

RBPlat - Status of the Platinum Industry

GMP African Mining Jamboree

2nd February 2013



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Presentation outline

- Overview of Royal Bafokeng Platinum
- Status of the Platinum industry
- RBPlat strategy
- Concluding remarks

Overview of RBPlat



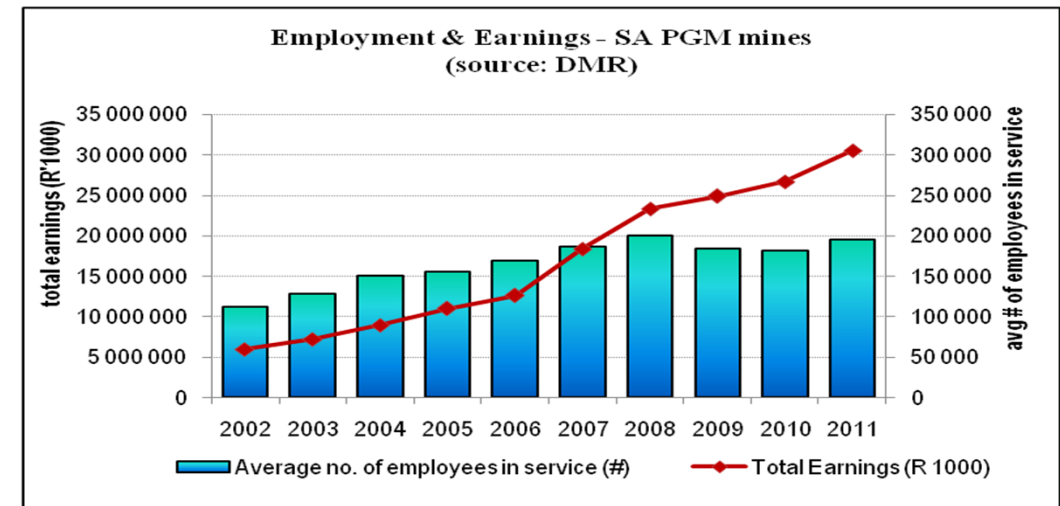
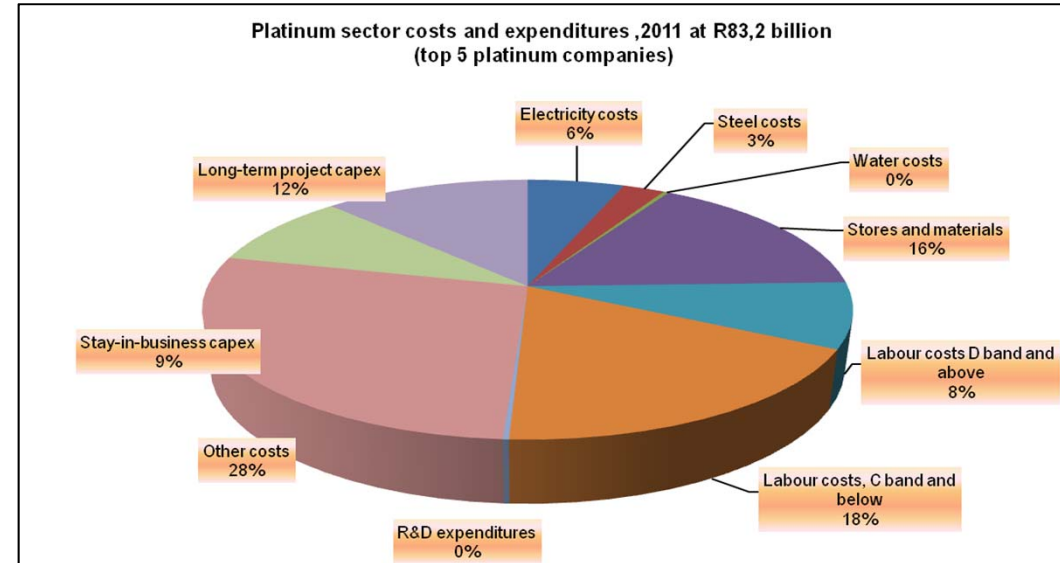
- Black-owned and controlled, mid-tier PGM producer
- Assets located on Western Limb of Bushveld Complex, South Africa
- 67% interest in Bafokeng Rasimone Platinum Mine JV (BRPM), unincorporated JV with Anglo American Platinum
 - BRPM mine (operating since 1998), Styldrift I project (production to commence in 2015)
 - assumed managerial & operational control in January 2010
 - Shallow Merensky biased producer - approx. 280koz of 4E PGM metals in concentrate pa.
 - 6,744 working cost employees (including contractors)
 - 4E resource base of 74 Moz (54.3 Moz, measured and indicated), +60 year life-of-mine
- Experienced management team, with clear focus and operational flexibility
- Experienced and independent board
- JSE listed: Market cap of R9.5 billion (\$1.05 billion) - 30 January 2013
- Constituent of the JSE SRI Index

