



Presentation

Interim Results



## Royal Bafokeng Platinum Condensed Consolidated Interim Results for the six months ended 30 June 2014

Notes

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Notes

## Content

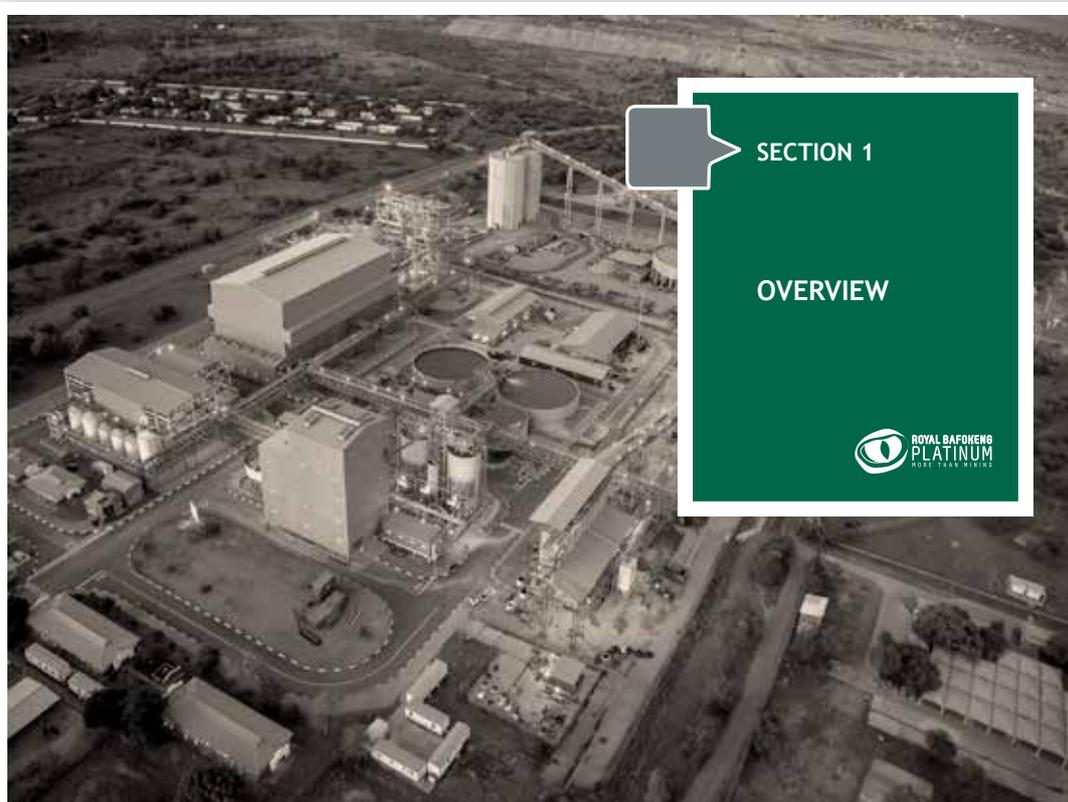
H1 2014

Operational stability during a period of unprecedented industrial action in the platinum sector

1. Overview
2. Safety
3. Market review
4. Operational review and project update
5. Financial review
6. Outlook

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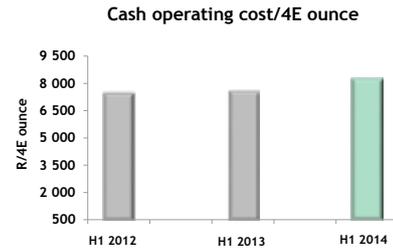
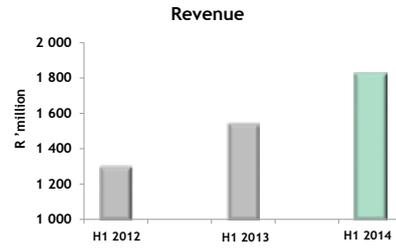
Notes



Notes

## Operational stability amidst widespread industrial action

- > Operational stability with no disruptions to production
- > 4% increase in tonnes milled to 1 140kt
- > Built-up head grade remained flat at 4.25g/t
- > 3% increase in 4E PGM ounces to 134koz
- > Weak safety performance results in a 6% increase in SIFR to 0.34
- > 18% increase in revenue to R1.8 billion
- > 8.5% increase in cash operating cost per 4E ounce to R8 288/4E oz
- > 33% increase in headline earnings to 116 cents per share
- > Cash on hand of R2.2 billion
- > Investment in employee housing development
- > Conclusion of a long-term wage agreement



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### Notes



### Notes

## Safety

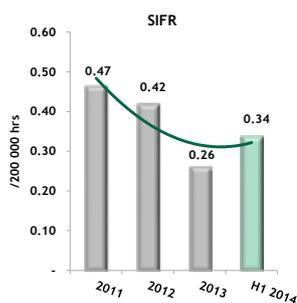
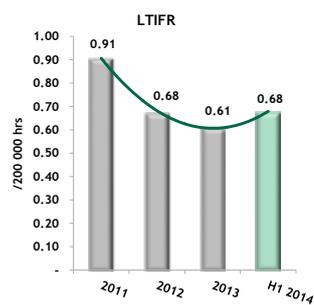
Description	Unit	H1 2013	H1 2014	Var
Fatal injuries	No.	1	0	-
LTIFR	Rate	0.61	0.68	-11%
SIFR	Rate	0.32	0.34	-6%
Safety stoppages	No.	4	4	0%
Production shifts affected	No.	19	16	16%
4E ounces lost	koz	4.9	4.0	18%

### Safety

- > No fatal injuries
- > Disappointing safety performance
  - High incident rate during Q1
  - Improved performance during Q2
  - LTIFR ↓11% and SIFR ↓6%

### Our strategy

- > Principle of zero harm
- > Cultural transformation
  - Leadership, design, systems, behaviour
  - Focus on high risk areas
  - High standards - regulatory compliance



