SEDIBELO PLATINUM MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTHS ENDED MARCH 31, 2021

May 31, 2021

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, 2021 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, nickel and chrome, 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 and 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, include amongst others, forecast production; the possible impacts from emerging risks such as those related to climate change and the transition to a lower carbon economy; recovery rates and grade; targets, estimates, and assumptions in respect of 4E metal prices and production; allocation of funds for current commitments; future operations; the Covid-19 issues currently occurring.

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; the Covid-19 issues currently occurring, 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 SPM 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 ("SPM") 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's") 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 has scheduled to commence mining operations at the East Pit (the farm Wilgespruit 2JQ) during Q3 2021, after it procures an alternative farm for community relocation as it anticipates that this will provide unrestricted access to the mining area.

SPM is planning the expansion of its PPM operations including developing the Sedibelo central decline which is contiguous to the planned opencast East Pit. In parallel, it will construct a 110 000 tonne per annum hydrometallurgical beneficiation plant at PPM, employing the Kell technology.

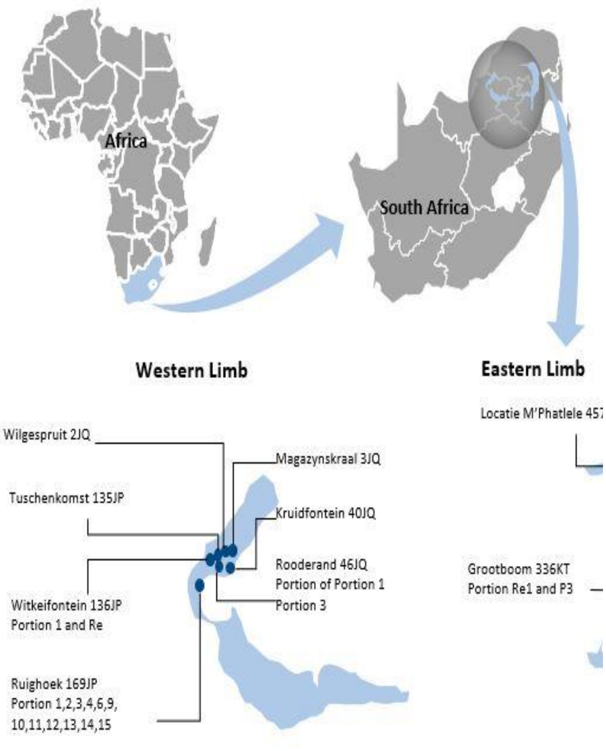
PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation, and manages the PGM concentrator and chromite plant.

PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") during Q2 in 2019. During the three-months ended March 31, 2021 PGM concentrate was sold 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, 2020 the block of mineral rights on the Western Limb comprised 19.1 million 4E PGM Measured & Indicated Resource ounces and 45.7 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. 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 6.8 million 4E PGM Measured & Indicated Resource ounces and 8.9 million 4E PGM Inferred Resource ounces.



Market trends and outlook

Platinum demand in the first quarter increased by 26% (+405 koz) year-on-year to 1,969 koz on a continued demand recovery across all end-use sectors. Platinum industrial demand, up 44%, automotive demand, up 8% and jewellery demand, up 22%, all benefitted from Government stimulus measures and pent-up demand as lock down measures continued to be rolled back in many economies. Total investment demand up 96% (+69 koz) year-on-year, largely driven by positive Exchange Traded Fund ("ETF") demand in the North American and European markets.

ETF holdings had attained a record level of nearly 4 million oz. With the platinum price ascending to a six-year high of just over USD1,300 in mid February 2021, and then trading either side of USD1,200 (a level last seen in early 2015), investors took advantage of opportunities to take profits during the first quarter.

Supply in the first quarter of 2021 was 7% higher than in first quarter of 2020, with mines able to operate fully under Covid-19 protocols, whilst the Anglo-American Platinum converter plant ("ACP") ran at capacity through the quarter. However, the strength of the demand recovery across all end-use sectors including investment ensured a fourth consecutive quarterly platinum deficit in quarter one of -19 koz. The platinum market is expected to remain in deficit for the third consecutive year in 2021. Nornickel lost production due to mine flooding, but this was largely offset by a one-off release of platinum from pipeline material as a new processing plant was commissioned. First quarter recycling supply was 18% higher year-on-year, mainly on price driven higher jewellery recycling.

During the first quarter, there was sporadic 'load shedding' (electricity supply reduction) by South Africa's national electricity company, Eskom, but this did not have a major impact on mining activities. However, electricity provision remains a risk factor for supplies going forward.

The first quarter of 2021 saw South African producers announce several replacement and expansion projects, in response to exceptionally high PGM basket prices, strong cashflows, and improved prospects for future platinum demand.

According to the World Platinum Investment Council ("WPIC") demand in 2021 is forecast to grow by 5% (+378 koz), as notably strong growth from automotive and industrial end-use sectors and recovery in jewellery offsets reduced, albeit still strong, investor demand. Investors continue to be attracted by platinum's very positive demand potential, driven in the short-to-medium term by emissions regulation-driven catalyst loadings growth, platinum for palladium substitution in catalysts, and the longer-term hydrogen economy prospects.

