Sedibelo
Platinum Mines Ltd

SEDIBELO PLATINUM MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX-MONTHS ENDED JUNE 30, 2020

September 30, 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 and six months ended June 30, 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; future operations; the Covid-19 issues currently occurring; the resolution of current litigation and the timing and completion of bankable feasibility engineering studies for the , Magazynskraal and Mphahlele projects.

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 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.

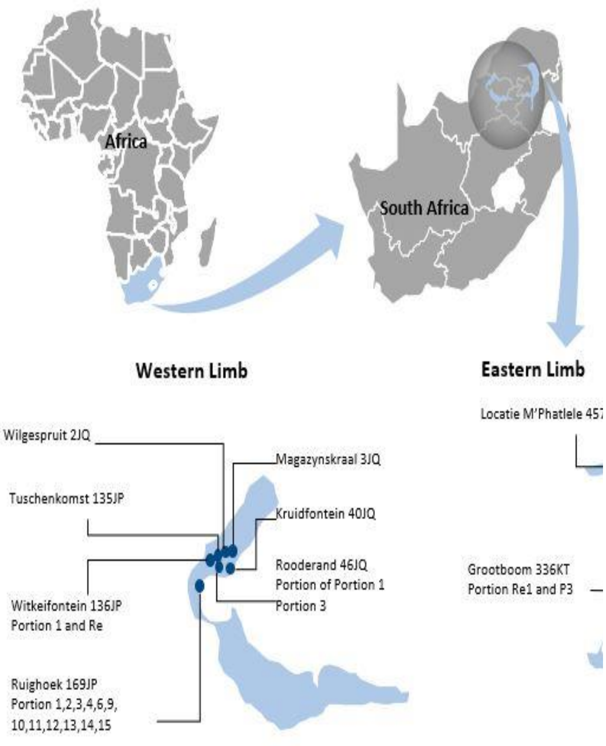
PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation, and manages the PGM concentrator and chromite plant.

PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") during Q2 in 2019. During the six-months ended June 30, 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.



