



Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements for the three-month period ended March 31, 2020 and March 31, 2019

*(December 2019 Audited, March 2019 & March 2020 Unaudited, expressed in United States dollars,
unless otherwise stated)*

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position

as at March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

| | Notes | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Mining assets | 5 | 627,608 | 798,395 |
| Intangible assets | 6 | 27,328 | 34,740 |
| Property, plant and equipment | 7 | 84,722 | 111,093 |
| Loans receivable | | 14,572 | 16,916 |
| Restricted cash investments and guarantees | 8.2 | 13,061 | 15,885 |
| Total non-current assets | | 767,291 | 977,029 |
| Current assets | | | |
| Inventories | 9 | 7,883 | 9,718 |
| Trade and other receivables | | 57,308 | 70,130 |
| Cash and cash equivalents | 8.1 | 44,569 | 43,393 |
| Total current assets | | 109,760 | 123,241 |
| TOTAL ASSETS | | 877,051 | 1,100,270 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 11 | 2,549,583 | 2,549,583 |
| Other components of equity | | (735,546) | (458,128) |
| Accumulated deficit | | (1,023,785) | (1,100,208) |
| | | 790,252 | 991,247 |
| Non-controlling interests | | (6,773) | (6,608) |
| Total equity | | 783,479 | 984,639 |
| Non-current liabilities | | | |
| Long-term borrowings | 12.1 | 27,983 | 36,643 |
| Decommissioning and rehabilitation provision | 13 | 17,865 | 22,163 |
| Total non-current liabilities | | 45,848 | 58,806 |
| Current liabilities | | | |
| Short-term borrowings | 12.2 | 12,551 | 13,453 |
| Trade payables and accrued liabilities | | 16,417 | 23,477 |
| Revolving commodity facility | 14 | 18,756 | 19,895 |
| Total current liabilities | | 47,724 | 56,825 |
| Total liabilities | | 93,572 | 115,631 |
| TOTAL EQUITY AND LIABILITIES | | 877,051 | 1,100,270 |

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, 2020

(Expressed in United States Dollars, unless otherwise stated)

| | Notes | For the three months ended Mar 31 2020 USD'000 | Mar 31 2019 USD'000 |
|---|-------|---|---------------------------|
| Revenue | 15 | 55,737 | 35,488 |
| Cost of operations | 16 | (38,649) | (40,150) |
| Gross profit / (loss) | | 17,088 | (4,662) |
| Administrative and general expenses | | (4,915) | (5,602) |
| Other income / (expenses) | | 25 | (103) |
| Foreign exchange gain / (loss) | | 4,480 | (2,057) |
| Operating profit / (loss) | 17 | 16,678 | (12,424) |
| Finance income | | 1,386 | 2,687 |
| Finance costs | | (2,334) | (3,117) |
| Share of loss of investments accounted for using the equity method | | (438) | (89) |
| Profit / (Loss) before income tax | | 15,292 | (12,943) |
| Income tax expense | | - | - |
| PROFIT / (LOSS) FOR THE PERIOD | | 15,292 | (12,943) |
| <i>Attributable to:</i> | | | |
| Owners of the parent | | 15,456 | (12,778) |
| Non-controlling interest | | (164) | (165) |
| | | 15,292 | (12,943) |
| Other Comprehensive loss: | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on loan designated as net investment | | 61,477 | - |
| Exchange differences on translation from functional to presentation currency | | (277,643) | (8,481) |
| Other comprehensive share of investment accounted for using the equity method | | 225 | 11 |
| Movement in other reserves | | (511) | 337 |
| Other comprehensive loss - net of tax | | (216,452) | (8,133) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (201,160) | (21,076) |
| <i>Attributable to:</i> | | | |
| Owners of the parent | | (200,996) | (20,911) |
| Non-controlling interest | | (164) | (165) |
| | | (201,160) | (21,076) |