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### Notes



### Notes

## Platinum production impacted by strikes

### Platinum

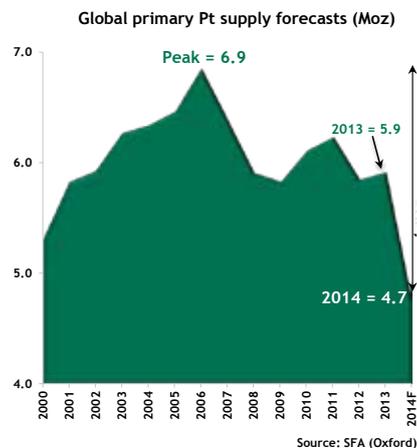
- > Total platinum supply is forecast to fall 13% to 7Moz in 2014
  - Five-month strike action results in estimated losses of 1.2Moz of production
  - South African mine output could fall below 3Moz in 2014 from 4.17Moz in 2013
  - Global platinum production could therefore reduce by 20% to 4.7Moz in 2014 compared to 2013
  - Platinum recycling is forecast to grow 4% to 2.3Moz in 2014, mainly owing to more platinum-rich diesel catalytic converters being scrapped in Europe
  - This should help to destock the platinum market by more than 1Moz this year

### Palladium

- > Total palladium supply is forecast to fall by 3% to 8.5Moz with a 610koz reduction in South Africa partially offset by mine supply and recycling elsewhere

### Rhodium

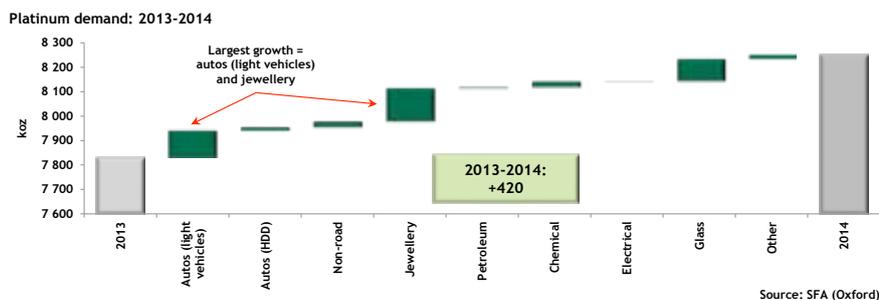
- > Total rhodium supply is forecast to be down 12% to 860koz



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### Notes

## Platinum demand expected to grow 420koz in 2014



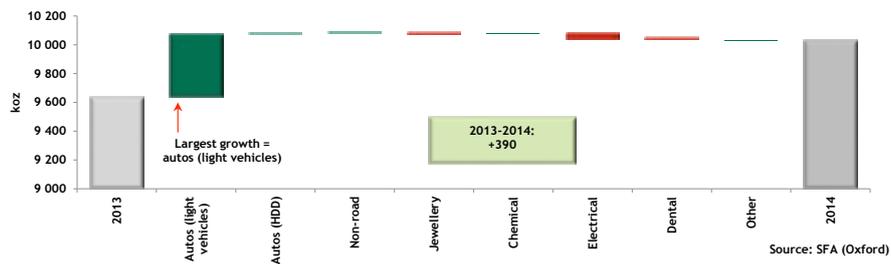
- > Demand growth driven primarily by the auto sector
  - Vehicle sales in Europe grow for the 10th month in a row
  - Increased platinum loadings to meet on-road Euro VI emissions legislation
- > Solid consumer jewellery demand led by China; India emerging
- > Other industrial demand strong too, led by new glass manufacturing capacity in China
- > Platinum ETF holdings increased by 12% for the first six months to 2.87Moz
- > Prices to rise steadily as the market continues to destock; price sensitive jewellery demand could limit meaningful increases as it now makes up 37% of total demand

