Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements
for the three month period ended March 31, 2017 and March 31, 2016

(December 2016 Audited, March 2016 & March 2017 Unaudited, expressed in United States dollars, unless otherwise stated)

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position

as at March 31, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Notes	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
ASSETS			
Non-current assets			
Mining assets	5	828,627	823,612
Intangible assets	6	36,594	36,309
Property, plant and equipment	7	211,702	213,847
Loans receivable		18,989	18,054
Restricted cash investments and guarantees	8.2	13,647	12,897
Investment in associate	10	2,852	3,015
Total non-current assets		1,112,411	1,107,734
Current assets			
Inventories	9	8,632	7,820
Trade and other receivables		33,741	48,681
Cash and cash equivalents	8.1	43,431	50,307
Total current assets		85,804	106,808
TOTAL ASSETS		**1,198,215**	**1,214,542**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11	2,549,583	2,549,583
Other components of equity		(528,227)	(540,352)
Accumulated deficit		(892,259)	(865,944)
		1,129,097	1,143,287
Non-controlling interests		(2,094)	(2,241)
Total equity		1,127,003	1,141,046
Non-current liabilities			
Long-term borrowings	12.1	4,054	3,927
Finance lease liability	13	856	1,070
Decommissioning and rehabilitation provision	14	22,856	22,312
Total non-current liabilities		27,766	27,309
Current liabilities			
Short-term borrowings	12.2	219	209
Trade payables and accrued liabilities		24,464	23,329
Revolving commodity facility	15	17,924	21,841
Current portion of finance lease liability	13	839	808
Total current liabilities		43,446	46,187
Total liabilities		71,212	73,496
TOTAL EQUITY AND LIABILITIES		**1,198,215**	**1,214,542**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of comprehensive income

for the three months ended March 31, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Notes	For the three months ended Mar 31, 2017 USD'000	Mar 31, 2016 USD'000
Revenue	16	26,759	31,504
Cost of operations	17	(42,573)	(41,646)
Gross loss		(15,814)	(10,142)
Administrative and general expenses		(4,778)	(4,173)
Other income		100	57
Foreign exchange (loss) / gain		(432)	3,636
Operating loss	18	(20,924)	(10,622)
Finance income		980	746
Finance costs		(1,020)	(802)
Share of loss of investments accounted for using the equity method		(149)	(147)
Loss before income tax		**(21,113)**	**(10,825)**
Income tax expense		-	-
LOSS FOR THE PERIOD		**(21,113)**	**(10,825)**
Attributable to:			
Owners of the parent		(21,260)	(10,022)
Non-controlling interest		147	(803)
		(21,113)	**(10,825)**
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on loan designated as net investment		(5,055)	(1,372)
Exchange differences on translation from functional to presentation currency		12,128	41,769
Movement in other reserves		(3)	5
Other comprehensive income - net of tax		**7,070**	**40,402**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(14,043)**	**29,577**
Attributable to:			
Owners of the parent		(14,190)	30,380
Non-controlling interest		147	(803)
		(14,043)	**29,577**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of changes in shareholders' equity

for the three months ended March 31, 2017

(Expressed in United States Dollars, unless otherwise stated)

	Share capital	Accumulated deficit	Share based payment reserve	Other reserves	Foreign currency translation reserve	Subtotal	Non controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at January 1, 2016	**2,549,583**	**(907,581)**	**2,556**	**(1,283)**	**(582,533)**	**1,060,742**	**(2,934)**	**1,057,808**
Loss for the period	-	(10,022)	-	-	-	(10,022)	(803)	(10,825)
Other comprehensive (loss)/income for the period	-	(1,372)	-	5	41,769	40,402	-	40,402
Total comprehensive (loss)/income	-	(11,394)	-	5	41,769	30,380	(803)	29,577
Balance at March 31, 2016	**2,549,583**	**(918,975)**	**2,556**	**(1,278)**	**(540,764)**	**1,091,122**	**(3,737)**	**1,087,385**
Loss for the period	-	(60,551)	-	-	-	(60,551)	1,292	(59,259)
Other comprehensive income/(loss) for the period	-	113,681	-	64	(825)	112,920	-	112,920
Total comprehensive income/(loss)	**-**	**53,130**	**-**	**64**	**(825)**	**52,369**	**1,292**	**53,661**
Subsidiary deregistration	-	(204)	-	-	-	(204)	204	-
Transfers between equity	-	105	(105)	-	-	-	-	-
Total contributions by owners of the parent, recognised directly in equity	**-**	**(99)**	**(105)**	**-**	**-**	**(204)**	**204**	**-**
Balance at December 31, 2016	**2,549,583**	**(865,944)**	**2,451**	**(1,214)**	**(541,589)**	**1,143,287**	**(2,241)**	**1,141,046**
Loss for the period	-	(21,260)	-	-	-	(21,260)	147	(21,113)
Other comprehensive (loss)/income for the period	-	(5,055)	-	(3)	12,128	7,070	-	7,070
Total comprehensive (loss)/income	-	(26,315)	-	(3)	12,128	(14,190)	147	(14,043)
Balance at March 31, 2017	**2,549,583**	**(892,259)**	**2,451**	**(1,217)**	**(529,461)**	**1,129,097**	**(2,094)**	**1,127,003**

