MORE THAN> MINING

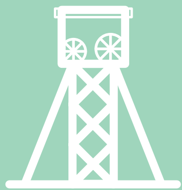
AUDITED ABRIDGED RESULTS
FOR THE YEAR ENDED
31 DECEMBER 2012

Royal Bafokeng Platinum is a black-owned and controlled, mid-tier platinum group metals (PGMs) producer originating from a joint venture in existing mining operations and endowed with resources for future mining in the Styldrift property.

The strategy driving our business has four pillars which are underpinned by the aspiration of ***More than mining***.

Our business model creates economic value, within a mutually beneficial joint venture, in a manner that also *creates value for society*.

Mining BRPM, our current operation to extract platinum group metals in *a safe* and cost effective manner



Growing our business organically through our investment in the Styldrift I and II projects which contributes to the national economy and employment creation

Treating the ore we produce locally in our concentrator plant

Selling concentrate, our end product, which generates cash flow for investment, growth and community development

Achievements

Fatality-free shifts

1.78 million

Intersected Styldrift Merensky Reef

600m level

Improved operational flexibility: Immediately stopable reserves (IMS)

25% improvement in face length

4 580 metres
2011

5 710 metres
2012

Capex*

2.4% increase

R1 164 million
2011

R1 192 million
2012

Phase II South shaft replacement project completed on schedule with a

R110 million saving

Balance sheet remains ungeared

IMS panel ratio

increased to 1.48

Improvements

Productivity

30 tonnes milled per employee

2% improvement

Tonnes milled

3% increase

2 375kt

* *100% BRPM JV*

Challenges

Built-up head grade 2012

6.4% reduction

4.07g/t

Cash operating cost per tonne milled

10.4% increase

R864/tonne

Cash operating cost per platinum ounce

19% increase

R11 775 Pt/oz

Cash position

R1 364.5 million
2011

R910.5 million
2012

Headline earnings per share

37.8% reduction

104 cents

4E PGM ounces (4E)

4.4% decrease

269koz

Disappointments

Milled tonnes lost

117kt lost due to safety stoppages
70kt lost due to unprotected industrial action

Fatality at North shaft

Summary consolidated statement of financial position

As at 31 December 2012

	Group		
	31 Dec 2012	31 Dec 2011	
	Audited	Audited	Change
	R (million)	R (million)	%
Assets			
Non-current assets	17 947.0	17 101.5	4.9
Property, plant and equipment	8 899.2	7 999.3	11.2
Mineral rights	6 645.0	6 700.5	(0.8)
Goodwill	2 275.1	2 275.1	0.0
Environmental trust deposits	103.1	92.4	11.6
Deferred tax asset	24.6	34.2	(28.1)
Current assets	2 154.4	2 391.1	(9.9)
Inventories	41.1	31.1	32.3
Trade and other receivables	1 202.4	995.7	20.8
Held-to-maturity investments	260.6	264.9	(1.6)
Current tax receivables	0.4	0.2	76.1
Cash and cash equivalents	649.9	1 099.2	(40.9)
Total assets	20 101.4	19 492.6	3.6
Equity and liabilities			
Share capital	1.7	1.7	–
Share premium	7 789.0	7 759.9	0.4
Retained earnings	3 605.6	3 435.3	5.0
Other reserves	119.7	81.1	47.6
Non-controlling interest	3 964.6	3 859.2	2.8
Total equity	15 480.6	15 137.2	2.3
Non-current liabilities	4 175.1	4 112.2	1.5
Deferred tax liability	4 112.6	4 054.1	1.4
Long-term provisions	62.5	58.1	7.5
Current liabilities	445.7	243.2	83.3
Trade and other payables	443.3	239.8	84.9
Current income tax	2.4	3.4	29.4
Total liabilities	4 620.8	4 355.4	6.1
Total equity and liabilities	20 101.4	19 492.6	3.1

Notes 1 to 12 form an integral part of these summary consolidated financial statements.

The summary annual financial statements for the year ended 31 December 2012 were prepared under the supervision of the Chief Financial Officer Martin Prinsloo CA(SA).

Summary consolidated statement of comprehensive income

For the year ended 31 December 2012

		Group		
		31 Dec 2012	31 Dec 2011	
		Audited	Audited	Change
	Notes	R (million)	R (million)	%
Revenue	8	2 865.3	2 974.9	(3.7)
Cost of sales	9	(2 525.5)	(2 408.7)	4.9
Cost of sales excluding depreciation and amortisation		(2 201.8)	(1 867.1)	17.9
Depreciation and amortisation		(327.6)	(518.3)	36.8
Increase/(decrease) in inventories		3.9	(23.2)	116.7
Gross profit		339.8	566.2	(40.0)
Other income		66.9	54.8	22.2
Administrative expenses		(101.7)	(104.3)	2.5
Finance income		59.7	62.6	(4.6)
Finance cost		(3.4)	(4.9)	31.5
Profit before tax		361.3	574.4	(37.1)
Income tax expense		(85.6)	(163.6)	47.7
Income tax		(17.5)	(29.9)	41.6
Deferred tax		(68.1)	(133.7)	49.0
Other comprehensive income		–	–	–
Total comprehensive income		275.7	410.8	(32.9)
Total comprehensive income attributable to:				
Owners of the Company		170.3	273.4	(37.7)
Non-controlling interest		105.4	137.4	(23.3)
		275.7	410.8	
Basic earnings (cents per share)	7	104	167	(37.8)
Diluted earnings (cents per share)	7	104	167	(37.9)
Headline earnings (cents per share)	7	104	167	(37.8)

Notes 1 to 12 form an integral part of these summary consolidated financial statements.

