



Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements
for the three month period ended March 31, 2014 and March 31, 2013
*(December 2013 Audited, March 2013 & March 2014 Unaudited, expressed in United States dollars,
unless otherwise stated)*

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position as at March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

	Notes	Mar 31, 2014 USD'000	Dec 31, 2013 USD'000
ASSETS			
Non-current assets			
Mining assets	6	1,032,115	1,021,594
Intangible assets	7	14,375	12,122
Property, plant and equipment	8	278,745	289,113
Restricted cash investments and guarantees	9.2	48,960	47,661
Total non-current assets		1,374,195	1,370,490
Current assets			
Inventories	10	7,538	7,413
Trade and other receivables		69,851	73,321
Cash and cash equivalents	9.1	208,821	212,599
Total current assets		286,210	293,333
TOTAL ASSETS		1,660,405	1,663,823
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11	2,484,299	2,458,983
Other components of equity		(451,566)	(427,966)
Accumulated deficit		(427,526)	(415,082)
		1,605,207	1,615,935
Non-controlling interests		(3,190)	(5,440)
Total equity		1,602,017	1,610,495
Non-current liabilities			
Long-term borrowings	12	4,007	4,606
Finance lease liability	13	3,985	4,178
Cash-settled share based payment		328	304
Decommissioning and rehabilitation provision	14	17,684	17,855
Total non-current liabilities		26,004	26,943
Current liabilities			
Trade payables and accrued liabilities		18,859	22,820
Revolving commodity facility	15	13,404	3,391
Current portion of finance lease liability	13	121	174
Total current liabilities		32,384	26,385
Total liabilities		58,388	53,328
TOTAL EQUITY AND LIABILITIES		1,660,405	1,663,823

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

Sedibelo Platinum Mines Limited

Condensed consolidated interim income statement for the three months ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

	Notes	For the three months ended	
		Mar 31, 2014 USD'000	Mar 31, 2013 USD'000
Revenue	16	47,655	40,516
Cost of operations	17	(57,215)	(66,217)
Gross loss		(9,560)	(25,701)
Administrative and general expenses		(4,095)	(3,184)
Other income / (expenses)		302	(1,407)
Operating loss	18	(13,353)	(30,292)
Finance income		3,575	4,931
Finance costs		(416)	(571)
Loss before income tax		(10,194)	(25,932)
Income tax expense		-	-
LOSS FOR THE PERIOD		(10,194)	(25,932)
<i>Loss attributable to:</i>			
Owners of the parent		(10,082)	(25,811)
Non-controlling interest		(112)	(121)
		(10,194)	(25,932)

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, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

	For the three months ended	
	Mar 31, 2014	Mar 31, 2013
	USD'000	USD'000
Loss for the period	(10,194)	(25,932)
Other Comprehensive (loss)/income:		
<i>Items that will not be classified to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation from functional to presentation currency	(23,661)	(175,352)
Movement in other reserves	61	-
Total items that will be reclassified to profit or loss	(23,600)	(175,352)
Other comprehensive loss - net of tax	(23,600)	(175,352)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(33,794)	(201,284)
<i>Total comprehensive loss attributable to:</i>		
Owners of the parent	(33,682)	(201,163)
Non-controlling interest	(112)	(121)
	(33,794)	(201,284)

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, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, 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, 2013	2,458,983	(329,163)	6,700	846	(48,934)	2,088,432	(2,612)	2,085,820
Loss for the period	-	(89,302)	-	-	-	(89,302)	(2,828)	(92,130)
Other comprehensive loss for the period	-	-	-	20	(383,873)	(383,853)	-	(383,853)
Total comprehensive loss	-	(89,302)	-	20	(383,873)	(473,155)	(2,828)	(475,983)
Share based payment expense	-	-	658	-	-	658	-	658
Transfers between equity	-	3,383	(3,383)	-	-	-	-	-
Total contributions by owners of the parent, recognised directly in equity	-	3,383	(2,725)	-	-	658	-	658
Balance at January 1, 2014	2,458,983	(415,082)	3,975	866	(432,807)	1,615,935	(5,440)	1,610,495
Loss for the period	-	(10,082)	-	-	-	(10,082)	(112)	(10,194)
Other comprehensive income/(loss) for the period	-	-	-	61	(23,661)	(23,600)	-	(23,600)
Total comprehensive (loss)/income	-	(10,082)	-	61	(23,661)	(33,682)	(112)	(33,794)
Shares issued	25,316	-	-	-	-	25,316	-	25,316
Transfers between equity	-	(2,362)	-	-	-	(2,362)	2,362	-
Total contributions by owners of the parent, recognised directly in equity	25,316	(2,362)	-	-	-	22,954	2,362	25,316
Balance at March 31, 2014	2,484,299	(427,526)	3,975	927	(456,468)	1,605,207	(3,190)	1,602,017

