

# Royal Bafokeng output 'improves 10%'

18 April 2013

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

Author: Allan Seccombe

INVESTORS took heart from Royal Bafokeng Platinum's (RBPlat) March-quarter production results, showing a 10% improvement in metal output.

RBPlat shares rose as much as 8% to R54 by early afternoon, outpacing a 0.12% decline in the platinum index on the JSE.

RBPlat produced 64,900oz of four platinum group metal (PGM) elements, namely platinum, palladium, rhodium and gold, in concentrate in the three months to end-March this year.

This was 10% higher than the same period a year earlier. It reported slightly lower nickel and copper production in the period.

Deliveries of ore to the concentrators improved 4% on better milling performance. The improved milling output and higher grade of metal in the ore boosted RBPlat's metal output.

"As a consequence, RBPlat has evidenced notable unit cost inflation containment," SBG Securities analyst Justin Froneman said. The operating cash cost per platinum ounce nudged down 0.2% to R11,677 from the same period a year earlier.

RBPlat was forecast to produce 156,000oz of PGMs in the first half of this year, a 22% year-on-year improvement, Mr Froneman said, adding platinum production alone was expected to rise 18% to 99,000oz.

"We consider the operational gains achieved by RBPlat during the first quarter as notable and consider further efficiency and throughput gains as likely for the remainder of financial year 2013," he said. The flexibility RBPlat referred to meant there were spare working areas or mining faces available to tap into.

"RBPlat is almost unique in having this," JP Morgan Cazenove said. The company also had "unusually" stable labour relations.

With notable reductions in time lost to injuries during the quarter there were fewer safety stoppages, which also contributed to the stronger performance, RBPlat said.

The Department of Mineral Resources ordered two stoppages in the quarter compared with seven a year earlier. The two halts cost five production shifts.

"The improved performance is attributable to a reduction in safety related stoppages and benefits accrued from our ongoing operational flexibility strategy," RBPlat said.

Its expansion and replacement projects, which entail growing existing assets and building the new Styldrift mine, were on track and on budget, it said.