

ROYAL BAFOKENG PLATINUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2008/015696/06)
JSE share code: RBP
ISIN: ZAE000149936
Company code: RBPD
Bond code: RBPCB
ISIN: ZAE000243853
("RBPlat" or "the Company" or "the Group")

ROYAL BAFOKENG PLATINUM LIMITED QUARTERLY REVIEW AND PRODUCTION REPORT FOR THE PERIOD
1 JANUARY 2020 TO 31 MARCH 2020 ("REPORTING PERIOD")

OVERVIEW

Production

- Zero fatalities with marked improvements in our total injury ("TIFR"), lost time injury ("LTIFR") and serious injury ("SIFR") frequency rates:
 - 40.6% improvement in SIFR
 - 27.3% improvement in LTIFR
- Stable production output despite significant operational headwinds related to power grid stability, Anglo American Platinum ("Amplats") force majeure declaration and COVID-19 pandemic:
 - 8.7% increase in tonnes hoisted
 - 0.4% decrease in tonnes milled
 - 1.3% reduction in 4E and platinum metal in concentrate to 90.1koz and 58.6koz, respectively
 - 112kt ore stockpile (equating to 11.9koz 4E metals in concentrate)
 - Unit cost reduction of 6.4% to R12 999 per 4E ounce (2019: R13 883), on a stock adjusted basis
- Capital expenditure in line with operational and project requirements

COVID-19 impact and response:

- Operations placed on care and maintenance from midnight on 26 March 2020 until midnight on 19 April 2020 and partially recommenced on 20 April 2020
- Employee salaries were paid during the lockdown period however, executives and senior management waived 33% of their remuneration during the lockdown period
- Relief provided to our communities including food, hygienic and educational support
- Financial assistance provided to certain contractors that are critical to our operations
- Deferral of R400 million planned capex spend for the remainder of the year
- Strong net cash position of R209.5 million

SAFETY

No fatalities were recorded during the reporting period with improvements of 21.1%, 27.3% and 40.6% respectively, recorded in our TIFR, LTIFR and SIFR year-on-year.

Our safety, health and environmental strategy remains firmly based on the principle of continuous improvement and the vision of achieving zero harm through the establishment of a resilient safety culture, underpinned by a strict safety code of conduct, discipline and teamwork.

No safety-related production losses were incurred during the quarter under review.

PRODUCTION

Overall production for the reporting period was negatively impacted by:

- a five-day production loss at the BRPM concentrator during the initial post festive season start-up resulting from an electrical failure in the primary mill motor circuit
- Amplats force majeure declaration on 6 March 2020
- Eskom load curtailment restrictions

- the mandatory COVID-19 national lockdown which came into effect at midnight on 26 March 2020 (“National Lockdown”)

Notwithstanding the winding down of mining activities to ensure that our underground operations were safely and effectively placed into a care and maintenance cycle for the duration of the initial 21-day National Lockdown, total reef tonnes hoisted for the quarter increased by 8.7% to 954kt. BRPM tonnes hoisted were 1.5% lower at 520kt and Styldrift tonnes hoisted increased by 24.0% to 434kt.

Total tonnes milled for the reporting period reduced marginally by 0.4% to 843kt resulting in surface stocks of 112kt of ore. Merensky milled volumes reduced by 6.6% or 49kt to 693kt, while UG2 tonnes milled increased to 150kt. Merensky and UG2 ore surface stocks at the end of the reporting period are estimated at 83kt and 29kt, respectively.

The built-up head grade amounted to 4.04g/t (4E) remaining unchanged compared to the first quarter of 2019. Merensky built-up head grade increased by 0.7% while the UG2 built-up head grade decreased by 3.9%. The key contributor to the reduction in the UG2 grade was the increase in lower grade South shaft UG2 to the overall ore mix. The reduction in UG2 head grade and impact of load curtailments on overall concentrator float stability resulted in a 0.7% reduction in recovery to 82.40% compared to the 82.97% achieved in the comparative 2019 reporting period.

Milled volumes, built-up head grade and associated recoveries yielded 4E and platinum metal in concentrate of 90.1koz and 58.6koz, respectively. Equivalent 4E and platinum metals in surface stocks is estimated at 11.9koz and 7.6koz, respectively.

On 6 March 2020 Amplats announced the temporary shutdown of the Anglo Converter Plant (ACP) and declared force majeure. Subsequent to the initial suspension of concentrate deliveries to the Waterval Smelter complex in line with the force majeure declaration, an interim arrangement between Amplats and RBPlat was agreed to with revised concentrate delivery and payment terms during the shutdown.

