

ROYAL BAFOKENG PLATINUM LIMITED QUARTERLY REVIEW AND PRODUCTION REPORT FOR THE PERIOD
1 JULY TO 30 SEPTEMBER 2016 AND AN UPDATE ON THE STYLDRIFT I PROJECT

CHALLENGING QUARTER WITH STEADY YTD PERFORMANCE

OVERVIEW

- No fatal accidents recorded during the quarter
- 12% increase in tonnes delivered
- 5% increase in tonnes milled
- 1% increase in 4E metals in concentrate produced
- 6% increase in cash operating costs
- 42% reduction in capital expenditure

SAFETY

No fatal accidents were recorded during the reporting period. Notwithstanding the fact that our total injury and medical treatment case rates reduced by 63% and 68% respectively in Q3 2016, we recorded a disappointing 92% and 15% respective increase in our serious and lost time injury frequency rates. However, YTD the serious injury frequency rate only increased by 43% while the lost time injury frequency rate improved by 28%.

Despite the disappointing safety performance for the quarter under review our key injury frequency rates are below the industry average and we remain confident that our renewed safety culture will yield the desired results on our journey to resilience and achieving zero harm.

During the quarter a total of four Section 54 instructions were issued and generally in the past sanctions related to these instructions have been aligned with the non-conformance identified during on-mine inspections. However, as widely publicised, the industry has in the past few months experienced a sharp increase in frequency and severity of Section 54 instructions which do not seem to be aligned with the applicable non-conformance. Contrary to our publicly declared acceptance and support in the past of Section 54 stoppages in the interest of safety, we are unable to reiterate the same view with regard to these stoppages and we are very disappointed. During August a single Section 54 instruction issued on our North shaft operation resulted in 17 lost production shifts equating to a loss of an estimated 59kt or 7koz (4E).

PRODUCTION

BRPM tonnes delivered decreased by 9% during the reporting period mainly due to the impact of Section 54's issued during August and the subsequent cautious approach adopted in recommencing normal operational activities. The increase in Styldrift I tonnes delivered however, more than offset the lower BRPM contribution with Styldrift I delivering 150kt of ore, resulting in total tonnes delivered increasing by 12% to 740kt compared to Q3 2015.

BRPM tonnes milled reduced by 15% due to the lower tonnes delivered and lower opening surface stocks compared to Q3 2015, with the opening stocks in 2015 amounting to 95kt compared to 26kt in 2016. Styldrift I tonnes milled increased to 150kt in line with the higher tonnes delivered from current project progress activities resulting in a net increase of 5% in total tonnes milled compared to the same period in 2015. The UG2 percentage of total tonnes milled decreased from 24% in Q3 2015 to 20% in Q3 2016, the reduction being attributable to the higher Merensky contribution from Styldrift I.

The 4E built-up head grade ended at 4.01 g/t (4E) or 3% lower than the comparative 2015 period. The decrease in grade is mainly due to the increase in on-reef development contribution from Styldrift I and is in line with expectation and previous guidance.

The 5% increase in overall tonnes milled combined with the 3% reduction in built-up head grade and marginally lower recoveries yielded a 1% increase in 4E ounce production to 83.7koz (4E) and 54koz (Pt) metals in concentrate during the quarter.

CASH OPERATING COSTS

Cash operating costs for the quarter of R746 million amount to a 6% increase compared to the comparative quarter in 2015. The 15% lower milled volumes at BRPM and the 6% increase in cash operating costs have resulted in the unit cash operating costs for the reporting period per tonne milled, 4E ounce and platinum ounce increasing by 24% and 23% respectively. Unit cash operating costs for the YTD period however, remain within our mining inflation target of 10%.

Achieving planned volumes at BRPM and continued focus on our cost reduction initiatives and cash preservation strategies remain a key focus to ensure we meet our cost targets.

