

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

## ROYAL BAFOKENG PLATINUM LIMITED QUARTERLY REVIEW AND PRODUCTION REPORT FOR THE PERIOD 1 JULY TO 30 SEPTEMBER 2019 ("REPORTING PERIOD") AND STYLDRIFT PROGRESS UPDATE

### **STYLDRIFT ON TRACK TO MEET Q3 2020 RAMP-UP HOWEVER BRPM PERFORMANCE DISAPPOINTS**

#### **OVERVIEW**

- Zero fatalities with double digit improvements being recorded in our LTIFR and SIFR
- 9.2% increase in tonnes delivered to concentrators
  - 21.3% increase in Styldrifft delivered tonnes
  - 1.5% increase in BRPM delivered tonnes
- 2.1% increase in tonnes milled
- 2.1% and 1.8% respective reduction in platinum and 4E metals in concentrate
- BRPM cost per 4E ounce increased by 15.1% year to date
- 60.1% reduction in capital expenditure as Styldrifft project activity nears completion and becomes commercially operational as of January 2019

#### **SAFETY**

In line with our aspiration of zero harm we are pleased to report that no fatal accidents were recorded during the reporting period and that our lost time injury frequency rate (LTIFR) and serious injury frequency rate (SIFR) improved by 33.4% and 32.2% respectively, compared to the third quarter of 2018. For the year to date our LTIFR and SIFR reflect a 26.1% and 38.6% improvement respectively, compared to the corresponding 2018 reporting period.

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

Production losses resulting from safety-related stoppages for the quarter amounted to 23kt tonnes milled or 2.7koz (4E).

#### **PRODUCTION**

Total tonnes delivered to concentrators for the reporting period increased 9.2% to 1 025kt whilst total tonnes milled increased by 2.1% to 1 002kt. Year to date total tonnes delivered and total tonnes milled amounted to 2 860kt and 2 871kt representing a 16.4% and 14.4% respective increase compared to the comparative 2018 reporting period.

A disposal of concentrate agreement pipeline adjustment accrued for the production months of May, June and July was affected during the reporting period which resulted in an artificial lowering of the built-up head grade by 1.8%.

#### **BRPM**

Total tonnes milled for the reporting period reduced by 5.1% to 580kt and 2.4% to 1 692kt for the year to date when compared to 2018.

Merensky tonnes milled for the quarter and year to date reduced by 91kt (18.0%) and 145kt (10.3%) respectively, compared to the respective periods in 2018. The reduction in Merensky volumes is attributable to the combined impact of Merensky reserve depletion at South shaft and lower than expected operational performance at both North and South shafts during the third quarter. The quarterly operational performance was impacted by increased geotechnical complexities associated with accessing and mining of "white areas" at South shaft and localised geology encountered at North shaft Phase III.

Ramping up of UG2 production at our South shaft operation continued during the quarter in line with achieving our stated output of 20ktpm by the fourth quarter of 2019, with 51kt South shaft UG2 being milled during the quarter. Total UG2 tonnes milled for the quarter amounted to 166kt, representing a 56.6% increase compared to 2018. For the year to date

UG2 tonnes milled increased by 32.4% to 425kt compared to 2018. UG2 volumes constituted 28.6% of total tonnes milled for the quarter and 25.1% for the year to date.

The built-up head grade for the year to date is 4.02g/t (4E) compared to 4.16g/t (4E) achieved in the comparative period in 2018, equating to a 3.4% reduction. The reduction in head grade is mainly attributable to the increase in lower grade South shaft UG2 contribution, variability in ore mix and resource area dependant grade fluctuations.

## **STYLDRIFT**

We are encouraged by the improvement achieved in key operating metrics during the third quarter and remain confident that the strategies and action plans initiated to address operational challenges identified to date are delivering the intended results in support of the 230ktpm third quarter of 2020 milestone.

A total of 432kt of ore was delivered to the concentrators for the quarter, equating to a 21.3% increase against the comparative 2018 period. This represents a 16.8% improvement in tonnes per month delivered compared to the average of 123ktpm achieved during the first half of 2019. Tonnes milled for the quarter increased by 14.1% to 422kt, with year to date milled volumes increasing by 51.9% to 1 179kt.