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, 2020

(Expressed in United States Dollars, unless otherwise stated)

| | Share capital | Accumulated deficit | 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 |
| Balance at January 1, 2019 | 2,549,583 | (1,059,022) | (998) | (491,705) | 997,858 | (5,939) | 991,919 |
| Loss for the period | - | (12,778) | - | - | (12,778) | (165) | (12,943) |
| Other comprehensive income/(loss) for the period | - | 337 | 11 | (8,481) | (8,133) | - | (8,133) |
| Total comprehensive income | - | (12,441) | 11 | (8,481) | (20,911) | (165) | (21,076) |
| Balance at March 31, 2019 | 2,549,583 | (1,071,463) | (987) | (500,186) | 976,947 | (6,104) | 970,843 |
| Loss for the period | - | (15,974) | - | - | (15,974) | (504) | (16,478) |
| Other comprehensive (loss)/income for the period | - | (12,771) | (34) | 43,079 | 30,274 | - | 30,274 |
| Total comprehensive (loss)/income | - | (28,745) | (34) | 43,079 | 14,300 | (504) | 13,796 |
| Balance at December 31, 2019 | 2,549,583 | (1,100,208) | (1,021) | (457,107) | 991,247 | (6,608) | 984,639 |
| Profit for the period | - | 15,456 | - | - | 15,456 | (164) | 15,292 |
| Other comprehensive income/(loss) for the period | - | 60,966 | 225 | (277,643) | (216,452) | - | (216,452) |
| Total comprehensive income/(loss) | - | 76,423 | 225 | (277,643) | (200,956) | (164) | (201,160) |
| Balance at March 31, 2020 | 2,549,583 | (1,023,785) | (796) | (734,750) | (790,252) | (6,773) | 783,479 |

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, 2020

(Expressed in United States Dollars, unless otherwise stated)

| | | For the three months ended | |
|---|-------|----------------------------|----------------|
| | | Mar 31, 2020 | Mar 31, 2019 |
| | Notes | USD'000 | USD'000 |
| Cash flows from operating activities | | | |
| Profit / (Loss) before income tax | | 15,292 | (12,943) |
| Depreciation of property, plant and equipment | 7 | 3,553 | 8,084 |
| Amortisation of intangible assets | 6 | 120 | 191 |
| Revolving commodity facility fair value adjustment | 14 | 3,405 | 761 |
| Share of loss of investments accounted for using the equity method | 10 | 438 | 89 |
| Unrealised foreign exchange (gain) / loss | | (4,456) | 1,806 |
| Mining rights write off | 5 | - | 175 |
| Finance income | | (1,386) | (2,687) |
| Finance cost | | 2,334 | 3,117 |
| <i>Operating profit / (loss) before working capital changes</i> | | 19,300 | (1,407) |
| (Increase) / decrease in trade and other receivables | | (5,241) | 6,442 |
| (Decrease) / increase in trade and other payables | | (2,156) | 4,431 |
| Increase in inventories | | (230) | (1,371) |
| <i>Cash generated from operations</i> | | 11,673 | 8,095 |
| Interest paid | | (490) | (470) |
| Interest received | | 767 | 1,095 |
| <i>Net cash generated from operating activities</i> | | 11,950 | 8,720 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (443) | (1,660) |
| Additions to mining assets | 5 | (573) | - |
| Additions to intangible assets | 6 | (123) | (71) |
| Loans (granted to external parties) / repaid by external parties | | (880) | 17 |
| Funds invested in restricted cash | | (31) | (193) |
| <i>Net cash utilised in investing activities</i> | | (2,050) | (1,907) |
| Cash flows from financing activities | | | |
| Decrease in short-term borrowings | | (13) | - |
| Proceeds from revolving commodity facility | 14 | 23,911 | 22,656 |
| Repayment of revolving commodity facility | 14 | (22,080) | (26,217) |
| <i>Net cash generated from / (utilised in) financing activities</i> | | 1,818 | (3,561) |
| Net increase in cash and cash equivalents | | 11,695 | 3,252 |
| Cash and cash equivalents at beginning of the year | | 43,393 | 38,093 |
| Exchange loss on cash and cash equivalents | | (10,542) | (386) |
| Cash and cash equivalents at end of the period | | 44,569 | 40,959 |

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

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

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. Through its 100% owned subsidiary, Pilanesberg Platinum Mines Proprietary Limited, the Group has established the Pilanesberg Platinum Mines (“PPM”) on the Western Limb of the Bushveld Complex.

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, 2020, the Group made a profit of USD15.292 million (2019 loss: USD12.943 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”), IFRIC (“International Financial Reporting Interpretations Committee”) 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 three-month period ended March 31, 2020 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 IFRS and IFRIC interpretations 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 realise 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; accordingly, when considering going concern, Management consider key assumptions, such as exposure to the ZAR:USD exchange rate and PGM prices, in their cash flow forecasts.

