational plans by management against agreed performance measures and targets.

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments for the organisation's performance and its short, medium and long-term prospects.

In developing our integrated reporting, we are guided by the framework of the International Integrated Reporting Council (published 2013). In the integrated report, we strive to report on linkages and interdependencies between the factors that enable Amplats to create value. The report includes details on our business model and strategy; how we respond to our external environment; risks and opportunities faced; how we identify and respond to the legitimate needs and interests of key stakeholders; activities and performance; as well as the outlook in the medium to long term.

The content of the integrated report is based on a materiality assessment. This includes a review of topics raised internally, issues raised by JSE-listed metals and mining sector companies, scan of media articles and targeted external stakeholder interviews to determine the material issue categories.

EFFECTIVE CONTROL

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

Board structure

The company has a unitary board structure, comprising two executive directors and 10 non-executive directors (the majority of whom are independent non-executive directors as defined by King IV). The company supports the principles of gender diversity at board level. Female representation on the board is currently 17%. No new appointments were made during the year.

The roles of the chairman and chief executive, as set out in the board charter, ensure a balance of power and authority and preclude any one director from exercising unfettered powers of decision-making. The chairman is responsible for leading the board and for its effectiveness.

The chairman is an independent non-executive director.

Principal topics considered in 2016

An annual work plan is developed from the board charter which sets the framework for board meetings. The board covers routine business, through operational reports and project updates to matters of strategy, finance and other special items. Reports from committee chairmen and certain administrative items are also considered at each board meeting.

Professional advice

All directors are entitled to seek independent professional advice on the affairs of Amplats at the group's expense, if they believe that course of action would be in the best interests of the group.

Attendance at meetings

	Board	Board strategy session	Committee: Audit and risk	Governance	Nomination	Remuneration	Safety and sustainable development (S&SD)	Social, ethics and transformation (SET)
Valli Moosa (chairman)	5/5	1/1	3/5*	2/2	2/2	5/5	4/4	4/4
Chris Griffith (chief executive officer)	5/5	1/1	5/5*	2/2*	2/2*	5/5*	3/4	4/4*
Ian Botha	5/5	1/1	5/5*	2/2*				
Mark Cutifani	5/5	1/1			2/2			
Richard Dunne	4/5	1/1	5/5	1/2	2/2	5/5	4/4	4/4
Peter Mageza	5/5	1/1	5/5	2/2				
Pinky Moholi	5/5	1/1		2/2		5/5	4/4	4/4
René Médori	5/5	1/1						
Daisy Naidoo	5/5	1/1	5/5	2/2		5/5		
Tony O'Neill	5/5	1/1		1/1*				
Andile Sangqu	5/5	1/1						3/4
John Vice	5/5	1/1	5/5	1/2			1/1*	

** Attended by invitation*

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Skills matrix
The balance of the board is monitored against a skills matrix to ensure it is able to discharge its governance roles and responsibilities effectively.

Independence of directors
There are six independent directors on the board. The independence of directors is reviewed annually by the nomination committee. The committee has satisfied itself that these directors meet the criteria for independence under King IV.

Directors holding office for an aggregate period in excess of nine years since the first appointment shall retire from office at each annual general meeting. Mr RMW Dunne has been serving on the board for 10 years and therefore his independence is reviewed annually.

New appointments
The board follows a formal and transparent process when appointing new directors and any appointment is considered by the board as a whole, on the recommendation of the nomination committee, which comprises solely non-executive directors. It evaluates the skills, knowledge and experience required to implement group strategy. New board nominations are assessed against defined competencies set out in the skills matrix to address any potential gaps. Any directors appointed during the year may only hold office until the next annual general meeting (AGM), when they will be required to retire and offer themselves for re-election. No new directors were appointed during the year.

Induction of directors
A formal induction process is in place. On appointment, directors receive an induction pack with recent board and committee documents, information on legal and governance obligations, the company's memorandum of incorporation (MoI) and recent reports. Guidance is provided on the requirements of JSE Limited (JSE) in dealing in shares, King IV and the Companies Act 71 2008, as amended (the Act), and the group's internal governance arrangements as well as a short mining course. Meetings are arranged between new directors and members of exco to ensure directors develop a full understanding of their areas of responsibility and the complex businesses and operations that make up the group.

Director training and development
All directors are expected to keep abreast of trends in the business, and in the group's environment and markets. To assist them, the company secretary arranges topical presentations and informative sessions prior to every board meeting. During the year, training was provided on the following topics:
- King IV
- Sales and market development
- Risk.

Site visits to operations are arranged at least twice a year to familiarise directors with operational and environmental aspects of the business. In the current year, site visits were made to Precious Metals Refinery and Dishaba Mine. Management presented specific initiatives that had improved safety, health and environment performance in recent years.

CORPORATE GOVERNANCE REPORT continued

Rotation and retirement

In terms of the company's MoI, a third of directors retire by rotation each year and are eligible for re-election by shareholders at the AGM. After concluding its assessment, the board recommends the re-election of the following retiring directors: Mark Cutifani, Valli Moosa, Tony O'Neill and Richard Dunne. Richard Dunne has held office for more than nine years and is required to retire by rotation at each AGM in line with the MoI.

There is no set retirement age for non-executive directors, and the period in office is reviewed individually by the board on the recommendation of the nomination committee. Executive directors retire at 60.

Company secretary

Elizna Viljoen is the approved company secretary of Amplats. She is not a director or shareholder of the company or any of its subsidiaries. On that basis, the board is comfortable that she maintains an arm's-length relationship with the executive team, the board and individual directors in terms of section 3.84(j) of the JSE Listings Requirements. Elizna has 22 years' experience in the company secretarial environment for numerous companies and is a fellow of the Institute of Chartered Secretaries. She has never been censured by the JSE or penalised or fined for any misconduct.

After assessing her abilities, the board believes Ms Viljoen has the requisite qualifications and expertise to fulfil this role as required by the JSE Listings Requirements.

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.

The board has established a number of committees to enable it to properly discharge its duties and make effective decisions. Each committee acts against written terms of reference under which specific functions of the board are delegated with defined purposes, membership requirements, duties and reporting procedures. The activities of each committee are reported on separately on pages 82 to 107.

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

In August 2016, the board evaluated both its own effectiveness and the individual performance of directors. The evaluation concentrated on the focus areas of board composition, board expertise, time management, board support, the committees and chairman, the board's role in setting strategy, oversight of the strategic plan, risk management and internal control, succession planning and human resource management as well as priorities for change. All focus areas were rated very highly with no material concerns. Top priorities for the board in the coming year were identified as:

- Focusing on strategy
- Executing disposals and repositioning the portfolio
- Gaining a greater understanding of the market
- Focusing on community issues.

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

The chief executive is appointed by the board and is responsible for executing strategy and the day-to-day business of the company. He serves as a link between management and the board.

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Amplats' board has specific responsibility for risk management in the group. The board has delegated this function to the audit and risk committee, which regularly reviews significant risks and mitigating strategies and reports to the board on material changes in the group's risk profile. The risk management process is facilitated by Anglo American Business Assurance Services, but overall accountability and responsibility for risk management rests with Amplats' board of directors, executive committee and other officers. A board risk workshop is held annually. At this session, the risk process, company's top risks against external views on the risk facing the business, risk appetite and tolerance status for top risks are considered. For more information on risk management, refer to pages 30 to 33.

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Amplats has adopted the methodology of the IT Governance Institute and the control objectives for information and related technology (COBIT) framework to meet King IV requirements. The board has formally delegated responsibility for governing information and technology to the audit and risk committee, with related activities reported on page 83.

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Compliance with, and enforcement of, the Companies Act, JSE Listings Requirements, legislation governing the mining industry and the company's governance policies are monitored and tracked through internal monitoring and reporting systems, reviews, and internal and external audits.

Whilst the company is comfortable that it is not in breach of any regulation, a comprehensive process has commenced along with the appointment of a dedicated compliance manager, to ensure that regulatory compliance is systematically monitored and tracked.

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The remuneration report detailing the remuneration policy and implementation thereof is set out in the remuneration report on pages 92 to 107.

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Combined assurance

The risk appetite of executive management, the audit and risk committee and board will determine areas of strategic and business focus, which in turn determines the level of assurance considered appropriate for identified business risks and exposures. To plan and coordinate assurance, Amplats has designed and implemented a combined assurance framework, incorporating a number of assurance services, to cover adequately its significant risks and material matters so that these enable an effective control environment, support the integrity of information used as well as the integrity of the group's external reports. Each assurance activity in this framework links to our value drivers and is determined by risks identified through the integrated risk management process, business processes, controls and mitigating strategies. Each assurance provider has been categorised into different lines of defence in the organisation: management, comprising Amplats line functions that own and manage risks; internal assurance providers from specialist functions including safety, health and environmental compliance; and regulatory auditors, the internal audit function and independent external assurance providers.

Internal audit

Internal audit is an independent appraisal function that examines and evaluates the activities and appropriateness of our systems of internal control, risk management and governance. Internal audit services are provided by Anglo American Business Assurance Services. The audit and risk committee is satisfied that internal audit met its responsibilities for the year under its terms of reference. Audit plans are presented in advance to the audit and risk committee and based on an assessment of areas of risk involving an independent review of the group's own risk assessments. The internal audit team attends and presents its findings to the audit and risk committee. For an overview of activities during the year, refer to the audit and risk committee report on page 82.

TRUST, GOOD REPUTATION AND LEGITIMACY

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time,

The board considers the legitimate interests of stakeholders in its decisions. For an overview of our stakeholder engagement practices, refer to page 34 of the integrated report and page 14 of the supplementary report.

Corporate governance outcome	Page reference Integrated report (IR) Supplementary report (SR)
Ethical culture	IR 76 to 81, 84 to 87 SR published on the website
Performance and value creation	IR 10, 12 to 47 SR published on the website
Effective control	IR 76, 83, 30 to 33 SR published on the website
Trust, good reputation and legitimacy	IR 34 to 36, 76 to 81 SR published on the website

EMERGING MATERIAL ISSUE: ENSURING BUSINESS CONTINUITY (INFORMATION RISK, SECURITY AND GOVERNANCE). SEE PRINCIPLE 12 FOR MORE INFORMATION

Governance of IT

Information technology or IT is an outsourced service provided by the Anglo American group information management (IM) unit. The IM governance model has been aligned to support our business restructure in terms of contracts and service-level agreements for IT services.

Risk

IM risk governance is aligned with the broader group integrated risk management framework to identify, evaluate and respond to risks associated with using IT.

Risks are identified and reviewed quarterly at strategic, programme, project, portfolio and operational levels. For current risk items, mitigating actions are in place. Most notable is the threat of cybercrime, discussed below.

Security

Information security capabilities are being extended to include monitoring of high-risk assets, and the implementation of advanced network monitoring technologies, including:

- Enhanced preventative controls to secure access to cloud services, controls to enable delivery of secure mobile enterprise applications, and data-loss prevention capabilities to protect high-value information assets
- Superior detection capabilities to identify where and when cyber-attacks are taking place to respond appropriately and limit the loss of data
- Improved information security governance to align to business outcomes, drive employee awareness of related risks and increase security resource capabilities.

Disaster recovery

Disaster-recovery arrangements for IT systems are in place and aligned with the requirements of the group IM disaster recovery policy and framework.

Disaster-recovery plans are driven by a business-impact analysis that identifies critical systems, services and applications supporting Amplats' business processes. These plans are tested regularly and areas for improvement are reported and actioned.

Richard Dunne *Chairman*

AUDIT AND RISK COMMITTEE REPORT

DEAR SHAREHOLDER

We are pleased to present the audit and risk committee report for the year ended 31 December 2016.

This is a statutory committee in terms of the Companies Act and has an independent role, with accountability to both the board and to shareholders.

The committee assists the board in discharging its duties and makes recommendations to the board on safeguarding assets, operating adequate systems, controls and reporting processes, and preparing accurate reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

The committee operates under documented terms of reference which comply with all relevant legislation, regulation and governance codes. During the year, the committee reviewed its terms of reference and work plan for the ensuing year and agreed that it fulfilled its statutory and regulatory obligations.

The committee also acts on behalf of all Amplats group companies that have not established their own audit committees.

COMPOSITION

The committee comprises four independent non-executive directors. Collectively, they have the necessary skill and knowledge to enable the committee to perform its functions. Its statutory duties and general activities are set out in its board-approved terms of reference.

The chairman of the board, chief executive officer, finance director, company secretary, head: risk and assurance, finance controller and the external auditors attend by invitation to provide a coordinated approach to all assurance activities. The internal and external auditors have unrestricted access to the committee. Both internal and external auditors meet with committee members without management present.

MEETINGS

The committee held five meetings during the year, with attendance shown on page 79.

2016 IN OVERVIEW

The committee has executed its responsibilities for the year in line with its terms of reference for the group's accounting, financial reporting practices and finance function, external audit, internal audit and internal control, integrated reporting, risk management and IT governance.

For the external audit, the committee:

- Nominated Deloitte & Touche and G Berry as the external auditor and designated auditor respectively to shareholders for appointment for the financial year ended 31 December 2016, and ensured the appointment complied with legal and regulatory requirements for appointing an auditor
- Approved the external audit engagement letter, plan and budgeted audit fees
- Reviewed the audit plan, report back and reports
- Evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality-control procedures
- Obtained the annual written statement from the auditor that its independence was not impaired
- Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non-audit services
- Obtained assurance that no member of the external audit team had been employed by the company or its subsidiaries during the year
- Obtained assurances from the external auditor that adequate accounting records were maintained
- Considered whether any reportable irregularities had been identified and reported by the external auditors in terms of the Auditing Profession Act 26 2005, and determined that there were none
- Approved the external auditor and designated independent auditor for each of the group's South African subsidiaries, taking into consideration the company's policies on designated groups.

The committee confirms that the external auditor and designated auditor are accredited by the JSE.

For the financial statements, the committee:

- Confirmed the going concern basis for preparing the interim and annual financial statements
- Reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate
- Examined and reviewed the interim and annual financial statements, and all financial information disclosed to the public prior to submission and approval by the board
- Ensured the annual financial statements fairly present the position of the company and group at the end of the financial year, the results of operations and cash flows for the financial year, and considered the basis on which the company and group was determined to be a going concern
- Considered accounting treatment, significant or unusual transactions; and accounting estimates and judgements
- Considered the appropriateness of accounting policies adopted and any changes
- Reviewed the external auditor's audit report
- Reviewed the representation letter, signed by management, on the consolidated financial statements
- Considered any areas of concern identified, and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- Met separately with management, external audit and internal audit
- Held a special meeting to consider hedging and leasing activities for PGMs.

For internal control and internal audit, including forensic audit, the committee:

- Reviewed and approved the annual internal audit plan, and evaluated the independence, effectiveness and performance of internal audit
- Considered the reports of internal and external auditors on the group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems
- Received assurance that proper and adequate accounting records were maintained and that systems safeguarded assets against unauthorised use or disposal
- Reviewed significant issues raised by internal and forensic audit processes and the adequacy of corrective action
- Assessed the performance of the internal audit function, performance of the head of this function and the adequacy of available internal audit resources, and found them satisfactory
- Considered the events that led to the 2015 and H1 2016 restatements and the management actions taken following an internal control assessment. It has been agreed to move complex calculations to systemic platforms, where change management is more robust.

In terms of information and technology, the committee has:
- Reviewed IT risks and governance
- Received confirmation that information assets were managed effectively
- Considered the impact of cyber crime on Amplats and reviewed information security capability in the organisation
- Considered replacement strategies for redundant or legacy applications
- Reviewed the IT investment criteria and material IT investments.

For risk management, the committee:
- Reviewed the group's policies on risk assessment and risk management for financial reporting and the going concern assessment, and found them appropriate
- Held a board workshop to review and consider significant risks facing the company
- Received a written assessment of the effectiveness of the company's system of internal controls and risk management from the business assurance services department of Anglo Operations Proprietary Limited.

For sustainability issues in the integrated and supplementary reports, the committee has:
- Overseen the process of reporting, and considered the findings and recommendations of the S&SD committee
- Provided input to the assessment of non-financial material issues
- Considered the KPMG assurance scope and schedule of key performance indicators for the 2016 integrated report and made the appropriate enquiries from management
- Received the necessary assurances through this process that material disclosures are reliable and do not conflict with financial information.

For legal and regulatory requirements that may affect the financial statements, the committee:
- Reviewed, with management, legal matters that could have a material financial impact on the group
- Reviewed, with internal counsel, the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities
- Considered reports from management, and internal and external auditors, on compliance with legal and regulatory requirements.

In terms of coordinating assurance activities, the committee:
- Reviewed the combined assurance framework that categorises each provider of assurance into different lines of defence in Amplats, namely management, internal and external assurance providers
- Reviewed the level of assurance provided through the combined assurance framework and concluded this was appropriate for identified business risks and exposures
- Reviewed the plans and work outputs of the external and internal auditors and concluded these were adequate to address all significant financial risks facing the business.

On integrated reporting, the committee has:
- Considered the integrated report and assessed its consistency with operational, financial and other information known to committee members, and for consistency with the annual financial statements. The committee is satisfied that the integrated report is materially accurate, complete and reliable and consistent with the annual financial statements
- At its meeting on 9 February 2017, recommended the integrated report for the year ended 31 December 2016 for approval by the board.

KEY AUDIT MATTERS

The committee notes the key audit matters set out in the report of the independent auditors (pages 4 to 9 of the annual financial statements), namely:
- Physical quantities and measurement of inventory (excluding consumables)
- Rustenburg Section – accounting for the disposal
- Metal trading activities
- Restatements relating to metal inventory, translation of Unki depreciation and elimination of inter-company balance related to Kroondal.

The committee has deliberated on these and is comfortable that they are correctly represented.

INDEPENDENCE OF EXTERNAL AUDITOR

Deloitte & Touche has made the necessary representations to the committee, confirming that:
- The auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company or group
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken
- The auditor's independence was not prejudiced by any previous appointment as auditor
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies have been met.
- Mr J Welch retired by rotation of the annual general meeting in April 2016 and Mr G Berry was appointed as the individual registered auditors.

After taking these factors into account, the committee is satisfied that Deloitte & Touche is independent of the group and has recommended to the board that this firm should be reappointed for the 2017 financial year. As required by King IV, it is noted that Deloitte & Touche has been the company's auditors since 31 October 1997.

FINANCE DIRECTOR AND FINANCE FUNCTION

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

In light of circumstances leading to the 2015 and H1 2016 restatements, complex calculations will be transitioned to systemic platforms where change management is more robust.

CONCLUSION

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

On behalf of the committee

Richard Dunne
Chairman

Johannesburg
14 February 2017

Nombulelo (Pinky) Moholi *Chairman*

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

DEAR SHAREHOLDER

I am pleased to present the social, ethics and transformation (SET) committee report for the year ended 31 December 2016.

The committee is constituted in terms of the requirements of section 72(4) of the Companies Act 71 2008 (the Act), and its associated regulations.

As a committee of the board, it assists the board in discharging its duties and makes recommendations to the board on social and economic development, good corporate citizenship, environment, health and public safety, applicable consumer relationships, and labour and employment issues. The committee tasks the safety and sustainable development (S&SD) committee to comprehensively review the governance of safety, health and environmental matters, given their materiality, receives a formal report back every quarter. It also draws relevant matters to the attention of the board and reports to shareholders at the AGM.

COMPOSITION

The composition of the committee is in line with regulation 43(4) of the Act, and comprises a mix of independent non-executive and executive directors. These include the executive head: human resources (HR) and adviser to the CEO of Anglo American plc. Members in 2016 were: Nombulelo Moholi (chairman), Richard Dunne, Dorian Emmett, Andile Sangqu, Lorato Mogaki and Valli Moosa.

Invitees include the chief executive, executive head: corporate affairs, legal counsel and company secretary as well as departmental heads of sustainability, sustainable development, social performance, HR development and transformation.

MEETINGS

The committee held four meetings during the year, with attendance shown on page 79.

2016 IN OVERVIEW

The committee has executed its duties for the financial year in line with its terms of reference:

- Monitored and reviewed performance against:
  - The 10 principles set out in the United Nations Global Compact
  - OECD recommendations on corruption
  - Employment Equity Act 55 1998, as amended
  - Broad-based Economic Empowerment Act 53 2003
- Received reports from the S&SD committee to gain assurance on progress towards board-approved objectives
- Received progress reports on project Alchemy (establishing a broad-based transaction for economic community empowerment and ownership)
- Assured the board on the integrity of the company's annual integrated and supplementary reports and provided recommendations on material issues arising from the materiality assessment the board should consider to maintain the integrity of this report
- Reviewed the community strategy, key performance indicators and objectives and agreed the annual community investment budget
- Periodically reviewed performance against these key indicators
- Reviewed all community investment strategic sponsorships, donations and charitable contributions
- Monitored infringements of the company's corruption and business integrity policy to ensure robust controls remained in force
- Reviewed the company's ethical policies and processes, and considered their effectiveness
- Monitored the company's activities in terms of labour and employment
- Monitored the correct balance between transformation activities to ensure adequate skills and maintain stability in the company
- Monitored company performance against the requirements of the mining charter
- Attended the combined S&SD site visits.

