

KEY FEATURES

- > REGRETTABLY, ONE FATALITY
- > 37% IMPROVEMENT IN LOST TIME INJURY FREQUENCY RATE
- > STRONG CASH GENERATION, WITH ONGOING FOCUS ON CASH PRESERVATION
- > UNGEARED BALANCE SHEET WITH CASH ON HAND OF R1 BILLION
- > 16% INCREASE IN PLATINUM OUNCES PRODUCED
- > 2% INCREASE IN CASH OPERATING COST PER PLATINUM OUNCE PRODUCED
- > 229% INCREASE IN HEADLINE EARNINGS PER SHARE



EXTRACTS FROM THE CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

**> MORE THAN
MINING**

Overview

The first six months of 2016 continued with no meaningful improvement in the PGM market. Our improved average basket price, lower than planned expenditure at Styldrift I, together with our ongoing focus on cash preservation and maintaining a strong balance sheet, resulted in R1 033.2 million cash on hand at the end of June 2016.

Through a combination of continued healthy labour relations, an improvement in our overall safety performance, operational flexibility at Bafokeng Rasimone Platinum Mine (BRPM), and meaningful increases in Styldrift I's contribution to production we were able to achieve operational stability and a consequent overall improvement in operational performance year-on-year. We have also been able to deliver against some of the key performance indicators that underpin our strategic pillars of **Towards operational excellence** and **Build flexibility** to ensure sustainability. The operational stability we have achieved also provides the basis for continued improvement in our operational performance in the future.

Tragically we had a loss of life at BRPM during the reporting period. Our Board of directors and management team extend their condolences to the deceased's family, friends and colleagues. Notwithstanding this tragic loss of life we have achieved pleasing improvements not only in most of our key safety metrics, but also in our safety systems, people behaviour and standards of compliance. Achieving zero harm remains a key performance indicator of our strategic pillar **Towards operational excellence** which we are committed to achieving through the establishment of a resilient operating culture.

Revenue and earnings

Net revenue increased by 15.8% from R1 422.6 million in the first half of 2015 to R1 646.9 million for the reporting period due to a 9% increase in the average rand basket price to R19 680 per platinum ounce in the first half of 2016 compared to R18 062 in 2015 and a 6% increase in platinum ounces sold.

BRPM's average cash operating cost per platinum ounce increased by 1.7% from R15 615 to R15 882 due to a 5% increase in platinum ounce production and an 8% increase in cash operating costs.

Our gross profit margin improved from 0.6% to 11.4% for the period ended 30 June 2016. This was due to the 15.8% increase in net revenue and a 3.2% increase in total cost of sales for the six months ended 30 June 2016.

Earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of revenue increased from 11.1% to 18.5% in the first half of 2016 mainly as a result of the increased revenue and administration costs being 19% lower.

Our improved profitability contributed to RBPlat delivering headline earnings of 77.8 cents per share for the six months ended 30 June 2016 compared to a headline loss of 60.4 cents per share for the six months ended 30 June 2015.

No dividends have been declared or proposed in the current period (2015: nil).

Cash on hand and facilities

At 30 June 2016 the RBPlat Group had cash and near cash investments of R1 033.2 million of which R37.7 million is ring-fenced to the RBPlat housing project. The Group has a R458 million working capital facility of which R158.9 million has been utilised for guarantees at 30 June 2016. RBPlat's revolving credit facility of R500 million remained undrawn at 30 June 2016.

Operating and financial statistics for the six months ended

	Unit	30 June 2016	30 June 2015	% change
Revenue	R'm	1 646.9	1 422.6	15.8
4E ounces produced*	koz	142.0	122.0	16.4
Pt ounces produced*	koz	91.6	78.8	16.2
Cash operating cost/tonne milled	R/t	1 156	1 119	(3.3)
Cash operating cost/4E ounce**	R/oz	10 236	10 080	(1.5)
Cash operating cost/platinum ounce**	R/oz	15 882	15 615	(1.7)
Total BRPM JV capital expenditure***	R'm	517	1 141	54.7
Gross profit margin	%	11.4	0.6	1 800
EBITDA margin	%	18.5	11.1	66.7
Headline earnings/(loss) per share	cents/share	77.8	(60.4)	228.8

* Includes 12.1koz (4E) and 7.9koz (Pt) from Styldrift for the first six months of 2016.

** Unit cash costs are calculated excluding tonnages, ounces and costs generated by Styldrift I on-reef development.

*** The R517 million (2015: R1 141 million) capital expenditure for the BRPM JV excludes the elimination of intergroup charges of R9 million (2015: R19 million) resulting in RBPlat Group capital expenditure of R508 million (2015: R1 122 million).

Please note that any differences in various percentages in this table are due to rounding.

Outlook

In line with our strategy, one of our objectives during the second half of the year is to achieve zero fatalities, maintain the improvement in our LTIFR achieved to date and reverse the deterioration in our SIFR by year end so as to show a year-on-year improvement. Key to achieving this objective will be the continued implementation of our revised safety strategy and progress the business from a compliance based safety culture to a resilient based culture.

In addition to our unwavering approach to safety, focus will also be placed on meeting our strategic objectives with regards to production volumes, grade and cost reduction to maximise cashflow by:

- > consolidating operational flexibility and efficiency improvements made at BRPM during the first six months of 2016
- > ensuring Styldrift I remains optimally resourced to meet its development and construction targets to ensure successful execution
- > maintaining strict operational and capital cost control and management
- > maintaining operational stability through ongoing meaningful dialogue with organised labour and communities.

Joint venture production guidance for the full year is forecast at 2.75Mt to 2.90Mt at a 4E built-up head grade of between 3.95 and 4.05g/t, subject to any unforeseen operational disruptions, and therefore remains in line with the previously communicated guidance. Total joint venture capital expenditure for the year remains estimated at R1.3 billion, with the key driver continued to be the construction programme for the Styldrift I project estimated at R1 billion. SIB expenditure is forecast to remain between 4 and 5% of operating expenditure for the remainder of the year.

Numerous disruptions to mining have led to a lower projected outlook for South African platinum supply for the year with an expected reduction in output to approximately 4.17Moz. Meanwhile platinum recycling from scrap autocatalysts has been growing slower than anticipated owing to the ongoing shortfall of scrap volumes from vehicle dismantlers as low scrap steel prices disincentivise recycling activities. This, against a backdrop of steady platinum demand, should lead to a market shortfall for the year.

Further information

This short form announcement is the responsibility of the board of directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement published on SENS on Monday, 1 August 2016, and also available on Royal Bafokeng Platinum's website at www.bafokengplatinum.co.za. The full announcement is also available for inspection at the registered office of RBPlat and the offices of the Sponsor, during office hours from Monday to Friday between 9am – 4pm, at no charge.

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