



Sedibelo Platinum Mines Limited

**Condensed consolidated interim financial statements
for the three and six months ended June 30, 2014 and June 30, 2013**
*(December 2013 Audited, June 2014 and June 2013 Unaudited, expressed in United States dollars,
unless otherwise stated)*

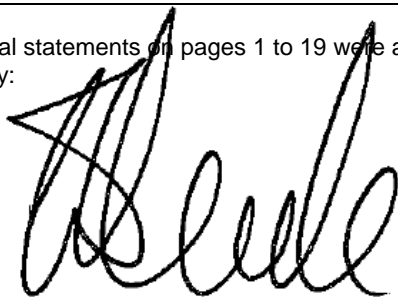
Sedibelo Platinum Mines Limited

Condensed consolidated and separate interim statement of financial position as at June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

	Notes	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
ASSETS			
Non-current assets			
Mining assets	5	1,028,584	1,021,594
Intangible assets	6	24,229	12,122
Property, plant and equipment	7	296,206	289,113
Loans receivable		3,158	-
Restricted cash investments and guarantees	8.2	49,425	47,661
Investment accounted for using equity method		6,073	-
Total non-current assets		1,407,675	1,370,490
Current assets			
Inventories	9	9,088	7,413
Current stripping asset		9,242	-
Trade and other receivables		73,116	73,321
Cash and cash equivalents	8.1	177,472	212,599
Total current assets		268,918	293,333
TOTAL ASSETS		1,676,593	1,663,823
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	10	2,484,299	2,458,983
Other components of equity		(451,072)	(427,966)
Accumulated (deficit)/ surplus		(421,395)	(415,082)
		1,611,832	1,615,935
Non-controlling interests			
		(3,297)	(5,440)
Total equity		1,608,535	1,610,495
Non-current liabilities			
Long-term borrowings	11	4,096	4,606
Finance lease liability	12	3,845	4,178
Cash-settled share based payment		482	304
Decommissioning and rehabilitation provision	13	17,782	17,855
Total non-current liabilities		26,205	26,943
Current liabilities			
Trade payables and accrued liabilities		29,992	22,820
Revolving commodity facility	14	11,787	3,391
Current portion of finance lease liability	12	74	174
Total current liabilities		41,853	26,385
Total liabilities		68,058	53,328
TOTAL EQUITY AND LIABILITIES		1,676,593	1,663,823

The financial statements on pages 1 to 19 were approved by the Board of Directors on September 22, 2014 and were signed on its behalf by:



Tom Dale
Director
September 22, 2014

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

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of income

for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

	Notes	For the three months ended		For the six months ended	
		Jun 30, 2014	Jun 30, 2013	Jun 30, 2014	Jun 30, 2013
		USD'000	USD'000	USD'000	USD'000
Revenue	15	48,094	46,436	95,749	86,952
Cost of operations	16	(38,304)	(62,455)	(95,519)	(127,024)
Gross profit/(loss)		9,790	(16,019)	230	(40,072)
Administrative and general expenses		(6,953)	(5,285)	(11,046)	(10,117)
Other income / (expenses)		(283)	488	18	(919)
Operating profit/(loss)	17	2,554	(20,816)	(10,798)	(51,108)
Finance income		3,693	5,048	7,268	9,979
Finance costs		(223)	(327)	(639)	(898)
Profit/(Loss) before income tax		6,024	(16,095)	(4,169)	(42,027)
Income tax expense		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		6,024	(16,095)	(4,169)	(42,027)
<i>Profit/(Loss) attributable to:</i>					
Owners of the parent		6,131	(15,280)	(3,950)	(41,091)
Non-controlling interest		(107)	(815)	(219)	(936)
		6,024	(16,095)	(4,169)	(42,027)

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 and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

Notes	For the three months ended		For the six months ended	
	Jun 30, 2014 USD'000	Jun 30, 2013 USD'000	Jun 30, 2014 USD'000	Jun 30, 2013 USD'000
Profit(Loss) for the period	6,024	(16,095)	(4,169)	(42,027)
Other comprehensive income: <i>Items that will be subsequently reclassified to profit or loss</i>				
Exchange differences on translation from functional to presentation currency	(680)	(131,806)	(22,981)	(307,159)
Movement in other reserves	(44)	140	(125)	140
Income tax relating to components of other comprehensive loss	-	-	-	-
Other comprehensive loss for the period - net of tax	(724)	(131,666)	(23,106)	(307,019)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD	5,300	(147,761)	(27,275)	(349,046)
<i>Total comprehensive profit/(loss) attributable to:</i>				
Owners of the parent	5,407	(146,946)	(27,056)	(348,110)
Non-controlling interest	(107)	(815)	(219)	(936)
	5,300	(147,761)	(27,275)	(349,046)