Status of the Platinum industry



Key Stats - annual ave. (2007 - 2011)

- Platinum is the largest component of the SA mining sector
 - 5.5% of GDP (27.6% mining GDP)
 - GDP contribution R28 billion
 - 9.9% of merchandise exports
- Employs ca190 000 people - R25 billion in wages
 - Employment flat since 2007/08
 - Average wage per employee - R129,890
- Capital spend (top 5) - R15 billion
- SLP related expenditure amounting R310 million per annum



Source : Chamber of Mines – 21 January RSA PGM Mining Sector Briefing Note

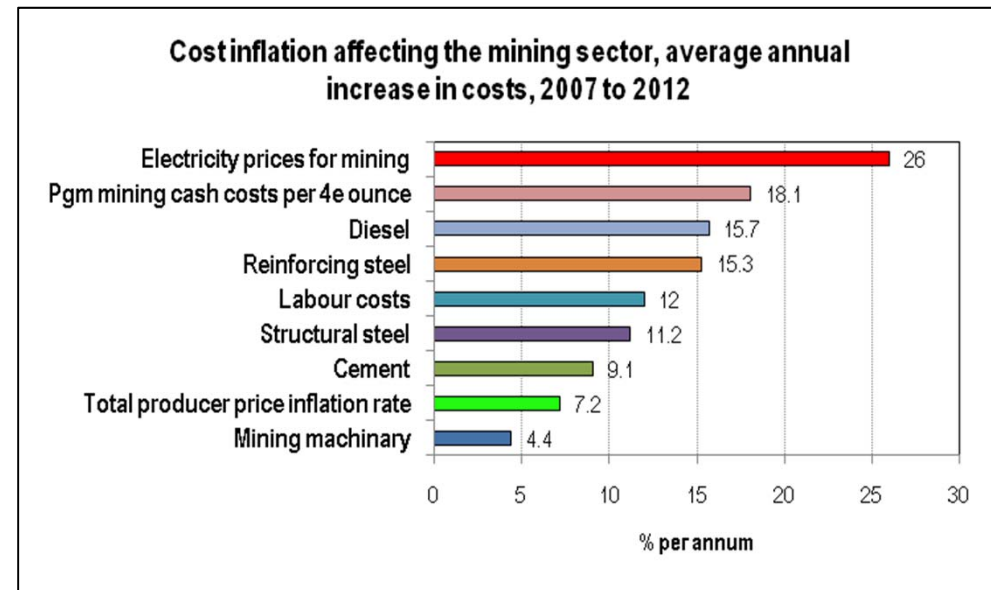
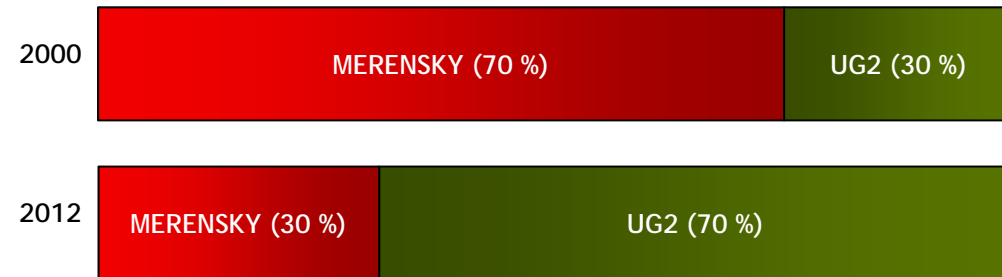
Status of the Platinum industry.....continued

Declining productivity

- 40% reduction in head grade from 2000
 - Merensky depletion
 - UG2 biased production - lower Pt yield
 - Productivity (Pt-kg's/employee) ↓ 38%
- Industrial action