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 improvements and efficiencies. The Industrial Development Corporation of South Africa Limited (“IDC”) provided PPM with a ZAR500 million loan facility which provided access to funding for short-term cash flow requirements (fully drawn down in 2018).

PPM has an agreement with Investec Bank Limited (“Investec”) to provide a rand denominated revolving commodity finance facility (“RCF”) of up to USD22.3 million (ZAR400 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 2.3% and is available up to March 31, 2021.

Operational risks that Management considered during the assessment included operating cash flows and short term PGM prices and ZAR:USD exchange rates, especially after the outbreak and continuing spread of the novel coronavirus (“COVID-19”) and the related disruption to the worldwide economy is affecting the Group by increasing uncertainties in the short term. As a result of COVID-19 Management has considered the implications for the Group, including revisiting the Group’s cash flow forecasts with a view to assessing whether the interim financial statements should be prepared on a going concern basis. Capital expenditure (sustaining and growth) was included in line with the budget and Management’s current plans.

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

2. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

Additional factors considered during the COVID-19 outbreak:

On March 23, 2020, the South African President announced a national lockdown for the Republic of South Africa from midnight Thursday March 26, 2020 until April 30, 2020 and all South Africans were required to “stay at home”. The Group’s operating mine at PPM was placed on Care and Maintenance from March 25, 2020. On April 23, 2020, the South African President announced that on May 1, 2020, the country would begin a gradual and phased recovery of economic activity. The lockdown eased to a level 4 and PPM was able resume production subject to extreme precautions, required to limit community transmission and outbreaks.

The key factors contributing to a significant impact on mining include, but are not limited to:

- Interruptions to production;
- Reduction of revenue;
- Fluctuating PGM prices;
- The health of the South African economy and the ZAR;
- Supply chain disruptions; and
- The unavailability of personnel.

Production

As noted above, the announcement of a national lockdown impacted the Group as PPM was placed on Care and Maintenance on March 25, 2020. Production at PPM only resumed on May 5, 2020.

Revenues

Impala declared a Force Majeure on March 26, 2020 as it was unable to receive concentrate from PPM. A notice to a partial upliftment from the Force Majeure was implemented from May 6, 2020 with limited concentrate deliveries accepted daily. A further upliftment was received from May 15, 2020 and normal level of deliveries were accepted from May 25, 2020. Management mitigated this by agreeing a spot sale of excess concentrate to an alternative smelter for the month of May.

Cost

PPM paid all salary related costs during the lockdown period and all fixed costs were incurred during Care and Maintenance.

PGM delivered pipeline

Impala has honored all pipeline payments to date, and it is anticipated that payments will continue in accordance with the agreement.

Debt

PPM has a loan from the IDC (a major shareholder) and the Group continues to believe that this debt will be serviced in line with their agreement. The RCF with Investec will be repaid in line with their agreement and it will continue to be utilised as metal deliveries are made.

Management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the next 12 months from the date of approval of the interim financial statements and therefore the interim financial statements continue to be prepared on a Going Concern basis, which assumes the realisation of assets and discharge of liabilities in the normal course of business within the foreseeable future.

The Group therefore continues to adopt the Going Concern basis in preparing interim financial information.

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(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, 2019, except as described below.

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

| | At Mar 31, 2020 | Average three months ended Mar 31, 2020 | At Dec 31, 2019 | Average three months ended Mar 31, 2019 |
|------------------------------|-----------------|--|-----------------|--|
| South African Rand (USD:ZAR) | 17.95 | 15.35 | 14.12 | 14.01 |

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) |
| Right to use assets | 2 - 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 December 31, 2019.

4. Change in accounting policy including initial adoption

There were no other changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2019, except for the adoption of the standards set out below.

New and amended standards and interpretations effecting for the year

- IFRS 3 (Amendments): Definition of a business when acquiring a set of activities.
- IFRS 9, IAS 39 and IFRS 7 (Amendments): Interest Rate Benchmark Reform in relation to the effects of Interbank Offered Rates ("IBOR").
- IAS 1 and IAS 8 (Amendments): Definition of Material
- The Conceptual Framework for Financial Reporting (revised) - The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

4. Change in accounting policy including initial adoption (continued)

New and amended standards and interpretations effecting for the year (continued)

The Group performed an assessment of the above amendments lease agreements and concluded that these amendments as noted, do not have a material impact based on the nature of the Group's business.