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, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

	Notes	For the three months ended	
		Mar 31, 2014 USD'000	Mar 31, 2013 USD'000
Cash flows from operating activities			
Loss before income tax		(10,194)	(25,932)
Depreciation of property, plant and equipment	8	8,351	6,106
Amortisation of intangible assets	7	164	264
Other non cash		266	(1,657)
Revolving commodity facility fair value adjustment	15	780	-
Share based payment		27	52
Foreign exchange (gain)/loss	18	(211)	987
Finance income		(3,575)	(4,931)
Finance cost		416	571
<i>Operating loss before working capital changes</i>		(3,976)	(24,540)
Decrease/(Increase) in trade and other receivables		2,351	(19,355)
(Increase)/Decrease in trade and other payables		(3,529)	6,397
(Increase)/Decrease in inventories		(228)	751
<i>Cash utilised in operations</i>		(5,382)	(36,747)
Interest paid		30	(571)
Interest received		3,165	4,308
<i>Net cash utilised in operating activities</i>		(2,187)	(33,010)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,404)	(593)
Purchases of mining assets		(539)	(546)
Additions to intangible assets		(2,533)	(9)
Increase in rehabilitation guarantees		(1,540)	(687)
<i>Net cash utilised in investing activities</i>		(7,016)	(1,835)
Cash flows from financing activities			
Repayment of finance lease liability		(314)	(341)
Proceeds from revolving commodity facility		10,191	1,689
Repayment of revolving commodity facility		(1,303)	(25,052)
<i>Net cash generated from/(utilised in) financing activities</i>		8,574	(23,704)
Net decrease in cash and cash equivalents		(629)	(58,549)
Cash and cash equivalents at beginning of the year		212,599	390,852
Exchange losses on cash and cash equivalents		(3,149)	(35,589)
Cash and cash equivalents at end of the year		208,821	296,714

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 month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

1. General information and going concern

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, 2014 the Group incurred a loss of USD10.194 million.

The Group had USD208.821 million in cash and cash equivalents in hand at March 31, 2014 to fund current operations, exploration and growth initiatives. Studies have commenced to establish the optimum development and mining plan for the enlarged mineral resource and the expansion of the concentrator to accommodate these developments. As such the directors consider that the Group has adequate resources to continue its operational and development plans for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Basis of preparation of the condensed annual financial statements

The condensed consolidated interim financial information for the three months ended March 31, 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS's as adopted by the European Union.

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

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the condensed consolidated interim financial information.

3. Accounting policies

The accounting policies adopted are consistent with those used in the Platmin Limited annual financial statements for the year ended December 31, 2013 except as described below.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

	As at March 31, 2014	Average three months ended March 31, 2014	As at December 31, 2013	Average three months ended March 31, 2013
South African Rand (USD:ZAR)	10.58	10.86	10.43	8.94

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

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)
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

4. 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 2013.

5. 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, 2013.

There were no standards that became effective that required first time adoption by the Company during the quarter ended March 31, 2014.

6. Mining assets

	Exploration & evaluation assets USD'000	Mineral properties USD'000	Mineral rights USD'000	TOTAL USD'000
Balance at January 1, 2013	28,427	1,178,141	47,741	1,254,309
Additions	2,624	1,305	-	3,929
Impairment of mining assets	(1,402)	-	-	(1,402)
Foreign exchange variance	(5,419)	(220,877)	(8,946)	(235,242)
Balance at December 31, 2013	24,230	958,569	38,795	1,021,594
Additions	539	24,383	-	24,922
Foreign exchange variance	(336)	(13,492)	(573)	(14,401)
Balance at March 31, 2014	24,433	969,460	38,222	1,032,115

