SEDIBELO PLATINUM MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE-MONTHS ENDED MARCH 31, 2020

June 17, 2020

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, 2020 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.

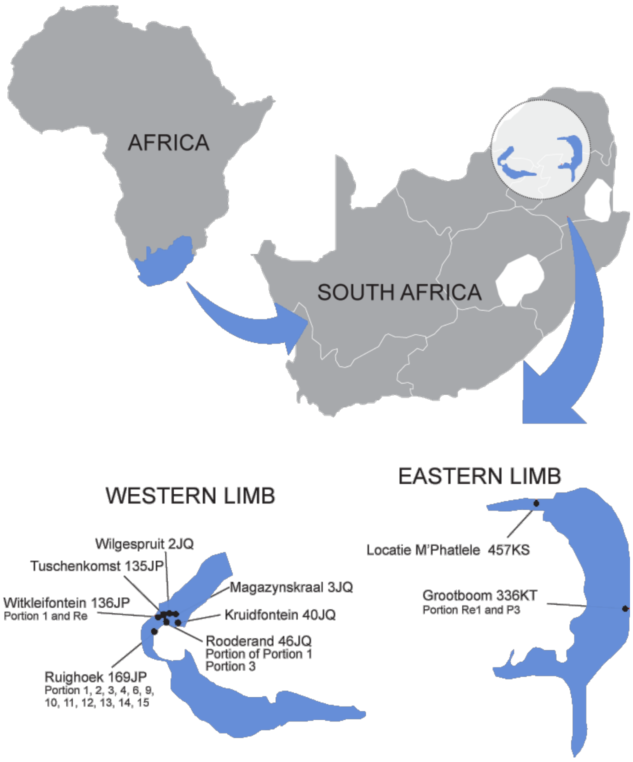
PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation, and manages the PGM concentrator and chromite plant.

PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") during Q2 in 2019. During the three-months ended March 31, 2020 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 principal focus of the Group is to maximise profitable metal output from the concentrator. The consolidation of PGM mineral rights on the farms Tuschenkomst 135JP, Wilgespruit 2JQ and Magazynskraal 3JQ, created a single block of mineral rights.

As at December 31, 2019 the block of mineral rights on the Western Limb comprised 25.9 million 4E PGM Measured & Indicated Resource ounces and 44.6 million 4E PGM Inferred Resource ounces. These ounces will be developed with new mining infrastructure, utilizing the current processing infrastructure at PPM to extract both PGM's and chromite. This includes 13.6 million 4E ounces mineral reserves of which 2.7 million will be accessed via open cast mining methods. Surface and shallow underground mining enjoy 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, comprising of 2.1 million 4E PGM Measured & Indicated Resource ounces and 14.4 million 4E PGM Inferred Resource ounces. The Loskop rights expired in July 2019 and have been relinquished.



1.3 Market trends and outlook

Johnson Matthey predict that the COVID-19 pandemic will inflict significant damage on PGM supply and demand in 2020. Both primary and secondary supplies will contract, due to temporary shutdowns at many mining operations, and disruption to the collection and refining of PGM-containing scrap. Autocatalyst PGM demand will fall steeply, reflecting short-term closures at most major automotive plants and a sharp contraction in consumer demand for new vehicles.

World Platinum Investment Council ("WPIC") forecasts in 2020 total platinum supply is expected to be 10% lower than the average of the past 5 years. Total platinum demand in 2020 is forecast to be 18% lower than in 2019 due to lower demand from all four demand segments: automotive, jewellery, industrial and investment. Despite forecast total investment demand in 2020 being 51% lower than in 2019, bar and coin demand is expected to be up 115% due to the (mainly retail) flight to hard assets associated with significantly increased global risk.

The impacts of the COVID-19 pandemic on global economies and markets continue to unfold. These impacts on the platinum market in 2020 are expected to reduce both demand and supply, but – due to dynamics peculiar to platinum and unrelated to the pandemic – the overall negative effects are less than might be expected. However, forecasts of platinum supply and demand are likely to remain volatile for several months, particularly until Europe, North America and South Africa contain the spread of COVID-19 and the impact of the wide range of economic effects of the pandemic on platinum can be evaluated more accurately.

Supply in the first quarter of 2020 was 6% lower than in 2019 as the effects of the Anglo-American Platinum converter plant outage and the mining shutdown in South Africa to prevent the spread of COVID-19 both occurred in the last month of the quarter. Refined metal released from process inventory (locked up in 2019) replaced some of the lost refined platinum production. Similarly, reduced platinum recycling, as a result of pandemic related logistics interruptions, were offset by the recycling of material backlogged at refiners in 2019.

Total mining supply in 2020 is forecast to fall 13% below that in 2019. Over 75% of platinum mine supply in 2020 is expected from Southern Africa where uncertainty remains high regarding the impact the pandemic will have on mining operations. Mining supply from South Africa in 2020 is forecast to reduce by 753 koz from 2019 with at least 500 koz of the reduction due to repair downtime at the Anglo-American Platinum converter plant and the balance largely due to COVID-19 related mining industry shutdowns.

