

rbh

royal bafokeng holdings



Annual Review **2008**

Leaves, shoots and other aspects of plant life appear as a theme throughout this report. These images reflect the continued growth and increasing diversity of Royal Bafokeng Holdings (RBH). They also demonstrate hardiness and resilience – the ability and the will to withstand tough times combined with the determination to emerge stronger than before. These traits are part of the national character of the Bafokeng people and although RBH was established only three years ago, its roots lie deep within the history of the Royal Bafokeng Nation.



Contents

Our roots	2	
Group structure	3	
Corporate profile	4	
	5	Financial highlights 2008
Our investment spread	8	
Chairman's message	10	
	12	CEO's review
	16	Directors and executives
	18	Corporate social investment
Sustainable development	26	
Corporate governance	28	
Glossary of acronyms	32	

Our roots

A branch of the Bakwena ('People of the Crocodile'), the Bafokeng are descendants of the Sotho-Tswana peoples who have lived in southern Africa since the end of the first millennium. Near the end of the 17th century they settled in their present location, in what is now known as the North West Province of South Africa.

According to oral tradition, the Bakwena selected the area because the heavy overnight dew captured in the valley suggested that the land was fertile and would be suitable for agriculture. To mark this important event in their history, they took the name Bafokeng which means 'people of the dew'.

The Bafokeng Nation has endured many challenging periods in its history, including a period of servitude to the Bahurutse, culminating in a war which the Bafokeng won. In the early 19th century, they were the target of attacks by the Amandebele under Mzilikazi during the rule of Shaka, which devastated the area and almost destroyed the Bafokeng. Although the Boers, who had left the Cape Colony to escape British rule, defeated Mzilikazi they posed new challenges for the Bafokeng. Disregarding the traditional rights of ownership of the Bafokeng, they started to survey and register farms in the Rustenburg Valley. The Boers recruited Bafokeng to work on their farms but only in return for food, clothing and accommodation. They were not paid for their labour.

Fortunately the Bafokeng had a visionary ruler, *Kgosi* (King) Mokgatle (1834-91), who saw the opportunities presented by the mining of diamonds in the north of the Cape Colony which started in the late 1860s. He ordered groups of young men to walk to Kimberley to work on contract for six months to a year. When they returned home, a portion of their earnings went into a central community fund. As the money accumulated, *Kgosi* enlisted the help of Lutheran missionaries, living and teaching in Phokeng to register the purchase of Bafokeng farms in their names. The land titles were held in trust for the Bafokeng. Over a 20-year period, two-thirds of the land currently owned by the Royal Bafokeng Nation (RBN) was acquired.

At that time nobody knew the true value of the land that was being purchased. It was not until the 1920s that geologist Hans Merensky discovered in the Rustenburg Valley the surface outcrop of the Bushveld Complex, which has the world's largest known deposit of platinum group metals (PGMs) as well as large deposits of chromium and vanadium.

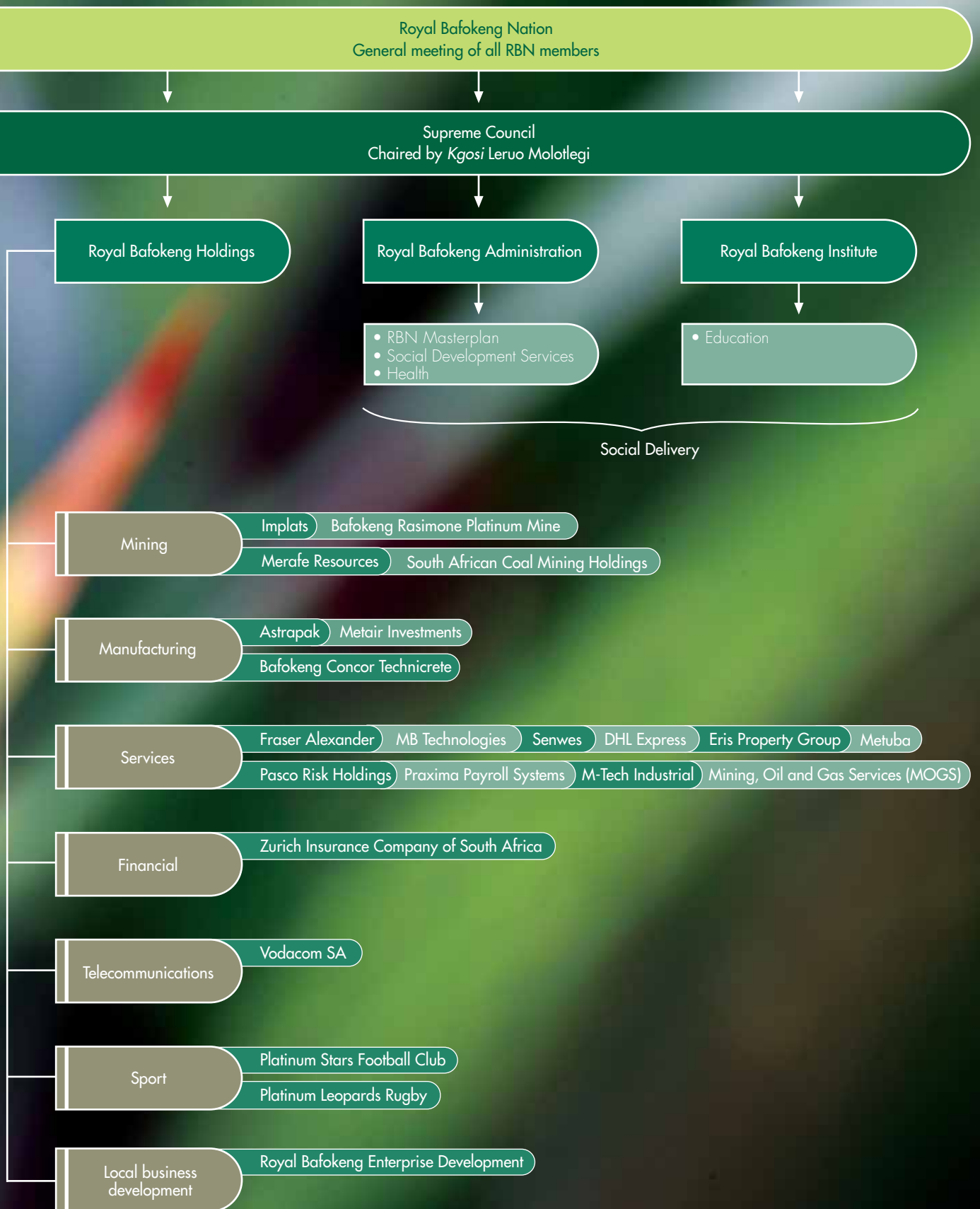
Over the next seven decades, efforts were made by the governments of the day to dispossess the RBN of their land rights. Displaying all the determination, fortitude and resilience that are the hallmarks of their national character, the Bafokeng would not be intimidated. In retaliation, the development of the region was neglected during the years that the RBN leadership was in conflict with national and regional authorities. Attempts to strip the Bafokeng of their heritage did not succeed, however, and from the late 1990s, mining companies started to pay equitable royalties to the RBN in exchange for the right to mine on the land.

Royal Bafokeng Resources was established in 2002 to manage the community's mining interests and in 2004, Royal Bafokeng Finance was formed to develop a varied, non-mining asset base. These entities merged in 2006 to form Royal Bafokeng Holdings.

Since 2000 the RBN has been led by *Kgosi* Leruo Molotlegi, the 36th king of the Bafokeng people. His lineage can be traced back to *Kgosi* Sekete III, who reigned in the early 1700s. Building on the wisdom displayed by *Kgosi* Mokgatle more than a century ago, *Kgosi* Leruo has been focused on securing the future of his people. Under his leadership RBN has a developmental mission, known as Vision 2020, which sees the Bafokeng communities becoming progressive, dynamic and thriving in the years to come. This will be brought about through an ambitious programme – the Bafokeng Masterplan – to transform the living conditions, and hence the lives, of the people of RBN within the next 20 to 30 years. The diversification of the economy and the upgrading and building of infrastructure are essential components of this.



Group structure



Corporate profile



Royal Bafokeng Holdings (Pty) Limited (RBH) is a community-based investment company which manages and develops the commercial assets of the Royal Bafokeng, a nation of some 300 000 Tswana-speaking people with extensive, minerals-rich properties in the North West Province of South Africa.

The aim of RBH's investment activities is to generate the income required for the funding of sustainable projects that will benefit the community. To this end, the company has adopted a two-pronged strategy when assessing potential acquisitions. One aspect is to take a long-term view, investing in ventures that promise to deliver excellent returns over time; the other is to look for diversity, lessening the reliance on platinum as a source of wealth.

The result is that in addition to mining, RBH's investment portfolio comprises interests in the financial, manufacturing, services and sports sectors. The asset spread became broader in 2008 when the company acquired a strategic, 2% stake in Vodacom SA in one of the largest broad-based black economic empowerment transactions in the country's information and communications technology industry.