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### Notes

## Palladium deficit continues to widen

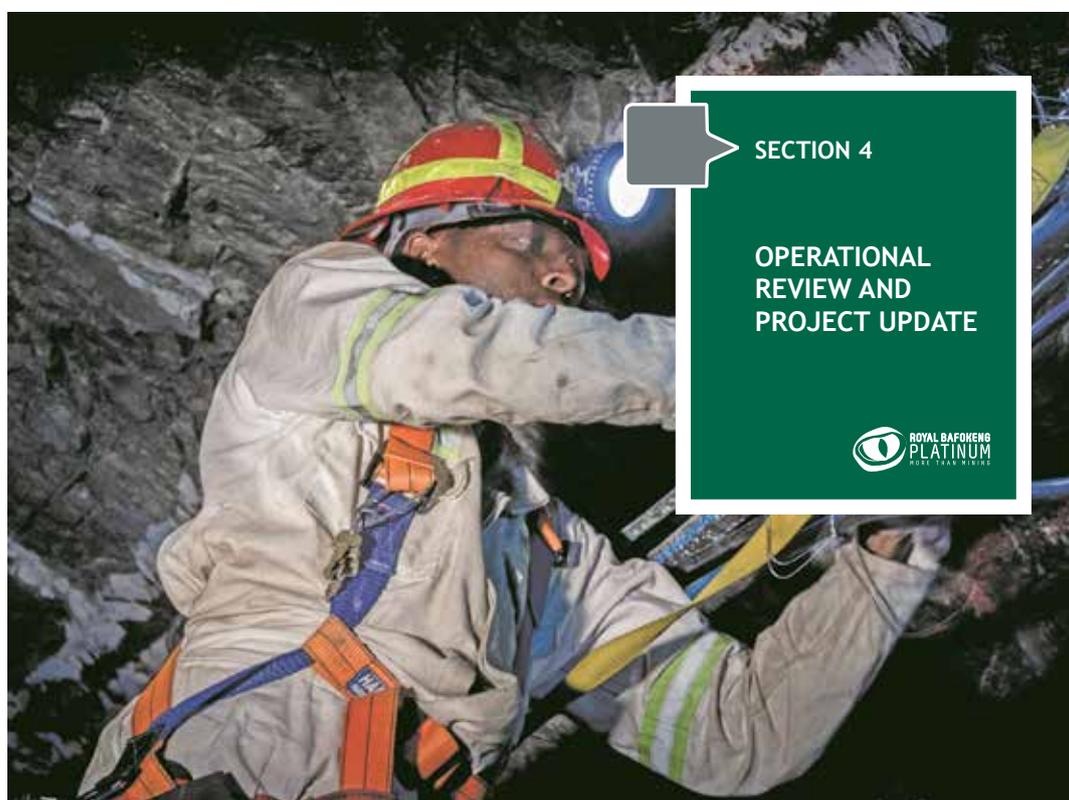
Palladium demand: 2013-2014



- > Industrial demand growth driven entirely by the auto sector
  - US car sales on track for 16 million units this year, back to pre-crisis levels
  - Despite slowing macroeconomic growth, Chinese car sales still growing strongly
- > Palladium ETF holdings increased by 40% for the first six months to 2.85Moz
  - South African ETFs (Absa NewPal ETF and Standard Bank Palladium ETF) collectively allocated 880koz in H1 2014
- > Fundamental deficit set to widen in 2014 leading palladium prices to outperform platinum over the medium term

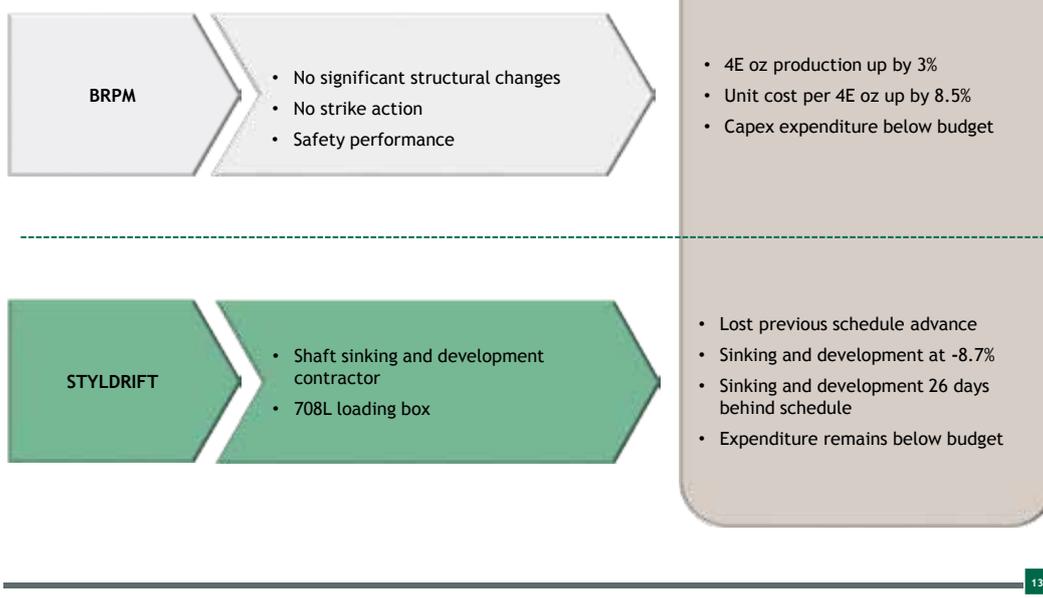
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### Notes



### Notes

## Steady production/Styldrift schedule



### Notes

## Steady mining performance

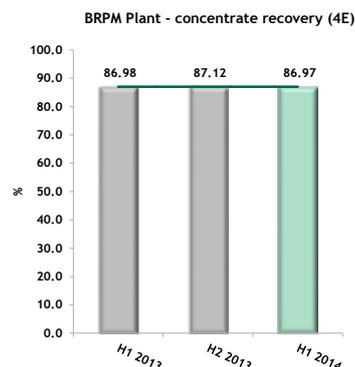
Description	Unit	H1 2013	H1 2014	Var
Total development	km	16.5	18.4	12%
Working cost development	km	14.9	17.1	15%
Capital development	km	1.6	1.3	-19%
Development replacement ratio	m <sup>2</sup> /m	31.8	27.3	14%
IMA ore reserve face length	km	16.9	18.0	7%
IMS ore reserve face length	km	6.08	6.06	0%
IMS panel ratio	ratio	1.52	1.57	3%
Stoping square metres	000 m <sup>2</sup>	246	248	1%
Stoping square metres - MER	000 m <sup>2</sup>	211	204	-3%
Stoping square metres - UG2	000 m <sup>2</sup>	35	44	26%
Tonnes delivered - total	kt	1 128	1 159	3%
MER	kt	926	908	-2%
UG2	kt	202	251	24%
UG2 %	%	18%	22%	22%
Built-up head grade (4E)	g/t	4.28	4.25	-1%
MER (4E)	g/t	4.41	4.40	0%
UG2 (4E)	g/t	3.70	3.72	1%

- > Development ↑12%
  - Informed by business requirements
  - 7% increase in IMA
  - IMS at target levels
  - 3% improvement in IMS panel ratio
- > Stoping ↑1%
  - Merensky ↓3%
  - Shear fault at N# 10 and 11 level
  - UG2 operational flexibility
- > Tonnes delivered ↑3%
  - Increased on reef development
  - Improved stoping performance
  - Sweeping and vamping
- > Grade ↓1%
  - Increase in on reef development
  - Increased UG2 contribution

### Notes

## 3% increase in ounce production

Description	Unit	H1 2013	H1 2014	Var
Tonnes milled - total	kt	1 095	1 140	4%
Tonnes milled - MER	kt	896	890	-1%
Tonnes milled - UG2	kt	199	250	26%
UG2% milled	%	18%	22%	22%
Tonnes milled - BRPM concentrator	kt	1 005	970	-3%
Tonnes milled - BRPM MER	kt	836	890	6%
Tonnes milled - BRPM UG2	kt	109	79	28%
UG2% milled	%	11%	8%	27%
Tonnes milled - UG2 toll	kt	90	170	89%
Built-up head grade (4E) - total	g/t	4.28	4.25	-1%
Built-up head grade (4E) - MER	g/t	4.41	4.40	0%
Built-up head grade (4E) - UG2	g/t	3.70	3.72	1%
Recovery - 4E total concentrating	%	86.51	86.17	0%
Recovery - 4E BRPM concentrator	%	86.98	86.97	0%
4E metals in concentrate	koz	130.3	134.2	3%
Pt metal in concentrate	koz	84.6	86.4	2%