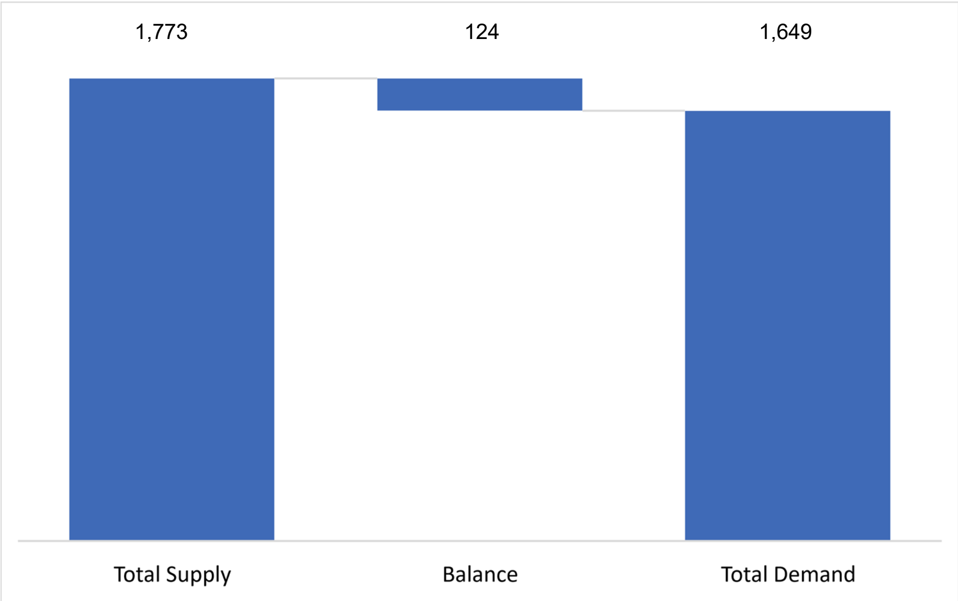
Demand in the first quarter fell year-on-year by 38% (-1,000 koz) primarily due to investment demand being 90% lower from an exceptionally high base in Q1 2019. Platinum automotive demand, down 17% and jewellery demand, down 26%, suffered from COVID-19 related shutdowns while segmental demand trends in industrial demand, down 3%, drove its demand change more than the pandemic. The growing actual and expected impacts of the pandemic on the world economy led to most equities and metals, including platinum, suffering price falls of between 10% and 35% during March. Platinum ETF outflows in March saw the quarter end with net sales of 213 koz. In contrast, the low price led to a surge in bar and coin demand to 312 koz, mainly in the US and Japanese markets.

The COVID-19 pandemic's impact on demand occurred earlier in the quarter than its impact on supply and this contributed to the surplus in the quarter of 124 koz.

Lockdowns in China in the first quarter of 2020 reduced jewellery sales and heavy-duty automotive demand. Outside of China the falls in vehicle production, jewellery sales and industrial use in 2020 remain uncertain. The reduction in ETF demand in the first quarter is expected to be offset over the rest of the year and the exceptional bar and coin demand in quarter one, is expected to almost double by year end. Industrial demand remains robust and is least affected by the pandemic due to the nature of capacity growth and platinum use in developing technologies.
Despite the expected reduction in vehicle production in 2020 due to the pandemic, the implementation of stricter emissions standards in China and India, and the associated higher metal loadings per vehicle, will partly offset the volume-related reduction in automotive platinum demand.

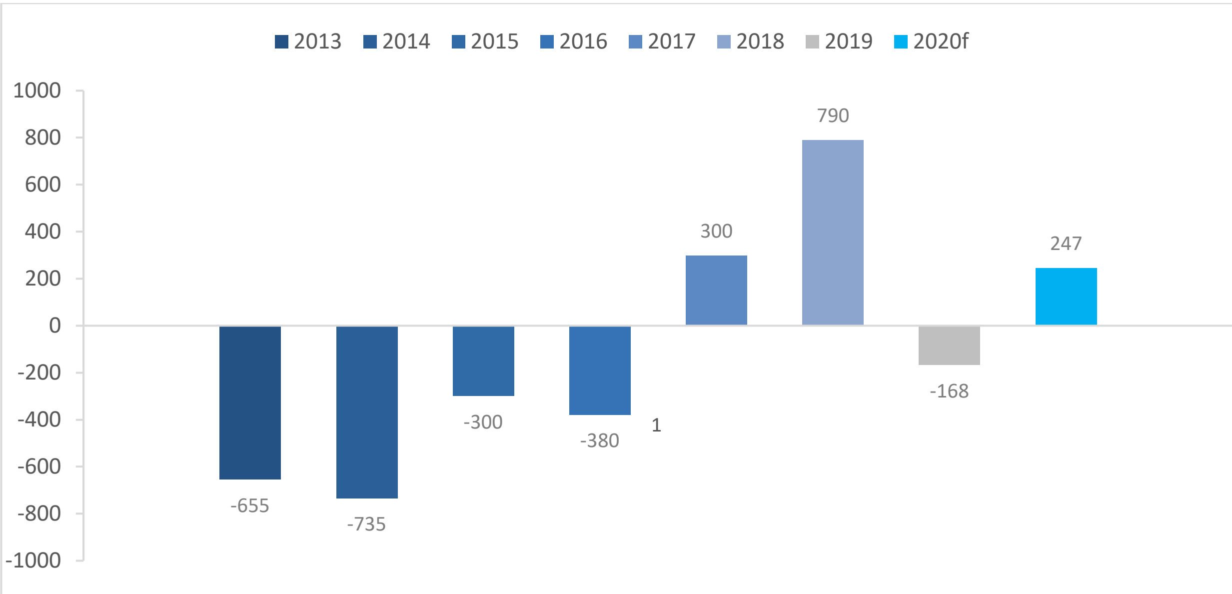
The COVID-19 pandemic brought palladium's multi-year price surge to an end in February. However, palladium's 43% peak to trough price fall in February/March, more dramatic than other precious and industrial metals, bar rhodium (-60%), has been driven more by physical purchasing for vehicle manufacture in China than by investors. Changes in investor positioning in palladium, in futures and physically backed ETFs, were not significant in palladium's 2019 price rise, nor in the March 2020 fall. Chinese automaker physical palladium purchases were key to 2019's price surge, driven by the implementation of strict China 6 emissions standards. In January/February 2020, Chinese passenger car production fell 48% year-on-year and stopped automaker palladium purchases. However, in March 2020, Chinese automaker output returned to pre-COVID-19 levels, resulting in spot buying to meet higher current loadings and causing the rapid price rebound. Palladium demand growth, unrelated to COVID-19, and its high price, still over $1,000 /oz higher than platinum, maintains the need for platinum to replace palladium in autocatalysts in the world's two largest passenger car markets, China and North America.