MAIN INITIATIVES DURING THE YEAR

Organisational culture transformation

Given the scale of our restructuring processes amid continuous economic challenges, we are embedding culture transformation through the focus areas of leadership, engagement and values.

While good progress has been made so far, renewed focus in 2017 will ensure that all employees are taken along on this culture journey and that progress at each operation, function and level is systematically tracked and areas of concern addressed timeously.

Project Alchemy

The Alchemy journey has been a long yet fruitful one, where we have learnt and practised valuable lessons of true community engagement and empowerment. We have registered all our trusts, most recently Mogalakwena. The trusts are therefore at various points in achieving their foundation stage objectives: most have established sound governance structures, registered as public benefit organisations and are now selecting community trustees. Foundation projects have been identified, approved and executed to deliver benefits at grass roots level, including:

- Amandelbult donated medical equipment to the Ipopheng Clinic and supported the Thabang Children's Home by building a girls' hostel
- In the labour-sending areas, Zenzele Itereleng is funding the Mercy Vision Eye Project in Coffee Bay in the Eastern Cape, supplying eye-care equipment and a mobile clinic for adults and children
- At Mogalakwena, Alchemy contributed R1.8 million to the Bothlape Koloba school, and R1.5 million to Mabuela primary school. This included renovating school classrooms and building a new school block. This project is about to be handed over to the provincial department of education and the communities
- At Twickenham, a project of over R2 million is under way at Ntwampe primary school to renovate or construct new classrooms.

With the registration of all the Alchemy trusts, we have made significant progress in empowering our communities via the trusts in their area. We have also addressed Alchemy's capacity constraints by securing pro-bono services from providers who have worked with Amplats over the years. We will continue to explore this opportunity as the work of the trusts becomes more complex.

Going forward, we plan to accelerate:

- The process of community-elected trustees
- Identification and execution of scalable meaningful projects
- CSI spend – R36 million in 2016, bringing the total to R114 million over five years

Amplats has proven its commitment to its communities by continuing to invest in Rustenburg despite the sale of our mining operations in the area. This demonstrates longevity as those communities continue to benefit even as the group divests from Rustenburg.

Partnership platform for regional socio-economic development

The Limpopo province of South Africa is hugely important to Amplats, being home to most of our operations. Following early work in 2015, it has become apparent that our approach to date – considering the benefits, relationships and impacts on our host communities – while crucial and worthwhile, is simply not enough to generate the scale of change required if our communities and host province are to flourish. We have realised that we need to move from being a single contributor to a regional partner; from a participant in the development debate to a leader and facilitator.

As a result, we are catalysing collaboration and partnership on systemic, cross-sector, transformational sustainable development in Limpopo. The starting point for this initiative was to develop a detailed understanding of opportunities based on the bio-physical and social conditions of Limpopo. Our approach involved gathering relevant spatial data on socio-economic and environmental aspects, including climate, soils, groundwater availability, slope, sensitive ecosystems, as well as transport and urban developments. Based on this data and using a range of models in agriculture, energy, forestry and tourism, we determined the potential of the area.

The work has identified significant potential in agriculture including game farming, forestry and tourism, as well as the energy sector. We are now working with relevant stakeholders, including government, to establish a partnership platform through which identified opportunities can be best realised.

We hope this new approach of inclusive, participatory and transparent collaboration and partnership for development can significantly increase the range, scale and integration of development initiatives, both around our mines and more widely in our host province.

Employment equity post-restructuring

Our comprehensive human resources policies, combined with a focus on a culture of inclusion, reflect our commitment to employment equity. Our human resources development initiatives are designed to promote transformation and the company remains committed to delivering on its strategic objectives for transformation, which go beyond compliance.

Our strategy is to optimise and reposition our portfolio of operations to create a more sustainable and profitable company for the benefit of all stakeholders. Despite the scale of organisational change in recent years, transformation remains a business imperative. We made good progress towards targets in the mining charter II with increased representation of HDSAs at management levels. These levels are regarded as significant for decision-making in Amplats.

Progress on employment equity (representation of designated groups) by the end of 2016 at each occupational level was:

- Senior management: decreased from 46% in 2015 to 45% in 2016, but still well above the 40% target. We have a strong pool of talent at middle management level to strengthen representation at this level.
- Middle management: increased from 62% in 2015 to 64% in 2016.
- Junior management: increased from 70% in 2015 to 78% in 2016.

Overall women representation increased from 14.0% in 2015 to 14.9% in 2016.

Nkululeko financial wellness programme

The Nkululeko financial wellness programme is empowering our employees towards financial freedom and has been successfully rolled out at all operations. Since October 2014, this programme has achieved tangible results to the end of December 2016.

Studies prove that employees who are free from debt have a high level of engagement in the workplace, they present fewer primary healthcare needs (eg diabetes, hypertension) and symptoms of fatigue. Our investment in improving the level of indebtedness contributes to overall wellness among our workforce, which translates into better social dynamics and interactions across the communities.

Detailed below are some of the areas where a significant impact has been made against the objectives of the Nkululeko programme.

Action	Progress
Employees signed up with Nkululeko	9,258 (145% of original target)
Signed up for debt-relief solution or had their results with a garnishee or administration order audited	2,430
Reduction in monthly debt commitments (1,035 employees under debt-relief solutions)	R3,630 (57%) less every month
Cases challenged for reckless lending	Nearly 8,000
Garnishee order reduction	5,877 (March 2011) to 480 (January 2017)
Court case on multi-loan product and reckless lending	6,000 cases will be impacted
Attended financial wellness awareness training	24,000

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT continued

The effectiveness of the programme is reinforced by the follow-up study in 2016 against the 2014 baseline.

Category	2014	2016
Total borrowed	R9.5 billion	**R5.6 billion**
Total outstanding capital amount	R4.1 billion (43%)	**R3.6 billion (64%)**
Monthly debt commitments	Unknown	**R195 million**
Total number of loans	666,710	**162,700**
% outstanding capital: home loans	33%	**18%**
% outstanding capital: store card lending	17%	**5%**
% outstanding capital: personal lending	33%	**43%**

Baseline study incorporated 39,000 employees

Analysing the baseline study provides information on the spending and debt patterns of our employees, as well as the impact since introducing the programme. While there is steady improvement, much must still be done to improve the level of indebtedness among our employees.

KPIs to raise awareness, empower and build capability are summarised below.

KPI	Progress
Basic rate of pay	25% of monthly pay towards repaying debt
Active credit profiles	80% of workforce have access to debt with active credit profiles
Original borrowed money	64% of originally borrowed money is still owed (43% in 2014)
Level of indebtedness	R3.6 billion debt is still outstanding compared to R4.1 billion in 2014
Outstanding capital	18% of outstanding capital in 2016 is for home loans compared to 2014 when 33% was for personal lending and 33% for home loans
Portions of lending	The largest portion in 2016 is personal lending at 43% as opposed to 33% in 2014
Personal loans	Mostly for assets, emergencies, living expenses and repaying other debt
Store card lending	Reduced from 17% in 2014 to 5% of outstanding capital in 2016
Reduced number of loans	Attributed to a decrease in payday lending and store cards

Focus for 2017

To accelerate financial wellness and give our workforce the necessary financial freedom to add significantly to their livelihood, our focus will shift to the following activities:

- Ensuring all services and channels preferred by employees are included in Nkululeko offerings
- Re-engage with management at all operations to ensure buy-in and momentum to increase the use of services.
- Rebrand Nkululeko to be about financial health and wealth, not only debt relief
- Contribute significantly to enabling home ownership among our workforce and the communities they live in
- Reach family members through community-based initiatives
- Integrate processes and improve systems to support employees in creating wealth.

EMPLOYEE RELATIONS

Amplats has completed a number of restructuring programmes to improve efficiencies. Early in 2016, we finalised the latest section 189 retrenchment process as part of establishing a rightsized support and overhead structure for the retained businesses. Union Mine was also required to reduce headcount to achieve operational efficiency. Twickenham was placed on care-and-maintenance, and this restructuring process was completed in June 2016. The information management function was successfully restructured and a project completed to resize the overhead functions of Anglo American group and its business units to match the downsized overall portfolio, which included a change in the functional model to integrate business units more closely with associated group functions. Critical regulatory and legal requirements, such as employment equity and the mining charter, have been assessed and no major impact identified.

Wage negotiations

In August 2016, Amplats began wage negotiations with its recognised trade unions AMCU, NUM and UASA. An agreement was concluded with AMCU, the majority trade union, on 18 October 2016. The same offer was made to NUM and UASA, but declined. As AMCU is the majority trade union in Amplats, the agreement was extended in terms of section 23 of the Labour Relations Act to all employees, including members of NUM and UASA.

The agreement was concluded for a three-year period (2016 to 2019) and provided for a monthly wage increase of R1,000 or 7%, whichever is greater, and for each year, a monthly increase of R120 for housing allowances, an increase of 6.4% (year one) and 5.5% for years two and three for both medical aid and retirement fund contributions, and an increase to the holiday leave allowance (13th cheque) equivalent to the percentage increase given for wages.

The three-year average salary increase packages were 6.74% for the bargaining unit and management.

For Amplats to afford this increase, all the other allowances were frozen. As these allowances were also frozen in the 2013 – 2016 agreement, dissatisfaction among certain employees led to work stoppages at Mogalakwena Mine, Polokwane smelter and Waterval smelter complex. These stoppages have been resolved and disciplinary measures are being implemented to avoid similar action in future.

Due to economic challenges for the business, the macro-economic climate in the country and particularly for the mining industry, the non-executive directors, prescribed officers and senior managers had no salary increase for the 2016 financial year.

CROSS-REFERENCING TABLE

As some of the committee's responsibilities and deliberations overlap with other committees, detailed policy and performance information appears in other sections of the integrated and supplementary reports.

SET committee priorities	Activities monitored by the committee	Page reference Integrated report (IR) Supplementary report (SR)
Social and economic development	Performance against UN Global Compact principles and OECD anti-corruption:	
	▪ Human rights	SR page 22
	▪ Labour	SR pages 9 to 13, and page 15
	▪ Environment	SR pages 24 to 33
	▪ Anti-corruption	IR pages 33 and 77
	Employment equity performance	SR page 13
	Broad-based black economic empowerment	SR page 23
Good corporate citizenship and community	Business integrity policy	IR page 77
	Community development policy, strategy and performance	IR pages 18 to 23
Environment, health and safety	Safety policy, strategy and performance	SR pages 3 to 7
	Health policy, strategy and performance	IR pages 7 to 9
	Environmental policy, strategy and performance	SR pages 24 to 33
Stakeholder management	Addressing stakeholder expectations and maximising community benefit	SR pages 14 to 23, IR pages 34 to 36
Labour and employment	Employment and labour practices policy and performance	SR pages 9 to 13

CONCLUSION

The committee is satisfied it has considered and discharged its responsibilities for the financial year in line with its terms of reference, King IV and the Act.

On behalf of the committee

Nombulelo (Pinky) Moholi
Chairman

Johannesburg
14 February 2017

NOMINATION COMMITTEE REPORT

DEAR SHAREHOLDERS

I am pleased to present the nomination committee report for the year ended 31 December 2016.

This is a committee of the board of directors and operates under approved terms of reference. Its role is detailed in the corporate governance framework on page 76.

COMPOSITION

The committee comprises three non-executive directors, two of whom are independent. It is chaired by the chairman of the board. The chief executive is invited to meetings.

MEETINGS

The committee held two meetings during the year, with attendance disclosed on page 79.

2016 IN OVERVIEW

The committee has executed its duties and responsibilities for the financial year in line with its terms of reference. During the year, it:

- Reviewed and agreed its annual work plan
- Considered candidates for appointment as independent non-executive director with industry experience. However, no appointment has been made
- Considered the board structure, size and composition and made recommendations to the board on any adjustments deemed necessary
- Assessed the performance of the board as a whole, its committees, individual directors and the chairman
- Assessed the competency of the company secretary as required by paragraph 3.84(1) and (j) of the JSE Listings Requirements
- Made recommendations on the retirement of directors by rotation at the annual general meeting
- Considered the succession planning and talent management processes.

CONCLUSION

The nomination committee is satisfied it has discharged its responsibilities in accordance with its terms of reference and King IV.

Valli Moosa
Chairman

Johannesburg
14 February 2017

Dorian Emmett *Chairman*

SAFETY AND SUSTAINABLE DEVELOPMENT COMMITTEE REPORT

DEAR SHAREHOLDERS

I am pleased to present the safety and sustainable development (S&SD) committee report for the year ended 31 December 2016.

As a committee of the board, tasked by the SET committee, the key objective is to assist Amplats to operate responsibly and achieve a sustainable balance between economic, social and environmental development, considering:

- The safety of employees and those who work at our operations
- The health of employees and those closely associated with our operations
- The impact of our operations from a safety, health and environmental (SHE) perspective.

The committee provides a written report after each meeting to the audit and risk, and social, ethics and transformation committees on salient matters in their terms of reference and also gives an update to the board.

COMPOSITION

The committee comprises three independent non-executive directors the chief executive and the executive head: safety, health and environment (SHE). It is chaired by Dorian Emmett, former global head of safety and sustainable development at Anglo American and now adviser to its chief executive. Although Mr Emmett retired from Anglo American in February 2016, Amplats' nomination committee requested him to continue his services as chairman of this committee given his knowledge and experience in the field and the organisation. Collectively, the members have the expertise and knowledge to enable the committee to perform its functions.

The executive heads of joint ventures, mining, process and technical attend meetings as permanent invitees. Other executive heads attend by invitation as required.

MEETINGS

The committee held four meetings during the year, with attendance shown on page 79.

2016 IN OVERVIEW

The committee has executed its duties in the review period in line with its terms of reference and work plan for the safety and sustainable development function. During the year, the committee reviewed its terms of reference and detailed work plan for the new year.

For the S&SD function, the committee:

- Recommended appropriate SHE objectives to the board
- Monitored key indicators and learnings from major incidents and ensured these were shared across the group and its joint venture partners
- Considered the SHE performance and compliance of the company's individual operating units
- Considered the appropriateness of the SHE strategy, framework policy and guidelines for managing sustainability issues including SHE and management systems aligned with the company's strategic priorities.

The committee annually invites an expert in key aspects of S&SD to share information at its meetings. This year, Professor Caroline Digby from the University of the Witwatersrand's Centre for Sustainability in Mining and Industry presented aspects on planning, implementing and collaborating for successful mine closure. Her paper suggested a regional approach to mine closure with collaboration between mines on the same reef horizon as opposed to the current approach that is driven by individual mines, and often results in overlapping initiatives.

In terms of managing occupational and non-occupational health risks, key areas of intervention were again occupational health, health promotion, disease management, emergency medical care and public health. A collaborative approach is used to deal with HIV/Aids and tuberculosis (TB).

In respect of SHE and S&SD audits, the committee:

- Considered audit findings and reviewed the results of specific audits against legal and company requirements
- Reviewed results of the audit process to verify compliance with the company's health and safety policies and guidelines, appropriate local and international standards, as well as relevant local laws on safety and health-related matters.
- Considered the audit findings of the operational risk assurance audits that focused on significant/critical/catastrophic risks at our operations and where these audits identified significant issues, the adequacy of corrective action.

For risk management, the committee:

- Had oversight of identifying material SHE risks and ensuring appropriate risk management processes are used to identify and mitigate safety and sustainability risks. It also monitored reports from the internal assurance processes in place. The processes are aligned with Anglo American plc, whose business assurance unit is responsible for auditing the integrated risk management process.

For the 2016 integrated and supplementary reports, the committee has:

- Approved the health and safety content to shareholders as stipulated in section 2(1)(c) of the Mine Health and Safety Act
- Overseen the process of reporting and reviewed the information in this report
- Considered the KPMG findings on third party assurance and made the appropriate enquiries to management
- Received the necessary assurances through this process that material disclosures are reliable.

KEY PERFORMANCE AREAS

Safety

We are hugely saddened and concerned to report that in 2016 we lost seven colleagues in work-related fatalities. Our deepest condolences go to the families, friends and colleagues of Messrs Mlamuli Kubheka, Mveliso Ntamehlo, Tamsanqa Nqambiya, Pieter Henrico, Amos Mataboge, Nekisile Zibhonti and Peter Leshoella.

Since five of the fatalities occurred at operations which we earmarked for disposal, we shared lessons learned from the Rustenburg disposal process with other sites designated for disposal as part of our strategic repositioning. These include ongoing functional support and focus on maintaining quality supervision and leadership. Improving supervision and leadership capabilities will remain a focus in 2017.

SAFETY AND SUSTAINABLE DEVELOPMENT COMMITTEE REPORT continued

We are desperately disappointed with the regression on fatality performance in 2016. However, other lagging safety indicators continue to improve, with injury frequency rates bettering our targets for the period and previous performance.

We recorded several significant safety achievements in 2016:

- A record of 323 days fatality free preceded the sad death of Mr Henrico on 31 March 2016
- Supply chain (Eastern Limb divisions) – nine lost-time injury-free years
- Mortimer smelter – three LTI-free years
- Tumela lower mine – five million fatality-free shifts on 12 April 2016
- Bathopele Mine – 1,000 fatality-free days on 15 April 2016
- Rustenburg Base Metals Refinery's packaging and transport unit – one year injury-free, and its Utilities Tankhouse and Cobalt starter prep B-shift had over 330 injury-free days by mid-September
- Eastern Bushveld regional laboratory – seven LTI-free years
- Tumela upper mine – 71 LTI-free days between June and September, and 41 total injury-free days between July and August
- Dishaba Mine – three million fatality-free shifts on 24 November
- Twickenham project – 365 days without a fall of ground (FOG).

Health

To achieve the joint United Nations programme on HIV/Aids (UNAIDS) treatment target of 90-90-90 (90% diagnosis, 90% treatment, 90% viral suppression) by 2020, Amplats set a treatment target of 90-90-75 for 2016. Amplats also supports the test-and-treat UNAIDS guidelines for treatment of HIV-positive individuals.

The company runs wellness programmes throughout the year. Screening services are part of the annual medical assessment at occupational health facilities. In addition, employees can access services at dressing stations (basic primary-care centres), outpatient departments and via ongoing wellness campaigns run by the mobile bus. Screening services are funded by Amplats and employees have unlimited access to free screening services at the point of care.

After the 2014 mine health and safety summit, the tripartite partners involved committed to the goal of a tuberculosis (TB) incidence rate equal to or below the national incidence rate by 2024. In addition, the world community set a millennium development goal target of reversing TB incidence by 2015. For Amplats, the reversal occurred in 2014 and this declining trend has been maintained in 2015 and 2016. For the last two years, the annual target has been a 10% reduction in the incidence rate and TB deaths, which we have consistently achieved.

The recent improvements in managing TB and HIV were premised on health systems strengthening while simultaneously enhancing clinical programmes. Last year, strengthening the system included additional training for nursing staff and doctors, recruiting more nursing staff, streamlining operational processes and optimising clinical governance. In 2016, the drive was to improve clinical outputs and outcomes by relentlessly focusing on programme enhancement. Key activities included:

Infection control	TB screening, prevention and care	HIV disease management
▪ UV lights at healthcare facilities	▪ Rapid uptake of INH prophylaxis	▪ Early enrolment of HIV-positive individuals on disease management programme
▪ Using bactericidal filters for spirometry	▪ Active case finding for TB	▪ Increase uptake of antiretroviral treatment (ART)
▪ Sputum booths	▪ Directly observed treatment (DOT)	▪ Improve viral suppression
▪ Masks for healthcare personnel in TB wards	▪ Following up on TB infected people who leave employment until treatment outcome	▪ Case management of serious cases

The environment

Carbon Disclosure Project (CDP) is the leading international not-for-profit organisation helping to drive sustainable economies through global disclosure systems for investors, companies, cities, states and regions to manage their environmental impacts. CDP's 2016 global climate report was released in October 2016. In this report, CDP launched its 2016 climate A list – 193 companies recognised for their actions in mitigating climate change. Amplats was one of 11 South African companies on the A list.

In addition, Amplats was identified as a global leader for its actions and strategies to manage water more sustainably. The company was one of only 24 awarded an A grade for water management, from over 600 large companies independently assessed against CDP's scoring methodology. Our leadership was acknowledged in CDP's global water report 2016: Thirsty business: Why water is vital to climate action. The report makes clear that achieving the Paris Agreement will not be possible without business efforts to create a more water-secure world.

We have also had a very successful year with zero legal directives and zero level 3 environmental incidents.

In terms of the Anglo American code of conduct, we continue to minimise our impact on the environment by integrating environmental considerations into core planning, operational and mine-closure processes. We also ensure adherence to legal requirements and Anglo American's standards.

Site visits

The committee visits two operations each year to give non-executive and executive directors the opportunity to engage with employees. One operation also presents its strategy and progress to members at a committee meeting each year. This facilitates better understanding of issues we discuss in meetings, as well as conditions at operations. The aim is to create an appreciation of the complexities of the platinum industry, focusing on challenges and positive interventions and initiatives.