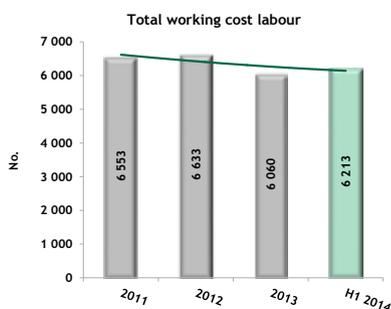
- > 4% increase in milled tonnes - informed by increase in tonnes delivered
- > Increase in toll concentrating
  - Increased UG2 production
  - BRPM concentrator blending constraints Q1
- > Recoveries in line with expectation
- > 3% increase in 4E ounces due to increased volumes

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### Notes

## Labour aligned with operational requirements

Description	Unit	H1 2013	H1 2014	Var
<b>BRPM</b>	No.	6 541	6 666	-2%
Working cost labour	No.	5 984	6 213	-4%
Capital labour	No.	557	453	19%
<b>Stylldrift</b>	No.	827	1 339	-62%
Project	No.	801	1 273	-59%
Operational	No.	26	66	-154%
<b>BRPM labour efficiency</b>				
Stopping efficiency - total	m <sup>2</sup> /crew	311	325	5%
Milled tonnes/TEC	t/TEC	30.0	31.0	3%



### BRPM labour

- > Working cost labour ↓229 or 4%:
  - Re-introduction of winch drivers and sweeping crews
  - Additional miners
- > Capital labour ↓104 (19%):
  - Reduction in capital labour in line with current project activity requirements

### Stylldrift

- > 62% increase - in line with escalation in project construction activities

### Labour efficiency

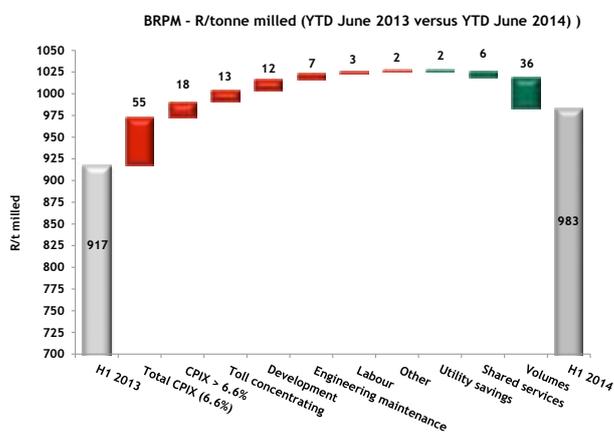
- > Stable labour relations
- > Operational flexibility

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### Notes

## Unit cost increase below mining inflation

Description	Unit	H1 2013	H1 2014	Var
Cash operating cost	R'm	988	1 109	-12.2%
Cash operating cost/tonne	R/t	917	983	-7.2%
Cash operating cost/4E oz	R/oz	7 637	8 288	-8.5%
Cash operating cost/Pt oz	R/oz	11 756	12 881	-9.6%



### Key drivers

- > Inflation at 6.6%
- > Above inflation increases
  - Electricity (11.71%)
  - Water (9.93%)
  - Contractor labour (9.66%)
  - Enrolled labour (7.8%)
- > Increased volumes
  - Toll treatment
  - Development
- > Engineering maintenance costs
- > Labour

### Savings

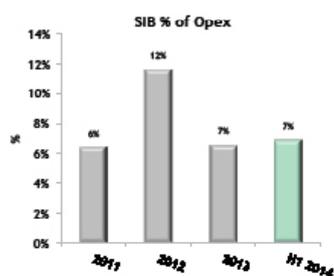
- > Utilities
- > Shared services
- > Volume benefit

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### Notes

## Capital expenditure - expansion driven

Description	Unit	H1 2013	H1 2014	Var
<b>Total capital expenditure</b>	<b>R'm</b>	<b>446</b>	<b>806</b>	<b>-81%</b>
Expansion capital	R'm	312	647	-107%
Styl drift I	R'm	302	627	-108%
Styl drift II	R'm	6	11	-83%
Exploration drilling	R'm	3	9	-200%
BRPM concentrator	R'm	1	0	100%
Replacement capital	R'm	85	82	4%
Phase II	R'm	7	0	100%
Phase III	R'm	78	82	-5%
BRPM UG2	R'm	0	0	0%
Stay in business capital	R'm	49	77	-57%
SIB % of operating cost	%	5%	7%	-40%



### SIB capital

- > New projects:
  - Mill liner replacement - R7 million
  - Water treatment plant construction - R5 million
  - Crusher overhaul and critical spares - R 4 million
- > SIB 7% of operating cost - remains within target range

### Replacement capital

- > Phase II: Completed
- > Phase III: Increased expenditure due to procurement of equipment previously deferred
- > BRPM UG2: No capital development

### Expansion capital

- > Styl drift I: Expenditure commensurate with project construction schedule
- > Styl drift II: Study work progressing to pre-feasibility phase

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### Notes

## Phase III Merensky replacement project - ahead of schedule and below budget

Description	Unit	Plan	Actual/ forecast	Var
% complete	%	59	66	7
Development	m	5 945	7 182	1 237
Completion date	month	Aug-17	Apr - 17	4
Expenditure to date	R'm	781	667	114
Estimate at completion	R'm	1 409	1 295	114

### Progress

- > 7% ahead of schedule
- > Forecasted completion four months ahead of schedule

### Expenditure

- > R114 million below budget
  - Lower than budgeted construction costs
  - Procurement of non critical equipment deferred - no negative impact on schedule
- > Estimate saving at completion R114 million