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 six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

Notes	Share capital USD'000	Accumulated deficit USD'000	Share based payment reserve USD'000	Other reserves USD'000	Foreign currency translation reserve USD'000	Subtotal USD'000	Non-controlling interest USD'000	Total equity USD'000
	10							
Balance at January 1, 2012	2,458,983	(329,163)	6,700	846	(48,934)	2,088,432	(2,612)	2,085,820
Loss for the year	-	(89,302)	-	-	-	(89,302)	(2,828)	(92,130)
Other comprehensive loss for the year	-	-	-	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 ^(a)	-	3,383	(3,383)	-	-	-	-	-
Total contributions by owners of the parent, recognised directly in equity	-	3,383	(2,725)	-	-	658	-	658
Balance at December 31, 2013	2,458,983	(415,082)	3,975	866	(432,807)	1,615,935	(5,440)	1,610,495
Loss for the period	-	(3,950)	-	-	-	(3,950)	(219)	(4,169)
Other comprehensive loss for the period	-	-	-	(125)	(22,981)	(23,106)	-	(23,106)
Total comprehensive loss	-	(3,950)	-	(125)	(22,981)	(27,056)	(219)	(27,275)
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 June 30, 2014	2,484,299	(421,394)	3,975	741	(455,788)	1,611,833	(3,297)	1,608,536

a) In 2013 share options of USD3,383,000 that have vested but have been forfeited or cancelled were transferred from share based payment reserve to accumulated deficit.

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

Sedibelo Platinum Mines Limited

Condensed consolidated interim cashflow statement

for the six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

	Notes	GROUP Jun 30, 2014 USD'000	GROUP Jun 30, 2013 USD'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(4,169)	(42,027)
Depreciation of property, plant and equipment	7	16,022	13,522
Amortisation of intangible assets	6	387	512
Impairment of exploration projects	5	2,724	7
Other non cash		(270)	20
Revolving commodity facility fair value adjustment	14	951	1,287
Share based payment		179	147
Foreign exchange loss/(gain)	17	(56)	1,347
Finance income		(7,268)	(9,979)
Finance cost		639	898
<i>Operating profit/(loss) before working capital changes</i>		9,139	(34,266)
(Increase)/Decrease in trade and other receivables		(842)	(26,431)
Increase/(Decrease) in trade and other payables		7,415	14,402
Increase in current stripping asset		(9,133)	-
Increase in inventories		(1,761)	(1,448)
<i>Cash generated from/(utilised in) operations</i>		4,818	(47,743)
Interest paid		84	(16)
Interest received		6,917	9,581
<i>Net cash generated from/(utilised in) operating activities</i>		11,819	(38,178)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(25,042)	(4,754)
Purchases of mining assets	5	(1,947)	(2,446)
Additions to intangible assets	6	(14,973)	(56)
Decrease/(Increase) in rehabilitation guarantees		(2,072)	(2,475)
Investment in joint venture		(6,001)	-
<i>Net cash utilised in investing activities</i>		(50,035)	(9,731)
Cash flows from financing activities			
Repayment of finance lease liability	12	(644)	(684)
Repayment of long term liabilities		-	(1,347)
Proceeds from revolving commodity facility	14	33,658	9,979
Repayment of revolving commodity facility	14	(26,483)	(27,033)
<i>Net cash generated from/(utilised in) financing activities</i>		6,531	(19,085)
Net decrease in cash and cash equivalents		(31,685)	(66,994)
Cash and cash equivalents at beginning of the period	8.1	212,599	390,852
Exchange (losses)/gains on cash and cash equivalents		(3,442)	(53,147)
Cash and cash equivalents at end of the period		177,472	270,711

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 and six months ended June 30, 2014

(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 for, development and operation of Platinum Group Metal (“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 six months ended June 30, 2014 the Group reported a loss of USD4.169 million.

The Group had USD177.472 million in cash and cash equivalents on hand at June 30, 2014 to fund current operations, exploration and growth initiatives. Studies have commenced to establish the optimum development and mining plan for the enlarged consolidated 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. 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 interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

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.

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 these consolidated interim financial statements.