Concentrate that was delivered to Rustenburg Platinum Mines Limited (RPM), a wholly owned subsidiary of Amplats, up to the force majeure announcement, will be bound by the terms as set out in the Disposal of Concentrate Agreement (DOCA) with RPM. All subsequent concentrate deliveries to RPM will be subject to newly agreed payment terms, whereby RBPlat will continue to receive a significant majority of the related proceeds during 2020 with the outstanding payments being settled in full before 30 April 2021. Payment terms are set to revert to the original DOCA terms once the ACP Phase B unit is once again operational, which is currently estimated to be 80 days from 6 March 2020.

BRPM

Total tonnes milled for the reporting period decreased by 49kt or 9.5% to 467kt, with closing surface stocks estimated at 53kt Merensky tonnes milled for the quarter amounted to 317kt, equating to a 90kt reduction compared to the comparative 2019 period. UG2 tonnes milled increased by 47kt to 150kt.

The reduction in Merensky volumes is attributable to the combined impact of Merensky reserve depletion at South shaft and reduction in mining shifts experienced due to the National Lockdown and lower productivity experienced during the winding down of operations ahead of the lockdown.

The increase in UG2 tonnes milled is directly attributable to increased UG2 production from South shaft. UG2 volumes constituted 32.1% of total tonnes milled for the quarter.

The built-up head grade for the quarter was 4.10g/t (4E) compared to 4.18g/t (4E) achieved in the comparative period in 2019, equating to a 1.9% reduction. The reduction in head grade is mainly attributable to the increase in lower grade South shaft UG2 contribution with the UG2 built-up head grade amounting to 3.90g/t (4E) compared to 4.06g/t (4E) in 2019. Merensky built-up head grade for the reporting period remained relatively unchanged at 4.20g/t (4E) compared to the 4.21g/t (4E) achieved in the 2019 comparative period.

STYLDRIFT

Despite the lower than planned performance as a result of the impact of the National Lockdown, we are encouraged by the continued improvement in key operating metrics during the first quarter. As such we remain confident that the strategies and action plans initiated to address operational challenges are delivering the intended results in support of our 230ktpm steady state run rate.

A total of 434kt of ore was hoisted, equating to a 24.0% increase against the comparative 2019 period. Tonnes milled for the quarter increased by 13.6% to 375kt resulting in closing surface stocks of approximately 59kt.

The built-up head grade improved by 3.4% to 3.96g/t (4E) compared to 2019 as the stoping tonnage contribution to overall tonnes mined increases in line with the ramp-up profile.

CASH OPERATING COSTS

Cash operating costs for the quarter amounted to R1 365 million, representing a 11.6% increase compared to 2019. The increase in expenditure is attributable to the combination of increases in Styldrift cash costs during ramp up and industry-related inflation.

Increase in surface stocks as a result of Eskom load curtailment and the National Lockdown on milling volumes has resulted in double digit year-on-year unit cost increases of 12.0% and 12.9% per tonne milled and 4E ounce, respectively to R1 620 and R15 146. On a stock adjusted basis, cost per tonne milled increased by 5.9% to R1 485 (2019: R1 402) and cost per 4E ounce reduced by 6.4% to R12 999 (2019: R13 883).

BRPM operating cash costs for the quarter increased 6.4% to R716 million in line with volume and on-mine inflation related increases for labour, utilities and stores. Eskom load curtailment, National Lockdown requirements and lower built-up head grade negatively impacted unit cash costs with cost per tonne milled and 4E ounce increasing by 17.5% and 21.4% to R1 533 and R13 952, respectively. Stock adjusted year-on-year increases per tonne milled and 4E ounce equate to 11.9% and 15.5%, respectively to R1 432 (2019: R1 280) and R13 030 (2019: R11 280).

Styldrift cash costs for the reporting period amounted to R649 million, resulting in unit operating cost increase per tonne milled of 3.7% to R1 728 and a decrease per 4E ounce of 0.7% to R16 726, respectively. Stock adjusted unit costs reflect year-on-year decreases per tonne milled and 4E ounce of 2.5% and 6.6%, respectively to R1 551 (2019: R1 591) and R15 012 (2019: R16 080).

CAPITAL

Total capital expenditure for the reporting period increased by 16.2% to R327.1 million in line with project and operational stay-in-business (SIB) capital requirements. Expansion capital of R244.8 million was 6% lower than 2019 and aligned with project schedule and construction progress at Styldrift, Maseve concentrator MF2 upgrade and required expansion of our tailing storage facilities.

Replacement capital expenditure amounted to R28.2 million for the quarter, an increase of R27.1 million compared to 2019. The increase is directly attributable to the Styldrift replacement project progress related to extending the footwall declines to the north, south and east as part of establishing and securing the required ore-reserves to sustain production in the longer term.