Milestone	Plan	Actual/ forecast	Variance
Project start	Oct-10	Oct-10	Completed
Level 11	Aug-13	Dec-13	Completed
Sub level bank	Apr-14	Jun-14	Completed
Level 12	Jul-14	Jun-14	Completed
Level 13	Aug-16	Jun-16	+2 months
Level 14	Aug-17	Apr-17	+4 months
Level 15	Apr-17	Sep-16	+7 months
Project completion	Aug-17	Apr-17	+4 months

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### Notes

## H2 2014 - Looking ahead

### Production and cost

- > Throughput : Full year 2.3 - 2.4Mt
- > MER contribution : Maintain at 2013 levels
- > UG2 contribution : 20-22% for the full year
- > Grade : 4.20 - 4.25g/t(4E)
- > Opex : Below mining inflation
- > Ounce output : 270koz 4E - 180koz Pt for full year

### Capital expenditure

- > SIB :  $\pm 7\%$  of operating costs
- > Replacement :  $\pm R200$  million for 2014
- > Expansion : Styldrift I capex revised down to R1.6 billion for 2014

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### Notes



## Notes

## Styldrift project progress

Description	Unit	Plan	Actual	Var
<b>Mining and construction to date</b>	%	47.0	46.6	-0.4%
Engineering and design	%	77.9	81.6	3.7%
Procurement and fabrication	%	48.2	50.6	2.4%
Construction	%	46.9	47.2	0.3%
Sinking and development	%	53.2	44.5	-8.7%
Ramp-up mining	%	-	-	-
<b>Critical path</b>	days	-	-26	-26

## Progress

- > Overall progress 0.4% below plan
  - Sinking and development 8.7% behind
  - Shaft sinking and development contractor
  - Critical path 26 days behind schedule
- > Shaft sinking and equipping
  - Services shaft : 723m - final depth
  - Main shaft : 753m - 5m from final depth
  - Main shaft steelwork preparation for equipping completed - equipping commences in Q3 2014
- > Development
  - Primary access development (600L, 642L)
  - Shaft decline development (708L)
  - Bulk infrastructure (silos, settlers)
  - Surface Ventilation shaft No.1
- > Surface construction
  - Buildings : Stores, offices, lamp room, change house
  - Infrastructure : Ore silos and transfer conveyor belts  
service water tanks, explosives storage
- > Challenges
  - Shaft sinking and development contractor
  - Services shaft capacity

## Notes

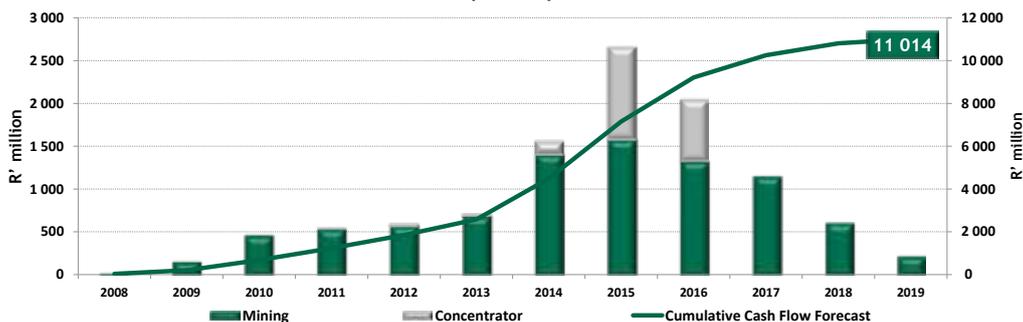
## Styldrift below budget

Description	Unit	Plan	Actual	Var
<b>Expenditure</b>				
H1 2014	R'm	757	627	130
Project to date (PTD)	R'm	3 416	3 138	278
Earned value PTD	R'm	3 442	3 138	304
Commitments PTD	R'm	-	3 991	-
Forecast FY 2014	R'm	1 908	1 578	331
Estimate at completion (EAC)	R'm	11 014	11 014	-

### Capital expenditure

- > Expenditure remains below capital budget
- > Limited use of escalation
- > No contingency utilised to date
- > Remain confident about further savings at project completion

### Capital expenditure



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### Notes

## Key project focus for H2 2014

- > **Mining and construction**
  - Main shaft equipping and commissioning
  - Services shaft optimisation
  - Development and construction of two underground ore silos
  - Decline to shaft bottom
  - Raise boring of Ventilation shaft No.1
  - Lateral development on 600 and 642 level
  - Surface silos (three reef and one waste) and associated infrastructure
  - Construction of surface offices, change house and lamproom
  - Eskom substation construction
- > **Processing**
  - BRPM concentrator 250ktpm upgrade
  - Mill grate discharge conversion
  - Overland conveyor construction
  - BRPM 100ktpm concentrator feasibility study

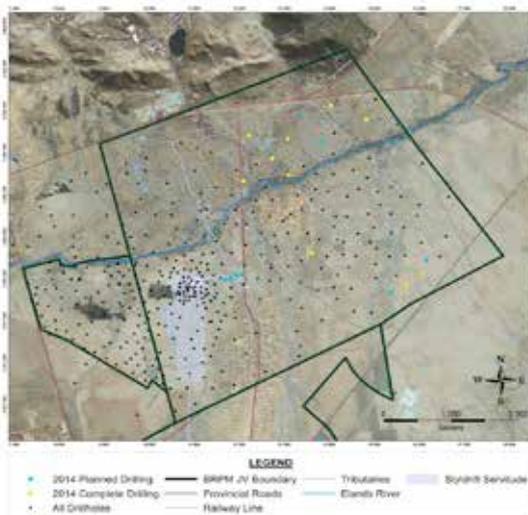
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### Notes