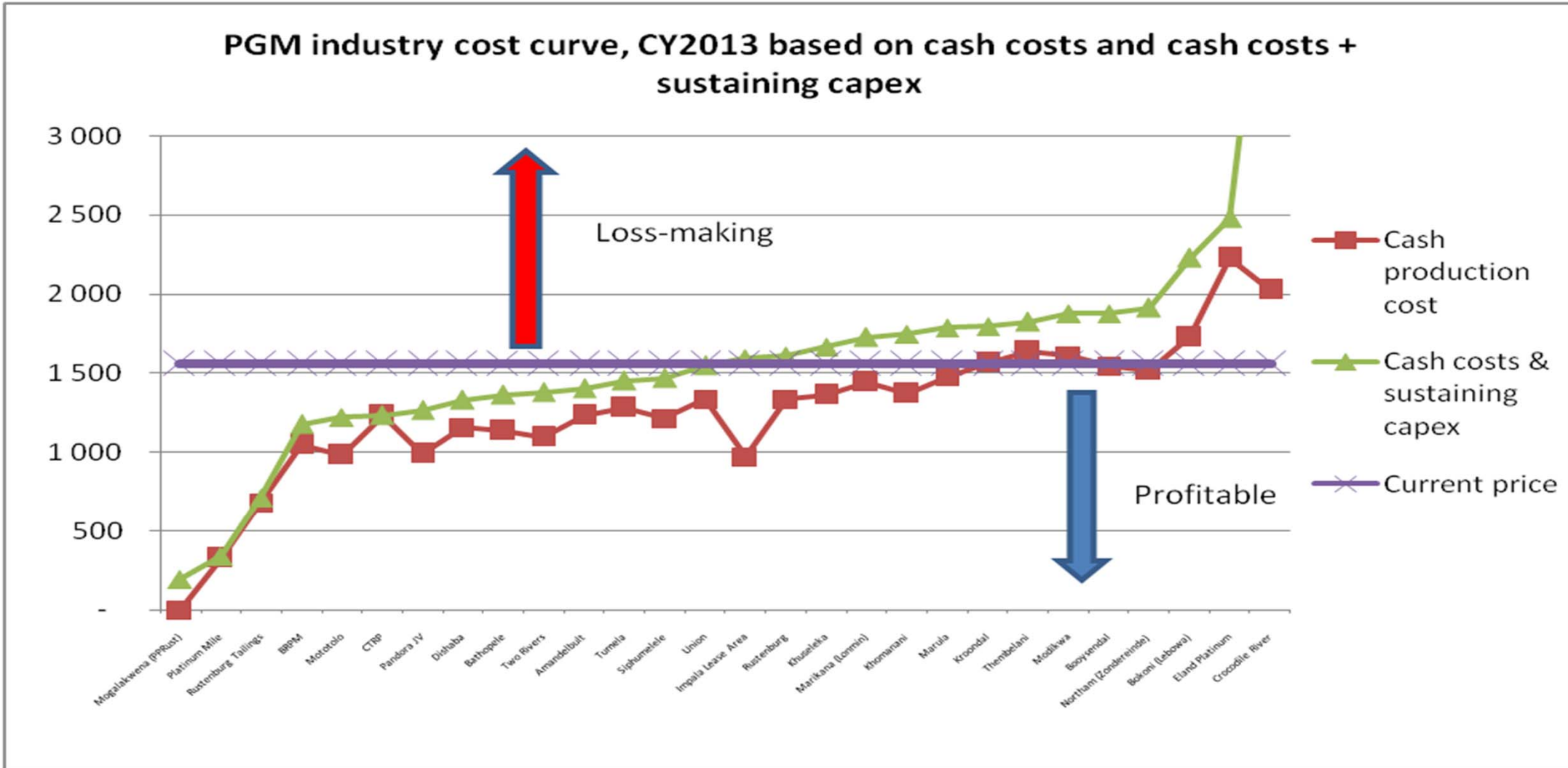
Cost pressures

- Double digit mining inflation - Cash cost/4Eoz 18.1% YoY (2007 - 2012)
 - Labour
 - Electricity
 - Steel
- 59% of industry loss-making at \$1600/Pt oz
 - Sustaining capital cut
 - Long term capital reviews and suspensions



