Sedibelo
Platinum Mines Ltd

SEDIBELO PLATINUM MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE-MONTHS ENDED MARCH 31, 2019

May 30, 2019

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three-months ended March 31, 2019, contains ''forward-looking information'' which may include, but is not limited to, statements with respect to the future financial and operating performance of Sedibelo Platinum Mines Limited (the "Company" or "SPM"), its subsidiaries and affiliated companies (which together with Sedibelo Platinum Mines Limited is referred to as "the Group"), and its mineral projects, the future price of 4E metals (commonly used to refer to platinum, palladium, rhodium and gold), 4E production levels, mining rates, the future price of copper and nickel, future exchange rates, the estimation of mineral resources and reserves, the realization of mineral resource estimates or their conversion into reserves, costs and future costs of production, capital and exploration expenditures, including ongoing capital expenditure at the Pilanesberg Platinum Mine ("PPM"), costs and timing of the development of new deposits, costs and timing of the development of new mines, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, and conversions under South African mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as ''plans'', ''expects'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'', "targeted" or ''believes'' or variations (including negative variations) of such words and phrases, or state that certain actions, events or results ''may'', ''could'', ''would'', ''might'' or ''will'' be taken, occur or be achieved.

Forward-looking statements in this market release, amongst others, forecast production; recovery rates and grade; targets, estimates and assumptions in respect of 4E metal prices and production; allocation of funds for current commitments; and the timing and completion of definitive feasibility engineering studies at the Sedibelo, Magazynskraal, Mphahlele and Grootboom.

Such forward-looking statements are based on a number of material factors and assumptions, including, that contracted parties provide goods and/or services on the agreed time frames, that budgets and production forecasts are accurate, that equipment necessary for construction and development is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred, that plant and equipment function as specified, that geological or financial parameters do not necessitate future mine plan changes, that no unusual geological or technical problems occur, and that grades and recovery rates are as anticipated in mine planning.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration and mining activities; development and operational risks; title risks; regulatory risks; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the South African rand; changes in project parameters as plans continue to be refined; future prices of 4E metals; possible variations of ore grade or recovery rates (including the existence of potholes, faults and other geological conditions that may affect the existence or recovery of resources and reserves); failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes and other risks of the mining industry; political instability, insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors communicated in the section entitled ''Risk Factors'' of the Company's current annual information form ("AIF") and its final short form prospectus dated March 31, 2011, which can both be viewed at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this MD&A and Sedibelo Platinum Mines Limited disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

1. Introduction

1.1 Incorporation of Sedibelo Platinum Mine Limited's shares

Sedibelo Platinum Mines Limited ("the Company") is a registered Guernsey company. The Company reports in accordance with the provisions of The Companies (Guernsey) Law, 2008.

1.2 Principal activity

Sedibelo Platinum Mines Limited and its subsidiaries (together "the Group") is a natural resources group of companies engaged in the acquisition, exploration, development and operation of Platinum Group Metals ("PGM") mineral deposits 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.

PPM is the Group's primary operating asset and consists of:

- the opencast West Pit on the farm Tuschenkomst 135JP;
- a PGM concentrator, adjacent to West Pit and
- a chromite removal plant, adjacent to West Pit.

PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation.

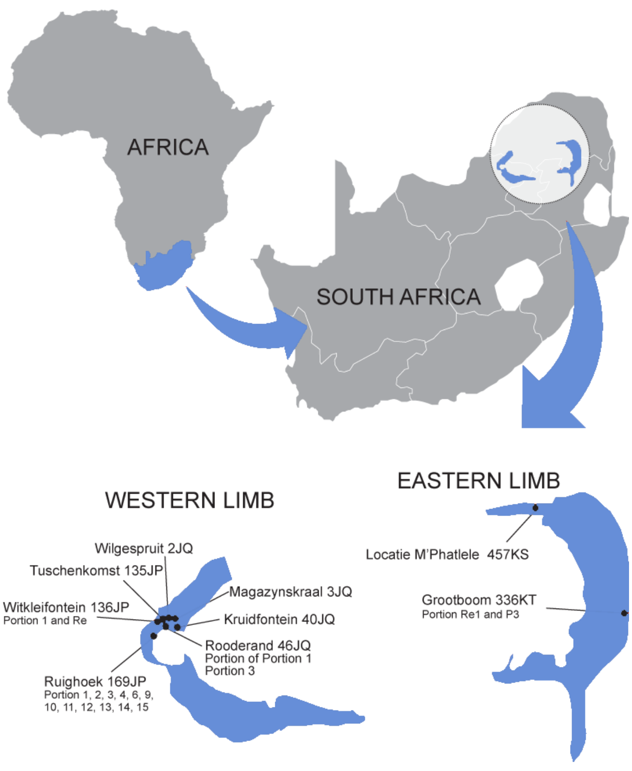
PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") that will come into effect during Q2 in 2019. During the three-months ended March 31, 2019, PGM concentrate was toll refined via a contract with Impala to produce platinum, palladium, rhodium, and gold (collectively referred to as "4E"), plus iridium, ruthenium, copper and nickel.

The construction of a chromite removal plant was undertaken during 2017 to increase the revenue stream with minimal incremental operational costs. The chromite removal plant was commissioned during September 2017. Sales of on-spec chromite commenced during March 2018.

The principal focus of the Group is to maximise profitable metal output from the concentrator. The consolidation of PGM mineral rights on the farms Tushenkomst 135JP, Wilgespruit 2JQ and Magazynskraal 3JQ, created a single block of mineral rights.

As at December 31, 2018, the block of mineral rights on the Western Limb comprised 24.9 million 4E PGM Measured & Indicated Resource ounces and 54.4 million 4E PGM Inferred Resource ounces. These will be developed as new mining infrastructure, utilizing the current processing infrastructure at PPM to extract both PGMs and chromite. Approximately 6 million ounces of these resources will be accessed via open cast mining and the balance is shallow compared to existing PGM producers in the Bushveld Complex. Surface and shallow underground mining is less hazardous than deep underground mines and enjoys embedded cost advantages.