CAPITAL

Total capital expenditure ended 42% (R196.7 million) lower for the period under review when compared to the similar period in 2015 with expansion and replacement capital expenditure reducing by 39% (R148.6 million) and 99% (R57.5 million) respectively. The lower expenditure is directly attributable to the revised Styldrift I and Phase III construction programmes adopted as part of our cash preservation strategy announced in August 2015.

Stay-in-business (SIB) capital expenditure increased by R9.4 million to R30.7 million in line with business requirements and at 4.1% of operating cost remains aligned with our cash preservation strategy target of between 4 and 5%.

PROJECTS

BRPM PHASE III PROJECT (REPLACEMENT)

Project progress and expenditure remains aligned with the current deferment strategy and remains set for completion in 2017. The project remains below budget with total project expenditure to date amounting to R 1 036 million.

STYLDRIFT I PROJECT (EXPANSION)

Mining and construction activities continued to make steady progress during the quarter and remain aligned with our revised construction schedule to commence with ramp-up related works in Q1 2017. During the quarter a total of 1.6km of shaft infrastructure development was completed and 150kt of ore delivered at a grade of 3.18g/t (4E) yielding 12.7koz (4E) and 8.3koz (Pt) metals in concentrate.

Capital expenditure for the reporting period amounted to R235.5 million bringing the total capital project expenditure to date to R6.09 billion.

Styldrift I two-phased ramp up

In August 2015 the company announced that, in the context of sustained depression in the PGM market, it had decided to materially reduce construction activities and related capital expenditure at Styldrift I in order to maintain a strong and healthy balance sheet and to prepare the organization to maximize the uplift in the cycle. The stated intent was to reduce the level of activities at Styldrift I to such an extent that monthly expenditure could be serviced from excess cash flows generated from operations at the company's existing BRPM operations and on-reef development revenue from Styldrift I. The average rand basket price at the time was approximately R16 200 per platinum ounce.

At the beginning of 2016, based upon an improved rand basket price of R17 500 per platinum ounce, the company committed to R1 billion capital expenditure at Styldrift I for the 2016 year that would facilitate a production rate of up to 50ktpm of on-reef development. Approximately R0.7 billion was to be funded from on-reef development revenue and excess cash flows from BRPM and a further estimated R0.3 billion from surplus cash resources.

The average rand basket price achieved for the first 9 months of 2016 has been approximately R19 000 per platinum ounce. The Board therefore, is of the opinion that the industry is progressing from the 'Zone of Uncertainty' to the 'Zone of Progression', as disclosed in the company's 2015 Integrated Report. The company has therefore decided to transition to the next phase of the ramp up of Styldrift I to a 150ktpm operation over the next 2.5 years. The 150ktpm level represents a "sweet spot" in Styldrift I's ramp-up profile towards 230ktpm as it secures the optimal level of Merensky production for the company without the necessity to incur (in the current PGM environment) the significant expenditure that would be required for a further processing plant and infrastructure development to process production above this level.

The company's attributable share of the capital expenditure for this phase of the development is estimated to be approximately R3.2 billion (of a total R4.75 billion), which the Board believes will deliver a positive internal rate of return considered to be at an attractive premium to the company's investment hurdle rates. This amount makes allowance for the key underground life of mine and surface ore handling infrastructure to support 230ktpm and includes the overland belt to the BRPM concentrator complex, all underground silos and associated conveyor belt systems, required water handling and pumping facilities, stores and two ventilation shafts.

The Board has been actively exploring various funding options, including debt and equity funding, although the details of the funding solution for this next phase are yet to be finalised. However, the Board expects that the funding solution may comprise a combination of surplus cash, operational cash flow, equity capital, and debt facilities of up to R2 billion currently being negotiated. Progressing to this next phase of ramp up at Styldrift I positions the project well for the ultimate ramp up to a 230ktpm Merensky operation when further investment is warranted by the market environment.