Source : Chamber of Mines – 21 January RSA PGM Mining Sector Briefing Note

Increasing cost pressures

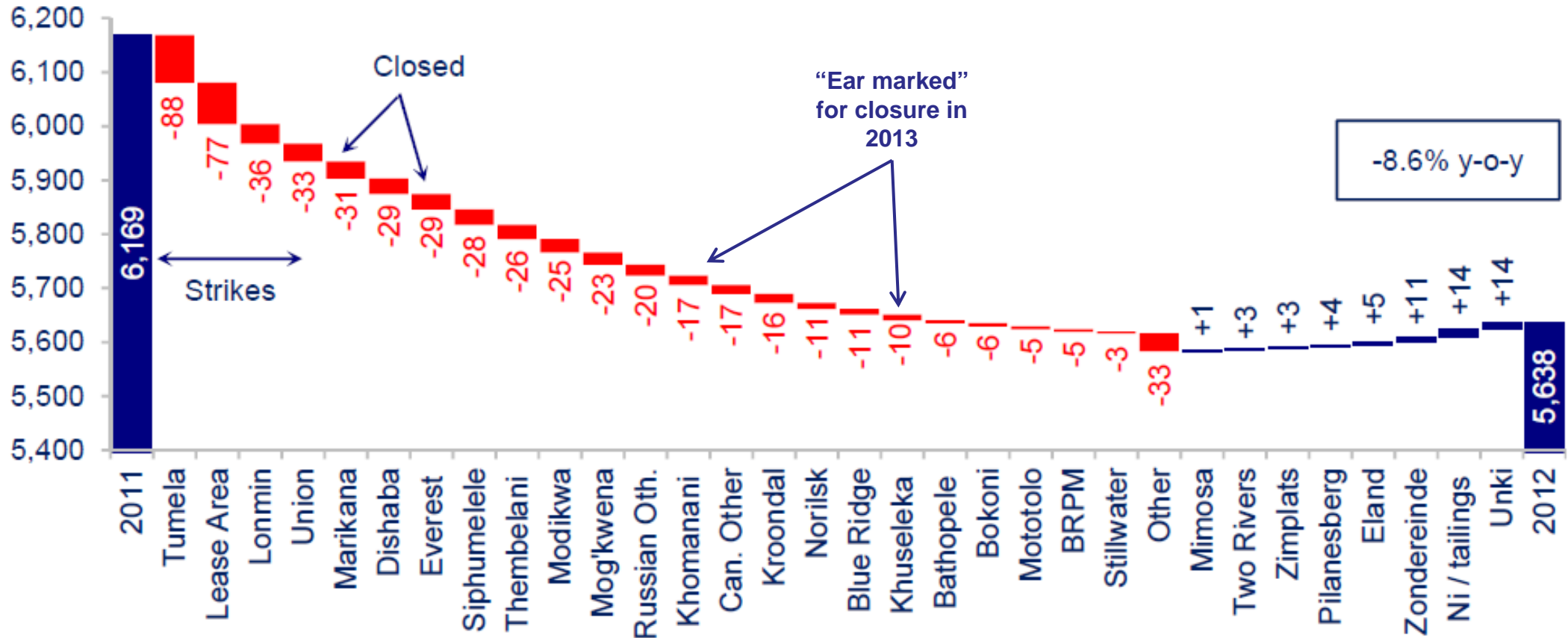


Source : Chamber of Mines – 21 January RSA PGM Mining Sector Briefing Note (JP Morgan - Cazenove)

Recent events in the Platinum industry

- Industry wide strike action during 2012
- Closure of Marikana, Everest and Smokey Hills
- Anglo American Platinum announcement of closure of four shafts
 - ca14 000 jobs at risk
- Uncertain policy framework
 - Windfall tax
 - Mining Charter compliance - 2014
 - State participation in mining industry
- Africa is a direct competitor for mineral investment
 - Limited investment in new platinum projects
- Technical skills dearth
 - Training
 - Europe, Canada and Australia have become direct competitors for technical skills

Reduced global Platinum production (2011-2012)



Source : SFA Oxford

- Power will have substantial implications on the future competitiveness of SA
 - Cost
 - Supply
- Water is becoming a scare resource
 - Cost
 - Supply - water treatment plants
- Housing and living conditions
- Rail and road links
 - Trucking does not carry its fair share of costs
 - Damage to road infrastructure is a significant cost
 - Carbon Footprint relative to rail for long distance is high
 - Roadworthiness and Congestion are daily impacts
 - Increasing the costs of trucking will make rail more competitive

SUPPLY IMPACTS

- Double digit cost inflation
- Unresolved socio-economic dynamics - leading to strike action
- Safety related adjustments to mining methods

DEMAND IMPACTS

- High dollar prices will mobilise recycling
- New ETF's in Hong Kong and North America
- Automaker restructuring
- Long contracts sit tight