Automotive platinum demand is up more than vehicle production as the full implementation of tighter emissions regulations in Europe and China, in the form of Euro 6d and China 6 for light-duty vehicles, and China VI for heavy-duty vehicles, is driving higher catalyst loadings. Demand is expected to receive a further boost from platinum for palladium substitution in catalysts in all three major auto markets of China, North America and Europe.

Platinum demand in industrial applications is expected to increase 25% (+486 koz) above 2020 levels, boosted by the overall improvement in economic activity and specifically glass demand, expected to increase by 70% (+260 koz). Glass demand is growing due to strong LCD panel demand and growing demand for composites from all key end-uses, including construction and green energy.

In 2021, platinum jewellery demand is expected to recover, growing 9% (+158 koz). Strong year-on-year increases in the first quarter suggest improvements in 2021 will be driven by higher demand in the North American, European, and Indian markets.

Platinum is expected to be used for the first time in underfloor catalysts, and some adoption of platinum-containing formulations in the hotter 'closed-coupled' location, where catalyst bricks have much higher loadings. This will contribute to a material increase in the global average platinum loading per gasoline vehicle. Chinese domestic automakers are at the forefront of this trend.

WPIC forecasts 2021 total platinum supply to rise 16% year-on-year to 7,883 koz. South Africa is expected to account for the majority of the forecast refined production recovery as mines return to full operational capacity after 2020's Covid-19 driven shutdowns, while the early December 2020 recommissioning of the ACP Phase A unit will see the plant operate at capacity through the year. Russian supply is expected to fall by 12% (-82 koz) due to the combined effect of a concentrator shutdown and mine flooding impacting production during the second and third quarters of the year. In contrast to the refined supply recovery, recycling supply is expected to grow by only 3% (64 koz) versus 2020 levels due to autocatalyst processing bottlenecks and difficulty in financing higher value material stocks limiting growth.

Gross demand for palladium is forecasted to see a strong recovery in 2021, reflecting a post Covid-19 rebound in vehicle production, higher loadings on European and US gasoline vehicles, and record consumption in the chemicals sector. During the first quarter of 2021, palladium prices remained close to record levels, and industrial and automotive users are responding by intensifying their efforts to thrift palladium. The palladium market is forecast to remain in deficit in 2021, due to lower Russian supplies, following flooding of underground workings at two Norilsk Nickel mines.

Autocatalyst consumption of palladium is forecast to recover strongly in 2021, despite thrifting and substitution programmes at some automakers. Palladium loadings on gasoline vehicles are still rising in most regions, in line with the progressive implementation of the current cycle of emissions legislation in many major markets.

Industrial and other consumption of rhodium fell to a 25-year low of 72koz in 2020, as high prices slashed demand in glassmaking and triggered further liquidation of ETF holdings. Some recovery is forecasted in 2021, in line with ongoing investment in the chemicals and glass industries in China.

Demand for rhodium catalysts from the chemicals industry is forecast to remain robust, reflecting ongoing investment in oxo alcohols capacity in China. There are also some early signs of potential future thrifting in this sector, with companies looking at ways to reduce the amount of rhodium used in their processes.

Figure 1. Annual total demand and changes 2020 to 2021f (koz)

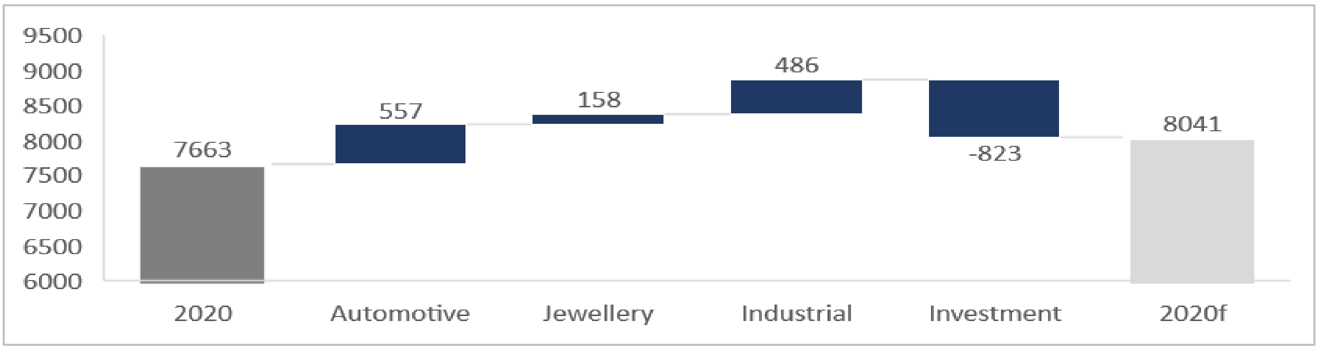
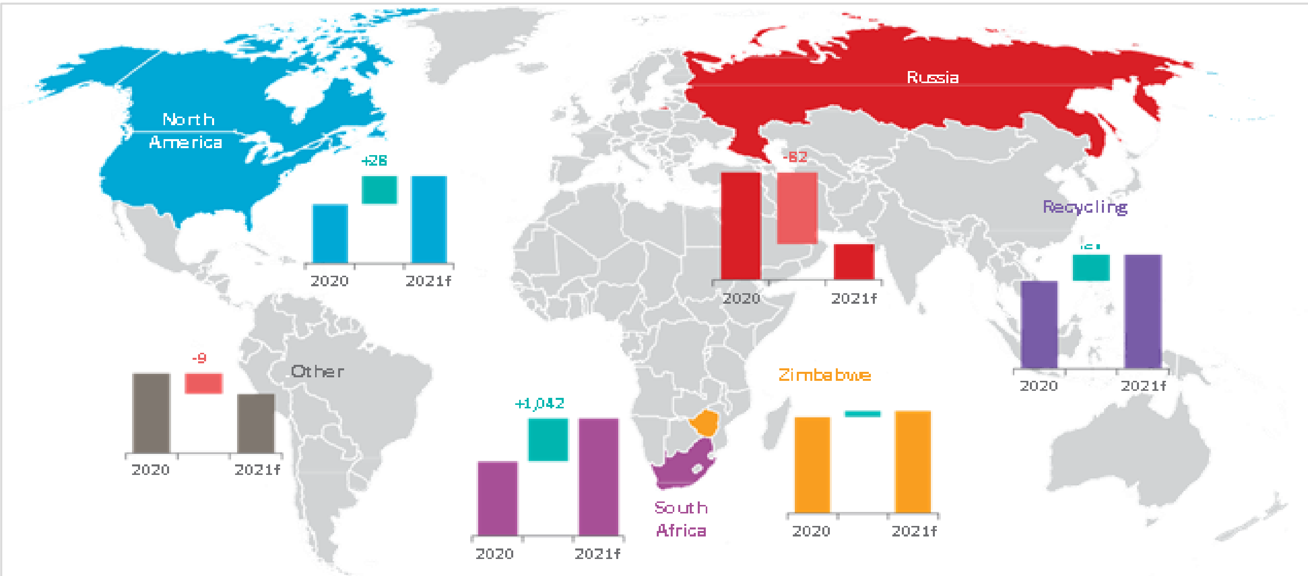


