

## Notes to consolidated financial statements continued

for the year ended 30 June 2017

### 29 CAPITAL MANAGEMENT

The board's policy regarding capital management is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise total equity and borrowing facilities. The group manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the group on a continuous basis.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices. Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that as far as possible the deposit can be mined on a sustainable basis to the end of its estimated life.

There were no changes in the group's approach to capital management during the year.

### 30 COMMITMENTS

At year-end, the group had the following commitments:

|                                                                                                                                 | 2017<br>R'000 | 2016<br>R'000 |
|---------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Capital</b>                                                                                                                  |               |               |
| Expenditure authorised and contracted for                                                                                       | —             | 1 771         |
| Expenditure authorised but not contracted for                                                                                   | 101 164       | 1 945         |
|                                                                                                                                 | 101 164       | 3 716         |
| <b>Operating lease commitments</b>                                                                                              |               |               |
| Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows: |               |               |
| Within one year                                                                                                                 | 1 230         | 1 359         |
| After one year but not more than five years                                                                                     | 1 737         | 457           |
| The group's commitments will be met by future anticipated cash flows                                                            | 2 967         | 1 816         |

### 31 CONTINGENT LIABILITIES

Amount\* guaranteed by holding company to joint venture entity, in addition to the R450 million in restricted cash payable for the acquisition of the Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 35.1)

Guarantees issued

- guarantees issued by holding company to bankers to secure short-term export facility#
- cash-covered guarantees issued by bankers to the Department of Mineral Resources for rehabilitation required on the group's mines (refer note 9)
- performance guarantees issued to third parties by subsidiary companies
- financial guarantee issued to third-party subsidiary company

\* In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014, decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent were met in order for the transaction to be completed. The transaction was completed on 29 July 2016 (refer note 35.1).

# The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility. The facility was unused at year-end.

|  |         |         |
|--|---------|---------|
|  |         |         |
|  | —       | 55 313  |
|  | 307 362 | 210 762 |
|  | 180 000 | 180 000 |
|  | 71 261  | 26 760  |
|  | 26 101  | 4 002   |
|  | 30 000  | —       |
|  | 307 362 | 266 075 |