

# Quarterly review and production report for the period 1 January to 31 March 2012

25 April 2012

A challenging first production quarter:

- Fatality in February 2012, although LTIFR improves by 40%
- Increased production losses due to Section 54 stoppages and mining skills turnover (Rock Drill Operators)
- Expansion and replacement projects on track and within budget

Description	Unit	Q1 2012	Q1 2011	Q4 2011	% Change	
					Q1 2012 vs. Q1 2011	Q1 2012 vs. Q4 2011
<b>Safety</b>						
LTIFR (/200,000 hrs)	rate	0.67	1.11	0.84	40%	20%
SIFR (/200,000 hrs)	rate	0.45	0.35	0.45	-27%	0%
<b>Production</b>						
Tonnes delivered to concentrators	kt	532	550	496	-3%	7%
Total tonnes milled	kt	512	545	509	-6%	1%
% UG2 of total tonnes milled	%	10.3%	11.1%	11.5%	-7%	-11%
4E built-up head grade	g/t	4.11	4.34	4.46	-5%	-8%
<b>Metals in concentrate produced</b>						
4E	oz	59 217	66 134	64 281	-10%	-8%
Platinum	oz	38 426	42 838	41 722	-10%	-8%
Nickel	t	439	461	463	-5%	-5%
Copper	t	275	315	286	-13%	-4%
<b>Cash Operating Costs</b>						
Operating cash cost / tonne milled	R/t	874	798	857	-9%	-2%
Operating cash cost / 4E oz	R/oz	7,559	6,582	6,783	-15%	-11%
Operating cash cost / Pt oz	R/oz	11,648	10,161	10,451	-15%	-11%
<b>Capital Expenditure</b>						
Total capital	R'm	249.2	278.0	280.7	10%	11%
Expansion	R'm	131.1	194.9	120.7	33%	-9%

Description	Unit	Q1 2012	Q1 2011	Q4 2011	% Change	
					Q1 2012	Q1 2012
					vs. Q1 2011	vs. Q4 2011
Replacement	R'm	73.5	77.9	106.2	6%	31%
Stay-in-business	R'm	44.5	5.2	53.8	-747%	17%

## Safety

Regrettably, a Platcro Mining Services (Pty) Limited employee Mr Castigo Mario Ndeve, lost his life on 6 February 2012 in a fall of ground incident at our North shaft. We extend our deepest sympathies to the family, friends and colleagues of Mr Ndeve.

RBPlat's lost time injury frequency rate (LTIFR) improved by 40% in the first quarter of 2012 compared with the same period in 2011 and improved by 20% compared with the fourth quarter of 2011. The serious injury frequency rate (SIFR) deteriorated, however, by 27% during the quarter under review compared with the first quarter of 2011, but remained stable compared to the previous quarter.

Seven Section 54 notices were issued during the quarter affecting a total of 19 production shifts.

Zero harm remains one of the primary goals of RBPlat's strategic objective to achieve operational excellence. The cross audit safety campaign initiated in 2011 will continue in 2012, the key focus of which continues to be the reduction in injury frequency rates and minimising safety-related stoppages (whether self or regulatory-imposed).

## Production

Total tonnes delivered to concentrators was 3% lower than the first quarter of 2011. Key contributing factors to the reduced mining production volumes were the increase in Section 54-related stoppages and an increased turnover of Rock Drill Operators as a result of industrial action at neighbouring mines. Section 54-related production losses for the first quarter of 2012 are estimated at 61,618 tonnes compared with 28,925 tonnes for the first quarter in 2011.

In total, 4E ounces-in-concentrate declined by 10% during the period under review, when compared with the corresponding quarter in 2011 and was attributable to:

- 6% lower volumes treated as a result of the lower tonnes delivered to concentrators; and
- 5% reduction in the 4E built-up head grade mainly due to the increase in stoping dilution. Remedial action has been instituted.

The concentrator performance remains satisfactory with a 1% higher 4E recovery when compared to the first quarter of 2011, despite the reduction of built-up head grade.

April 2012 production has been encouraging and the Company is expecting an improved operational performance for the remainder of the year.

## **Cash operating costs**

Fixed costs represent a substantial component of total cash operating cost. Therefore the cash operating cost per platinum ounce-in-concentrate produced increased by 15% to R11, 648 compared with the first quarter of 2011, with the key contributing factors being:

- the reduced volumes (10%) and;
- above Consumer Price Index (CPI) related increases (6.1%) associated with (i) annual July 2011 salary increases, (ii) electricity tariff increases in April 2011 and (iii) water tariff increases in July 2011.

The cash cost per tonne milled increased by 9% to R874 compared with the first quarter of 2011. The increase was also being attributed to reduced volumes and above CPI-related increases.

The primary cost reduction strategies continue to be the optimisation of production volumes whilst bringing identified cost saving initiatives to fruition.

## **Capital**

Capital expenditure ended 10% lower for the first quarter compared with the first quarter of 2011, with reduced expenditure on expansion and replacement projects offsetting the increased stay-in-business (SIB) expenditure. Capital expenditure is aligned with the construction programmes of the various projects.

## **Projects**

### **Styldrift I Project (expansion)**

Sinking at the Main shaft has progressed to a depth of 364.2m and the Services shaft to 266m. A total of 260m has been sunk during the quarter at the two shafts. Sinking rates have improved significantly during the quarter with the primary focus being the maintenance of the shorter sinking cycles that are currently being achieved. It is anticipated that the first key sinking milestone, Merensky 594m level (Merensky reef intersection), will be reached by September 2012.

Capital expenditure for the quarter was R124.96 million, with the 2012 year forecast expenditure at R787 million (including contingencies and escalation). At the end of the quarter under review the project-to-date commitment was R1, 963 billion and expenditure was R1,363 billion.

The overall project is on schedule, at around 28.24% of completion.

### **BRPM Phase II Project (replacement)**

The Phase II replacement project is the extension of the decline systems at both North and South shafts from 6 level down to 10 level. The extension at North shaft was successfully completed in September 2011 and South shaft extension remains on schedule for completion in September 2012.

The project remains below budget with expenditure for the quarter of R25.98 million and R2, 177 billion spent on the project to date.

### **BRPM Phase III Project (replacement)**

The Phase III replacement project entails the extension of the North shaft access infrastructure and associated reef infrastructure from level 10 to the boundary of the mine (level 15).

The overall project is 26% complete, which is slightly ahead of schedule.

The project remains below budget, with expenditure for the quarter of R47.55 million and R265.90 million for the project to date.

### **Note**

The financial information in this quarterly review and production report has not been reviewed or reported on by RBPlat's auditors.

25 April 2012

For further enquiries, please contact:

### **Royal Bafokeng Platinum Limited**

Lindiwe Montshiwagae

Investor Relations Manager

Tel: +27 (0) 10 590 4517

Email: [lindiwe@bafokengplatinum.co.za](mailto:lindiwe@bafokengplatinum.co.za)