Another major development in the year under review was the start of a R10.3 billion expansion – the Styldrift Project – at Bafokeng Rasimone Platinum Mine, which is held in a joint venture with Anglo Platinum. This project will enhance entrance level infrastructure, job creation and local economic development.

Once the RBN had secured their land rights, the priority was to address years of underdevelopment in the region. In the past decade more than R2.5 billion of the income received from investments has been spent on infrastructure – roads and bridges, water reticulation and reservoirs, electricity supply extensions – and public facilities such as schools and clinics, benefiting not only the Bafokeng, but other people in the North West Province.

The Royal Bafokeng Nation (RBN) is RBH's sole shareholder and the overarching developmental mission – Vision 2020 – of the RBN is financed mainly through the dividends generated by RBH. This vision seeks to create opportunities for the Bafokeng people to become participants in the regional and national economy of South Africa by the end of 2020. The goal is to create a competitive, thriving and self-sufficient community. The vehicle through which this will be achieved is the Masterplan which, in a phased approach, makes provision for infrastructure, housing and commercial, health care, educational and recreational facilities.

In line with Vision 2020 and the Masterplan, the upliftment of the people of the region drives RBH's own corporate social investment programme with the focus being on health care, education and capacity building.

The primary social delivery entities of the RBN are the Royal Bafokeng Administration (RBA), which functions as a municipality by providing utility and social services to the community, and the Royal Bafokeng Institute (RBI), which is involved in myriad educational projects.

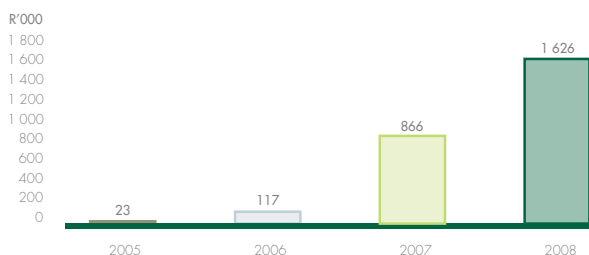
RBH, which managed assets valued at R22.5 billion at the end of 2008, has set itself the goal of becoming the world's leading community-based investment company through generating a combination of superior financial and social returns over time.

Financial highlights 2008

- 88% increase in **dividend income** to R1 638 million
- 13% rise in **cash under management** to R5 221 million
- 40% decrease in **intrinsic net asset value** to R17 258 million
- 33% decrease in RBN **asset portfolio** to R22 479 million

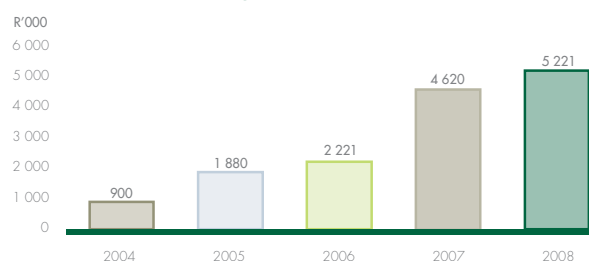
The 2008 reporting period started in a robust fashion with commodities reaching unprecedented levels. The second half of the year, however, saw the global financial crisis affecting major economies and markets. The result was a free fall in commodity prices and listed equities prices.

Dividends received



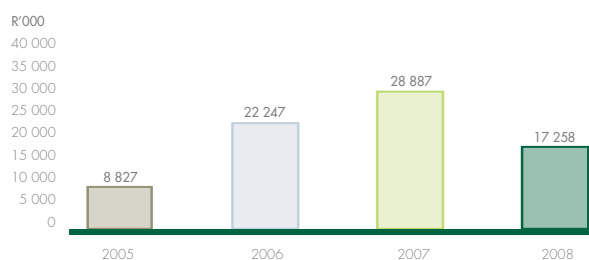
The high platinum prices in the past year meant that there was a substantial increase in the dividends distributed by the resources investments, Impala Limited and the Bafokeng Rasimone Platinum Mine (BRPM) joint venture. RBH is anticipating significantly lower dividends in 2009 due to current low commodity prices.

Cash under management



The increase in cash holdings was mostly driven by higher cash flows from dividends received, and the interest earned by the RBN on the cash managed by the RBH Treasury. The cash holding is net of all the expenditure incurred and investments made within the RBN group during 2008.

Intrinsic value



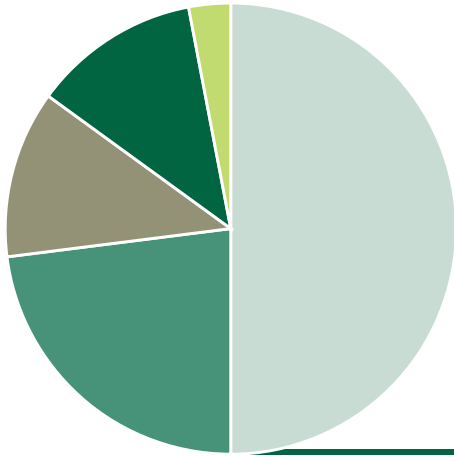
During the first half of 2008, the RBH asset portfolio rose sharply as a result of high commodity prices and positive market sentiment. In the second half of the year, the global financial crisis and the dramatic fall in equity prices adversely affected the RBH asset portfolio. The value of the portfolio decreased by 40% to R17.3 billion during the course of the year.

Financial highlights 2008 cont.

RBN asset portfolio as at 31 December 2008

R million	2008	% change	2007	% change	2006	% change	2005
Market value of listed investments	12 354	-44.3%	22 165	27.2%	17 421	174.2%	6 352
Impala Platinum Holdings Limited	11 221	-43.1%	19 719	20.7%	16 336	206.9%	5 323
Astrapak Limited	189	-30.0%	270	-21.9%	346	-5.2%	365
Merafe Resources Limited	612	-63.7%	1 685	203.0%	556	26.6%	439
Zurich Insurance Company South Africa Limited	222	1.8%	218	19.4%	183	-18.9%	225
Metair Limited	110	-59.7%	272	100.0%	–	0.0%	–
Directors' valuation of unlisted investments	4 904	-27.1%	6 722	39.3%	4 827	95.0%	2 475
BRPM JV	2 824	-43.1%	4 963	29.0%	3 847	55.7%	2 471
MB Technologies (Pty) Ltd	375	-1.4%	380	39.1%	273	100.0%	–
Fraser Alexander Holdings (Pty) Ltd	860	16.1%	741	55.6%	476	–	–
Senwes (Pty) Ltd	159	-1.0%	161	44.3%	112	100.0%	–
Liberty Star Holdings (Pty) Ltd	–	-100%	97	47.1%	66	100.0%	–
Pasco Risk Holdings (Pty) Ltd	9	0.0%	9	-10.3%	10	100.0%	–
Royal Bafokeng Capital (Pty) Ltd	141	-56.1%	321	100.0%	–	0.0%	–
Bafokeng Concor Technicrete (Pty) Ltd	3	-14.0%	3	0.0%	3	-12.8%	4
DHL Express South Africa (Pty) Ltd	20	-27.3%	27	-24.0%	36	100.0%	–
Vodacom SA (Pty) Ltd	387	100%	–	0.0%	–	0.0%	–
Eris Property Group (Pty) Ltd	46	100.0%	–	0.0%	–	0.0%	–
Mining, Oil and Gas Services (MOGS) (Pty) Ltd	62	100.0%	–	0.0%	–	0.0%	–
Metuba (Pty) Ltd	7	-3.7%	7	96.4%	4	100.0%	–
M-Tech Industrial (Pty) Ltd	13	4.0%	13	100.0%	–	0.0%	–
Total intrinsic value	17 258	-40.3%	28 887	29.8%	22 247	152.0%	8 827
Cash under management	5 221	13.0%	4 620	108.0%	2 221	18.1%	1 880
Total value of RBN asset portfolio	22 479	-32.9%	33 507	36.9%	24 468	128.5%	10 707

Analysis of spread – 31 December 2008

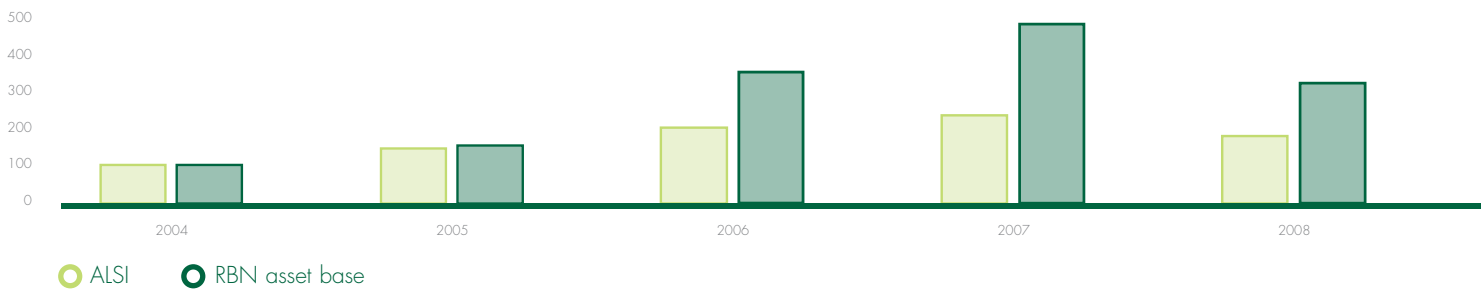


The RBH asset portfolio is still overweight in the resources sector. RBH will continue with its strategy to diversify assets to mitigate the short-term fluctuations in resources. The spread of the asset portfolio is illustrated in the accompanying diagram.