Site visits in 2016 were to Precious Metals Refinery and Dishaba Mine, where the management teams presented the refinery's SHE performance, specific initiatives that improved their performance in recent years, and ongoing challenges. This was followed by a visit to the refinery and opencast mine respectively.

Rustenburg disposal

The Rustenburg disposal to Sibanye was finalised on 1 November 2016. The uncertainty caused by the 28-month disposal process affected the morale and focus of Rustenburg employees, and resulted in major management and supervision turnover in the last quarter of 2015. This was a potential factor in the deterioration in safety performance. Lessons learned from this process will be implemented for Union Mine ahead of its disposal.

Global safety day

Amplats again celebrated a very successful Anglo American global safety day this year. The day was hosted by all operations on 6 October 2016, again under the theme of critical controls. Executives and senior management teams visited all operations and engaged with employees in their workplaces, emphasising the importance of critical controls and compliance to these.

CONCLUSION

The committee is satisfied it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the committee

Dorian Emmett
Chairman

Johannesburg
14 February 2017

REMUNERATION REPORT

Nombulelo (Pinky) Moholi *Chairperson*

PART 1: BACKGROUND STATEMENT

DEAR SHAREHOLDERS

I am pleased to present the Anglo American Platinum remuneration report for the year ended 31 December 2016.

Although the King IV Code was released on 1 November 2016 and applies to financial years from 1 April 2017, immediate transition is encouraged. Amplats has therefore adopted the three-part format recommended by King IV in this integrated report:

- Part 1: Background statement
- Part 2: Remuneration philosophy and policy
- Part 3: Implementation report.

Looking back over the last 12 months, the sustained commodity downturn and poor macro-economic conditions continued to create challenges for the business. Accordingly, we again had to make some tough decisions on remuneration levels for executive and senior managerial staff. No increases were awarded to executive directors, prescribed officers senior management and non-executive directors in 2016. We again reduced the quantum of future long-term incentive awards to senior management.

We remain committed to ensuring a fair, living wage for all employees, by reviewing our salaries and keeping ahead of the mining industry as a whole.

We pride ourselves as the highest paying company in the mining industry. We grant increases to our lower level employees that are generally above inflation, thereby giving our employees a real increase on inflation and improved take home pay. Historically our increases have been the highest for the lowest level employees against management which has enabled us to close the gap.

Socially, we focus on debt reduction training which has contributed to an increase in take home pay and allow us to have a greater focus on equality. We provide free anti-retrovirals to HIV-infected employees holistically contributing to the wellness of our employees.

Outcomes of variable pay, particularly in light of the company's performance, are shown on pages 97 to 99.

As noted, we present this remuneration report in three parts. The first part provides a brief backdrop to factors influencing remuneration decisions during the year, the second sets out the company's remuneration philosophy and policy, and the third details policy implementation. We have continued to engage regularly with shareholders. At the annual general meeting on 8 April 2016, our 2015 remuneration report was endorsed by 96.3% of our shareholders. We believe this reflects support for our ongoing commitment to engage with our shareholders, and act on concerns where necessary.

THE COMMITTEE

Role

As tasked by the board, the committee assists in setting the company's remuneration policy and remuneration for directors and prescribed officers. As per its terms of reference, published on our website, the committee's responsibilities are to:

- Make recommendations to the board on the general policy for remuneration, benefits, conditions of service and staff retention
- Annually review the remuneration packages of executive directors and prescribed officers, including risk-based monitoring of incentives
- Determine specific remuneration packages of executive directors and prescribed officers
- Design and monitor operation of the company's share incentive plans.

The committee's full terms of reference are aligned with the Companies Act and King IV, and embrace best practice.

Composition

The individuals below served as members during the year:

- Pinky Moholi (chairperson)
- Richard Dunne
- Valli Moosa
- Daisy Naidoo.

In 2016, all members, including the chairperson, were independent non-executive directors. Pinky Moholi assumed the chair on 1 January 2016.

Meetings

The committee met five times in 2016, with attendance shown on page 79. The chief executive officer, global head of reward from Anglo American plc, executive head: human resources, head of remuneration and benefits, compliance officer of employee share schemes and representatives of PricewaterhouseCoopers (PwC) attended meetings by invitation and assisted the committee in its deliberations, except when their own remuneration was discussed. No director or executive is involved in deciding their own remuneration. In 2016, the committee received advice from Anglo American plc's human resource department and PwC South Africa, as independent advisers.

Summary of remuneration activities and decisions during the year

- Approval of the remuneration report
- Reviewing shareholder feedback after annual general meeting
- Short-term incentive targets and payments for executive directors and prescribed officers
- Approval of business unit multiplier for short-term incentive payments to the balance of employees (excluding bargaining-unit employees)
- Approval of 2016 share incentive plan awards as well as performance conditions and vesting of the 2013 awards
- Approval of changes to share awards to middle and junior management
- Annual salary review for executive directors and prescribed officers
- Annual salary adjustments for all employees who are not bargaining-unit employees
- Approval of terms and conditions of voluntary separation packages
- Review of fees payable to non-executive directors
- Review of the committee's effectiveness
- Reviewing terms of reference for the committee
- Review and discussion of the impact of retirement reform
- Approval of the mandate for the 2016 wage negotiations for bargaining unit employees.

The company's auditors, Deloitte & Touche, have not provided advice to the committee. However, as in 2015 and at the request of the committee, they conducted certain verification procedures on the calculation and disclosure of the remuneration of directors and prescribed officers.

Remuneration in context

The table below shows the total spend on employee reward in 2016 and 2015, compared to headline earnings and dividends payable in those years.

Distribution statement		2016	2015	2014
Headline earnings	Rm	**1,867**	(126)*	445
	% change	**1,582**	(128)*	(64)
Dividends payable for year (total)	Rm	**–**	–	–
	% change	**–**	–	–
Payroll costs for all employees	Rm	**15,279**	16,662	13,969
	% change	**(8)**	19	(5)
Employee numbers		**28,250**	41,716	49,763
	% change	**(32)**	(8)	–
Community engagement development spend	Rm	**337**	451	236
	% change	**(25)**	91	16
Taxation paid	Rm	**1,125**	1,821	2,734
	% change	**(38)**	(33)	403

**Prior year restated.*

As a result of the sale of Rustenburg Platinum Mine the employee numbers reduced significantly from 41,716 (2015) to 28,250 (2016).

We are confident that remuneration outcomes for executive management in 2016 accurately reflect the company's performance, as the business continues to be managed for a low-price environment in the context of the commodity downturn.

We trust that this remuneration report gives you a comprehensive view of executive management's remuneration during the year.

Nombulelo (Pinky) Moholi
Chairperson

PART 2: REMUNERATION PHILOSOPHY AND POLICY

REMUNERATION PHILOSOPHY

The company's remuneration philosophy is to attract and retain high-calibre individuals and to incentivise them to develop and implement its business strategy to create optimal long-term shareholder value. The policy conforms to King IV and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short, medium and long term
- Performance measures and targets for incentive plans are structured to operate effectively throughout the business cycle
- The application of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

ELEMENTS OF REMUNERATION

Key elements of the total remuneration package paid to executive directors and prescribed officers in 2016 are summarised below. The total remuneration is benchmarked annually to the market and considers the performance of the company and individuals in determining the quantum and design.

Element	Fixed/variable	Definition
Base salary	Fixed	The fixed element of remuneration is referred to as base salary.
Benefits	Fixed	Benefits include membership of a retirement fund and a medical aid scheme, with contributions by both the individual and the company.
Short-term incentive (STI)	Variable	The STI is delivered as: ▪ **Annual cash incentive** An annual STI paid in cash gives executive directors and prescribed officers an incentive to achieve the company's short and medium-term goals, with payment levels based on both company and individual performance. ▪ **Bonus shares under the bonus share plan (BSP)** Bonus shares are based on performance in the financial year in the same manner as the cash award, and are subject to a three-year holding period before vesting, during which they remain restricted.
Long-term incentive plan (LTIP)	Variable	The LTIP is awarded as conditional shares, with company performance vesting conditions measured over a three-year performance period.

REMUNERATION REPORT continued

REMUNERATION LINKED TO STRATEGY

We continually assess our remuneration strategy, practices and policies to ensure they remain aligned with and continue to support the strategic objectives of the company.

PACKAGE DESIGN/EXECUTIVE DIRECTOR TOTAL REMUNERATION AT DIFFERENT LEVELS OF PERFORMANCE

The table on the previous page summarises the structure and design of the remuneration packages of each executive applicable from 2017.

The graphs illustrate the pay mix of the chief executive officer, finance director and prescribed officers at below on-target performance (figure 1), on-target performance (figure 2) and at stretch performance (figure 3).

Figure 1: Below on-target performance
ZAR

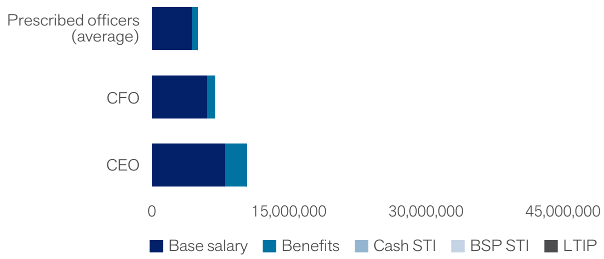


Figure 2: On-target performance
ZAR

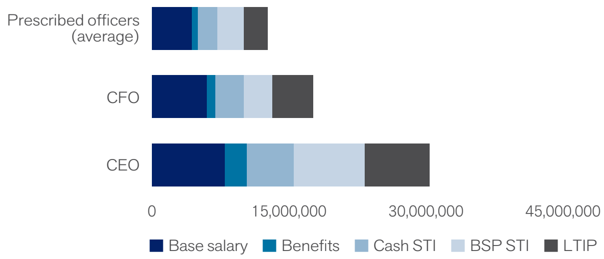
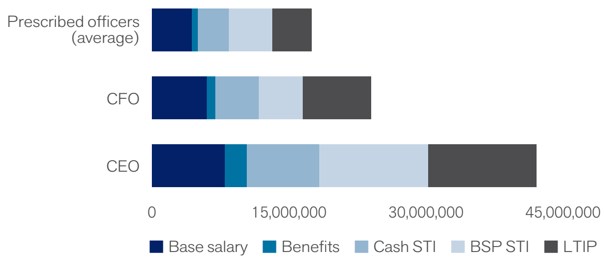


Figure 3: Stretch performance
ZAR



BASE SALARY

The base salary is set to be competitive, with reference to market practice in companies comparable in size, sector, business complexity and international scope, and is annually reviewed. Company performance, affordability, individual performance, changes in responsibilities and average increases for general staff are considered in determining any annual adjustment.

BENEFITS

Payments are made to a defined contribution retirement fund that includes:

- Disability benefits (75% of monthly pensionable emoluments)
- Death benefits (4 × annual pensionable emoluments).

The contribution rates are 7.3% of the basic employment cost from the employee, and 14.6% of basic employment cost by the employer.

SHORT-TERM INCENTIVE (STI)

Purpose	To encourage and reward delivery of the company's strategic priorities. To help ensure, through the share-based elements, that resulting performance is sustained over the longer term, in line with shareholder interests.
Participants	The STI is extended to executive directors, prescribed officers and other members of management.
Elements	There are two elements to awards made under the STI: ▪ Annual cash incentive linked to performance in the financial year, and payable at the end of that period. ▪ Forfeitable bonus shares awarded at the end of the period and linked to performance in the same manner as the annual cash incentive. These are subject to a three-year holding period before vesting, during which they remain restricted. Bonus shares will be forfeited if the participant leaves employment during the restricted period (except in limited 'good leaver' circumstances). Participants earn dividends on bonus shares. ▪ For lower and middle management, forfeitable deferred cash payments are awarded at the end of the year and linked to performance in the period in the same manner as the cash incentive. These are subject to a two-year holding period before vesting. The deferred cash payment will be forfeited if the participant leaves employment during the restricted period (except in limited 'good leaver' circumstances).
Operation and performance measures	The award for the chief executive officer and finance director is based on company performance and individual performance assessments (IPAs), on an additive basis. For the chief executive officer, a company performance weighting of 75% and an IPA weighting of 25% apply and are considered appropriate. For the finance director, a 60% company weighting and 40% IPA weighting applied for 2016. Prescribed officers participate in the scheme that operates for the remainder of employees (excluding bargaining unit employees) and is based on company performance as well as IPA, on a multiplicative basis.
Maximum value of annual cash incentive	**Chief executive officer:** a higher company weighing is considered appropriate and his annual cash incentive is computed as: *[Company performance (maximum 75) + IPA (maximum 25)]/100 × maximum bonus (70%) = annual cash incentive %* The maximum cash bonus is 70% of base salary. **Finance director:** *[Company performance (maximum 60) + IPA (maximum 40)]/100 × maximum bonus (80%) = annual cash incentive %* The maximum cash bonus is 80% of base salary. **Prescribed officers:** *Target bonus % × IPA modifier × business multiplier = bonus %* A target bonus percentage of 30% applies to prescribed officers. The business multiplier is determined at the end of the year, considering the company's performance against targets set at the start of the year.
Maximum value of bonus shares	**Chief executive officer:** 150% of annual cash incentive **Finance director:** 100% of annual cash incentive **Prescribed officers:** 140% of annual cash incentive The face value of the BSP award is equal to the average price of shares purchased, multiplied by the number of shares.
Changes for 2017	The incentive schemes are regularly reviewed to ensure they remain relevant and effective in the current challenging environment. The only change envisaged for 2017 is the maximum bonus percentage of the chief executive officer. This will be increased from 70% of base salary to 100% of base salary. The reason for this is to align his overall remuneration closer to the market median for industry peers.
Company and individual limits	An aggregate limit applies – see details under the LTIP.

REMUNERATION REPORT continued

LONG-TERM INCENTIVE PLAN (LTIP)

Purpose	The LTIP closely aligns the interests of shareholders and executives by rewarding superior performance and encouraging senior executives to build a shareholding in the company. The selected performance conditions promotes the creation of shareholder value.
Participants	Executive directors and prescribed officers.
Operation	Participants receive conditional shares that vest after three years, subject to meeting company performance conditions over this period.
Maximum value of award (face value)	**Chief executive officer:** 150% of base salary **Finance director:** 125% of base salary **Prescribed officers:** 100% of base salary
Performance measures	Awards are subject to two stretching performance conditions. For 2016, these were: ▪ 50% of each award will be subject to a total shareholder return (TSR) index benchmarked against the returns of a group of comparable companies ▪ 50% of each award will be subject to a return on capital employed (ROCE) measure.
Performance period	Performance conditions are measured over a three-year period, commensurate with the financial years of the company.
Changes for 2017	The incentive schemes will be regularly reviewed to ensure they remain relevant and effective in the current challenging environment.
Company and individual limits	The aggregate limit for the BSP and LTIP is 26,339,152 shares, representing around 10% of the issued capital. However, the company does not issue new shares, it purchases them in the market and the number of awards outstanding is currently less than 1%. The directors have no intention of using the maximum number of shares.

CASH BONUS AWARDS TO MANAGERS AND EXECUTIVES AGED 58 TO 60

The company's LTIP rules do not permit allocations to managers and executives within two years of retirement. Therefore, to continue recognising individual performance and the contribution of managers who have reached the age of 58, a cash payment (in lieu of these long-term incentive awards) was implemented from 1 March 2008. Cash payments under the LTIP are awarded annually based on the fair value of the grant the executive would have been entitled to under the LTIP. In the case of the BSP, cash payments are awarded annually based on the actual bonus earned by the individual. To qualify, participants are required to remain employed by the company until the normal retirement age of 60.

EMPLOYEE SHARE OWNERSHIP PLAN

The company is considering a new employee share ownership plan that will align with its strategic transformation objectives. This will replace the previous Kotula employee share ownership plan. Deliberations with participating stakeholders are under way.

SHAREHOLDING TARGETS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

Our aim is to align management's interests directly with those of shareholders and encourage long-term commitment. Accordingly, within three years of appointment, executive directors and prescribed officers are expected to accumulate a holding of shares and conditional awards in the company. The value of these holdings and awards is 250% of annual base salary for the chief executive officer, and 200% of annual base salary for the finance director and other prescribed officers. We believe this holding requirement is in line with best practice in corporate governance. Details of individual holdings are disclosed on page 104.

In accumulating the holding targets, these individuals are not required to use their own funds to purchase shares in the market as retaining all or a portion of the share incentive awards is expected to satisfy this goal. In measuring the extent to which guidelines have been satisfied, holdings are valued at closing prices at the end of each financial year and base salary is taken as the amount earned for that period. At 31 December 2016, the shareholdings/awards held by executive directors and prescribed officers who have been in their roles for three years or more are expected to exceed the requirements of this policy as shown in the table in part 3 of this remuneration report.

SERVICE CONTRACTS OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

To reflect their responsibilities appropriately, all executive directors and prescribed officers have contracts with Anglo American Platinum or its subsidiaries. The contracts are indefinite and include notice periods of 12 months for the chief executive officer and six months for the finance director and prescribed officers. Executive directors and prescribed officers are subject to a restraint of trade period of six months from their date of termination. These contracts are regularly reviewed to ensure they remain aligned with best governance and legislative requirements.

EXTERNAL APPOINTMENTS

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

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

NON-EXECUTIVE DIRECTORS

Non-executive directors do not participate in the company's annual bonus plan, or any of its long-term incentive plans, and do not have contracts of employment with the company. Their appointments are made in terms of the company's memorandum of incorporation and are confirmed initially at the first annual general meeting of shareholders following their appointment, and then at three-year intervals. Their fees are reviewed by the company annually and submitted to shareholders for annual approval.

The fees reflect the directors' role and membership of the board and its committees, as tabulated in part 3 of this remuneration report. As in the previous year, a fee for any additional special meetings over and above board meetings was approved on 8 April 2016 until the next annual general meeting.

NON-BINDING ADVISORY VOTE

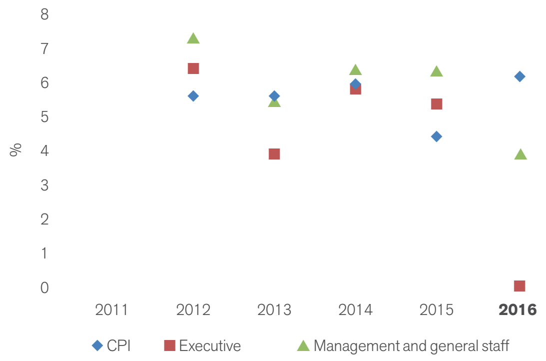
Shareholders are requested to cast a non-binding advisory vote on part 2 of this remuneration report.

PART 3: IMPLEMENTATION OF POLICIES FOR THE FINANCIAL YEAR

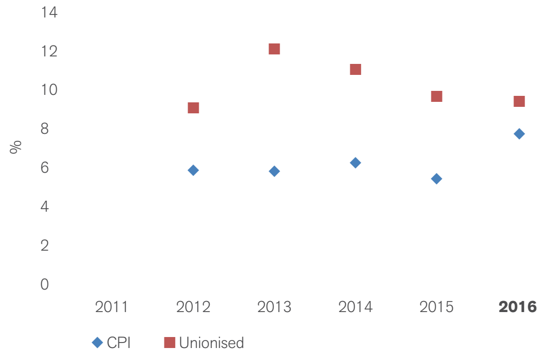
BASE SALARY ADJUSTMENTS

In light of current economic conditions, none of the executive directors, prescribed officers or senior management received any adjustments to their guaranteed packages for the 2016 financial year. This compares with an average base salary increase of 9.47% for unionised staff in 2016 (2015: 9.36%). The graphs below reflect increases to executives and management against CPI (figure 4) and increases of unionised staff against CPI (figure 5).

Increases to executives and management against CPI (Figure 4)



Increases of unionised staff against CPI (Figure 5)



2016 STI OUTCOMES (CASH AND DEFERRED BONUS SHARES)

The annual cash incentive and award of bonus shares are detailed below.

Meeting performance measures (chief executive officer and finance director)

The extent to which annual performance measures were met in 2016 is set out below.

REMUNERATION REPORT continued

2016 STI outcomes (cash and deferred bonus shares)

Chief executive officer measures	Weighting	Below threshold	Threshold	Target	Above target	Maximum
Company performance measures	**75**					
Fatalities[1]	3	●				
Safety and health[2]	7		●			
Environment[3]	5				●	
Socio-political	5			●		
Production[4]	20			●		
People[5]	5				●	
Cost/margin[6]	10				●	
Financial/returns	20			●		
Personal performance	**25**				●	
Overall performance	**100**					

Key performance aspects
[1] This includes a reduction in fatalities.
[2] This includes a reduction in LTIFR.
[3] This includes environmental initiatives, strengthening stakeholder relationships and equity targets.
[4] This includes equivalent refined production and operational improvement targets, asset optimisation and supply chain and unit costs.
[5] This includes square metres per operating employee and strengthening stakeholder relationship.
[6] This includes measures of marketing and commercial savings, a measure of operating profit. Anglo American plc EPS and Anglo American Platinum EPS.

