

ROYAL BAFOKENG PLATINUM LIMITED (RBPLAT) QUARTERLY REVIEW AND PRODUCTION REPORT FOR  
THE PERIOD

1 JANUARY TO 31 MARCH 2015

**Challenging quarter characterised by prolonged in-stope safety stoppages and lower grade**

**Key features**

- Regrettably one fall of ground related fatal accident
- 75% and 29% improvement in serious and lost time injury frequency rates respectively
- 6% increase in tonnes milled
- 6% decrease in 4E and platinum ounces produced
  - 10% reduction in built-up head grade
  - 2% decrease in overall concentrator recoveries
- 10.9% increase in cash operating cost per tonne milled
- 25.7% increase in cash operating cost per platinum ounce
  - impacted by lower delivered grade
- Expansion and replacement projects remain on track and within budget

Description	Unit	Unaudited quarter ended 31 March 2015	Unaudited quarter ended 31 March 2014	Quarter ended March 2015 vs. Quarter ended March 2014 % change
<b>Safety</b>				
SIFR (/200,000 hrs)	rate	0.12	0.49	75
LTIFR (/200,000 hrs)	rate	0.48	0.69	29
<b>Production</b>				
Tonnes delivered to concentrators	kt	564	498	13
Tonnes delivered from BRPM	kt	553	486	14
Tonnes delivered from Styldrift	kt	11	12	(7)
4E delivered grade	g/t	4.00	4.26	(6)
4E – Merensky (MER)	g/t	4.22	4.51	(6)
4E – UG2	g/t	3.66	3.65	0
Total tonnes milled	kt	540	*509	6
% UG2 of total tonnes milled	%	27.2%	19.5%	(40)
4E built-up head grade	g/t	3.87	*4.29	(10)
4E built-up head grade – MER	g/t	4.00	4.49	(11)
4E built-up head grade – UG2	g/t	3.53	3.51	1
Concentrator recovery (4E)	%	85.47	87.05	(2)
<b>Metals in concentrate produced</b>				
4E	koz	57.5	61.0	(6)
Platinum	koz	36.9	39.3	(6)
Palladium	koz	15.3	16.4	(7)
Rhodium	koz	3.6	3.4	5
Gold	koz	1.6	1.9	(15)
PGMs	koz	63.1	65.9	(4)
Nickel	kt	0.348	0.392	(11)
Copper	kt	0.222	0.245	(10)
<b>Cash operating costs **</b>				
Cash operating costs	R'm	595	502	(18)
Cash operating cost / tonne milled	R/t	1 121	*1 011	(10.9)
Cash operating cost / 4E oz M&C	R/oz	10 383	8 281	(25.4)
Cash operating cost / Pt oz M&C	R/oz	16 153	12 853	(25.7)
<b>Capital expenditure (incl. Styldrift)</b>				
Total capital	R'm	508.8	306.4	(66)
Expansion	R'm	445.2	249.7	(78)
Replacement	R'm	42.0	32.5	(29)
Stay-in-business (SIB)	R'm	21.7	24.3	11
SIB / operating cost %	%	3.6%	4.8%	25

\* An ore flow accounting and evaluation audit conducted during the second quarter of 2014 revealed that the mass flow instrument on the crusher circuit overflow in the BRPM concentrator was measuring volumes incorrectly, resulting in the volumes for the first quarter of 2014 being understated. The volumes were subsequently corrected in the interim results for the six months to June 2014. The 2014 first quarter milled volumes, grade and unit cost per tonne milled have thus been restated to account for this variance and align with the 2014 interim results.

\*\* Excludes Styldrift incidental tonnes, ounces and costs

## **SAFETY**

A fall of ground related fatal accident was recorded at our BRPM North shaft on 8 January 2015. The RBPlat board of directors, management and colleagues of the deceased, Mr A. Paquete, a JIC contractor employee, wish to extend their sincere condolences to his family and friends.

Notwithstanding the fatal accident, we are encouraged by the 75% and 29% improvement achieved during the quarter in our serious and lost time injury frequency rates respectively when compared to the same period in 2014.