○ Implats	50%
● Cash	23%
● BRPM	12%
● Other sectors	12%
● Merafe	3%

Relative performance – RBH vs ALSI

Although adversely affected in the second half of 2008, the RBN asset portfolio has continued to outperform the JSE All Share Index (ALSI) over a three-year period.



Our investment spread



Services

- 100% ownership of Fraser Alexander, the South African market leader in mine tailings disposal, dry bulk materials handling in the mining and ferrochrome industries, and infrastructure construction in the mining sector
- 55% in MB Technologies, one of South Africa's largest privately owned information technology distribution groups
- 17.6% in Senwes, South Africa's second-largest agricultural services company
- 17.6% in DHL Express, South Africa; DHL is the global leader in express, air and sea freight, overland transport and logistic solutions
- 51% in Mining, Oil and Gas Services (MOGS), a South African-based company created by RBH and partners to invest in mining, oil and gas services businesses in Africa and the Middle East
- 15% in the Eris Property Group in partnership with Rand Merchant Bank, the Tiso Group and management; Eris is a property management and development business
- 25.1% in Pasco Risk Holdings, Africa's largest privately owned, independent risk management company

- 25% in M-Tech Industrial, a company involved in nuclear energy, including the development of plant simulators
- 30% in Praxima Payroll Systems, an outsourced payroll and human resource service provider
- 26% in Metuba, a joint venture with engineering firms Metix and TTC Technology, established to build a sinter plant for Xstrata's Wonderkop ferrochrome smelting complex (commissioned October 2007); Metuba is now working on other projects



Mining

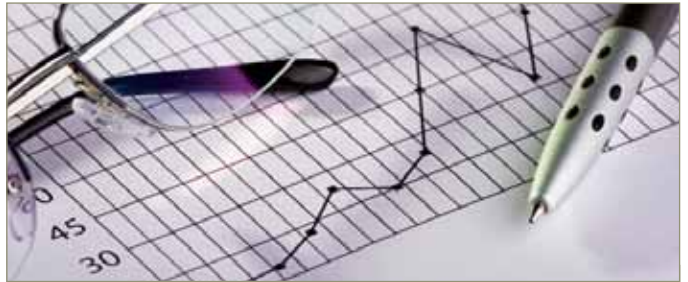
- 13.2% in Implats, the world's second largest platinum producer
- 50% participation in Bafokeng Rasimone Platinum Mine, a joint venture between subsidiary Royal Bafokeng Resources and the world's largest platinum producer, Anglo Platinum
- 29.3% in Merafe Resources; Merafe has a 20.5% participation in the Xstrata-Merafe Chrome Venture, the world's largest producer of ferrochrome
- 35% effective holding in South African Coal Mining Holdings Limited, RBH's first investment in the coal sector, largely held through subsidiary Royal Bafokeng Capital

RBH is invested in six sectors: mining, financial, manufacturing, services, telecommunications and sport.



Manufacturing

- 20% in Astrapak, South Africa's largest plastic packaging group
- 12.5% in Metair Investments, automotive component manufacturers
- 51% in Bafokeng Concor Technicrete, a joint venture with Concor Technicrete, one of the largest manufacturers of precast concrete products in southern Africa



Financial

- 10% interest in Zurich Insurance Company South Africa, the third-largest short-term insurer in the country

RBH made its first investment in the telecommunications sector in 2008



Sport

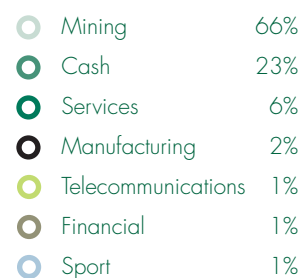
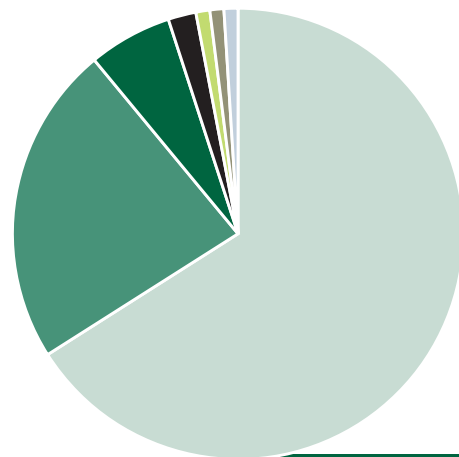
- 100% ownership of Premier Soccer League club Platinum Stars
- 49.9% stake and financial control of Platinum Leopards Rugby, responsible for all the commercial and marketing activities of the North West Rugby Union



Telecommunications

- 2% in Vodacom SA, a cellular communications company with a 54% share of the South African market

RBH asset portfolio





Kgosi Leruo Molotlegi



Chairman's message

I am confident that the strategies and scenarios RBH has been developing over the past few years will carry the company, and the community it serves, through the current cycle.

The global recession sparked by the banking crisis in the United States continues to reverberate in South Africa as it does everywhere else. While South Africa's efforts to regulate its credit industry and control inflation have buffered the effects of the economic downturn on consumers, the impact on the commodities sector has been dramatic.

The automotive industry slowdown has affected the demand for platinum, to the extent that the commodity price slumped by over 40% in 2008. The share prices of Implats and Amplats, our main investee companies, have also lost value, with clear consequences for the overall value of RBH's investment portfolio. Although the performance of the portfolio has remained strong over the longer term, the economic outlook for 2009 remains uncertain, and just as we didn't anticipate the full extent of the crisis, we cannot be certain when the global economy will begin to correct itself.

RBH's strategy of seeking solid investments in new sectors, as well as beyond South Africa's borders, has never made more sense. While we remain confident in the long-term profitability of platinum group metals (PGMs), diversification is always a prudent way to guard against unforeseen shifts in the marketplace, or on the political horizon. With national elections approaching in South Africa, as well as the continued political and economic volatility in Zimbabwe, a conservative-while-creative approach to managing the Royal Bafokeng Nation's asset base is essential. As we explore investment opportunities in telecommunications, financial services, the energy sector, and in property, RBH's objectives remain the same: grow the asset base, and protect it against undue risk.

The social programmes and basic services, which the Royal Bafokeng Nation funds using the income generated from our investments, have expanded significantly over the past year. The education reform projects of the Royal Bafokeng Institute have yielded clear results in the areas of school management, community participation and the academic performance of our learners. New projects – to improve children's nutrition through a school-feeding initiative and to provide skills training for

employable adults – will address the human development needs of the Bafokeng community. Major health facility upgrades are taking place as well, including the renovation of the Phokeng Health Centre and the hiring of 36 new health professionals for the community. RBH's corporate social investment programme has been able to provide additional support to these important initiatives.

The Royal Bafokeng Stadium upgrade is nearing completion, and will be the venue for an impressive string of international sporting events over the coming months. RBH's subsidiary company, Royal Bafokeng Sports, has developed an exciting strategy for integrating professional/commercial sport with community-level sports development that is sure to produce some inspiring results in the years ahead. The opportunity to host the 2010 FIFA World Cup next year remains a point of pride for the Bafokeng community, as well as a constant reminder that we must use our resources well and wisely if we dare to position ourselves in the global limelight.

In short, although we find ourselves in a moment of economic pressure and uncertainty, I am confident that the strategies and scenarios RBH has been developing over the past few years will carry the company, and the community it serves, through the current cycle. True sustainability means being able to grow and prosper in times of contraction as well as in times of expansion, and RBH remains determined to set the standard in this regard.

Kgosi Leruo Molotlegi
29 January 2009



Niall Carroll



The annualised total return to shareholders from the inception of RBH three years ago remains a robust +32%.

The best way to describe 2008 is to say that it was a year that fell into two distinct halves with platinum group metal prices soaring to all-time highs in the first six months only to plummet in the second half of the year. Over the period, the net asset value of the RBH portfolio rose from R33.5 billion to a peak of R43.5 billion, before finishing the year at R22.5 billion. With an annual total return of -32.9%, the portfolio underperformed the -23.2% return from the JSE All Share Index.

Notwithstanding the sharp drop in portfolio value in the second half of the year, the annualised total return to shareholders from the inception of RBH three years ago remains a robust +32%. This compares favourably with the annualised total return from the JSE All Share Index of +8.9% and the performance of the top performing large fund manager* of 15.6% over the same period.

During a year in which we operated in a difficult macro environment, there were a number of significant events.