2016 STI outcomes (cash and deferred bonus shares)

Finance director measures	Weighting	Below threshold	Threshold	Target	Above target	Maximum
Company performance measures	**60**					
Safety and health	3			●		
Production[1]	17			●		
People and environment[2]	8			●		
Financial	19				●	
Cost and capex[3]	7				●	
Socio-political	6			●		
Personal performance	**40**				●	
Overall performance	**100**					

Key performance aspects
[1] This includes equivalent refined production, operational improvement targets, asset optimisation and supply chain and unit costs.
[2] This includes environmental initiatives, strengthening stakeholder relationships and equity targets.
[3] This includes measures of marketing and commercial savings, a measure of operating profit and Anglo American Platinum EPS.

Performance bonus outcomes for the chief executive officer, finance director and other prescribed officers are set out below.

2016 performance bonus paid in 2017 and BSPs to be awarded

Names	Annual cash incentive R	Percentage of basic salary %	Amplats BSP award R	Percentage of basic salary %
Executive directors				
Current	8,383,693	61	10,609,053	75
CI Griffith	4,450,720	56	6,676,080	84
I Botha	3,932,973	66	3,932,973	66
Prescribed officers				
Current	14,885,960	48	21,999,724	71
AR Hinkly[1]	4,094,315	59	5,732,041	83
DW Pelser	2,081,386	50	2,913,940	70
GL Smith	1,927,209	50	2,698,093	70
I Pillay	1,939,330	53	2,715,062	75
LN Mogaki	1,670,248	43	2,338,347	61
S Macheli-Mkhabela	1,333,290	37	1,866,606	51
VP Pillay[2]	1,840,182	43	3,735,635	88
Former	1,298,309	43	1,817,633	61
J Ndlovu[3]	1,298,309	43	1,817,633	61
Grand total	24,567,962	51	34,426,410	69

[1] *AR Hinkly was awarded Anglo American plc BSP shares.*
[2] *Includes replacement awards for benefits lost on resignation from previous employer.*
[3] *J Ndlovu was transferred to Anglo American Coal with effect from 1 September 2016.*

2016 LTIPs awarded

Name	Number of LTIPs awarded	Market value R
Directors		
CI Griffith	31,072	12,409,304
I Botha	18,780	7,500,000
Prescribed officers		
Former		
J Ndlovu	11,264	4,498,646
VP Pillay	10,644	4,250,824
AR Hinkly[1]	–	–
LN Mogaki	9,661	3,858,277
GL Smith	9,661	3,858,277
DW Pelser	10,434	4,166,939
S Macheli-Mkhabela	9,114	3,639,884
I Pillay	9,114	3,639,884
Total	119,744	47,822,035

[1] *A Hinkly was awarded Anglo American plc LTIP awards.*

REMUNERATION REPORT continued

The table below summarises performance conditions applying to conditional share awards granted under the LTIP in 2016:

Performance measure and weighting	Vesting schedule	Performance period
Relative total shareholder return (TSR) (50%) benchmarked against the returns of AngloGold Ashanti, African Rainbow Minerals, Sibanye Gold, Harmony Gold Mining, Impala Platinum, Northam Platinum and Lonmin (JSE)	Vesting for the TSR performance condition is on a sliding scale: ▪ The company achieves TSR 10% below the index: 0% vests ▪ The company achieves TSR equal to the index: 50% vests ▪ The company achieves TSR 25% above the index: 100% vests Linear vesting occurs between these points.	1 January 2016 to 31 December 2018
ROCE (50%)	Vesting for the ROCE performance condition is on a sliding scale: ▪ The company achieves ROCE equal to 15%: 25% vests ▪ The company achieves ROCE equal to 22%: 100% vests Linear vesting occurs between these points.	1 January 2016 to 31 December 2018

The following awards were granted under the LTIP in 2015:

Name	Number of LTIPs awarded	Market value R
Directors		
CI Griffith	40,529	11,607,506
Prescribed officers		
PJ Louw[1]	16,016	4,586,982
J Ndlovu	15,708	4,498,771
VP Pillay	14,842	4,250,749
AR Hinkly[2]	–	–
LN Mogaki	13,472	3,858,381
GL Smith	13,472	3,858,381
DW Pelser	13,472	3,858,381
S Macheli-Mkhabela	12,709	3,639,858
I Pillay	12,709	3,639,858
Total	152,929	43,798,867

[1] *Left service on 31 December 2015.*
[2] *A Hinkly was awarded Anglo American plc LTIP awards.*

LTIPs VESTING OUTCOMES

LTIP awards with performance period ended 31 December 2016

The vesting of LTIP awards is based on achieving two stretching performance conditions measured over a three-year period. The extent to which performance measures for the 2014 award were met is detailed below.

LTIP measures	Below	Threshold	Target	Above
Total shareholder return (50%)			✓	
Return on capital employed (50%)	✓			
Resulting vesting LTIP award		33.23%		

LTIP awards with performance period ended 31 December 2015

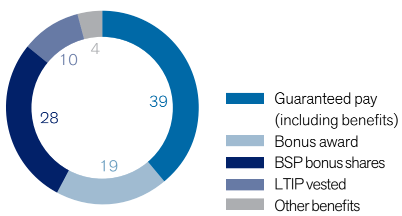
The extent to which performance measures for the 2013 award were met is detailed below.

LTIP measures	Below	Threshold	Target	Above
Total shareholder return (50%)			✓	
Asset optimisation and supply chain (AOSC) efficiency measure (50%)				✓
Resulting vesting LTIP award		89.65%		

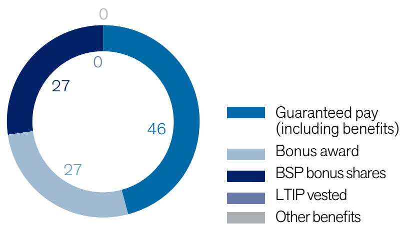
Total remuneration outcomes

The composition of remuneration outcomes in 2016 for the chief executive officer, financial director and prescribed officers is shown below.
The directors' and prescribed officers' emoluments are detailed in the executive directors and prescribed officers' remuneration table on page 102.

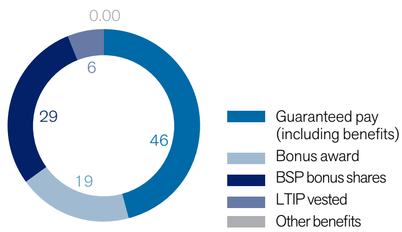
Chief executive 2016 remuneration outcomes %



Finance director 2016 remuneration outcomes %



Prescribed officers 2016 remuneration outcomes %



REMUNERATION REPORT continued

INCREASE IN NON-EXECUTIVE DIRECTOR FEES

In line with not granting increases to executive directors and prescribed officers, there was no adjustment to non-executive director fees for 2016 but an adjustment is envisaged for 2017. Please refer to special resolution 1 in the notice of AGM, detailing non-executive directors' fees.

Executive directors and prescribed officers

The remuneration of executive directors and prescribed officers in 2016 is detailed below:

Names	Base salary[1] R	Benefits[2] (retirement and medical aid) R	Cash incentive[3] R	BSP shares awarded[4] R	LTIP[5] R	Other[6] R	Total emoluments R
Executive directors							
Current	**13,937,263**	**2,308,666**	**8,383,693**	**10,609,053**	**2,372,287**	**1,003,068**	**38,614,030**
CI Griffith[6]	7,937,263	1,415,986	4,450,720	6,676,080	2,372,287	1,003,068	23,855,404
I Botha	6,000,000	892,680	3,932,973	3,932,973	–	–	14,758,626
Prescribed officers							
Current	**30,371,989**	**4,747,204**	**14,885,960**	**21,999,724**	**4,963,798**	**–**	**76,968,675**
AR Hinkly[7]	6,935,330	995,606	4,094,315	5,732,041[8]	–	–	17,757,292
DW Pelser	4,189,511	673,922	2,081,386	2,913,940	983,978	–	10,842,737
GL Smith	3,858,276	600,744	1,927,209	2,698,093	983,978	–	10,068,300
I Pillay	3,639,888	602,328	1,939,330	2,715,062	928,067	–	9,824,675
LN Mogaki	3,858,276	614,424	1,670,248	2,338,347	983,978	–	9,465,273
S Macheli-Mkhabela	3,639,888	582,648	1,333,290	1,866,606	–	–	7,422,432
VP Pillay[9]	4,250,820	677,532	1,840,182	3,735,635	1,083,797	–	11,587,966
Former	**2,999,096**	**484,848**	**1,298,309**	**1,817,633**	**1,926,891**	**–**	**8,526,777**
J Ndlovu[10]	2,999,096	484,848	1,298,309	1,817,633	1,146,974	–	7,746,860
PJ Louw[11]	–	–			779,917	–	779,917
Grand total	**47,308,348**	**7,540,718**	**24,567,962**	**34,426,410**	**9,262,976**	**1,003,068**	**124,109,482**

Base salary includes cash and travel allowance, while benefits include retirement and medical aid contributions.

[1] *Base salary includes cash and travel allowance.*
[2] *Benefits include retirement and medical aid contributions.*
[3] *Based on 2016 performance year and paid in 2017.*
[4] *Based on 2016 performance year and awarded in 2017.*
[5] *LTIPs granted in 2014, vesting in 2017, achieve 33.23%, with performance period ended in 2016 calculated at the company's volume weighted average share price for the last three months of 2016.*
[6] *Cash awards include a value for personal use of a company asset by CI Griffith and he pays fringe benefit tax on the use of the asset in accordance with the requirement of the South African Revenue Service.*
[7] *AR Hinkly will be awarded Anglo American plc BSP shares.*
[8] *South African currency reflected contains a GBP component converted to ZAR at monthly exchange rates.*
[9] *Includes replacement awards for benefits lost on resignation from previous employer.*
[10] *J Ndlovu was transferred to Anglo American Coal with effect from 1 September 2016.*
[11] *PJ Louw left on 31 December 2015.*

The remuneration of executive directors and prescribed officers in 2015 is detailed below:

Names	Base salary R	Benefits (retirement and medical aid) R	Cash incentive[1] R	BSP shares awarded[2] R	Other R	LTIP[3] R	Total emoluments R
Executive directors							
Current							
CI Griffith	7,915,900	1,406,084	3,326,150	4,989,225	986,993[4]	5,702,274	24,326,626
I Botha (appointed 1 May 2015)	4,000,000	593,600	2,592,000	2,592,000	304,172	–	10,081,772
Former							
B Nqwababa (resigned 28 February 2015)	801,912	124,518	–	–		–	926,430
Prescribed officers							
Current							
J Ndlovu	4,498,644	718,992	2,051,383	2,871,936	–	2,875,677	13,016,632
VP Pillay	4,250,820	670,694	1,938,376	3,807,481[5]	–	2,717,311	13,384,682
AR Hinkly[8]	6,865,491	1,725,782	2,397,260	3,356,164[7]	–	3,128,714	17,473,411
LN Mogaki	3,858,276	608,419	1,539,453	2,155,234	–	–	8,161,382
DW Pelser	3,858,276	602,298	1,539,453	2,155,234	–	2,466,237	10,621,498
GL Smith	3,858,276	596,179	1,649,413	2,309,179	–	–	8,413,047
S Macheli-Mkhabela	3,639,888	576,643	1,348,577	1,888,008	–	–	7,453,116
I Pillay	3,639,888	588,243	1,348,577	1,888,008	–	–	7,464,716
Former							
PJ Louw (left service on 31 December 2015)	4,586,856	754,387	–	–	12,970,639[6]	2,931,956	21,243,838
MJ Morifi (resigned 31 December 2013)	–	–	–	–	–	661,168	661,168
Total	51,774,227	8,965,839	19,730,642	28,012,469	14,261,804	20,483,337	143,228,318

Base salary includes cash and travel allowance, while benefits include retirement and medical aid contributions.

[1] *Based on 2015 performance year and paid in 2016.*
[2] *Based on 2015 performance year and awarded in 2016.*
[3] *LTIPs granted in 2013, vesting in 2016, with a vesting percentage of 89.65%, and performance period ended in 2015 calculated at the company's volume weighted average share price for the last three months of 2015.*
[4] *Cash awards include a value for personal use of a company-owned vehicle by CI Griffith during his tenure as CEO of Kumba Iron Ore. This arrangement was continued on his appointment at Amplats. Accordingly, the asset was transferred to Amplats and Mr Griffith pays fringe benefit tax on its use in line with the requirement of the South African Revenue Service.*
[5] *Includes a replacement award for benefits lost on resignation from previous employer.*
[6] *PJ Louw received a termination payment in terms of a mutual separation agreement.*
[7] *South African currency reflected contains a GBP component converted to ZAR at monthly exchange rates.*
[8] *AR Hinkly will be awarded Anglo American plc BSP shares.*

REMUNERATION REPORT continued

Market value of beneficial held and BSP as percentage of base salary as at 31 December 2016

Names	Base salary R	Market value of shares, beneficially held and bonus as % of base salary	Beneficially held	Bonus shares	Total	Market value of the shares[2] R
Executive directors						
CI Griffith	8,272,876[1]	144	6,969	38,090	45,059	11,914,050
I Botha (appointed 1 May 2015)	6,000,000	29	–	6,511	6,511	1,721,574
Prescribed officers						
AR Hinkly	6,865,005[1,3]	25	–	6,435	6,435	1,701,478
D Pelser	3,858,276	233	16,013	17,936	33,949	8,976,455
G L Smith	3,858,276	138	4,447	15,686	20,133	5,323,367
J Ndlovu	4,498,644	143	2,310	21,936	24,246	6,410,885
S Mkhabela	3,639,888	59	200	7,889	8,089	2,138,812
L Mogaki	3,858,276	102	–	14,894	14,894	3,938,123
VP Pillay	4,250,820	121	31	19,350	19,381	5,124,530
I Pillay	3,639,888	99	–	13,593	13,593	3,594,125
			29,970	162,320	192,290	

[1] Includes GBP portion converted at R16.8931 at 31 December 2016.
[2] Price used of R264.41 per share – closing price on 30 December 2016.
[3] Includes car allowance as per new arrangements.

Market value of performance-conditional shareholding as percentage of base salary as at 31 December 2016

Names	Base salary R	Market value of shares with performance conditions as % of base salary	LTIPs conditional	Total	Market value of the shares[2] R
Executive directors					
CI Griffith	8,272,876[1]	301	94,201	94,201	24,907,686
I Botha (appointed 1 May 2015)	6,000,000	83	18,780	18,780	4,965,620
Prescribed officers					
AR Hinkly	6,865,005[1,3]	–	–	–	–
D Pelser	3,858,276	228	33,279	33,279	8,799,300
PJ Louw[4]	4,586,856	157	27,159	27,159	7,181,111
G L Smith	3,858,276	223	32,506	32,506	8,594,911
J Ndlovu	4,498,644	223	37,900	37,900	10,021,139
S Mkhabela	3,639,888	159	21,823	21,823	5,770,219
L Mogaki	3,858,276	223	32,506	32,506	8,594,911
VP Pillay	4,250,820	223	35,812	35,812	9,469,051
I Pillay	3,639,888	110	30,665	30,665	8,108,133
			364,631	364,631	

[1] Includes GBP portion converted at R16.8931 at 31 December 2016.
[2] Price used of R264.41 per share – closing price on 30 December 2016.
[3] Includes car allowance as per new arrangements.
[4] Left service on 31 December 2015.

Non-executive directors' fees

The tables below reflect the non-executive fees for 2015 and 2016.

Non-executive directors' fees for 2016

Current	Directors' fees R	Ad hoc committee meeting R	Committee fees R	Total remuneration R
M Cutifani[3, 8]	**223,813**	**–**	**92,155**	**315,968**
RMW Dunne[1, 2, 3, 4, 5, 6]	**223,813**	**15,000**	**645,095**	**883,908**
R Médori[8]	**223,813**	**–**	**–**	**223,813**
V Moosa [2, 3, 4, 5, 6]	**1,316,578**	**15,000**	**585,858**	**1,917,436**
NP Mageza[1, 4]	**223,813**	**15,000**	**210,641**	**449,454**
NT Moholi[2, 4, 5, 6]	**223,813**	**15,000**	**500,229**	**739,042**
D Naidoo[1, 2, 4]	**223,813**	**15,000**	**309,381**	**548,194**
A O'Neill[8]	**223,813**	**–**	**–**	**223,813**
AH Sangqu[5, 7]	**223,813**	**–**	**88,399**	**312,212**
JM Vice[1, 4]	**223,813**	**–**	**210,641**	**434,454**
Dorian Emmett[5,6,9]	**–**	**–**	**202,966**	**202,966**
Total	**3,330,895**	**75,000**	**2,845,364**	**6,251,259**

[1] *Audit committee.*
[2] *Remuneration committee.*
[3] *Nomination committee.*
[4] *Corporate governance committee.*
[5] *Social, ethics and transformation committee.*
[6] *S&SD committee.*
[7] *Directors' fees ceded to Anglo Operations Limited (AOL), a wholly owned subsidiary of Anglo American plc.*
[8] *Directors' fees ceded to Anglo American Services UK Limited, a wholly owned subsidiary of Anglo American plc.*
[9] *Dorian is not a director but a committee member only.*

Non-executive directors' fees for 2015

Current	Directors' fees R	Ad hoc board meeting and committee meeting R	Committee fees R	Total remuneration R
K Kweyama[4, 5, 7]	71,437	–	58,828	130,265
M Cutifani[3, 8]	220,646	16,000	90,851	327,497
RMW Dunne[1, 2, 3, 4, 5, 6]	220,646	32,000	700,824	953,470
R Médori[8]	220,646	16,000	–	236,646
V Moosa[2, 3, 4, 5, 6]	1,289,401	16,000	577,567	1,882,968
NP Mageza[1, 4]	220,646	32,000	207,660	460,306
NT Moholi[2, 4, 5, 6]	220,646	16,000	428,306	664,952
D Naidoo[1, 2, 4]	220,646	32,000	232,345	484,991
A O'Neill[8]	220,646	16,000	–	236,646
AH Sangqu[5, 7]	102,783	16,000	38,565	157,348
JM Vice[1,4]	220,646	32,000	207,660	460,306
Total	3,228,789	224,000	2,542,606	5,995,395

[1] *Audit committee.*
[2] *Remuneration committee.*
[3] *Nomination committee.*
[4] *Corporate governance committee.*
[5] *Social, ethics and transformation committee.*
[6] *S&SD committee.*
[7] *Directors' fees ceded to Anglo Operations Limited (AOL), a wholly owned subsidiary of Anglo American plc.*
[8] *Directors' fees ceded to Anglo American Services UK Limited, a wholly owned subsidiary of Anglo American plc.*

REMUNERATION REPORT continued

Aggregate holdings of long-term incentives for executive directors

The tables below deal with the company's prior and current long-term incentives as at 31 December 2016.

Names	Opening balance at 1 January 2016	Earliest vesting date	Granted during the year	Date of grant
Bonus share plan				
CI Griffith	36,956		12,533	13/4/2016
	11,399	26/4/2016		
	8,026	16/4/2017		
	17,531	16/4/2018		
I Botha			6,511	13/4/2016
Long-term incentive plan				
CI Griffith	92,290		31,072	13/4/2016
	29,161	26/4/2016		
	22,600	16/4/2017		
	40,529	16/4/2018		
I Botha	–		18,780	13/4/2016

STAKEHOLDER ENGAGEMENT

We value our continued engagement with various stakeholders, and we endeavour to maintain our relationships with all in the hope that we will continue to receive their valued input.

APPROVAL

This remuneration report was approved by the board of directors of the company on 10 February 2017.

Pinky Moholi
Chairperson

Johannesburg
14 February 2017

Awards exercised	Date of exercise	Lapsed	Date of conditional forfeiture	Closing balance at 31 December 2016	Earliest date of vesting	Expiry date
11,399	26/4/2016	–		38,090		
				–		
				8,026	16/4/2017	
				17,531	16/4/2018	
				12,533	13/4/2019	
				6,511	13/4/2019	
26,141	26/4/2016	3,020	26/04/2016	94,201		
				–		
				22,600	16/4/2017	
				40,529	16/4/2018	
				31 072	13/4/2019	
				18,780	13/4/2019	

Governance

ANALYSIS OF SHAREHOLDERS

for the year ended 31 December 2016

Shareholder spread	Number of shareholders	%	Number of shares	% of issued share capital
1 – 1,000 shares	**11,280**	88.19	1,591,658	0.59
1,001 – 10,000 shares	**1,096**	8.57	3,525,729	1.31
10,001 – 100,000 shares	**322**	2.52	10,308,624	3.84
100,001 – 1,000,000 shares	**86**	0.67	24,155,828	9.00
1,000,001 shares and over	**7**	0.05	228,691,160	85.25
Total	**12,791**	100	268,272,999	100
Distribution of shareholders				
Bank, nominee and finance companies	**348**	2.72	23,468,754	8.75
Companies	**195**	1.52	208,701,977	77.79
Individuals	**10,176**	79.56	2,716,269	1.01
Insurance companies	**65**	0.51	1,702,259	0.63
Other corporate bodies	**242**	1.89	566,048	0.21
Pension and provident funds	**316**	2.47	14,547,333	5.42
Trust funds and investment companies	**1,449**	11.33	16,570,359	6.18
Total	**12,791**	100	268,272,999	100
Public/non-public shareholders				
Non-public shareholders	**5**	0.04	208,421,902	77.69
Persons interested, directly or indirectly, in 10% or more	**1**	0.01	208,417,151	77.69
Directors and associates	**4**	0.03	4,751	0.00
Public shareholders	**12,786**	99.96	59,851,097	22.31
Total	**12,791**	100	268,272,999	100
Geographical analysis of shareholders				
Resident	**10,033**	78.44	243,350,601	90.71
Non-resident	**2,758**	21.56	24,922,398	9.29
Total	**12,791**	100	268,272,999	100

Major shareholders holding 5% or more	Number of shares	% of issued share capital
Anglo South Africa Capital Proprietary Limited	208,417,151	77.69

Geographical analysis of shareholders

Resident shareholders held 243,350,601 shares (90.71%) (2015: 244,578,429; 91.27%) and non-resident shareholders held 24,922,398 shares (9.29%) (2015: 23,402,614; 8.73%) of the company's issued ordinary share capital of 268,272,999 shares at 31 December 2016 (2015: 267,981,043).

