

**ANGLO AMERICAN PLATINUM LIMITED (AMPLATS) QUARTERLY REVIEW AND  
PRODUCTION REPORT  
FOR THE PERIOD 1 JULY 2011 TO 30 SEPTEMBER 2011**

**KEY FEATURES**

- Regrettably, two employees lost their lives during the third quarter of 2011
- Equivalent refined platinum production up 3% year on year and 13% quarter on quarter to 667 koz
- Productivity of 6.82m<sup>2</sup> per employee per month during the third quarter, up 15% quarter on quarter
- Cash operating costs per equivalent refined platinum ounce of R13,093 for the year to date September

**REVIEW OF THE QUARTER**

**SAFETY**

Amplats continues to work towards achieving zero harm and is addressing its overall safety performance as a top priority. We continue to engage with our stakeholders from Labour Unions and the Department of Minerals Resources, as we remain committed to, and supportive of, all safety improvement initiatives. Although we experienced safety stoppages during the quarter under review, achieving 'zero harm' remains a top priority.

Amplats' lost time injury frequency rate improved by 3% during the third quarter of 2011 to 1.28 per 200,000 hours worked, down from 1.32 at the end of the second quarter. A number of operations achieved significant fatality and lost-time injury free milestones during the quarter.

Regrettably, two employees lost their lives at Amplats' managed operations, during the quarter, bringing the year-to-date September total to 10 deaths. We extend our sincere condolences to the family, friends and colleagues of the deceased.

## OPERATIONS

The equivalent refined platinum production (equivalent ounces are mined ounces expressed as refined ounces) for the third quarter of 2011 increased by 3% year on year. The equivalent refined platinum production for the first nine months of 2011 was 1.83 moz, in line with the 1.84 moz produced in the same period in 2010.

Mined production of 514 koz was in line with production during the same period in 2010. Production at most underground operations was impacted by an increased number of safety related stoppages (S54s) compared to the same period in 2010. 14 such stoppages occurred during the quarter and Amplats is engaging proactively with Labour Unions and the Department of Minerals Resources to implement more effective means of addressing major risks. This was partly offset by better than expected production ramp up at Mogalakwena's North pit and Unki mine. The production ramp up of Unki is running ahead of schedule and the mine is expected to reach steady state in 2012, which is a year ahead of schedule.

Purchased platinum ounces were 154 koz, up 14% when compared to the third quarter of 2010 due to increased production volumes at the Modikwa and Bokoni mines. Modikwa's production increased mainly due to higher contribution from open cast mining. Bokoni mine's production benefitted from the restructuring initiatives which were implemented in March 2011.

Refined platinum production decreased by 7% year on year despite higher output from mining operations due to an increase in pipeline stocks. Refined platinum production for the year to date September 2011 was 1.82 moz, an increase of 7% from the 1.70 moz produced in the same period in 2010.

The overall 4E built-up head grade for the third quarter of 2011 was 3.35g/t compared to 3.28g/t in the same period in 2010, underpinned by higher head grade from platreef (Mogalakwena mine) and surface production sources. The 4E built-up head grade for Mogalakwena mine and surface sources increased by 15% and 11% year on year respectively. Overall, the Merensky head grade declined by 9% year on year while the UG2 head grade was unchanged over the same period. The overall grade was impacted positively by the increased milling of MSZ reef (Unki mine). The 4E built-up head grade for Unki mine is 3.80g/t, compared to group average of 3.35g/t.

Productivity (average output per operating employee per month) improved by 15% from 5.95m<sup>2</sup> in the second quarter of 2011 to 6.82m<sup>2</sup> in the third quarter of 2011. Labour productivity was largely flat year on year, despite the higher number safety related stoppages experienced during the quarter. The labour productivity target for 2011 remains an average of 6.6m<sup>2</sup>.

## **COSTS**

The cash operating cost per equivalent refined platinum ounce was R13,093 in the nine months to September 2011, up 10% year on year due to higher than expected increases in the cost of consumables (steel up 18% YTD, explosives up 19%, tyres up 22%, diesel up 22%, re-agents up 32% and caustic soda up 37%) and wages (up by between 8.5% and 10% from 01 July 2011); and lower than projected production volume from managed underground mines. Production from managed underground mines declined by 2% year on year during the first nine months of the year mainly due to a higher number of safety related stoppages. The cash on-mine cost per tonne milled for year-to-date September 2011 increased by 10% year on year to R509 per tonne. Cash on-mine costs per tonne milled have increased by a compound annual growth rate of 2% from R475 per tonne since the implementation of our restructuring programme in 2008.

## **REALISED BASKET PRICE**

The average US dollar basket price achieved during the third quarter of 2011 was US\$2,733 per platinum ounce, up 17% year on year but down 3% quarter on quarter influenced by concerns about a double dip recession in Europe and North America. The South African Rand has, however, weakened against the US dollar during the third quarter of 2011, with an average rate of R7.29 compared with R6.76 in the second quarter of 2011. The rand exchange rate moved from R6.73 at the beginning of the third quarter to R8.15 at the end of the quarter. This weakening reduced the negative effects of falling dollar-based prices of the basket of platinum group metals and by-products sold; the basket price averaged R19,512 per platinum ounce sold in the third quarter of 2011, a rise of 14% compared with the same period in 2010. The average Rand basket price achieved during the first nine months of 2011 increased 9% year on year to R19,963 per platinum ounce.