In March we terminated discussions with Old Mutual plc regarding the proposed acquisition of Mutual & Federal, announced in November 2007, because of an inability to agree a price acceptable to both entities in the context of crumbling equity markets. Although disappointing at the time, this turned out to be a favourable outcome for RBH.

On a more positive note, RBH was selected as the lead strategic black economic empowerment partner for Vodacom SA, resulting in a R2.3 billion investment in a market leader in the telecommunications sector.

Finally, we announced with Anglo Platinum, our joint venture partner in the Bafokeng Rasimone Platinum Mine (BRPM), the intention to transfer economic and management control to a RBH-controlled entity during 2009. Shortly thereafter, the partners announced the proposed R10.3 billion development of the Styldrift mine, which will eventually double the current output of BRPM.

We spent a further total of R164.4 million in increasing our stakes in existing investments Mining, Oil and Gas Services (MOGS), South African Coal Mining Holdings (SACMH) and Platinum Stars FC, as well as making a new investment in the Eris Property Group.

Investment approach

In meeting our primary responsibilities of generating financial returns and diversifying the portfolio, the RBH team has always sought to invest in the kind of businesses that fit in with our existing assets and to which we can add value. While, appropriately, RBH's investments are concentrated in South Africa, we have a long-term goal of building major pan-African businesses in three attractive sectors – resources, financial services and infrastructure (including property and telecommunications). This particular combination offers both profit synergies and investment diversity and, while we will continue to hold investments and pursue opportunities in a range of other sectors in South Africa, our pan-African strategy is likely to focus on these three areas.

We seek to acquire stakes in well-run businesses that we believe will generate superior returns over time. We are, first and foremost, long-term investors. We do not attempt to predict or trade short-term asset price volatility for profit. Rather, we look to investing at discounts to fundamental value and rely on the long-term compounding of profits from our underlying businesses to generate above-average long-term returns. We also try to add value to our investments to enhance the likelihood of generating superior returns.

We are conservative in our use of debt to fund acquisitions. Debt funds 2% of the current gross value of the equity portfolio, while the cash portfolio is equivalent to 23% of the gross equity portfolio.

* Source: Alexander Forbes

We therefore look to generate social returns that improve the quality of life for all stakeholders throughout the economic cycle.

Reducing the portfolio's current high degree of exposure to the platinum sector remains an important objective. While we believe that our investments in Implats and BRPM remain the most attractive long-term investment opportunities available to us, a less volatile income stream is prudent to facilitate the planning of the RBN's social returns. Since the formation of Royal Bafokeng Finance in 2004, the RBN has received R924 million as a return of capital from its platinum investments (in addition to royalties and dividends received), while investments in other areas of the economy have amounted to R2 129 million. We anticipate that investments in the platinum sector will generate some 52% of the RBN's income stream in 2009, down from 63% in 2004.

Although the generation of financial returns remains our primary objective, the creation of wealth for its own sake is a sterile and unsustainable business model, particularly for a community-based investment company such as RBH. We therefore look to generate social returns that improve the quality of life for all stakeholders throughout the economic cycle. We do this in a number of ways that are discussed in detail elsewhere in this review.

Investment performance

RBH's single largest investment is our interest in Implats which had a market value at year-end of R11.2 billion. We received the final royalty payment in March 2008 which amounted to R317 million. In addition, a further R1.3 billion was received in dividends from our shares. From 2009 onwards RBH will only be entitled to dividends from its interest in Implats.

After generating strong earnings in the first half of the year on the back of robust metal prices, the BRPM joint venture came under significant pressure in the second half of the year as a combination of poor operational performance and weakening metal prices had an impact on the operation. In spite of these tough conditions, RBH received R370.8 million in distributions from the joint venture during 2008.

The value of our stake in Merafe at year-end was R612 million. Strong metal prices and increasing volumes drove a strong result in the first half of the year. In the last six months, however, there were significant decreases in

production volumes as global demand for ferrochrome declined significantly in the face of a slowing global economy. JSE-listed coal producer SACMH is in a production ramp-up phase, but is currently constrained by the impact of a sharply lower coal price.

Turning from resources to the industrial and manufacturing sectors, RBH's stake in plastic packaging group Astrapak Limited, acquired for R219 million in March 2005, decreased in value from R270 million to R189 million during the current review period. High oil prices and a weaker rand continued to place pressure on the Astrapak's operating margins.

RBH's interest in Metair was valued at R110 million at year-end. The core products produced by the group include batteries, springs, wiring, harnesses and plastic components for the major motor manufacturers (OEM) operating in South Africa and the local aftermarket. It is anticipated that while aftermarket demand is likely to be robust, the OEM demand will be weak as new car volumes remain under pressure.

Bafokeng Concor Technicrete continued to operate on a profitable basis. During the year RBH received a total dividend of R8.8 million from the Metuba joint venture as profits that were released after the completion of the sinter plant for Xstrata's Wonderkop ferrochrome smelting complex.

In the services sector, Fraser Alexander continued to perform strongly during 2008 with all divisions contributing to the earnings growth. The fledgling mineral processing division grew further and can be considered to have attained critical mass as a stand-alone business unit.

Our interest in agri-business Senwes Limited continued to perform better than expected on the back of a large maize crop and robust commodity prices.

During 2008 we purchased a 15% interest in Eris (formerly Rand Merchant Bank Properties), a property management and development business. Apart from the potential for attractive returns and growth prospects, the investment provides RBH with access to a unique set of property investment skills, as well as a commercial property investment deal flow, that gives us a strong foundation on which we can build. Our goal is to acquire significant investment exposure to property as an asset class.

With appropriate partners RBH has created MOGS, a business that will invest in both the mining and oil and gas services businesses predominantly in Africa and the Middle East. The business has already made four acquisitions in the mining services sector and is developing opportunities both in West Africa and the Middle East.

Taken as a whole, the performance of our smaller investments, DHL Express SA, Pasco Risk Holdings, Zaptronix Limited and M-Tech was satisfactory. Although these investments comprise a small portion of the current portfolio in terms of value, in all instances they provide RBH with useful access to expertise or interesting industry growth prospects.

Under the direction of RBN Group Treasury, RBH manages the investment of the RBN cash portfolio. RBH has established a cash investment portfolio to provide RBN with enhanced cash returns, while monitoring flexibility and liquidity to address near-term cash demands. The portfolio, mainly invested in bank deposits, notes and other short-dated corporate paper, generated a return in excess of its benchmark hurdle rate.

Transformation

RBH has been a beneficiary of an economic environment in which the legislative framework has been tilted in favour of black-owned entities. We take seriously our responsibilities as a leading black-owned business to 'walk the talk' with regard to the Broad-Based Black Economic Empowerment Codes of Good Practice. RBH is currently a Level 2 contributor in terms of these codes and is working towards becoming a Level 1 contributor in the next 24 months. Similarly, we monitor the status and progress of our investments relative to the codes and assist where appropriate in helping management teams give real effect to transformation.

A fundamental challenge for RBH, however, is to develop into a globally competitive business with unique competencies, rather than relying on remaining a beneficiary of racially based economic redistribution. This transformation can occur only if we can become genuinely world-class in terms of the quality of people we attract and develop, the strategy we follow, and our execution of that strategy. If we do not set ourselves sufficiently demanding targets, we risk becoming victim to the 'big fish in a small pond' syndrome, comfortable and lazy, with an entitlement mentality. Reconciling an ambition to be globally competitive with our obligations to the Codes of Good Practice is ambitious, but it is a worthy and appropriate target.

The portfolio is becoming larger and more complex. In 2005, two of our nine investments were operating subsidiaries. At 2008

year-end, seven of our 19 investments were operating subsidiaries, with the balance classified as associate companies where we are considered to have significant influence on the management and control of the business.

We aspire to be supportive partners to the management teams in each of our investments, irrespective of the size of our shareholding, and do not seek operational management control. Nevertheless, the RBH team is becoming more actively involved in a number of our investments, which implies an additional responsibility to add value, particularly in the current economic conditions. If our ability to add value to a particular company is limited or constrained, however, the investment may become a potential candidate for disposal.

The trend towards greater involvement in our investments reinforces the need to ensure that we have sufficient skills, experience and organisational capacity to manage our existing portfolio, while still retaining the capacity to grow further and meet our social return obligations.

Outlook

In the wake of the financial market carnage of 2008, a vicious recession in the West in 2009 is anticipated. Certainly volatility remains high, there is plenty of negative news ahead and global corporate earnings are under substantial pressure. Yet, despite the gloomy outlook, we believe that the South African equity market is more likely to show positive total returns this year than negative returns. We are therefore cautiously bullish.

We remain interested in deepening our exposure to our three major industry groups – resources, financial services and infrastructure. We will also continue to pursue opportunities on the continent beyond the borders of South Africa.

Most important, we remain committed to adding value to our existing portfolio through ensuring our businesses are appropriately resourced for the current depressed economic environment, providing the necessary strategic support to our management teams, and striving to earn a reputation for reliability and consistent excellence in everything we do.