Notes

## Styldrift II study work progressing well



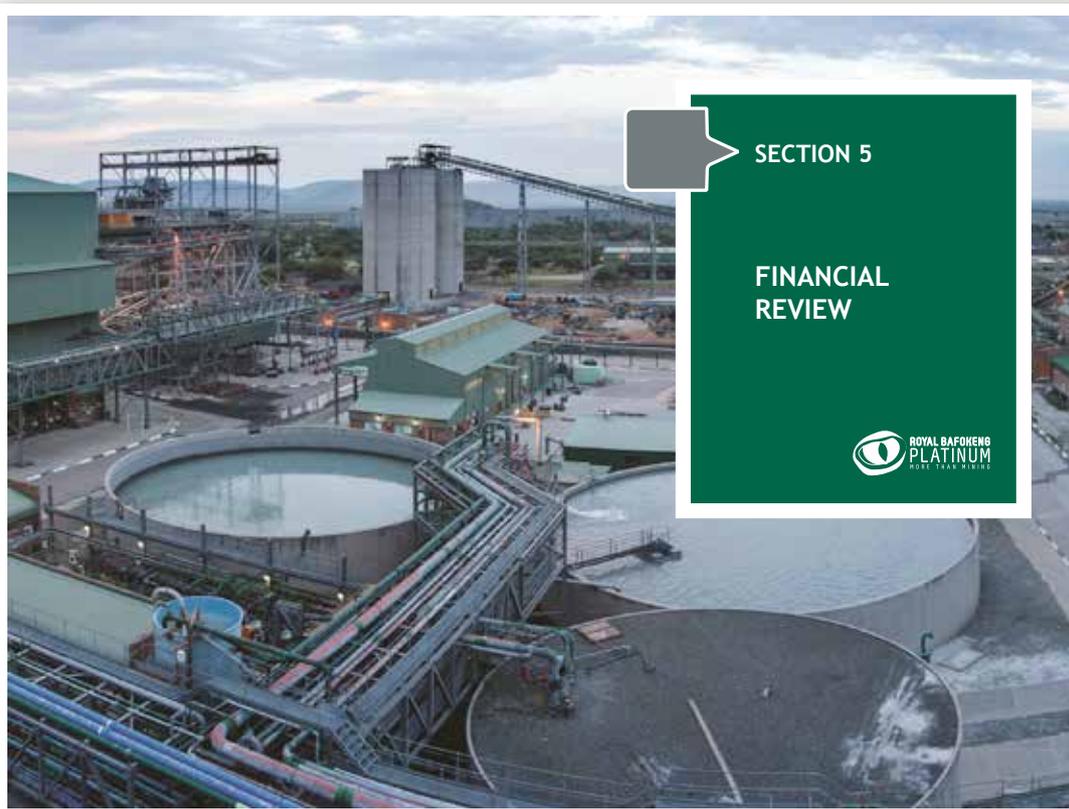
### Pre-feasibility study

- > Commenced in 2013, planned completion Q1 2015
- > Five options are being evaluated
  - Mine access methodology (shaft/decline options)
  - Mine design and mining methods
  - Mechanisation

### Exploration drilling

- > An additional 10 surface exploration holes amounting to 9 000m of drilling completed during H1 2014
- > Total exploration drilling at 94 holes (120 000m)
  - 342 Merensky intersections
  - 299 UG2 intersections
  - New holes show high correlation with previous geological modelling i.e. Swartklip facies, high grades, consistent mineralised envelope (109cm Merensky resource width)
- > Update of 3D Seismic model - in progress

Notes



Notes

## 50% increase in gross profit

Description	Unit	6 months ended 30 June 2014	6 months ended 30 June 2013	% change	Full year ended 31 December 2013
Average basket price*	R/Pt oz	21 148	18 294	15.6 ↑	17 927
Average Rand:US\$ received	R/US\$	10.70	9.30	15.1 ↑	9.65
<b>Revenue</b>	R'm	<b>1 826.5</b>	<b>1 548.0</b>	<b>18.0 ↑</b>	<b>3 251.1</b>
Cost of sales	R'm	(1 337.6)	(1 222.8)	9.4 ↑	(2 650.1)
<b>Gross profit</b>	R'm	<b>488.9</b>	<b>325.2</b>	<b>50.3 ↑</b>	<b>601.0</b>
<b>Operating profit</b>	R'm	<b>419.2</b>	<b>295.5</b>	<b>41.9 ↑</b>	<b>573.5</b>
EBITDA	R'm	620.6	482.2	28.7 ↑	1 008.0

\* Net proceeds from total concentrate sales (including revaluation of pipeline) divided by total platinum ounces produced

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Notes

## 45% increase in headline earnings

Description	Unit	6 months ended 30 June 2014	6 months ended 30 June 2013	% change
Headline earnings	R'm	207.1	143.2	44.6 ↑
Weighted average shares outstanding	#m	178.5	164.3	8.6 ↑
HEPS	R/share	1.16	0.87	33.0 ↑
<i>Fair value depreciation and amortisation</i>	R/share	0.23	0.25	8.0 ↓
<i>Retrenchment costs</i>	R/share	-	0.08	
<i>Tax impact of adjustments</i>	R/share	(0.06)	(0.09)	33.3 ↓
Normalised HEPS	R/share	1.33	1.11	19.8 ↑
Dividend per share	R/share	-	-	-

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### Notes

## 45% increase in cash generated by operations

Description	Unit	6 months ended 30 June 2014	6 months ended 30 June 2013	% change	Full year ended 31 December 2013
Cash generated by operations	R'm	747.4	515.7	44.9 ↑	875.8
Cash, net of debt (including pref share investment)	R'm	2 209.9	992.1	122.7 ↑	772.9
Capital expenditure	R'm	*784.0	445.9	75.8 ↑	1 036.6
Gross profit margin	%	26.8	21.0	27.6 ↑	18.5
EBITDA margin	%	34.0	31.2	9.0 ↑	31.0
Net asset value (NAV)	R/share	71.2	71.1	0.1 ↑	72.2

\*BRPM JV capex : R806 million  
less elimination of inter-group charges : R 22 million  
RBPlat Group capex : R784 million

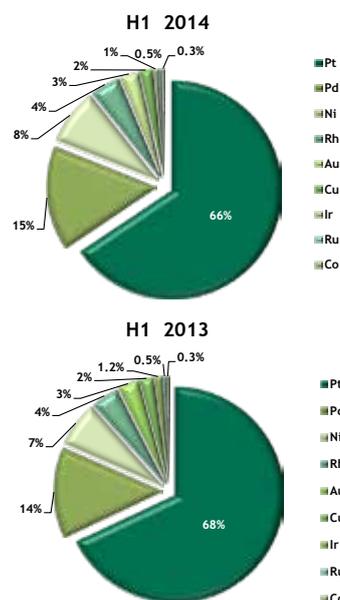
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### Notes