Summary consolidated statement of changes in equity

For the year ended 31 December 2012

	Number of shares issued*	Ordinary shares*	Share premium*
		R (million)	R (million)
Balance at 31 December 2011	163 677 799	1.7	7 759.9
Share-based payment charge	–	–	–
IPO shares vested in May 2012	417 416	–	25.9
2009 BSP shares vested in December 2012	55 589	–	3.2
Total comprehensive income	–	–	–
Balance at 31 December 2012	164 150 804	1.7	7 789.0
Balance at 31 December 2010 (Restated)	163 677 799	1.7	7 759.9
Share-based payment charge	–	–	–
Total comprehensive income	–	–	–
Balance at 31 December 2011	163 677 799	1.7	7 759.9

* *The number of shares is net of 833 349 treasury shares relating to the Company's management share incentive scheme and the Mahube Trust as shares held by these special purpose vehicles are eliminated on consolidation.*

Notes 1 to 12 form an integral part of these summary consolidated financial statements.

Share-based payment reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interest	Total
R (million)	R (million)	R (million)	R (million)	R (million)
81.1	3 435.3	11 278.0	3 859.2	15 137.2
67.7	–	67.7	–	67.7
(25.9)	–	–	–	–
(3.2)	–	–	–	–
–	170.3	170.3	105.4	275.7
119.7	3 605.6	11 516.0	3 964.6	15 480.6
18.8	3 161.9	10 942.3	3 721.8	14 664.1
62.3	–	62.3	–	62.3
–	273.4	273.4	137.4	410.8
81.1	3 435.3	11 278.0	3 859.2	15 137.2

Summary consolidated cash flow statement

For the year ended 31 December 2012

	Group		
	31 Dec 2012	31 Dec 2011	
	Audited	Audited	Change
	R (million)	R (million)	%
Cash generated by operations	687.3	998.4	(31.2)
Interest received	64.0	48.6	31.7
Tax paid	(18.7)	(21.9)	(15.0)
Net cash flow generated by operating activities	732.6	1 025.1	(28.5)
Proceeds from disposal of property, plant and equipment	–	0.3	(100.0)
Acquisitions of property, plant and equipment	(1 173.9)	(1 146.5)	(2.4)
Increase in environmental trust deposits	(8.0)	(4.9)	(63.3)
Net cash flow utilised by investing activities	(1 181.9)	(1 151.1)	(2.7)
Settlement of Rustenburg Platinum Mines Limited (RPM) receivable	–	325.8	(100.0)
Net cash flow generated by financing activities	–	325.8	(100.0)
Net increase/(decrease) in cash and cash equivalents	(449.3)	199.8	(324.9)
Cash and cash equivalents at beginning of year	1 099.2	899.4	22.2
Cash and cash equivalents at end of year	649.9	1 099.2	48.9

Notes 1 to 12 form an integral part of these summary financial statements.

Notes to the summary consolidated annual financial statements

For the year ended 31 December 2012

1. Basis of presentation

The summary consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, the JSE listing requirements and requirements of the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements.

The financial information is presented in South African Rands which is the Company's functional currency.

2. Accounting policies

The summary consolidated financial statements have been prepared under the historic cost convention. The principal accounting policies used by the Group are consistent with those of the previous period, except for the adoption of various revised and new standards. The adoption of these standards had no material impact on the financial results for this review period.

3. Audit opinion

The summary consolidated financial statements have been audited by the Group's external auditors, PricewaterhouseCoopers Inc. whose unqualified opinion is available for inspection at the registered office of Royal Bafokeng Platinum Limited.

The auditors report does not necessarily cover all of the information contained in this financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors work, they should obtain a copy of that report together with the accompanying financial information form the registered office of Royal Bafokeng Platinum Limited.

4. Capital commitments

Capital commitments in respect of property, plant and equipment.

	Group	
	2012	2011
	R (million)	R (million)
Commitments contracted for	499.0	771.9
Approved expenditure not yet contracted for	7 903.9	8 737.9
Total	8 402.9	9 509.8

The commitments reflect 100% of the BRPM JV project commitments. Effectively Royal Bafokeng Resource Proprietary Limited (RBR) must fund 67% thereof and RPM the remaining 33%.

Should either party elect not to fund their share, the participation interest in the BRPM JV will be diluted according to the terms reflected in the BRPM JV agreement.