## **CAPITAL PROJECTS AND BALANCE SHEET**

Capital expenditure, excluding capitalised interest, was R1.76 billion for the quarter. The Company continues to expect to incur around R7.3 billion of capital expenditure for the year, excluding capitalised interest.

Net debt declined from R6.9 billion at the end of the third quarter of 2010 to R4.8 billion at the end of the third quarter 2011 due to improved cash generation by operations, underpinned by a higher basket price.

## **GUIDANCE FOR THE REMAINDER OF 2011**

Market indications during the first nine months of 2011 support Amplats' expectation that the platinum market in 2011 will be in balance as a result of strong demand in the autocatalyst, other industrial and ETF segments during the first half of the year and the sustained

strengthening of the jewellery segment, particularly in China, during the second half of 2011. The recovery in demand is expected to be met by the sluggish increase in supply.

Although autocatalytic and other industrial demand for platinum remains threatened by concerns of a double dip recession in Europe and North America, it is believed that the strengthening jewellery and ETF demand are likely to support the platinum price.

Amplats remains on track to achieve its refined production and sales volume target of 2.6m platinum ounces while achieving its productivity target of 6.6m<sup>2</sup> per employee.

Cash operating costs increased by 10% to R13,093 per equivalent refined platinum ounce during the first nine months of 2011, mainly due to higher stores and consumables, labour and electricity costs.

Expected higher production volumes from underground sources, remedial actions implemented to improve safety performance and improving labour productivity is expected to reduce unit costs in the fourth quarter of the year to around R12,250 per equivalent refined platinum ounce. Although this is largely in line with the target for the second half of 2011 of R12,000, the average cash operating cost of R13,093 per equivalent refined platinum ounce seen in the first nine months of 2011 implies a higher than expected unit cost for the current financial year. Unit cost target for 2011 has therefore been revised to approximately R12,900 per equivalent refined platinum ounce.

## QUARTERLY PRODUCTION STATISTICS

		Quarter ended			% Change	
		September 2011	September 2010	June 2011	Sept '11 vs Sept '10	Sept '11 vs June '11
<b>Production statistics</b>						
Tonnes mined - opencast <sup>1</sup>	000	20,149	18,031	17,974	12%	12%
Tonnes broken - underground mines	000	7,161	6,969	6,361	3%	13%
Tonnes milled	000	10,920	11,154	10,388	-2%	5%
Merensky / UG2 / Other tonnes <sup>2</sup>	per 1 Merensky tonne	1: 3.9: 3.6	1: 3.6: 3.2	1: 4.0: 4.6		
4E Built-up head grade	g/tonne milled	3.35	3.28	3.19	2%	5%
Merensky reef		4.98	5.48	5.00	-9%	0%
UG2 reef		3.90	3.90	3.76	0%	4%
Platreef (Mogalakwena Mine)		2.96	2.58	3.01	15%	-2%
MSZ reef (Unki Mine)		3.80		3.69		3%
Surface sources including WLTR		1.24	1.12	1.18	11%	5%
<b>Equivalent refined platinum production <sup>3</sup></b>						
Mined	000 oz	513.7	517.9	452.8	-1%	13%
Purchased		154.3	135.9	142.3	14%	8%
Sold		-1.2	-5.5	-2.5	-78%	-52%
<b>Attributable to Anglo American Platinum</b>		<b>666.8</b>	<b>648.3</b>	<b>592.6</b>	<b>3%</b>	<b>13%</b>
<b>Total refined production</b>						
Platinum	000 oz	646.5	697.0	640.7	-7%	1%
Palladium	000 oz	375.9	404.5	373.8	-7%	1%
Rhodium	000 oz	75.2	88.6	79.9	-15%	-6%
Gold	000 oz	17.1	21.6	31.5	-21%	-46%
PGMs	000 oz	1,234.8	1,350.3	1,244.0	-9%	-1%
Nickel	000 tonnes	4.9	4.3	5.5	14%	-11%
Copper	000 tonnes	3.0	2.3	3.3	30%	-9%
<b>Pipeline stock adjustment</b>		-	-	35.5		-100%
<b>Refined platinum production</b>		<b>646.6</b>	697.0	640.7	-7%	1%
Mining	000 oz	490.4	541.2	482.2	-9%	2%
Purchase of concentrate	000 oz	156.2	155.8	158.5	0%	-1%
<b>Platinum pipeline movement</b>		<b>20.2</b>	(48.7)	(12.6)		
<b>Employees (Managed operations: end of period)</b>						
Own enrolled employees		51,950	48,497	50,727	7%	2%
Contractor employees		6,305	6,442	6,380	-2%	-1%
<b>Total employees for managed operations</b>		<b>58,255</b>	<b>54,939</b>	<b>57,107</b>	<b>6%</b>	<b>2%</b>
m <sup>2</sup> per total operating employee		6.82	6.86	5.95	-1%	15%

<sup>1</sup> Includes Mogalakwena, Modikwa, Kroondal and Marikana opencast operations. Marikana opencast operations closed in April 2011

<sup>2</sup> Other tonnes includes both Platreef and other surface sources

<sup>3</sup> Mine's production converted to equivalent refined production using Anglo American Platinum's standard smelting and refining recoveries

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20 October 2011

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