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

7. Intangible assets

	As at Mart 31, 2013 USD'000	As at Dec 31, 2013 USD'000
Water pipeline	9,868	9,066
ERP software	257	284
Computer software	302	256
Research and development	3,948	2,516
Balance at the end of the period	14,375	12,122

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, 2013	10,458	803	710	-	21,672	33,643
Additions during the year	2,847	-	116	2,720	-	5,683
Foreign exchange variance	(2,174)	(150)	(142)	(204)	-	(2,670)
Balance at December 31, 2013	11,131	653	684	2,516	21,672	36,656
Additions during the year	1,068	-	34	1,431	-	2,533
Foreign exchange variance	(136)	(10)	(9)	1	-	(154)
Balance at March 31, 2014	12,063	643	709	3,948	21,672	39,035
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance at January 1, 2013	1,743	340	393	-	21,672	24,148
Amortisation for the year	701	100	118	-	-	919
Foreign exchange variance	(379)	(71)	(83)	-	-	(533)
Balance at December 31, 2013	2,065	369	428	-	21,672	24,534
Amortisation for the year	156	22	(14)	-	-	164
Foreign exchange variance	(26)	(5)	(7)	-	-	(38)
Balance at March 31, 2014	2,195	386	407	-	21,672	24,660
CARRYING AMOUNTS						
Balance at January 1, 2013	8,715	463	317	-	-	9,495
Balance at December 31, 2013	9,066	284	256	2,516	-	12,122
Balance at March 31, 2014	9,868	257	302	3,948	-	14,375

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements

for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

8. Property, plant and equipment

	Producing Mines USD'000	Pre- stripping cost USD'000	Deferred stripping cost USD'000	Decom- missioning asset USD'000	Leased assets USD'000	Plant and equipment USD'000	Land and buildings USD'000	Other USD'000	TOTAL USD'000
COST									
Balance at January 1, 2013	7,502	201,253	-	22,471	11,295	189,968	1,801	4,083	438,373
Additions	-	-	470	(370)	-	3,101	2,008	1,224	6,433
Foreign exchange variance	(1,406)	(37,714)	(35)	(4,375)	(2,116)	(35,833)	(488)	(857)	(82,824)
Balance at December 31, 2013	6,096	163,539	435	17,726	9,179	157,236	3,321	4,450	361,982
Additions	-	-	-	-	-	1,847	337	220	2,404
Foreign exchange variance	(90)	(2,412)	(7)	(262)	(136)	(2,271)	(41)	(58)	(5,277)
Balance at March 31, 2014	6,006	161,127	428	17,464	9,043	156,812	3,617	4,612	359,109
ACCUMULATED DEPRECIATION									
Balance at January 1, 2013	759	20,350	-	-	2,530	20,654	52	1,911	46,256
Depreciation for the year	658	17,640	-	1,659	620	17,070	57	442	38,146
Foreign exchange variance	(192)	(5,138)	-	(124)	(521)	(5,153)	(14)	(391)	(11,533)
Balance at December 31, 2013	1,225	32,852	-	1,535	2,629	32,571	95	1,962	72,869
Depreciation for the year	126	3,371	9	317	138	3,844	221	325	8,351
Foreign exchange variance	(16)	(395)	-	(15)	(35)	(379)	5	(21)	(856)
Balance at March 31, 2014	1,335	35,828	9	1,837	2,732	36,036	321	2,266	80,364
CARRYING AMOUNTS									
Balance at January 31, 2013	6,743	180,903	-	22,471	8,765	169,314	1,749	2,172	392,117
Balance at December 31, 2013	4,871	130,687	435	16,191	6,550	124,665	3,226	2,488	289,113
Balance at March 31, 2014	4,671	125,299	419	15,627	6,311	120,776	3,296	2,346	278,745

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

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

9.1 Cash and cash equivalents

	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
Cash at bank	208,821	212,599
Balance at the end of the period	208,821	212,599

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.

9.2 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, 2014 USD'000	As at Dec 31, 2013 USD'000
Rehabilitation guarantee ^(a)	37,499	36,762
ESKOM guarantee ^(b)	11,461	10,899
Balance at the end of the period	48,960	47,661

a) 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 basis:

- 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.

b) A guarantee, underwritten by an insurance backed guarantee issued by Lombard Insurance Company Limited, was provided to ESKOM to order critical long lead time material for the construction of the electrical substation at the PPM Project. Lombard Insurance required cash collateral on a portion of the total amount which has been paid over in a separate bank account controlled by the Group and ceded in favour of Lombard Insurance. The balance is payable on a premium basis over 5 years and re-assessed on an annual basis.