Notes to the summary consolidated annual financial statements (continued)

For the year ended 31 December 2012

5. Guarantees and contingencies

5.1 Guarantees

	Group	
	2012	2011
	R (million)	R (million)
Guarantees issued		
Royal Bafokeng Resources Proprietary Limited, a wholly-owned subsidiary of RPBlat, granted the following guarantees:		
Eskom to secure power supply for Styldrift I Project development	17.1	17.1
Eskom early termination guarantee for Styldrift I	17.5	17.5
Eskom connection charges guarantee for Styldrift I	40.0	40.0
Anglo American Platinum Limited for the rehabilitation of land disturbed by mining activities at BRPM	75.3	75.3
Security guarantee in favour of Nedbank Capital in respect of the funding facility	–	–
Royal Bafokeng Platinum Management Services Proprietary Limited, a wholly-owned subsidiary of RBPlat, granted the following guarantees:		
Tsogo Sun guarantees arising from lease agreements	0.4	0.4
Total guarantees issued at 31 December	150.3	150.3

5.2 Tax contingency

On 31 January 2013 Royal Bafokeng Resources received notice from the South African Revenue Services (SARS) that they have completed an audit of RBR's 2008 to 2010 tax assessments and that they intend re-opening these assessments to effect certain proposed adjustments. These proposed adjustments primarily relate to SARS intending to disallow interest on shareholder's loans amounting to R586 million previously deducted by RBR in the 2008 and 2009 income tax assessments. RBR has enlisted independent advice regarding this matter and based upon consultation to date, remain confident that it would be successful in defending this matter.

6. Financing facilities in place

RBPlat had cash and near cash investment on hand of R910.5 million as at 31 December 2012. The Group has an intra-month funding working capital requirement which is met through a R250 million working capital facility of which R150.3 million had been utilised for guarantees as at 31 December 2012. It also has an unutilised revolving credit facility (RCF) of R500 million. The RCF terms were renegotiated in 2012 resulting in a reduction in the commitment fees and the interest rate and the extention of the RCF from 31 December 2013 to 31 December 2015.

7. Earnings per share

The weighted average number of ordinary shares in issue outside the Group for the purposes of basic earnings per share and the weighted average number of ordinary shares for diluted earnings per share are calculated as follows:

	Group	
	2012	2011
Number of shares issued	165 548 067	165 123 082
Mahube Trust	(563 914)	(563 914)
Management incentive scheme	(1 306 354)	(881 369)
Number of shares issued outside the Group	163 677 799	163 677 799
Adjusted for weighted shares issued during the year	282 910	-
Weighted average number of ordinary shares in issue for earnings per share	163 960 709	163 677 799
Management incentive scheme	139 362	462 537
Weighted average number of ordinary shares in issue for diluted earnings per share	164 100 070	164 140 336
Profit attributable to owners of the Company R (million)	170.3	273.4
Basic earnings per share (cents per share)	104	167
Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for earnings per share.		
Diluted earnings per share (cents per share)	104	167
Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company for the year by the weighted average number of ordinary shares in issue for diluted earnings per share.		
Headline earnings		
Profit attributable to owners of the Company is adjusted as follows:		
Profit attributable to owners of the Company R (million)	170.3	273.4
Adjustment net of tax:		
Loss on disposal of property, plant and equipment	–	0.3
Headline earnings R (million)	170.3	273.7
Basic headline earnings (cents per share)	104	167
Diluted headline earnings (cents per share)	104	166

Notes to the summary consolidated annual financial statements (continued)

For the year ended 31 December 2012

8. Revenue

	Group	
	2012	2011
	R (million)	R (million)
Revenue from concentrate sales – production from BRPM concentrator	2 720.9	2 846.6
Revenue from UG2 toll concentrate	144.4	128.3
Total	2 865.3	2 974.9

9. Cost of sales

	Group	
	2012	2011
	R (million)	R (million)
On-mine costs:		
– Labour	753.1	673.9
– Utilities	171.1	144.5
– Contractor costs	478.4	377.0
– Movement in inventories	(3.9)	23.3
– Materials and other mining costs	648.0	614.8
– Elimination of intergroup management fee	(33.3)	(31.5)
State royalties	9.6	14.1
Depreciation – Property, plant and equipment	272.1	462.1
Amortisation – Mineral rights	55.5	56.2
Share-based payment expenses	43.6	33.1
Social and labour plan expenditure expensed	126.9	35.8
Other	4.4	5.4
Total	2 525.5	2 408.7

10. Related party transactions

	Group	
	2012	2011
	R (million)	R (million)
BRPM Joint venture balances:		
Amount owing by RPM for concentrate sales	1 059.9	941.8
Amount owing to RPM for contribution to BRPM JV (working capital nature)	223.1	37.5
Amount owing to RPM in respect of Service Level Agreements with RPM	–	0.1
BRPM Joint venture transactions:		
Concentrate sales to RPM (Refer Note 8)	2 865.3	2 974.9
Fellow subsidiary transactions:		
Transactions with Fraser Alexander for rental of mining equipment, maintenance of tailings dam and operation of sewerage plant	20.6	15.6
Impala Platinum Limited for royalty income	61.8	24.9
Geoserve Exploration Drilling Company for exploration drilling on Boschkoppie and Styldrift	15.6	15.5
Trident South Africa Proprietary Limited	5.7	–
Tarsus Technologies for electronic equipment purchases	3.5	0.8
Zurich Insurance Company of SA for underwriting a portion of BRPM insurance (previously related)	–	0.7
Royal Marang Hotel for accommodation and conferences	0.3	0.5

11. Dividends

No dividends have been declared or proposed for the current period (2011: Rnil).