New standards and amendments to standards and interpretations not yet adopted:

- IFRS 17 Insurance Contracts - applicable to annual periods beginning on or after January 1, 2021.
- IAS 1 (Amendments): Classification of Liabilities as Current or Non-current - applicable to annual periods beginning on or after January 1, 2022.

5. Mining assets

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Exploration and evaluation assets | 15,229 | 19,781 |
| Mineral properties and rights | 612,379 | 778,614 |
| Balance at the end of the period | 627,608 | 798,395 |

| | Exploration & evaluation assets USD'000 | Mineral properties & rights ^(a) USD'000 | TOTAL USD'000 |
|-------------------------------------|---|--|------------------|
| Balance at January 1, 2019 | 16,136 | 761,946 | 778,082 |
| Write off | (278) | - | (278) |
| Additions | 3,509 | - | 3,509 |
| Foreign exchange variance | 414 | 16,668 | 17,082 |
| Balance at December 31, 2019 | 19,781 | 778,614 | 798,395 |
| Additions | 573 | - | 573 |
| Foreign exchange variance | (5,125) | (166,235) | (171,360) |
| Balance at March 31, 2020 | 15,229 | 612,379 | 627,608 |

a) Long term borrowings are secured on Mineral properties and rights to the value of ZAR200 million (USD11 million). Refer to note 12.

6. Intangible assets

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Water pipeline | 19,275 | 24,593 |
| ERP software | 3 | 11 |
| Computer software | 368 | 369 |
| Research and development | 7,682 | 9,767 |
| Balance at the end of the period | 27,328 | 34,740 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

6. Intangible assets (continued)

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, 2019 | 28,059 | 121 | 1,487 | 9,565 | 18,560 | 57,792 |
| Additions during the year | 126 | - | 277 | - | - | 403 |
| Foreign exchange variance | 616 | 3 | 38 | 202 | - | 859 |
| Balance at December 31, 2019 | 28,801 | 124 | 1,802 | 9,767 | 18,560 | 59,054 |
| Additions during the period | 13 | - | 110 | - | - | 123 |
| Foreign exchange variance | (6,150) | (28) | (400) | (2,085) | - | (8,663) |
| Balance at March 31, 2020 | 22,664 | 96 | 1,512 | 7,682 | 18,560 | 50,514 |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | | | | | | |
| Balance at January 1, 2019 | 3,712 | 90 | 1,096 | - | 18,560 | 23,458 |
| Amortisation for the year | 405 | 21 | 307 | - | - | 733 |
| Foreign exchange variance | 91 | 2 | 30 | - | - | 123 |
| Balance at December 31, 2019 | 4,208 | 113 | 1,433 | - | 18,560 | 24,314 |
| Amortisation for the period | 96 | 5 | 19 | - | - | 120 |
| Foreign exchange variance | (915) | (25) | (308) | - | - | (1,248) |
| Balance at March 31, 2020 | 3,389 | 93 | 1,144 | - | 18,560 | 23,186 |
| CARRYING AMOUNTS | | | | | | |
| Balance at January 1, 2019 | 24,347 | 31 | 391 | 9,565 | - | 34,334 |
| Balance at December 31, 2019 | 24,593 | 11 | 369 | 9,767 | - | 34,740 |
| Balance at March 31, 2020 | 19,275 | 3 | 368 | 7,682 | - | 27,328 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

