

# RBPlat's Styldrift mine on track

6 March 2013

Source: [www.thepost.co.za](http://www.thepost.co.za)

Author: Dineo Faku

Royal Bafokeng Platinum's (RBPlat's) Styldrift 1 expansion project was on track to start production in 2015 and ramp up to full production within three years, Steve Phiri, the chief executive, said yesterday.

The R11.8 billion Styldrift project is a mechanised operation that is expected to employ about 300 people and produce 320 000 ounces of platinum group metals a year.

The Styldrift 1 development is under way against the backdrop of fears of a deficit in the platinum market of 400 000 ounces as supplies are expected to drop following labour disruptions and mine closures at local mines last year.

Rising costs are a major concern as mines deepen and grades decline. RBPlat would review its capital expenditure and focus on cutting costs by keeping staff levels in check, it said. Cost management would be a key driver this year.

"We will be reviewing our capital expenditure and reducing it where possible, provided it does not place business sustainability at risk," Phiri said.

"Cost management will be a major focus and we will need to improve efficiencies and control workforce numbers. There is no doubt that we are facing a number of challenges, but there are positives as well. The company will also focus on services and procurement."

The company has deferred R462 million in capital expenditure, including a R300m upgrade of its Bafokeng Rasimone platinum mine, a R71.1m cash injection into drilling in Styldrift 2 and R90m for a chairlift at Bafokeng Rasimone's south shaft. RBPlat has already cut employees by 8 percent to 6 057. Labour pay comprised 62 percent of costs last year.

Cash costs increased by 14 percent to R2.05 billion owing to a new production incentive scheme for employees and contractors, and rising labour and utility costs.

Due to safety-related stoppages, 117 000 tons were lost last year compared with 92 000 tons in the previous year. The company was not immune to the unprotected strikes that rocked the platinum industry and resulted in a loss of 70 000 tons.

But the company said it had felt less of an impact from the widespread wildcat strikes compared with its peers, as it had good relations with employees.

The National Union of Mineworkers was the majority union. Although the Association of Mineworkers and Construction Union has minority representation, it was still talking to RBPlat for recognition.

Nevertheless, RBPlat posted a 3.7 percent decline in revenue to R2.87bn for the 12 months to last December yesterday. Earnings fell 37 percent year on year to R170.3m. Headline earnings a share declined 37.8 percent to R1.04 in the period under review.

RBPlat did not intend to declare a dividend until 2017. The shares slipped 0.65 percent to close at R53.