Notes to the summary consolidated annual financial statements (continued)

For the year ended 31 December 2012

12. Segmental reporting

The Group is currently operating one mine with two decline shafts BRPM and developing the Styldrift I Project. The BRPM operation is treated as one operating segment.

The Executive Committee of the Company is regarded as the Chief Operating Decision Maker.

	BRPM	
	2012	2011
	R (million)	R (million)
Concentrate sales	2 865.3	2 974.9
Cash cost of sales	(2 050.6)	(1 802.4)
Depreciation	(170.9)	(357.1)
Other operating income	64.9	29.0
Other operating expenditure	(171.1)	(101.7)
Net finance income	10.3	5.2
Segmental profit before tax	547.9	747.9
Additional depreciation on purchase price allocation (PPA) adjustment and amortisation	(156.7)	(161.2)
Overheads of corporate office	(111.3)	(104.3)
Consolidation adjustments	33.9	10.0
Other income and net finance income	47.5	82.0
Profit before tax per the statement of comprehensive income	361.3	574.4
Taxation	(85.6)	(163.6)
Profit after tax	257.7	410.8
Non-controlling interest	(105.3)	(137.4)
Contribution to basic earnings	170.3	273.4
Contribution to headline earnings	170.3	237.7
Segment assets	7 109.1	6 626.8
PPA adjustment to carrying amount of PPE (includes mineral rights)	9 268.4	9 407.1
Corporate assets and consolidation adjustments (includes goodwill)	3 723.9	3 458.7
Total assets per the statement of financial position	20 101.4	19 492.6
Segment liabilities	249.3	245.1
Corporate liabilities and consolidation adjustments	256.6	52.8
Unallocated liabilities (tax and deferred tax)	4 115.0	4 057.5
Total liabilities per the statement of financial position	4 620.9	4 355.4
Capital expenditure	1 173.9	1 146.5

Operating and financial statistics

Description	Unit	Var %	2012	2011
Safety				
Fatal injuries	No.	(100)	1	-
LTIFR	/200 000 hrs	26	0.68	0.91
SIFR	/200 000 hrs	(10)	0.42	0.47
Mining production				
Total tonnes delivered	kt	4	2 384	2 284
Merensky	kt	(3)	1 959	2 026
UG2	kt	65	425	258
Development	km	31	39.4	30.2
Immediately stopable reserves	km	25	5.71	4.58
Concentrator production				
Total tonnes milled	kt	3	2 375	2 305
Merensky	kt	(4)	1 959	2 046
UG2	kt	61	417	258
UG2	%	57	18	11
Total BRPM UG2	%	117	11.59	5.35
Built-up head grade (4E)	g/t	(6.4)	4.07	4.35
Merensky built-up head grade (4E)	g/t	(5)	4.22	4.44
UG2 built-up head grade (4E)	g/t	(7)	3.36	3.60
Recovery – 4E (total concentrating)	%	(0.9)	86.71	87.47
Recovery BRPM concentrator	%	(0.7)	87.21	87.83
4E metals in concentrate	koz	(4.4)	269.26	281.67
Pt metal in concentrate	koz	(4.7)	174	183
Nickel	kt	(10)	1.9	2.1
Safety stoppage losses	kt	(28)	117	92
Labour				
Total labour	No.	(3)	7 743	7 942
Working cost labour	No.	(8)	6 057	6 553
Capital labour	No.	(21)	1 686	1 389
m² per stoping crew	m²/crew	0	307	308
Tonnes milled/total operating employee	t/emp	2	30	29
Operating costs				
Cash operating costs	R'm	(14)	2 051	1 802
Cash unit cost	R/t	(10)	864	782
Cash unit cost	R/4E oz	(19)	7 616	6 399
Cash unit cost	R/Pt oz	(19)	11 775	9 863
Capital expenditure				
Total capital expenditure	R'm	2	1 192	1 164
SIB	R'm	63	238	146
Replacement	R'm	(19)	308	379
Expansion	R'm	1	646	639
Other				
EBITDA	R'm	(38.8)	633.8	1035
EBITDA margin	%	(36.5)	22.1	34.8
Average basket price	R/Pt oz	0.7	16 404	16 282
Average R:US$ exchange rate	R/US$	13.1	8.21	7.26

* *Please note that any difference in variance percentages in this table is due to rounding.*

Commentary

Safety

We made significant progress in terms of safety at both BRPM and Styldrift. We achieved this through implementing our safety strategy, which is aimed at developing a resilient safety culture and reducing the exposure of our employees to hazards. The 26% reduction in our lost time injury frequency rate and the 10% reduction in our serious injury frequency rate are indications of the success of our safety programme this year. Regrettably, however, we had a fatal injury at BRPM on 6 February 2012 due to a fall of ground incident at our North shaft. Subsequent to this initial disappointment no further fatalities were recorded and we achieved 1.78 million fatality-free shifts by year end.