R/\$ exchange rate

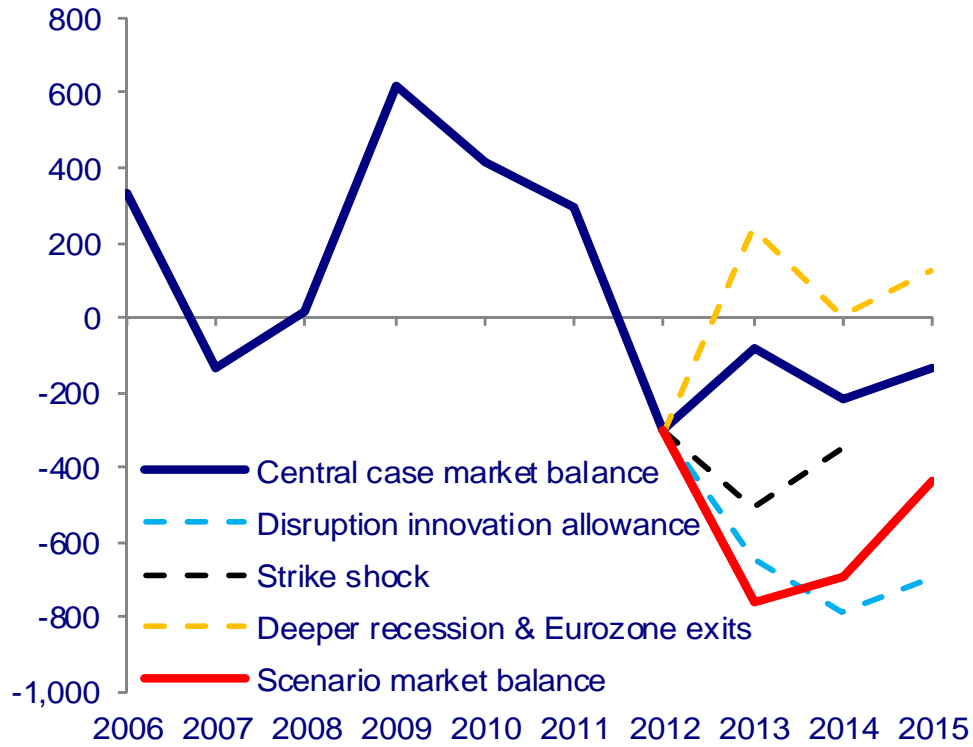


2013 Market deficit of 80 - 760 koz (Pt)

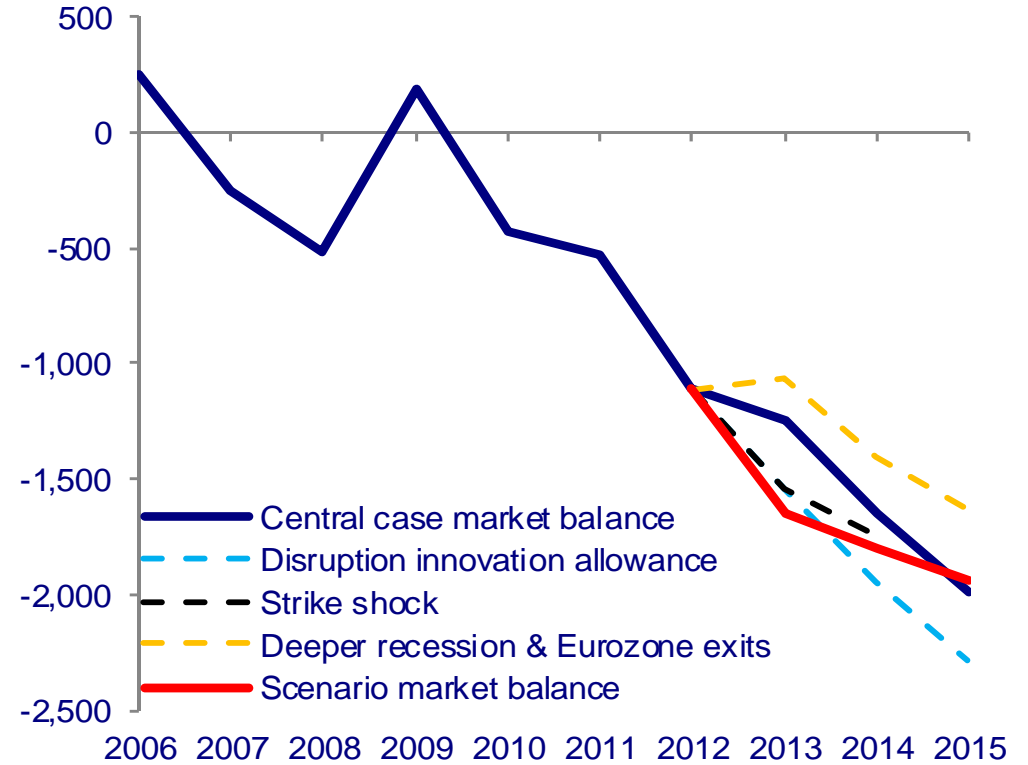
Market forecast



Platinum supply- demand balance, Koz



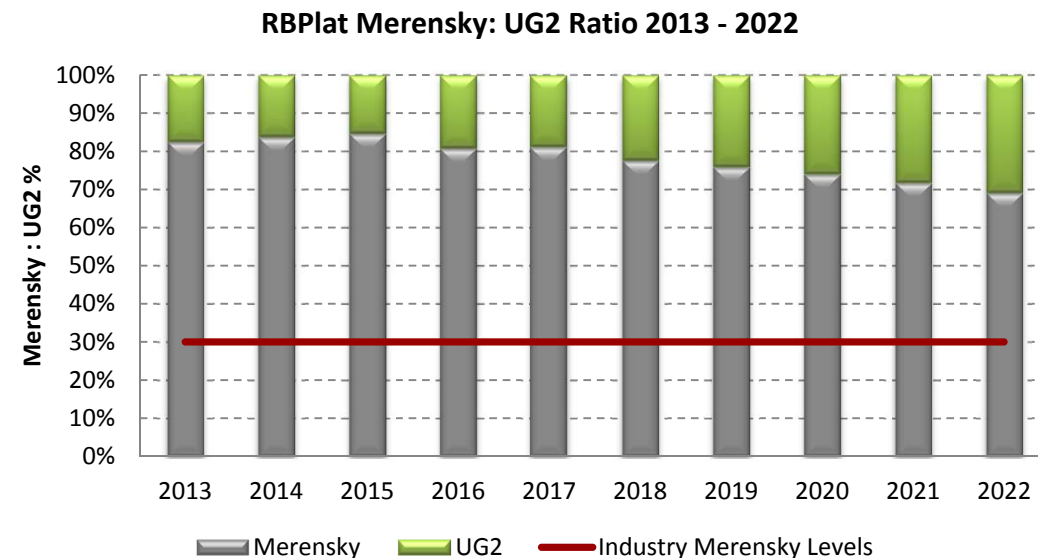
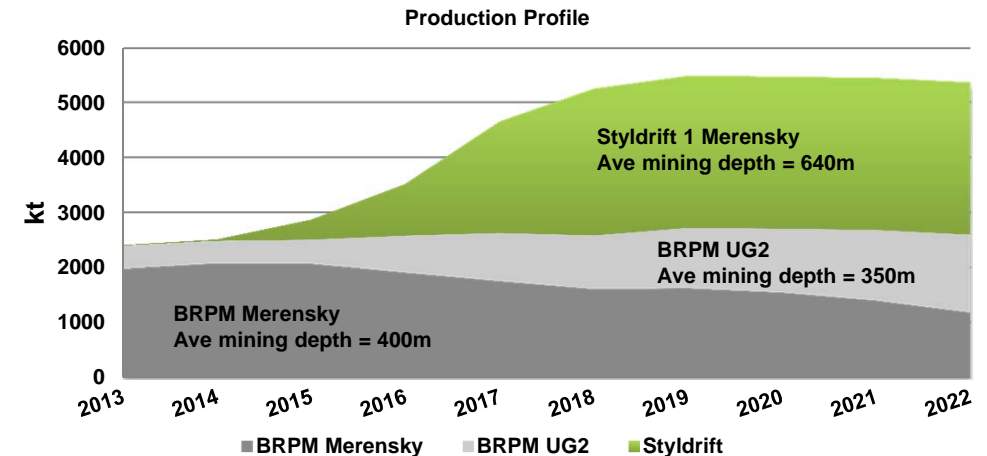
Palladium supply- demand balance, Koz



Source : SFA (Oxford)

RBPlat strategy

- Deliver on More than Mining promise
 - Community development through local partnerships
 - Maintain relationships with DMR and Government
- World class producing infrastructure
 - Maintain high Merensky:UG2 ratios
 - Use UG2 for **flexibility**
- Ensure access to key infrastructure
 - Secured power
 - Reduce reliance on potable water
- Achieve **operational excellence** at BRPM (optimising volumes and reducing costs)
 - Styldrift 1 expansion
 - BRPM cost reduction and operational flexibility
- Become BEE partner of choice
 - Mining Charter compliance key in 2014
- Bring Styldrift II Merensky forward as an **expansion** project