10. Inventories

	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
Ore stockpiled	1,170	191
Work in progress	311	929
Consumables	6,057	6,293
Balance at the end of the period	7,538	7,413

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, 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 January 1, 2013	2,967,800,298	2,458,983
Balance at December 31, 2013	2,967,800,298	2,458,983
Common shares issued ^(a)	40,824,187	25,316
Balance at March 31, 2014	3,008,624,485	2,484,299

- a) In order to finalise the consolidation and as per the consolidation transaction agreements, 34 210 665 and 6 613 522 shares in Sedibelo Platinum Mines were released in February 2014 to the Bakgatla ba Kgafela Tribe and the Industrial Development Corporation respectively, bringing the total issued shares of Sedibelo Platinum Mines to 3 008 624 485.

12. Long-term borrowings

GROUP	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
Loan from Corridor Mining Resources Proprietary Limited ^(a)	3,870	3,844
Loan from Bakgatla Ba Kgafela Tribal Authority ^(b)	-	623
Loan from Lexshell 703 Proprietary Limited ^(c)	137	139
Balance at the end of the period	4,007	4,606

Reconciliation of long-term borrowings

GROUP	Corridor Mining Resources ^(a) USD'000	Bakgatla Ba Kgafela Tribal Authority ^(c) USD'000	Lexshell 703 ^(d) USD'000	TOTAL USD'000
Balance at January 1, 2013	4,346	2,231	171	6,748
Repayment of loan	-	(1,190)	-	(1,190)
Interest for the year	313	-	-	313
Foreign exchange variance	(815)	(418)	(32)	(1,265)
Balance at December 31, 2013	3,844	623	139	4,606
Repayment of loan	-	(613)	-	(613)
Interest for the year	83	-	-	83
Foreign exchange variance	(57)	(10)	(2)	(69)
Balance at March 31, 2014	3,870	-	137	4,007

- a) 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.

- b) On November 29, 2012 the Group acquired 49.9% of Itereleng Bakgatla Mineral Resources Proprietary Limited and all loan claims against it from Bakgatla Ba Kgafela Tribal Authority ("BBKT"). This loan is interest free and has no repayment terms.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

- c) 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.

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, 2014	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	534	3,564	3,683	7,781
Finance cost	(413)	(2,267)	(995)	(3,675)
Present value	121	1,297	2,688	4,106

As at December 31, 2013	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
Minimum lease payments	737	3,683	3,805	8,225
Finance cost	(563)	(2,301)	(1,009)	(3,873)
Present value	174	1,382	2,796	4,352

	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
Non-current	3,985	4,178
Current	121	174
Balance at the end of the period	4,106	4,352

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

14. Decommissioning and rehabilitation provision

	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
DISCOUNTED		
Balance at the beginning of the year	17,855	22,501
Unwinding of discount (accretion)	89	111
Decrease in provision during the year	-	(575)
Subtotal	17,944	22,037
Foreign exchange variance	(260)	(4,182)
Balance at the end of the period	17,684	17,855
UNDISCOUNTED		
Balance at the beginning of the year	19,260	23,435
Subtotal	19,260	23,435
Foreign exchange variance	(284)	(4,175)
Balance at the end of the period	18,976	19,260

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.

During the 2012 year, management obtained approval from the Department of Mineral Resources for the revised Environmental Management Programme, based on partial backfilling and flooding. The estimated undiscounted liability for the asset retirement obligation at March 31, 2014 is USD18,976,000 (2013: USD19,260,000). The asset retirement obligation has been determined using a discount rate of 7.31% (2013: 7.31%) and an inflation rate of 6% (2013: 6%) over the expected life of mine which is 12 years (2013: 12 years).

15. Revolving commodity facility

On March 14, 2013 and June 26, 2013, PPM signed two definitive agreements with Investec Bank Limited ("Investec") to provide a revolving commodity finance facility of up to USD19,748,000 (ZAR 200,000,000), and USD19,784,000 (ZAR200,000,000) per facility agreement for working capital purposes. PPM provided security of USD9,892,000 (ZAR100,000,000).