## Strong platinum and base metals bias

Description	6 months ended 30 June 2014		6 months ended 30 June 2013	
	Volume	US\$	Volume	US\$
Platinum (oz)	86 370	1 440/oz	84 628	1 519/oz
Palladium (oz)	36 046	820/oz	34 338	749/oz
Gold (oz)	4 122	1 273/oz	4 134	1 444/oz
Rhodium (oz)	7 690	1 085/oz	7 178	1 099/oz
Iridium (oz)	2 546	584/oz	2 367	982/oz
Ruthenium (oz)	13 101	67/oz	12 293	84/oz
Nickel (tonne)	854	8.34/lb	847	6.92/lb
Copper (tonne)	536	2.99/lb	545	3.29/lb

\* Grossed up to 100% from amount received in terms of disposal of concentrate agreement, excludes pipeline revaluation.



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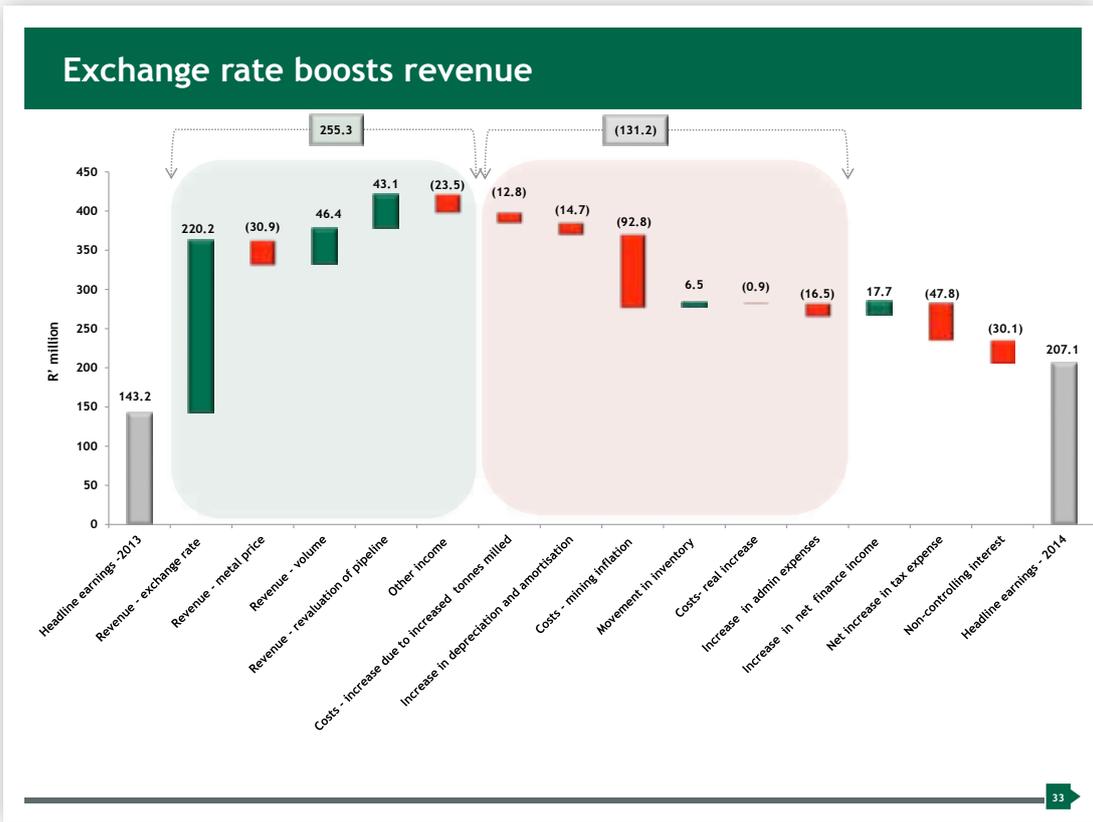
### Notes