Niall Carroll
29 January 2009

Directors and executives



(1) Kgosi Leruo Molotlegi

Chairman; BArch, University of Natal. Kgosi Leruo Molotlegi is the King of the Royal Bafokeng Nation and Chairman of the Supreme Council.

(2) Niall Carroll

Chief Executive Officer; BCom (Hons) CTA, University of Cape Town; Chartered Accountant (SA); Chartered Financial Analyst, CFA Institute; Licentiate and Fellow, Trinity College London. Niall is a chartered accountant and completed his articles with Deloitte Haskins & Sells, followed by 12 years at Deutsche Bank. He was appointed CEO of Royal Bafokeng Finance in 2004 and of Royal Bafokeng Holdings in 2006.

(3) Thabo Mokgatla

Non-executive Director; BCom, University of the North West; BCompt (Hons) CTA, University of South Africa (Unisa); Chartered Accountant (SA). Thabo is a chartered accountant, having completed his articles with Coopers & Lybrand. He previously lectured at the University of the North West. Thabo is the Executive: Treasury & Business for the RBN.

(4) Steve Phiri

Non-executive Director; BJuris, University of the North; LLB, Vista University; Diploma in Corporate Law, Rand Afrikaans University; LLM, University of Johannesburg. Steve is the Chief Executive Officer of Merafe Resources Limited. He has been admitted as an attorney to the High Court of South Africa and is a member of the Black Lawyers Association.

(5) Tshidi Nyama

Non-executive Director; BComm, University of the North; MBA, University of Bridgeport (USA). Tshidi is a partner at Change Partners where her focus is on executive coaching. She previously held various senior positions at Spoornet and Wesbank as well as a number of non-executive directorships.

(6) Andrew Jackson

Executive Director: Investments; BSc Geology/Hydrology, University of Natal; BSc (Hons) Geology, University of Natal; Chartered Financial Analyst, CFA Institute. Andrew is a qualified geologist and has held various senior positions at De Beers Consolidated Mines and Rex Mining. He was previously employed at Deutsche Bank and joined Royal Bafokeng Finance in 2004.



9

8

7

10

11

(7) Lucas Ndala

Executive: Group Finance; Postgraduate Diploma in Management, University of Cape Town; BCom (Hons), University of Cape Town; Chartered Accountant (SA). Lucas is a chartered accountant and completed his articles at Deloitte and Touche. Prior to this, he worked at Barclays as a corporate credit manager and at Mettle, where he was the Structured Finance Manager. Lucas is responsible for RBH group finance.

(8) Khumo Seopela

Executive Director: HR and Transformation; BSc (MED) Hons (Psych), MSc (Clin Psych), Medunsa; BJourn, Rhodes University. Khumo has 12 years' experience in the mining industry, where she has held senior positions in Lonmin, De Beers and Anglo Platinum.

(9) Pieter Rörich

Executive: Corporate Finance; BCom (Accounting), University of Pretoria; BCompt (Hons), Unisa; Certificate in Theory of Accountancy, (Unisa); Chartered Accountant (SA). Pieter is responsible for evaluating RBH's investments and executing transactions. His association with RBH goes back to his days at Deutsche Bank, where he advised the Bafokeng on a number of mainly platinum-related transactions. Pieter's

expertise is in the fields of corporate finance and mergers and acquisitions. He was an executive director of African Rainbow Minerals from 2004 before joining RBH in 2008.

(10) Mpueleng Pooe

Executive: Public Affairs; BProc, University of the North; Management Development Programme, Gordon Institute of Business Science; Certificate in Advanced Corporate and Securities Law, Unisa. Mpueleng is RBH's public affairs executive. He has been admitted as an attorney to the High Court of South Africa and began his career as a lawyer with Bell Dewar & Hall, where he was later appointed director. He joined AngloGold Limited in 1999 as Legal Counsel.

(11) Gillian Kettaneh

Executive: Corporate; BSc Economics, London School of Economics; Juris Doctor, Harvard Law School; Masters in Public Administration, John F Kennedy School of Government, Harvard University. Gillian is responsible for RBH's legal and corporate affairs, governance and sustainable development. She has held various positions at Cleary, Gottlieb, Steen & Hamilton (New York), the World Bank (Washington DC), the European Bank for Reconstruction and Development (London), and the International Finance Corporation (Johannesburg).



Corporate
social
investment
nurturing and growing our people



RBH was established to manage the assets of the RBN in such a way that profits are generated to be used for the betterment of the Bafokeng people. Corporate social investment activities are therefore core to the company.

Corporate social investment



Wherever possible, RBH likes to form partnerships so that the initiative being started or supported has the expertise required to ensure its success.

RBH's corporate investment activities vary from the straight sponsorship of projects and the formation of joint ventures with outside agencies, to ensuring that business deals have a social dimension and encouraging the companies in which RBH has investments to direct part of their social development funding towards the RBN.

Wherever possible, RBH likes to form partnerships so that the initiative being started or supported has the expertise required to ensure its success. Most important of all is community involvement, not only in the planning stages but during all phases of any project.

Fundamental to the RBH's social investment programme is that the principle of good governance should be adhered to at all times. Care is taken that when projects begin the correct procedures are followed and appropriate structures put in place.

The company also makes a point of fostering a spirit of altruism among its employees who are encouraged to volunteer their time to help others.

As good health, a sound education, a job, a supportive social environment and some enrichment, whether through cultural pursuits or sporting endeavours, are fundamental to people's well-being, it follows that these are the areas on which RBH's social investment programme is focused.

Areas of focus

Health

With the objective of improving the quality of the RBN's health care system, RBH commissioned an independent consultancy, the Aurum Institute for Health Research, to conduct a gap analysis and thorough assessment of the clinics in Phokeng, Chaneng, Luka and Phatsima as well as mobile services. The study covered a wide range of aspects, ranging from the number of patients using the particular facility and service availability, to the number of HIV and tuberculosis (TB) cases presenting each month.

The report highlighted several issues that needed to be addressed before an optimal health care system could be achieved. Among these were:

- the establishment of a clinic for chronic health conditions, an overnight ward, an outpatient department, an emergency unit, an allied care unit, an administration centre, and a health centre for all gynaecological, maternity and paediatric cases;

- the general upgrading of all facilities at the existing clinics;
- the replacement of the current mobile clinic;
- the acquisition of a multi-purpose vehicle for patient transport and an X-ray machine;
- the hiring of more than 40 additional staff members;
- the need for an integrated electronic tracking and diagnostic coding system for each patient visit; and
- a number of support services including maintenance, transport, security, radiography and a laboratory.

The initiative, which is known as the Phokeng Community Health Cluster, is being implemented through a private-public partnership involving RBH, Royal Bafokeng Administration (RBA) and the North West Department of Health. A high-level memorandum of agreement, setting out the principles for long-term co-operation, was signed in March 2008. The overall management and funding of the R12.5-million, five-year project will be transferred to RBA's Health and Social Development Services with the day-to-day management being handled by Aurum.

Education

Given their importance in terms of learners' future careers, the subjects of mathematics and science have been singled out for special attention with support being provided for teacher development and resources. To date, 29 laptops with projectors and screens have been provided to teachers and 2 000 calculators donated to Grade 11 and 12 learners. In addition, 5 000 mathematics examination booklets were purchased to help Grade 12 learners prepare for the first matriculation examination to be conducted since the introduction of a new curriculum.

The mobile library, which is run by the Royal Bafokeng Institute (RBI), is aimed at encouraging reading among learners in Grades 4, 5 and 6. Currently there are 12 schools participating but the intention is that, in time, all the RBN primary schools will benefit.

Also receiving special attention is the field of information and communication technology (ICT). The community learning facility in Phokeng is being upgraded to enable learners to access ICT and to be able to do research and experiments using high technology equipment.

Corporate social investment cont.

Entrepreneurship development

RBH formed a 50:50 joint venture with Wizzit Bank, a division of the South African Bank of Athens Limited, to provide banking services to the RBN. The project, which was launched in September 2008, enables people to access affordable banking facilities by using their cellphone. It has proved to be one of the cheapest and most effective ways of providing banking services in South Africa. Apart from improving the lives of the population in general, this initiative is intended to encourage entrepreneurship among the Bafokeng. An immediate spin-off of the project is capacity building and job creation because 20 community members have been trained as consultants to promote this type of banking to the community.

Social development

Orphans and vulnerable children

Few would argue that one of the most serious results of the HIV/AIDS pandemic in South Africa is the ever-rising number of children orphaned and made vulnerable by the disease. In response to this situation and with the assistance of RBH, RBA has formed a joint venture – the Godisanang JV – with the Phokeng-based Tapologo HIV/AIDS Programme to establish a care and support programme for orphaned and vulnerable children (OVC) which will be run from Tapologo's headquarters.

An RBH executive sits on the board of the Godisanang JV and RBH will assist the JV with strategic management and fundraising.

