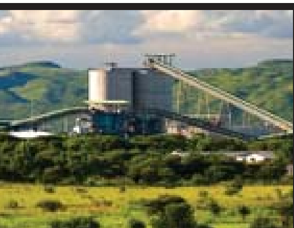
Royal Bafokeng Platinum Limited
(Incorporated in South Africa)
Share code: RBP ISIN: ZAE000149936
Registration number: 2008/015696/06
"RBPlat" or "the Company" or "the Group"




REVIEWED INTERIM RESULTS for the six months ended 30 June 2011

Key features

- One million fatality-free shifts achieved by June, safety remains a key focus
- Conclusion of three-year wage agreement
- Production steady, 142 100 ounces of PGMs (4E) despite challenging environment
- Concentrator recoveries improve by 1.6% to 87.27%
- BRPM revenue up by 3% to R1.5 billion
- Cash operating cost per tonne milled rises by 14.8% (9% on normalised basis)
- Settlement of intercompany balances result in R325.8 million cash inflow into BRPM
- Earnings per share of 105 cents (2010: 132 cents)
- Balance sheet ungeared with healthy cash and near-cash position of R1.29 billion
- Accelerated capital expenditure of R592 million for the first half of 2011 (2010: R363 million)
- Styldrift I Project on schedule, R233.4 million declared savings to date

Corporate information

Directorate Non-executive:
Adv KD Moroka SC *(Chairman)**
Prof L de Beer*
Mr RG Mills*
Mr DC Noko*
Prof FW Petersen*
Mr MH Rogers
Ms M Vuso*

Executive:
Mr SD Phiri *(CEO)*
Mr MJL Prinsloo *(CFO)*
Mr NJ Muller *(COO)*
** Independent directors*

Registered office:
1st Floor, Block C
37 High Street
Melrose Arch
Johannesburg
PO Box 55669
Northlands, 2116
South Africa

Company Secretary:
LC Jooste (ACIS)
Email: lester@bafokengplatinum.co.za
Telephone: +27 11 530 8058
Telefax: +27 086 572 8047

Independent external Auditors:
PricewaterhouseCoopers Inc
2 Eglin Road
Sunninghill
Johannesburg, 2157
South Africa

Transfer secretaries:
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
PO Box 61051
Marshalltown, 2107
South Africa
Telephone: +27 11 370 5000
Fax: +27 11 688 5200

Sponsor:
Macquarie First South Capital (Pty) Limited
The Place
Sandton Drive
South Wing
Sandown, 2146
South Africa

Consolidated statement of financial position

GROUP as at R (million)	Reviewed 30 June 2011	Reviewed 30 June 2010	Restated 31 Dec 2010
ASSETS			
Non-current assets			
Property, plant and equipment	**7 728.1**	3 747.8	7 337.9
Mineral rights	**6 728.6**	2 914.5	6 756.7
Goodwill	**2 275.1**	–	2 275.1
Environmental trust deposit	**91.3**	57.3	87.5
Deferred tax asset	**22.0**	–	15.2
	16 845.1	6 719.6	16 472.4
Current assets			
Inventories	**33.0**	8.7	48.4
Trade and other receivables	**1 086.3**	779.1	1 384.5
Held to maturity investments	**257.8**	–	250.9
Current tax receivable	**4.8**	–	4.8
Related party loans	**–**	0.6	–
Cash and cash equivalents	**1 032.0**	182.1	899.4
	2 413.9	970.5	2 588.0
Total assets	**19 259.0**	7 690.1	19 060.4
EQUITY AND LIABILITIES			
Share capital	**1.7**	1.4	1.7
Share premium	**7 759.9**	6 817.8	7 759.9
Retained earnings	**3 333.9**	178.0	3 161.9
Other reserves	**49.4**	–	18.8
Non-controlling interest	**3 798.5**	–	3 721.8
Total equity	**14 943.4**	6 997.2	14 664.1
Non-current liabilities			
Deferred tax liability	**3 994.0**	420.2	3 901.4
Borrowings	**–**	114.7	–
Long-term provisions	**74.6**	43.6	73.4
	4 068.6	578.5	3 974.8
Current liabilities			
Trade and other payables	**246.5**	114.4	421.5
Related party loans	**0.5**	–	–
	247.0	114.4	421.5
Total liabilities	**4 315.6**	692.9	4 396.3
Total equity and liabilities	**19 259.0**	7 690.1	19 060.4