Our safety stoppages increased by 28% during 2012. Despite this increase, it was encouraging to note that the reasons for these stoppages bore a significantly increased correlation with injuries or factors directly contributing to injuries compared to previous years. We believe the trend of continual safety improvement at our operations should mitigate this risk.

RBPlat remains fully committed to our policy of zero harm. To this end we will continue to interact and collaborate with our employees, unions and business partners as well as the Department of Mineral Resources and other PGM producers, to further improve our safety performance.

More than mining

2012 was a remarkable year for RBPlat in terms of community development, environmental stewardship and stakeholder engagement.

A highlight was the completion and handover to the Royal Bafokeng Sports (RBS) and Royal Bafokeng Institute (RBI) of the world class sports fields at the five schools within the villages that neighbour our operations. The construction of these sports fields, at a cost of approximately R24 million, was the beginning of our long-term whole-school development programme in association with the RBI aimed at improving both primary and secondary education within these villages, both in and outside the classroom. The in-class intervention commences in 2013 and will include the development of both school leadership and teaching skills, including the employment of four maths and science teachers and school infrastructure refurbishment which includes the equipment for a laboratory at one of the local high schools. We have also commenced construction of a large-scale agri-based business hub which will include various enterprise development initiatives intended to benefit local entrepreneurs and households. Other projects we delivered during the period under review are described in our Integrated Annual Report and on our website.

With respect to environmental stewardship, we completed the environmental impact assessment and related environmental management programme report for the construction of a water treatment plant and these were placed for public review. We will submit the report, inclusive of public comments, for consideration and approval by the authorities during March 2013.

Our climate change strategy is driven by our energy conservation plans, given that approximately 97% of our carbon emissions are generated from Eskom electricity. We have implemented some of the initiatives identified during the energy audit we completed mid-year. These include installation of vanes in the phase 1 main ventilation fans at both the North and South shafts and control of compressed air leaks. The expected carbon dioxide equivalent (CO_2e) reduction we will achieve from these combined electricity savings is between 2% and 3% p.a. In addition, we have obtained a better understanding of the risks and opportunities related to climate change following the conclusion of our vulnerability assessment and are cultivating response plans. We were pleased with the improvement in our Carbon Disclosure Project (CDP) ranking from 71 in 2011 to 22 in 2012 and our score of 89.

RBPlat's vision and mission is orientated towards its stakeholders, and we place great emphasis at both corporate and operational levels on stakeholder engagement and mutuality in our relationships. We started 2012 by signing up to the UN Global Compact Network and committing to its 10 universally accepted principles in the areas of human rights labour, the environment and anti-corruption. The second half of the year was marked by industry-wide industrial action which had a relatively modest impact on our operations. We believe that the impact on our operations was minimised by our open engagement with the disgruntled employees, assisted by the Rustenburg Crisis Resolution Committee, the National Union of Mineworkers and United Association of South Africa, in arriving at a peaceful resolution of the employees' grievances. A highlight of the year was the inclusion of RBPlat in the JSE SRI Index and the Nedbank Green Index for the first time.

Operational performance

In recent years the Merensky output at BRPM in has been constrained by the limited number of Merensky production levels and the low ratio of immediately available stoping panels to stoping crews. During 2012 we realised a significant improvement in this area through a 31% increase in development from 30.2km to 39.4km which includes primary development as well as redevelopment to re-establish panels that had been temporarily lost due to geological conditions. The result was an increase in immediately stopable reserve (IMS) face length from 4.58km to 5.71km and an increase in panel ratio from 1.01 at the start of the year to 1.48 at the end of the year. Our stated target panel ratio is 1.5 panels per stoping crew. However, Merensky production was compromised by safety stoppages resulting from mine injuries and operational disruptions emanating from industry-related rock drill operator remuneration disputes. Safety stoppages for the year resulted in production losses amounting to 117kt while we suffered production losses of 70kt from industrial unrest. This resulted in a 4% decline in Merensky tonnes milled to 1.96 million tonnes. The lower Merensky output was offset by a 61% increase in UG2 production to 417kt and the treatment of approximately 60kt of low grade surface stockpile. The net result was a 3% increase in total tonnes milled to 2.375 million tonnes.

Commentary (continued)

The built-up head grade reduced by 6.4% from 4.35g/t (4E) to 4.07g/t (4E) due to lower grades associated with the increased overall UG2 contribution, the increased reef development to stoping ratio, treatment of the 60kt of low grade surface stockpile and low grades achieved at South shaft UG2. The Merensky and UG2 grades at North shaft were 4.37g/t (4E) and 3.64g/t (4E), which were relatively in line with expectation other than the additional dilution from increased development. At South shaft the Merensky grade was 4.24g/t (4E) and similarly, in line with expectation. The UG2 grade at South shaft however, was 2.96g/t (4E) and well below the expected grade of 3.51g/t (4E). We attribute these lower grades to difficult mining conditions caused by rolling reef, combined with a narrow reef width and a high reef development to stoping ratio due to the early phase of stope establishment. We will continue to review results as the South shaft UG2 platform is expanded in 2013.