SIB capital increased by R34.3 million to R54.1 million equating to 4.0% of cash operating costs.

COVID-19 RESPONSE AND OPERATIONAL FORECAST

A national state of disaster was declared by the President of South Africa followed by an announcement on 23 March 2020 of a 21-day national lockdown commencing from midnight on 26 March 2020 until 16 April 2020. RBPlat successfully ramped down and placed all its operations on care and maintenance, with only essential services in place. On 9 April 2020, the President announced a further two weeks extension to the National Lockdown beyond the initial 21 days until 30 April 2020.

On 16 April 2020, the regulations issued in terms of the Disaster Management Act were amended, inter alia, to allow mining operations to resume up to a maximum of 50% of capacity. RBPlat operations have restarted and will ramp up consistent with the production capacity guidelines. As announced on 17 April 2020, we are committed to ensuring the safety of our employees and that all practicable measures to reduce the risk, exposure and spread of COVID-19 are implemented to secure their wellbeing.

We are aware of the negative impact that COVID-19 has had on our employees, contractors as well as communities. As such we:

- continued to pay our employees their salaries during the National Lockdown period including medical aid and the risk benefit portion of their pension and provident fund contributions, and where applicable homeowners allowances and living out allowances
- provided financial assistance to certain contractors that are critical to our operations
- are providing relief to our communities including food, hygienic and educational support

As part of our detailed COVID-19 response plan, RBPlat has implemented cash preservation measures to ensure that we remain financially robust and flexible to respond to continuous changes. A key aspect of the plan is the reduction in our controllable fixed costs, especially during lockdown periods or other periods during which production is restricted. As a gesture of goodwill, executives and senior management waived 33% of their salaries during the lockdown period. In addition, shift allowances, production bonuses and other variable payments have also been curtailed.

As part of our cash preservation strategy the Company has reviewed current and planned future capital expenditure with the view of securing immediate reductions and optimising cashflows. The review included:

- identifying non-critical items which could be deferred without impacting on operational flexibility and asset integrity
- aligning SIB and replacement capital with revised production profiles and associated construction schedules
- considering the impact of the National Lockdown on both local and international equipment deliveries

The process has enabled the business to identify and defer approximately R400 million in capital expenditure, consisting of R60 million saving in SIB, R50 million in replacement capital and R290 million in expansion capital.

4E metals in concentrate losses due to the impact of the National Lockdown process on underground production is estimated at 10.0koz for the quarter and 46.3koz for the total extended lockdown period ending 30 April 2020. Given the evolving nature of the COVID-19 pandemic, it is too early to accurately gauge the cumulative impact on our operations.

Although our mining and concentrating operations are being restarted there will be limited production in the first two weeks as employees go through the screening process and testing where required. There are further uncertainties with respect to:

- the ongoing impact of COVID-19 both domestically and internationally
- the timing and nature of further government announcements
- the ability of suppliers of equipment, spares and consumables to deliver and support mining operations

Given these dynamics, RBPlat withdraws its previously stated 2020 guidance to the market. However, Group capital expenditure for 2020, including escalation and contingencies, is forecast to be approximately R1.8 billion. We will continue to actively monitor developments and provide an update when we have greater clarity.

STRONG FINANCIAL POSITION

As at 31 March 2020, the Company is in a net cash position of R209.5 million, compared to a net debt position of R491.3 million as at 31 December 2019. At the period end, RBPlat had approximately R800 million of general banking facilities available with cash and cash equivalents on hand of R2 194.4 million.

During the reporting period, RBPlat received a US\$145 million cash prepayment from Triple Flag Mining Finance Bermuda Limited ("Triple Flag") in exchange for the future delivery of gold from the RBPlat mining operations. Consequently, RBPlat fully settled the deferred consideration owing to RPM, amounting to R1 851 million including accrued interest.

Description	Unit	Unaudited quarter ended 31 March 2020	Unaudited quarter ended 31 March 2019	Quarter 1 2020 vs. Quarter 1 2019 % Change
Safety				
TIFR (/1 000 000 hrs)	rate	6.62	8.39	21.1
SIFR (/1 000 000 hrs)	rate	0.95	1.60	40.6
LTIFR (/1 000 000 hrs)	rate	1.89	2.60	27.3
Production				
Total tonnes hoisted	kt	954	878	8.7
BRPM	kt	520	528	(1.5)
Styldrift	kt	434	350	24.0
Tonnes delivered to concentrators	kt	865	862	0.4
BRPM	kt	476	525	(9.3)
Styldrift	kt	389	337	15.4
Total tonnes milled	kt	843	846	(0.4)
BRPM	kt	467	516	(9.5)
Styldrift	kt	375	330	13.6
Merensky	kt	693	742	(6.6)
UG2	kt	150	103	45.6
% UG2 of total tonnes milled	%	18	12	50.0
Closing surface stocks	kt	112	32	246.9
BRPM	kt	53	12	341.7
Styldrift	kt	59	20	195.0
4E built-up head grade	g/t	4.04	4.04	0.0
BRPM	g/t	4.10	4.18	(1.9)
Styldrift	g/t	3.96	3.83	3.4