Consolidated statement of comprehensive income

GROUP for the period ended **R (million)**	**Reviewed 30 June 2011**	**Reviewed 30 June 2010**	**% change**	**Restated 31 Dec 2010**
Revenue	**1 510.4**	988.4	52.8	2 106.8
Cost of sales	**(1 171.1)**	(685.7)	70.8	(1 608.1)
Cost of sales, excluding under mentioned	**(922.2)**	(526.8)	75.1	(1 247.5)
Depreciation and amortisation	**(230.1)**	(158.9)	44.8	(375.6)
(Decrease)/increase in inventories	**(18.8)**	–	100	15.0
Gross profit	**339.3**	302.7	12.1	498.7
Other income	**34.0**	0.4	8 400	1.6
Profit on remeasurement of previously held interest in BRPM	**–**	–	–	2 894.8
Administration expenses	**(57.5)**	(20.6)	179.1	(60.6)
Finance income	**29.9**	2.7	1 007.4	15.7
Finance cost	**(0.4)**	(7.1)	(94.4)	(12.5)
Profit before tax	**345.3**	278.1	24.1	3 337.7
Income tax expense	**(96.6)**	(97.2)	(0.6)	(171.7)
Income tax	**(10.7)**	(0.2)	5 223	(0.4)
Deferred tax	**(85.9)**	(97.0)	(11.4)	(171.3)
Total comprehensive income	**248.7**	180.9	37.5	3 166.0
Profit and comprehensive income for the period attributable to:				
Owners of the Company	**172.0**	180.9	(4.9)	3 164.8
Non-controlling interest	**76.7**	–	100.0	1.2
	248.7	180.9	37.5	3 166.0
Weighted average number of shares	**163 677 799**	137 057 500	19.4	141 132 832
Basic earnings per share (cents/share)	**105**	132	(20.4)	2 242
Diluted earnings per share (cents/share)	**105**	132	(20.6)	2 240
Dividends per share (cents/share)	**–**	–	–	–

Consolidated cash flow statement

GROUP for the period ended R (million)	Reviewed 30 June 2011	Reviewed 30 June 2010	Restated 31 Dec 2010
Cash generated by operations	**390.2**	264.2	777.0
Interest paid	**–**	(1.2)	(9.8)
Interest received	**21.6**	2.7	15.7
Tax (paid)/refund	**(10.7)**	(0.2)	2.4
Net cash flow generated by operating activities	**401.1**	265.5	785.3
Net cash received on acquisition of additional interest in BPRM	**–**	–	91.7
Increase in held to maturity investments	**–**	–	(250.9)
Proceeds from disposal of property, plant and equipment	**0.1**	–	0.1
Acquisition of property, plant and equipment	**(592.4)**	(243.6)	(718.5)
Increase in environmental trust deposit	**(2.5)**	(0.9)	(2.4)
Net cash flow utilised by investing activities	**(594.8)**	(244.5)	(880.0)
Issue of ordinary shares net of cost	**–**	–	942.4
Increase in long-term borrowings	**–**	140.0	–
Repayment of long-term borrowings	**–**	(30.0)	–
Settlement of intercompany balances	**325.8**	–	–
Related party loans received/(advanced)	**0.5**	(0.4)	0.2
Net cash flow generated by financing activities	**326.3**	109.6	942.6
Net increase in cash and cash equivalents	**132.6**	130.6	847.9
Cash and cash equivalents at beginning of period	**899.4**	51.5	51.5
Cash and cash equivalent at end of period	**1 032.0**	182.1	899.4