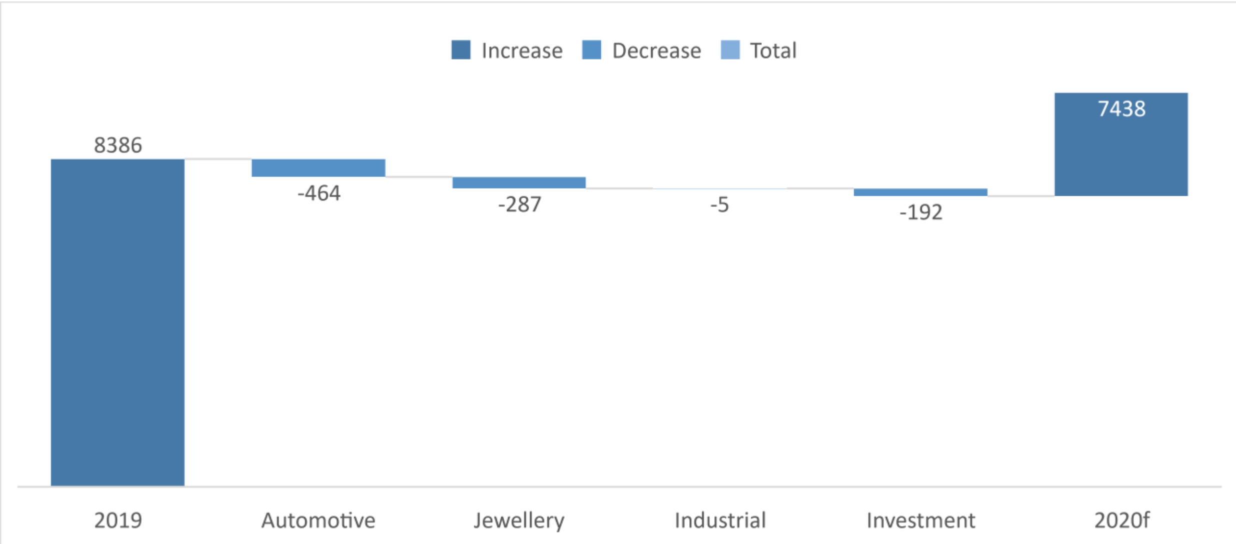
Market trends and outlook

The six-month period ended June 30, 2020 experienced very volatile PGM prices as the COVID-19 pandemic hit both the demand and supply sides of the PGM markets. The US dollar platinum price ended at USD814 per ounce for the six-month period ended June 30, 2020, almost unchanged year on year (2019: USD818 per ounce), but down from USD981 per ounce at the start of 2020 – and having traded in a range from above USD1,000 per ounce to below USD600 per ounce at various times during the period. The palladium price was firm, ending the six-month period ended June 30,2020 at USD1,905 per ounce, 25% higher year on year (2019: USD1,524 per ounce), and little changed from the 2019 yearend of USD1,920 per ounce. Although during the financial period under review the price at times had been higher, setting a new all-time high of USD2,795 per ounce on February 27, 2020, it also hit a low of USD1,557 per ounce on March 16, 2020. Rhodium was again exceptionally strong, closing June 30, 2020 at USD8,000 per ounce, 139% higher year on year (2019: USD3,350 per ounce). It too, set a record high, reaching nearly USD14,000 per ounce on March 10, 2020. In dollar terms, the average realised basket price was 56% higher year on year at USD1,956 per PGM ounce (2019: USD1,255 per ounce).

The COVID-19 pandemic and unprecedented government responses worldwide, including widespread lockdowns, had a significant impact on both the supply and demand for PGMs in the six-month period ended June 30, 2020. While the early stages of recovery are underway in many geographic regions, there remains a great deal of uncertainty, with limited visibility beyond a few months, leading to what is likely to be a significant impact for some time to come.

World Platinum Investment Council ("WPIC") forecasts in 2020 total platinum demand to be 11% 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.

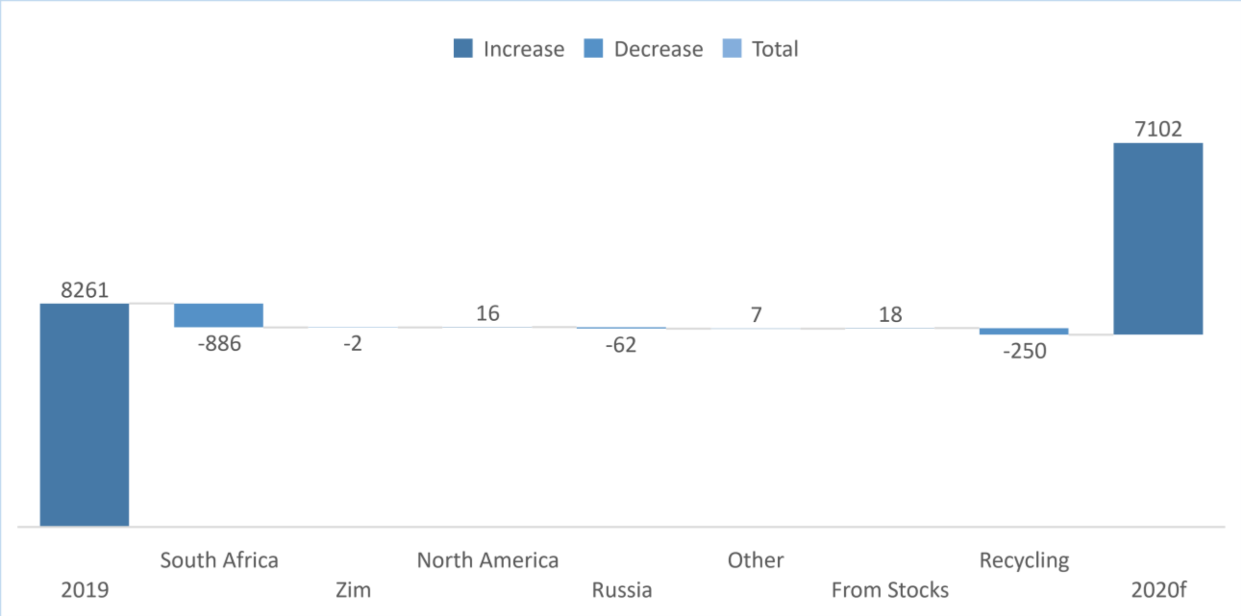
Figure 1. Total annual demand and annual change (koz)