Figure 1. Platinum supply-demand, koz, Q1 2020



Source: Metals Focus

Figure 2. Platinum supply-demand: surplus-deficit, koz, 2013 – 2020 forecast



Source: Metals Focus 2019-2020, SFA (Oxford) 2013-2018

According to Johnson Matthey, it may take several years before the full impact of the COVID-19 crisis becomes clear and that impact on industrial demand for PGM will not be evenly spread across sectors or regions. While it is difficult to make a precise assessment of production losses at this stage, Johnson Matthey expect mine PGM output in South Africa to fall by at least 20% in 2020; the rate of decline in palladium output will be slightly lower than for platinum, while rhodium will be the most affected of the three autocatalyst PGM. Even once mines are permitted to operate at normal levels, the ramp-up will take some time and – particularly in labour-intensive settings – volumes will be constrained by safety measures implemented to reduce the risk of virus transmission between workers. This is likely to have a significant impact on margins, due to the large fixed cost base, and could ultimately result in further rationalisation and/or downgrades to expansion plans, especially if PGM prices weaken further. However, during March and April, ZAR weakness helped support the basket price received by South African miners at historically high levels.

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 26 to the consolidated financial statements as at December 31, 2019.

Sources: WPIC Platinum Q1 2020, JM PGM Market Report, May 2020.

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-month period ended March 31, 2020, in comparison to previous corresponding periods. 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, 2019 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. Delivery of the first concentrate to the Northam smelter took place during April 2009. Commercial production was declared on January 1, 2011.

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 the West pit. The silicate package is processed in the Merensky circuit of the concentrator and the U2D package routed through the Dense-Medium Separator ("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, and at a small incremental operational cost, is a positive contributor to operating results. The plant was commissioned during September 2017 and 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

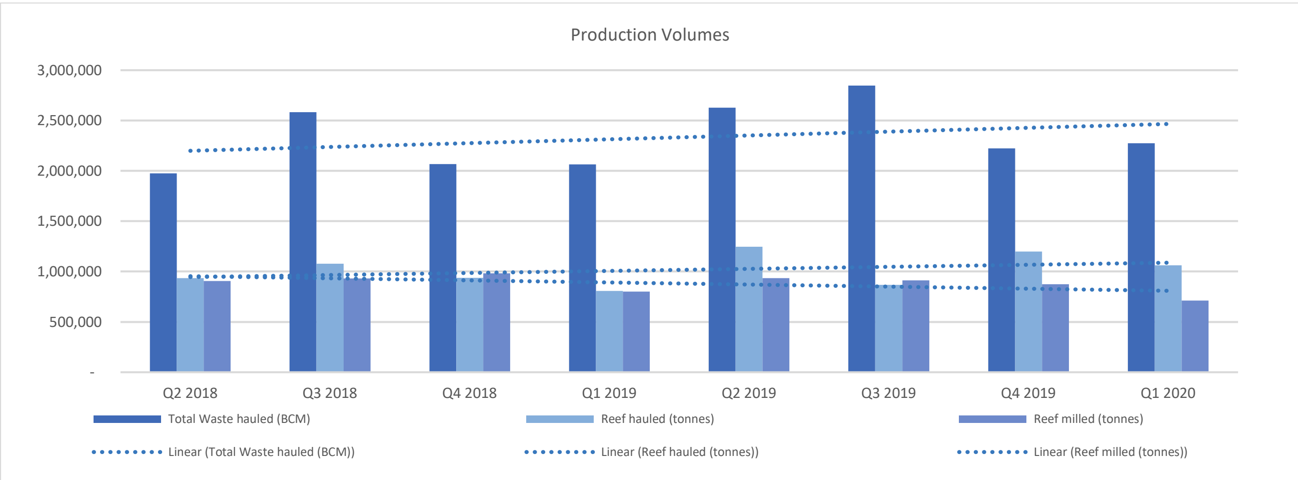
Table 1. Operational performance during the three-month period ended March 31, 2020