The Group also holds valuable interests in PGM deposits on the Eastern Limb of the Bushveld Complex through its two exploration and development projects namely Mphahlele and Grootboom. The Loskop rights expires in July 2019 and will be relinquished.



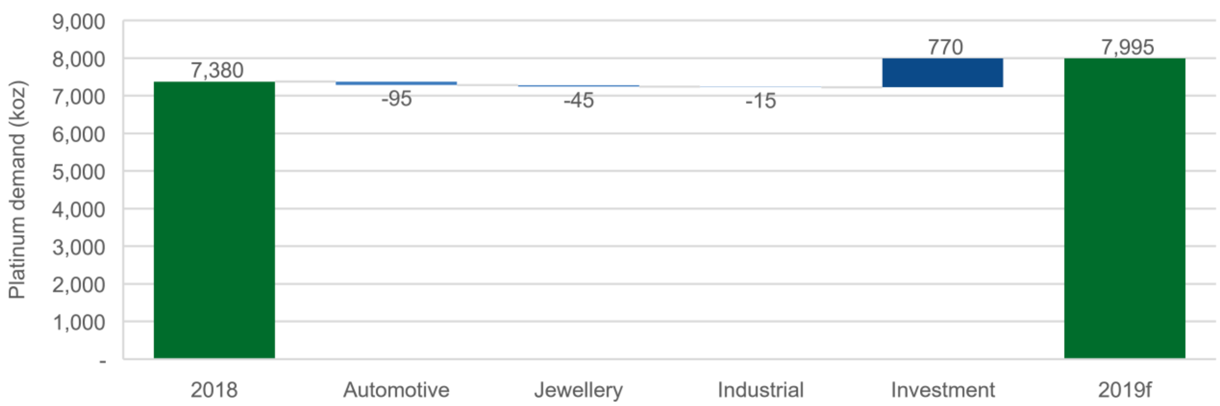
1.3 Market trends and outlook

During the first quarter of 2019, there was a dramatic turnaround in investor sentiment stimulated by heavy buying of platinum ETFS, approximately 700,000 oz of platinum Exchange Traded funds ("ETFs") were purchased, resulting in a quarterly deficit of 550,000 oz. Investors were motivated by supply disruption risks and an improving outlook for platinum demand growth over the next few years. Johnson Matthey predicts platinum supplies to rise modestly in 2019, assuming the South African PGM industry can navigate obstacles such as power shortages, electricity cost increases and potential strike action with some South African producers entering wage negotiations soon. Combined primary and secondary supplies are forecast to rise by 2% this year. However, supply growth will be outpaced by 9% gains in gross demand.

Auto catalyst demand is forecast to recover this year, as an increase in catalyst fitment on heavy duty trucks in China and India offsets a fall in diesel car production in Europe. Demand for platinum in heavy duty catalysts is forecast to rise significantly over the 2019–2021 period, as the implementation of China VI then BSVI emissions regulations results in the addition of advanced platinum-containing aftertreatment systems to all trucks sold in China and India. Consumption will also be supported by a small increase in global average platinum loadings on light duty diesels. In North America an increasing number of vehicles meet US Federal Tier 3 limits. In Europe, the platinum content of diesel aftertreatment systems has stabilised after two years of decline.

Purchasing of platinum catalysts by the chemicals industry is forecast to set new highs over the next two years, as the construction of several large integrated petrochemical complexes in China approaches completion and catalyst charges are installed. These complexes typically incorporate large paraxylene units which may require an initial charge of several tens of thousands of ounces of platinum. The World Platinum Investment Council ("WPIC") predicts a platinum demand growth of 7% year on year in 2019 from 2018. Consumption of platinum in fuel cell is expected to see another year of double-digit gain in 2019. Although the pace of growth in the Chinese fuel cell vehicle ("FCEV") market will slowdown following a cut in central government subsidies.

Figure 1. Annual platinum demand, 2018/2019



Source: World Platinum Investment Council

With palladium prices setting new records in the first quarter of 2019, and the premium over platinum widening there has been increased speculation about the potential to move away from palladium and towards platinum in some autocatalyst applications. All light duty diesel aftertreatment systems incorporate one or more platinum-containing bricks. Between 2005 and 2013, both for technical reasons and to reduce costs, there were sharp increases in the platinum content of diesel catalyst systems, displacing some platinum. Recently there has been a reversal of this trend mainly for technical reasons; a higher platinum content can help optimise the exhaust gas stream. This reversal could add a few thousand ounces of platinum in the short to medium term.

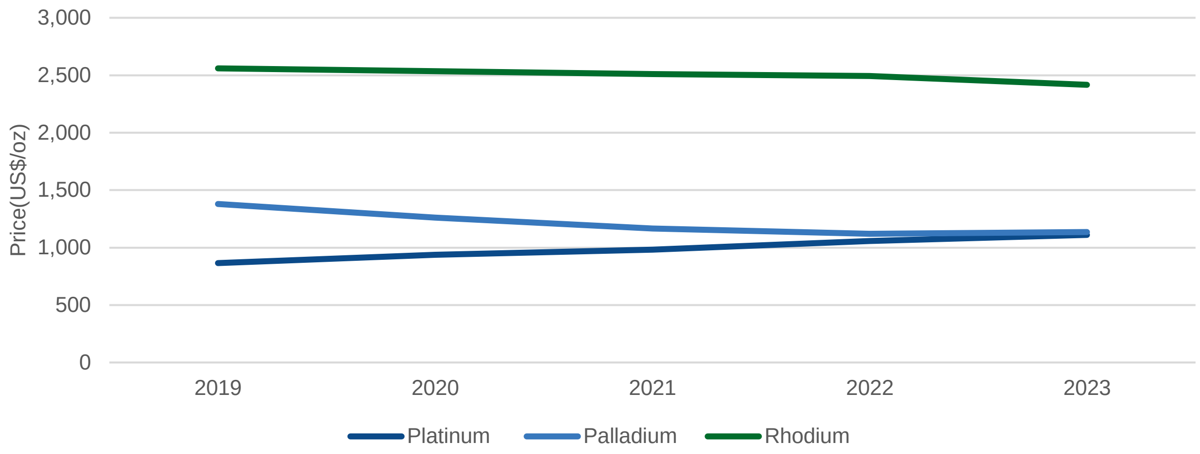
In the longer term, there may be some potential for substitution in gasoline applications. In the last year several new test programmes in platinum-containing three-way catalysts have been initiated. Although there are technical challenges to overcome, there may be potential for additional platinum use in gasoline applications within a two to three-year timeframe.