The impact of the ongoing COVID-19 pandemic continued to unfold through the second quarter of 2020, as government lockdown measures to limit the spread of the virus prompted sharp contractions in global economic activity and heightened market volatility. Platinum market demand and supply have both been significantly reduced year-on-year by the impact of the pandemic. However, due in part to supply issues unrelated to the pandemic, plus the robust nature of physical investment demand, the potential effects of the pandemic on platinum's market balance are far less negative than previously expected. Forecasts of platinum's supply and demand, in particular, are likely to be subject to change over the balance of the year. Changes will depend on the timing of, and extent to which, lockdown measures are wound back, the likelihood and implication of second waves of infections, progress towards effective vaccines, and lastly, the longer-term implications of governments economic policy responses to the pandemic.

Total mining supply in 2020 is forecast to fall 14% below that in 2019. Over 95% 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 886 koz from 2019 with 550 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.

Figure 2. Total annual supply and annual change (koz)



Source: WPIC "Platinum Quarterly, Q2 2020"

1.3 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 and six-month periods ended June 30, 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 topsoil 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

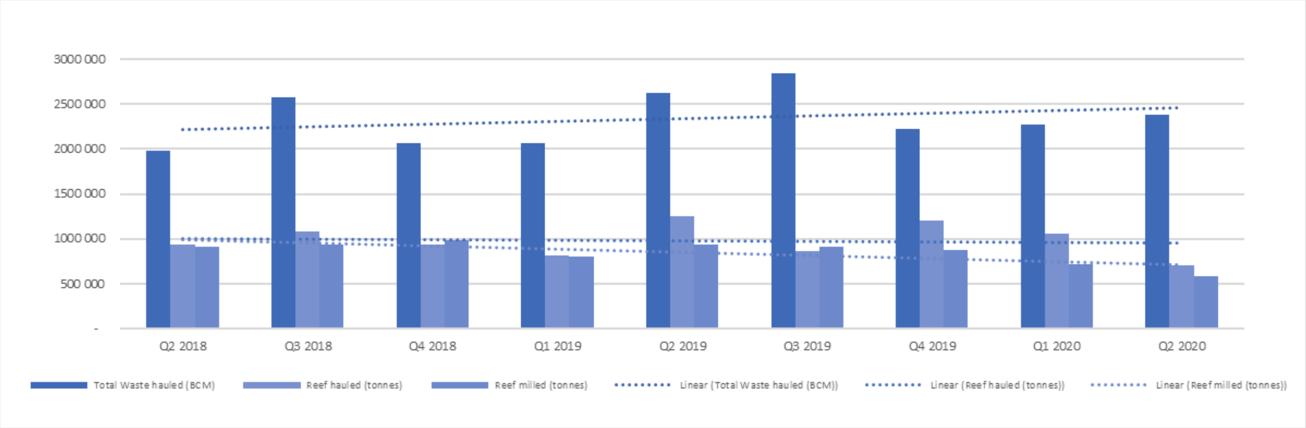
Table 1. Operational performance during the three and six-month periods ended June 30, 2020

		For the three months ended		For the six months ended	
	Unit	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Reef delivered to the ROM pad	Tonnes	706,979	1,246,497	1,767,353	2,055,174
Reef processed	Tonnes	662,320	1,030,369	1,420,934	1,881,307
Reef milled	Tonnes	583,969	933,912	1,296,036	1,733,775
Average milled head grade	g/t	1.84	1.54	1.69	1.55
Average recovery rate	%	67	70	69	67
Average recovered grade	g/t	1.31	1.08	1.21	1.04
4E ounces dispatched and sold*	Oz	24,583	33,681	50,692	60,215
4E basket price **					
- USD	USD	1,628	1,173	1,799	1,163
- ZAR	ZAR	29,182	16,876	29,653	16,515
Total revenue per 4E ounce	ZAR	28,311	16,851	30,048	17,938
Gross revenue from metal sales					
- USD	USD'000	39,558	40,138	95,295	75,624
- ZAR	ZAR'000	695,977	567,528	1,523,207	1,080,129

*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 over the three and six-month periods ending June 30, 2020, resulted in an increase in revenue measured in ZAR, compared to the prior year comparative periods.