Consolidated statement of changes in equity

	Number of shares	Ordinary shares R (million)	Share premium R (million)	Share-based payment reserve R (million)	Retained earnings R (million)	Attributable to owners of the Company R (million)	Non-controlling interest R (million)	Total R (million)
Balance at 31 December 2009 (audited)	137 057 500	1.4	6 817.8	–	(2.9)	6 816.3	–	6 816.3
Profit for the six months to 30 June 2010	–	–	–	–	180.9	180.9	–	180.9
Balance at 30 June 2010 (reviewed)	137 057 500	1.4	6 817.8	–	178.0	6 997.2	–	6 997.2
Transactions with shareholders								
Shares issued:								
Contingent consideration for the 17% interest in BRPM	10 000 000	0.1	(0.1)	–	–	–	–	–
Shares issued on listing of the Company	16 620 299	0.2	1 005.4	–	–	1 005.6	–	1 005.6
Capitalisation of listing transaction costs	–	–	(63.2)	–	–	(63.2)	–	(63.2)
IFRS 2 charge for the six months	–	–	–	18.8	–	18.8	–	18.8
Profit for the six months	–	–	–	–	2 985.4	2 985.4	1.9	2 987.3
Non-controlling interest on gaining control of BRPM	–	–	–	–	–	–	3 405.5	3 405.5
Purchase price adjustment	–	–	–	–	(1.5)	(1.5)	314.4	312.9
Balance at 31 December 2010 (restated)	163 677 799	1.7	7 759.9	18.8	3 161.9	10 942.3	3 721.8	14 664.1
IFRS 2 charge for the six months	–	–	–	30.6	–	30.6	–	30.6
Profit for the six months to 30 June 2011	–	–	–	–	172.0	172.0	76.7	248.7
Balance at 30 June 2011 (reviewed)	**163 677 799**	**1.7**	**7 759.9**	**49.4**	**3 333.9**	**11 144.9**	**3 798.5**	**14 943.4**

Notes to the financial statements

1. Basis of preparation

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 and interpretations of those standards (as adopted by the International Accounting Standards Board) and applicable legislation (requirements of the South African Companies Act and the regulations of the JSE Limited).

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

2. Accounting policies

The consolidated financial statements have been prepared under the historical 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. Independent review by the auditors

The interim financial statements have been reviewed by PricewaterhouseCoopers Inc. whose unqualified review conclusion is available for inspection at the registered office of RBPlat.

4. Re-statement of prior year statement of financial position, statement of comprehensive income and statement of changes in equity

On 8 November 2010 RBPlat listed on the JSE Limited and obtained control of Bafokeng Rasimone Platinum Mine (BRPM). In line with IFRS 3 Business Combinations, RBPlat remeasured its previously held equity interest in BRPM at its acquisition date fair value and recognised the resulting gain in profit. In its 2010 financial statements the Company stated that it is still in the process of assessing the fair values allocated to individual components, specifically mineral rights included in life of mine.

During the period under review, the assessment of fair values allocated to individual components and the purchase price allocation were finalised, resulting in a revised allocation to the fair values of assets, liabilities and goodwill.

In terms of the guidance provided in IFRS 3 Business Combinations, the Group has restated its statement of financial position, statement of comprehensive income and statement of changes in equity and accompanying notes, for the 2010 financial year, to reflect the abovementioned changes as if they had occurred at the acquisition date. These changes did not impact the cash flow statement.

The revised details of net assets acquired and goodwill are as follows:

For the year ended 31 December 2010 **R (million)**	**Restated**	**Previously reported**
Fair value of 67% interest assumed as the purchase price	10 002.7	10 002.7
Purchase consideration allocated to identifiable net assets:	11 448.2	10 371.0
Property, plant and equipment	7 212.3	7 212.3
Mineral rights	6 767.0	5 730.9
Environmental trust deposit	87.0	87.0
Inventories	61.3	61.3
Trade and other receivables	999.5	995.7
Intercompany balances	341.0	6.9
Cash and cash equivalents	277.9	277.9
Deferred tax liability	(3 860.7)	(3 570.6)
Long-term provisions	(67.8)	(67.8)
Trade and other payables	(369.3)	(362.6)
Less: Non-controlling interest	(3 720.6)	(3 405.5)
Goodwill	2 275.1	3 037.2

A multi-period excess earnings model was used to finalise the fair value of mineral rights included in the life of mine resulting in an increase in the value of mineral rights of R1 billion.