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 | ^(a) Right to use assets USD'000 | ^(b) Plant and equipment USD'000 | Land and buildings USD'000 | Other USD'000 | TOTAL USD'000 |
|--|-------------------------------|---|--------------------------------------|--|--|---|--|----------------------------------|------------------|------------------|
| COST | | | | | | | | | | |
| Balance at January 1, 2019 | 6,262 | 10,141 | 118,187 | 51,066 | 14,468 | 4,616 | 160,504 | 3,281 | 6,185 | 374,710 |
| Additions | - | 1,391 | - | - | - | - | 3,315 | 5 | 707 | 5,418 |
| Right of use asset recognised on adoption of IFRS 16 ^(a) | - | - | - | - | - | 293 | - | - | - | 293 |
| Foreign exchange variance | 137 | 256 | 2,586 | 1,117 | 317 | 108 | 3,580 | 71 | 156 | 8,328 |
| Balance at December 31, 2019 | 6,399 | 11,788 | 120,773 | 52,183 | 14,785 | 5,017 | 167,399 | 3,357 | 7,048 | 388,749 |
| Additions | - | 375 | - | - | 61 | - | - | 5 | 2 | 443 |
| Foreign exchange variance | (1,366) | (2,575) | (25,785) | (11,141) | (3,161) | (1,071) | (35,745) | (716) | (1,504) | (83,064) |
| Balance at March 31, 2020 | 5,033 | 9,588 | 94,988 | 41,042 | 11,685 | 3,946 | 131,654 | 2,646 | 5,546 | 306,128 |
| ACCUMULATED DEPRECIATION | | | | | | | | | | |
| Balance at January 1, 2019 | 4,195 | - | 81,656 | 34,681 | 7,581 | 3,180 | 96,742 | 628 | 4,847 | 233,510 |
| Depreciation for the year | 1,016 | - | 12,202 | 5,454 | 648 | 171 | 17,746 | 120 | 646 | 38,003 |
| Foreign exchange variance | 119 | - | 2,110 | 903 | 183 | 73 | 2,619 | 15 | 121 | 6,143 |
| Balance at December 31, 2019 | 5,330 | - | 95,968 | 41,038 | 8,412 | 3,424 | 117,107 | 763 | 5,614 | 277,656 |
| Depreciation for the period | 100 | - | 1,215 | 552 | 63 | 23 | 1,437 | 37 | 126 | 3,553 |
| Foreign exchange variance | (1,152) | - | (20,674) | (8,838) | (1,805) | (735) | (25,215) | (168) | (1,216) | (59,803) |
| Balance at March 31, 2020 | 4,278 | - | 76,509 | 32,752 | 6,670 | 2,712 | 93,329 | 632 | 4,524 | 221,406 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

7. Property, plant and equipment (Continued)

| | 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 | ^(a) Right to use assets USD'000 | ^(b) Plant and equipment USD'000 | Land and buildings USD'000 | Other USD'000 | TOTAL USD'000 |
|-------------------------------------|-------------------------------|---|--------------------------------------|--|--|---|--|----------------------------------|------------------|------------------|
| CARRYING AMOUNTS | | | | | | | | | | |
| Balance at January 1, 2019 | 2,067 | 10,141 | 36,531 | 16,385 | 6,887 | 1,436 | 63,762 | 2,653 | 1,338 | 141,200 |
| Balance at December 31, 2019 | 1,069 | 11,788 | 24,805 | 11,145 | 6,373 | 1,593 | 50,292 | 2,594 | 1,434 | 111,093 |
| Balance at March 31, 2020 | 755 | 9,588 | 18,479 | 8,290 | 5,015 | 1,234 | 38,325 | 2,014 | 1,022 | 84,722 |

(a) Right of use asset recognised on adoption of IFRS 16.

(b) Tailings dam is included in plant and equipment.

Long term borrowings are secured on Plant and equipment to the value of ZAR600 million (USD33 million) and on all moveable assets to the value of ZAR100 million (USD6 million). Refer to note 12.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

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

8.1 Cash and cash equivalents

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Cash at bank | 44,569 | 43,393 |
| Balance at the end of the period | 44,569 | 43,393 |

Cash at banks earns interest at fixed and floating rates. Cash is deposited at reputable financial institutions 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 Energy ("DMRE") and Eskom Holdings Limited, the South African state utility supplier, of which the details are as follows:

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Balance at the end of the period | 13,061 | 15,885 |

The DMRE 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 DMRE 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, 2020, the Group had USD26 million (2019: USD33 million) in guarantees to the DMRE and Eskom, of which USD13 million (2019: USD16 million) is funded.

