

ROYAL BAFOKENG PLATINUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2008/015696/06)
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("RBPlat" or the "Company")

ROYAL BAFOKENG PLATINUM LIMITED QUARTERLY REVIEW AND PRODUCTION REPORT FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2018 AND STYLDRIFT I PROJECT PROGRESS UPDATE

LTIFR AND SIFR IMPROVE BUT SAFETY PERFORMANCE REMAINS AN OPERATIONAL FOCUS

STYLDRIFT ON TRACK TO DELIVER 150KTPM BY YEAR END

OVERVIEW

- 17.9% improvement in our lost time injury frequency rate
- Disappointingly, experienced two fatal accidents during the quarter
- 18.4% increase in tonnes delivered to concentrators
- 18.9% increase in tonnes milled
- 14.7% increase in 4E metals in concentrate
- 15.4% increase in platinum metal in concentrate
- 5.1% increase in cash operating costs
- 54.3% increase in capital expenditure

SAFETY

The health and safety of our employees remains a key business objective on our journey towards establishing a resilient operating culture and achieving zero harm. However, despite achieving a million fatality free shifts at our Styldrift project on 8 September 2018 and recording improvements in both our lost time and serious injury frequency rates, there were tragically two fatalities at our BRPM operation during the quarter under review.

Mr V Alfeu was fatally injured on 24 July in a scraper winch related accident at BRPM South shaft, whilst Mr F Lenyatsa was fatally injured in a fall of ground accident on 11 September at BRPM North shaft. The board of directors, management as well as colleagues at RBPlat wish to extend their sincere condolences to the family and friends of Mr Alfeu and Mr Lenyatsa.

Notwithstanding the disappointing safety performance for the period under review, we remain confident that our safety strategy, as evidenced with the million fatality free shifts achieved at our Styldrift project and ongoing focus on leadership development across all our supervisory and management levels in the business, will result in a resilient operating culture and allow us to achieve our ultimate goal of zero harm.

Two Section 54 stoppages related to the fatal accidents were issued during the quarter, affecting 14 production shifts and equating to a loss of 52kt milled tonnes. No safety related stoppages were recorded during the comparative 2017 period.

PRODUCTION

Total tonnes delivered to concentrators for the reporting period increased by 18.4% to 939kt. Styldrift delivered tonnes increased by 138.9% to 356kt in line with ramp-up requirements to achieve the 150ktpm milestone by year end, whilst BRPM delivered tonnes decreased by 9.5% to 583kt. The decrease in BRPM delivered volumes is mainly attributable to production losses incurred as a result of the two Section 54 stoppages.

Total tonnes milled for the quarter increased by 18.9% to 981kt, supported by the higher delivered volumes, with BRPM contributing 611kt (8.8% lower than the corresponding quarter in 2017) and Styldrift 370kt (138.7% increase compared to the corresponding quarter in 2017). Merensky tonnes milled amounted to 875kt and UG2 amounted to 106kt, resulting in the UG2 percentage milled for the quarter reducing to 11% of total tonnes milled compared to 18% in the third quarter of 2017.

Total delivered and milled tonnes, for the year to date period ended 30 September 2018, have increased by 8.4% and 9.1% to 2 456kt and 2 510kt respectively. This increase in production volumes is as a result of the Styldrift ramp-up more than offsetting the decline in BRPM volumes due to the deferment of South shaft UG2 in the second half of 2017.

The Maseve concentrator was commissioned during August 2018 and a total of 141kt of Styldrift ore was treated for the third quarter. The concentrator is operating well and achieving designed throughput and recovery efficiencies. The BRPM concentrator processed 778kt and 62kt of UG2 ore was toll treated.

The 4E built-up head grade for the quarter reduced by 1.5% to 3.85g/t compared to 2017, despite overall built-up head grades at BRPM and Styldrift increasing by 0.2% and 12.8%, respectively. The decrease in grade is attributable to the increased contribution of lower grade development ore from Styldrift to the overall ore mix. Year to date head grade remains within guidance limits.

Overall concentrator recoveries reduced by 1.9% to 84.5%, with the reduction being attributable to the lower overall head grade achieved and lower recovery potential of the Maseve plant in its current configuration. However, recoveries remain in line with expected grade recovery limits.

The 18.9% increase in overall tonnes milled, 1.5% reduction in built-up head grade and lower overall recovery, yielded a respective 14.7% and 15.4% increase in 4E and platinum metals in concentrate to 102.4koz (4E) and 66.6koz (Pt) for the quarter.

4E and platinum metal in concentrate production has increased by 9.5% and 10.2% to 267koz and 173koz respectively for the nine month period ended 30 September 2018.