Out of the 2.375 million tonnes milled, 2.214 million were treated at the BRPM concentrator and 160kt tonnes at the Waterval concentrator. UG2 volumes treated at BRPM increased from 116kt to 257kt representing an increase in contribution from 5.35% to 11.59%. The increase in UG2 volumes was facilitated by the installation of a blending facility during the second half of 2012. Overall concentrator recovery reduced by 0.9% from 87.47% to 86.71% due to the reduction in head grade, increased UG2 contribution and a 35% punitive recovery apportionment at the Waterval concentrator in the first quarter when the delivered UG2 grade dropped below the contractually agreed grade with Anglo American Platinum. This resulted in a net 4.4% reduction in 4E ounce output to 269koz.

Operating labour reduced by 8% from 2011 to 6 057 by year end in line with our business optimisation strategy. This reduction was achieved through a review of organisational structures and employee complements and leveraging opportunities to share services with Styldrift. As a result of the impact of safety stoppages and labour unrest, there was no significant improvement in stoping crew and total labour efficiencies year-on-year. We were, however, encouraged by improvements achieved during the fourth quarter with stoping crew efficiency showing a 29% improvement compared to the corresponding period in 2011.

Operating costs

As with the rest of the mining industry, we experienced mining inflation that is well above the CPIX of 5.6%. Cash operating costs increased by 14% to R2.05 billion. Key contributing factors to this significant increase included a newly implemented incentive scheme which applies to enrolled and contractor employees, additional development and above inflation increases for labour and utilities. We believe the new incentive scheme and the additional development will promote productivity and thereby ultimately reduce our costs.

Labour accounted for 62% of our total operating costs for the 2012 financial year, followed by materials and other mining costs at 30% and utilities at 8%. Utility cost increases exceeded CPIX by 11% while labour costs exceeded this inflation measure by 3.4%. Our labour cost increases are governed by our current three-year wage agreement which include productivity and efficiency targets.

The increase in cash operating cost was partially mitigated by the increase in milled tonnes resulting in a unit operating cost increase of 10.4% to R864 per tonne milled. The 6.4% reduction in head grade combined with a 1% reduction in recovery, contributed to a 19% increase in unit operating cost to R7 616 per 4E ounce and R11 775 per platinum ounce.

Given the economic climate and the level of cost increases in 2012, cost management will be a key success driver for RBPlat during 2013.

Capital expenditure

Total BRPM capital expenditure increased by 2.4% to R1 192 million compared to R1 164 million in 2011. Expansion capital expenditure increased by R8 million to R646 million in line with the construction schedule. The Styldrift project remained below budget and there have been no further savings on the work completed during 2012 resulting in the declared savings remaining at R323 million.

Replacement capital reduced from R379 million in 2011 to R308 million in 2012 due to the completion of the Merensky Phase II replacement project. This saving was offset by an increase in stay-in-business (SIB) capital from R116 million in the prior comparative period to R238 million in 2012. The increase in SIB can be attributed to a number of large projects, most notably the North shaft chairlift project (R51.0 million), the SAP Information Communication Technology (R27.4 million) and supply chain (R8.7 million) migration projects to achieve increased independence from our joint venture partner, Anglo American Platinum Limited, the tailings line replacement (R16.9 million) and a security surveillance system (R4.36 million) to increase protection of our workforce as well as the mine property during the labour unrest experienced in the second half of 2012.

We will continue to review our capital expenditure and where possible, reduce expenditure, provided the reduction does not place our business sustainability at risk.

Project review

BRPM Phase II and III replacement projects

The BRPM Phase II replacement project which entails the deepening of both North and South shafts from 6 level to 10 level was successfully completed in September 2012 on schedule and under budget by R110 million. Extension of the North shaft decline from 6 to 10 level was completed in 2011 and the South shaft completed in September in 2012. This involved the final development of the decline system, development and handing over of 10 level (the final level of Phase II) to production and construction and commissioning of the main pump station and water handling infrastructure.

Commentary (continued)

The Phase III replacement project at North shaft extends the decline system and associated infrastructure from 10 to 15 level. This project has progressed well ahead of schedule and under budget with total development to date being 544 metres ahead of schedule. At end of the year the project was 40% complete and it is scheduled for completion during the third quarter of 2017.

The Phase III replacement project will deliver Merensky production of 1.41 million 4E ounces over the life of BRPM.

North shaft chairlift project

The chairlift project which commenced in 2012 will allow for the development and installation of a chairlift from surface to 5 level. This will replace the use of the personnel-riding belt to transport people at North shaft. At end of December 2012 the project was 35% complete and 592 metres ahead on the development schedule.

Styldrift I expansion project

The excellent progress made at Styldrift I on both the Main and Service shafts has been a highlight for us in 2012. We successfully intersected the Merensky Reef level 600 metres below surface on the Main shaft on 15 August, a month ahead of schedule. The Service shaft reached the 600 level on 18 October. Lateral development commenced on both shafts on the 600 level and after achieving the planned development metres we then re-commenced sinking operations on the Service shaft on 17 November and the Main shaft on 7 December to the 642 level.