The built-up head grade at Styldrift continues to improve as the stoping tonnage contribution to overall tonnes delivered increases in line with the ramp-up profile. The quarter on quarter and year to date built-up head grades improved by 8.9% to 3.66g/t (4E) and 11.9% to 3.76g/t (4E) respectively.

Operationally the focus remains on achieving improvements in operational efficiency through improved trackless mobile machine availability, minimising in-stope face to tip distances and artisan/operator upskilling programmes.

## **CONCENTRATING**

Total tonnes milled for the reporting period amounted to 1 002kt, representing a 2.1% increase compared to the corresponding 2018 period with increased mining volumes from Styldrift offsetting the lower BRPM volumes. Merensky and UG2 tonnes milled were 837kt and 166kt respectively, with UG2 equating to 17% of total milled volumes. The BRPM concentrator treated 719kt, of which 54kt was UG2 and the Maseve concentrator treated 284kt, of which 112kt was UG2.

The combined built-up head grade for the year to date remains unchanged at 3.91g/t (4E) compared to 2018. The quarter on quarter built-up head grade reduced by 1.8% to 3.78g/t (4E) as a result of changes in ore mix, specifically at BRPM due to the increase in lower grade South shaft UG2 material and the negative ounce adjustment incurred during the quarter.

The lower recovery potential of the Maseve MF1 circuit and variations in ore mix has impacted on overall recoveries, with recoveries reducing by 2.2% and 1.9% for the quarter and year to date respectively, compared to 2018.

The combined impact of the lower recoveries, 2.1% increase in milled volumes and a negative metal in concentrate adjustment accrued during the reporting period yielded a 1.8% and 2.0% quarter on quarter reduction in 4E and platinum metal in concentrate compared to 2018. Platinum and 4E metal production amounted to 65.3koz and 100.6koz, respectively.

Year to date platinum and 4E metal in concentrate production increased by 12.4% and 12.2% to 194.5koz and 299.7koz respectively compared to the respective periods in 2018.

## **CASH OPERATING COSTS**

With Styldrift reaching commercial operating status in January 2019, cash operating costs for the quarter and year to date increased by 98.8% and 97.1% to R1 513 million and R4 144 million respectively, compared to the comparative 2018 reporting periods.

BRPM operating cash costs for the quarter increased 6.8% to R813 million in line with on-mine inflation related increases for labour, utilities and stores. Lower milled tonnes, 4E and platinum production volumes of 5.1%, 13.5% and 14.2% yielded unit operating cost increases per tonne milled, 4E ounce and platinum ounce of 12.6%, 23.7% and 24.6% to R1 402/t, R13 527/oz and R21 008/oz, respectively. The increase in unit costs are mainly attributed to the recommencement of mining UG2 at South shaft. This will extend BRPM's life of mine whilst providing a shift to attractive UG2 basket pricing with increased exposure to palladium and rhodium.

For the year to date BRPM unit costs per tonne milled, 4E ounce and platinum ounce are R1 327/t, R12 221/oz and R18 897/oz, equating to a 9.4%, 15.1% and 15.2% increase respectively, year on year.

Styldrift cash costs for the reporting period amounted to R700 million, yielding unit operating cost per tonne milled, 4E ounce and platinum ounce of R1 659/t, R17 284/oz and R26 316/oz respectively.

With Styldrift currently in ramp-up and BRPM entering a UG2 transition phase, overall RBPlat unit costs do not reflect the efficiency benefits expected to be accrued from our Styldrift operation at steady state and an optimised lower grade BRPM mine.

## CAPITAL

Total capital expenditure for the reporting period decreased by 60.1% or R568.1 million to R377.7 million as Styldrift project activity nears completion and previously capitalised operating costs relating to the Styldrift project are now being expensed.

Replacement capital expenditure decreased by R10.8 million and R25.5 million for the quarter and year to date when compared to 2018 in line with the completion of the North shaft Phase III Merensky project scope of work. Stay-in-business capital increased by R12.8 million or 22.4% in the quarter versus the comparable quarter in 2018, in line with increased belt construction and trackless equipment maintenance requirements at Styldrift and BRPM Phase III.

## PROJECTS

### BRPM NORTH SHAFT PHASE III PROJECT (REPLACEMENT)

The mining and engineering scope of works for the project has been completed with project life cycle moving into its close-out phase, which is expected to be completed by the first quarter of 2020. Estimated cost at completion is forecast at R1.165 billion yielding a saving of R235 million against a budget of R1.4 billion.