The treasury shares of 1,408,887 (2015: 1,700,843) held in terms of the bonus share plan and other schemes, have been excluded from the shareholder analysis. The shareholder details above include the shares issued by the company in respect of the community economic empowerment transaction.

SHAREHOLDERS' DIARY

Financial year end	31 December
ANNUAL GENERAL MEETING	7 April 2017 at 13:00
REPORTS	
Announcement of interim results	24 July 2017
Integrated report for the full year to 31 December	March
Suite of annual reports	March

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2016

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

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

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

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control is adequate for ensuring the:
- Reliability and integrity of financial and operating information
- Compliance of established systems with policies, plans, procedures, laws and regulations
- Safeguarding of the group's assets against unauthorised use or disposition
- Economic, effective and efficient use of resources
- Achievement of established objectives and goals for operations or programmes.

In light of circumstances leading to the 2015 and H1 2016 restatements, complex calculations will be transitioned to automated platforms where change management is more robust. The internal auditors concur with these statements by the directors.

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

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

Valli

Valli Moosa
Chairman

Chris Griffith
Chief executive officer

Johannesburg
14 February 2017

COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2016

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

Elizna Viljoen
Company secretary
Anglo American Platinum Limited

Johannesburg
14 February 2017

Deloitte.

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INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ANGLO AMERICAN PLATINUM LIMITED

Opinion

The summarised consolidated financial statements of Anglo American Platinum Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2016, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Anglo American Platinum Limited for the year ended 31 December 2016.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Anglo American Platinum Limited, in accordance with the disclosure requirements of IAS 34: *Interim financial reporting* and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Anglo American Platinum Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 February 2017. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the disclosure requirements of IAS 34: *Interim financial reporting* and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised 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 whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summarised Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: G Berry
Partner
14 February 2017

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

These summarised consolidated financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ended 31 December 2016 that were approved by the board on 14 February 2017. The preparation of the audited consolidated annual financial statements and summarised consolidated financial statements was supervised by the finance director, Mr I Botha.

The summarised consolidated financial statements are not the full set of consolidated financial statements and do not contain all the disclosures required by International Financial Reporting Standards (IFRS) and Companies Act of South Africa, as applicable to annual financial statements. Reading the summarised consolidated annual financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The audited consolidated financial statements are available online at www.angloamericanplatinum.com.

BASIS OF PREPARATION

The summarised consolidated financial statements are extracted from the audited consolidated financial statements for the year ended 31 December 2016.

The summarised consolidated financial statements are in accordance with the framework concepts and the measurement and recognition of IFRS, the requirements of International Accounting Standard 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act of South Africa. They have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair value and are presented in South African rand.

The accounting policies are in terms of IFRS and are consistent with those applied in the consolidated financial statements for the year ended 31 December 2015.

INDEPENDENT AUDIT BY THE AUDITORS

These summarised consolidated financial statements for the year ended 31 December 2016 have been extracted from the complete set of consolidated financial statements on which the company's auditors, Deloitte & Touche, have expressed an unmodified audit opinion. Deloitte & Touche have also issued an unmodified audit report on these summarised consolidated financial statements, stating that these summarised consolidated financial statements are consistent in all material respects with the complete consolidated financial statements. The consolidated financial statements and unmodified auditor's report are available for inspection at the registered office of the company. The auditor's report does not necessarily report on all the information contained in these summarised financial statements.

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	2016 Rm	2015 (Note 18)* Rm
Gross sales revenue		**61,976**	59,829
Commissions paid		**(16)**	(14)
Net sales revenue	2	**61,960**	59,815
Cost of sales	2	**(56,096)**	(54,584)
Gross profit on metal sales	2	**5,864**	5,231
Other net expenditure	4	**(600)**	(514)
Loss on impairment and scrapping of property, plant and equipment		**(22)**	(10,242)
Market development and promotional expenditure		**(683)**	(800)
Operating profit/(loss)		**4,559**	(6,325)
Impairment of investments in associates		**(283)**	(4,082)
Impairment of non-current financial assets		**(111)**	(1,792)
Impairment of available-for-sale investment in Royal Bafokeng Platinum (RB Plat)		**–**	(775)
Share-based payment expense for facilitation of BEE investment in Atomatic		**(156)**	–
Loss on disposal of Rustenburg Mine	17	**(1,681)**	–
Interest expensed		**(1,329)**	(1,049)
Interest received		**149**	98
Remeasurements of loans and receivables		**27**	40
Losses from associates (net of taxation)		**(115)**	(529)
Profit/(loss) before taxation		**1,060**	(14,414)
Taxation	5	**(364)**	1,979
Profit/(loss) for the year		**696**	(12,435)
Other comprehensive income, net of income tax			
Items that will be reclassified subsequently to profit or loss		**(465)**	1,731
Deferred foreign exchange translation (losses)/gains		**(769)**	1,582
Share of other comprehensive gains/(losses) from associates		**–**	49
Actuarial loss on employees' service benefit obligation		**(6)**	(4)
Net gains/(losses) on available-for-sale investments		**310**	(671)
Recycling of cumulative losses on impairment of available-for-sale investment		**–**	775
Total comprehensive income/(loss) for the year		**231**	(10,704)
Profit/(loss) attributable to:			
Owners of the company		**632**	(12,358)
Non-controlling interests		**64**	(77)
		696	(12,435)
Total comprehensive income/(loss) attributable to:			
Owners of the company		**167**	(10,627)
Non-controlling interests		**64**	(77)
		231	(10,704)
Headline earnings/(loss)	6	**1,867**	(126)
Number of ordinary shares in issue (millions)#		**268.3**	268.0
Weighted average number of ordinary shares in issue (millions)		**261.9**	261.4
Weighted average number of diluted ordinary shares in issue (millions)		**263.0**	262.2
Earnings/(loss) per ordinary share (cents)			
– basic		**241**	(4,728)
– diluted		**240**	(4,714)

 # Includes the shares issued as part of the community economic empowerment transaction, but excludes the shares held by the Group ESOP and the shares held by various share schemes.

** Prior year restated.*

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	2016 Rm	2015 (Note 18)* Rm	2014 (Note 18)* Rm
ASSETS				
Non-current assets		**51,662**	52,205	66,686
Property, plant and equipment		**38,574**	39,869	44,297
Capital work in progress		**4,892**	6,548	10,736
Investment in associates	7	**3,963**	3,883	7,637
Investments held by environmental trusts		**907**	882	842
Other financial assets	8	**3,326**	1,023	3,120
Other non-current assets		**–**	–	54
Current assets		**26,035**	20,715	22,373
Inventories	9	**16,369**	16,305	17,100
Trade and other receivables		**2,140**	1,761	2,631
Other assets		**1,554**	927	1,440
Other financial assets		**45**	–	–
Taxation		**470**	50	–
Cash and cash equivalents		**5,457**	1,672	1,202
Total assets		**77,697**	72,920	89,059
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital		**27**	27	27
Share premium		**22,498**	22,395	21,846
Foreign currency translation reserve		**2,317**	3,086	1,504
Available-for-sale reserve		**334**	24	(80)
Retained earnings		**14,840**	14,120	26,749
Non-controlling interests		**(234)**	(408)	(210)
Shareholders' equity		**39,782**	39,244	49,836
Non-current liabilities		**19,187**	22,564	21,847
Non-current interest-bearing borrowings	10	**9,398**	12,124	9,459
Obligations due under finance leases		**96**	94	–
Environmental obligations		**1,938**	2,404	2,110
Employees' service benefit obligations		**17**	14	8
Other financial liabilities		**219**	–	–
Deferred taxation		**7,519**	7,928	10,270
Current liabilities		**18,728**	11,112	17,376
Current interest-bearing borrowings	10	**3,267**	2,209	6,361
Obligations due under finance leases within one year		**15**	14	–
Trade and other payables		**10,241**	6,818	7,660
Other liabilities		**4,623**	2,058	2,043
Other financial liabilities		**567**	2	–
Share-based payment provision		**15**	11	19
Taxation		**–**	–	1,293
Total equity and liabilities		**77,697**	72,920	89,059

** Restated.*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 Rm	2015 (Note 18)* Rm
Cash flows from operating activities			
Cash receipts from customers		**61,783**	60,563
Cash paid to suppliers and employees		**(48,187)**	(49,621)
Cash generated from operations		**13,596**	10,942
Interest paid (net of interest capitalised)		**(1,071)**	(857)
Taxation paid		**(1,125)**	(1,821)
Net cash from operating activities		**11,400**	8,264
Cash flows used in investing activities			
Purchase of property, plant and equipment (includes interest capitalised)		**(5,018)**	(5,152)
Proceeds from sale of plant and equipment		**140**	41
Proceeds on sale of mineral rights and other investments		**–**	3
Proceeds on sale of Rustenburg Mine (net of cash disposed of)	17	**1,356**	–
Working capital support in respect of Rustenburg Mine	17	**(1,418)**	–
Funding to associates		**(448)**	(739)
Acquisition of equity investment in associate		**(34)**	(23)
Acquisition of available-for-sale investment in Greyrock		**(36)**	–
Acquisition of convertible notes in United Hydrogen		**(39)**	–
Acquisition of preference shares in Baphalane Siyanda Chrome Company (BSCC)	8	**(84)**	–
Advances made to Plateau Resources Proprietary Limited		**(312)**	(260)
Net increase in investments held by environmental trusts		**2**	(1)
Interest received		**95**	76
Growth in environmental trusts		**7**	6
Other advances		**(40)**	(15)
Net cash used in investing activities		**(5,829)**	(6,064)
Cash flows used in financing activities			
Purchase of treasury shares for the Bonus Share Plan (BSP)		**(163)**	(120)
Purchase of Anglo American plc shares for the Amplats share schemes		**(7)**	–
Repayment of interest-bearing borrowings		**(1,668)**	(1,487)
Repayment of finance lease obligation		**(16)**	(21)
Unpaid dividends written back		**–**	19
Funding for non-controlling interest's 26% share in subsidiary		**112**	–
Cash distributions to non-controlling interests		**(44)**	(121)
Net cash used in financing activities		**(1,786)**	(1,730)
Net increase in cash and cash equivalents		**3,785**	470
Cash and cash equivalents at beginning of year		**1,672**	1,202
Cash and cash equivalents at end of year		**5,457**	1,672
Movement in net debt			
Net debt at beginning of year		**(12,769)**	(14,618)
Net cash from operating activities		**11,400**	8,264
Net cash used in investing activities		**(5,829)**	(6,064)
Other		**(121)**	(351)
Net debt at end of year		**(7,319)**	(12,769)
Made up as follows:			
Cash and cash equivalents		**5,457**	1,672
Non-current interest-bearing borrowings	10	**(9,398)**	(12,124)
Obligations due under finance leases within one year		**(15)**	(14)
Current interest-bearing borrowings	10	**(3,267)**	(2,209)
Obligations due under finance leases		**(96)**	(94)
		(7,319)	(12,769)

** Prior year restated.*

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Share capital Rm	Share premium Rm	Foreign currency translation reserve (Note 18)# Rm	Available-for-sale reserve Rm	Retained earnings (Note 18)# Rm	Non-controlling interests (Note 18)# Rm	Total Rm
Balance at 31 December 2014 (Restated)	27	21,846	1,504	(80)	26,749	(210)	49,836
Total comprehensive income/(loss) for the year (Restated)			1,582	104	(12,313)	(77)	(10,704)
Cash distributions to minorities						(121)	(121)
Shares acquired in terms of the BSP – treated as treasury shares	(–)*	(255)			135		(120)
Shares vested in terms of the BSP	–*	353			(353)		–
Shares vested in terms of the Group Employee Share Option Scheme (Kotula)	–*	451			(451)		–
Equity-settled share-based compensation					338		338
Shares purchased for employees					(4)		(4)
Unpaid dividends written back					19		19
Balance at 31 December 2015 (Restated)	27	22,395	3,086	24	14,120	(408)	39,244
Total comprehensive income/(loss) for the year			**(769)**	**310**	**626**	**64**	**231**
Non-controlling interest's 26% share in subsidiary						**112**	**112**
Cash distributions to minorities						**(44)**	**(44)**
Shares acquired in terms of the BSP – treated as treasury shares	**(–)***	**(163)**					**(163)**
Shares vested in terms of the BSP	**–***	**266**			**(266)**		**–**
Shares vested in terms of the Group Employee Share Option Scheme (Kotula)	**–***						**–**
Equity-settled share-based compensation					**389**	**42**	**431**
Shares purchased for employees					**(29)**		**(29)**
Balance at 31 December 2016	**27**	**22,498**	**2,317**	**334**	**14,840**	**(234)**	**39,782**

** Less than R500,000.*
 # Prior year restated.

Appendices

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

	Net sales revenue		Operating contribution		Depreciation	
	2016 Rm	2015 Rm	**2016 Rm**	2015 Rm	**2016 Rm**	2015 Rm
1. SEGMENTAL INFORMATION*						
Segment revenue and results						
Operations						
Mogalakwena Mine	**14,227**	13,864	**4,785**	5,174	**1,813**	1,600
Amandelbult Mine	**10,870**	9,032	**1,367**	841	**822**	755
Unki Platinum Mine	**2,227**	2,024	**22**	(62)	**424**	454
Twickenham Platinum Mine	**215**	329	**(448)**	(742)	**48**	268
Modikwa Platinum Mine[1]	**1,608**	1,469	**18**	76	**175**	173
Mototolo Platinum Mine[1]	**1,418**	1,411	**290**	371	**120**	105
Kroondal Platinum Mine[1]	**3,101**	3,010	**318**	476	**406**	306
Rustenburg Mine[2]	**9,307**	10,957	**410**	12	**299**	1,096
Union Mine	**3,958**	3,695	**596**	93	**253**	244
Total – mined	**46,931**	45,791	**7,358**	6,239	**4,360**	5,001
Process tailings retreatment[3]	**–**	61	**–**	(22)	**–**	3
Purchased metals	**15,029**	13,963	**1,325**	1,625	**269**	211
	61,960	59,815	**8,683**	7,842	**4,629**	5,215
Other costs (note 3)			**(2,819)**	(2,611)		
Gross profit on metal sales			**5,864**	5,231		

[1] Amplats' share (excluding purchase of concentrate).
[2] Effective 1 November 2016, Rustenburg Mine was disposed of.
[3] Slag tailings retreatment at Mortimer Smelter, closed September 2015.
** Prior year restated.*

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

Changes to the segmental information

The following change to the segmental reporting was made following changes to internal reporting to the executive committee:

Purchased metals was reclassified to include tailings from a third party and exclude it from Rustenburg Mine as it did not form part of the Rustenburg Mine sale.

This resulted in the following changes to the comparative figures:

	Net sales revenue		Operating contribution			Depreciation	
	As reported Rm	**Reclassified Rm**	**As reported Rm**	**Restated Rm**	**Reclassified Rm**	**As reported Rm**	**Reclassified Rm**
Rustenburg Mine	11,117	10,957	38	56	12	1,098	1,096
Purchased metals	13,803	13,963	1,562	1,581	1,625	209	211
	24,920	**24,920**	**1,600**	**1,637**	**1,637**	**1,307**	**1,307**

	2016 Rm	2015 Rm
2. GROSS PROFIT ON METAL SALES#		
Gross sales revenue	**61,976**	59,829
Commissions paid	**(16)**	(14)
Net sales revenue	**61,960**	59,815
Cost of sales	**(56,096)**	(54,584)
On-mine	**(32,812)**	(33,913)
Cash operating costs	**(29,615)**	(29,918)
Depreciation	**(3,197)**	(3,995)
Purchase of metals and leasing activities*	**(13,518)**	(10,247)
Smelting	**(3,515)**	(3,403)
Cash operating costs	**(2,834)**	(2,886)
Depreciation	**(681)**	(517)
Treatment and refining	**(3,619)**	(3,381)
Cash operating costs	**(2,868)**	(2,678)
Depreciation	**(751)**	(703)
Increase/(decrease) in metal inventories	**187**	(1,029)
Other costs (note 3)	**(2,819)**	(2,611)
Gross profit on metal sales	**5,864**	5,231

** Consists of purchased metals in concentrate, secondary metals and other metals.*
 # Prior year restated.

	2016 Rm	2015 Rm
3. OTHER COSTS*		
Other costs comprise the following principal categories:		
Overheads		
Corporate costs	**364**	483
Contributions to education and community development	**419**	490
Research	**251**	330
Exploration	**95**	144
Total exploration costs	**162**	215
Less: Capitalised	**(67)**	(71)
Other	**367**	200
	1,496	1,647
Direct operating overheads		
Transport of metals	**565**	318
Royalties	**493**	305
Share-based payments – other share schemes	**265**	310
Share-based payments – the Kotula Trust	**–**	31
	1,323	964
Total other costs	**2,819**	2,611

** Prior year restated.*

Appendices

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

		2016 Rm	2015 Rm
4.	**OTHER NET EXPENDITURE#**		
	Other net expenditure comprises the following principal categories:		
	Realised and unrealised foreign exchange loss – non-financial items	**–**	(2)
	Foreign exchange (losses)/gains on loans and receivables	**(184)**	793
	Foreign exchange gains/(losses) on other financial liabilities	**34**	(235)
	Project maintenance costs*	**(233)**	(124)
	Restructuring and other related costs	**(342)**	(996)
	Loss on disposal of plant, equipment; and conversion rights	**(23)**	(42)
	Royalties received	**16**	29
	Other – net	**132**	63
		(600)	(514)

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

		%	%
5.	**TAXATION#**		
	A reconciliation of the standard rate of South African normal taxation compared with that charged in the statement of comprehensive income is set out in the following table:		
	South African normal tax rate	**28.0**	(28.0)
	Disallowable items	**9.7**	1.4
	Share-based payment expense for facilitation of BEE investment in Atomatic	**4.1**	–
	Employer housing expenditure disallowed	**4.3**	–
	Impairment of loans and investments	**10.4**	13.2
	Prior year underprovision/(overprovision)	**2.3**	(0.3)
	Effect of after-tax share of losses from associates	**3.0**	1.0
	Difference in tax rates of subsidiaries	**(3.1)**	(0.6)
	Impact of disposal of Rustenburg Mine	**(27.5)**	–
	Zimbabwean AIDS levy	**1.3**	–
	Other	**1.8**	(0.4)
	Effective taxation rate	**34.3**	(13.7)

 # Prior year restated.

		Rm	Rm
6.	**RECONCILIATION BETWEEN PROFIT/(LOSS) AND HEADLINE EARNINGS/(LOSS)#**		
	Profit/(loss) attributable to shareholders	**632**	(12,358)
	Adjustments		
	Net loss on disposal of property, plant and equipment	**23**	25
	Tax effect thereon	**(6)**	(7)
	Loss on impairment and scrapping of property, plant and equipment	**22**	10,242
	Tax effect thereon	**(6)**	(2,862)
	Non-controlling interests' share	**–**	(20)
	Impairment of investments in associates	**283**	4,082
	Tax effect thereon	**–**	–
	Impairment of available-for-sale investment in RB Plat	**–**	775
	Tax effect thereon	**–**	–
	Loss of disposal of Rustenburg Mine (note 17)	**1,681**	–
	Tax effect thereon	**(762)**	–
	Profit on sale of other mineral rights and investments	**–**	(3)
	Tax effect thereon	**–**	–
	Headline earnings/(loss)	**1,867**	(126)
	Attributable headline earnings/(loss) per ordinary share (cents)		
	Headline	**713**	(48)
	Diluted	**710**	(48)

 # Prior year restated.

	2016 Rm	2015 Rm
7. INVESTMENT IN ASSOCIATES		
Listed (market value: R113 million (2015: R61 million))		
Investment in Atlatsa Resources Corporation	**–**	–
Unlisted	**3,963**	3,883
Bokoni Platinum Holdings Proprietary Limited		
Carrying value of investment	**–**	–
Bafokeng-Rasimone Platinum Mine		
Carrying value of investment	**3,665**	3,434
Richtrau No. 123 Proprietary Limited		
Carrying value of investment	**5**	5
Peglerae Hospital Proprietary Limited		
Carrying value of investment	**56**	52
Unincorporated associate – Pandora		
Carrying value of investment	**192**	366
Hydrogenious Technologies GmbH		
Carrying value of investment	**45**	26
	3,963	3,883
8. OTHER FINANCIAL ASSETS		
Loans carried at amortised cost		
Loans to Plateau Resources Proprietary Limited	**201**	–
Loan to Atlatsa Holdings Proprietary Limited	**–**	–
Loan to ARM Mining Consortium Limited	**65**	66
Advance to Bakgatla-Ba-Kgafela traditional community	**200**	179
Convertible notes in United Hydrogen Group Inc.	**33**	–
Preference share investment in Baphalane Siyanda Chrome Company (note 16)	**84**	–
Other	**103**	75
	686	320
Available-for-sale investments carried at fair value		
Investment in Royal Bafokeng Platinum Limited	**798**	597
Investment in Wesizwe Platinum Limited	**161**	87
Investment in Greyrock Energy Inc.	**34**	–
Investment in Food Freshness Technology Holdings	**49**	19
	1,042	703
Investments at fair value through profit or loss		
Deferred consideration on sale of Rustenburg Mine (note 17)	**1,598**	–
Total other financial assets	**3,326**	1,023
9. INVENTORIES#		
Refined metals	**3,165**	4,077
At cost	**1,665**	3,317
At net realisable values	**1,500**	760
Work-in-process	**10,593**	9,497
At cost	**5,396**	7,775
At net realisable values	**5,197**	1,722
Trading metal originating from third parties at fair value less costs of disposal*	**3**	–
Total metal inventories	**13,761**	13,574
Stores and materials at cost less obsolescence provision	**2,608**	2,731
	16,369	16,305

** Trading metal comprises metal acquired from third parties in a refined state, and which is valued at spot prices at the end of the reporting period.*
 # Prior year restated.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

	2016 Facility amount Rm	2016 Utilised amount* Rm	2015 Facility amount Rm	2015 Utilised amount* Rm
10. INTEREST-BEARING BORROWINGS				
Unsecured financial liabilities measured at amortised cost				
The group has the following borrowing facilities:				
Committed facilities	**22,286**	**9,430**	22,316	12,490
Uncommitted facilities	**5,824**	**3,199**	8,928	1,843
Total facilities	**28,110**	**12,629**	31,244	14,333
Deferred income – top up	**–**	**36**	–	–
Total interest-bearing borrowings	**28,110**	**12,665**	31,244	14,333
Disclosed as follows:				
Current interest-bearing borrowings		**3,267**		2,209
Non-current interest-bearing borrowings		**9,398**		12,124
		12,665		14,333
Weighted average borrowing rate (%)		**8.80**		7.91

Borrowing powers

The borrowing powers in terms of the memorandum of incorporation of the holding company and its subsidiaries are unlimited.