The accompanying notes are an integral part of the consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim cash flow statement

for the three months ended March 31, 2017

(Expressed in United States Dollars, unless otherwise stated)

		For the three months ended	
	Notes	Mar 31, 2017 USD'000	Mar 31, 2016 USD'000
Cash flows from operating activities			
Loss before income tax		(21,113)	(10,825)
Depreciation of property, plant and equipment	7	8,946	6,536
Amortisation of intangible assets	6	129	159
Revolving commodity facility fair value adjustment	15	(56)	(1,397)
Share based payment		-	2
Share of loss of investments accounted for using the equity method		149	147
Unrealised foreign exchange (gain)/loss		(238)	6,101
Finance income		(980)	(746)
Finance cost		1,020	802
Operating (loss)/profit before working capital changes		(12,143)	779
Decrease in trade and other receivables		15,628	5,321
Increase/(Decrease) in trade and other payables		701	(3,845)
Increase in inventories		(810)	(130)
Increase in short-term borrowings		9	-
Cash generated from operations		3,385	2,125
Interest paid		(962)	(395)
Interest received		981	148
Net cash generated from operating activities		**3,404**	**1,878**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5,452)	(1,221)
Disposal of property, plant and equipment		3	-
Purchases of mining assets	5	(153)	(101)
Additions to intangible assets	6	(204)	(996)
Loans advanced		(491)	(1,827)
Increase in rehabilitation guarantees		(415)	(3,557)
Net cash utilised in investing activities		**(6,712)**	**(7,702)**
Cash flows from financing activities			
Repayment of finance lease liability	13	(257)	(218)
Proceeds from revolving commodity facility	15	19,684	21,587
Repayment of revolving commodity facility	15	(24,294)	(17,454)
Net cash (utilised in)/generated from financing activities		**(4,867)**	**3,915**
Net decrease in cash and cash equivalents		(8,175)	(1,909)
Cash and cash equivalents at beginning of the year	8.1	50,307	85,387
Exchange gain/(loss) on cash and cash equivalents		1,299	1,389
Cash and cash equivalents at end of the year	8.1	**43,431**	**84,867**

The accompanying notes are an integral part of the consolidated and separate financial statements.

1. General information

Sedibelo Platinum Mines Limited ("the Company") and its subsidiaries ("the Group") is a mining group engaged in the acquisition, exploration, development and operation of Platinum Group Metals ("PGM") properties in South Africa.

The Company is registered in Guernsey and reports in accordance with the provisions of The Companies (Guernsey) Law, 2008. For the three months ended March 31, 2017 the Group made a loss of USD21.113 million.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year (see Note 4).

a) Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRS IC interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

The interim financial statements presented complies with *IAS 34 – Interim financial reporting*.

The financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value.

The financial information is presented in US dollars ("USD") and all monetary results are rounded to the nearest thousand (USD'000) except when otherwise indicated.

There are no changes in these accounting policies for the period ended 31 March 2017 except as disclosed in Note 4 below "Changes in accounting policy".

Going concern

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Group be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material.

The Group operates in a cyclical industry where levels of cash flow have historically been materially influenced by market prices for commodities and exchange rates. Material uncertainties, such as exposure to ZAR:USD exchange rate and PGM prices, cast significant doubt upon the going concern assumption. Continuance as a going concern is dependent upon the Group's ability to achieve profitable operations, obtain adequate equity or debt funding, or, alternatively, dispose of its non-core properties on an advantageous basis. To improve cash flows, management continues to pursue operational efficiencies including the construction of a Chrome plant. While the Chrome plant is on schedule to be commissioned in September 2017, the outcome and impact of management's other initiatives cannot be predicted at this time. The Group has cash and cash equivalents of USD43. 431 million, working capital of USD42.358 million, and a deficit of USD892.259 million as at March 31, 2017, and a net loss of USD21.113 million for the three-month period ended March 31, 2017.