The revised details of comprehensive income are as follows:

For the year ended 31 December 2010 **R (million)**	**Restated**	**Previously reported**
Amortisation of mineral rights	28.6	26.4
Profit for the year attributable to:		
Owners of the Company	3 164.5	3 166.3
Non-controlling interest	1.5	1.9
	3 166.0	3 168.2
Basic earnings per share (cents/share)	2 242	2 243
Diluted earnings per share (cents/share)	2 240	2 241

5. Capital commitments

Capital commitments relate to the Styldrift I and BRPM Phase II and III projects.

For the period ended **R (million)**	**Reviewed 30 June 2011**	**Reviewed 30 June 2010**	**Restated 31 Dec 2010**
Contracted commitments	**995.2**	299.6	960.8
Approved expenditure not yet contracted for	**10 822.8**	6 202.0	8 262.1
	11 818.0	6 501.6	9 222.9

The 30 June 2011 and 31 December 2010 capital commitments reflect 100% and 30 June 2010 reflect 67% of the BRPM project commitments. Effectively RBPlat must fund 67% thereof and RPM the remaining 33%.

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

6. Contingencies – guarantees

For the period ended **R (million)**	**Reviewed 30 June 2011**	**Reviewed 30 June 2010**	**Restated 31 Dec 2010**
Environmental rehabilitation guarantees provided by Royal Bafokeng Management Services (Pty) Ltd (RBMS)	**47.5**	47.5	47.5
Eskom guarantee	**17.1**	17.1	–
Rental guarantee	**0.5**	–	–
	65.1	64.6	47.5

7. Financing facilities in place

RBPlat had cash and near cash investments on hand at 30 June 2011 of R1.29 billion. The Group has an intra-month funding working capital requirement which is met through a R250 million working capital facility of which R17.6 million had been utilised for guarantees at 30 June 2011. It also has an unutilised revolving credit facility of R500 million.

8. Basic and headline earnings

The reconciliation between basic and headline earnings is shown below:

For the period ended	Reviewed 30 June 2011	Reviewed 30 June 2010	Restated 31 Dec 2010
Basic earnings — profit attributable to owners of the Company (R million)	**172.0**	180.9	3 164.8
Adjustments net of tax:			
Profit on remeasurement of previously held interest in BRPM (R million)	**–**	–	(2 894.8)
(Profit)/loss on disposal of property, plant and equipment (R million)	**(0.1)**	–	0.2
Headline earnings (R million)	**171.9**	180.9	270.2
Weighted average number of ordinary shares in issue for basic and headline earnings per share	**163 677 799**	137 057 500	141 132 832
Basic earnings per share (cents/share)	**105**	132	2 242
Diluted earnings per share (cents/share)	**105**	132	2 240
Headline earnings per share (cents/share)	**105**	132	191
Diluted headline earnings per share (cents/share)	**105**	132	191

9. Sales

For the period ended **R (million)**	Reviewed 30 June 2011	Reviewed 30 June 2010	Restated 31 Dec 2010
Concentrate sales – production from BRPM concentrator	**1 419.8**	982.8	2 094.7
UG2 toll concentrate sales	**90.6**	–	–
Intergroup management fee	**–**	5.6	12.1
	1 510.4	988.4	2 106.8

10. Cost of sales

For the period ended **R (million)**	Reviewed 30 June 2011	Reviewed 30 June 2010	Restated 31 Dec 2010
Labour	**330.6**	203.0	489.5
Utilities	**63.0**	35.4	87.6
Contractor costs	**179.6**	112.9	264.1
Materials and other mining costs	**323.1**	174.7	377.6
Movement in inventories	**18.8**	–	(15.0)
Depreciation	**202.0**	147.9	347.0
Amortisation	**28.1**	11.0	26.6
Other	**25.9**	0.8	28.7
	1 171.1	685.7	1 608.1

11. Related party transactions

For the period ended **R (million)**	**Reviewed 30 June 2011**	**Reviewed 30 June 2010**	**Restated 31 Dec 2010**
Loan from RBMS	**0.5**	0.6	–
Amount owing by RPM for concentrate sales	**1 016.4**	674.2	1 008.5
Amount owing to RPM for contribution to BRPM	**20.0**	37.8	69.7
Transactions during the year:			
Concentrate sales to RPM	**1 510.4**	982.8	2 094.7
Royal Bafokeng Platinum Management Services (Pty) Limited management fee charged to BRPM	**–**	5.6	12.1
Transactions with Fraser Alexander	**10.7**	2.8	5.6
RBMS fees of administrative nature	**0.8**	–	0.8

12. Dividends

No dividends have been declared or proposed in the current period (2010: nil).