Committed facilities are defined as the bank's obligation to provide funding until maturity of the facility, by which time the renewal of the facility is negotiated.

An amount of R19,657 million (2015: R18,515 million) of the facilities is committed for one to five years; R1,300 million (2015: R2,300 million) is committed for a rolling period of 364 days; R1,000 million (2015: Rnil) is committed for a rolling period of 18 months; while the rest is committed for less than 364 days. The company has adequate committed facilities to meet its future funding requirements.

Uncommitted facilities are callable on demand.

** Includes R9,100 million (2015: R9,100 million) and R3,199 million (2015: R1,843 million) owing to Anglo American SA Finance Limited on the committed and uncommitted facilities respectively. Related interest of R1,111 million (2015: R1,139 million) was paid.*

11. FAIR VALUE DISCLOSURES

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

The levels are classified as follows:

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

	31 December 2016	Fair value measurement at 31 December 2016		
Description	Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets through profit and loss				
Investments held by environmental trusts	**907**	**907**	**–**	**–**
Other financial assets	**1,643**	**–**	**1**	**1,642**
Available-for-sale assets at fair value through other comprehensive income				
Other financial assets	**1,042**	**959**	**–**	**83**
Non-financial assets at fair value through profit and loss				
Trading metal inventories originating from third parties	**3**	**3**	**–**	**–**
Total	**3,595**	**1,870**	**–**	**1,725**
Financial liabilities through profit and loss				
Trade and other payables*	**(6,266)**	**–**	**(6,266)**	**–**
Other financial liabilities	**(504)**	**–**	**(3)**	**(501)**
Non-financial liabilities at fair value through profit and loss				
Liabilities for return of metal	**(535)**	**–**	**(535)**	**–**
Total	**(7,305)**	**–**	**(6,804)**	**(501)**

11. FAIR VALUE DISCLOSURES continued

Description	31 December 2015 Rm	Fair value measurement at 31 December 2015 Level 1 Rm	Level 2 Rm	Level 3 Rm
Financial assets through profit and loss				
Investments held by environmental trusts	882	882	–	–
Other financial assets	–	–	–	–
Available-for-sale assets at fair value through other comprehensive income				
Other financial assets	703	684	–	19
Non-financial assets at fair value through profit and loss				
Trading metal inventories originating from third parties	–	–	–	–
Total	1,585	1,566	–	19
Financial liabilities through profit and loss				
Trade and other payables*	(2,972)	–	(2,972)	–
Other current financial liabilities	(2)	–	(2)	–
Non-financial liabilities at fair value through profit and loss				
Liabilities for return of metal	–	–	–	–
Total	(2,974)	–	(2,974)	–

** Represents payables under purchase of concentrate agreements.*

There were no transfers between the levels during the year.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values for other current financial liabilities relate specifically to forward foreign exchange contracts.

The valuation of forward foreign exchange contracts is a function of the ZAR:USD exchange rate at balance sheet date and the forward exchange rate that was fixed as per the forward foreign exchange rate contract.

Level 2 fair values for trade and other payables relate specifically to purchase of concentrate trade creditors which are priced in US dollars. The settlement of these purchase of concentrate trade creditors takes place on average three to four months after the purchase has taken place. The fair value is a function of the expected ZAR:USD exchange rate and the metal prices at the time of settlement.

Level 3 fair value measurement of financial assets at fair value

The Level 3 fair value of other financial assets comprises investments in unlisted companies Food Freshness Technology Holdings and Greyrock Energy Inc, which are classified as available-for-sale in terms of IAS 39 *Financial Instruments: Recognition and Measurement* and the deferred consideration on the disposal of the Rustenburg Mine which is classified as a financial asset at fair value through profit and loss. The fair values are based on unobservable market data, and estimated with reference to recent third party transactions in the instruments of the company, or based on the underlying discounted cash flows expected.

The Level 3 fair value of other financial liabilities comprises the components of the deferred consideration on the disposal of the Rustenburg Mine, payable to Sibanye, which is classified as a financial liability at fair value through profit and loss. The fair value is based on the underlying discounted cash flows expected.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

11. FAIR VALUE DISCLOSURES continued

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

	2016 Other financial assets Rm	2015 Other financial assets Rm	2016 Other financial liabilities Rm	2015 Other financial liabilities Rm
Opening balance	19	–	–	–
Acquisition of investment	35	19	–	–
Recognition of proceeds on disposal of Rustenburg Mine (note 17)	1,615	–	(494)	–
Interest included in profit or loss	27	–	(7)	–
Total gains included in profit or loss	–	–	–	–
Total gains included in other comprehensive income	35	–	–	–
Foreign exchange translation	(6)	–	–	–
Closing balance	1,725	19	(501)	–

Level 3 fair value sensitivities

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

	Financial asset		Financial liability	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm
10% change in expected cash flows				
Reduction to profit or loss	28	–	–	–
Increase to profit or loss	28	–	–	–
0.5% change in discount rates				
Reduction to profit or loss	51	–	4	–
Increase to profit or loss	53	–	4	–
10% change in market price of peer groups				
Reduction to profit or loss	5	–	–	–
Increase to profit or loss	5	–	–	–

12. UNKI PLATINUM MINE INDIGENISATION PLAN

Following approval of its indigenisation plan by the government of Zimbabwe, Amplats signed a heads of agreement with the government of Zimbabwe in November 2012 that set out the key terms of the approved indigenisation plan for the Company's Unki Mine investment. The plan has not yet been implemented.

In early April 2016, President Mugabe issued a press statement which sought to clarify the government of Zimbabwe's position on the indigenisation and economic empowerment policy. In terms of the statement, existing mining companies such as Unki, would achieve compliance with the indigenisation requirements through ensuring that at least 75% of gross sales proceeds are spent and retained in Zimbabwe. The statement concluded by stating that President Mugabe had directed that the indigenisation legislation be amended to comply with this latest position. Amendments to the Indigenisation Act are yet to be made.

Stakeholders will be kept informed of any material developments in this regard.

13. ANNOUNCEMENT OF DISPOSAL TRANSACTIONS

Equity investments in Pandora

Amplats entered into a conditional Sale and Purchase Agreement (SPA) on 10 November 2016 with Eastern Platinum Limited, a wholly owned subsidiary of Lonmin plc (Lonmin) to sell its 42.5% interest in the Pandora Joint Venture (Pandora). The consideration for this interest will comprise a deferred cash payment of 20% of the distributable free cash flows generated by Pandora over six years, with a minimum amount of R400 million; and a rental agreement for the use and full operational control of Lonmin's Baobab concentrator for a three-year period.

Following the signing of the binding sales agreement, the investment in associate was assessed separately for impairment. As such, the recoverable value of Pandora is calculated as the fair value of the estimated proceeds less transaction costs, and amounts to R192 million – resulting in an impairment of R153 million. It excludes any economic value generated from the Baobab rental agreement which will be recognised for accounting purposes at the time when the benefit is received. The recoverable amount comprises a Level 3 fair value in terms of the fair value hierarchy (as defined in note 11). The fair value of the deferred consideration payable by Eastern Platinum Limited was determined based on the projected cash flows for Pandora's E3 operations on a mine-to-ore basis. The relevant amounts were discounted at the cost of borrowing of Lonmin plc.

Since the transaction remains subject to DMR approval in terms of section 11, the investment has not been reclassified as held-for-sale.

13. ANNOUNCEMENT OF DISPOSAL TRANSACTIONS continued

Amandelbult reserves

On 11 November 2016 Amplats announced the disposal of mineral resources within the Amandelbult mining right (the Resource), and surface properties above and adjacent to the Resource, to Northam Platinum Limited (Northam) for a consideration comprising R1.0 billion in cash (the Proceeds) and an ancillary mineral resource within Northam's Zondereinde mining right that borders Amandelbult's mining right and which provides the company with flexibility for the placement of future mining infrastructure.

The Resource is long-dated and outside of Amplats' long-term Life-of-Mine plans and therefore does not impact any current or future mining plans. The transaction does not constrain the company's next generation options for the Amandelbult Mine, which has a number of shallow and less capital intensive life extension options. The surface properties forming part of the transaction will enable Northam to access the Resource.

No impairment was recognised as the carrying value of the Resource is nil. The transaction remains subject to DMR approval under section 102.

14. IMPAIRMENT OF ASSETS AND INVESTMENTS

Equity investments in Atlatsa and Bokoni Holdco and associated loans

Amplats has a 22.76% shareholding in Atlatsa as well as a 49% shareholding in Bokoni Holdco (which is equity accounted as an associate). The group, together with Atlatsa, has completed a technical review of the Bokoni Platinum Mine to develop a new optimised mine plan. Following the closure of Vertical and UM2 shafts and reducing headcount by a third, Bokoni is implementing this new optimised mine plan.

In light of the difficult market conditions and negative cash flows incurred by Bokoni Platinum Mine, Amplats fully impaired its equity interests in Atlatsa and Bokoni Holdco in 2015. A further impairment of R130 million arose in 2016 with respect to the investment in Bokoni owing to the capitalisation of funding. These write-offs are included in basic earnings but excluded from headline earnings, in terms of SAICA circular 2/2015.

Atlatsa's ability to service its debt obligations in the context of the current market conditions, where Bokoni Platinum Mine is its main source of funding, is doubtful at current PGM price levels. In 2015, Amplats, therefore, for accounting purposes impaired the various loans extended to Atlatsa and Atlatsa Holdings to the value of R1,792 million. A further impairment of R111 million was recognised in this regard during 2016. The impairment losses arising from these loan write-offs are included in basic and headline earnings.

15. SCRAPPING OF ASSETS

During 2016 one of Amplats' furnaces suffered a leak of molten furnace matte from the Waterval furnace hearth. A preliminary assessment of the damage to the furnace has shown that a rebuild of the furnace should be brought forward, as the most prudent means of mitigating future potential operational risks.

The capital expenditure for the rebuild will be capitalised. The net book value of the affected assets scrapped was R7 million. The proceeds from the insurance policy (cost incurred by Amplats less deductible) will be recognised as insurance income when received.

A claim for the rebuild has been submitted to the insurers. The insurance policy covers asset and business interruption including machinery breakdown. It insures property against all risks of physical loss, destruction, damage and electrical or machinery breakdown and against losses resulting from interruption with the business because of an insured property damage event and against extra expenses. The claim limit is USD1.5 billion.

16. BROAD-BASED ECONOMIC EMPOWERMENT (BEE) TRANSACTION

A group subsidiary, Atomatic, holds a chrome processing plant adjacent to the Amandelbult Mine. As part of Amplats' commitment to transformation, Atomatic has issued 26% of its own shares to a BEE partner, Baphalane Siyanda Chrome Company Proprietary Limited (BSCC) which was primarily funded by way of cumulative, non-convertible and redeemable preference shares by the Amplats group. For accounting purposes, the shares issued by Atomatic have been treated as an option over its own equity, which resulted in a once-off share-based BEE expense of R156 million on initial recognition of the transaction. The option was effectively granted in 2014 when the transaction was substantively agreed to by all parties as there were no conditions which would have resulted in the deal subsequently being cancelled. The transaction however vested in 2016 when the plant was commissioned and transferred to Atomatic. The fair value was determined based on a discounted cash flow of the business at grant date using a risk adjusted discount rate.

17. DISPOSAL OF RUSTENBURG MINE

On 9 September 2015, Amplats entered into a sale and purchase agreement (SPA) with Sibanye Rustenburg Platinum Mines Proprietary Limited (a subsidiary of Sibanye Gold Limited) (Sibanye) for the disposal of Rustenburg Mine.

Amplats considers its mining, smelting and refining operations as a single cash-generating unit. Following the announcement of the signing of the SPA with Sibanye in 2015, the assets attributable to Rustenburg Mine were assessed separately within the cash-generating unit for impairment. As such, the recoverable value of Rustenburg Mine was calculated as the fair value of the estimated proceeds less transaction costs, and amounted to R2,798 million. It excluded any economic value generated from the future purchase of concentrate and toll treatment arrangements which will be recognised for accounting purposes at the time when the benefit is received. The recoverable amount comprised a Level 3 fair value in terms of the fair value hierarchy (as defined in note 11). The fair value of the deferred consideration payable by Sibanye, and negative free cash flow funding payable by Amplats were determined based on the projected cash flows for Rustenburg Mine. The relevant amounts were discounted at the cost of borrowing of Sibanye and Amplats respectively.

The net carrying value of Rustenburg Mine at 1 September 2015 was R7,274 million. The excess of the carrying value above the recoverable amount gave rise to an impairment in 2015 of R6,216 million (R4,476 million net of tax). The entire impairment was attributable to property, plant and equipment. A resulting impairment loss was recognised in the statement of comprehensive income and was separately presented. This impairment loss was included in basic earnings but excluded from headline earnings.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

17. DISPOSAL OF RUSTENBURG MINE continued

Rustenburg Mine was sold as a going concern for an upfront cash consideration of R1,500 million and deferred consideration amounting to 35% of the business's distributable free cash flow for six to eight years subject to a minimum of R3,000 million. These proceeds will be offset by funding to be provided by Amplats in the event of the business having a negative free cash flow between the closing of the transaction and 31 December 2018. This funding is limited to R267 million per annum and is pro-rated. Taking into account the most recent cash flow estimates for the business, the estimated fair value of the total consideration amounts to R2,033 million. This excludes any economic value generated from the future purchase of concentrate and toll treatment arrangements which will be recognised for accounting purposes at the time when the benefit is received. A conditional section 11 approval was received on 2 August 2016 and Rustenburg Mine was reclassified as held for sale at that stage. The final section 11 was granted during the course of October 2016.

Effective 1 November 2016, Amplats disposed of its Rustenburg Mine.

	2016 Rm
Consideration (including purchase price adjustments)	
Consideration received in cash	**1,551**
Purchase of concentrate adjustment	**(2,933)**
Deferred sales proceeds (discounted)*	**676**
Total consideration	**(706)**
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	**1,397**
Capital work in progress	**1,011**
Environmental trust funds	**281**
Current assets	
Trade and other receivables	**46**
Inventories	**80**
Other assets	**13**
Cash and cash equivalents**	**–**
Non-current liabilities	
Provision for decommissioning and restoration costs	**(736)**
Deferred tax	**–**
Current liabilities	
Trade and other payables	**(677)**
Provisions	**(635)**
Net assets disposed of	**780**
Loss on disposal of Rustenburg Mine	
Consideration	**(706)**
Net assets disposed of	**(780)**
Transaction costs directly attributable to disposal	**(195)**
Loss on disposal before taxation effects	**(1,681)**
Effects of taxation on consideration and release of unredeemed capex	**762**
	(919)
The loss on disposal is included in profit for the year.	
Net cash inflow on disposal of Rustenburg Mine	
Consideration received in cash	**1,551**
Transaction costs	**(195)**
Less: Cash and cash equivalents disposed of**	**–**
	1,356
Purchase of concentrate payments related to concentrate transferred	**(1,418)**

* *Deferred consideration consists of the amounts payable to and due from Sibanye as part of the sales consideration. The amounts have been grouped as a single item as they all relate to a single sales agreement and adjustment to the purchase price.*

*** Less than R500,000.*

18. ADJUSTMENTS TO PRIOR PERIODS

Inventory error

The following errors were detected in respect of inventory:

- A non-systemic error in the unit cost calculation to determine the value of work-in-process and finished goods metal inventory. This arose mainly in the current year owing to the preparatory work in separating Rustenburg Mine. The balance, which was restated back to 2014, related to the effect of the purchase of concentrate arrangement with Union Mine that has a 15% non-controlling interest.
- An error in the determination of net realisable value. All stock is valued at the lower of cost or net realisable value. The net realisable value equates to the market value at month end. When determining the net realisable value for the work in progress stock, the market value should have been reduced with the outstanding down stream cost, i.e. the net realisable value for stock in the smelter should be reduced with the applicable Rustenburg Base Metals Refinery and Precious Metals Refinery unit costs. This has been corrected back to 2011.
- Certain consolidation adjustments, which have been corrected going back to 2011.

For the year ended December 2015 the adjustment comprised 2% of the inventory balance and for June 2016 it comprised 6%.

Translation error

During the year it was found that Unki Dollar depreciation was being incorrectly translated at the historic exchange rate, rather the average exchange rate. The incorrect depreciation resulted from the SAP accounting system being configured with an incorrect rule during Unki's system implementation in 2011.

Joint venture elimination error

Amplats is party to a pooling and sharing arrangement (PSA) with Sibanye Platinum (previously Aquarius Platinum) – referred to as the Kroondal PSA. The interest is accounted for as a joint operation and proportionately consolidated. In performing a review of intercompany balances, a receivable balance brought forward from prior years had not been completely eliminated.

The above errors were adjusted through a restatement of: opening balances at 1 January 2015, for the cumulative effect of prior periods, and earnings for the year ended 31 December 2015.

Effect on 30 June interim results

The above errors had an impact on the 30 June 2016 published interim results. Accordingly the effect to the impact has been disclosed below.