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. This facility is currently available up to December 31, 2014 on which date the Company intends to renew it.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

	As at Mar 31, 2014 USD'000	As at Dec 31, 2013 USD'000
Balance at the beginning of the period	3,391	25,431
Repayment of drawdown	(1,303)	(58,261)
Drawdown from the facility during the period	10,191	37,655
Fair value adjustments to the balances	780	1,343
Interest accrued	136	586
Subtotal	13,195	6,754
Exchange rate variance	209	(3,363)
Balance at the end of the period	13,404	3,391

16. Revenue

	As at Mar 31, 2014 USD'000	As at Mar 31, 2013 USD'000
4E Minerals	43,913	36,817
Other minerals	3,742	3,699
Total revenue	47,655	40,516

17. Cost of operations – by nature

	As at Mar 31, 2014 USD'000	As at Mar 31, 2013 USD'000
On-mine operations		
Materials and mining costs	(31,696)	(40,937)
Concentrator plant operations		
Materials and other costs	(10,881)	(10,768)
Utilities	(2,639)	(2,804)
Beneficiation		
Smelting and refining costs	(3,534)	(3,248)
Transport	(131)	(82)
Salaries	(749)	(1,642)
<i>Sub-total</i>	(49,630)	(59,481)
Amortisation and depreciation of operating assets	(7,958)	(6,168)
Inventory adjustments	373	(568)
Total cost of operations	(57,215)	(66,217)

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

18. Operating loss – by nature

	As at Mar 31, 2014 USD'000	As at Mar 31, 2013 USD'000
<i>Operating loss includes:</i>		
Share based payment expense	(27)	(52)
Employee expenses	(1,548)	(901)
Audit fees	(254)	(218)
Consulting and professional fees	(298)	(164)
Royalty expense	(255)	(241)
Amortisation and depreciation	(557)	(206)
Foreign exchange gain/(loss)	211	(987)

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, 2013. 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 2014.

		Carrying value As at Mar 31, 2014 USD '000	Fair value As at Mar 31, 2014 USD '000
	Level		
Revolving commodity facility	1	13,404	13,404
Total financial liabilities		13,404	13,404

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

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

	Carrying value	Fair value
	As at Mar 31, 2014	As at Mar 31, 2013
	USD '000	USD '000
Restricted cash investments and guarantees	48,960	48,960
Trade receivables	61,201	61,201
Cash and cash equivalents	208,821	208,821
Total financial assets	318,982	318,982
Long-term borrowings	4,007	4,007
Trade payables and accrued liabilities	18,859	18,859
Total financial liabilities	22,866	22,866

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

- The Company provided guarantees to the Department of Mineral Resources for environmental rehabilitation due to various mining rights and exploration targets. As at March 31, 2014, the total guarantees were USD63,275,476 (2013: USD59,144,000).
- Platmin SA entered into an agreement with Impala Platinum Limited for the right of first refusal to supply PGM concentrate produced by Platmin SA from the properties, Ruighoek 169JP, Vogelstruisnek 173JP and Palmietfontein 208JP. Should Platmin SA elect not to accept the terms proposed by Impala Platinum Limited, a break fee of USD2,090,000 in aggregate will be payable to Impala Platinum 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.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three month period ended March 31, 2014

(December 2013 Audited, March 2013 & March 2014, Unaudited, expressed in United States Dollars, unless otherwise stated)

20.2 Commitments

The Group's contractual obligations are as follows:

Contractual obligations USD'000	Notes	Commitments as at March 31, 2014			
		Total	< 1 year	1-3 years	After 3 years
Employee entitlements ⁽¹⁾		1,444	1,444	-	-
Operating lease ⁽²⁾		64	37	27	-
Finance lease ⁽³⁾	13	4,106	121	1,477	2,508
Asset Retirement Obligation ⁽⁴⁾	14	17,684	-	-	17,684
Mining costs ⁽⁵⁾		121,538	121,538	-	-
Open Purchase orders		4,903	4,903	-	-
Magalies water project ⁽⁶⁾		25,810	9,649	16,161	-
Total Contractual Obligations		175,549	137,692	17,665	20,192

- (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. Please refer to note 13.
- (4) This amount of USD17,684,000 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.
- (6) USD25,810,000 for the Magalies water project's estimated future obligation. This represents the commitment in respect of the pipeline project.

21. Events after the reporting date

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