CASH OPERATING COSTS

Cash operating costs for the quarter amounted to R761 million, representing a 5.1% increase compared to the comparative 2017 period in line with anticipated above inflation wage increases, offset by ongoing cost control initiatives. This, combined with the Section 54 related production disruptions at BRPM, resulted in the cash operating cost per tonne milled increasing by 15.2% to R1 245 and cost per platinum ounce increasing by 16.0% to R16 864 compared to the third quarter of 2017.

Year to date, the cash cost per platinum ounce has increased 5.9% compared to the comparative period in 2017. BRPM cash operating unit costs are expected to normalise in the fourth quarter and we remain confident in our ability to achieve unit cost increases below inflation for the full year.

CAPITAL

Total capital expenditure for the reporting period increased by R332.8 million to R945.8 million compared to 2017. Styldrift expansion capital expenditure increased by R299.4 million to R877.5 million, with replacement capital expenditure increasing by R1.4 million to R11.1 million and stay-in-business (SIB) expenditure increasing by R32.0 million to R57.2 million.

Expansion capital expenditure remains aligned with the Styldrift mining, construction and equipping schedule required to meet the ramp-up schedule as well as the additional capitalisation of operating costs due to the delay in commissioning of Silo 4.

Replacement and SIB capital expenditure remains aligned with the BRPM North shaft Phase III project and ongoing operational requirements.

Total capital expenditure for the nine month period ended 30 September 2018 amounted to R2 325.9 million, equating to a 59.3% increase year-on-year. This increase is mainly attributable to the acceleration of mining and construction activities in order to support the Styldrift ramp-up schedule, with expansion capital related expenditure increasing by 60.7% from R1 356.0 million to R2 179.6 million.

PROJECTS

BRPM NORTH SHAFT PHASE III PROJECT (REPLACEMENT)

Project expenditure for the quarter amounted to R11.1 million bringing the total project expenditure to date to R1.1 billion. Expenditure remains aligned with the project progress and construction schedule to complete the scope of work related to the installation of services and conveyor belts on 14 and 15 levels. Estimated cost at completion is forecast at R1.2 billion against a budget of R1.4 billion, indicating a potential saving of R200 million.

STYLDRIFT I PROJECT (EXPANSION)

The focus at Styldrift during the quarter under review remained geared towards securing operational resources, ore reserve development and establishing of infrastructure required to meet the 150ktpm ramp-up milestone by year end.

During the quarter 356kt of ore was delivered to the concentrators at a head grade of 3.36g/t (4E). Mining and construction activities continued to make steady progress with key items completed during the reporting period being:

- 1.8km of ore reserve development
- Commissioning of ventilation Shaft No.3

- Commissioning of two on-reef strike belt sections
- Rehabilitation of Silo 4 – with full commissioning of the silo expected in October 2018
- Commissioning of additional two trackless workshops

Capital expenditure for the reporting period amounted to R877.5 million bringing the total capital project expenditure to date to R10.6 billion.

GUIDANCE

Given year to date operational performance, we have lowered the upper end of our previously guided range for the full year to between 3.35Mt and 3.45Mt at a 4E built-up head grade of between 3.95g/t and 4.00g/t, yielding 4E ounce production of between 370koz and 380koz. Operating unit cost increases are expected to be below CPI inflation.

Total capital expenditure for the year is estimated to be R3.1 billion, with SIB expenditure forecast to remain at 4% to 5% of operating cost.