Eskom, South Africa's state-owned electricity supplier, initiated regular load shedding during the first quarter of 2019, to allow the domestic grid to cope with a shortage of generating capacity. During load shedding, miners and refiners are required to reduce their electricity consumption, which is typically achieved by reducing power to processing plants rather than by halting mining operations. The impact on mine production has so far been limited, but fluctuations in electricity supply may affect producers' ability to draw down their processing backlogs during the first quarter. There has been no load shedding since April 2019.

Johnson Matthey does not expect any significant changes in Russian platinum production for this year. The PGM grade of ores mined at Norilsk continues to decrease gradually, reflecting an increased reliance on lower-grade disseminated ores. Secondary supplies are expected to rise by 5%, reflecting underlying growth in the auto catalyst recovery sector. Overall primary supplies remain flat, while recycling growth was dampened by capacity constraints at secondary refiners.

According to Johnson Matthey the platinum market is expected to move into a deficit in 2019, with resurgence in investor activity outweighing modest falls in industrial and jewellery demand. The WPIC forecasts that the significant increase in investment demand by institutions in quarter one is likely to be medium to long term in nature, tightening the market balance and with potential to grow should demand estimates for 2019 increase further. Average US dollar PGM prices increased by approximately 8% during the three-month period ended March 31, 2019, compared to the same prior year period. The ZAR depreciating against the dollar, resulted in an 27% average increase in the ZAR 4E basket price. The long-term price outlook for PGMs remains positive with the market consensus forecasting a recovery in the prices.

Figure 2. Commodity price forecast



Source: UBS Market Consensus

The South African mining environment continues to be challenging because of the cost of increasing stakeholder demands. The Group has embedded cost advantages in this regard because of the shallow nature of its deposits. However, negotiating these challenges could increase operating costs. The Group utilises numerous contractors to perform key mining activities. These contractors are subject to similar stakeholder pressures, inflationary factors and employee demands. Whilst management of these input costs is a key performance area, material changes could affect metal production costs.

Information about the Group's financial risk management framework, objectives, policies and processes for measuring and managing risks, the Group's exposure to these financial risks, and the Group's management of capital are contained in Note 19 to the consolidated financial statements.

1.4 Purpose of this MD&A

This Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided to enable the reader to assess and understand the financial position and results of operations for the three-months ended March 31, 2019, in comparison to previous corresponding period. Certain information in this MD&A must be read in conjunction with the audited consolidated financial statements of Sedibelo Platinum Mines Limited for the year ended December 31, 2018 and the notes thereto (collectively, the annual financial statements) prepared in accordance with International Financial Reporting Standards ("IFRS").

These documents can be found at www.sedibeloplatinum.com and www.sedar.com.

2. Review of Operations

2.1 Pilanesberg Platinum Mine

History

- Stripping of soil and waste overburden began during March 2008. Reef mining commenced during December 2008. Stock-piling of PGM-bearing ore ahead of the concentrator began during December 2008. Milling operations commenced during March 2009. Delivery of the first concentrate to Northam took place during April 2009. Commercial production was declared on January 1, 2011.

- Site establishment commenced during October 2007 and construction was completed during February 2009. In March 2009, reef processing through the UG2 circuit commenced and metals in concentrate were produced for smelting, refining and sale to Northam in terms of the Concentrate Agreement. During June 2009, following the installation by Eskom of an additional 23MVA of power (for a total of 37MVA), the Merensky circuit commenced processing reef.

- As part of the construction of PPM, power supply of 37MVA from Eskom was commissioned on June 7, 2009. In addition, a complete 10MVA standby diesel generator was constructed at a cost of USD17.380 million (ZAR144.350 million). The construction of this generator was completed on December 2, 2009. Insurance guarantees for the amount of USD12.729 million (ZAR105.718 million) have been provided to Eskom for the supply of power and related infrastructure.

- A tailings scavenging plant was hot commissioned on March 17, 2016 to treat the hot tailings from the concentrator in order to increase the overall plant recovery, by recovering some of the PGMs that were not recovered in the concentrator.

- As part of optimisation, the chrome mining right for Tuschenkomst was secured on September 15, 2015. A chromite recovery plant was constructed during 2017 and the plant was commissioned during September 2017.

Extraction and processing of ore

Due to the close proximity of the PGM bearing Merensky and Pseudo reefs ("the silicate package") and the U2D package (containing the UG2 reef) in this part of the Bushveld complex, both of these ore bodies are extracted in West pit. The silicate package is processed in the Merensky circuit of the concentrator and the U2D package routed through the DMS and then processed in the UG2 circuit. The concentrates from both reef packages are blended and sent to local smelters for further processing into refined metals, in terms of tolling agreements.

Construction of a chromite removal plant commenced during January 2017. The extraction of chromite from the UG2 circuit as an additional revenue stream at a small incremental operational cost is a positive contribution to operating results. The plant was commissioned during September 2017, after initial operations changes were made to the plant to produce the required specification of concentrate grade. The first Revenue was received during March 2018. Care is taken not to compromise PGM production in the process of improving the production of the by-product.