9. Inventories

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Ore stockpiled | 1,214 | 960 |
| Work in progress | - | 370 |
| Consumables | 6,669 | 8,388 |
| Balance at the end of the period | 7,883 | 9,718 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

10. Investment in associate

Management have accounted for its interest in KellTech Limited as a joint venture through the equity method of accounting due to the nature of the joint arrangement. The joint venture 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 |

Investment in associate

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|--|----------------------------|----------------------------|
| January 1 st | - | 1,220 |
| Share of loss from associate | (438) | (1,512) |
| Share of other comprehensive loss | (511) | (356) |
| Foreign exchange profit on investment in associate | 228 | 14 |
| Impaired against loan receivable | 721 | 634 |
| Investment in associate value | - | - |

Details of associate

Summarised financial and profit and loss information in respect of Kelltech Limited reflecting 100% of the associate is set out below:

| Summarised balance sheet | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|--|----------------------------|----------------------------|
| Non-current assets | 7,079 | 8,312 |
| Current assets | 189 | 274 |
| Non-current liabilities | (9,806) | (9,707) |
| Current Liabilities | (445) | (360) |
| <i>The above assets and liabilities include the following:</i> | | |
| Cash and cash equivalents | 188 | 274 |
| Net asset value | (2,983) | (1,481) |
| SPM ownership interest | 50% | 50% |
| Summarised statement of comprehensive loss | | |
| Loss for the period | (1,144) | (2,950) |
| Other comprehensive loss | (438) | (711) |
| Total comprehensive loss | (1,582) | (3,661) |
| <i>The above loss for the period includes the following:</i> | | |
| Finance income | 3 | 22 |
| Finance expense* | (99) | (432) |

*Including interest accrued to the Group

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Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

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, 2019 | 3,095,401,663 | 2,549,583 |
| Balance at March 31, 2020 | 3,095,401,663 | 2,549,583 |

12. Borrowings

12.1 Long term borrowings

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|--|----------------------------|----------------------------|
| Loan from Corridor Mining Resources Proprietary Limited ^(a) | 4,137 | 5,135 |
| Loan from Industrial Development Corporation of South Africa Limited ("IDC") ^(b) | 23,846 | 31,508 |
| Balance at the end of the period | 27,983 | 36,643 |

a) Corridor Mining Resources Proprietary Limited is a wholly owned subsidiary of Limpopo Economic Development Agency, 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.

b) PPM secured a loan of ZAR500 million from the IDC in 2018. The proceeds from this loan are utilised to sustain mining operations.

This long-term loan bears interest at the South African prime overdraft rate plus 3.5% accrued on a monthly basis. Repayment of interest will be made in monthly instalments starting March 23, 2020. Outstanding capital will be repaid in twelve quarterly instalments of ZAR 41,666,667 starting on September 1, 2020, with the final payment on June 30, 2023.

This loan is secured to the value of:

- ZAR200 million (USD11 million) over Mineral properties and rights;
- ZAR600 million (USD33 million) over plant and equipment at PPM; and
- ZAR100 million (USD6 million) over all moveable assets of PPM.

12.2 Short term borrowing

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| Loan from IDC | 12,551 | 13,453 |
| Balance at the end of the period | 12,551 | 13,453 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

13. Decommissioning and rehabilitation provision

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|---|----------------------------|----------------------------|
| DISCOUNTED | | |
| Balance at the beginning of the year | 22,163 | 20,098 |
| Unwinding of discount (accretion) | 407 | 1,575 |
| Change in estimate | 61 | - |
| Subtotal | 22,631 | 21,673 |
| Foreign exchange variance | (4,766) | 490 |
| Balance at the end of the period | 17,865 | 22,163 |
| UNDISCOUNTED | | |
| Balance at the beginning of the year | 23,301 | 22,802 |
| Change in estimate | 61 | - |
| Subtotal | 23,362 | 22,802 |
| Foreign exchange variance | (5,043) | 499 |
| Balance at the end of the period | 18,319 | 23,301 |

The estimate represents the current cost of closure as at the respective period end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the DMRE, 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, 2020, is USD18.319 million (2019: USD23.301 million). The asset retirement obligation has been determined using a Rand discount rate of 8.6% (2019: 8.6%) and an inflation rate of 4.8% (2019: 4.8%) over the expected life of mine which remains 3 years, 9 months (2019: 4 years).

14. Revolving commodity facility

PPM entered into a revolving commodity facility with Investec Bank Limited ("Investec") to provide a Rand denominated revolving commodity finance facility of up to ZAR400 million (USD22.3 million) for the financing of concentrate deliveries. The facility bears interest at JIBAR plus 2.3% and is available up to March 31, 2021.