## 9.7% increase in cost of sales (excluding depreciation and amortisation)

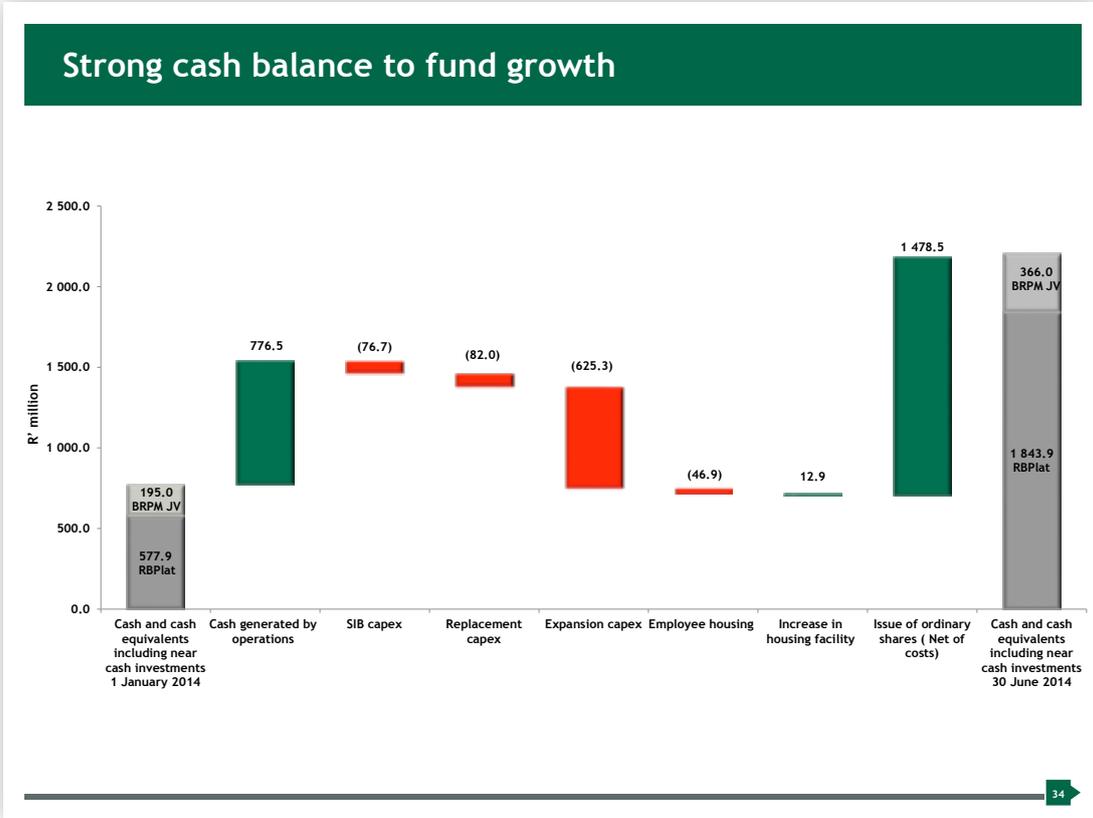
Description	6 months ended 30 June 2014	6 months ended 30 June 2014	% change	6 months ended 30 June 2013	6 months ended 30 June 2013
	R million	% of total		R million	% of total
Labour	408.9	36.0	10.1 ↑	371.4	35.8
Utilities	90.3	7.9	8.9 ↑	82.9	8.0
Contractor costs	256.0	22.5	10.8 ↑	231.0	22.3
Materials and other mining costs	353.9	31.2	16.9 ↑	302.8	29.2
<b>Total cash costs excluding once-off costs</b>	<b>1 109.1</b>	<b>97.6</b>	<b>12.2 ↑</b>	<b>988.1</b>	<b>95.3</b>
Movements in inventories	(21.8)	(1.9)	42.5 ↕	(15.3)	(1.5)
Elimination of intergroup charges	(22.6)	(2.0)	0.9 ↕	(22.4)	(2.1)
Social and labour plan expenditure	45.3	4.0	3.0 ↑	44.0	4.2
Other costs	26.7	2.3	36.7 ↓	42.2	4.1
<b>Cost of sales (exclude depreciation and amortisation)</b>	<b>1 136.7</b>	<b>100.0</b>	<b>9.7 ↑</b>	<b>1 036.6</b>	<b>100.0</b>

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### Notes



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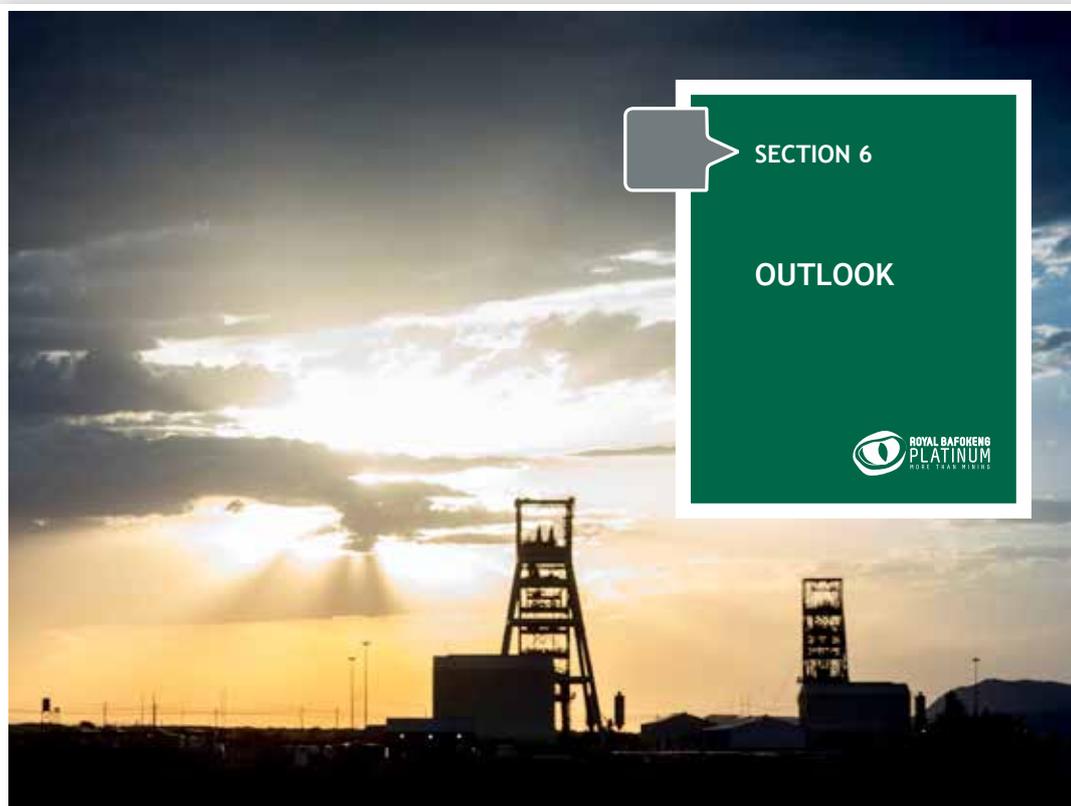
Notes

## Strong cash and funding position

- > R2 210 million cash on hand for the Group (includes R1.5 billion from equity raise)
  - RBPlat R1 844 million
  - BRPM JV R366 million of which R245 million (67%) is attributable to RBPlat
- > R258 million working capital facilities
  - R152.5 million utilised for Eskom, rehab and rental guarantees
  - R105.5 million unutilised
- > R200 million employee housing facility
  - R93.5 million utilised for employee housing project guarantees
  - R12.9 million employee housing facility utilised
  - R93.6 million unutilised
- > Therefore RBPlat has R2.3 billion of funding available
- > Finalisation of term debt for Styldrift before H2 2015

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Notes



Notes