Effect per error	**June 2016***	December 2015	December 2014 and prior periods effect
Inventory impact on earnings before tax	**1 084**	85	(351)
Royalties	**1**	16	1
Tax effects	**(308)**	(21)	84
Non-controlling interest	**–**	(3)	–
Total inventory impact on earnings	**777**	77	(266)
Total depreciation impact on earnings	**(108)**	(141)	(159)
Kroondal impact on earnings before tax	**(93)**	(235)	(589)
Tax effects	**26**	66	165
Total Kroondal impact on earnings	**(67)**	(169)	(424)
Total impact of errors on retained earnings	**602**	(233)	(849)
Cumulative adjustment to retained earnings	**(480)**	(1 082)	(849)

** The June 2016 financial information has been reviewed but not audited by the external auditors.*

Appendices

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

18. ADJUSTMENTS TO PRIOR PERIODS continued

The following is the effect of the adjustments on the respective prior periods:

Full effect of errors		As previously reported* 30 June 2016 Rm	Adjustment Rm	Restated* 30 June 2016 Rm
IMPACT ON STATEMENT OF COMPREHENSIVE INCOME				
Cost of sales		(27,948)	977	(26,971)
Gross profit on metal sales		2,707	977	3,684
Other net expenditure		(213)	(93)	(306)
Operating profit/(loss)		2,162	884	3,046
Profit before taxation		1,380	884	2,264
Taxation		(459)	(282)	(741)
Profit/(loss) for the year		921	602	1,523
Total comprehensive income for the year		833	710	1,543
Profit attributable to:				
Owners of the Company		938	602	1,540
Non-controlling interests		(17)	–	(17)
Total comprehensive income attributable to:				
Owners of the Company		850	710	1,560
Non-controlling interests		(17)	–	(17)
Headline earnings		1,044	603	1,647
Earnings per ordinary share (cents)				
– Basic		358	231	589
– Diluted		357	230	587
STATEMENT OF FINANCIAL POSITION				
Current assets		24,576	(99)	24,477
Inventories		16,314	818	17,132
Trade and other receivables		2,235	(917)	1,318
Share capital and reserves		40,783	(69)	40,714
Foreign currency translation reserve		2,293	408	2,701
Retained earnings		15,981	(480)	15,501
Non-controlling interests		(452)	3	(449)
Non-current liabilities		21,694	(200)	21,494
Deferred taxation		8,153	(200)	7,953
Current liabilities		14,251	170	14,421
Other liabilities		2,591	(18)	2,573
Taxation		29	188	217
RATIO ANALYSIS				
Gross profit margin	%	8.8	3.2	12.0
Operating profit as a % of average operating assets	%	7.3	3.1	10.4
EBITDA	R million	4,326	992	5,318
Return on average shareholders' equity	%	9.4	(1.8)	7.6
Return on average capital employed	%	8.5	(2.5)	6.0
Return on average attributable capital employed	%	8.7	3.6	12.3
Current ratio	%	1.7:1	–	1.7:1
Debt:equity ratio	%	1:2.7	–	1:2.7
Interest cover – EBITDA	times	5.9	1.3	7.2
Debt cover ratio	times	0.4	–	0.4
Net debt to capital employed	%	19.6	–	19.6
Interest-bearing debt to shareholders' equity	%	37.3	0.1	37.4
Net asset value as a % of market capitalisation	%	41.2	(0.1)	41.1
Effective tax rate	%	33.3	0.1	33.4
SHARE PERFORMANCE				
Headline earnings/(loss) per ordinary share (cents)		399	230	629
Net asset value per ordinary share		152	–	152

** The 30 June 2016 interim results were reviewed but not audited by the external auditors.*
 # R50 million tax balance, reclassified to current assets, resulting in a restated current assets balance of R20,715 million.

As previously reported 31 December 2015 Rm	Adjustment Rm	Restated 31 December 2015 Rm	As previously reported 1 January 2015 Rm	Adjustment Rm	Restated 1 January 2015 Rm
(54,544)	(40)	(54,584)			
5,271	(40)	5,231			
(279)	(235)	(514)			
(6,050)	(275)	(6,325)			
(14,139)	(275)	(14,414)			
1,934	45	1,979			
(12,205)	(230)	(12,435)			
(10,615)	(89)	(10,704)			
(12,125)	(233)	(12,358)			
(80)	3	(77)			
(10,535)	(92)	(10,627)			
(80)	3	(77)			
107	(233)	(126)			
(4,638)	(90)	(4,728)			
(4,625)	(89)	(4,714)			
21,755	(1,090)	20,665#	23,313	(940)	22,373
16,571	(266)	16,305	17,451	(351)	17,100
2,585	(824)	1,761	3,220	(589)	2,631
40,023	(779)	39,244	50,526	(690)	49,836
2,786	300	3,086	1,345	159	1,504
15,202	(1,082)	14,120	27,598	(849)	26,749
(411)	3	(408)	(210)	–	(210)
22,776	(212)	22,564	22,093	(246)	21,847
8,140	(212)	7,928	10,516	(246)	10,270
11,161	(99)	11,062	17,380	(4)	17,376
2,075	(17)	2,058	2,044	(1)	2,043
32	(82)	(50)#	1,296	(3)	1,293
8.8	(0.1)	8.7	4.8	(0.7)	4.1
(9.6)	(0.6)	(10.2)	1.3	(0.7)	0.6
(1,467)	(134)	(1,601)	5,658	(218)	5,440
(27.0)	(0.9)	(27.9)	0.7	(0.6)	0.1
(11.2)	(0.6)	(11.8)	1.2	(0.7)	0.5
(11.5)	(0.7)	(12.2)	1.3	(0.7)	0.6
1.9:1	–	1.9:1	1.3:1	–	1.3:1
1:2.8	(0.1)	1:2.7	1:3.2	–	1:3.2
(1.2)	(0.1)	(1.3)	5.3	(0.2)	5.1
0.8	–	0.8	0.5	–	0.5
24.2	0.3	24.5	22.4	0.3	22.7
36.1	0.7	36.8	31.3	0.4	31.7
80.1	(1.6)	78.5	54.9	(0.7)	54.2
(13.7)	–	(13.7)	18.1	(3.8)	14.3
41	(89)	(48)	–	–	–
149	(3)	146	189	(3)	186

Appendices

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

continued for the year ended 31 December 2016

19. POST-BALANCE SHEET EVENTS

There are no post-balance sheet events other than disclosed below.

Sale of Union Mine

As part of the group's divesture initiatives, a binding sale and purchase agreement with Siyanda Resources (Siyanda) was signed on 14 February 2017 for the group's interest in Union Mine, which sets out the following key commercial terms:

- Initial purchase price of R400 million
- Deferred consideration of 35% of net cumulative positive free cash flow for 10 years (with an early settlement option)
- Purchase of concentrate agreement for seven years with a toll arrangement from year eight onwards.

As a result of definitive agreements being signed, Union Mine will be considered separate from the Amplats single cash-generating unit as of this date and will accordingly be separately assessed for impairment.

INDEPENDENT ASSURANCE REPORT

To the Directors of Anglo American Platinum Limited

We have undertaken an assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Integrated Annual Report 2016 (the Report) to stakeholders of Anglo American Platinum Limited (Amplats) for the year ended 31 December 2016. This engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter and Related Assurance

We are required to provide reasonable or limited assurance on the selected KPIs set out in the tables below. The selected KPIs described below have been prepared in accordance the criteria set out in Amplats' internal corporate reporting policies and procedures on page 1 and from page 141 of the report (referred to as the "reporting criteria").

(a) Reasonable assurance on the following KPIs (marked with RA)	Unit	Page
Scope 1 CO_2e emissions	kilotonnes	139
Scope 2 CO_2e emissions	kilotonnes	139
Total energy consumed	terajoules	139
Level 3, 4 and 5 environmental incidents	number	140
Work-related fatalities	number	134
Fatal injury frequency rate (FRIR)	rate	134
Total recordable case frequency rate (TRCFR)	rate	135
New cases of noise induced hearing loss (NIHL)	number	135

(b) Limited assurance on the following KPIs (marked with LA)	Unit	Page
Total water consumed	megalitres	139
Hazardous waste to landfill	kilotonnes	140
Non-hazardous waste to landfill	kilotonnes	140
Employees participating in voluntary counselling and testing (VCT)/know their status	number	135
Corporate Social Investment (CSI) spend	ZAR	138
Total employee turnover excluding VSPs	percentage	137, 138
Employment equity as per mining charter (top management, senior management , middle management, junior management and core skills)	percentage	137

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT ASSURANCE REPORT
continued

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an assurance opinion and conclusion on the selected key KPIs based on the work we have performed and the evidence we have obtained. We have conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain reasonable or limited assurance about whether the selected KPIs are free from material misstatement.

An assurance engagement in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Amplats's use of its reporting criteria, as a basis of preparation for the selected KPIs and performing procedures to obtain evidence about the quantification of the selected KPIs and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal controls relevant to Amplats's preparation of the selected KPIs. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the selected KPIs set out in section (a) of the Subject Matter and Related Assurance paragraph above.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Given the circumstances of our limited assurance engagement on the selected KPIs set out in section (b) of the Subject Matter and Related Assurance paragraph above, in performing the procedures listed above we:

- Understood the processes that Amplats have in place for determining the selected KPIs to be included in the report
- Obtained an understanding of the systems used to generate, aggregate and report the selected KPIs
- Conducted interviews with management at the sampled operations and at head office
- Inspected documentation to corroborate the statements of management in our interviews
- Performed control walkthroughs
- Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria in respect of Tumela mine, Union mine, Polokwane smelter, Waterval smelter, Rustenburg Base Metal Refinery, Mogalakwena mine and concentrator, Thembelani mine, Siphumelelele mine, Dishaba mine and Rustenburg concentrators.

— Inspected and tested the consolidation of the data at head office to obtain an understanding of the consistency of the reporting processes across the Amplats group

— Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Amplats.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected KPIs set out in section (b) of the Subject Matter and Related Assurance paragraph above have been prepared, in all material respects, in accordance with the relevant reporting criteria.

Reasonable Assurance Opinion and Limited Assurance Conclusion

In relation to the Report for the year ended 31 December 2016:

(a) ***Reasonable assurance opinion***

In our opinion, the selected KPIs set out in section (a) of the Subject Matter and Related Assurance paragraph above for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the reporting criteria.

(b) Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected KPIs set out in section (b) of the Subject Matter and Related Assurance paragraph above for the year ended 31 December 2016 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

The maintenance and integrity of the Amplats Website is the responsibility of Amplats management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of its presentation on the Amplats Website.

Restriction of Liability

Our work has been undertaken to enable us to express an assurance opinion or conclusion on the selected KPIs to the Directors of Amplats in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Amplats, for our work, for this report, or for the opinion or conclusion we have reached.

KPMG Services Proprietary Limited

Per PD Naidoo
Director
Johannesburg
14 February 2017

1 Albany Road
Parktown

SAFETY INDICATORS

for the year ended 31 December 2016

	Number of fatalities					Fatal-injury frequency rate (FIFR)				
Operations	**2016**	2015	2014	2013	2012	**2016**	2015	2014	2013	2012
Bathopele Mine*	**0**	0	0	2	0	**0**	0	0	0.08	0
Khomanani Mine (reclamation)[1]*	**0**	0	0	0	1	**0**	0	0	0	0.028
Thembelani Mine*	**1**	1	0	0	0	**0.030**	0.02	0	0	0
Khuseleka Mine*	**2**	0	1	1	2	**0.063**	0	0.04	0.02	0.04
Siphumelele Mine*	**1**	0	0	1	0	**0.038**	0	0	0.03	0
Central services*	**0**	0	0	0	0	**0**	0	0	0	0
Tumela Mine	**2**	0	0	1	0	**0.019**	0	0	0.01	0
Dishaba Mine	**0**	0	1	0	0	**0**	0	0.03	0	0
Union Mine	**1**	0	0	1	2	**0.018**	0	0	0.01	0.03
Mogalakwena Mine	**0**	0	0	0	1	**0**	0	0	0	0.061
Unki Platinum Mine	**0**	0	0	0	0	**0**	0	0	0	0
Rustenburg concentrators*	**0**	0	0	0	1	**0**	0	0	0	0.163
Amandelbult concentrators	**0**	0	0	0	0	**0**	0	0	0	0
Union concentrators	**0**	0	0	0	0	**0**	0	0	0	0
Mogalakwena concentrators	**0**	0	0	0	0	**0**	0	0	0	0
Unki concentrator	**0**	0	0	0	0	**0**	0	0	0	0
Mototolo concentrator	**0**	0	0	0	0	**0**	0	0	0	0
Polokwane smelter	**0**	0	0	0	0	**0**	0	0	0	0
Waterval smelter	**0**	0	1	0	0	**0**	0	0.07	0	0
Mortimer smelter	**0**	0	0	0	0	**0**	0	0	0	0
Rustenburg Base Metal Refiners	**0**	0	0	0	0	**0**	0	0	0	0
Precious metals refinery	**0**	0	0	0	0	**0**	0	0	0	0
Western Limb Tailings Retreatment*	**0**	0	0	0	0	**0**	0	0	0	0
Greenfield projects	**0**	1	0	0	0	**0**	0.03	0	0	0
Total/aggregate	**7**[RA]	2	3	6	7	**0.013**[RA]	0.003	0.006	0.01	0.011

[1] *Reclamation sites: Khomanani Mine, Khuseleka 2, Siphumelele 3 and Thembelani 2 (Khuseleka Mine is Khuseleka 1).*

* *Numbers and injury frequency rates for the divested Rustenburg operations are reported from 1 January 2016 – 31 October 2016. The divested Rustenburg operations are Bathopele Mine, Khomanani Mine (reclamation), Thembelani Mine, Khuseleka Mine, Siphumelele Mine, Rustenburg Concentrators, Central Services and Western Limb Tailings Retreatment.*

[RA] *Reasonable assurance.*

SAFETY INDICATORS continued

for the year ended 31 December 2016

	Lost-time injury frequency rate (LTIFR)					Total recordable case frequency rate (TRCFR)[1]				
Operations	**2016**	2015	2014	2013	2012	**2016**	2015	2014	2013	2012
Bathopele Mine*	**1.16**	0.53	0.4	0.98	0.79	**1.37**	0.92	0.58	3.09	3.12
Khomanani Mine (reclamation)[3]*	**0**	1.95	0.65	1.46	1.32	**0**	2.72	1.94	1.94	2.13
Thembelani Mine*	**1.40**	1.93	1.64	1.86	2.41	**1.58**	2.12	2.58	2.47	3.13
Khuseleka Mine*	**1.67**	2.01	0.78	1.38	2.02	**1.86**	2.24	1.02	1.57	3.52
Siphumelele Mine[2]*	**1.01**	1.26	1.35	2	2.49	**1.46**	1.42	1.55	2.37	3.05
Central services[4]*	**0.32**	0.47	0.25	0.55	0.4	**1.13**	0.83	0.38	0.8	0.82
Tumela Mine[5]	**0.54**	1.03	0.78	1.24	1.56	**0.86**	1.41	0.98	1.65	1.85
Dishaba Mine	**0.63**	0.93	0.86	1.11	0.9	**0.95**	1.83	1.6	1.67	1.73
Union Mine[6]	**1.32**	1.73	0.9	1.26	1.12	**1.77**	2.5	1.52	3.76	2.09
Mogalakwena Mine	**0.17**	0.22	0.15	0.83	0.67	**0.45**	1.36	1.31	2.13	2.33
Unki Platinum Mine	**0.19**	0.18	0.11	0.11	0.12	**0.82**	0.53	0.86	0.85	1.04
Rustenburg concentrators*	**0.80**	0.81	0	0.75	0.16	**1.07**	2.78	0.63	1.24	1.3
Amandelbult concentrators	**0.30**	0.25	0	0.64	1.57	**0.61**	0.83	0.37	0.93	2.69
Union concentrators	**0.26**	0.33	0	0.45	0.55	**0.53**	0.33	0	1.01	0.69
Mogalakwena concentrators	**0.16**	0.11	0.37	1.32	0.13	**0.47**	0.8	1.11	0.92	1.01
Unki concentrator	**0**	0.45	0.46	0	0.38	**0**	1.36	0.91	1.46	1.88
Mototolo concentrator	**0.52**	0	0	0	0	**0.52**	0	0	0	0.37
Polokwane smelter	**0**	0	0.39	0.20	0.37	**0.46**	0.42	1.16	0.61	1.3
Waterval smelter	**0.40**	0.14	0.92	0.79	0.57	**0.48**	0.28	1.28	1.14	1.14
Mortimer smelter	**0.38**	0	0	0.39	0.8	**1.13**	0.74	0.74	0.78	1.19
Rustenburg Base Metal Refiners	**0.49**	0.84	0.40	0.58	0.71	**1.28**	1.55	0.96	0.93	1.2
Precious metals refinery	**1.21**	0.53	0.26	0.39	0.48	**1.45**	1.18	1.18	1.41	1.58
Western Limb Tailings Retreatment*	**0**	0	0	0.77	0.27	**0.57**	0.22	0.26	1.03	1.07
Greenfield projects	**0.15**	0.51	0.61	0.43	0.48	**0.25**	1.08	1.39	1.34	3.2
Shared support[7]	**0.23**	0.4	1.16			**0.31**	1.1	1.68		
Total/aggregate	**0.73**	0.98	0.69	1.05	1.15	**1.05**[RA]	1.52	1.22	1.82	2.13

* *Numbers and injury frequency rates for the divested Rustenburg operations are reported from 1 January 2016 – 31 October 2016. The divested Rustenburg operations are Bathopele Mine, Khomanani Mine (reclamation), Thembelani Mine, Khuseleka Mine, Siphumelele Mine, Rustenburg Concentrators, Central Services and Western Limb Tailings Retreatment.*

[1] *The TRCFR is the sum of the number of medical treatment cases (MTC) plus lost time injuries (LTI) plus fatal injuries per 200,000 hours worked. It includes all suspected gassings admitted for the mandatory 24-hour observation. First aid cases (FAC) are excluded from the TRCFR calculation. Amplats historically did not report FAC, with all injuries regarded as either MTC or LTI. This results in the TCRFR including FAC, thereby overstating the TRCFR. It should be noted that our TRCFR calculations include FAC, reported at our operations, whereas the Anglo American plc definition differentiates between FAC and MTC.*

[2] *Siphumelele Mine includes Siphumelele 1 and Platinum School of Mines.*

[3] *Reclamation sites: Khomanani Mine, Khuseleka 2, Siphumelele 3 and Thembelani 2 (Khuseleka Mine is Khuseleka 1).*

[4] *Central Services – Rustenburg Central Services (Siphumelele lease area).*

[5] *From 2014 Tumela Mine includes Amandelbult Services.*

[6] *From 2014, Union Mine includes Union Services.*

[7] *Shared support includes Protection Services, AGP, SAVs, ASSU, ADC, OSD, RPM Hospital, ESTC, Hex River Complex, administrative offices not on mine property, co-located offices, Whiskey Creek and the Equestrian Centre (consolidated separately from 2014).*

[RA] *Reasonable assurance.*

HEALTH INDICATORS

for the year ended 31 December 2016

	2016	2015	2014	2013	2012
New cases of noise-induced hearing loss	**23**[RA]	36	34	68	46
Employees participating in VCT/know their status	**22,222**[LA]	32,375	41,822	34,238	42,267

[RA] *Reasonable assurance.*

[LA] *Limited assurance.*

HUMAN RESOURCES INDICATORS

for the year ended 31 December 2016

EMPLOYMENT STATISTICS

	2016	2015	2014	2013	2012
Breakdown of South African workforce[1,2]					
Gauteng	**278**	330	377	417	532
Limpopo	**21,692**	23,259	24,822	24,577	24,645
North West	**2,860**	17,991	20,323	20,762	25,555
Mpumalanga	**136**	136	140	128	141
Total own employees	**24,966**	41,716	45,662	45,884	50,873
Contracting staff[3]					
Labour hire	**98**	401	435	495	610
Contractors	**2,090**	2,171	2,422	2,151	3,635
Total contracting staff	**2,188**	2,572	2,857	2,646	4,245
Employment creation in provinces, numbers					
Gauteng	**(52)**	(47)	(40)	(115)	(27)
Limpopo	**(1,567)**	(1,563)	245	(68)	(9)
North West	**(15,131)**	(2,332)	(439)	(4,793)	(358)
Mpumalanga	**0**	(4)	12	(13)	(2)
Total own employees	**(16,750)**	(3,946)	(222)	(4,989)	(396)
Labour turnover in South Africa, % (including voluntary separation packages)					
Gauteng	**0.15**	0.20	0.06	0.2	0.12
Limpopo	**5.13**	4.54	1.61	4.09	2.39
North West	**2.56**	4.73	1.4	7.09	0.02
Mpumalanga	**0.01**	0.02	0.01	0.13	3.05
Labour turnover in Zimbabwe	**0.14**	0.12	0.15		

[1] Workforce numbers based as at 31 December 2016 and excludes, Platinum Health, JVs and associate operations.
[2] Workforce breakdown numbers reviewed against published group statistics.
[3] A further 1,096 employees and contractors are employed at our Unki operations in Zimbabwe.

EMPLOYMENT EQUITY PER OCCUPATIONAL LEVEL

(2016 employment equity statistics as per Employment Equity Act requirements)

	Male				Female				Foreign nationals		
Occupational levels	**African**	**Coloured**	**Asian**	**White**	**African**	**Coloured**	**Asian**	**White**	**Male**	**Female**	**Total**
Top management	0	0	2	4	2	0	0	0	0	0	8
Senior management	41	6	14	100	9	0	8	10	10	0	198
Professionally qualified and experienced specialist and mid-management	523	21	19	464	177	4	20	132	32	7	1,399
Skilled technical and academically qualified workers, junior management, supervisors	2,348	26	5	718	704	11	5	184	193	3	4,197
Semi-skilled and discretionary decision making	13,392	7	0	67	2,021	2	0	14	2,001	1	17,505
Unskilled and defined decision making	956	1	0	5		0	0	0	67	0	1,415
Total permanent employees	**17,260**	**61**	**40**	**1,358**	**3,299**	**17**	**33**	**340**	**2,303**	**11**	**24,722**
Temporary employees	116	0	3	42	26	1	3	9	22	1	223
Grand total	**17,376**	**61**	**43**	**1,400**	**3,325**	**18**	**36**	**349**	**2,325**	**12**	**24,945**

Note: all numbers are for the year ended 31 December 2016.