### STYLDRIFT PROJECT (EXPANSION)

Project focus for the quarter under review remained on infrastructure creation, commissioning of key ore handling infrastructure and ore reserve development required to establish the operational flexibility to achieve and sustain the 230ktpm ramp-up milestone.

To this end an additional two strike sections, South 2 and North 3 were commissioned during the quarter, bringing the total number of fully equipped, operating stoping sections to ten. 1.8km of development and the commissioning of Ventilation shaft No.2 was also completed during the quarter. Infrastructure commissioning and associated tonnes milled forecast remains aligned with H2 2019 guidance and remains on track to meet the 230ktpm third quarter of 2020 milestone.

Capital expenditure for the reporting period amounted to R307.4 million bringing the total capital project expenditure to date to R12.65 billion.

Description	Unit	Unaudited quarter ended 30 September 2019	Unaudited quarter ended 30 September 2018	Quarter 3 2018 vs. Quarter 3 2019 % Change	Unaudited YTD 30 September 2019	Unaudited YTD 30 September 2018	YTD Sep 2018 vs. YTD Sep 2019 % Change
<b>Safety</b>							
TIFR (/1000,000 hrs)	rate	10.78	9.66	(11.6)	9.48	9.83	3.6
LTIFR (/1000,000 hrs)	rate	2.01	3.02	33.4	2.07	2.80	26.1
SIFR (/1000,000 hrs)	rate	1.64	2.42	32.2	1.32	2.15	38.6
<b>Production</b>							
Tonnes delivered to concentrators	kt	1 025	939	9.2	2 860	2 456	16.4
BRPM	kt	592	583	1.5	1 688	1 697	(0.5)
Styldrift	kt	432	356	21.3	1 172	759	54.4
Total tonnes milled	kt	1 002	981	2.1	2 871	2 510	14.4
BRPM	kt	580	611	(5.1)	1 692	1 734	(2.4)
Styldrift	kt	422	370	14.1	1 179	776	51.9
Merensky	kt	837	875	(4.3)	2 447	2 188	11.8
UG2	kt	166	106	56.6	425	321	32.4
% UG2 of total tonnes milled	%	17	11	54.5	15	13	15.4
4E built-up head grade	g/t	3.78	3.85	(1.8)	3.91	3.91 <sup>1</sup>	-
BRPM	g/t	3.86	4.14	(6.8)	4.02	4.16	(3.4)
Styldrift	g/t	3.66	3.36	8.9	3.76	3.36	11.9
Merensky	g/t	3.79	3.83	(1.0)	3.92	3.89	0.8
UG2	g/t	3.70	4.04	(8.4)	3.86	4.06	(4.9)