Figure 2. Annual total supply and changes 2020 to 2021f (koz)



Sources: World Platinum Investment Council Platinum quarterly Q1 2021 & Johnson Matthey; PGM Market report May 2021

1.3 The impact of the Covid-19 outbreak

Covid-19 remains a risk in South Africa as the Country is entering the third wave. The Company has however been able to generally operate as normal whilst following standard Covid-19 safeguards.

The Company has been managing Covid-19 related health risks through the following measures:

- A risk awareness campaign through various communication channels;
- Identification of high-risk employees;
- Compulsory use of preventative personal protection equipment, which includes face masks, increased hand washing and social distancing;
- Sanitation of common areas and surfaces on a regular basis during the day;
- Placement of hand sanitisers and additional hand washing stations at the surface areas of the mine;
- Limited group meetings and where possible, meetings are conducted virtually in the form of tele- or video conferences;
- Implementation of a comprehensive employee wellness monitoring and support programme.

Table 1. Summary of the Company's Covid-19 statistics (including contract workers):

	Mar 31, 2021
- Cases (cumulative)	122
- Recovered (cumulative)	109
- Deaths (cumulative)	3
- Close Contact / Suspect cases (cumulative)	144
- Close Contacts / Suspect cases resolved	144
- Covid-19 Screenings	7,778

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, 2021, in comparison to the previous corresponding period. Certain information in this MD&A must be read in conjunction with the audited consolidated financial statements of SPM for the year ended December 31, 2020 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 topsoil and waste overburden commenced in March 2008. Reef mining commenced in December 2008. Delivery of the first concentrate to the Northam smelter took place in April 2009. Commercial production was declared on January 1, 2011.

Extraction and processing of ore (reef)

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 in 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 in September 2017 and the first revenue was received in March 2018. Care is taken not to compromise PGM production in the process of improving the production of the by-product.

Operations

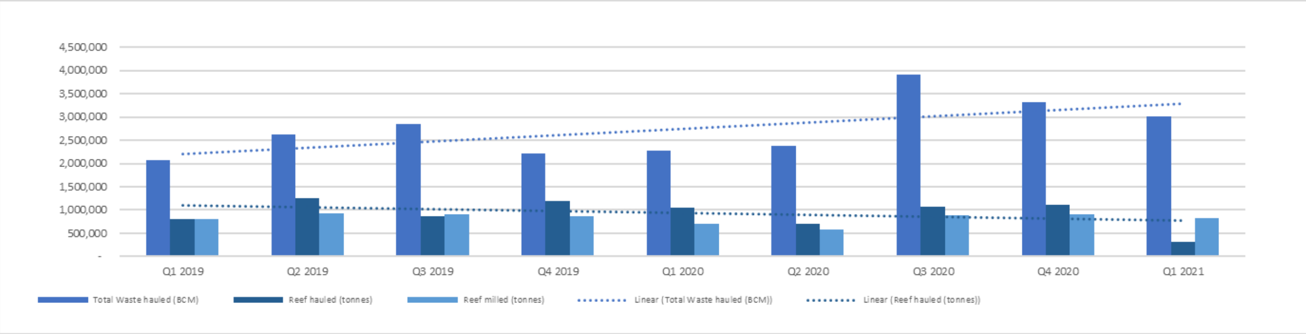
Table 2. Operational performance for the three-month period ended March 31, 2021

		For the three-months ended	
	Unit	Mar 31, 2021	Mar 31, 2020
Reef delivered to the ROM pad	Tonnes	318,392	1,060,374
Reef processed	Tonnes	862,046	758,614
Reef milled	Tonnes	830,153	712,067
Average milled head grade	g/t	1.31	1.59
Average recovery rate	%	71	71
Average recovered grade	g/t	0.87	1.14
4E ounces dispatched and sold*	Oz	23,822	26,109
4E basket price **			
- USD	USD	3,193	1,970
- ZAR	ZAR	47,773	30,125
Total revenue per 4E ounce	ZAR	60,282	31,684
Gross revenue from metal sales			
- USD	USD'000	95,800	55,737
- ZAR	ZAR'000	1,436,044	827,230

*ROM is defined as run of mine **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.

