

South African Royal Bafokeng Platinum swings to profit

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[BUSINESS LIVE] -- South African miner Royal Bafokeng Platinum reported a return to full-year profit on Tuesday, boosted by higher metal prices and output, and said a market deficit should support operations in 2011.

RBPlat, a black-controlled, mid-tier producer of platinum group metals said full-year headline EPS stood at 192 cents, compared with a headline loss per share of 1,072 cents.

Headline EPS are the main profit gauge in South Africa and exclude certain one-time items.

The company said a change in control and accounting practices also impacted favourably on the results.

Full-year sales rose to 2.11 billion rand (\$307.7 million) from 1.16 billion the previous year.

RBPlat said unit costs remained flat at 707 rand per tonne milled. The amount of tonnes milled rose 12 percent, while output of PGM ounces in concentrate rose 7 percent.

RBPlat, which listed last year, said it had agreed terms with Impala Platinum for a transaction that should add value to its shareholders, but did not give any details.

Implats last year offered to buy RBPlat's key asset, the Rasimone mine, but the bid was snubbed by Anglo Platinum, which owns a 33 percent stake in the mine. RBPlat is a unit of Royal Bafokeng Holdings, which manages commercial assets for the Royal Bafokeng Nation, a community of black South Africans that owns 1,200 square kilometres in one of the world's biggest platinum deposits.

Demand for platinum, used in jewellery and automobile catalytic converters, has been boosted by an economic rebound, particularly in developing markets.

South Africa's platinum output is expected to rise slightly this year after dipping in 2010 due to safety-related work stoppages and wage strikes in the world's top source of the precious metal, top refiner Johnson Matthey said in November.

Shares in RBPlat are down 5 percent so far this year, compared with a 0.7 percent rise in Johannesburg's All-Share index.