	Unit	For the three-months ended Mar 31, 2020	Mar 31, 2019
Reef delivered to the ROM pad	Tonnes	1,060,374	808,677
Reef processed	Tonnes	758,614	850,938
Reef milled	Tonnes	712,067	900,271
Average milled head grade	g/t	1.59	1.56
Average recovery rate	%	71	57
Average recovered grade	g/t	1.14	0.90
4E ounces dispatched and sold*	Oz	26,109	26,534
4E basket price **			
- USD	USD	1,970	1,153
- ZAR	ZAR	30,125	16,154
Total revenue per 4E ounce	ZAR	31,684	19,319
Gross revenue from metal sales			
- USD	USD'000	55,737	35,488
- ZAR	ZAR'000	827,230	512,601

*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 combined with the ZAR depreciating against the dollar over the three-months period ending March 31, 2020, resulted in an increase in revenue, compared to the prior year comparative three-month period.

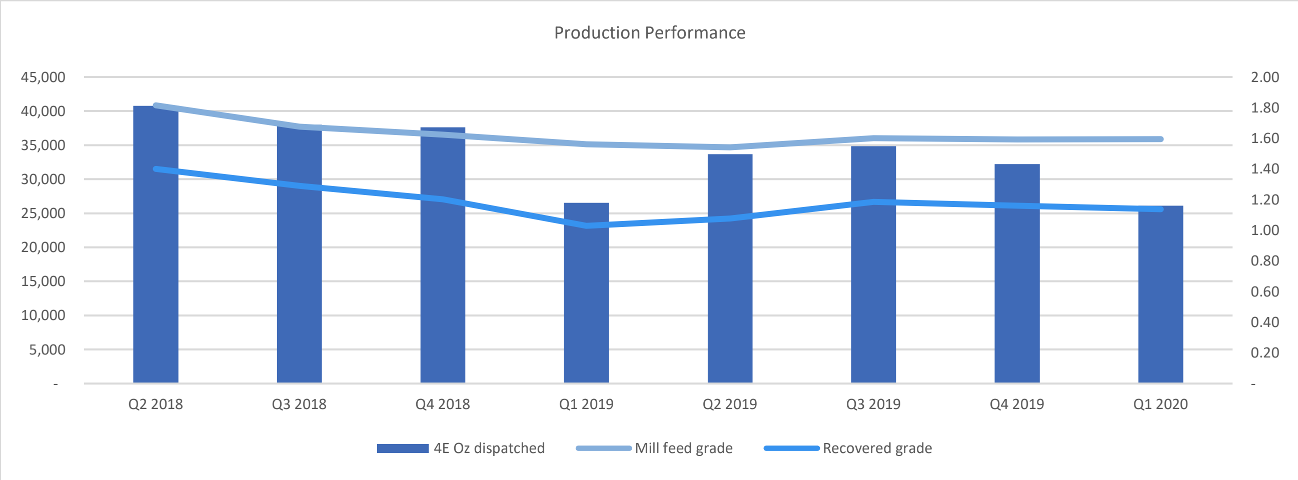
Figure 3. Production Volume



During Q1 2020 the focus was on increasing stripping to eliminate space constraints in the pit. There were a few setbacks, for example, the late start up of mining contractors after the Christmas and New Year festive break. Inclement whether conditions forced the mining team to mine in areas that did not deliver the required feed grade and this had a negative impact on metal output. Six mining production days were lost due to the national lockdown as a result of COVID-19. The mine was placed on Care and Maintenance from March 25, 2020 to April 30, 2020. Additional contributors to the lowering of ounces produced this quarter were: Eskom power cuts (load shedding), the failure of the concentrate thickener drive and failures in the primary crushers. These negatively impacted plant availability.

There is a clear plan to improve waste stripping that will support required reef volumes to the plant. Mining operations on Wilgespruit (East Pit) should improve flexibility in the pit and the current mining plan is being revised due to the late start-up of Wilgespruit.

Figure 4. Production Performance



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 USD460 thousand (ZAR7.1 million) for the quarter ended March 31, 2020. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD5.22 million (ZAR93.64 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. The feasibility study for the Magazynskraal project has been completed, based on not having access to the Wilgespruit property. This study will now be revised given that access to the property has been secured.

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

During the quarter ended March 31, 2020, a total of USD150 thousand (ZAR2.34 million) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project by the Group to USD7.55 million (ZAR135.51 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. The work on a new feasibility study continues. The aim of the new study is to change the mining method, reduce the upfront capital investment and reduce peak funding, in order to enhance the return on investment.