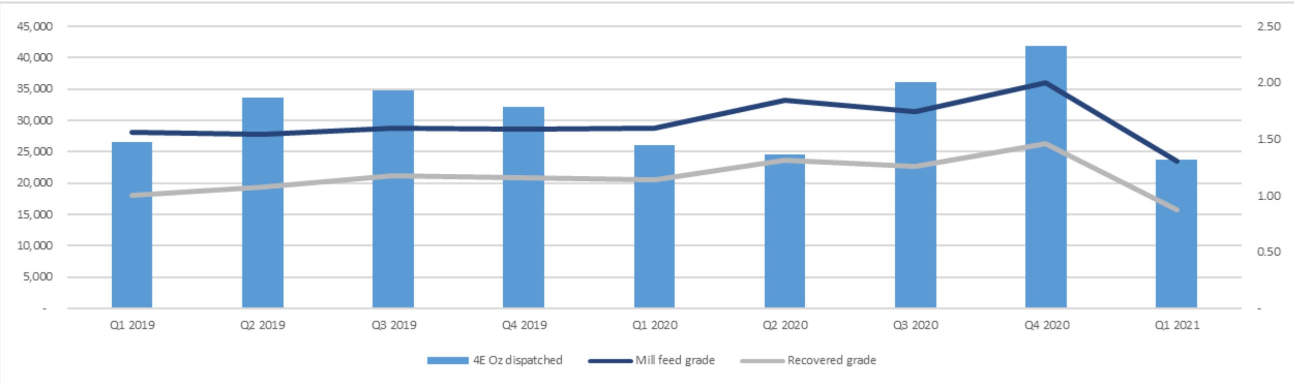
Revenue increased compared to the prior year comparative period because of an increase in the PGM basket price.

Figure 3. Production Volume



Waste- and reef hauled for the three-months ended March 31, 2021 were negatively impacted by the production days lost as a result of the inclement weather conditions, 12.5 days of production lost during the three months ended March 31, 2021 vs 7.5 days for the three-months ended March 31, 2020. Production continues to be under pressure due to limited exposed reef faces, space constraints and wet conditions in the pit. Different scenarios are continuously being explored to optimize reef extraction with the limited reef faces available.

Figure 4. Production Performance



The decline in 4E Oz dispatched was due to limited ore availability on the ROM pad, resulting in lower mill throughput. The decrease in mill feed grade was mainly due to low volumes of UG2 ore processed as well as milling of low grade DMS discard production to enable the plant to run at full capacity. Low grade DMS discard represented 22% of the volumes milled. Production from the West Pit, which is currently mined, lack flexibility which impacts on the continuous delivery of sufficient reef to the plant for processing. The current space available does not allow reef development that can provide the concentrator the material required to keep both the Merensky and UG2 stream throughput at capacity. Access to the farm Wilgespruit is key to the development of sufficient reef faces to provide more flexibility to the mining operations and sustain plant throughput.

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 USD129 thousand (ZAR1.929 million) for the quarter ended March 31, 2021. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD7.127 million (ZAR106.103 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 assuming unhindered access to the Wilgespruit property for the Magazynskraal project was completed in July 2020.

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

During the quarter ended March 31, 2021, USD62 thousand (ZAR927 thousand) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project to USD9.677 million (ZAR144.579 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

The Mphahlele Project has been placed on a reduced work program in the short term. A new feasibility study was completed in Q4 2020. The scope of the new study was to change the mining method, reduce the upfront capital investment and reduce peak funding, to enhance return on investment.

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

During the quarter ended March 31, 2021, the Company spent zero on Grootboom, keeping the cumulative expenditure to date on the project to USD2.966 million (ZAR44.318 million). In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

