
PRESS RELEASE

London, 12 August 2015

Reduced capital investment expenditure set to curb platinum mining output by 16% in 2016

WPIC commissioned report by Venmyn Deloitte suggests that reduced capex will ensure platinum market remains in deficit in 2016 and 2017

London, 12 August 2015: The reduction in capital investment expenditure by South African platinum producers will limit output of the precious metal by as much as 16% in 2016 and 2017, compared to 2015 levels, a World Platinum Investment Council-commissioned report by Venmyn Deloitte, the independent consultancy, projects.

The study, which tracks capital investment by South African producers over a twenty year period, estimates a decline in platinum output, due to reduced expenditure, of more than 600 koz per annum in 2016. Such a fall would support ongoing deficits in the platinum supply-demand balance, even without growth in platinum demand.

Approximately 70% of global refined platinum mining production is from South Africa where most arises from underground hard-rock mining. The nature of this mining requires high levels of capital investment to maintain steady levels of production and even higher levels to achieve growth in output.

Trevor Raymond, Director of Research at WPIC, said:

“We believe the decline in refined platinum production from South Africa associated with reduced capital expenditure will continue. This is in contrast to

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some surprising assertions in the market that South African platinum output is likely to rise over the next two years. The analysis by Venmyn Deloitte demonstrates that using capital intensity alone as an indicator, production in 2016 and 2017 is likely to be well below current levels.”

The report highlights that annual platinum production from South Africa declined by over 500 koz per annum, or 11%, from 2008 to 2013. Over the same five-year period annual capital investment in South African platinum mining declined by more than 40%, from R30 billion per annum to R17 billion per annum. Capital investment in 2014 was R13 billion and published capital investment for 2015 is R11 billion.

Using the rate of capital expenditure alone as an indicator of likely future output, refined platinum output from South Africa will fall by an estimated 16% below the 2015 level in 2016. If capital expenditure continues in 2016 at the same level as that in 2015 output in 2017 is also expected to be 16% below the level in 2015.

The full copy of the Venmyn Deloitte study is available to download at: www.platinuminvestment.com, as are all WPIC-commissioned reports.

The publication of today’s report comes three months after the WPIC published its third *Platinum Quarterly* market update. Produced by SFA (Oxford), an independent authority on the platinum group metals market, the report forecasts that the global platinum market will remain in deficit for the full year 2015, with demand estimated to exceed supply by 190 koz.

The WPIC will publish the next edition of *Platinum Quarterly*, covering market activity during the second quarter of 2015, on 8 September 2015. Those wanting to receive a copy immediately on publication can subscribe without charge at www.platinuminvestment.com.

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Notes to Editors:

About the World Platinum Investment Council

The World Platinum Investment Council Ltd (WPIC) is a global market authority on physical platinum investment, formed to meet the growing investor demand for objective and reliable platinum market intelligence. WPIC's mission is to stimulate global investor demand for physical platinum through both actionable insights and targeted product development.

WPIC was created in 2014 by the six leading platinum producers in South Africa: Anglo American Platinum Ltd, Aquarius Platinum Ltd, Impala Platinum Holdings Ltd, Lonmin plc, Northam Platinum Ltd and Royal Bafokeng Platinum Ltd.

For further information, please visit: www.platinuminvestment.com

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About Venmyn Deloitte

Venmyn Deloitte is an independent advisory company and subsidiary of Deloitte Consulting South Africa. Its advisors have extensive experience in preparing resource statements, compliant competent persons', technical advisors' and valuation reports for mining and exploration companies. The Venmyn Deloitte advisors have, collectively, more than 100 years of experience in the assessment and evaluation of exploration and mining projects. Its reports have been accepted by the Johannesburg, London, Toronto, New York, Hong Kong and Australian securities exchanges together with Securities Regulation Panels in all these jurisdictions.

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About Platinum

Platinum is one of the rarest metals in the world with distinctive qualities making it highly valued across a number of diverse demand segments. Platinum's unique physical and catalytic properties have established its value in industrial applications. At the same time, its unique precious metal attributes have made it the premier jewellery metal.

Platinum's supply comes from two main sources: primary mining output, and recycling, which typically comes from end of life auto catalysts and jewellery recycling. Over the last five years, between 72% and 77% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is growing and becoming more diverse. There are four core segments of platinum demand: automotive, industrial, jewellery and investment demand.

Platinum demand from autocatalysts has equated to between 37% and 41% of total demand in the last five years. Platinum's diverse other industrial uses account on average for a little over 20% of total global demand (five year average). Over the same period, global annual jewellery demand has averaged 34% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 2% and 11% of total demand (excluding increases or decreases in above ground stocks).