EMPLOYMENT EQUITY AS PER THE MINING CHARTER

Description	Measure	2016 progress against target	Compliance target
Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management (board) level	**41.7%[LA]**	40%
	Senior management (exco)	**44.5%[LA]**	40%
	Middle management	**64.4%[LA]**	40%
	Junior management	**78.1%[LA]**	40%
	Core skills	**84.6%[LA]**	40%

[LA] *Limited assurance.*

TURNOVER PER REGION

	2016 excluding VSPs		2016 including VSPs		2015 excluding VSPs		2015 including VSPs		2014 excluding VSPs		2014 including VSPs	
	Total	**%**	**Total**	**%**	Total	%	Total	%	Total	%	Total	%
Gauteng	**33**	**0.09**	**61**	**0.15**	19	0.04	88	0.20	29	0.06	41	0.09
Limpopo	**976**	**2.53**	**2,055**	**5.13**	1,019	2.26	2,048	4.54	758	1.61	865	1.84
Mpumalanga	**5**	**0.01**	**6**	**0.01**	7	0.02	7	0.02	6	0.01	6	0.01
North West	**463**	**1.20**	**1,025**	**2.56**	678	1.50	2,136	4.73	656	1.4	703	1.49
Zimbabwe	**56**	**0.15**	**56**	**0.14**	53	0.12	53	0.12	71	0.15	71	0.15
Grand total	**1,533**	**3.98[LA]**	**3,203**	**8.00**	1,776	3.94	4,332	9.60	1,520	3.23	1,686	3.58

[LA] *Limited assurance.*

HUMAN RESOURCES INDICATORS continued

for the year ended 31 December 2016

TURNOVER BY GENDER AND AGE IN 2016

	Age group					
	20-30	**31-40**	**41-50**	**51-60**	**61-70**	**Total**
Turnover excluding VSPs						
Female %	**0.06**	**0.11**	**0.08**	**0.02**	**0.00**	**0.28**
Male %	**0.48**	**1.31**	**0.87**	**1.00**	**0.04**	**3.70**
Grand total	**0.54**	**1.43**	**0.96**	**1.02**	**0.04**	**3.98**[LA]
Turnover including VSPs						
Female %	**0.15**	**0.31**	**0.16**	**0.07**	**0.00**	**0.68**
Male %	**0.72**	**2.30**	**1.63**	**2.64**	**0.04**	**7.32**
Grand total	**0.86**	**2.61**	**1.79**	**2.71**	**0.04**	**8.00**

[LA] *Limited assurance.*

TRAINING IN 2016

	Black		Coloured		Asian		White		Total HDSA trained	Total trained
Type of training	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**		
Graduates	**100**	**41**	**2**	**1**	**2**	**3**	**28**	**12**	**161**	**189**
Bursaries	**75**	**47**	**2**	**0**	**6**	**4**	**37**	**19**	**153**	**190**
Leaderships (engineering)	**191**	**88**	**0**	**0**	**2**	**0**	**26**	**2**	**283**	**309**
Leaderships (mining)	**116**	**20**	**0**	**0**	**0**	**0**	**2**	**0**	**136**	**138**

MEMBERSHIP OF RECOGNISED UNIONS AND ASSOCIATIONS

as at 31 December	**2016**	2015	2014	2013	2012
Association of Mineworkers and Construction Union (AMCU)	**13,691**	24,382	24,815	26,916	
National Union of Mineworkers (NUM)	**6,378**	8,200	9,463	9,560	30,043
United Association of South Africa (UASA)	**2,630**	5,827	6,518	5,077	7,230
National Union of Metalworkers of South Africa (NUMSA)	**270**	347	359	465	777
Total	**22,969**	38,756	41,155	42,018	38,050
Total percentage of workforce represented, excluding management*	**92**	94	91	94	81

* *Workforce including Unki operations in Zimbabwe.*

AVERAGE TRAINING HOURS IN 2016

Average training hours per employee	**2016**	2015
Professionally qualified and experienced specialists and mid-management	**46**	50
Semi-skilled and discretionary decision makers	**98**	84
Senior management	**10**	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	**88**	93
Unskilled and defined decision makers	**80**	74
Total per employee	**91**	81

SOCIAL INDICATOR

for the year ended 31 December 2016

	2016 R million	2015	2014	2013
CSI spend	**354**[LA]	546	236	286

[LA] *Limited assurance.*

ENVIRONMENTAL INDICATORS

for the year ended 31 December 2016

	2016	2015	2014	2013	2012
MATERIALS – kilotonnes					
Rock broken – managed operations (100%)	**112,433**	152,414	143,219	126,329	107,235
Ore milled – managed operations (100%)	**37,165**	36,305	29,593	36,120	35,431
Accumulated low-grade stockpiles	**49,060**	41,811	37,586	33,364	24,634
Coal	**132.58**	137.02	134.2	140.3	138.9
Liquid petroleum gas (LPG)	**4.84**	4.17	4.65	4.81	6.23
Grease	**0.37**	0.37	0.33	0.38	0.39
FUELS – megalitres					
Liquid fuels	**75.68**	70.80	67.46	65.15	55.63
Lubricating and hydraulic oils	**53.14**	15.97	8.31	26.7511	6.92
ENERGY – terajoules					
Energy from electricity purchased	**18,112**	18,751	16,376	18,594	18,362
Energy from processes and fossil fuels	**6,516**	6,428	6,257	6,348	6,031
Total energy consumed	**24,628**[RA]	25,178	22,633	24,942	24,392
WATER – megalitres					
Total water consumed	**32,687**[LA]	33,197	27,137	33,412	34,911
Water used for primary activities	**29,291**	29,570	22,876	28,311	28,755
Water used for non-primary activities	**3,396**	3,627	4,215	5,101	6,156
Potable water from an external source	**12,327**	14,408	13,581	17,138	18,437
Non-potable water from an external source	**1,497**	546	1,470	1,484	1,326
Waste or second-class water used	**8,524**	4,415	6,148	8,034	9,142
Surface water used	**4,521**	9,343	2,590	1,507	1,502
Groundwater used	**5,826**	4,695	3,369	6,372	4,407
Water recycled in processes	**54,631**	60,170	51,462	50,159	53,731
LAND – hectares*					
Land under company charge for current mining activities	**108,202**	117,266	116,792	117,382	91,827
Land under management control	**42,142**	46,644	53,042	43,305	54,690
Land used for current mining and related activities	**7,903**	10,321	8,612	9,337	14,530
Total tailings dam area	**1,593**	2,326	2,326	2,152	2,444
Total waste rock dump area	**947**	1,097	1,043	931	933
All land owned	**13,685**	21,154	33,543	27,902	43,212
EMISSIONS – kilotonnes					
GHG emissions, CO_2(e) (scope 1 and 2 only)	**5,579**	5,878	5,363	5,936	5,743
From electricity purchased – scope 2 CO_2(e) emissions	**5,034**[RA]	5,316	4,817	5,378	5,210
Internally generated – scope 1 CO_2(e) emissions	**545**[RA]	561	547	558	533
Sulphur dioxide**	**19.6**	18.01	15.46	19.15	20.08
Particulates (point sources)	**0.18**	0.16	0.15	0.19	0.43
DISCHARGE – megalitres					
Discharge to surface water	**913**	278	557	363	765
QUALITY					
Surface water quality monitored at all operations	**Yes**	Yes	Yes	Yes	Yes
Surface water quality deterioration offsite	**Yes**	Yes	Yes	Yes	Yes
Adverse surface water impact on humans	**No**	No	No	No	No
Groundwater quality monitored at all operations	**Yes**	Yes	Yes	Yes	Yes
Groundwater quality deterioration	**Yes**	Yes	Yes	Yes	Yes
Adverse groundwater impact on humans	**No**	No	No	No	No

* *All numbers reported as cumulative and once per year show the final status of all retained operations, excluding Rustenburg mines and concentrators. (All other monthly reported numbers include the first 10 months of Rustenburg mines and concentrators, as well as all retained operations.)*

** *Annual calculated tonnage of SO_2 from Amplats processes (first approved data set to meet new regulatory reporting requirements)*

LA *Limited assurance.*

RA *Reasonable assurance.*

ENVIRONMENTAL INDICATORS continued

for the year ended 31 December 2016

	2016	2015	2014	2013	2012
WASTE – kilotonnes					
Mineral waste accumulated in:					
Tailings dams (active and inactive)*	**439,118**	841,963	830,176	849,895	893,266
Rock dumps	**1,115,410**	1,053,785	972,125	898,074	840,266
Slag dumps	**5,218**	4,728	4,257	4,975	3,985
Non-mineral waste generated					
Hazardous to landfill	**15.51**[LA]	9.01	9.85	10.22	7.82
Hazardous incinerated	**0.00**	0.02	0.01	0.01	3.71
Non-hazardous to landfill	**5.82**[LA]	9.76	8.27	11.87	14.26
Non-hazardous incinerated	**–**	–	–	–	–
ENVIRONMENTAL INCIDENTS AND COMPLAINTS					
Level 1	**603**	453	525	590	476
Level 2	**28**	18	37	0	0
Level 3, 4 and 5	**0**[RA]	0	0	1	0
Formal complaints	**23**	2	9	10	10
Substandard acts and conditions	**1,786**	2,135	1,957	2,092	1,175
PRODUCTS – ounces					
Total refined PGMs and gold	**4,641,603**	4,766,736	3,626,867	4,047,672	4,423,639

* *All numbers reported as cumulative and once per year show the final status of all retained operations, excluding Rustenburg mines and concentrators. (All other monthly reported numbers include the first 10 months of Rustenburg mines and concentrators, as well as all retained operations.)*

LA *Limited assurance.*

RA *Reasonable assurance.*

GLOSSARY

ACP:	Amplats converting process, a pyrometallurgical process used at the Waterval Smelter Complex in Rustenburg.
Aids:	Acquired immune deficiency syndrome, a disease of the immune system caused by HIV infection.
AMCU:	Association of Mineworkers and Construction Union.
Au:	The symbol for the chemical element known as gold.
Base metal:	A common metal that is not considered precious, eg copper, tin or zinc.
BBBEE:	Broad-based black economic empowerment. This is a broadening of earlier BEE (see below) policy and attempts to spread the benefits of economic empowerment to the widest possible spectrum of black South Africans.
BEE:	Black economic empowerment, a policy of the South African government aimed at increasing the access of black South Africans to productive assets. It seeks to 'promote new opportunities for and increase the levels of participation of black people in the ownership, management and control of economic activities'.
Bio-remediation:	Treatment or waste-management technique that uses naturally occurring organisms to break down hazardous substances into less toxic or non-toxic substances.
BRPM:	Bafokeng-Rasimone Platinum Mine.
CDP:	An independent not-for-profit organisation that acts as an intermediary between shareholders and corporations on all issues related to climate change. It provides the global marketplace with primary climate-change data gathered from the world's largest corporations.
CO_2:	Carbon dioxide.
Company-managed land:	An area of land under the direct management of the company. It includes company-owned land, land managed/mined on behalf of third parties, land leased from third parties, company land leased to third parties, land under servitude, land set aside for biodiversity offsets, etc at the end of the reporting period. The parameter excludes privately owned land above company mineral/mining rights areas, and undeveloped projects/prospects where the land does not yet fall under the direct management or ownership of the company. It also excludes prospecting licences and claims.
Concentrating:	The process of separating milled ore into a waste stream (tailings) and a valuable mineral stream (concentrate) by flotation. The valuable minerals in the concentrate contain almost all the minerals found in base and precious metals. They are treated further through smelting and refining to obtain pure metals: Au, Cu, PGMs and Ni (see relevant entries for full names).
Cu:	The symbol for the chemical element known as copper.
DMR:	Department of Mineral Resources.
DWS:	Department of Water and Sanitation.
EBIT:	Earnings before interest and tax.
Equivalent refined platinum:	Mine production and purchases of metal in concentrate, converted to equivalent refined platinum production using Amplats' standard smelting and refining recoveries.
Energy use:	Sum of energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels.
FIFR:	The rate of fatalities, calculated as the number of fatalities per 200,000 hours worked.

GLOSSARY continued

Flotation:	In the flotation process, milled ore is mixed with water to form pulp, which is passed through a series of agitating tanks. Various chemicals are added to the pulp in a sequence that renders the valuable minerals hydrophobic (water-repellent) and the non-valuable minerals hydrophilic (strong affinity for water). Air is dispersed through the tanks and rises to the surface. The hydrophobic particles attach to rising air bubbles and are removed from the main volume of pulp as a soapy froth. In this manner, various combinations of flotation cells in series are used to produce a concentrated stream of valuable mineral particles, called the concentrate, and a waste pulp stream, called tailings.
GHG:	Greenhouse gas. As outlined in the Kyoto protocol to the United Nations framework convention on climate change (1998), GHGs comprise: carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF_6). The term refers to gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and remit infrared radiation.
GJ:	Gigajoule (109 joules).
Grade:	The mass of desired metal(s) in a given mass of ore. Ores bearing PGMs are normally low-grade. Grades are usually expressed as grams per tonne, equivalent to parts per million.
Greenhouse gas emissions, CO_2 equivalent:	Quantity of CO_2 from electricity purchased and generated internally. Conversion factors used are those recommended by the Intergovernmental Panel on Climate Change. Gases include CO_2, CH_4, NO_2 (nitrogen dioxide), HFCs, PFCs, SF_6 and other CO_2 equivalents (see GHG).
HDSA:	Historically disadvantaged South African. Refers to 'any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa (Act 200 1993), came into operation'. The company definition of HDSAs includes employees classified as African, Asian, coloured or female.
ISO:	International Standards Organisation. Published in 1996 by the International Organisation for 14001 Environmental Standardisation, it specifies actual requirements for an environmental management system.
Land under group charge:	Includes land falling under the direct management of the group (including all land owned, leased or covered by surface rights), but excludes land not falling under its direct management and prospecting rights.
Level 1 incident:	An unplanned or unwanted event that results in minor impact, defined as: lasting for a week or less; and/or affecting a small area (measured in metres); and/or impacting a receiving environment that is highly altered with no sensitive habitats; and/or occurring in an area with no biodiversity value (urban/industrial area). All level 1 incidents should be classified and investigated to the appropriate level of detail to determine the root cause and prevent a repeat occurrence. They do not have to be reported to the authorities. Repeat or continuous level 1 incidents must be escalated to level 2 if the impact is not mitigated within the scheduled time appropriate to the severity.
Level 2 incident:	An unplanned or unwanted event that results in low impact, defined as: lasting for weeks; and/or affecting a limited area (measured in hundreds of metres); and/or impacting a receiving environment that is altered with little natural habitat; and/or occurring in an area with low biodiversity value. All level 2 incidents should be classified and investigated to the appropriate level of detail to determine the root cause and prevent a repeat occurrence. They do not have to be reported to the authorities. However, repeat or continuous level 2 incidents must be escalated to level 3 if the impact is not mitigated within the scheduled time appropriate to the severity.

Level 3 incident:	An unplanned or unwanted event that results in medium impact, defined as: lasting for months; and/or affecting an extended area (measured in kilometres); and/or impacting a receiving environment that comprises largely natural habitat; and/or occurring in an area with moderate biodiversity value (determined using the Anglo American guideline for preparing biodiversity action plans). All estimated level 3 incidents should be classified and internally investigated to the appropriate level of detail to determine the root cause and prevent a repeat occurrence. Repeat or continuous level 3 incidents must be escalated to level 4 if the impact is not mitigated within the scheduled time appropriate to the severity. A level 3 incident triggers specific reporting and investigative procedures. It is reported to senior Amplats management and the authorities in terms of the National Water Act and National Environmental Management Act.
Level 4 incident:	This is a significant incident and refers to an unplanned or unwanted event that results in major impact, defined as: having a long-term and/or affecting the catchment on a sub-basin scale; and/or impacting a receiving environment that has a sensitive natural habitat; and/or occurring in an area with high biodiversity value (determined using the Anglo American guideline for preparing biodiversity action plans). All estimated level 4 incidents will trigger a formal independent investigation as covered in Anglo American's procedure for incident reporting and investigation, and will be subject to specific reporting and investigation protocols. Reporting to the authorities is done in terms of the National Water Act and National Environmental Management Act.
Level 5 incident:	This is a significant incident and refers to an unplanned or unwanted event that results in major impact, defined as: having a permanent impact on the environment; and/or affecting a catchment area on a whole-basin scale; and/or impacting a receiving environment classified as having highly sensitive natural habitats; and/or occurring in an area with very high biodiversity value (determined using the Anglo American guideline for preparing biodiversity action plans). All estimated level 5 incidents trigger a formal independent investigation as covered in Anglo American's procedure for incident reporting and investigation, and will be subject to the same reporting and investigation protocols. Reporting to the authorities is done in terms of the National Water Act and National Environmental Management Act.
LTI:	Lost-time injury. Refers to an injury resulting in the person being unable to attend/return to work to perform the full duties of his/her regular work, as per the advice of a suitably qualified medical professional, on the next calendar day after the injury.
LTIFR:	Lost-time injury frequency rate. The number of lost-time injuries (see entry) per 200,000 hours worked.
mg/Nm³/hour:	Milligrams per cubic metre per hour under normal conditions, where normal conditions are defined as a temperature of 20° C and a pressure of 1.01 bar.
MPRDA:	Mineral and Petroleum Resources Development Act 28 2002.
NWS:	National Waste Strategy.
NEMA:	National Environmental Management Act 107 1998.
NEMWA:	National Environmental Management: Waste Act 59 2008.

Appendices

GLOSSARY continued

NEMAQA:	National Environmental Management: Air Quality Act 39 2004.
Ni:	Nickel.
NIHL:	Noise-induced hearing loss.
NOx emissions:	Emissions of nitrogen oxides from diesel engines.
OHSAS 18001:	Occupational Health and Safety Assessment Series, which provides specifications for management systems for occupational health and safety.
Particulates:	Particulate matter consists of airborne particles in solid or liquid form. Particles are a type of air pollution that commonly affects people's health. 'Big' particles are between 2.5 and 10 micrometres in size and are named PM10. 'Small' particles are under 2.5 micrometres in size. They are named PM2.5 and cause more severe health effects. Amplats' data on particulates refers to the mass of particulates released to atmosphere from point sources in the reporting period.
PGMs:	Platinum group metals. Six elemental metals of the platinum group, nearly always found in association with one another. Some texts refer to PGEs (platinum group elements). The metals are platinum, palladium, rhodium, ruthenium, iridium and osmium.
PJ:	Petajoule (1,015 joules).
Primary activities:	Activities in an operation to produce product(s), including dust suppression in the operational area.
Pt:	Platinum.
Pt oz:	Equivalent refined platinum ounce(s). Equivalent ounces are mined ounces expressed as refined ounces.
Scope 1 and 2 emissions	Total CO_2 emissions from fossil fuels and electricity purchased.
Section 54 stoppage:	Issued when a mining inspector orders a work stoppage after a death or other accident at a mine, or when the inspector believes working conditions are unsafe. Such stoppages are legislated by section 54 of the Mine Health and Safety Act.
SLPs:	Social and labour plans. Stipulated in the MPRDA (see entry), these plans aim to promote employment in South Africa and advance the social and economic welfare of all South Africans, while ensuring economic growth and socio-economic development in the country.
SO_2 emissions:	Mass of SO_2 released from point sources and fugitive emissions to atmosphere in the reporting period.
Tailings:	That portion of ore from which most valuable material has been removed by concentration, and which is therefore low in value and rejected.
TB:	Pulmonary tuberculosis refers to tuberculosis of the respiratory organs, confirmed by positive sputa microscopy or culture for mycobacterium tuberculosis.
Terajoule	Measure of energy, one terajoule = 1,000,000,000,000 joule (10^12).
Tonne:	Unless otherwise defined, this refers to a metric tonne (1,000kg).
Total water consumed	The sum of water used for primary activities and water used for non-primary activities.
Total water use for non-primary activities:	Total new or make-up water entering the operation and used for non-primary activities such as recreational facilities.
tpm:	Tonnes per month.
TRCFR (total recordable case frequency rate):	The sum of the number of medical treatment cases plus lost-time injuries plus fatal injuries per 200,000 hours worked.
Water used for primary activities:	Total new or make-up water entering an operation and used for the operation's primary activities. This definition includes mine dewatering water used for primary activities, but excludes internally recycled water and mine dewatering water discharged to surface or evaporated and not used for any primary activities.

ADMINISTRATION

DIRECTORS

Executive directors

C Griffith (chief executive officer)
I Botha (finance director)

Independent non-executive directors

MV Moosa (independent non-executive chairman)
RMW Dunne (British)
NP Mageza
NT Moholi
D Naidoo
JM Vice

Non-executive directors

M Cutifani (Australian)
R Médori (French)
AM O'Neill (British)
AH Sangqu

Alternate directors

PG Whitcutt (alternate director to R Médori)

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HR-RELATED QUERIES

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

Bursaries, email: bursaries@angloplat.com

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

BASTION GRAPHICS

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Incorporated in the Republic of South Africa
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