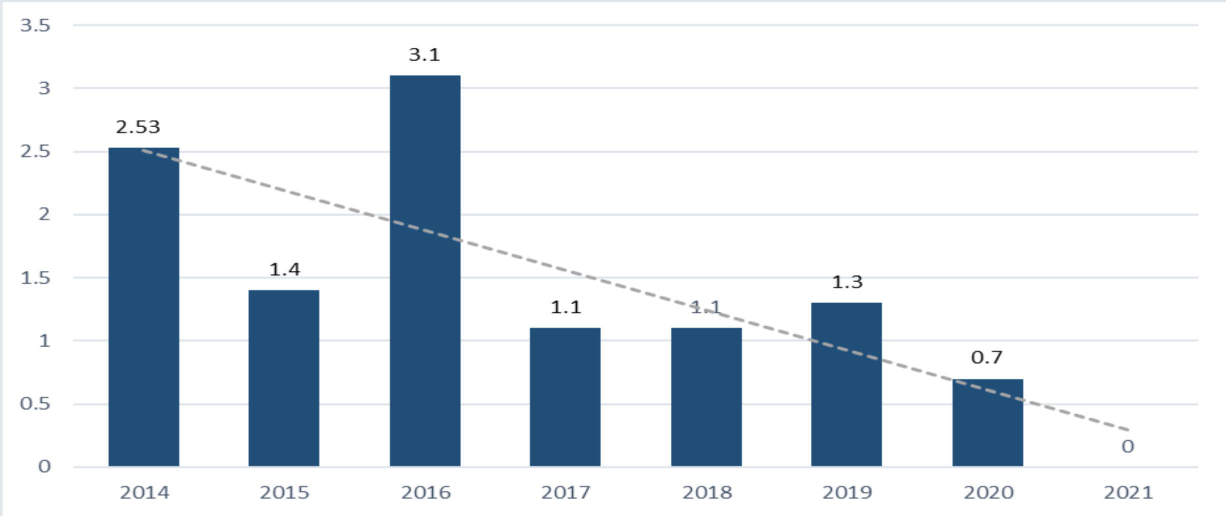
Work program

Due to the focus on achieving profitable production at PPM, this project has also been placed on a reduced work program.

2.3 Safety

The Group strives for zero harm to employees. PPM has recorded 6.16 million Fatality Free Shifts ("FFS") at March 31, 2021. 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 1,427 days without any Lost Time Injury at March 31, 2021. In addition, since 2016, PPM has managed to significantly reduce the Lost Time Injury Frequency Rate.

Figure 5. 2014 – 2021 Lost Time Injury Frequency Rate (Annual)



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, 2021, the Company had USD23.438 million (ZAR350.155 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 into a separate bank account controlled by the Group and ceded in favour of the insurance company.

The current rehabilitation provision reflects an unscheduled closure scenario where cost estimates were determined using the DMRE Master Rates, as per the requirements of the DMRE Guideline Document for the Evaluation of Quantum of Closure Related Financial Provision Provided by a Mine (January, 2005). A separate project is being conducted to align the costing with the requirements of the Financial Provision Regulations for Mine Rehabilitation and Closure promulgated on 20 November 2015 (GN R1147) under the National Environmental Management Act, No. 107 of 1998, as amended. The compliance date has been extended to June 2021. Based on transitional arrangement of GN R. 1147, mining right holders can still determine closure cost using the DMRE method of calculation.

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, 2021 the Group had USD1.749 million (ZAR26.132 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" or "Rand"), 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 3. Relevant exchange rates to the USD

	At Mar 31, 2021	Average three months ended Mar 31, 2021	At Dec 31, 2020	At Mar 31, 2020	Average three months ended Mar 31, 2020
South African Rand (USD:ZAR)	14.94	14.96	14.62	17.95	15.35

3.2 Financial condition

Table 4. Financial condition as at March 31, 2021

	As at Mar 31, 2021 USD'000	As at Dec 31, 2020 USD'000
Cash and cash equivalents	102,535	62,986
Other current assets	136,715	145,711
Total current assets	239,250	208,697
Restricted cash investments and guarantees	18,265	18,090
Other non-current assets	994,771	1,017,792
Total non-current assets	1,013,036	1,035,882
Total Assets	**1,252,286**	**1,244,579**
Current liabilities	37,821	45,753
Non-current liabilities	39,639	43,763
Total liabilities	**77,460**	**89,516**
Total shareholders' equity	1,182,084	1,162,189
Non-controlling interests	(7,258)	(7,126)
Total equity	**1,174,826**	**1,155,063**
Other information:		
Key Financial Ratios:		
Current ratio [1]	6.33	4.56
Working capital [2]	201,429	162,944
Debt/Equity ratio [3]	6.55%	7.70%

1 Current ratio = Current Assets / Current liabilities

2 Working capital = Current Assets – Current Liabilities

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

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, cash and cash equivalents 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 3-5 months.

Total assets increased by USD7.707 million during the three-months ended March 31, 2021. This movement is primarily due to:

- A decrease in total assets of USD24.332 million in presentation currency as a result of the 2% weaker Rand; and
- A USD2.536 million decrease in inventory as a result of ore stockpiles on the ROM pad utilised and not replaced by new production from the mining operation.
- A USD6.458 million decrease in trade and other receivables, a result of a 36% decrease in the ounces included in the metal pipeline; offset by
- A USD39.549 million increase in cash and cash equivalents, a result of improved cashflow from operations.

Total liabilities decreased by USD12.056 million during the three-months ended March 31, 2021. This movement is primarily due to:

- A decrease in total liabilities of USD2.014 million in presentation currency as a result of the 2% weaker Rand;
- A USD4.355 million decrease in borrowings as a result of the capital and interest repayments on the loan from the Industrial Development Corporation (IDC) of South Africa; and
- A USD5.211 million decrease in the Revolving Credit Facility ("RCF") due to zero utilisation of the credit facility, due to the improved cashflows from operations.