Operations

Table 1. Operational performance during the three-month period ended March 31, 2019

	Unit	For the three-months ended Mar 31, 2019	Mar 31, 2018
Reef delivered to the ROM pad	Tonnes	808,677	807,445
Reef processed	Tonnes	850,938	905,077
Reef milled	Tonnes	900,271	866,987
Average milled head grade	g/t	1.56	1.65
Average recovery rate	%	57	76
Average recovered grade	g/t	0.90	1.26
4E ounces dispatched and sold*	Oz	26,534	33,983
4E basket price **			
- USD	USD	1,153	1,067
- ZAR	ZAR	16,154	12,755
Total revenue per 4E ounce	ZAR	19,319	12,370
Gross revenue from metal sales			
- USD	USD'000	35,488	34,666
- ZAR	ZAR'000	512,601	420,388

*Metal produced and declared is based on provisional assay results and therefore subject to change until such time that final assay results are received. These changes are not material. **Basket price for 4E i.e. platinum, palladium, rhodium and gold.

An increase in the PGM basket price (8%) combined with the ZAR depreciating against the dollar (17%) over the three-month period ended March 31, 2019, resulted in an increase in revenue.

2.2 Exploration and development of other PGM properties

2.2.1 Pilanesberg exploration projects (on the Western Limb of the Bushveld Complex)

The total exploration expenditure on various Pilanesberg exploration projects was USD0.010 million (ZAR0.139 million) for the quarter ended March 31, 2019. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD2.584 million (ZAR37.708 million) has been capitalised in accordance with the Group’s accounting policies as part of “Exploration and evaluation assets”.

Work program

The Pilanesberg exploration projects consist of properties adjacent to PPM.

2.2.2 Mphahlele Project (on the Eastern Limb of the Bushveld Complex)

During the quarter ended March 31, 2019, a total of USD0.047 million (ZAR0.687 million) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project by the Group to USD8.232 million (ZAR120.141 million), excluding acquisition costs. In accordance with the Group’s accounting policies, these costs have been capitalised as part of “Exploration and evaluation assets”.

Work program

In light of the fact that the board has decided to focus resources and management on bringing PPM into profitable production, the Mphahlele Project was placed on a reduced work program for the short term.

2.2.3 Grootboom Project (on the Eastern Limb of the Bushveld Complex)

During the quarter ended March 31, 2019, the Company spent USD Nil (ZAR Nil) on Grootboom, keeping the cumulative expenditure to date on the project to USD3.031 million (ZAR44.235 million). In accordance with the Group’s accounting policies, these costs have been capitalised as part of “Exploration and evaluation assets”.

Work program

In light of the fact that the board has decided to focus resources and management on bringing PPM into profitable production, this project was also placed on a reduced work program for the short term.

2.2.4 Loskop Project (on the Eastern Limb of the Bushveld Complex)

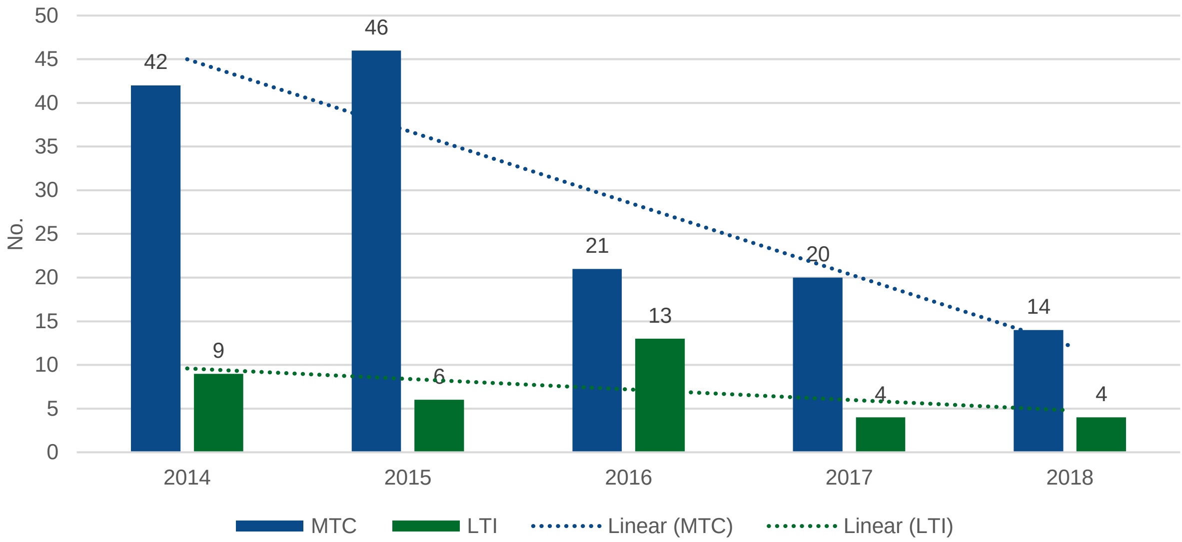
Lonmin Plc is the operator of the Loskop Project and acquired its 50% interest in the joint venture in August 2006 and expenditure since then has been shared on a 50/50 basis. Our interest in the Loskop project is now 23.5%, with Lonmin holding a 50% interest (remainder held by Anglo American Platinum’s Rustenburg Platinum Mines).

The Loskop prospecting rights located on the Eastern Limb expires in July 2019. The Group has taken a decision to relinquish these rights. The total cumulative exploration expenditure on this project since inception (USD0.270 million or ZAR3.944 million) was written off during the quarter ended March 31, 2019. In accordance with the Group’s accounting policies, these costs were previously capitalised as part of “Exploration and evaluation assets”.