The principle of zero harm remains a key goal for RBPlat in achieving the company's strategic objective of operational excellence. We therefore remain committed to establishing a resilient working culture which is underpinned by continued improvement in the health and safety of our employees.

## **PRODUCTION**

Milled tonnes increased by 6% to 540kt, with Merensky and UG2 volumes increasing by 2% and 58% respectively when compared to the first quarter of 2014. However, the built-up head grade reduced by 10% to 3.87g/t (4E), negatively impacting on recoveries, with overall concentrator recovery ending 2% lower than the same period in 2014. This combined with a negative pipeline related ounce adjustment accrued from 2014 resulted in the net 4E and platinum ounce output reducing by 6% when compared to the first quarter of 2014.

The reduction in both the delivered and built-up head grades is attributed to:

- A 27% increase in the contribution of lower grade on-reef Merensky development mainly from Phase III and Styldrift I to our overall run-of-mine tonnes. This was due to stoping production being negatively impacted by the safety stoppages imposed on the operation subsequent to the fatal accident in January.
- An increase in UG2 production to mitigate the impact of the stoppages on overall production volumes resulting in the net contribution to tonnes milled increasing to 27.2%.

We are confident that grades will return to our guided range of 4.15g/t (4E) and 4.20g/t (4E) during the remainder of 2015 as Merensky stoping production normalises and UG2 volumes reduce to approximately 22% of production.

Given the current ESKOM power generation constraints, power management has been a key operational focus to minimise the impact of load shedding on production. Our operational strategy involves load reduction by restricting metallurgical operations, specifically crushing, to enable underground operations to continue unaffected as and when load curtailment is implemented. To date this strategy has proven successful in managing the intermittent stage 1 and 2 load curtailments which have characterised the quarter. Load curtailments have been implemented 11 times this quarter, equating to 154 hours of crusher plant downtime without negatively impacting on output. However should we encounter continuous stage 1, 2 or 3 load curtailments going forward, production could be impacted.

## **CASH OPERATING COSTS**

Cash operating costs for the quarter increased by 18% in line with mining inflation and the 6% increase in production volumes when compared to the first quarter of 2014. The cash operating cost per tonne milled ended 10.9% higher at R1 121 when compared to the same period in 2014. Cash operating cost per platinum ounce increased by 25.7% to R16 153 due to the 6% lower platinum ounce production.

Managing unit cost increases to below mining inflation remains a key focus area for the Company while ensuring planned grades are achieved and maintained.

## **CAPITAL**

Capital expenditure for the quarter increased by 66% to R508.8 million when compared to the first quarter of 2014. Expansion capital expenditure increased by 78% to R445.2 million in line with the Styldrift I project progress and associated construction activities. Replacement capital expenditure increased by 29% to R42 million which is mainly attributable to construction activities on the North shaft Phase III decline extension project. Stay-in-business (SIB) capital expenditure reduced by 11% to R21.7 million due to variations in our SIB project pipeline schedule.

## **PROJECTS**

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

Steady progress was made on all mining and infrastructure construction related activities during the quarter with minimal disruption to shaft equipping activities as a result of terminating the contract in March 2015 with Shaft Sinkers, the principal sinking and development contractor on the project. Mining and infrastructure has progressed to 54% complete with the Main shaft remaining on schedule for commissioning during the second quarter of 2015.

Concentrator infrastructure related construction activities, which include the upgrade of the current BRPM concentrator and construction of an overland conveyor belt from Styldrift to BRPM, continue to progress according to plan.

Capital expenditure for the quarter amounted to R434.98 million bringing total expenditure and total commitments on the project to R4.25 billion and R5.07 billion respectively. The total expenditure for the project for 2015 remains forecast at R2.41 billion (including the concentrator upgrade, contingencies and escalation) and is aligned to our estimate at completion of R11.014 billion.

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

The project, which entails the extension of the North shaft decline access infrastructure and associated reef infrastructure from level 10 to the mine boundary (level 15) continues to progress well.

The overall project at the end of this reporting period was 76% complete, which is 7% ahead of schedule. Project expenditure for the quarter amounted to R40.7 million bringing the total project expenditure to date to R830.14 million.

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

Johannesburg

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