SPM working capital increased from USD162.944 million at December 31, 2020 to USD201.429 million at March 31, 2021 primarily because of improvement in cashflows from operations driven by higher PGM prices received in the market during the three-month period ended March 31, 2021. The Group's current ratio strengthened from a current ratio of 4.56 as at December 31, 2020 compared to a current ratio of 6.33 as at March 31, 2021. The increase in current assets is the net result of the increase in cash and cash and cash equivalents and the decrease in the RCF and long- and short term borrowings.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at March 31, 2021 the debt-to-equity ratio was 6.55% compared to a debt-to-equity ratio of 7.70% as at December 31, 2020. The decrease in debt is mainly a result of the decrease in the RCF and a decrease in borrowings due to the repayment of capital and capitalised interest on the IDC loan of USD2.778 million and USD1.660 million respectively.

3.3 Financial performance for the three-month period ended March 31, 2021

The Group recorded a net profit of USD44.830 million for the three-month period ended March 31, 2021 compared to USD15.292 million for the three-month period ended March 31, 2020.

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 strengthened by 3% from the comparative three-month period.

Table 5. Financial performance for the three-month period ended March 31, 2021

	For the three-months Ended	
	Mar 31, 2021 USD'000	Mar 31, 2020 USD'000
Revenue	**95,800**	**55,737**
Cost of operations	**(43,901)**	**(38,649)**
On mine operations	(20,003)	(16,349)
Concentrator plant operations	(11,115)	(10,961)
Beneficiation and transport	(3,257)	(3,268)
Salaries	(4,730)	(4,804)
Subtotal	*(39,105)*	*(35,382)*
Depreciation of operating assets	(1,685)	(3,448)
Change in inventories	(3,111)	181
Gross profit	**51,899**	**17,088**
Administrative and general expenses	**(6,793)**	**(4,915)**
Employee expenses	(2,422)	(2,308)
General operating expenses	(3,199)	(1,880)
Amortisation and depreciation	(136)	(225)
Consulting and professional fees	(767)	(183)
Royalty tax	(161)	(273)
Audit fees	(108)	(46)
Other income	**501**	**4,505**
Other income	57	25
Foreign exchange gain	444	4,480
Net finance cost	**(583)**	**(948)**
Finance income	980	1,386
Finance costs	(1,563)	(2,334)
Share of loss from investments accounted for using the equity method	**(194)**	**(438)**
Profit before taxation	**44,830**	**15,292**
Income tax	-	-
Profit for the period	**44,830**	**15,292**
Other Comprehensive expense:	**(25,067)**	**(216,452)**
Exchange difference on loans designated as net investments	(8,284)	61,477
Exchange difference on translation from functional to presentation currency	(16,367)	(277,643)
Movements in Other reserves	22	(511)
Other comprehensive share of investment accounted for using the equity method	(438)	225
Total comprehensive income/(expense)	**19,763**	**(201,160)**
EBITDA*	**47,234**	**19,913**

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

Revenue

The Group generated revenues of USD95.800 million based on metal sales during the three-month period ended March 31, 2021. USD87.925 million relates to 4E revenue and USD7.875 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 92% (2020: 93%) to the gross revenue earned by PPM during the three-month period ended March 31, 2021. There were no Chrome sales during the three-month period ended March 31, 2021 compared to March 31, 2020 where chrome contributed USD383 thousand.

Revenue for the three-month period ended March 31, 2021 was 72% higher than the comparative period in 2020. The net movement was a result of:

- A 59% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 9% decrease in 4E ounces dispatched; and
- A 3% stronger Rand translating into presentation currency.

The decrease in 4E ounces dispatched compared to the previous period, was the result of a 18% decrease in the average milled head grade, for the three-month period ended March 31, 2021.