2.3 Safety

The Group strives for zero harm to employees and PPM has recorded 5.2 million Fatality Free Shifts ("FFS") at the end of March 31, 2019. The FFS span over a ten-year period. PPM endeavours to intensify the drive towards a ZERO HARM culture across all its operations. The Concentrator Operation achieved six hundred and ninety seven (697) days without any Lost Time Injury ("LTI") by the end of March 2019. PPM has managed to reduce its injury incidents consistently since 2015.

Figure 3. 2014 – 2019 All injuries



2.4 Environmental Matters

Overview

The Company conducts exploration on its key projects and prospects subject to mineral exploration permit applications made to and issued by the Department of Mineral Resources ("DMR"). For each exploration program, a rehabilitation plan is included with the application and where required, the appropriate bond or funds are lodged with the relevant agent of the DMR in respect of the rehabilitation work which may have to be carried out when the exploration program is completed and no further work is planned on the property. All such environmental plans or bonds are in the normal course of the business.

Environmental guarantees are released by the DMR on completion of the obligations in terms of the rehabilitation plans contained within either the application for the prospecting permits, or the Mining Right.

PPM rehabilitation

As at March 31, 2019, the Company had USD25.782 million (ZAR376.287 million) in guarantees with the DMR. The guarantees have been provided on an insurance basis with a portion of the total guarantees being paid over into a separate bank account controlled by the Group and ceded in favour of the insurance company.

Rehabilitation of other development projects

Guarantees required by the DMR for prospecting and mining rights held by the Group were provided by way of both cash and insurance backed guarantees. The insurance backed guarantees were issued by the Lombard Insurance Group. Ongoing contributions are made by the Group to fund the balance of the liability over the remaining life of the prospecting permit. As at March 31, 2019, the Group had USD1.790 million (ZAR26.132 million) in guarantees with the DMR for other projects.

3. Overall Performance

3.1 Reporting currency and periods

As mining and exploration activities are conducted in South Africa and most transactions are transacted in South African rand ("ZAR"), the functional currency is the South African Rand ("ZAR"). In this MD&A the financial amounts have been converted to and are reported in United States dollars ("USD"), the Group's presentation currency.

Table 2. Relevant exchange rates to the USD

	At Mar 31, 2019	Average three-months ended Mar 31, 2019	At Dec 31, 2018	At Mar 31, 2018	Average three-months ended Mar 31, 2018
South African Rand (USD:ZAR)	14.60	14.01	14.43	11.75	11.96

3.2 Financial condition

Table 3. Financial condition for the three-months ended March 31, 2019

	As at Mar 31, 2019 USD'000	As at Dec 31, 2018 USD'000
Cash and cash equivalents	40,959	38,093
Other current assets	56,798	62,155
Total current assets	97,757	100,248
Restricted cash investments and guarantees	18,959	18,607
Other non-current assets	954,372	971,389
Total non-current assets	973,331	989,996
Total Assets	**1,071,088**	**1,090,244**
Current liabilities	36,088	35,263
Non-current liabilities	64,157	63,062
Total liabilities	**100,245**	**98,325**
Total shareholders' equity	976,947	997,858
Non-controlling interests	(6,104)	(5,939)
Total equity	**970,843**	**991,919**
Other information:		
Key Financial Ratios:		
Current ratio [1]	2.709	2.843
Working capital [2]	61,669	64,985
Debt/Equity ratio [3]	10.33%	9.91%

1 Current ratio = Current Assets/Current liabilities

2 Working capital = Current Assets – Current Liabilities

3 Debt to equity ratio = Total Liabilities/Shareholders' equity

The balances at March 31, 2019, compared to the balances at December 31, 2018, are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR spot price at March 31, 2019, weakened by 1% from the spot price at December 31, 2018.

SPM's asset base is primarily comprised of non-current assets such as mining assets and property plant and equipment, reflecting the capital-intensive nature of mining. Other significant assets include intangible assets and trade and other receivables. Trade receivables include the PGM sales pipeline, which is the PGM and base metal deliveries to clients of up to 3 months.

Total assets decreased by USD19.157 million during the three-months ended March 31, 2019. This decrease is primarily due to:

- A decrease in total assets of USD12 million in presentation currency as a result of the weaker ZAR; and
- Depreciation of USD8 million.

Total liabilities increased by USD1.920 million during the three-months ended March 31, 2019. The increase is due to:

- A USD4,115 million increase in trade payables. The trade payable balance at 31 December 2018 included a USD3.421 million credit from Eskom; offset by
- A USD3.288 million decrease in the Revolving Commodity Facility ("RCF"). The RCF allows PPM to fix prices for concentrate deliveries to offtakers and receive the cash proceeds thereof upon assay rather than having to wait for settlement from the refiners in terms of existing concentrate agreements. The decrease in 4E ounces dispatched, impacted the quarter's utilisation of the RCF despite the increase in prices.

SPM working capital decreased from USD64.985 million at December 31, 2018, to USD61.669 million at March 31, 2019, due to a decrease in trade and other receivables. This resulted in the Group's current ratio weakening from a current ratio of 2.843 as at December 31, 2018, compared to a current ratio of 2.709 as at March 31, 2019.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at March 31, 2019, the debt-to-equity ratio was 10.33% compared to a debt-to-equity ratio of 9.91% as at December 31, 2018. The increase in debt is a result of the increase in trade and other payables and the interest accrued on loans outstanding.

3.3 Financial performance for the three-month period ended March 31, 2019

The Group recorded a net loss of USD12,943 million for the three-month period ended March 31, 2019, compared to a net loss of USD13.114 million, for the three-month period ended March 31, 2018.

Revenue and cost compared to prior year period are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR weakened by 17% from the comparative three-month period.