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

During the quarter ended March 31, 2020, the Company spent zero on Grootboom, keeping the cumulative expenditure to date on the project to USD2.47 million (ZAR44.28 million). In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

Work program

Due to the focus on achieving profitable production at PPM, 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)

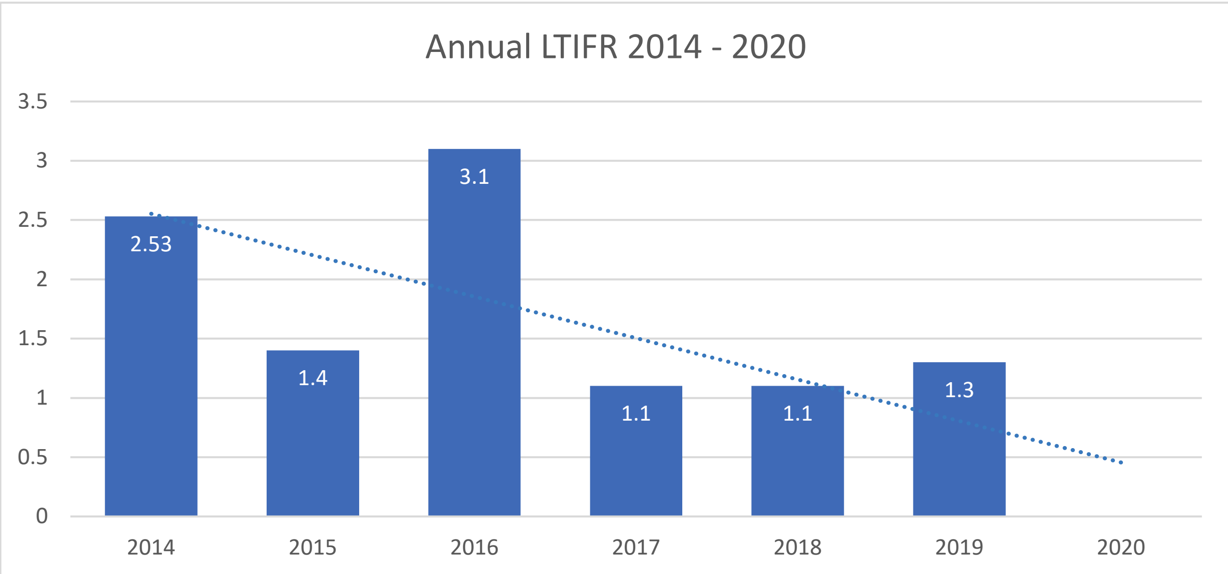
Lonmin Plc (now part of the Sibanye-Stillwater) was the operator of the Loskop Project and acquired its 50% interest in the joint venture in August 2006 and expenditure since then has been shared on a 50/50 basis. The Group's interest in the Loskop project was 23.5%, with Lonmin holding a 50% interest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

The Loskop prospecting rights located on the Eastern Limb expired in July 2019. The Group has taken a decision to relinquish these rights. The total cumulative exploration expenditure on this project since inception (USD220 thousand or ZAR3.94 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. PPM has recorded 5.7 million Fatality Free Shifts ("FFS") at the end of March 31, 2020. The FFS extend over an eleven-year period. PPM endeavours to intensify the drive towards a zero-harm culture across all its operations. Notably, the Concentrator Operation achieved 1,063 days without any Lost Time Injury ("LTI") at the end of March 2020. In addition, since 2016, PPM has managed to significantly reduce the Lost Time Injury Frequency Rate ("LTIFR").

Figure 5. 2013 – 2019 Lost Time Injury Frequency Rate



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 and Energy ("DMRE"). 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 DMRE in respect of the rehabilitation work which may have to be carried out when the exploration program is complete 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 DMRE 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, 2020, the Company had USD19.5 million (ZAR350.16 million) in guarantees with the DMRE. The guarantees have been provided on an insurance basis with a portion of the total guarantee value 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 DMRE 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, 2020 the Group had USD1.46 million (ZAR26.13 million) in guarantees with the DMRE 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, 2020	Average three months ended Mar 31, 2020	At Dec 31, 2019	At Mar 31, 2019	Average three months ended Mar 31, 2019
South African Rand (USD:ZAR)	17.95	15.35	14.12	14.60	14.01

3.2 Financial condition

Table 3. Financial condition for the three-months ended March 31, 2020

	As at Mar 31, 2020 USD'000	As at Dec 31, 2019 USD'000
Cash and cash equivalents	44,569	43,393
Other current assets	65,191	79,848
Total current assets	109,760	123,241
Restricted cash investments and guarantees	13,061	15,885
Other non-current assets	754,230	961,144
Total non-current assets	767,291	977,029
Total Assets	**877,051**	**1,100,270**
Current liabilities	47,724	56,825
Non-current liabilities	45,848	58,806
Total liabilities	**93,572**	**115,631**
Total shareholders' equity	790,252	991,247
Non-controlling interests	(6,773)	(6,608)
Total equity	**783,479**	**984,639**
Other information:		
Key Financial Ratios:		
Current ratio [1]	2.30	2.17
Working capital [2]	62,037	66,417
Debt/Equity ratio [3]	11.84%	11.67%

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, 2020 compared to the balances at December 31, 2019 are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR spot price at Mar 31, 2020 weakened by 27% from the spot price at December 31, 2019. This resulted in a decrease to all balances at March 31, 2020.