13. Segmental reporting

The Group is currently operating one mine with two declines and a new vertical shaft development. This operation is treated as one operating segment and therefore no separate segmental reporting is provided. The information reviewed by the chief operating decision maker is the same as the information provided in the primary statements and therefore no separate reporting segments have been identified.

Commentary

Overview

Royal Bafokeng Platinum (RBPlat) is pleased to report a satisfactory performance for the six months ended 30 June 2011 despite a challenging environment, with headline earnings of R171.9 million, or headline earnings per share of 105 cents. Comparisons are made with the six months to end June 2010 where this is appropriate, however, reporting for the six months to 30 June 2011 reflects the full consolidation of BRPM, whereas only a 67% interest in BRPM was proportionately consolidated in the comparative period.

Safety

RBPlat is pleased to have achieved one million fatality-free shifts on 22 June 2011. There were no fatal injuries in the six months to 30 June 2011. In its continuous drive towards zero harm RBPlat achieved a further reduction of 4% in its Lost Time Injury Frequency Rate (LTIFR) from 1.15 in the six months to 30 June 2010 to 1.10 lost time injuries per 200,000 hours worked. In addition, RBPlat managed to reduce its Serious Injury Frequency Rate (SIFR) by 32% to 0.43 serious injuries per 200,000 hours from 0.63 in the first six months of 2010. This improvement in safety performance is attributed to a new safety strategy that focuses on leadership, design, systems and behaviour, specifically in areas associated with high severity injuries (fall of ground, mobile machinery and equipment). In addition, a system of internal cross-auditing was introduced to ensure a high level of compliance to operating standards, procedures and policies.

Conclusion of wage agreement

After much deliberations and engagements, a landmark three-year wage agreement has been concluded with Labour, represented by National Union of Mineworkers.

The process of engagement followed a strategic approach from the beginning as opposed to the conventional approach of traditional positional bargaining.

The wage agreement is a mutually beneficial arrangement with sustainable long-term benefits and obligations for all parties. Basic pay increases are structured on a sliding scale basis over the three-year period with Operational Bargaining Unit employees receiving 10%, 8% and 9% respectively whilst employees represented by the Supervisory Bargaining Unit will be receiving 8%, 7% and 7% respectively. Where CPI reaches 7% by March of the increase year, the Supervisory Bargaining Unit employees will receive CPI plus 1%. The settlement also incorporates an agreement in respect of all other related terms and conditions of employment.

This three-year multiple agreement is unique in the Platinum Industry which provides the business and partners with stability and an aligned growth focus for the future. It is also considered unique due to the inclusion of the principle that aspects of remuneration are being linked to agreed performance and efficiency targets.

This agreement is not a destination in itself, but provides a steady platform for all stakeholders towards growing RBPlat.

Operational performance

Despite a challenging environment that prevailed particularly in the first quarter, 4E ounces in concentrate remained relatively stable at 142,100 ounces compared with 141,200 ounces in the first half of 2010, an increase of 1%. This was achieved through additional direct mining resources, working additional shifts, an increase in UG2 output and improved concentrator plant recoveries.

The total reef tonnage milled at 1,172,000 tonnes was 1% down from the first six months of 2010 mainly as a result of Merensky output reducing by 11% from 1,169,000 tonnes to 1,037,000 tonnes. This reduction was largely offset by an increase in UG2 production from 8,900 tonnes to 134,900 tonnes. Factors contributing to the reduced Merensky output were safety-related stoppages, a conveyor belt failure at the North shaft and lower immediately minable reserve face length (IMS). Appropriate measures to increase IMS have been initiated.