Table 4. Financial performance for the quarter ended March 31, 2019

	For the three months ended	
	Mar 31, 2019 USD'000	Mar 31, 2018 USD'000
Revenue	**35,488**	**34,666**
Cost of operations	**(40,150)**	**(44,378)**
On mine operations	(14,856)	(15,166)
Concentrator plant operations	(11,024)	(12,009)
Beneficiation and transport	(3,079)	(3,271)
Salaries	(4,227)	(4,743)
Subtotal	*(33,186)*	*(35,189)*
Depreciation of operating assets	(7,990)	(9,083)
Change in inventories	1,026	(106)
Gross loss	**(4,662)**	**(9,712)**
Administrative and general expenses	**(5,602)**	**(5,874)**
Employee expenses	(2,640)	(2,465)
General operating expenses	(2,339)	(2,466)
Amortisation and depreciation	(285)	(315)
Consulting and professional fees	(92)	(340)
Royalty tax	(219)	(220)
Audit fees	(27)	(68)
Other (expenses)/income	**(2,160)**	**2,832**
Other (expenses)/income	(103)	3,666
Foreign exchange loss	(2,057)	(834)
Net finance cost	**(430)**	**(256)**
Finance income	2,687	814
Finance costs	(3,117)	(1,070)
Share of loss from investments accounted for using the equity method	**(89)**	**(104)**
Loss before taxation	**(12,943)**	**(13,114)**
Income tax	-	-
Loss for the period	**(12,943)**	**(13,114)**
Other comprehensive income	**(8,470)**	**63,292**
Exchange difference on loans designated as net investments	-	16,310
Exchange difference on translation from functional to presentation currency	(8,481)	47,024
Other comprehensive share of investment accounted for using the equity method	337	-
Movements in Other reserves	11	(42)
Total comprehensive (loss) / income	**(21,076)**	**50,178**
EBITDA*	**(4,238)**	**(3,460)**

**EBITDA – Earnings Before interest, tax, depreciation and amortisation*

Revenue

The Group generated revenues of USD35.488 million based on metal sales during the three period ended March 31, 2019. Of this USD31.569 million relates to 4E revenue and USD3.919 million relates to iridium, ruthenium, copper, nickel and chrome. Revenues represent the amounts recorded when PGM concentrates are physically delivered to the smelter. Metal prices and assayed quantities at the point of sale are provisional. Adjustments in respect of final assayed quantities and/or prices arising between the date of recognition and the date of settlement are recognised in the period in which the adjustment arises and reflected through revenue and receivables.

Sales of 4E metal contributed approximately 89% (2018: 88%) to the gross revenue earned by PPM during the three-month period ended March 31, 2019. During the three-month period ended March 31, 2019, chrome contributed USD0.902 million (ZAR13 million) to revenue compared to March 31, 2018, where chrome contributed USD0.342 million (ZAR4 million).

Revenue for the three-month period ended March 31, 2019, was in line with the comparative period in 2018. The net movement was a result of:

- An 27% increase in the average ZAR 4E basket price year-on-year;
- A 17% weaker Rand for translating into presentation currency; off set by
- A 22% decrease in 4E ounces dispatched.

The decrease in 4E ounces dispatched compared to the previous period, was influenced by a 5% decrease in the average milled head grade, for the three-month period ended March 31, 2019.

Cost of operations

Cost of operations totalled USD40.150 million for the three-month period ended March 31, 2019, compared to USD44.378 million for the three-month period ended March 31, 2018. The decrease measured in presentation currency, was as a result of the weaker ZAR. Measured in ZAR the cost of operations increased. The increase was mainly due to general higher mining volumes and plant throughput.

Administrative and general expenses

Administrative and general expenses totalled USD5.602 million for the three-month period ended March 31, 2019, compared to USD5.874 million for the three-month period ended March 31, 2018. Higher consulting fees were incurred in the comparative period as part of the ongoing cost to oppose SARS in Court regarding the outstanding R300 million owed to PPM for diesel rebates as well as the litigation expense incurred regarding access to the Mining property Wilgespruit.

Other income / expense

Other expenses totalled USD2.160 million for the three-month period ended March 31, 2019, compared to USD2.832 million income for the three-month period ended March 31, 2018. The movement in other income for the three-month period is a result of an impairment reversal relating to the Sedibelo power rights, amounting to USD3.421 million in the three-month comparative period, set off by a foreign exchange loss. Rand volatility resulted in a foreign exchange loss of USD2.057 million for the three-month period ended March 31, 2019, compared to a foreign exchange loss of USD0.834 million for the three-month period ended March 31, 2018.

Finance income

The increase in finance income to USD2,687 million during the three-month period ended March 31, 2019, compared to USD0.814 million during the three-month period ended March 31, 2018, was due to the increase in the cash reserves due to the drawdown of cash from the IDC loan during the last week of March 2018, whereas the cash reserves were available for three-months during the three-month period ended March 31, 2019. At March 31, 2019, 6% of the Group's funds were held in USD denominated deposits, earning lower interest rates.

Finance cost

The increase in finance cost to USD3.117 million during the three-month period ended March 31, 2019, compared to USD1.070 million during the three-month period ended March 31, 2018, is the result of three-months interest accrued on the IDC loan.

3.4 Cash flows

Cash and cash equivalents at March 31, 2019, increased to USD 40.959 million from December 31, 2018. This increase is due to a net increase in cashflows from operations during the 12 months ended December 31, 2018, as well as for the 3 months ended March 31, 2019.

Operating cash flow for the three-months ended March 31, 2019, was positive as a result of improved operational results and cost saving initiatives.

3.5 Events or uncertainties during the three-month period ended March 31, 2019

Metal dispatches were 22% lower for the three-month period ended March 31, 2019, compared to the prior year period. The mining focus is on exposing sufficient reef faces to produce mining volumes in line with a mine plan that can provide sufficient reef volumes to the concentrator with a focus on providing profitable ounces (cash positive).