Styldrift I

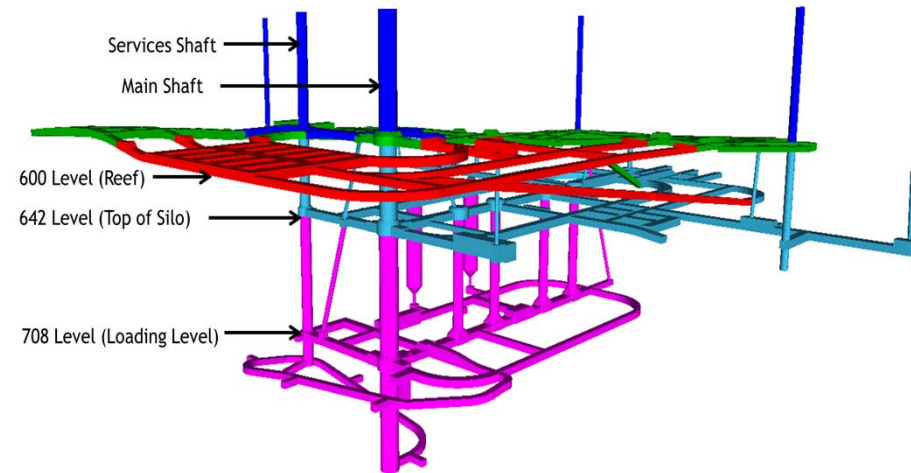
Description

- 230 ktpm Merensky mine and concentrator
 - Dual shaft access: main shaft, services shaft
 - Mechanised mining - bord & pillar (shallow dip 4-6°)
 - Average mining depth 640m
- Will increase BRPM JV PGM output in excess of 600koz (4E)
- Steady state operating cost R687/t
- 36 month ramp-up - commencing July 2015

Project Progress

- Project on schedule - 34% complete
- Operational management team in place
- Shaft sinking operations progressing well
 - Merensky reef intersection 15 August (600 L)
 - Initial 600 L station establishment completed
 - Main and service shafts have reached the 642L (top of silo) position

Underground infrastructure view

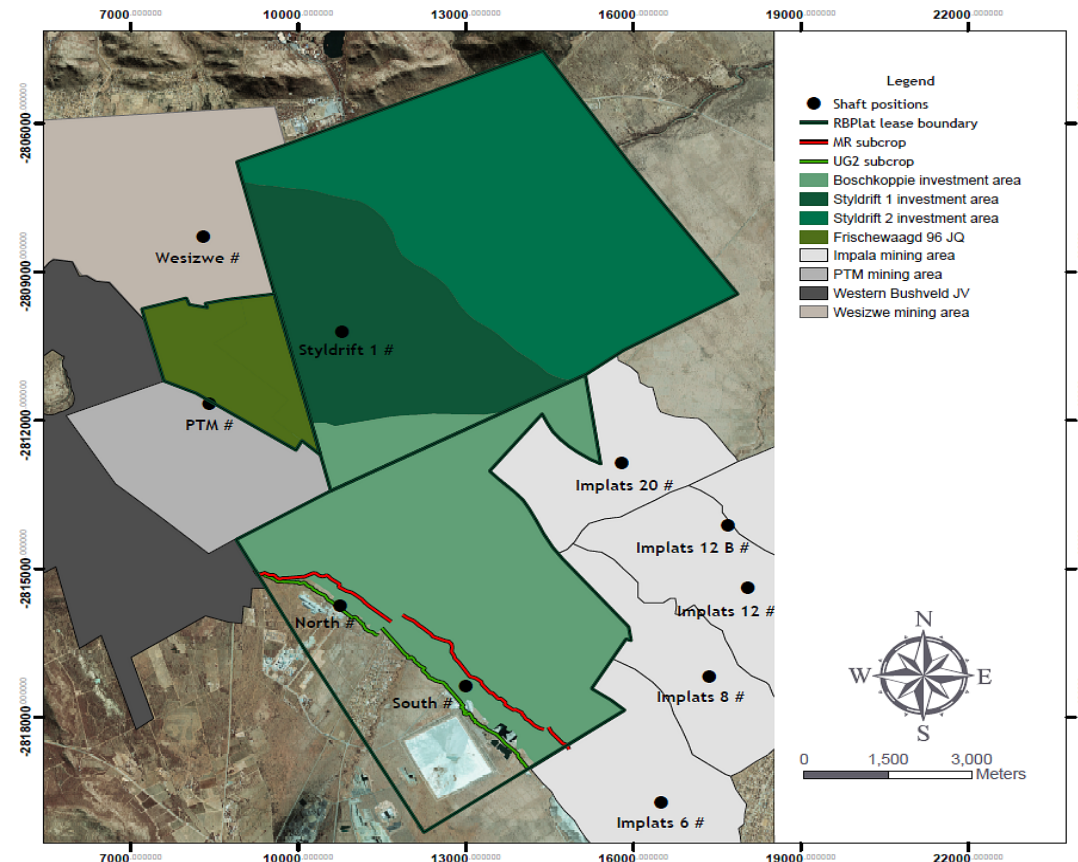


Project expenditure (Q3 2012)

- Committed = R2.21 billion
- Expenditure = R1.71 billion
- R 323 million savings accrued to date
- Estimate at completion R11.48 billion (Budget R11.8 billion)