There are no changes in these accounting policies for the period ended 30 June 2014 except as disclosed in Note 4 below “Changes in accounting policy”.

b) Accounting policies

The accounting policies adopted are consistent with those used in the Sedibelo Platinum 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 significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate			
	June 30, 2014	Dec 31, 2013	June 30, 2013	June 30, 2014	Dec 31, 2013	June 30, 2013
USD 1 = ZAR	10.7078	9.6457	9.2138	10.5813	10.4287	9.9551

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

b) Accounting policies (continued)

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

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 2013.

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, 2013.

New and amended standards and interpretations effecting for the year

IAS 32 "Financial instruments: Presentation". The Group adopted the amendment on financial instruments asset and liability offsetting as described in the statement, effective for accounting periods beginning on or after 1 January 2014. The amendment had no effect on the Group's financial position or performance.

New standards, amendments and interpretations not yet adopted

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

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

5. Mining assets

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Exploration and evaluation assets	20,570	24,230
Mineral properties	969,779	958,569
Mineral rights	38,235	38,795
Balance at the end of the period	1,028,584	1,021,594

Reconciliation of 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 ^(a)	(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	1,947	24,738	-	26,685
Reclassification to producing mines	(2,502)	-	-	(2,502)
Impairment of mining assets ^(a)	(2,724)	-	-	(2,724)
Foreign exchange variance	(381)	(13,528)	(560)	(14,469)
Balance at June 30, 2014	20,570	969,779	38,235	1,028,584

- a) During the periods ended December 31, 2013 and June 30, 2014 the Group abandoned various projects and relinquished the licences on these projects due to their commercial viability. All costs capitalised relating to these projects were recognised in profit or loss.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

6. Intangible assets

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Water pipeline	21,348	9,066
ERP software	235	284
Computer software	390	256
Research and development	2,256	2,516
Balance at the end of the period	24,229	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 period	12,582	-	162	2,229	-	14,973
Disposals	-	-	-	(2,450)	-	(2,450)
Foreign exchange variance	(10)	(9)	(8)	(39)	-	(66)
Balance at June 30, 2014	23,703	644	838	2,256	21,672	49,113
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 period	316	45	26	-	-	387
Foreign exchange variance	(26)	(5)	(6)	-	-	(37)
Balance at June 30, 2014	2,355	409	448	-	21,672	24,884
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 June 30, 2014	21,348	235	390	2,256	-	24,229

The Group concluded a transaction through which it acquired 50% interest of certain long lead items. These long lead items, consisting of the power and water rights and obligations previously acquired by Barrick Platinum South Africa Proprietary Limited in respect of the Sedibelo mining area, form part of the Group's acquisition of a portion of the Sedibelo PGM Project concession ("Sedibelo West"). The acquisition consideration for the transaction was USD24,050,000. These rights were impaired in 2012, due to the uncertainty regarding timing to develop, use and benefit from these rights. The impairment may be reversed in the event that management has certainty around the timing of development and use of benefits from the rights.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements

for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

7. 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	-	-	19,511	126	-	3,849	763	793	25,042
Reclassification from mining assets	2,502	-	-	-	-	-	-	-	2,502
Foreign exchange variance	(58)	(2,359)	226	(254)	(133)	(2,222)	(235)	(255)	(5,290)
Balance at June 30, 2014	8,540	161,180	20,172	17,598	9,046	158,863	3,849	4,988	384,236
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	263	7,054	23	663	279	7,150	58	532	16,022
Foreign exchange variance	(15)	(390)	-	(14)	(34)	(384)	-	(24)	(861)
Balance at June 30, 2014	1,473	39,516	23	2,184	2,874	39,337	153	2,470	88,030
CARRYING AMOUNTS									
Balance at January 1, 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 June 30, 2014	7,067	121,664	20,149	15,414	6,172	119,526	3,696	2,518	296,206

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

7. Property, plant and equipment (continued)

Deferred stripping

Deferred stripping costs comprise a short term and a long term element.

The long term element provides benefit over the life of mine. USD19.511 million was recognised during the period as additions as a part of the Property, Plant and Equipment balance. The short term element of USD9.242 million will lead to an inflow of economic benefits within the next twelve months and is recognised as a current asset.

The profit and loss adjustment to capitalised costs that has been deferred as a stripping asset is detailed in Note 21 and amounted to USD28.753 million for the six month period ending June 30, 2014.

The long term and short term elements are re-assessed on an annual basis.