4. Summary of Quarterly Results

Table 5. Summary of quarterly results

	In accordance with IFRS							
USD'000	Mar '19	Dec '18	Sep '18	Jun '18	Mar '18	Dec '17	Sep '17	Jun '17
Revenue	35,488	42,844	44,978	46,648	34,324	42,781	30,791	30,392
Cost of operations	(40,150)	(48,315)	(48,549)	(48,526)	(44,036)	(43,608)	(40,448)	(42,573)
Gross loss	(4,662)	(5,471)	(3,571)	(1,878)	(9,712)	(827)	(9,657)	(12,181)
Other operating income/ (cost)	(7,762)	385	177	(6,017)	(2,208)	992	(5,820)	(7,272)
Net finance (cost)/ income	(430)	(1,052)	1,305	(749)	(256)	(105)	15	144
(Loss)/Profit from associate	(89)	(848)	7	(597)	(104)	(84)	(267)	(138)
Loss before taxation	(12,943)	(6,986)	(2,082)	(9,241)	(13,114)	(24)	(15,729)	(19,447)
Loss for the period	(12,943)	(6,974)	(2,082)	(9,241)	(13,114)	(42)	(15,729)	(19,452)
ZAR:USD	14.01	14.27	14.10	12.64	11.96	13.68	13.18	13.20
EBITDA	(4,238)	4,194	7,315	2,147	(3,460)	12,165	(6,282)	(8,000)

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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as issued by the International Accounting Standards Board ("IASB") applicable to a going concern.

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 and is presented in US dollars ("USD").

The conversion rate for the three months ended March 31, 2019, is 27% weaker than the rate for the period ended March 31, 2018. The variance had a significant impact on the numbers presented for comparison.

5. Liquidity

5.1 Unrestricted cash

The Company had unrestricted cash and cash equivalents of USD40.959 million at March 31, 2019. The Industrial Development Corporation of South Africa Limited (“IDC”) provided PPM with a ZAR500 million loan facility in 2018 which will continue to provide access to funding for short-term cash flow requirements for the operation at PPM. This funding is ringfenced to be utilised at PPM for operational requirements.

Based on the current cash flow projections for the Group, management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and therefore the annual 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.

Development of exploration assets will require new funding.

5.2 Restricted cash

The Group had restricted cash investments and guarantees forming part of its non-current assets totalling USD18.959 million (USD18.607 million at December 31, 2018). The restricted cash is increased with a monthly contribution of ZAR2.5 million. This cash is held with Rand Merchant Bank on long-term deposits and ceded in favour of Lombard Insurance. Lombard Insurance provides the Group with guarantees with both Eskom and the Department of Mineral Resources. The facility with Lombard is 59% cash-backed at March 31, 2019.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 6. Commitments as at March 31, 2019

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Employee entitlements (1)	1,044	1,044	-	-
Corporate building 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.

(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 licence 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.

6. Capital Resources

6.1 Working capital

As at March 31, 2019, Sedibelo Platinum Mines' total working capital was USD61.669 million (March 31, 2018: USD64.985 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD40.959 million), plus inventory (USD9.109 million) and trade and other receivables (USD47.689 million) less trade payables and accrued liabilities (USD20.526 million), less short-term portion of borrowings (USD0.099 million) and less revolving commodity facility (USD15.463 million). Sedibelo Platinum Mines' cash and cash equivalents are held in short term and liquid interest earning deposits at highly reputable financial institutions of a high-quality credit standing within the Republic of South Africa and in the United Kingdom.

As part of working capital management and ensuring enough cash is available for operational needs, the RCF with Investec is utilised on a continuous basis. The RCF is available up to March 31, 2020, when PPM intends to renew it.

6.2 Restrictions on the repayments of inter-group loans

The Company's principal subsidiary, Pallinghurst Investor Consortium Proprietary Limited ("PIC"), operates in South Africa and as a result is subject to the South African Reserve Bank (''SARB'') Exchange Control Regulations. Any repayment of foreign currency loans by a South African company to an offshore company is subject to prior approval by the SARB.

The shareholder loan from Sedibelo Platinum Mines to PIC amounted to ZAR28.530 billion at March 31, 2019 and has primarily been used to fund the development of PPM.

The terms of the loan agreement with the IDC state that no intercompany loans may be repaid by PPM until the loan is settled.

7. Critical accounting estimates

The Company's significant accounting principles and methods of application are disclosed in the notes of the Company's consolidated financial statements for the year ended December 31, 2018. The following is a discussion of the critical accounting policies and estimates which management believes are important for an understanding of the Company's financial results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The primary areas in which estimates and judgements are applied are as follows:

Determination of consolidation

Management applies judgement when determining whether the Company should consolidate entities where it owns less than half of the voting power of an entity. An investor controls an investee if and only if the investor has all of the following elements:

- a power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's return.

Management have further consolidated Defacto Investments 275 Proprietary Limited, Dream World Investments 226 Proprietary Limited and Taung Platinum Exploration Proprietary Limited even though the Group owns less than half of the share capital of those entities as it was determined that the Group manages the financial and operating policies of those entities.

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.

Impairment of non-current assets

Management uses the guidance in *IAS 36 – Impairment of assets* when assessing whether indicators for impairment exist for mining assets, intangible assets and property, plant and equipment. Management uses certain assumption in calculating the assets value in use. Assumptions such as PGM prices, ZAR:USD exchange rates and inflation are based on the most recent information available in the market.

Inventory

Metal inventory is held in a wide variety of forms across the value chain reflecting the stage of refinement. Prior to production as final metal the inventory is always contained within a carrier material. As such inventory is typically sampled and assays taken to determine the metal content and how this is split by metal. Measurement and sampling accuracy can vary quite significantly depending on the nature of the vessels and the state of the material. Management judgement, therefore, is also applied.

Decommissioning and rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision represents management's best estimate of the present value of the rehabilitation costs anticipated to be incurred at the end of the mine's life. See Note 13 of the consolidated financial statements.