Figure 6. PGM Price Evolution

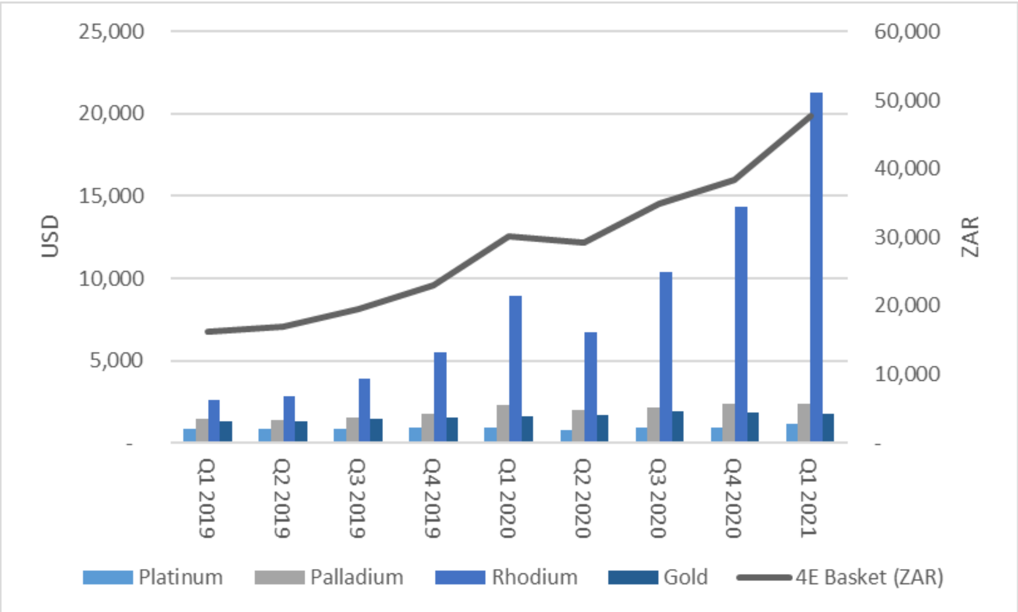
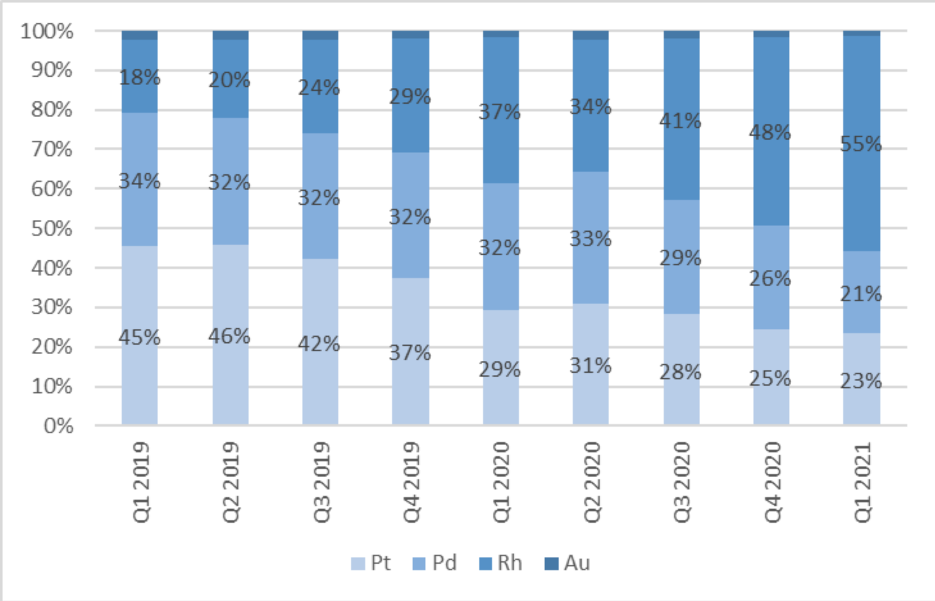


Figure 7. Metal Contribution to 4E Revenue



Cost of operations

Cost of operations totalled USD43.901 million for the three-month period ended March 31, 2021, compared to USD38.649 million for the three-month period ended March 31, 2020.

Cost of operations for the three-month period ended March 31, 2021, increased by 14%. The net movement was a result of:

- A 22% increase in mining cost and
- Most of the inventory on the ROM pad utilised in processing and not replaced; offset by
- USD1.763 million (ZAR27 million) decrease in depreciation.

The increase in mining cost for the three-month period ended March 31, 2021 was due to a 33% increase in waste hauled in the three-month period compared to the three-month period ended March 31, 2020. Decrease in depreciation was a result of an extended life of mine due to an increase in market price and good progress made in gaining access to the Wilgespruit property for the second open pit operation.

Administrative and general expenses

Administrative and general expenses totalled USD6.793 million for the three-month period ended March 31, 2021, compared to USD4.915 million for the three-month period ended March 31, 2020.

The net movement for the three-month period ended March 31, 2021 was a result of:

- An increase in consulting- and legal fees. Consulting and legal fees are ongoing and relate to the settlement of the Wilgespruit land matter, the cost incurred for the expansion plans for the operations at PPM and the SARS diesel rebate matter;
- An increase in consumable costs as a result of Covid-19 related costs which was not present in the comparative period in 2020;
- Costs incurred to relocate farmers from Wilgespruit and Lesetlheng community development implementation fees and
- The upswing in the insurance market cycle has resulted in above market inflation increases and a limit in coverage capacity offered by insurers compared to prior years.

Other expenses / income

Other expenses/income was an expense of USD0.501 million for the three-month period ended March 31, 2021, compared to an expense of USD4.505 million for the three-month period ended March 31, 2020.

Other expenses income for the three-month periods ended March 31, 2021 is as a result of foreign exchange movements in the Rand measured against the USD and Euro resulting in foreign exchange losses recorded on foreign denominated loans.

Finance income

The decrease in finance income to USD980 thousand during the three month period ended March 31, 2021, compared to USD1.386 million during the three-month period ended March 31, 2020, was a result of a 1.75% decrease in the South African prime interest rate since March 31, 2020. A change in interest terms (from South African prime interest rate to 0%) on the loan with Magalies Water who supplies water to the operations at PPM has also impacted the finance income for the quarter. This change was implemented in July 2020 combined with a zero-rate charge by Magalies Water on water use at the operations until the loan is repaid.

Finance cost

The decrease in finance cost to USD1.563 million during the three-month period ended March 31, 2021, compared to USD2.334 million during the three-month period March 31, 2020, was a result of a 1.75% decrease in the South African prime interest rate since March 31, 2020 and lower utilisation of the Investec RCF facility during 2021.

Cash flows

Cash and cash equivalents at March 31, 2021 increased to USD102.535 million from USD62.986 million at December 31, 2020. This is the result of improved cashflow from operations due to high metal prices.

