

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2018<br>R'000   | 2017<br>R'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|
| <b>15 LONG-TERM PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |               |
| <b>Environmental obligations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |               |
| <b>Provision against cost of decommissioning assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>65 840</b>   | 36 187        |
| Balance at beginning of year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 36 187          | 6 079         |
| Provisions raised during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 26 671          | 26 662        |
| Unwinding of discount on the provision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2 982           | 3 446         |
| <b>Provision for cost of environmental restoration</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>34 940</b>   | 43 865        |
| Balance at beginning of year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 43 865          | 16 696        |
| Provisions (utilised)/raised during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (12 502)        | 22 956        |
| Unwinding of discount on the provision                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 3 577           | 4 213         |
| <b>Employee benefit liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>77 416</b>   | 47 626        |
| Balance at beginning of year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 47 626          | —             |
| Provision arising on acquisition of Dwarsrivier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | —               | 56 478        |
| Provisions raised during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 41 199          | —             |
| Payments made during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (11 409)        | —             |
| Transfer between long and short-term provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | —               | (8 852)       |
| <b>Transfer to disposal groups held-for-sale</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>(11 557)</b> | —             |
| Balance at end of year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>166 639</b>  | 127 678       |
| The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 6,03% and 6,30% (2017: 6,30% and 8,25%) and the nominal discount rates vary between 8,25% and 8,49% (2017: 6,30% and 8,25%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |               |
| <b>16 SHARE-BASED PAYMENT LIABILITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |               |
| Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled share-based payment transactions during the year, using the Monte Carlo valuation technique                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>17 513</b>   | 7 242         |
| EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the EPRs and resultant cash payment is linked to the Assore share price on the date of the payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at a rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date. |                 |               |
| At 30 June 2018, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R12 795 000 (2017: R11 678 103). The number of EPRs that have vested to date amount to 187 127 (2017: 173 179), and have a combined intrinsic value of R2 281 000 (2017: R2 770 456).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |               |
| The following assumptions were used in determining the fair value of the EPRs:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |               |
| <ul style="list-style-type: none"> <li>dividend yield, between 1,87% and 4,01% (2017: 2,44% and 3,78%)</li> <li>expected volatility, between 41,64% and 51,73% (2017: 41,64% and 44,95%)</li> <li>risk-free interest rate between 7,65% and 8,18% (2017: 7,77% and 8,81%)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |               |