The overall mill head grade was 4.32g/t4E compared with 4.34g/t4E the previous year. The Merensky grade improved from 4.34g/t4E to 4.41g/t4E but the overall grade was diluted by an increased contribution from UG2 production at a lower grade of 3.65g/t4E. UG2 production is expected to contribute around 15% of total volumes for the remainder of 2011.

The marginally lower milled tonnage and grade was offset by a 1.6% improvement in concentrator plant recoveries, from 85.89% to 87.27%. This is attributed to a more efficient plant operation and the impact of the ISA mill. A total of 99,600 tonnes of UG2 ore was processed at the Waterval concentrator through the UG2 ore offtake agreement with Rustenburg Platinum Mines Limited (RPM), a wholly-owned subsidiary of Anglo American Platinum Limited.

Efficiency

The challenging operating conditions in the first six months of the year had an adverse impact on mining team efficiencies which declined by 10% from 351m^2 per team to 315m^2 per team. Key drivers to improve stope team efficiencies include increasing IMS, improving safety performance and specifically ensuring strict compliance with mine operating standards and procedures. Total mine labour productivity improved by 4% from 29.5 tonnes milled per employee (including contractors) to 30.54 tonnes per employee, largely as a result of a reduction in the total labour complement from 6,658 employees to 6,398 employees through natural attrition.

Operating cost

The additional effort invested in maintaining total output during the difficult first half of 2011 is reflected by the increase in operating costs. Cash operating cost per tonne milled increased by 14.8% from R667 per tonne milled to R765 per tonne milled and cash cost per platinum ounce increased by 14.2% from R8,524 per platinum ounce to R9,732 per platinum ounce. On a normalised basis, after excluding the non-recurring optimisation project cost, the above normal safety stoppages and the impact of the conveyor belt failure at the North shaft, the normalised cash operating cost per tonne milled is R726.59, which represents a 9% increase compared to the same period for 2010. Key contributing factors were increased direct mining labour costs, overtime allowances for working on public holidays and the costs associated with a business optimisation project which amounted to R25.2 million for the first six months of 2011.

Capital expenditure

Total capital expenditure increased from R363 million in the first six months of 2010 to R592.4 million in the first six months of 2011. This is mainly attributable to an increase in the Styldrift I Project expenditure which increased from R152.1 million to R371.4 million in line with the construction programme.

Replacement capital involves the Phase II and Phase III Boschkoppie decline extension projects and reduced marginally from R170 million to R168.6 million, being R107 million for Phase II and R59 million for Phase III. Stay-in-business capital expenditure increased from R40.9 million in the first half of 2010 to R52.4 million in the first half of 2011. The R52.4 million is 6.1% of total operating expenditure and well within RBPlat's target range of between 6% and 8%.

Financial review

The Group's financial statements reflect the proportionate consolidation of 67% of BRPM up to 7 November 2010 and from the date of change in control of BRPM being the date of listing (8 November 2010) the Group fully consolidates BRPM and accounts for non-controlling interest as a separate line item.

Net revenue increased by 52.8% mainly as a result of the change in the basis of accounting as noted above. The actual increase in revenue at BRPM for the six months ended 30 June 2011 compared with the same period for 2010 was 3%. Revenue from production through the BRPM concentrator decreased from R1,466.9 million for the first six months of 2010 to R1,419.8 million for the first six months of 2011. This 3.2% decrease was due to a 6% reduction in ounces produced at the BRPM concentrator and an 8.5% strengthening in the Rand/US dollar exchange rate offset by higher PGM and base metal prices.

Toll concentrating of UG2 contributed R90.6 million to revenue for the six months ended 30 June 2011, offsetting the decrease in revenue from BRPM. No toll concentrating revenue was reflected in the comparative period.

The 12.1% improvement in gross profit is as a result of the change in the basis of accounting, offset by a 14.8% increase in cash operating cost per tonne milled for the first six months of 2011 compared with the same period for 2010. Furthermore, the depreciation and amortisation charges for the six months ended 30 June 2011 were 44.8% higher than the same period for 2010 due to the change in the basis of accounting.