Reserves and Resources

The estimation of reserves impacts the depreciation of certain categories of property, plant and equipment (deferred stripping costs, decommissioning assets and producing mines), the recoverable amount of mining assets and property, plant and equipment and the timing of rehabilitation expenditure. The reserves and resources statement is prepared by an independent expert that complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC code").

Factors impacting the determination of proved and probable reserves are:

- the grade of mineral reserves may vary
- actual commodity prices and commodity price assumptions
- operational issues at mine sites; and
- capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Depreciation – units of production

Various units-of-production ("UOP") depreciation methodologies are available to management e.g. tonnes processed, tonnes milled, tonnes mined or ounces produced. Management elected to depreciate deferred stripping, decommissioning asset and producing mines using the ore tonnes mined methodology and plant and equipment using the ore tonnes processed methodology.

The calculation of the UOP rate of depreciation will be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves.

8. Other

8.1 Off-Balance Sheet Arrangements

At March 31, 2019, the Group had USD32.402 million in guarantees to the DMR and Eskom, of which USD18.959 million is funded.

8.2 Proposed Transactions

The Company continues to evaluate opportunities in the market with a view to expand the current business. At the current time there are no reportable proposed transactions.

8.3 Financial Instruments and Other Instruments

The Group has the following financial instruments measured at amortised cost: cash and cash equivalents, restricted cash investments and guarantees, loans receivable, trade payables and accrued liabilities and long-term borrowings. These instruments fair values approximate their carrying values.

The Group's trade receivables and the revolving commodity facility are measured at fair value.

8.4 Carbon tax

The President has signed into law the Carbon Tax Act No 15 of 2019, which comes into effect from June 1, 2019. The Act was gazetted on 23 May 2019. The initial marginal carbon tax rate will be between ZAR6 to ZAR48 per tonne of CO2e (carbon dioxide equivalent).
The tax will be phased in over a period of time to allow for smooth transition in adopting cleaner and more efficient technologies and behaviours. The Company is in the process of identifying the triggering activities to be measured in relation to the calculation of the taxable amount.

8.5 Changes in Accounting Policies 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, 2018 except for the adoption of the standards set out below:

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

Impact assessment

The Group has limited lease arrangements and therefore the no material changes were identified. The impact is expected to be minimal. The standard is effective for year-ends beginning on or after January 1, 2019.

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

9. Outstanding share data

As at March 31, 2019, the Company had 3,095,401,663 common shares in issue.

10. Risks and uncertainties

The Company is in the business of the exploration and development of mineral properties and the operation of mines directly or through third parties. There are numerous risks associated with these activities and specific risks with regards to the South African mining environment.

10.1 Legal proceedings

Access to mining property

A delay is anticipated in mining Wilgespruit due to disruptions by local communities. Access to the land, in order to execute a mining right to mine the minerals, has been restricted as a result of the continued occupation of the land by the community.

On July 2, 2017, the farmers lodged their application in the Supreme Court of Appeal which has been dismissed. On October 12, 2017, an Application for Leave to Appeal to the Constitutional Court was received, resulting in the eviction order once again being suspended.

On October 25, 2018, the Constitutional Court ("ConCourt") handed down judgment in an application for leave to appeal against the decision of the High Court of South Africa, North West Division, Mahikeng.

The High Court's eviction order was set aside and was substituted with an order dismissing the respondent's application for an eviction with costs. It is important to note that the status of the waste rock dump area remains the same; neither PPM nor the farmers may access the area.

The ruling requires PPM to further exhaust all the remedies available in terms of Section 54 of the MPRDA. PPM are to engage with the Regional Manager of the DMR for assistance in resolving the dispute between PPM and the occupiers.

Only after a successful resolve will PPM be able to access Wilgespruit and commence mining operations.

In line with this guidance from the Concourt, the following actions are in progress:

- Engagement with the occupiers' representative, Lawyers for Human Rights, to begin consultations;
- The DMR has briefed the community on at least two occasions and
- Management and the Board have engaged Senior Council to advise the Company on land issues and the way forward.

Diesel rebates

On July 26, 2012, the South African Revenue Service ("SARS") issued a Letter of Demand to PPM to repay diesel refunds for the period April 2008 to March 2011. Diesel refunds claimed by PPM for the period April 2011 to August 2011 have been disallowed. PPM appealed these findings and lodged an application to the High Court to set aside the demand for repayment and the denial of pro rata amounts of diesel refunds.

On May 29, 2018 the matter was postponed for hearing, commencing on August 20, 2018 and thereafter proceeding on August 21 – 24, 2018. PPM's response to the new matters contained in SARS' affidavit, including the annexures thereto, was filed at the High Court on July 2, 2018.

PPM conceded to SARS' request to grant additional time to provide a determination on an audit they were conducting. This period audited was not included in the original case.

Notification was received from SARS indicating that their view is that PPM still does not meet the requirements in terms of the Act. They are finalising a comprehensive letter of intent setting forth the reasons for their view. PPM will contest the finding in court.

10.2 Liquidity

The Group operates in a cyclical industry where levels of cash flow have historically been materially influenced by market prices for commodities and exchange rates. Material uncertainties, such as exposure to ZAR:USD exchange rate and PGM prices, cast significant strain on the Group's liquidity position. See disclosure around going concern in Note 1 of the consolidated financial statements for the year ended December 31, 2018.

11. Internal control over financial reporting

Management has evaluated or caused to be evaluated, the effectiveness of the Company's disclosure controls and procedures and the internal control over financial reporting and concluded that the Company's disclosure and internal control over financial reporting was effective as of the end of the three-months ended March 31, 2019. The Company has identified no material weakness in the design of its internal controls over financial reporting. There has been no change in the Company's internal controls over financial reporting since its year-end MD&A for the period ended December 31, 2018, or during the three-months ended March 31, 2019, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.