In terms of this facility Investec Bank Limited will finance up to 91% of PPM's platinum, palladium and gold deliveries. PPM cedes on an out-and-out basis to Investec all rights to payments under its offtake agreement with Impala until the corresponding liability is settled. 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.

| | Mar 31, 2020 USD'000 | Dec 31, 2019 USD'000 |
|--|----------------------------|----------------------------|
| Balance at the beginning of the year | 19,895 | 18,751 |
| Repayment of drawdown | (22,080) | (101,481) |
| Drawdown from the facility during the period | 23,911 | 101,007 |
| Fair value adjustments to the balances | 3,405 | 3,394 |
| Interest accrued | (2,117) | (2,537) |
| Subtotal | 23,014 | 19,134 |
| Exchange rate variance | (4,258) | 761 |
| Balance at the end of the period | 18,756 | 19,895 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

15. Revenue

| | For the three months ended | |
|----------------------|----------------------------|----------------------------|
| | Mar 31, 2020 USD'000 | Mar 31, 2019 USD'000 |
| 4E Minerals | 51,758 | 31,569 |
| Other minerals | 3,979 | 3,919 |
| Total revenue | 55,737 | 35,488 |

All revenue is from Impala Platinum Limited and minor chrome sales at the spot market.

16. Cost of operations

| | For the three months ended | |
|---|----------------------------|----------------------------|
| | Mar 31, 2020 USD'000 | Mar 31, 2019 USD'000 |
| On-mine operations | | |
| Total materials and mining costs | (16,349) | (14,856) |
| Concentrator plant operations | | |
| Materials and other costs | (7,913) | (7,964) |
| Utilities | (3,048) | (3,060) |
| Beneficiation | | |
| Smelting and refining costs | (3,129) | (2,947) |
| Transport | (139) | (132) |
| Salaries | (4,804) | (4,227) |
| <i>Sub-total</i> | (35,382) | (33,186) |
| Amortisation and depreciation of operating assets | (3,448) | (7,990) |
| Inventory adjustments | 181 | 1,026 |
| Total cost of operations | (38,649) | (40,150) |

17. Operating profit / (loss)

| | For the three months ended | |
|--|----------------------------|----------------------------|
| | Mar 31, 2020 USD'000 | Mar 31, 2019 USD'000 |
| <i>Operating profit / (loss) includes:</i> | | |
| Employee expenses | (2,256) | (2,640) |
| Audit fees | (46) | (27) |
| Consulting and professional fees | (183) | (92) |
| Carbon tax | (52) | - |
| Royalty expense | (273) | (219) |
| Amortisation and depreciation | (225) | (285) |
| Foreign exchange profit / (loss) | 4,480 | (2,057) |

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Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

18. Financial risk management and Financial instruments

18.1 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, 2019. There have been no changes in the risk management policies since year end.

18.2 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner. The Group's Executive Directors continually review the liquidity position including cash flow forecasts to determine the forecast liquidity position.

All excess cash is held by the Company, Platmin SA or PPM. The Company invests excess funds in fixed deposit structures. Platmin SA keeps excess funds in a current account.

The contractual undiscounted cashflow maturity analysis of payables at the reporting date was as follows:

| | Presented USD'000 | Less than 6 months USD'000 | Between 6 - 12 months USD'000 | Greater than 12 months USD'000 |
|--|----------------------|----------------------------------|-------------------------------------|---|
| Balances at March 31, 2020 | | | | |
| Long-term borrowings | 27,983 | - | - | 27,983 |
| Short-term borrowings | 12,551 | 5,565 | 6,986 | - |
| Trade payables and accrued liabilities | 16,417 | 16,417 | - | - |
| Revolving commodity facility | 18,756 | 18,756 | - | - |
| Total financial liabilities | 75,707 | 40,738 | 6,986 | 27,983 |
| Balances at December 31, 2019 | | | | |
| Long-term borrowings | 36,643 | - | - | 36,643 |
| Short-term borrowings | 13,453 | 3,189 | 10,264 | - |
| Trade payables and accrued liabilities | 23,477 | 23,477 | - | - |
| Revolving commodity facility | 19,895 | 19,895 | - | - |
| Total financial liabilities | 93,468 | 46,561 | 10,264 | 36,643 |