RBPlat is uniquely positioned

- Excellent credentials for doing business in SA
- Well positioned for leveraging regional synergies
- Has high quality assets
 - Large, shallow, high grade Merensky resource
 - Favourable PGM prill split
- Has a proven management team
- Is pursuing an active sustainable growth path
 - Styldrift I expansion - double PGM output by 2018
 - Long-term Merensky biased production
 - Styldrift II study program
- Actively engaging with :
 - Local communities
 - Government and DMR
 - Organised labour



Conclusion - Shared growth the way forward

Investment growth

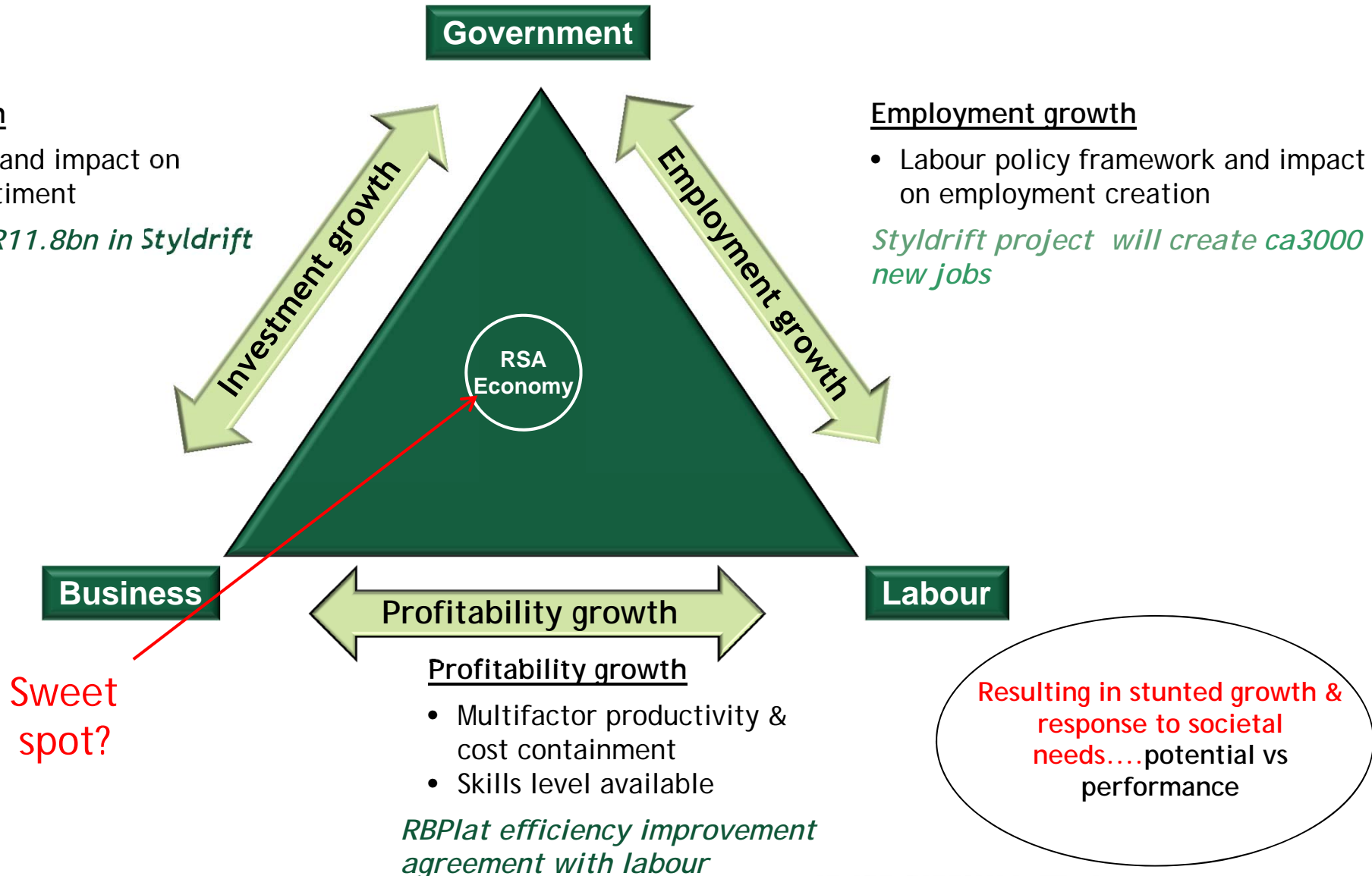
- National policy and impact on investment sentiment

RBPlat investing R11.8bn in Styldrift for growth

Employment growth

- Labour policy framework and impact on employment creation

Styldrift project will create ca3000 new jobs



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