The Godisanang OVC Programme will adopt a collaborative, holistic approach, partnering with several organisations and service providers to meet a host of needs from training for caregivers and access to education for the children, to legal aid, medical and psychological care, and economic support. The intention is that it will become a model for the care of such children throughout the RBN and, perhaps, further afield. Tapologo, which was established 15 years ago, offers a range of services to people infected and affected by HIV/AIDS, including clinics, home-based care and a hospice.

The overall objective is to strengthen communities to deal with the orphaned and vulnerable children in their midst. For this reason child care forums and community child care committees will be set up in the villages with members drawn from all sectors of the community, including schools and local businesses.

People will also learn how to go about accessing health, education and other support services and assistance will be given to them to obtain government grants.

Day-care centres and foster care networks will be established while existing hospice and palliative care programmes will be extended to provide specialised paediatric care to orphaned and vulnerable children.

Enrichment for teachers and learners

In 2008, RBH facilitated a project which twinned a Bafokeng school, St Gerards Majella, with Roedeane School (SA), a private school in Johannesburg. The objective was to enrich teachers and learners. During the August school holidays, seven Roedeane girls belonging to the school's marimba group and three teachers spent five days at St Gerards Majella. Teachers and learners were trained to play the instruments. Pupils from both schools then established a joint group and performed at the first St Gerards Majella and Roedeane School Arts Festival in mid-August. During their time at the school, the Roedeane girls also assisted during computer and English literacy classes. More initiatives are planned for 2009.

Music

In 2008, RBH began a three-year R2.4-million sponsorship of the Black Tie Ensemble (BTE), a South African opera company founded with the intention of preserving and extending the operatic tradition, while providing opportunities for local opera singers. The BTE's Incubator Scheme assists 20 talented young singers between the ages of 18 and 25 who are without the financial means to train to become opera singers. RBH's funding is being spent on the infrastructure required for the Incubator Scheme and to enable the development of outreach programmes for schools and villages in the Phokeng area.

The trainees are chosen at auditions each year to begin an intensive three-year training programme that combines practical skills with performance experience. The classes range from music theory and singing lessons to movement and acting lessons. At the audition held at Phokeng in 2008, Tshepo Dikale from Phokeng was selected for the scheme. His ambition is either to become an opera singer or a music lecturer.

The outreach programme, which was held at schools and in villages in the Rustenburg Valley during 2008, comprised

introductory concerts; individual tuition in music, singing and life skills for up to 20 children; workshops for choir masters with a professional conductor and choir master; and community concerts.

Capacity-building and job creation

The Styldrift Project with Anglo Platinum will provide training and employment opportunities for Bafokeng people as it is expected to create up to 4 000 jobs during the life of the mine. Substantial revenue from the project will be invested in local economic development and a formalised procurement strategy will be implemented, giving preference to suppliers from the local community.

Sports development

The RBH subsidiary Royal Bafokeng Sports (RBS) was established in 2007 to carry out the sport and recreation objectives set out in the RBN's Masterplan. Great emphasis is being placed on sport because of the part it can play in encouraging youngsters to lead healthier lives, to be disciplined and to pursue excellence in all they do; building community pride; and in creating jobs and developing skills. It is expected that, over time, more than 2 000 sustainable jobs will be created in the region and that sport will act as a catalyst for the creation of small businesses. RBS is focusing on the promotion of five sports: soccer, athletics, rugby, netball and the martial arts.

In terms of soccer, RBS continued to work with international soccer company Samba Soccer in rolling out a mass development programme involving 5 000 children, aged from 6 to 13. This gained momentum in 2008 with the 12-year-old children playing in the Metropolitan League.

Involvement in the martial arts is growing. The RBS karate team which has 1 500 members has been registered with the South African Japan Karate Association (SA JKA). The team participated in the SA JKA championships in 2008 and won 69 medals. In September, the first inter-village tournament in RBN was held in Lesung.

As a way of boosting all sports throughout the RBN, the RBS has established the King's Cup as an annual event. The second competition was held in 2008.

Employees community programme

Two days in 2008 were set aside for RBH, RBS and Royal Bafokeng Enterprise Development (RBED) employees to work for the community. Four projects were selected – Tapologo's outreach programme for orphans and vulnerable children in Freedom Park, Moremogolo Primary School in Phokeng, Kutlwanong Old Age Home and Ratanang Day Care Centre in Thekwane – and the volunteers were involved in various activities such as decorating classrooms, painting desks and a jungle gym, and cleaning yards.



Corporate social investment cont.

Investee companies

During 2008, several companies in which RBH is invested contributed to projects for the RBN.

Metair

Metair bought 10 desktop computers and a printer for the Serutube Primary School at a cost of R74 533 and donated a car valued at R135 127 to the Black Tie Ensemble.

Senwes

Senwes has made provision for capacity building and training worth R1.5 million. By the end of 2008, R250 000 of this allocation had been used.

Metuba

Metuba set aside R350 000 which was used to provide bursaries to 20 students to study electronics and industrial, mechanical and electrical engineering at Orbit College.

Zurich Insurance Company South Africa

In 2008 Zurich South Africa spent R199 938 on the hospice facilities and outreach programme for people affected by HIV/AIDS which is run by the Tapologo Centre in Phokeng. This brought the amount of financial support that Zurich has given to the centre since 2006 to R1 629 938.

MB Technologies

MB Technologies made an investment of R2 192 226 in the teaching and learning of mathematics and science as well as the internet facility at the community learning centre in Phokeng referred to above.

Merafe Resources

Merafe Resources supported three projects: Tapologo's Chaneng Outreach Centre used to provide health services to people infected and affected by HIV/AIDS; the Protec Skills Training Centre for technical and business skills training; and the Batlhako Ba-Leema Education Trust with funding for bursaries for three students. The cost to Merafe was R2 359 494.

Fraser Alexander

Fraser Alexander incurred expenditure of R204 000 in enrolling four RBN students on its learnership programme. The company also donated R150 000 to five organisations, including the Associated Country Women of the World, the Hospice Association of South Africa and Nazareth House.

Astrapak

Astrapak provided bursaries worth R105 335 to four engineering students.

Bafokeng Rasimone Platinum Mine

BRPM made an investment of R3 544 000 in community projects of which R2 622 000 was used to fund various programmes in the RBN. Among these were the building of two classrooms at Bonwagopo School; community offices and toilets for the cemetery at Robega village; the provision of chairs, photocopier machines and computers to local schools; business management training for local small, medium and micro enterprises (SMMEs); and a feeding scheme in Macharora.



Impala Bafokeng Trust

At the time of the transaction in which RBN acquired shares in Implats in 2007, the two parties entered into an agreement for the formation of a trust to facilitate and contribute to the social and economic development of the people residing in the Greater Bojanala District of the North West Province. The Impala Bafokeng Trust (IBT) started formal operations in 2008. In terms of the partnership each party will contribute R20 million a year for eight years. A chief executive officer was appointed during the year and a stakeholder engagement meeting and health workshop were held. Two of the four RBN appointed trustees are executives of the RBH, who are actively involved in the trust's strategic management.

The purpose of the IBT is to improve the lives of people in the Bojanala District and the North West Province as a whole. Resources are used to address the most urgent social and

economic challenges that these communities face. Special attention is paid to the advancement and empowerment of women.

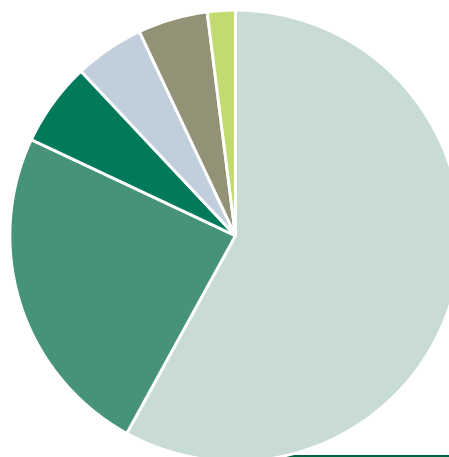
The IBT seeks to support strategic initiatives that are complementary to those being implemented by government, government agencies, private companies, community-based organisations and non-governmental organisations.

The IBT concentrates on five fields:

- education – in particular early childhood development;
- health – with the emphasis on access to basic health care;
- income generation through establishing sustainable livelihoods;
- sport, expanding the reach of organised sports; and
- institutional capacity building.