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

8.1 Cash and cash equivalents

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Cash at bank	177,472	212,599
Balance at the end of the period	177,472	212,599

Cash at banks earns predominantly interest at floating rates. 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:

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Rehabilitation guarantee ^(a)	37,142	36,762
ESKOM guarantee ^(b)	12,283	10,899
Balance at the end of the period	49,425	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.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

9. Inventories

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Ore stockpiled	480	191
Work in progress	622	929
Consumables	7,986	6,293
Balance at the end of the period	9,088	7,413

The cost of inventories recognised as an expense and included in Cost of Operations amounts to USD18 thousand (Dec 31, 2013: USD2,344 thousand). Share capital

10.1 Common shares authorised

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

10.2 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 June 30, 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.

Prior to the share issue the Group used to hold 49.9% of the share capital of Itereleng Bakgatla Mineral Resources Proprietary Limited (IBMR). The Group had however consolidated IBMR as the Group had rights to variable returns from its involvement, and an ability to affect those returns through its power over the management committee of IBMR. After the share issue the Group holds 100% of the share capital of IBMR, therefore the reducing the non-controlling interest balance of USD2,362 thousand, which existed before the share issue, to USD Nil.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements for the three and six months ended June 30, 2014

(Expressed in United States Dollars, unless otherwise stated)

11. Long-term borrowings

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Loan from Corridor Mining Resources Proprietary Limited ^(a)	3,959	3,844
Loan from Bakgatla Ba Kgafela Tribal Authority	-	623
Loan from Lexshell 703 Proprietary Limited ^(b)	137	139
Balance at the end of the period	4,096	4,606

Reconciliation of long-term borrowings

	Corridor Mining Resources ^(a) USD'000	Bakgatla Ba Kgafela Tribal Authority USD'000	Lexshell 703 ^(b) 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	-	(614)	-	(614)
Interest for the year	170	-	-	170
Foreign exchange variance	(55)	(9)	(2)	(66)
Balance at June 30, 2014	3,959	-	137	4,096

- 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, 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.

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12. 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:

	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
As at June 30, 2014				
Minimum lease payments	348	3,495	3,613	7,456
Finance cost	(274)	(2,268)	(995)	(3,537)
Present value	74	1,227	2,618	3,919

	Up to 1 year USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
As at December 31, 2013				
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

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Non-current	3,845	4,178
Current	74	174
Balance at the end of the period	3,919	4,352

13. Decommissioning and rehabilitation provision

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
DISCOUNTED		
Balance at the beginning of the year	17,855	22,501
Unwinding of discount (accretion)	56	111
Increase/(Decrease) in provision during the year	126	(575)
Subtotal	18,037	22,037
Foreign exchange variance	(255)	(4,182)
Balance at the end of the period	17,782	17,855
UNDISCOUNTED		
Balance at the beginning of the year	19,260	23,435
Increase/(Decrease) in provision during the year	126	(575)
Subtotal	19,386	22,860
Foreign exchange variance	(276)	(3,600)
Balance at the end of the period	19,110	19,260

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13. Decommissioning and rehabilitation provision (continued)

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 June 30, 2014 is USD19,110,000 (Dec 31, 2013: USD19,260,000). The asset retirement obligation has been determined using a discount rate of 8.23% (Dec 31, 2013: 7.31%) and an inflation rate of 6% (Dec 31, 2013: 6%) over the expected life of mine which is 11.5 years (Dec 31, 2013: 12 years).

14. 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 USD18,901,000 (ZAR 200,000,000), and USD18,901,000 (ZAR200,000,000) per facility agreement for working capital purposes. PPM provided security of USD9,451,000 (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.

	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
Balance at the beginning of the year	3,391	25,431
Repayment of drawdown	(26,483)	(58,261)
Drawdown from the facility during the year	33,658	37,655
Fair value adjustments to the balances	951	1,343
Interest accrued	219	586
Subtotal	11,736	6,754
Exchange rate variance	51	(3,363)
Balance at the end of the period	11,787	3,391

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15. Revenue

An analysis of the Group's revenue for the six month period is as follows:

	For the three months ended		For the six months ended	
	Jun 30, 2014	Jun 30, 2013	Jun 30, 2014	Jun 30, 2013
	USD'000	USD'000	USD'000	USD'000
4E Minerals	42,595	42,685	86,508	79,502
Other minerals	5,499	3,751	9,241	7,450
Total revenue	48,094	46,436	95,749	86,952

16. Cost of operations – by nature

Included in cost of operations:

	For the three months ended		For the six months ended	
	Jun 30, 2014	Jun 30, 2013	Jun 30, 2014	Jun 30, 2013
	USD'000	USD'000	USD'000	USD'000
<i>On-mine operations</i>				
Total Materials and mining costs	(40,519)	(33,930)	(72,215)	(73,219)
Capitalised as stripping costs	28,753	-	28,753	-
Materials and mining costs expensed	(11,766)	(33,930)	(43,462)	(73,219)
<i>Concentrator plant operations</i>				
Materials and other costs	(11,403)	(11,747)	(22,284)	(22,515)
Utilities	(3,185)	(3,840)	(5,824)	(6,644)
<i>Beneficiation</i>				
Smelting and refining costs	(3,874)	(3,738)	(7,408)	(6,986)
<i>Other</i>				
Transport	(136)	(132)	(267)	(214)
Salaries	194	(1,734)	(555)	(3,376)
<i>Sub-total</i>	(30,170)	(55,121)	(79,800)	(112,954)
Amortisation and depreciation of operating assets (Note 6 and 7)	(7,766)	(7,464)	(15,724)	(13,633)
Inventory adjustments	(368)	130	5	(437)
Total cost of operations	(38,304)	(62,455)	(95,519)	(127,024)

17. Operating loss – by nature

	For the three months ended		For the six months ended	
	Jun 30, 2014	Jun 30, 2013	Jun 30, 2014	Jun 30, 2013
	USD'000	USD'000	USD'000	USD'000
<i>Operating loss includes:</i>				
Share based payment expense	(106)	(95)	(133)	(147)
Employee expenses	(1,787)	(1,070)	(3,335)	(1,971)
Audit fees	(31)	(95)	(285)	(313)
Consulting and professional fees	(513)	(513)	(811)	(677)
Royalty expense	(246)	(169)	(501)	(411)
Amortisation and depreciation (Note 6 and 7)	(129)	(196)	(686)	(401)
Impairment of exploration projects	(2,724)	-	(2,724)	-
Foreign exchange gain/(loss)	(155)	(360)	56	(1,347)

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18. Contingencies and commitments

18.1 Contingencies

- The Company provided guarantees to the Department of Mineral Resources for environmental rehabilitation due to various mining rights and exploration targets. As at June 30, 2014, the total guarantees were USD58,291,000 (Dec 31, 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.

18.2 Commitments

The Group's contractual obligations are as follows:

Contractual obligations USD'000	Notes	Commitments as at June 30, 2014			
		Total	< 1 year	1-3 years	After 3 years
Employee entitlements ⁽¹⁾		1,534	1,534	-	-
Operating lease ⁽²⁾		58	37	21	-
Finance lease ⁽³⁾	12	3,917	74	1,477	2,366
Asset Retirement Obligation ⁽⁴⁾	13	17,782	-	-	17,782
Mining costs ⁽⁵⁾		121,810	121,810	-	-
Open Purchase orders		8,808	8,808	-	-
Magalies water project ⁽⁶⁾		14,794	7,335	7,459	-
Total Contractual Obligations		168,703	139,598	8,957	20,148

- (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 12.
- (4) This amount of USD17,782,000 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) USD14,794,000 for the Magalies water project's estimated future obligation. This represents the commitment in respect of the pipeline project.

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19. 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 Analysis of financial assets and financial liabilities

19.2.1 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 30 June 2014.

	Level	Carrying value		Fair value	
		As at Jun 30, 2014 USD '000	As at Jun 30, 2014 USD '000	As at Jun 30, 2014 USD '000	As at Jun 30, 2014 USD '000
Revolving commodity facility	1	11,787		11,787	
Total financial liabilities		11,787		11,787	

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

Financial assets	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
<i>Loans and receivables at amortised cost:</i>		
Restricted cash investments and guarantees	49,425	47,661
Trade receivables	60,441	65,291
Cash and cash equivalents	177,472	212,599
Total financial assets	287,338	325,551

Financial liabilities	Jun 30, 2014 USD'000	Dec 31, 2013 USD'000
<i>Liabilities at amortised cost</i>		
Long term borrowings	4,096	4,606
Trade payables and accrued liabilities	29,992	22,820
Total financial liabilities	34,088	27,426

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

19.3.2 Liquidity risk

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

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20. Events after the reporting date

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

Share issue

During July 2014, Pallinghurst EMG African Queen LP subscribed for 81,036,386 new shares in SPM in exchange for a consideration of USD61.133 million, bringing the total issued shares of SPM to 3,089,660,871.