

# **RBPlat focuses on core business strength – R750 Million saving in planned capital expenditure for processing solution**

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- R2 billion investment in processing facilities
- Contractor model adopted for Styldrift ramp-up
- Transition to owner mining in medium term
- Immediate and long-term focus on local skills development and job creation

Royal Bafokeng Platinum is pleased to advise that, following a detailed strategic review of operating activities and long-term capital expenditure commitments, the company has selected an optimal processing solution for its Merensky ore, which achieves both cash preservation and value creation.

CEO, Steve Phiri says that, “In the face of a challenging platinum group metals pricing environment and associated industry cost escalations, we have reiterated our focus on our profitable core business, that of mining Merensky ore. At the same time we will continue the trial mining of UG2 reef, with the aim of improving our ability to extract the reef optimally, and to providing a permanent processing solution for the UG2 ore when the PGM market supports a value-enhancing business case. This strategy will minimise stockpiling of ore during the Styldrift ramp-up, thus contributing to earlier cashflows and, at the same time, result in a R750 million saving on capital expenditure.”

Having considered a full range of processing solutions available for the Styldrift I Merensky ore, the Bafokeng Rasimone Platinum Mine Joint Venture will upgrade and expand the existing concentrator plant at BRPM. The upgrade initially increases the existing concentrator capacity from 200 000 tonnes per month (tpm) to 250 000tpm. The construction of a further 100 000tpm module adjacent to the existing BRPM plant will increase the nameplate capacity further to 350 000tpm.

The envisaged R2 billion capex represents a reduction of approximately R750 million on the JV’s combined original capex plan for the development of a concentrator plant at Styldrift, the plant upgrade at BRPM to treat UG2 and for UG2 blending.

Merensky output at BRPM is anticipated to reduce beyond 2018 as Merensky reserves at South shaft are depleted. The expanded concentrator capacity allows the BRPM JV to treat all the Merensky ore from BRPM (120 000tpm) and Styldrift I (230 000tpm) together with limited quantities of UG2 ore. Excess UG2 ore will continue to be toll treated at the Anglo American Platinum Waterval concentrator plant. Sufficient flexibility is built into the processing solution to allow for further upgrades and/or expansion to also process the UG2 ore should market conditions allow.

RBPlat is also pleased to advise that, after a lengthy adjudication process, the company has selected Aveng Mining Shafts and Underground, a division of Aveng Africa Limited, as preferred mining contractor for the Styldrift project for 36-month contract period. Final contract negotiations and the conclusion of legal agreements are expected to be completed by the end of the first quarter of 2014, with on-going project optimisation prior to mining operations starting in July 2015.

The adoption of a temporary contract-mining model has been adopted in anticipation of the need to rapidly deploy a large number of skilled and experienced teams due to the mechanised nature of the mine and the aggressive ramp-up schedule. Management believes that contract mining during ramp-up will provide a higher degree of certainty with regards to performance and costs, and improve the efficiencies of the project.

Aveng will be required to employ and train employees from local communities in-line with agreed targets. At the same time, the mine will employ and train teams, largely comprising local employees, during the ramp-up period with a view

to making the transition to RBPlat's long-term vision of being an owner-operated operation.

Phiri adds, "Styldrift is located on the doorstep of four communities - Chaneng, Mafenya, Robega and Rasimone. We intend recruiting from these communities and, in doing so, help to alleviate the existing high levels of unemployment."

Styldrift has already commenced with its local skills development programme in partnership with the Sandvik training academy in Rustenburg to develop 360 local community members in operator and maintenance skills.