These material uncertainties cast significant doubt upon the Group's ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. Although the Group has been successful in driving operational efficiencies and managing its cash flow in the past there is no assurance these initiatives will continue to be sufficient to offset the effect of a weak price environment. Management continues to pursue additional funding avenues to ensure the group continues as a going concern.

The Group therefore continues to adopt the going concern basis in preparing the consolidated financial information.

(Expressed in United States Dollars, unless otherwise stated)

2. Summary of significant accounting policies (continued)

b) Accounting policies

The accounting policies adopted are consistent with those used in the Sedibelo Platinum Mines Limited annual financial statements for the year ended December 31, 2016 except as described below.

The following exchange rates to the US dollar have been applied:

	As at March 31, 2017	Average three months ended March 31, 2017	As at December 31, 2016	Average three months ended March 31, 2016
USD 1 = ZAR	13.53	13.23	13.61	15.42

Property, plant and equipment

Depreciation and amortisation are calculated on a units-of-production method for the mining assets and straight-line method for all other assets to write off the cost of the assets to their residual values over their estimated useful lives. The useful lives applicable to each category of property, plant and equipment are as follows:

Asset category	Useful life
Producing mines	Units of production (ore tonnes mined)
Pre-stripping costs	Units of production (ore tonnes mined)
Plant construction and mine development	Units of production (ore tonnes mined)
Deferred stripping costs	Units of production (ore tonnes mined)
Decommissioning assets	Units of production (ore tonnes mined)
Leasehold improvements	5 years
Plant and equipment	Units of production (ore tonnes processed)
Buildings	20 years
Land	Indefinite
Other	
- Vehicles	5 years
- Computer equipment	3 years
- Office equipment	6 years
- Furniture and fittings	6 years
- Other equipment	5 years

3. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

4. Change in accounting policy including initial adoption

There were no changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2016.

New and amended standards and interpretations effecting for the year

At the date of the issue of this report, the following new accounting standard was in issue but not yet effective. The standard is expected to have an impact on the Company's financial statements.

IFRS 16 Leases – The standard removes the classification of leases as operating or finance leases and requires all leases to be included on the statement of financial position.

Impact assessment

The Group is in the process of assessing the impact of IFRS 16. The standard is effective for year-ends beginning on or after 1 January 2019.

IFRS 15 Revenue from Contracts with Customers

Impact assessment

The Group is in the process of assessing the impact of IFRS 15. Provisional pricing arrangements with customers will need to be considered to determine whether the contracts include embedded derivative or variable consideration. The standard is effective for year-ends beginning on or after 1 January 2018.

There are no other new standards, interpretations or amendments to standards issued and effective for the year which may in the future be expected to have a material impact on the Group.

(Expressed in United States Dollars, unless otherwise stated)

5. Mining assets

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Exploration and evaluation assets	16,103	15,860
Mineral properties	782,627	778,031
Mineral rights	29,897	29,721
Balance at the end of the period	**828,627**	**823,612**

	Exploration & evaluation assets USD'000	Mineral properties USD'000	Mineral rights USD'000	TOTAL USD'000
Balance at January 1, 2016	**13,453**	**680,745**	**26,005**	**720,203**
Additions	449	-	-	449
Foreign exchange variance	1,958	97,286	3,716	102,960
Balance at December 31, 2016	**15,860**	**778,031**	**29,721**	**823,612**
Additions	153	-	-	153
Foreign exchange variance	90	4,596	176	4,862
Balance at March 31, 2017	**16,103**	**782,627**	**29,897**	**828,627**

6. Intangible assets

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Water pipeline	26,091	26,046
ERP software	72	78
Computer software	384	280
Research and development	10,047	9,905
Balance at the end of the period	**36,594**	**36,309**

Reconciliation of intangible assets:

	Water pipeline USD'000	ERP Software USD'000	Computer software USD'000	Research and development USD'000	Power and water rights USD'000	TOTAL USD'000
COST						
Balance at January 1, 2016	**25,479**	**111**	**833**	**7,025**	**21,672**	**55,120**
Additions during the year	-	-	125	1,652	-	1,777
Foreign exchange variance	3,641	16	126	1,228	-	5,011
Balance at December 31, 2016	**29,120**	**127**	**1,084**	**9,905**	**21,672**	**61,908**
Additions during the year	-	-	120	84	-	204
Foreign exchange variance	172	-	1	58	-	231
Balance at March 31, 2017	**29,292**	**127**	**1,205**	**10,047**	**21,672**	**62,343**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance at January 1, 2016	**2,255**	**23**	**571**	**-**	**21,672**	**24,521**
Amortisation for the year	461	21	138	-	-	620
Foreign exchange variance	358	5	95	-	-	458
Balance at December 31, 2016	**3,074**	**49**	**804**	**-**	**21,672**	**25,599**
Amortisation for the year	110	6	13	-	-	129
Foreign exchange variance	17	-	4	-	-	21
Balance at March 31, 2017	**3,201**	**55**	**821**	**-**	**21,672**	**25,749**
CARRYING AMOUNTS						
Balance at January 1, 2016	**23,224**	**88**	**262**	**7,025**	**-**	**30,599**
Balance at December 31, 2016	**26,046**	**78**	**280**	**9,905**	**-**	**36,309**
Balance at March 31, 2017	**26,091**	**72**	**384**	**10,047**	**-**	**36,594**

7. Property, plant and equipment

	Producing Mines USD'000	Plant construction and mine development USD'000	Pre-stripping cost USD'000	Deferred stripping cost USD'000	Decom-missioning asset USD'000	Leased assets USD'000	[a]Plant and equipment USD'000	Land and buildings USD'000	Other USD'000	TOTAL USD'000
COST										
Balance at January 1, 2016	**5,809**	**5,965**	**109,626**	**47,367**	**12,478**	**4,830**	**128,057**	**2,896**	**4,156**	**321,184**
Additions	-	1,204	-	-	929	-	9,214	153	32	11,532
Change in estimate	-	-	-	-	4,200	-	-	-	-	4,200
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Foreign exchange variance	830	941	15,667	6,769	1,955	690	18,798	420	600	46,670
Balance at December 31, 2016	**6,639**	**8,110**	**125,293**	**54,136**	**19,562**	**5,520**	**156,069**	**3,469**	**4,787**	**383,585**
Additions	-	267	-	-	-	-	4,195	11	979	5,452
Disposals	-	-	-	-	-	-	-	-	(3)	(3)
Foreign exchange variance	39	41	740	320	116	33	789	19	(3)	2,094
Balance at March 31, 2017	**6,678**	**8,418**	**126,033**	**54,456**	**19,678**	**5,553**	**161,053**	**3,499**	**5,760**	**391,128**
ACCUMULATED DEPRECIATION										
Balance at January 1, 2016	**1,694**	**-**	**45,454**	**22,996**	**3,233**	**2,122**	**43,112**	**255**	**2,591**	**121,457**
Depreciation for the year	723	-	11,675	593	1,268	313	13,411	111	628	28,722
Disposals	-	-	-	-	-	-	-	-	(1)	(1)
Foreign exchange variance	195	-	7,470	3,342	557	328	7,252	46	370	19,560
Balance at December 31, 2016	**2,612**	**-**	**64,599**	**26,931**	**5,058**	**2,763**	**63,775**	**412**	**3,588**	**169,738**
Depreciation for the year	210	-	2,480	1,112	568	87	4,274	32	183	8,946
Disposals	-	-	-	-	-	-	-	-	(2)	(2)
Foreign exchange variance	9	-	316	125	9	14	253	2	16	744
Balance at March 31, 2017	**2,831**	**-**	**67,395**	**28,168**	**5,635**	**2,864**	**68,302**	**446**	**3,785**	**179,426**
CARRYING AMOUNTS										
Balance at January 1, 2016	**4,115**	**5,965**	**64,172**	**24,371**	**9,245**	**2,708**	**84,945**	**2,641**	**1,565**	**199,727**
Balance at December 31, 2016	**4,027**	**8,110**	**60,694**	**27,205**	**14,504**	**2,757**	**92,294**	**3,057**	**1,199**	**213,847**
Balance at March 31, 2017	**3,847**	**8,418**	**58,638**	**26,288**	**14,043**	**2,689**	**92,751**	**3,053**	**1,975**	**211,702**

(a) The plant and equipment category includes tailings dam costs

8. Cash and cash equivalents, restricted cash investments and guarantees

8.1 Cash and cash equivalents

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Cash at bank	43,431	50,307
Balance at the end of the period	**43,431**	**50,307**

Cash at banks earns predominantly interest at floating rates. Cash is deposited at highly reputable financial institutions of a high quality credit standing within the Republic of South Africa and in the United Kingdom. The fair value of cash and cash equivalents equates to the values as disclosed in this note.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise only the cash at bank and financial institutions or asset managers and are disclosed for each year end above.