Earnings before tax, interest, depreciation and amortisation (EBITDA), as a percentage of revenue decreased from 44.7% for the first six months of 2010 to 36.1% for the first six months of 2011 mainly as a result of the increase in cash operating costs at the operation and the increased administration costs at corporate office.

Other income increased by R33.6 million mainly as a result of net income of R28.9 million from the settlement of intercompany balances with RPM and the first time inclusion of the 6&8 shaft Impala royalty of R3.9 million.

Administration expenses increased by 179.1% compared to the same period last year as a result of the full staffing of the RBPlat corporate office (including non-executive directors). The administration costs for the first six months of 2011 also include a share-based payment charge of R13.2 million that was not there in the comparative period.

The current income tax charge increased to R10.7 million from R0.2 million for the first six months of 2011, mainly due to income tax payable on interest income.

Finance income increased compared to the comparative period due to interest earned on funds raised from the 2010 listing invested in interest bearing deposits and R6.9 million dividends received on the Nedbank preference shares.

The RBPlat Group utilised R114.7 million of its Nedbank revolving credit facility at 30 June 2010. This was repaid during November 2010 with some of the proceeds from the listing. This is also the reason for the reduction in finance costs for the first six months of 2011 compared to the same period for 2010.

Capital expenditure of R592 million was funded partly from cash flows from operations of R390 million and the remainder from the cash inflow from the settlement of the intercompany balances.

Project review

Boschkoppie North and South Shaft Phase II and North Shaft Phase III

Boschkoppie Phase II has been a seven year capital replacement project, which entailed the extension of Boschkoppie North and South shafts from 6 level down to 10 level. The project has progressed well over the last six months meeting both cost and schedule parameters. North shaft will be completed in August this year while South shaft will be completed in the first half of 2012.

Phase III is the extension of North shaft from 11 level down to 15 level. This project started in January 2010 and will be completed in July 2017. The project is presently under budget and slightly ahead of schedule.

Styldrift I Project

Styldrift I Project has progressed exceptionally well over the past six months with erection of the main and service shaft headgears having commenced in January 2011. The erection phase was completed successfully with zero harm, this being a result of the intense focus that is placed on the implementation of project safety protocols at Styldrift.

Pre-sink activities began during the last quarter of 2010 on the main and service shafts. This was successfully completed down to a depth of just over 60 metres in April 2011. Conversion from pre-sink to full sink was completed at the end of June with the full sink having commenced in July.

The project is currently two months ahead of schedule and reflecting a cost saving against budget of approximately R233.4 million to date. These savings have been effected by adopting a focused approach to design, procurement, contract management and cost management. Major areas of saving are in civil and EPCM (electrical and engineering, procurement and construction management) costs.

A design optimisation study of Styldrift I is being conducted. The key components of the optimisation include: shaft bottom infrastructure, bord and pillar mining layouts, trucks or conveyors on strike haulages, pneumatic or electric drilling and access to the UG2.

Sustainable development

RBPlat's sustainability framework implementation commenced during the period under review. The framework consists of key objectives and related indicators that will guide the performance of the business in its strategy of growth in safe ounces through operational excellence and project expansion.

Environmental stewardship

A feasibility study for the construction of a water retreatment plant was started during the period under review. Construction of this plant is anticipated to commence in the fourth quarter of 2012 subject to the completion of an environmental impact assessment. An increase in the use of retreated water is anticipated upon completion in 2012.

Community development

Community development in line with the Mining Charter and RBPlat's own Social and Labour Plan is progressing according to schedule. Particular focus during the period has been establishing credible enterprise development initiatives to benefit local small and medium sized enterprises.

Stakeholder engagement

Relationships with nearby communities have been co-operative, supported by a visible and stable community leadership.

Regular engagement with the Minerals Regulator has been established on issues relating to community development through the Social and Labour Plan.

Market review

The primary contributors to revenue for RBPlat for the period under review were platinum (65.3%), palladium (11.5%), rhodium (6%), gold (3%), nickel (9.6%) and copper (2.3%).