Description	Unit	Unaudited quarter ended 31 March 2020	Unaudited quarter ended 31 March 2019	Quarter 1 2020 vs. Quarter 1 2019 % Change
Merensky	g/t	4.07	4.04	0.7
UG2	g/t	3.90	4.06	(3.9)
Concentrator recovery (4E)	%	82.40	82.97	(0.7)
BRPM concentrator	%	84.08	84.58	(0.6)
Maseve concentrator	%	78.70	78.70	0.0
Metals in concentrate produced				
RBPlat				
4E	koz	90.1	91.3	(1.3)
Platinum	koz	58.6	59.4	(1.3)
Palladium	koz	23.8	24.2	(1.7)
Rhodium	koz	5.1	4.8	6.3
Gold	koz	2.6	2.9	(10.3)
Iridium	koz	1.7	1.5	13.3
Ruthenium	koz	8.6	7.9	8.9
Nickel	kt	0.593	0.597	(0.7)
Copper	kt	0.366	0.368	(0.5)
BRPM				
4E	koz	51.3	58.5	(12.3)
Platinum	koz	33.1	38.1	(13.1)
Palladium	koz	13.6	15.5	(12.3)
Rhodium	koz	3.3	3.0	10.0
Gold	koz	1.2	1.9	(36.8)
Iridium	koz	0.9	0.9	0.0
Ruthenium	koz	4.8	5.0	(4.0)
Nickel	kt	0.271	0.366	(26.0)
Copper	kt	0.172	0.247	(30.4)
Styldrift				
4E	koz	38.8	32.8	18.3
Platinum	koz	25.5	21.3	19.7
Palladium	koz	10.2	8.7	17.2
Rhodium	koz	1.7	1.8	(5.6)
Gold	koz	1.4	1.0	40.0
Iridium	koz	0.8	0.6	33.3
Ruthenium	koz	3.8	2.9	31.0
Nickel	kt	0.321	0.231	39.0
Copper	kt	0.194	0.121	60.3
Cash operating costs				
RBPlat cash operating cost	R'm	1 365	1 223	(11.6)
BRPM	R'm	716	673	(6.4)
Styldrift	R'm	649	550	(18.0)
RBPlat cash operating cost / tonne milled	R/t	1 620	1 446	(12.0)
BRPM	R/t	1 533	1 305	(17.5)
Styldrift	R/t	1 728	1 667	(3.7)
RBPlat cash operating cost / 4E ounce	R/oz	15 146	13 413	(12.9)
BRPM	R/oz	13 952	11 497	(21.4)
Styldrift	R/oz	16 726	16 845	0.7
RBPlat cash operating cost / Pt ounce	R/oz	23 287	20 600	(13.0)
BRPM	R/oz	21 622	17 655	(22.5)

Description	Unit	Unaudited quarter ended 31 March 2020	Unaudited quarter ended 31 March 2019	Quarter 1 2020 vs. Quarter 1 2019 % Change
Styldrift	R/oz	25 453	25 881	1.7
Stock adjusted unit costs*				
RBPlat cash operating cost / tonne milled	R/t	1 485	1 402	(5.9)
BRPM	R/t	1 432	1 280	(11.9)
Styldrift	R/t	1 551	1 591	2.5
RBPlat cash operating cost / 4E ounce	R/oz	12 999	13 883	6.4
BRPM	R/oz	13 030	11 280	(15.5)
Styldrift	R/oz	15 012	16 080	6.6
Capital expenditure				
Total capital	R'm	327.1	281.4	(16.2)
Expansion	R'm	244.8	260.5	6.0
Replacement	R'm	28.2	1.1	(2 463.6)
Stay-in-business (SIB)	R'm	54.1	19.8	(173.2)
BRPM	R'm	22.0	12.6	(74.6)
Styldrift	R'm	24.8	6.3	(293.7)
Concentrators	R'm	7.2	0.9	(700.0)
BRPM SIB as a % of operating cost	%	3.1	1.9	(63.2)
Styldrift SIB as a % of operating cost	%	3.8	1.2	(216.7)

* Stock adjusted unit costs are calculated based on cash operating cost net of cost of mining, transport, services and overheads incurred in the development of the stockpiles

** Please note any difference in totals in this table is due to rounding

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

Johannesburg

29 April 2020

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