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

Description	Unit	Q3 2016	Q3 2015	Q3 2016 vs. Q3 2015 % Change	YTD 2016	YTD 2015	YTD 2016 vs. YTD 2015 % Change
Safety							
SIFR (/200,000 hrs)	rate	0.25	0.13	(92)	0.20	0.14	(43)
LTIFR (/200,000 hrs)	rate	0.30	0.26	(15)	0.31	0.43	28
Production							
Tonnes delivered to concentrators	kt	740	662	12	2 036	1 840	11
Tonnes delivered - BRPM	kt	590	651	(9)	1 746	1 817	(4)
Tonnes delivered - Styldrift	kt	150	12	1 150	290	23	1 161
Total tonnes milled	kt	763	725	5	2 055	1 832	12
Tonnes milled - BRPM	kt	608	713	(15)	1 758	1 810	(3)
Tonnes milled - Styldrift	kt	155	12	1 191	297	22	1 250
% UG2 of total tonnes milled	%	20.0	23.7	16	21.0	26.0	19
4E built-up head grade	g/t	4.01	4.15	(3)	4.01	4.08	(2)
4E built-up head grade - MER	g/t	4.07	4.21	(3)	4.08	4.17	(2)
4E built-up head grade - UG2	g/t	3.76	3.96	(5)	3.75	3.81	(2)
4E built-up head grade - BRPM	g/t	4.24	4.18	1	4.18	4.11	2
4E built-up head grade - Styldrift	g/t	3.14	2.70	16	3.18	1.68	89
Opening stocks	kt	26	95	(73)	19	24	(21)
Recovery – 4E total concentrating	%	85.0	85.6	(1)	85.2	85.3	(0)
Recovery – 4E BRPM concentrator	%	85.6	86.4	(1)	85.6	86.2	(1)
Metals in concentrate produced*							
4E**	koz	83.7	82.9	1	225.6	204.9	10
Platinum**	koz	54.0	53.4	1	145.6	132.2	10
Palladium	koz	22.4	22.0	2	60.4	54.3	11
Rhodium	koz	4.8	4.8	0	13.1	12.4	6
Gold	koz	2.4	2.5	(4)	6.6	6.0	10
4E + Ruthenium and Iridium	koz	93.8	90.3	4	252.5	230.2	10
Nickel	kt	0.536	0.511	5	1.359	1.123	21
Copper	kt	0.336	0.330	2	0.842	0.718	17
Cash operating costs***							
Cash operating cost	R'm	746	703	(6)	2 075	1 931	(7)
Cash operating cost / tonne milled	R/t	1 227	987	(24)	1 181	1 067	(11)
Cash operating cost / 4E oz	R/oz	10 520	8 585	(23)	10 336	9 479	(9)
Cash operating cost / Pt oz	R/oz	16 307	13 310	(23)	16 033	14 688	(9)
Capital expenditure							
Total capital	R'm	266.9	463.6	42	743	1604	54
Expansion	R'm	235.5	384.1	39	613	1379	56
Replacement	R'm	0.7	58.2	99	44	150	71
Stay-in-business (SIB)	R'm	30.7	21.3	(44)	86	75	(15)
SIB as a percentage of operating cost	%	4.1	3.0	(37)	4.1	3.9	(5)

*Metals in concentrate produced include Styldrift I on-reef development ounces

** Includes ounce contribution from Styldrift I for Q3 2016 of 12.7koz (4E) and 8.3koz (Pt) and for YTD 2016 of 24.9koz (4E) and 16.2koz (Pt)

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

Johannesburg

21 October 2016

JSE Sponsor:

Merrill Lynch South Africa (Pty) Ltd

For further information, please contact:

Investors:

Lindiwe Montshiwagae
Executive: Investor relations

+27 (0) 10 590 4510

lindiwe@bafokengplatinum.co.za

Media:

Mpueleng Poee

Executive: Corporate Affairs

+27 (0) 10 590 4515

mpueleng@bafokengplatinum.co.za