The platinum price appreciated by 9% in 2010, recovering from a mid-year retreat to average \$1,712 per ounce by December, and rising by a further 3% to average \$1,770 per ounce in June 2011. The platinum market is set to move into deficit in the future, but there have been reductions in demand in the early part of 2011. The Japanese earthquake impacted vehicle manufacture (mainly affecting palladium) and jewellery demand and with recent high oil prices, has reduced previously forecast platinum market deficit to a balanced market for 2011. A fundamental recovery in the platinum market is expected in late 2012 or early 2013 as buying of platinum for autocatalysts recovers. Thus, there is limited further upside in the short term. Automotive platinum demand is forecast to rise from 3.2 million ounces in 2010 to over 4 million ounces by 2014. Non-road catalyst requirements should further boost consumption.

Jewellery currently represents just over a quarter of the platinum market. China is still seen to dominate the platinum jewellery market. Global jewellery usage is forecast to rise above 2010 levels in 2011 and exceed 2 million ounces in the future.

Global primary platinum production is estimated to have increased by 126,000 ounces (+2.2% year-on-year) in 2010. There were substantial production losses as a result of industrial action, safety stoppages in South Africa and structural geology issues. Constrained growth is expected in 2011 as these issues persist, exacerbated by depleting Merensky Reef reserves. These are likely to offset any significant recovery at major operations.

The palladium price has recovered strongly through 2010 and 2011, from an average of $460 per ounce in June 2010 to $770 per ounce in June 2011.

Palladium autocatalyst demand in 2010 had already reached 96% of 2007 pre-crisis levels, while platinum was still at only 76%. Palladium consumption should exceed pre-crisis levels in 2011. Mine supply picked up by only 2.4% in 2010, still over 1 million ounces per annum short of 2006 peak levels. Total supply, including recycling, was 5% higher than in 2009, but was outpaced 2:1 by demand growth. Based on market fundamentals and excluding Exchange Traded Fund (ETF) holdings and stock sales, the palladium market has shifted into deficit.

Strong growth in Chinese auto demand, combined with gasoline vehicle dominance and the use of palladium in diesel catalysts, will ensure that demand growth outstrips supply, and prices remain firm. A palladium market deficit of over 300,000 ounces in 2010 is projected to rise to over 1 million ounces in the next four years, leading to an over-reliance on above-ground stocks. The launch of a palladium ETF in the United States of America could contract the market, causing prices to spike in future.

The rhodium price has lost some of its early recovery since settling at around $2,000 per ounce.

Despite automotive rhodium demand rising by just over 100,000 ounces year-on-year to around 800,000 ounces, the market is still about 20% down on 2007 peak levels. Rhodium demand is projected to achieve a full recovery by 2012, but increasing supply from UG2 ores, recycling and significant above-ground stocks should keep the market well supplied over the next three years. Prices are unlikely to fall significantly from current levels and will appreciate as the vehicle market gains traction. The market should once again shift to deficit as recovering automotive catalyst demand absorbs excess market stock.

Directorate

Shareholders were advised of the appointment of the sixth independent non-executive director, Ms Matsotso Vuso with effect from 12 April 2011. The RBPlat Board now comprises ten directors, with three executive directors and seven non-executive directors.

Prospects

2011 is a year of consolidation for RBPlat, with the further embedding of the achievements since taking operational control from Anglo American Platinum Limited in January 2010. Given the challenging first half of the year, production for the full year is expected to remain at levels similar to those achieved in 2010.

The decision by the Company to start with the co-extraction of UG2 is showing results and continues to provide the Company with flexibility in its operations. The operations continue to have a Merensky bias with the ratio of Merensky to UG2 expected to remain at around 85%:15% for the foreseeable future.

Operating costs remain a key challenge for the Company and are expected to increase at a higher rate than inflation for the remainder of 2011 due to higher input costs as well as increased wages with effect from 1 July. RBPlat continues to enjoy a healthy financial position with the strong cash generative Boschkoppie anticipated to fund at least 50% of the Company's Styldrift I Project. The Company remains optimistic about the outlook for the PGM markets in the medium to long term taking into account the supply constraints which continue to face the industry.

Steve Phiri
Chief Executive Officer

Kgomotso Moroka
Chairman

16 August 2011

HKLM