8.2 Restricted cash investments and guarantees

Cash investments were made relating to certain guarantees required by the Republic of South Africa's Department of Mineral Resources and ESKOM Holdings Limited, the South African state utility supplier, of which the details are as follows:

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Balance at the end of the period	**13,647**	**12,897**

The Department of Mineral Resources requires rehabilitation guarantees for all prospecting and mining rights. These rehabilitation guarantees primarily relate to the mining rights for the PPM and Mphahlele Projects. These guarantees have been provided to the Department of Mineral Resources on two separate bases:

- On an insurance basis with a portion of the total guarantee being paid over in a separate bank account controlled by the Group and ceded in favour of the insurance company and the remaining portion paid in premiums over the expected life of the mine; and
- on a cash backed basis.

As at March 31, 2017 the Group had USD 30,838 thousand in guarantees to the DMR and ESKOM, of which USD 13,647 thousand is funded.

9. Inventories

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Ore stockpiled	145	40
Work in progress	276	136
Consumables	8,211	7,644
Balance at the end of the period	**8,632**	**7,820**

10. Investment in associate

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group:

Name of entity	Country of incorporation	% of ownership interest	Nature of relationship	Measurement method
Kelltech Limited	Mauritius	50	Provides access to new technology to the SPM Group	Equity

A 50% shareholding was purchased in Kelltech Limited for USD6,073 thousand. Two directors on the SPM Board, Keith Liddell and Chris Von Christierson, have indirect beneficial interests in Kelltech Limited.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest:

Summarised balance sheet	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
Assets		
Intangible asset	6,994	6,994
Loans receivable	-	6
Trade receivables	32	128
Cash and cash equivalents	7,109	817
Liabilities		
Loans payable	(11,218)	(11,104)
Trade payables	(152)	(232)
Carrying value	**2,765**	**(3,391)**

Summarised statement of comprehensive loss	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
Other expense	(224)	(962)
Finance income	35	4
Finance cost	(108)	(396)
Total comprehensive loss	**(297)**	**(1,354)**

Summarised financial information	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
Opening net assets at the beginning of the year	**(3,391)**	**(2,099)**
Loss for the year	(297)	(1,354)
Other comprehensive income	6,453	62
Closing net assets at the end of the year	**2,765**	**(3,391)**
Purchase of interest in joint venture @50%	1,383	(1,696)
Goodwill	1,469	4,711
Carrying value	**2,852**	**3,015**

11. Share capital

11.1 Common shares authorised

The Company has an unlimited number of authorised common shares with no par value.

11.2 Common shares issued

	Number of shares	Amount USD'000
Balance at December 31, 2016	**3,095,401,663**	**2,549,583**
Balance at March 31, 2017	**3,095,401,663**	**2,549,583**

12. Borrowings

12.1 Long term borrowings

	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
Loan from Corridor Mining Resources Proprietary Limited	4,054	3,927
Balance at the end of the period	**4,054**	**3,927**

Corridor Mining Resources Proprietary Limited is a wholly owned subsidiary of Limpopo Economic Development Enterprise, an agency of the Limpopo Provincial Government, Republic of South Africa.

The long-term loan bears interest at South African prime overdraft rate until otherwise agreed by the shareholders. The loan is to be repaid from the proceeds generated by the Mphahlele project in Tameng Mining and Exploration Proprietary Limited, a subsidiary of Mahube Mining Proprietary Limited.

12.2 Short term borrowings

	Mar 31, 2017 USD'000	Dec 31, 2016 USD'000
Loan from Lexshell 703 Proprietary Limited	107	106
Loan from Emiclox	112	103
Balance at the end of the period	**219**	**209**

Reconciliation of short-term borrowings

	Lexshell 703 (a) USD'000	Emiclox(b) USD'000	TOTAL USD'000
Balance at January 1, 2017	**106**	**103**	**209**
Loan advanced	-	9	9
Foreign exchange variance	1	-	1
Balance at March 31, 2017	**107**	**112**	**219**

a) On November 29, 2012, 100% of the shareholders' interests in and claims against Lexshell 38 General Trading Proprietary Limited were acquired by the Group. As at November 29, 2012 Lexshell 38 General Trading had a loan owing to Lexshell 703 Proprietary Limited. The loan claims are interest free and have no repayment terms.

b) The loan from Emiclox is interest free and has no repayment terms.