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 USD223.2 million during the three-months ended March 31, 2020. This movement is primarily due to:

- A decrease in total assets of USD221.4 million in presentation currency as a result of the weaker ZAR; offset by
- An increase of 13% in ZAR terms in trade and other receivables as a result of a higher PGM sales pipeline due to the increased sales value.

Total liabilities decreased by USD22.1 million during the three-months ended March 31, 2020. The decrease is primarily due to a decrease in total liabilities of USD20.1 million in presentation currency as a result of the weaker ZAR.

SPM working capital decreased from USD66.42 million at December 31, 2019 to USD62.04 million at March 31, 2020 primarily due to the weakening of the ZAR. The Group’s current ratio strengthened from a current ratio of 2.17 as at December 31, 2019 compared to a current ratio of 2.30 as at March 31, 2020, due to the increase in PGM revenue from higher PGM prices recorded in Q1 2020.

SPM’s capital structure comprises of shareholders’ equity with low levels of debt. As at March 31, 2020 the debt-to-equity ratio was 11.84% compared to a debt-to-equity ratio of 11.67% as at December 31, 2019. The increase in debt is a result of:

- The compound interest accrued on loans outstanding;
- Increase in the revenue pipeline financing through the Revolving Credit Facility (“RCF”) as a result of higher Platinum and Palladium prices than the comparative period; and
- An increase in the closure liability recognised.

3.3 Financial performance for the three-month period ended March 31, 2020

The Group recorded a profit of USD15.29 million for the three-month period ended March 31, 2020 compared to a net loss of USD12.94 million for the three-month period ended December 31, 2019.

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 9.6% from the comparative three-month period.

Table 4. Financial performance for the three-month period ended March 31, 2020

	For the three-months Ended	
	Mar 31, 2020 USD'000	Mar 31, 2019 USD'000
Revenue	**55,737**	**35,488**
Cost of operations	**(38,649)**	**(40,150)**
On mine operations	(16,349)	(14,856)
Concentrator plant operations	(10,961)	(11,024)
Beneficiation and transport	(3,268)	(3,079)
Salaries	(4,804)	(4,227)
Subtotal	*(35,382)*	*(33,186)*
Depreciation of operating assets	(3,448)	(7,990)
Change in inventories	181	1,026
Gross profit / (loss)	**17,088**	**(4,662)**
Administrative and general expenses	**(4,915)**	**(5,602)**
Employee expenses	(2,256)	(2,640)
General operating expenses	(1,880)	(2,339)
Amortisation and depreciation	(225)	(285)
Consulting and professional fees	(183)	(92)
Royalty tax	(273)	(219)
Carbon tax	(52)	-
Audit fees	(46)	(27)
Other income / (expense)	**4,505**	**(2,160)**
Other income / (expense)	25	(103)
Foreign exchange gain / (loss)	4,480	(2,057)
Net finance cost	**(948)**	**(430)**
Finance income	1,386	2,687
Finance costs	(2,334)	(3,117)
Share of loss from investments accounted for using the equity method	**(438)**	**(89)**
Profit / (Loss) before taxation	**15,292**	**(12,943)**
Income tax	-	-
Profit / (Loss) for the period	**15,292**	**(12,943)**
Other comprehensive loss	**(216,452)**	**(8,470)**
Exchange difference on loans designated as net investments	61,477	-
Exchange difference on translation from functional to presentation currency	(277,643)	(8,481)
Movements in Other reserves	(511)	337
Other comprehensive share of investment accounted for using the equity method	225	11
Total comprehensive loss	**(201,160)**	**(21,076)**
Adjusted EBITDA*	**15,433**	**(2,179)**

**Adjusted EBITDA – Earnings Before interest, tax, depreciation, amortisation and foreign exchange gain/loss*

Revenue

The Group generated revenues of USD55.74 million based on metal sales during the three-month periods ended March 31, 2020. Of this USD51.76 million relates to 4E revenue and USD3.98 million relates to iridium, ruthenium, copper, nickel and chrome. Revenues represent the amounts recorded when PGM concentrates are physically delivered to the smelter and chrome when sold. 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 93% (2019: 89%) to the gross revenue earned by PPM during the three-month period ended March 31, 2020. Chrome contributed USD380 thousand to revenue during the three-month period ended March 31, 2020 compared to March 31, 2019 where chrome contributed USD902 thousand.

Revenue for the three-month period ended March 31, 2020 was 57% higher than the comparative period in 2019. The net movement was a result of:

- An 86% increase in the average ZAR 4E basket price year-on-year, relating to a 61% increase in ZAR revenue; offset by:
- A 10% weaker Rand for translating into presentation currency; and
- A 2% decrease in 4E ounces dispatched.

The decrease in 4E ounces dispatched compared to the previous period, was the result of a 11% and 21% decrease in the reef processed and reef milled, respectively.

Cost of operations

Cost of operations totalled USD38.65 million for the three-month period ended March 31, 2020 compared to USD40.15 million for the three-months ended March 31, 2019.

The decrease for the three-month period ended March 31, 2020, measured in presentation currency, was as a result of the weaker ZAR. Measured in ZAR the cost of operations increased by 5% for the three-month period ended March 31, 2020. The increase was mainly due to general higher mining volumes (waste and reef hauled) and the cost of inflation.