RBH's corporate social investment in 2008 R

Health	920 435.38
Education	4 599 691.14
Music	1 082 171.91
Entrepreneurship development	1 000 000.00
Social Development & Discretionary Fund	346 958.44
Sports development	11 236 718.61
TOTAL	19 185 975.48

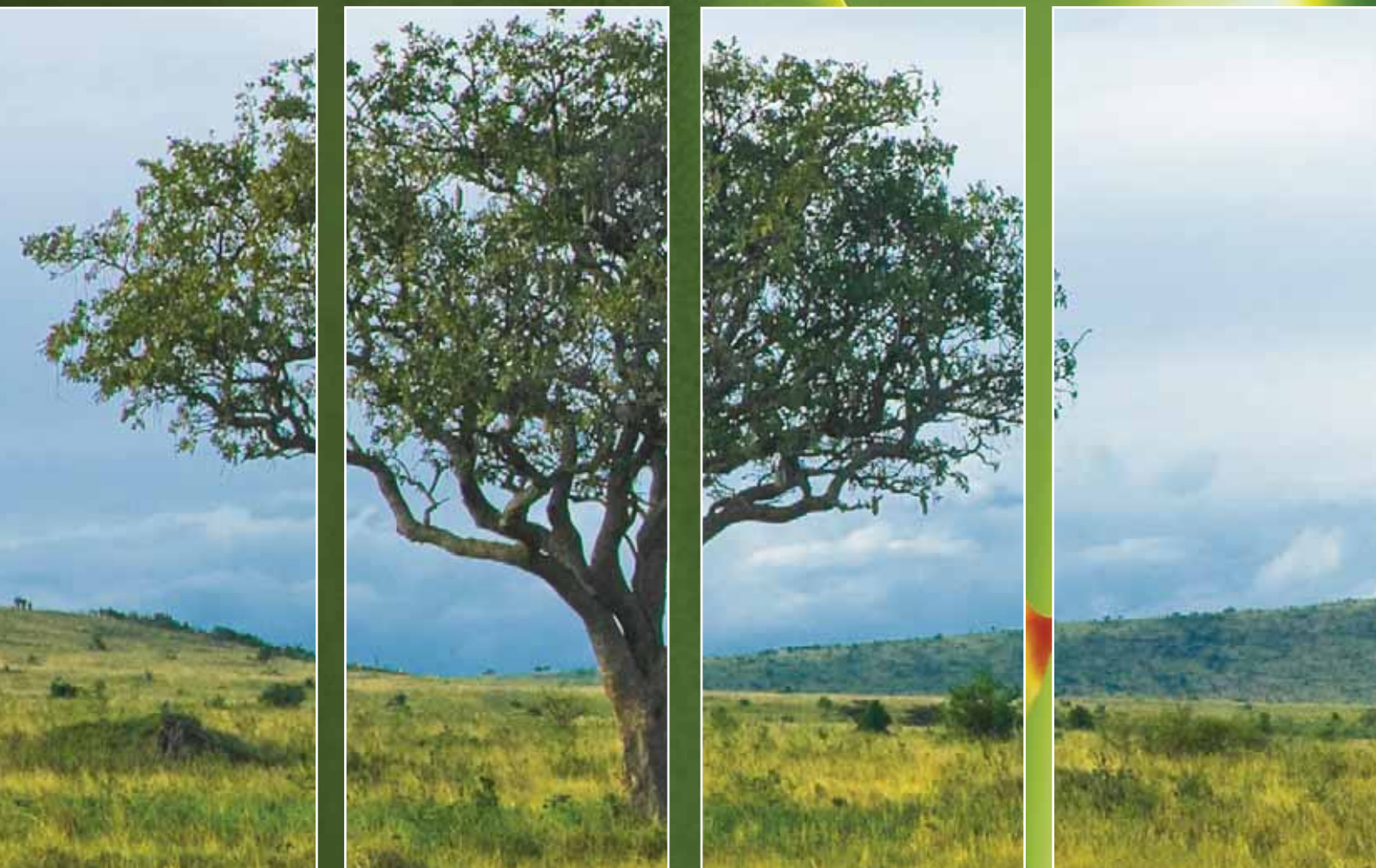


Sports development	58%	Entrepreneurship development	5%
Education	24%	Social Development and Discretionary Fund	2%
Music	6%		
Health	5%		

In 2008 RBH made discretionary donations to the following projects:

- Thlokomelo Home-Based Care
- Chaneng Association for the Blind
- African Methodist Episcopal Church
- Legal Resources Trust
- South African Red Cross
- South African Academy of Family Practice
- Field Band Foundation
- On Cue Theatre
- Leadership Development Programme

Sustainable development



Central to RBH is a commitment to sustainable development which establishes a pattern of using resources to meet human needs while preserving the environment so that these needs can be met today and in the ages to come.

RBH is entrusted with nurturing and growing the assets of the RBN to meet the requirements of current and future generations. In order to achieve this it is crucial to ensure that the resources of the RBN are developed in a way that is balanced and responsible. Central to RBH then is a commitment to sustainable development which establishes a pattern of using resources to meet human needs while preserving the environment so that these needs can be met today and in the ages to come. Put in different terms, sustainable development brings together a concern for the carrying capacity of natural systems with the social challenges facing mankind.

In light of this commitment, RBH initiated a strategic environmental assessment (SEA) for RBN land in late 2007, which was briefly reported on in the Annual Review for that year. The SEA focuses on the environmental components, that is, the biophysical elements of the environment and their relationship to socio-economic conditions. There are several stages in the process as outlined below.

- The first step is to collect baseline information on the state of the environment.
- This information will be integrated to establish an overall view of the RBN environment, including the relationship between different environmental components.
- According to information collected on the environment, opportunities and constraints will be established to facilitate the sustainable and responsible use of the RBN environment.
- The concepts of the RBN's future plans (such as the Masterplan, for example) that relate to the environment will be reviewed to take the findings of the study into account.
- The capacity and skills required for environmental management will be developed within the RBN communities.

The intention of this assessment is that it should lead to a strategic action plan for the effective management of environmental resources on RBN land.

As mentioned in the Annual Review for 2007, the SEA process was planned in five phases. Phases 1 (screening and inception) and 2 (state of the environment assessment) have been completed and Phase 3 started in late 2008.

The study addresses six themes with respect to the RBN environment, namely:

- water;
- air quality;
- landscape and visual impact;
- waste;
- land use; and
- ecology.

A seventh theme – mine dump rehabilitation – was recently included. Water, air quality, waste and land use are given the highest priority because of their strong impact on the health and well-being of the RBN. A draft version of the state of the environment report will be made available to stakeholders for comment during the first half of 2009.

The next key step in the SEA process is the development of a sustainability framework (Phase 3), based on the findings documented in the state of the environment report. This phase will involve:

- establishing a sustainability vision for the RBN; and
- outlining alternatives and opportunities that take into consideration the constraints imposed by the current state of the environment.

The overall aim of this phase is to make the most of the positive aspects of the environment for the benefit of the RBN while proactively managing the negative effects of poor development practices, now and in the future.

Corporate governance

Private and wholly owned by the Royal Bafokeng Nation (RBN or the shareholder), Royal Bafokeng Holdings (RBH) is a holding company for its direct and indirect subsidiaries which hold investments (together with RBH, the RBH Group).

The Board of Directors of RBH appreciates the growing demand for accountability, honesty and transparency in fulfilling its fiduciary duties towards the shareholder and the company.

The Board believes that the observance of generally accepted corporate governance standards provides a company with legitimacy, reduces its vulnerability to a financial crisis, and broadens and deepens its access to capital.

The Board believes that RBH should adopt the highest corporate governance standards it can for its stage of development – both to enhance its reputation as a leading community-based investment company and to facilitate any future changes in its ownership and capital structure, such as a public listing or a private equity or debt offering.

Governance structures

Shareholder

The shareholder has the ultimate power to remove directors and is governed in its relationship with the company through the Articles of Association. The shareholder of RBH holds an annual general meeting (AGM) in the third quarter of every year.

Board of Directors

Role

The Board of Directors is responsible to the shareholder for the performance of the RBH Group. Its role includes the establishment, review and monitoring of strategic objectives; the approval of major acquisitions, disposals and capital expenditure; and overseeing the RBH Group's systems of internal control, governance and risk management.

The Chief Executive Officer is responsible for the execution of strategy and the day-to-day management of RBH, and is supported by the Executive Committee.

Composition

The company is conscious of the need to maintain an appropriate mix of skills and experience on the Board, and to make changes to its composition from time to time to ensure that new ideas and different approaches are introduced on a regular basis. Given that RBH is a private company, there is no legislative requirement regarding Board size or composition other than the requirement to have at least one director.

At all times the RBH Board has a minimum of three directors, the majority of whom must be non-executive. The Chairman of the Board, who must be a non-executive director, is responsible for leading the Board and for its effectiveness.

In addition to the non-executive Chairman, the Board currently comprises two executive directors, two non-executive directors and one independent director. The Board reviews its composition on an annual basis and determines the optimal number of directors, but, as set down in the Board Charter, this may not exceed 15.

By ensuring the appropriate balance of independent, non-executive and executive directors, the Board is enabled to discharge its functions and responsibilities. It is a requirement that this balance takes into account the nature of the company's shareholdings and its stage of corporate development.

Meetings

The Board meets four times a year. Additional Board meetings may be convened during the year when required. The number of meetings of the boards of RBH's subsidiaries complies with statutory requirements.

Board committees

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to two standing committees: the Human Resources and Nominations Committee and the Audit and Risk Management Committee.

Human Resources and Nominations Committee

The Human Resources and Nominations Committee is responsible for establishing and developing RBH's general policy on remuneration for executive management and non-executive directors and has been delegated the power to approve specific packages for individuals.