13. Finance lease liability

ESKOM designed and built an electrical substation and related infrastructure adjacent to PPM to supply the required electricity for PPM's operations. PPM has exclusive use of this facility. ESKOM maintains ownership and control over all significant aspects of operating the facility. The arrangement with ESKOM meets the requirements of IFRIC 4 – *Arrangements containing a lease*, and therefore constitutes a finance lease under IAS 17 – *Leases.*

Each month, PPM pays a fixed capacity charge and a variable charge based on actual electricity consumed. These payments attract interest at the South African prime overdraft rate plus 2%.

Reconciliation between the total minimum lease payments and their present value:

As at March 31, 2017	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	1,003	910	-	1,913
Finance cost	(164)	(54)	-	(218)
Present value	**839**	**856**	**-**	**1,695**

As at December 31, 2016	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	997	1,155	-	2,152
Finance cost	(189)	(85)	-	(274)
Present value	**808**	**1,070**	**-**	**1,878**

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Non-current	856	1,070
Current	839	808
Balance at the end of the period	**1,695**	**1,878**

14. Decommissioning and rehabilitation provision

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
DISCOUNTED		
Balance at the beginning of the year	22,312	13,572
Unwinding of discount (accretion)	431	1,399
Change in estimate	-	4,277
Additions	-	929
Subtotal	22,743	20,177
Foreign exchange variance	113	2,135
Balance at the end of the period	**22,856**	**22,312**
UNDISCOUNTED		
Balance at the beginning of the year	23,068	13,185
Change in estimate	-	4,277
Additions	-	929
Subtotal	23,068	18,391
Foreign exchange variance	136	4,677
Balance at the end of the period	**23,204**	**23,068**

The estimate represents the current cost of closure as at the respective year end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the Department of Mineral Resources, as well as meeting specific closure objectives outlined in the mine's Environmental Management Programme. Although the ultimate amount of the asset retirement obligation is uncertain, the measurement of the obligation is based on information that is currently available.

The estimated undiscounted liability for the asset retirement obligation at March 31, 2017 is USD23,204,000 (2016: USD23,068,000). The asset retirement obligation has been determined using a discount rate of 7.22% (2016: 7.22%) and an inflation rate of 6% (2016: 6%) over the expected life of mine which is 6 years (2016: 9.75 years).

15. Revolving commodity facility

In 2013, PPM signed agreements with Investec Bank Limited ("Investec") to provide a rand denominated revolving commodity finance facility of up to USD29,000 thousand (ZAR 400,000,000) for the financing of concentrate deliveries bearing interest at JIBAR plus 1.9%.

In terms of this facility Investec Bank Limited will finance up to 91% of PPM's platinum, palladium and gold deliveries. This facility is repaid within 2 to 4 months upon which the funds are again available for draw-down. On settlement date, the drawdown is revalued using average commodity prices and exchange rates for the calendar month before settlement date. This facility is currently available up to March 31, 2018 on which date the Company intends to renew it.

	As at Mar 31, 2017 USD'000	As at Dec 31, 2016 USD'000
Balance at the beginning of the period	21,841	18,107
Repayment of drawdown	(24,294)	(89,201)
Drawdown from the facility during the period	19,684	88,193
Fair value adjustments to the balances	(56)	(257)
Interest accrued	425	1,700
Subtotal	17,600	18,542
Exchange rate variance	324	3,299
Balance at the end of the period	**17,924**	**21,841**

(Expressed in United States Dollars, unless otherwise stated)

16. Revenue

	As at Mar 31, 2017 USD'000	**As at Mar 31, 2016 USD'000**
4E Minerals	24,551	29,113
Other minerals	2,208	2,391
Total revenue	**26,759**	**31,504**