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

18. Financial risk management and Financial instruments (continued)

18.3 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 tables presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2020.

| | Level | Fair value Mar 31, 2020 USD '000 | Fair value Dec 31, 2019 USD '000 |
|------------------------------------|-------|--|--|
| Revolving commodity facility | 1 | 18,756 | 19,895 |
| Total financial liabilities | | 18,756 | 19,895 |

| GROUP | Level | Fair value Mar 31, 2020 USD '000 | Fair value Dec 31, 2019 USD '000 |
|-------------------------------|-------|---|---|
| Financial assets | | | |
| Trade receivables | 1 | 56,088 | 63,121 |
| Total financial assets | | 56,088 | 63,121 |

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

| | Mar 31, 2020 USD '000 | Dec 31, 2019 USD '000 |
|--|--------------------------|--------------------------|
| Restricted cash investments and guarantees | 13,061 | 15,885 |
| Loans receivable | 14,572 | 16,916 |
| Trade receivables | 71 | 4,536 |
| Cash and cash equivalents | 44,569 | 43,393 |
| Total financial assets | 73,273 | 80,730 |
| Long-term borrowings | 27,983 | 36,643 |
| Short-term borrowings | 12,551 | 13,453 |
| Trade payables and accrued liabilities | 16,417 | 23,477 |
| Total financial liabilities | 56,951 | 73,573 |

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

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

19. Contingencies and commitments

19.1 Contingencies

- At March 31, 2020, the Group had bank and other guarantees of USD26 million (2019: USD33 million) from which it is anticipated that no material liabilities will arise in addition to amounts already provided.
- PPM entered into an agreement with Impala Refining Services Limited for the right of first refusal to supply PGM concentrate produced by PPM 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.
- The East Pit development at PPM is planned to commence during Q2 2020, as soon as the outstanding conditions precedent is met to secure access to the adjacent mining property.

19.2 Commitments

The Group’s contractual obligations are as follows:

Commitments as at March 31, 2020

| Contractual obligations USD’000 | Notes | Total | < 1 year | 1-3 years | After 3 years |
|--|--------------|---------------|--------------------|------------------|----------------------|
| Employee entitlements ⁽¹⁾ | | 1,232 | 1,232 | - | - |
| Asset Retirement Obligation ⁽²⁾ | 13 | 17,865 | - | - | 17,865 |
| Mining costs ⁽³⁾ | | 13,068 | 13,068 | - | - |
| Loan from IDC | | 36,398 | 12,551 | 23,846 | - |
| Open Purchase orders | | 4,491 | 4,491 | - | - |
| Total Contractual Obligations | | 73,054 | 31,342 | 23,846 | 17,865 |

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

(2) The amount of USD17.865 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining licence and approved Environmental Management Programme (“EMP”). This discounted amount is provided in note 13.

(3) 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.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2020

(Expressed in United States Dollars, unless otherwise stated)

19. Contingencies and commitments (Continued)

19.2 Commitments (Continued)

Commitments as at March 31, 2019

| Contractual obligations USD'000 | Notes | Total | < 1 year | 1-3 years | After 3 years |
|--|--------------|---------------|--------------------|------------------|----------------------|
| Employee entitlements ⁽¹⁾ | | 1,044 | 1,044 | - | - |
| Operating lease ⁽²⁾ | | 418 | 209 | 209 | - |
| Asset Retirement Obligation ⁽³⁾ | | 20,264 | - | - | 20,264 |
| Mining costs ⁽⁴⁾ | | 8,714 | 8,714 | - | - |
| Open Purchase orders | | 5,133 | 5,133 | - | - |
| Total Contractual Obligations | | 35,573 | 15,100 | 209 | 20,264 |

(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. This agreement was renewed to come to an end on May 31, 2021. From 2019, this is treated as a lease liability.

(3) The amount of USD20.264 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining license and approved EMP.

(4) 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.

20. 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. However, a global pandemic was announced early in 2020 after the outbreak of the coronavirus disease in late 2019 (COVID-19). The situation at the date of this report is rapidly evolving, with negative impacts on the global economy and on major financial markets. Refer to note 1 in relation to the impact of COVID-19 on the operation of the Group.