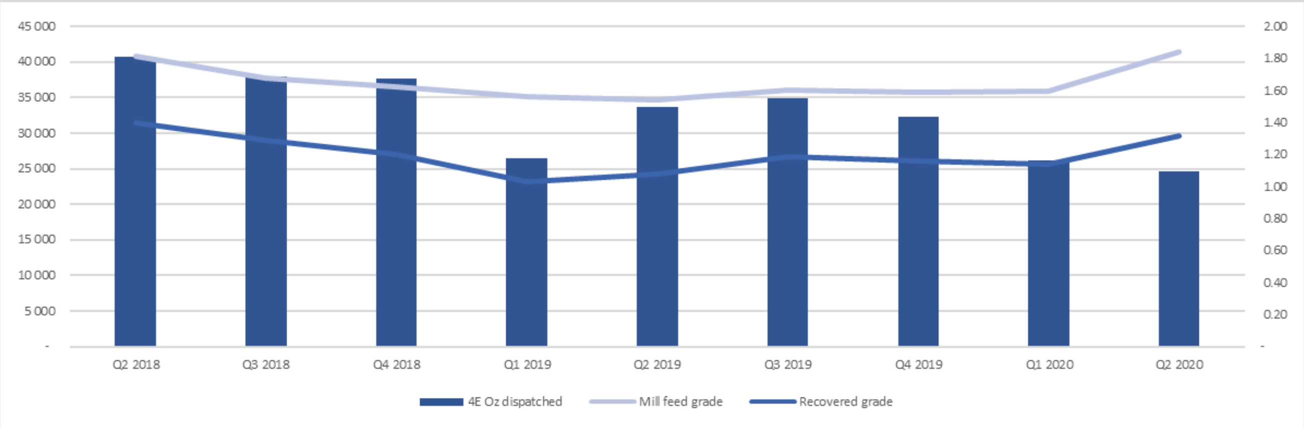
Figure 3. Production Volume



No production was recorded in the month of April 2020 due to the National lockdown that was instituted on March 26, 2020. Mining operations resumed production during the last week of April, whereas the concentrator resumed operations on May 5, 2020, due to the force majeure imposed by the Impala Smelter. Please refer to paragraph 10.3 on more information regarding the impact of COVID-19 on the operations during the three and six-month period ended June 30, 2020.

There is a clear plan to improve waste stripping that will support required reef volumes to the plant. Higher mining volumes can be expected during Q3 and Q4 of 2020. Mining operations on Wilgespruit (East Pit) should improve flexibility in the pit. The current mining plan is being revised due to the delayed start-up of Wilgespruit.

Figure 4. Production Performance



The reduced milling volumes during Q2 of 2020 impacted the 4E ounces dispatched negatively despite the improved feed grade compared to Q1 of 2020. The concentrator did not operate during the period of National lockdown and lost 35 production days.

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 USD214 thousand (ZAR3.574 million) for the quarter ended June 30, 2020. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD5.619 million (ZAR97.219 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 has been completed in July 2020.

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

During the quarter ended June 30, 2020, a total of USD128 thousand (ZAR2.138 million) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project by the Group to USD7.957 million (ZAR137.644 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 and is expected to be completed in Q3 of 2020. 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 June 30, 2020, the Company spent zero on Grootboom, keeping the cumulative expenditure to date on the project to USD2.560 million (ZAR44.284 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)