The committee has a minimum of three members. The chairman and the majority of members must be non-executive directors.

The Human Resources and Nominations Committee makes recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations regarding the composition of the Board and its committees and the balance between executive and non-executive directors.

The committee regularly reviews and updates the succession plans for directors and senior managers.

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of a minimum of three members. Appointments to this committee are made by the

Board in consultation with the committee's chairman. The Board determines that the committee members have the skills and experience necessary to make a meaningful contribution. In addition, the chairman has to have the requisite experience in accounting and financial management.

The primary role of the Audit and Risk Management Committee is to ensure the integrity of financial reporting and the audit process, and the maintenance of a sound risk management and internal control system.

In pursuing these objectives, the committee oversees relations with the external auditors. It approves the external auditors' terms of engagement, scope of work, the annual audit and the applicable levels of materiality.

The committee also monitors developments in corporate governance to ensure that RBH continues to apply high and appropriate standards. The Audit and Risk Management Committee's recommendations are submitted to the Board for approval.

Internal controls and risk management

The Board takes overall responsibility for risk management, while management is accountable for designing, implementing and monitoring the process of risk management.

The Board policy defines acceptable risk tolerance levels and determines the continuous monitoring of risk and control processes required across business-specific risk areas to provide the basis for regular and exceptional reporting to business management and boards, the Executive Committee and the Board.

RBH seeks to have a sound system of internal control, based on its policies and guidelines, in all of its subsidiaries, material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are representing RBH on the boards of these investee companies seek assurance that significant risks are being managed.

Effectiveness of internal controls and risk management

The Board receives inputs on the effectiveness of internal control mechanisms as follows:

- regular management reporting;
- the Board committees focus on specific risks and provide assurance to the Board on those matters;

- the Executive: Finance reports every quarter on the operation of the financial and accounting control frameworks; and
- the Board also receives assurance from the Audit and Risk Committee, which derives its information, in part, from regular audit reports on risk and internal control throughout RBH.

Internal audit

Internal audit is an independent objective activity to add value to a company's operations by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The internal audit activities are performed either by teams of appropriate, qualified and experienced employees, or through the engagement of external practitioners upon specified and agreed terms.

The King Report on Corporate Governance 2002 (King III) recommends that where the Board of a company decides not to establish an internal audit function, it needs to disclose its reasons. RBH does not currently have an internal audit function, due to the nature of its business and the small size of the team.

Relations with stakeholders and integrated sustainability reporting

The Board is committed to the implementation of the principles of transparency and disclosure in all its relations with its stakeholders. In practice this means making material, accurate and meaningful information available to its stakeholders in a timely manner.

The Board is committed to the objective of sustainable development, which is a broader term than the principle of 'Social Responsibility' referred in the King III Code. Sustainable development is a concept that applies to the company itself and to its shareholders.

As a community-based investment company, RBH is particularly sensitive to the need to deliver effective sustainable development and to present information on the company in accordance with triple bottom line standards and the principles of the Global Reporting Initiative.

The Board is committed to developing a sustainable development policy, based on the results of stakeholder consultation.

Corporate governance cont.

Public disclosure of information

The company publishes on its website www.bafokengholdings.com and keeps current the following information:

Ownership – this is presented in a diagram of the RBH Group structure showing the major shareholdings, ultimate beneficial ownership and the percentage of shares held by each.

Governance structure – there is a chart of the governance structure of the RBH Group indicating the principal organs of the company's governance and to which entity each reports.

Major transactions and material events – this is set out in a time line of major transactions and material events for the past five years.

Corporate events calendar – a Board-approved diary outlines the corporate events for the calendar year, including shareholder meetings.

Policies – Corporate Governance Policy, Board Charter, Terms of Reference for Board Committees, Code of Ethics.

Accounting and auditing

The Board approves the terms of reference for the Audit and Risk Committee and its members.

Annual financial statements (AFS) for the year ended 31 December 2008 will be prepared in accordance with International Financial Reporting Standards (IFRS) and not in accordance with Statements of South African Generally Accepted Practice (SA GAAP) which was the accounting framework used until the end of 2007.

RBH has appointed PriceWaterhouseCoopers, an internationally recognised accounting firm, as its independent external auditors for the year ended 31 December 2008. The external auditors report to the Audit and Risk Committee and RBH expects that it will rotate the external auditors regularly.

Compliance and enforcement

The Board is ultimately responsible for the company's compliance with the Board-approved governance policies. In this task, the Board has delegated certain responsibilities to management. The Chief Executive Officer has overall management responsibility for ensuring that the company complies with the law and the Board Charter, policies regarding corporate governance and the company's Code of Ethics.

The Executive: Corporate has primary responsibility for the implementation and monitoring of governance policies and procedures. The Corporate Secretary (reporting to the Executive: Corporate) is responsible for the preparation for, and the holding of, Board meetings and the AGM.

The Board believes that it is the responsibility of every employee and director of RBH to observe and implement the company's governance policies. The company's Code of Ethics applies to every individual in the company and establishes the general culture of governance and compliance with rules and policies.

The approval framework, delegation of authority and internal guidelines of RBH establish responsibility for compliance at every level of the company with internal control processes in place to ensure compliance. These internal controls are assessed by external parties and their effectiveness reported to the Board.

The Board addresses any shortfalls in compliance identified by the external audit process, recommends any changes and every year reviews the need for a standing committee on governance. Compliance can also be monitored by external parties.

The Corporate Governance Policy is made available on the RBH website. It includes comments on the extent to which RBH complies with the King II Code and provides explanations for any divergences from compliance. The Board updates this policy every year and provides a separate statement of changes.

Meeting attendance

Attendance at Board and Committee meetings is detailed in the tables below.

Board

Name	18 Jan	7 Mar	27 Mar	23 May	12 Jun	26 Jun	22 July	4 Sept	11 Dec	Total
<i>Kgosi</i> LT Molotlegi	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
TV Mokgatlha	✓	✓	✓	✓	✓	✓	✗	✓	✓	8
SD Phiri	✓	✗	✗	✓	✗	✓	✓	✗	✓	5
MPP Nyama	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
NDJ Carroll	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
AR Jackson	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
KP Seopela		Appointed 26 June 2008				✓	✓	✓	✓	4

Audit and Risk Management Committee

Name	23 May	25 Nov	Total	
TV Mokgatlha		✓	✓	2
SD Phiri	Appointed 22 July 2008		✓	1
NDJ Carroll		✓	✓	2

Human Resources and Nominations Committee

Name	27 Mar	26 Jun	4 Sept	30 Oct	25 Nov	Total	
MPP Nyama	Appointed 22 July 2008			✓	✓	✓	3
<i>Kgosi</i> LT Molotlegi	✓	✓	✓	✓	✓	5	
NDJ Carroll	✓	✓	✓	✓	✓	5	
TV Mokgatlha	✓	✓	Resigned 22 July 2008			2	

✓ Attended meeting ✗ Absent from meeting, with apologies

Directors and secretary

The directors of the company during the year and at the date of this report were as follows:

<i>Kgosi</i> LT Molotlegi	Appointed 24 July 2006
Mr TV Mokgatlha	Appointed 24 July 2006
Mr DS Phiri	Appointed 24 July 2006
Ms MPP Nyama	Appointed 1 October 2007
Mr NDJ Carroll	Appointed 8 March 2006
Mr AR Jackson	Appointed 8 March 2006
Ms KP Seopela	Appointed 26 June 2008

The appointed Company Secretary is Ms BE Mayekiso.

PHYSICAL ADDRESS: Royal Bafokeng Holdings • 17 Fricker Road • Illovo • Johannesburg • South Africa

POSTAL ADDRESS: P O Box 55669 • Northlands • 2116 • South Africa

Glossary of acronyms

AIDS	Acquired immune deficiency syndrome
ALSI	All Share Index of the JSE
BRPM	Bafokeng Rasimone Platinum Mine
BTE	Black Tie Ensemble
FIFA	Fédération Internationale de Football Association (International Federation of Association Football)
HIV	Human immunodeficiency virus
IBT	Impala Bafokeng Trust
ICT	Information and communication technology
JSE	Johannesburg securities exchange
MOGS	Mining, Oil and Gas Services
OEM	Original equipment manufacturer
OVC	Orphaned and vulnerable children
RBA	Royal Bafokeng Administration
RBH	Royal Bafokeng Holdings
RBN	Royal Bafokeng Nation
SACMH	South African Coal Mining Holdings
SEA	Strategic environmental assessment

Physical address
Royal Bafokeng Holdings
17 Fricker Road
Illovo
Johannesburg
South Africa

Postal address
PO Box 55669
Northlands
Johannesburg
2116
South Africa

Contact us
Tel: +27 (0) 11 219 6000
Fax: +27 (0) 11 219 6060
E-mail: Mpueleng Pooe – Executive: Public Affairs
info@bafokengholdings.com

www.bafokengholdings.com



Annual Review 2008