As previously communicated in the Company's interim results for the six months ended 30 June 2012, the design optimisation study of the Styldrift I Project was completed during 2012. A key consequence of the optimised design is the extended ramp-up profile from the two years initially planned to three years. The changed bord and pillar configuration has resulted in a reduced extraction rate which in turn will reduce the ore reserves from 68 million to 60 million tonnes. The forecast steady state operating cost at Styldrift based on the optimised design is R687 per tonne in June 2012 real terms. There has been no negative impact from the optimisation study on the capital expenditure and savings to date remain at R323 million.

We completed a pre-feasibility study on the concentrator plant during the first half of 2012 which concluded that a stand-alone concentrator adjacent to the Styldrift mine would be the optimal location for the Styldrift plant. This was followed by a feasibility study that we commenced mid-2012 and will be concluded by the third quarter of 2013. Concentrator construction needs to commence in the second half of 2014 in order to meet the project ramp-up profile.

Work related to operational readiness has been initiated in order to prepare the mine for the ramp-up phase and safe sustainable production. During 2012 RBPlat appointed the General Manager of Styldrift I, Velile Nhlapo, as part of operational readiness. Velile has put together an operational team which is looking at the various aspects including safety, health and environment, employment strategy, procurement of machinery, engagement with various stakeholders, social labour plans and accommodation of the workforce, amongst others.

Financial review

In response to the global market conditions that prevailed in 2012, particularly in the first half of the year, we made a decision to defer R462 million in project capital expenditure that would not have any immediate impact on the business. This included exploration drilling at BRPM and Styldrift II (R71.7 million), construction of the chairlift at South shaft (R90.7 million), and the BRPM concentrator upgrade (R300 million). While we have deferred some of our capital expenditure projects, unlike most other platinum mines, we have not reduced our production. Instead, our focus is on optimising BRPM's performance and increasing its production as the revenue and cash flow we derive from BRPM is enabling the development of Styldrift.

Net revenue decreased by 3.7% due to lower volumes produced (4.4%) and a marginal increase of 0.7% in our rand basket price of R16 404 per platinum ounce in 2012 compared to R16 282 per platinum ounce in 2011. Revenue from production through the BRPM concentrator decreased by 4.4% from R2 846.6 million in 2011 to R2 720.9 million in 2012 due to a 5.1% reduction in ounces produced. Revenue from toll concentrating of UG2 increased by 12.5% from R128.3 million in 2011 to R144.4 million in 2012 mainly as a result of a 10.4% increase in toll concentrating ounces.

Gross profit margin declined by 37.4% from 19% to 11.9% in 2012. This was due to the 3.7% decrease in net revenue and a 10.4% increase in cash operating cost per tonne milled. Depreciation charges (including depreciation on head office assets) reduced by 41.1% from R462.1 million to R273.3 million in 2012 mainly due to the inclusion of the UG2 ounce base in the calculation of depreciation on a unit of production basis.

Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of revenue decreased to 22.1% from 34.8% in 2011 mainly as a result of reduced sales volumes and an increase in cash operating costs at the operation.

Other income increased from R54.8 million in 2011 to R66.9 million in 2012 despite the fact that other income for 2011 included a once off amount of R28.9 million relating to income received as a result of the settlement of the Rustenburg Platinum Mine intercompany balance received in 2011. The increase is mainly due to the significant increase in the royalty income from Impala from R24.9 million in 2011 to R61.8 million in 2012.

Finance income decreased slightly from R62.6 million in 2011 to R59.7 million in 2012.

The current income tax charge decreased from R29.9 million in 2011 to R17.5 million in 2012. Deferred tax decreased from the prior year mainly due to the calculation relating to RPM's share of the BRPM JV profits being refined. In future, it is expected that an effective tax rate below 28% will be realised due to exempt dividend income, RPM's tax on non-mining income is carried by RPM and is not reflected in the Group's results.

Capital expenditure of R1 192.3 million was funded partly from cash flows from operations of R732.6 million and the remainder from cash contributions by the shareholders of the BRPM JV.

Commentary (continued)

At 31 December 2012 the RBPlat Group's balance sheet remained ungeared with cash and near cash investments of R910 million. The R500 million Nedbank revolving facility remains undrawn.

Market review

The grave state of the global economy, affected by the ongoing financial woes of the European Union and the consequent slowing of growth in China, has resulted in weak demand for PGMs and falling metal prices. The price of platinum has fluctuated considerably over the past two years, moving from over US$1 800/oz in January 2011 to around US$1 400/oz in August of 2012. Although the platinum price increased towards the end of 2012, briefly touching US$1 700/oz in October, this increase was not driven by a recovery in market demand, but was rather a result of uncertainty surrounding supply stemming from the impact of labour unrest on South African platinum mines.

Global mine supply fell 530koz to 5.64 million ounces in 2012, with South African output estimated to have decreased by 11% year-on-year to just under 4 million ounces. Softer commodity prices also reduced recycling by around 85koz resulting in total supply declining by 7.7% to 7.4 million ounces.