Administrative and general expenses

Administrative and general expenses totalled USD4.92 million for the three-month periods ended March 31, 2020, compared to USD5.60 million for the three-month period ended March 31, 2019.

Measured in ZAR administrative and general expenses decreased by 6% for the three-month period ended March 31, 2020. The decrease for the three-month period ended March 31, 2020 was mainly due to the decrease in employee expenses of 15%, as a result of the lower bonus payment in the current period and general operating expenditure of 20% due to deferral of certain costs.

Other income/ expenses

Other income of USD4.5 million for the three-month periods ended March 31, 2020, compared to an expense of USD2.16 million for the three-month periods ended March 31, 2019. The weaker Rand resulted in a foreign exchange profit for the three-month period ended March 31, 2020 compared to a loss in the comparative period.

Finance income

The decrease in finance income to USD1.39 million during the three-month period ended March 31, 2020 compared to USD2.69 million during the three-month period ended March 31, 2019 was a result of a weaker Rand exchange rate used to convert to presentation currency.

Finance cost

The decrease in finance cost to USD2.33 million during the three-month period ended March 31, 2020, compared to USD3.18 million during the three-month period ended March 31, 2019 was a result of a weaker Rand exchange rate used to convert to presentation currency.

Cash flows

Cash and cash equivalents at March 31, 2020 increased to USD44.57 million from USD43.39 at December 31, 2019. This increase was both a result of a weaker Rand exchange rate used to convert to presentation currency as well as an improved cashflow from operations due to high metal prices, specifically Palladium and Rhodium.

Events or uncertainties during the three-month period ended March 31, 2020

Metal dispatches were 2% lower for the three-month period ended March 31, 2020 compared to the prior year period. The current open pit mined by PPM has entered the last few years of its life which negatively effects flexibility in the pit as well as the amount of reef faces available for mining at any one time. This increasing pit inflexibility renders any unforeseen adverse changes, such as in grade, weather, power availability or labour action, increasingly difficult to respond to. The mining focus is on exposing sufficient reef faces to accommodate a mine plan that can provide sufficient reef volumes to the concentrator to yield profitable (cash positive) ounces.

4. Summary of Quarterly Results

Table 5. Summary of quarterly results

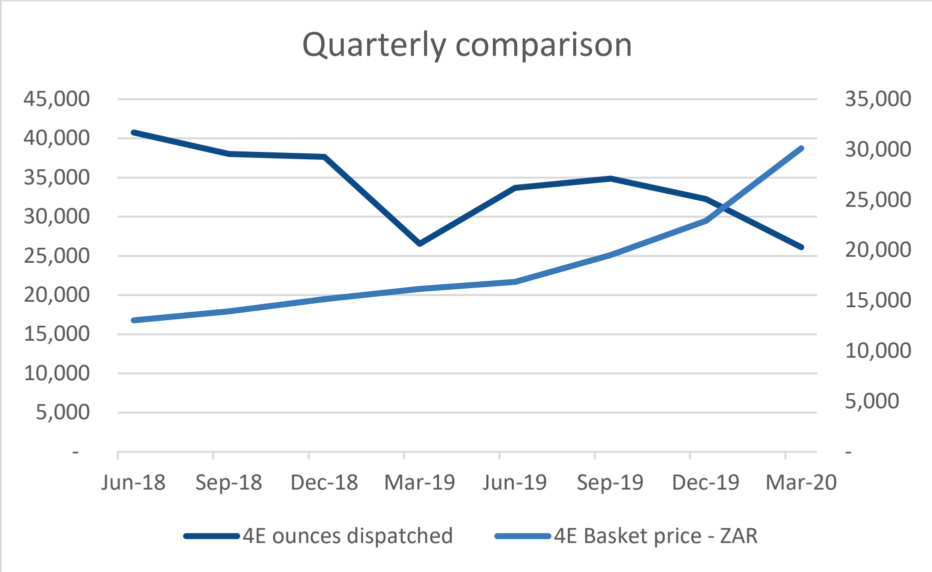
	In accordance with IFRS							
USD'000	Mar '20	Dec '19	Sep '19	Jun '19	Mar '19	Dec '18	Sep '18	Jun '18
Revenue	55,737	51,099	54,614	40,138	35,488	42,844	45,362	46,648
Cost of operations	(38,649)	(47,861)	(48,914)	(49,746)	(40,150)	(48,315)	(48,933)	(48,526)
Gross profit/(loss)	17,088	3,238	5,700	(9,608)	(4,662)	(5,471)	(3,571)	(1,878)
Other operating income/ (cost)	(410)	(6,073)	3,498	(9,802)	(7,762)	385	177	(6,017)
Net finance (cost)/ income	(948)	(979)	(919)	(93)	(430)	(1,052)	1,305	(749)
(Loss)/profit from associate	(438)	(998)	(271)	(154)	(89)	(848)	7	(597)
Profit/(loss) before taxation	15,292	(4,812)	8,008	(19,657)	(12,943)	(6,986)	(2,082)	(9,241)
Profit/(loss) for the period	15,292	(4,832)	8,008	(19,657)	(12,943)	(6,986)	(2,082)	(9,241)
ZAR:USD	15.35	14.72	14.68	14.39	14.01	14.27	14.10	12.64

These financial statements of the Company and the Group 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 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 and is presented in US dollars ("USD").