17. Cost of operations – by nature

	As at Mar 31, 2017 USD'000	**As at Mar 31, 2016 USD'000**
On-mine operations		
Total materials and mining costs	(16,699)	(21,393)
Concentrator plant operations		
Materials and other costs	(6,779)	(4,810)
Utilities	(3,087)	(2,313)
Beneficiation		
Smelting and refining costs	(3,253)	(3,508)
Transport	(110)	(124)
Salaries	(4,054)	(3,170)
Sub-total	**(33,982)**	**(35,318)**
Amortisation and depreciation of operating assets	(8,846)	(6,465)
Inventory adjustments	255	137
Total cost of operations	**(42,573)**	**(41,646)**

18. Operating loss – by nature

	As at Mar 31, 2017 USD'000	**As at Mar 31, 2016 USD'000**
Operating loss includes:		
Share based payment expense	-	(2)
Employee expenses	(1,992)	(1,577)
Audit fees	(97)	(136)
Consulting and professional fees	(272)	(364)
Royalty expense	(204)	(170)
Amortisation and depreciation	(229)	(230)
Foreign exchange (loss) / gain	(432)	3,636

19. Financial risk management and Financial instruments

19.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements as at December 31, 2016. There have been no changes in the risk management policies since year end.

19.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

19.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial liabilities that are measured at fair value at 31 March 2017.

	Level	Carrying value As at Mar 31, 2017 USD '000	Fair value As at Mar 31, 2017 USD '000
Revolving commodity facility	1	17,924	17,924
Total financial liabilities		**17,924**	**17,924**

19.4 Fair value of financial assets and liabilities measured at amortised cost

	As at Mar 31, 2017 USD '000	As at Dec 31, 2016 USD '000
Restricted cash investments and guarantees	13,647	12,897
Loans receivable	18,989	18,054
Trade receivables	31,056	44,980
Cash and cash equivalents	43,431	50,307
Total financial assets	**107,123**	**126,238**
Long-term borrowings	4,054	3,927
Short-term borrowings	219	209
Trade payables and accrued liabilities	24,464	23,329
Total financial liabilities	**28,737**	**27,465**

The fair value of the financial assets and liabilities carried at amortised cost is approximately equal to their carrying amounts.

20. Contingencies and commitments

20.1 Contingencies

- At March 31, 2017, the Group had bank and other guarantees of USD30,838 thousand (2016: USD30,657 thousand) from which it is anticipated that no material liabilities will arise in addition to amounts already provided.
- Pilanesberg Platinum Mines Proprietary Limited entered into an agreement with Impala Refining Services Limited for the right of first refusal to supply PGM concentrate produced by Pilanesberg Platinum Mines Proprietary Limited from the properties, Ruighoek 169JP, Vogelstruisnek 173JP and Palmietfontein 208JP. Should Platmin South Africa Proprietary Limited ("Platmin SA") elect not to accept the terms proposed by Impala Refining Services Limited, a break fee of USD2,090,000 in aggregate will be payable to Impala Refining Services Limited.
- Platmin SA has an obligation, which cannot be quantified, pro rata to its shareholding in Mahube Mining Proprietary Limited to provide funding to Tameng Mining and Exploration Proprietary Limited to undertake the necessary exploration and development on the Mphahlele project. The consequence of not contributing accordingly, results in the dilution of Platmin SA's shareholding.

20.2 Commitments

The Group's contractual obligations are as follows:

Contractual obligations		**Commitments as at March 31, 2017**			
USD'000	**Notes**	**Total**	**< 1 year**	**1-3 years**	**After 3 years**
Employee entitlements (1)		1,786	1,786	-	-
Operating lease (2)		149	149	-	-
Finance lease (3)	13	1,695	839	856	-
Asset Retirement Obligation (4)	14	22,856	-	-	22,856
Mining costs (5)		16,160	16,160	-	-
Open Purchase orders		11,071	11,071	-	-
Total Contractual Obligations		**53,717**	**30,005**	**856**	**22,856**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.

(2) This includes the contractual monthly payments for the rental of the Company's corporate office. These commitments can be cancelled by giving one year's notice.

(3) These amounts constitute the minimum lease payments due to ESKOM for the substation and related infrastructure supplied at PPM.

(4) The amount of USD22,856,000 represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM at the end of life of mine, in accordance with the mining license and approved EMP.

(5) Committed mining expenses include the estimated cost that will be incurred by the main mining contractors to carry out the opencast mining operations for the required notice period, should the contract with the main mining contractor be cancelled.

21. Events after the reporting date

The Group has no adjusting or non-adjusting post balance sheet events to report at the date of this report.