Events or uncertainties during the three-month period ended March 31, 2021

Metal dispatches were 9% lower for the three-month period ended March 31, 2021, compared to the comparative 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, availability of reef faces, 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 6. Summary of quarterly results

	In accordance with IFRS							
USD'000	Mar '21	Dec '20	Sep '20	Jun '20	Mar '20	Dec '19	Sep '19	Jun '19
Revenue	95,800	99,013	83,264	39,558	55,737	51,099	54,614	40,138
Cost of operations	(43,901)	(46,095)	(43,124)	(28,345)	(38,649)	(47,861)	(48,914)	(49,746)
Gross profit/(loss)	51,899	52,918	40,140	11,213	17,088	3,238	5,700	(9,608)
Other operating cost	(6,292)	(9,487)	(6,536)	(4,382)	(410)	(6,073)	3,498	(9,802)
Net finance cost	(583)	(727)	(837)	(599)	(948)	(979)	(919)	(93)
(Loss)/profit from associate	(194)	58	(348)	(402)	(438)	(998)	(271)	(154)
Profit/(loss) before taxation	44,830	42,762	32,419	5,830	15,292	(4,812)	8,008	(19,657)
Profit/(loss) for the period	44,830	142,653	32,419	5,830	15,292	(4,832)	8,008	(19,657)
ZAR:USD	14.96	15.65	16.92	17.97	15.35	14.72	14.68	14.39

These financial statements of the Company and the Group have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("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 USD. The conversion rate for the three-months ended March 31, 2021 is 3% stronger than the rate for the period ended March 31, 2020.

5. Liquidity

5.1 Unrestricted cash

The Group had unrestricted cash and cash equivalents of USD102.535 million at March 31, 2021 (USD62.986 million at December 31, 2020). The 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 repayments in September 2020.

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 may require new funding.

5.2 Restricted cash

The Group had restricted cash investments and guarantees forming part of its non-current assets totalling USD18.265 million at March 31, 2021 (USD18.090 million at December 31, 2020). The movement in the restricted cash was a result of a monthly contribution of USD134 thousand (ZAR2 million) offset by a stronger Rand exchange rate used to convert to presentation currency. This cash is held by Rand Merchant Bank on long-term deposits and ceded in favour of Lombard Insurance. Lombard Insurance provides the Group with guarantees for both Eskom and the DMRE. The facility with Lombard is 58% cash-backed at March 31, 2021.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 7. Commitments as at March 31, 2021

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Mining costs	15,039	15,039	-	-
Open Purchase Orders	4,749	4,749	-	-
Total Contractual Obligations	**19,788**	**19,788**	**-**	**-**

6. Capital Resources

6.1 Working capital

As at March 31, 2021, SPM's total working capital was USD201.429 million (December 31, 2020: USD162.944 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD102.535 million), plus inventory (USD9.281 million) and trade and other receivables (USD127.434 million) less short term borrowings (USD14.097 million), trade payables, accrued liabilities (USD23.724 million). SPM' 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.

Investec Bank Limited ("Investec") approved a rand denominated revolving commodity finance facility of up to USD60.241 million (ZAR900 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 1.92% and is available up to March 31, 2022. The RCF has not been utilised during the three-month period ended March 31, 2021 because of the amount of cash on hand combined with a low interest environment.

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 SPM to PIC amounted to USD2.210 billion (ZAR33.012 billion) at March 31, 2021 and has been used to fund the development of PPM and the acquisition of PGM assets on the Western Limb in 2012.

There is a restriction in the IDC loan agreement limiting the advance and repayment of intercompany loans from PPM.

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, 2020. 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 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 and Dream World Investments 226 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 15 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 are prepared by an independent expert that complies with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves.

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.

Deferred taxation

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

8. Other

8.1 Off-Balance Sheet Arrangements

At March 31, 2021, the Group had USD31.644 million in guarantees to the DMRE and Eskom, of which USD18.503 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- and short-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 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, 2020 except for the adoption of the standards set out below:

- Disclosure of accounting policies – amendments to IAS 1
- Definition of accounting estimates – amendments to IAS8

These amendments did not have a material impact on the Group.

9. Outstanding share data

As at March 31, 2021, 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

While there continues to be a delay in the mining of Wilgespruit due to concerns raised by local communities, great progress has been made. 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 Mineral and Petroleum Resources Development Act, 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 and an Addendum was signed on June 6, 2020. A relocation plan has been compiled that includes moving farmers temporarily, identifying an alternative farm for permanent relocation; and engaging on other salient terms in the Settlement Agreement. In addition, PPM has engaged the DMRE for assistance in finalising the relocation process.

The relocation plan is currently being implemented, the alternative farms have been procured and the DMRE has engaged the remaining farmers. We anticipate commencing mining activities in Q3 2021.

Diesel rebates

The matter is currently the subject of litigation between the South African Revenue Services ("SARS") and PPM on periods claimed since April 2008. PPM has submitted a total of USD28.715 million (ZAR429 million), with USD27.443 million (ZAR410 million) outstanding from SARS, at March 31, 2021. USD4.150 million (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 has in the past put significant strain on the Group's liquidity position. The current positive PGM market prices much improved the Group's liquidity position over the past 18 months.

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, 2021. 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, 2020, or during the three-month period ended March 31, 2021, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.