Automotive platinum demand remained flat in 2012. European consumption reduced by an estimated 180koz but this was offset by a recovery in Japan post their earthquake and growth in the United States. Net demand from jewellery fabricators rose by about 180koz as increased wedding registrations, lower prices and reduced recycling boosted restocking, however other industrial demand was down just under 200koz over the year compared to the exceptional growth in 2011. Platinum Exchange Traded Funds holdings increased by approximately 15% to end the year at 1.5 million ounces with a record jump in mid-August to mid-September as a result of industrial action in the platinum industry. Glass demand retreated as the industry utilised new liquid crystal display capacity and recycled returns from old tube display plant closures. The net result was flat total demand year-on-year of 7.7 million ounces.

In 2012 palladium supply fell 350koz to 8.4 million ounces, while demand increased 260koz to 9.5 million ounces, leaving the market short by over 1 million ounces. However, we believe global stocks are still significant. Some analysts estimate stocks stand at well over a year's consumption. Nonetheless, the proliferation of exchange traded funds in recent years has helped to absorb almost 1.8 million ounces of palladium stock.

The rhodium market was estimated to be in surplus by around 90koz in 2012 after three years of oversupply. If mine supply reduces the market could swing back into deficit earlier than forecast and prices may start to rise from current levels as stock levels reduce.

Outlook

Currently, our industry faces a wide array of challenges. Cost is a major concern as mines deepen, grades decline with increased UG2 contributions and achieving sufficient development is a challenge for most platinum miners. We believe our strategic goals remain relevant. Our major focus for 2013 will continue to be on cost management. In light of the above inflation cost pressures we expect in 2013 it is essential that we improve efficiencies and control our workforce numbers.

Our operational platform has been significantly improved by the growth in immediately stopable reserve face length, additional mining levels, access to both Merensky and UG2 reefs, timely execution of replacement and expansion projects, improved incentive schemes and our safety performance improvements. We will leverage this strength through our on-going high focus on stakeholder engagement, which is aimed at reducing the risk of unnecessary operational disruptions. Given this position, we are optimistic about maintaining production levels at BRPM around 2.4 million tonnes and expect a 20% UG2 contribution up to 2015. We are estimating that we will maintain head grade at BRPM between 4.1g/t (4E) and 4.2g/t (4E) based on our forecast Merensky and UG2 ratios.

Styldrift I remains on schedule to commence production in 2015 and to ramp up to full production in 2018. The accelerated capital expenditure profile for Styldrift I will result in increased demand on our surplus cash resources to supplement the funding toward Styldrift capital and as was initially anticipated, we expect to start tapping into our debt facilities for this purpose during the course of 2013.

The platinum and palladium market deficits should continue to widen, owing to constrained output from South Africa, resulting from mine cost pressures, a lack of capital investment and unresolved labour issues. While there should be a slight increase in platinum requirements ahead of the implementation of Euro VI emissions legislation in 2014, we expect platinum demand for autocatalysts to remain at current levels in 2013, as economic growth in Europe continues to deteriorate. Demand from Japan is likely to recede after the post-earthquake pickup in 2012. Consumer demand for platinum jewellery in China continues to grow and should be boosted by aggressive nation-wide jewellery store expansion plans. Platinum prices are anticipated to rise on the back of supply shortages, which could, however, motivate increased recycling and limit net new metal demand growth. Palladium demand growth is anticipated to continue at more than 3% in 2013, as the metal benefits from the continuing increase in vehicle production, particularly in China, and tightening tailpipe emissions legislation.

Administration and Company information

Company registered office

Royal Bafokeng Platinum Ltd
Registration number: 2008/015696/06
Share code: RBP
ISIN: ZAE000149936

The Pivot
No. 1 Monte Casino Boulevard
Block C
4th Floor
Fourways
Johannesburg
2021

PO Box 2283
Fourways
2055
South Africa

Company Secretary

Lester Jooste (ACIS)
Email: lester@bafokengplatinum.co.za
Telephone: +27 10 590 4519
Telefax: +27 086 572 8047

Investor relations

Lindiwe Montshiwagae
Email: lindiwe@bafokengplatinum.co.za
Telephone: +27 10 590 4517
Telefax: +27 086 219 5131

Public Officer

Reginald Haman
Email: reginald@bafokengplatinum.co.za
Telephone: +27 10 590 4533
Telefax: +27 086 588 4568

Independent external auditors

PricewaterhouseCoopers Inc
2 Eglin Road
Sunninghill
Johannesburg
2157
South Africa

Transfer Secretaries

Computershare Investor Services
Proprietary Limited
70 Marshall Street
Johannesburg

PO Box 61051
Marshalltown
2107
South Africa
Telephone: +27 11 370 5000
Telefax: +27 11 688 5200

Sponsor

Macquarie First South Capital
Proprietary Limited
The Place
1 Sandton Drive
South Wing
Sandton
Johannesburg
2196
South Africa

Bankers

Nedbank Limited
135 Rivonia Road
Sandton
2196
South Africa

HKLM

The Pivot,
No 1 Monte Casino Boulevard
Block C, Floor 4, Fourways
Johannesburg, 2021
PO Box 2283
Fourways, 2055
South Africa
Telephone: +27 (0)10 590 4510
Telefax: +27 086 572 8047

www.bafokengplatinum.co.za