The conversion rate for the three-months ended March 31, 2020 is 10% weaker than the rate for the period ended March 31, 2019.

Figure 6. 4E ounces dispatched and 4E Basket price



5. Liquidity

5.1 Unrestricted cash

The Company had unrestricted cash and cash equivalents of USD44.57 million at March 31, 2020 (USD43.39 million at December 31, 2019). The Industrial Development Corporation of South Africa ("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. Interest payments on this facility commenced in March 2020 and capital repayment will commence in September 2020. 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 and mineable 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 USD13.06 million at March 31, 2020 (USD15.89 million at December 31, 2019). The movement in the restricted cash was a result of a weaker Rand exchange rate used to convert to presentation currency offset by a monthly contribution of $111.40 thousand (ZAR2 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 DMRE. The facility with Lombard is 50% cash-backed at March 31, 2020.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 6. Commitments as at March 31, 2020

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

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.
(2) The amount of USD17.87 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining licence and approved Environmental Management Programme ("EMP").
(3) Committed mining expenses include the estimated cost that will be incurred by the main mining contractors to carry out the opencast mining operations for the required notice period, should the contract with the main mining contractor be cancelled.

6. Capital Resources

6.1 Working capital

As at March 31, 2020, Sedibelo Platinum Mines' total working capital was USD62.04 million (December 31, 2019: USD66.42 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD44.57 million), plus inventory (USD7.88 million) and trade and other receivables (USD57.31 million) less short term borrowings (USD12.55 million), trade payables and accrued liabilities (USD16.42 million) and less the revolving commodity facility balance (USD18.76 million). Sedibelo Platinum Mines' cash and cash equivalents are held in short term and liquid interest earning deposits at reputable financial institutions 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 current RCF is available up to March 31, 2021.

6.2 Restrictions on the repayments of inter-group loans

The Company's principal subsidiary, Platinum 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 ZAR28.53 billion at March 31, 2020 and has been used to fund the development of PPM and for the acquisition of PGM assets on the Western Limb in 2012.

The terms of the loan agreement with the IDC state that no intercompany loans may be repaid by PPM until the IDC 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, 2019. 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, South African Rand: United States Dollar 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, 2020, the Group had USD26 million in guarantees to the DMRE and Eskom, of which USD13 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 came into effect on June 1, 2019, as announced by the Minister of Finance in the 2019 Budget. The Act was gazetted on May 23, 2019. Carbon tax imposes an initial levy of ZAR120 per tonne of carbon dioxide equivalent (‘CO2e’) of greenhouse gas emissions above stipulated tax-free allowances. Various tax-free allowances could translate into an effective carbon tax rate range between ZAR6 to ZAR48 per tonne of CO2e.

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 carbon tax will initially only apply to scope 1 emitters in the first phase. The first phase will be from June 1, 2019 to December 31, 2022, and the second phase from 2023 to 2030. The Company is in the process of identifying the triggering activities to be measured in relation to the calculation of the taxable amount. Uncertainty exists concerning the second phase starting from 2023. Policy uncertainty regarding the 2019 payable of carbon tax exists. On April 21, 2020, it was announced that companies have an additional three months deferral (until October 31, 2020) for filing and first payment of the 2019 carbon tax liability.

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, 2019 except for the adoption of the standards set out below:

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

9. Outstanding share data

As at March 31, 2020, 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

There continues to be a delay in the mining of Wilgespruit due to concerns raised 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 factions of the local community.

There have been numerous court challenges and on 25 October 2018, the Constitutional Court ("ConCourt") proclaimed that PPM would be required to exhaust all the remedies available in terms of Section 54 of the MPRDA, before an eviction order could be considered. PPM was instructed to negotiate with the lawful occupiers and engage with the Regional Manager of the DMRE for assistance in resolving the dispute.

In line with the judgement from the ConCourt, PPM has engaged with the lawful occupiers and their representatives. A settlement agreement was concluded on November 30, 2019 with conditions precedent. PPM and the community are working together to implement the agreement and fulfil all suspensive conditions. A relocation plan is being compiled to access and mine Wilgespruit in Q2, 2020.

Diesel rebates

The matter is currently the subject of litigation between SARS and PPM on periods claimed since April 2008. ZAR386 million is outstanding from SARS at March 31, 2020 owing to PPM and ZAR62 million is claimed by SARS on refunds they allowed before 2011.

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, 2019.

10.3 The impact of the COVID-19 outbreak

The outbreak and continuing spread of the novel coronavirus ("COVID-19") and the related disruption to the worldwide economy are affecting the Group by increasing uncertainties in the short term.

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

The key factors that would have a significant impact include, but are not limited to:
- Interruptions of production;
- Reduction of revenue;
- Fluctuating PGM prices;
- The health of the South African economy and the ZAR;
- Supply chain disruptions; and
- Unavailability of personnel.

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, 2020. 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 March 31, 2020 or during the three-month period ended March 31, 2020, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.