Description	Unit	Unaudited quarter ended 30 September 2019	Unaudited quarter ended 30 September 2018	Quarter 3 2018 vs. Quarter 3 2019 % Change	Unaudited YTD 30 September 2019	Unaudited YTD 30 September 2018	YTD Sep 2018 vs. YTD Sep 2019 % Change
Concentrator recovery (4E)	%	82.66	84.50	(2.2)	82.95	84.57	(1.9)
BRPM	%	83.89	85.24	(1.6)	84.18	85.04	(1.0)
Maseve	%	79.51	81.40	(2.3)	80.00	81.40	(1.7)
<b>Metals in concentrate produced<sup>2</sup></b>							
<b>RBPlat</b>							
4E	koz	100.6	102.4	(1.8)	299.7	267.0	12.2
Platinum	koz	65.3	66.6	(2.0)	194.5	173.1	12.4
Palladium	koz	26.7	27.1	(1.5)	79.8	71.0	12.4
Rhodium	koz	5.5	5.5	-	16.3	14.6	11.6
Gold	koz	3.1	3.2	(3.1)	9.1	8.3	9.6
Iridium	koz	1.8	1.8	-	5.3	4.8	10.4
Ruthenium	koz	9.4	9.3 <sup>1</sup>	1.1	27.4	24.9	10.0
Nickel	kt	0.707	0.681	3.8	2.019	1.773	13.9
Copper	kt	0.438	0.430	1.9	1.245	1.111	12.1
<b>BRPM</b>							
4E	koz	60.1	69.5	(13.5)	183.7	197.9	(7.2)
Platinum	koz	38.7	45.1	(14.2)	118.8	128.1	(7.3)
Palladium	koz	16.0	18.4	(13.0)	49.0	52.6	(6.8)
Rhodium	koz	3.7	3.9	(5.1)	10.4	11.2	(7.1)
Gold	koz	1.6	2.1	(23.8)	5.5	6.0	(8.3)
Iridium	koz	1.0	1.3	(23.1)	3.0	3.7	(18.9)
Ruthenium	koz	5.5	6.7	(17.9)	16.5	19.1	(13.6)
Nickel	kt	0.401	0.421	(4.8)	1.183	1.208	(2.1)
Copper	kt	0.280	0.273	2.6	0.814	0.776	4.9
<b>Styldrift</b>							
4E	koz	40.5	32.9	23.1	116.0	69.1	67.9
Platinum	koz	26.6	21.5	23.7	75.7	45.0	68.2
Palladium	koz	10.7	8.7	23.0	30.8	18.4	67.4
Rhodium	koz	1.8	1.6	12.5	5.9	3.4	73.5
Gold	koz	1.5	1.1	36.4	3.7	2.3	60.9
Iridium	koz	0.8	0.5	60.0	2.2	1.1	100.0
Ruthenium	koz	3.9	2.6 <sup>1</sup>	50.0	10.9	5.8	87.9
Nickel	kt	0.307	0.260	18.1	0.836	0.565	48.0
Copper	kt	0.159	0.157	1.3	0.431	0.335	28.7
<b>Cash operating costs</b>							
RBPlat cash operating cost	R'm	1 513	761	(98.8)	4 144	2 103	(97.1)
BRPM	R'm	813	761	(6.8)	2 245	2 103	(6.8)
Styldrift	R'm	700	-	-	1 899	-	-
RBPlat cash operating cost / tonne milled	R/t	1 510	1 245	(21.3)	1 443	1 213	(19.0)
BRPM	R/t	1 402	1 245	(12.6)	1 327	1 213	(9.4)
Styldrift	R/t	1 659	-	-	1 611	-	(100)
RBPlat cash operating cost / 4E ounce	R/oz	15 040	10 939	(37.5)	13 827	10 622	(30.2)
BRPM	R/oz	13 527	10 939	(23.7)	12 221	10 622	(15.1)
Styldrift	R/oz	17 284	-	(100)	16 371	-	-
RBPlat cash operating cost / Pt ounce	R/oz	23 170	16 864	(37.4)	21 306	16 407	(29.9)
BRPM	R/oz	21 008	16 864	(24.6)	18 897	16 407	(15.2)
Styldrift	R/oz	26 316	-	-	25 086	-	-

Description	Unit	Unaudited quarter ended 30 September 2019	Unaudited quarter ended 30 September 2018	Quarter 3 2018 vs. Quarter 3 2019 % Change	Unaudited YTD 30 September 2019	Unaudited YTD 30 September 2018	YTD Sep 2018 vs. YTD Sep 2019 % Change
<b>Capital expenditure</b>							
Total capital	R'm	377.7	945.8	60.1	998.5	2 325.9	57.1
Expansion	R'm	307.4	877.5	65.0	868.8	2 179.6	60.1
Replacement	R'm	0.3	11.1	97.3	6.5	32.0	79.7
Stay-in-business (SIB)	R'm	70.0	57.2	(22.4)	123.1	114.3	(7.7)
BRPM	R'm	23.6	20.7	(14.0)	54.7	49.1	(11.4)
Styl drift	R'm	40.5	25.0	(62.0)	60.2	39.8	(51.3)
Maseve	R'm	-	0.5	100.0	-	0.5	100.0
Concentrators	R'm	5.9	11.0	46.4	8.3	24.9	66.7
BRPM SIB as % of operating cost	%	2.9	2.7	(7.4)	2.4	2.3	(4.3)
Styl drift SIB as % of operating cost	%	5.8	-	-	3.2	-	-

<sup>1</sup>The 2018 number has been restated due to a misstatement in the 2018 third quarter quarterly review and production report

<sup>2</sup>Please note any difference in totals in this table is due to rounding

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

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