Description	Unit	Unaudited quarter ended 30 September 2018	Unaudited quarter ended 30 September 2017	Quarter 3 2018 vs. Quarter 3 2017 % Change	Unaudited year to date ended 30 September 2018	Unaudited year to date ended 30 September 2017	YTD 2018 vs. YTD 2017 % Change
Safety							
SIFR (/1,000,000 hrs)	rate	2.42	2.45	1.2	2.15	1.70	(26.5)
LTIFR (/1,000,000 hrs)	rate	3.02	3.68	17.9	2.80	2.98	6.0
Production							
Tonnes delivered to concentrators	kt	939	793	18.4	2 456	2 266	8.4
BRPM	kt	583	644	(9.5)	1 697	1 879	(9.7)
Styldrift	kt	356	149	138.9	759	387	96.1
Total tonnes milled	kt	981	825	18.9	2 510	2 301	9.1
BRPM	kt	611	670	(8.8)	1 734	1 907	(9.1)
Styldrift	kt	370	155	138.7	776	394	97.0
Merensky	kt	875	678	29.1	2 188	1 857	17.8
UG2	kt	106	147	27.9	321	445	27.9
% UG2 of total tonnes milled	%	11	18	39.4	13	19	33.9
4E built-up head grade	g/t	3.85	3.91	(1.5)	3.93	3.84	2.3
4E built-up head grade - BRPM	g/t	4.14	4.13	0.2	4.16	4.07	2.2
4E built-up head grade - Styldrift	g/t	3.36	2.98	12.8	3.36	2.71	24.0
4E built-up head grade - MER	g/t	3.83	3.88	(1.3)	3.89	3.82	1.8
4E built-up head grade - UG2	g/t	4.04	4.05	(0.2)	4.06	3.91	3.8
Recovery- 4E total concentrating	%	84.5	86.1	(1.9)	84.6	85.8	(1.4)
Metals in concentrate produced							
BRPM JV							
4E	koz	102.4	89.3	14.7	267.0	243.8	9.5
Platinum	koz	66.6	57.7	15.4	173.1	157.1	10.2
Palladium	koz	27.1	23.8	13.9	71.0	65.3	8.7
Rhodium	koz	5.5	5.1	7.8	14.6	14.3	2.1
Gold	koz	3.2	2.6	23.1	8.3	7.2	15.3
Iridium	koz	1.8	1.7	5.9	4.8	4.8	0.0
Ruthenium	koz	42.7	21.4	99.5	24.9	24.5	1.6
Nickel	kt	0.681	0.556	22.5	1.773	1.464	21.1
Copper	kt	0.430	0.360	19.4	1.111	0.959	15.8
BRPM							
4E	koz	69.5	77.0	(9.7)	197.9	216.1	(8.4)
Platinum	koz	45.1	49.8	(9.4)	128.1	139	(7.8)
Palladium	koz	18.4	20.5	(10.2)	52.6	57.9	(9.2)
Rhodium	koz	3.9	4.5	(13.3)	11.2	12.9	(13.2)

Description	Unit	Unaudited quarter ended 30 September 2018	Unaudited quarter ended 30 September 2017	Quarter 3 2018 vs. Quarter 3 2017 % Change	Unaudited year to date ended 30 September 2018	Unaudited year to date ended 30 September 2017	YTD 2018 vs. YTD 2017 % Change
Gold	koz	2.1	2.2	(4.5)	6.0	6.3	(4.8)
Iridium	koz	1.3	1.5	(13.3)	3.7	4.3	(14.0)
Ruthenium	koz	6.7	7.9	(15.2)	19.1	22	(13.2)
Nickel	kt	0.421	0.450	(6.4)	1.208	1.200	0.7
Copper	kt	0.273	0.297	(8.1)	0.776	0.800	(3.0)
Styldrift							
4E	koz	32.9	12.2	169.7	69.1	27.8	148.6
Platinum	koz	21.5	7.9	172.2	45.0	18.1	148.6
Palladium	koz	8.7	3.3	163.6	18.4	7.4	148.6
Rhodium	koz	1.6	0.6	166.7	3.4	1.4	142.9
Gold	koz	1.1	0.4	175.0	2.3	0.9	155.6
Iridium	koz	0.5	0.2	150.0	1.1	0.5	120.0
Ruthenium	koz	36.0	13.5	166.7	5.8	2.5	132.0
Nickel	kt	0.260	0.106	145.3	0.565	0.264	114.0
Copper	kt	0.157	0.063	149.2	0.335	0.159	110.7
Cash operating costs*							
Cash operating cost	R'm	761	724	(5.1)	2 103	2 153	2.3
Cash operating cost / tonne milled	R/t	1 245	1 081	(15.2)	1 213	1 129	(7.4)
Cash operating cost / 4E ounce	R/oz	10 939	9 393	(16.5)	10 622	9 970	(6.5)
Cash operating cost / Pt ounce	R/oz	16 864	14 535	(16.0)	16 407	15 495	(5.9)
Capital expenditure							
Total capital	R'm	945.8	613.0	(54.3)	2 325.9	1 460.0	(59.3)
Expansion (Styldrift)	R'm	877.5	578.1	(51.8)	2 179.6	1 356.0	(60.7)
Replacement	R'm	11.1	9.7	(14.4)	32.0	20.0	(60.0)
Stay-in-business (SIB)	R'm	57.2	25.2	(127.0)	114.3	84.1	(36.0)
BRPM mine	R'm	20.7	20.1	(3.0)	49.1	60.7	19.1
Styldrift mine	R'm	25.0	0.3	NM	39.8	5.2	(671.7)
Maseve mine	R'm	0.5	0	-	0.5	0.0	-
Concentrator	R'm	11.0	4.8	(129.2)	24.9	18.2	(36.8)
BRPM SIB as a % of operating cost	%	2.7	2.8	2.0	2.3	2.8	17.2

* Costs are calculated excluding Styldrift I on-reef development tonnes, ounces and costs

The information set out in this announcement has not been reviewed and reported on by the Company's external auditors.

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