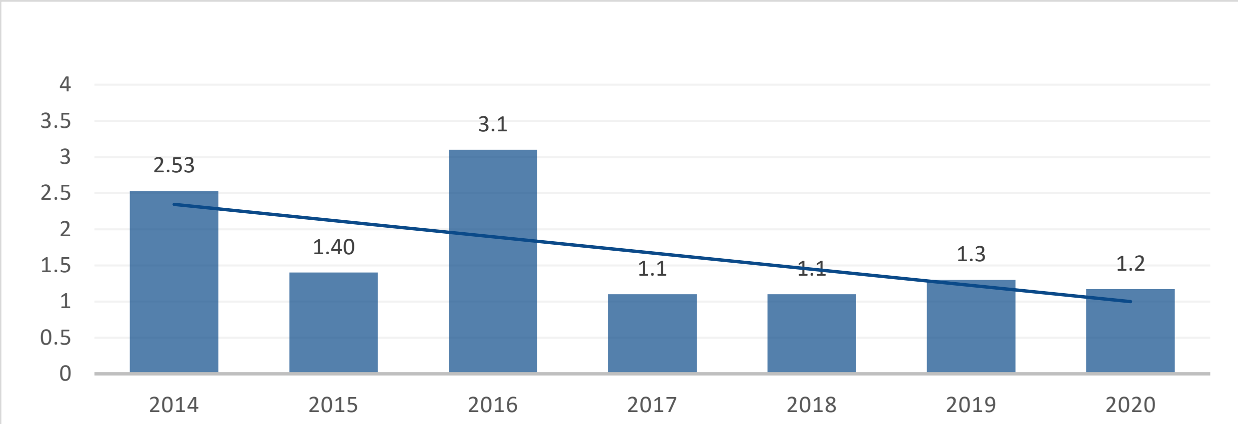
Lonmin Plc (now part of the Sibanye-Stillwater) was the operator of the Loskop Project and acquired its 50% interest in the joint venture in August 2006 and expenditure since then has been shared on a 50/50 basis. The Group’s interest in the Loskop project was 23.5%, with Lonmin holding a 50% interest (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 ZAR3.941 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 5.8 million Fatality Free Shifts ("FFS") at the end of June 30, 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 1,155 days without any Lost Time Injury ("LTI") at the end of June 2020. In addition, since 2016, PPM has managed to significantly reduce the Lost Time Injury Frequency Rate ("LTIFR").

Figure 5. 2014 – 2020 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 June 30, 2020, the Company had USD20.241 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 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 June 30, 2020 the Group had USD1.511 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"), 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 Jun 30, 2020	Average six months ended Jun 30, 2020	Average three months ended Jun 30, 2020	At Dec 31, 2019	Average six months ended Jun 30, 2019	Average three months ended Jun 30, 2019
South African Rand (USD:ZAR)	17.30	16.66	17.97	14.12	14.20	14.39

3.2 Financial condition

Table 3. Financial condition for the six-months ended June 30, 2020

	As at Jun 30, 2020 USD'000	As at Dec 31, 2019 USD'000
Cash and cash equivalents	47,443	43,393
Other current assets	64,614	79,848
Total current assets	112,057	123,241
Restricted cash investments and guarantees	14,143	15,885
Other non-current assets	782,212	961,144
Total non-current assets	796,355	977,029
Total Assets	**908,412**	**1,100,270**
Current liabilities	40,197	56,825
Non-current liabilities	48,504	58,806
Total liabilities	**88,701**	**115,631**
Total shareholders' equity	826,596	991,247
Non-controlling interests	(6,885)	(6,608)
Total equity	**819,711**	**984,639**
Other information:		
Key Financial Ratios:		
Current ratio [1]	2.79	2.17
Working capital [2]	71,859	66,417
Debt/Equity ratio [3]	10.73%	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 June 30, 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 June 30, 2020 weakened by 23% from the spot price at December 31, 2019. This resulted in a material decrease to all balances at June 30, 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 USD191.858 million during the six-months ended June 30, 2020. This movement is primarily due to:

- A decrease in total assets of USD204.671 million in presentation currency as a result of the weaker ZAR; offset by
- A USD3.261 million increase in trade and other receivables as a result of a higher PGM sales pipeline due to the increased sales value; and
- Additions totalling USD2.329 million to fixed assets.

Total liabilities decreased by USD26.930 million during the six-months ended June 30, 2020. The decrease is primarily due to:

- A decrease in total liabilities of USD22.870 million in presentation currency as a result of the weaker ZAR and
- A decrease of 67% in ZAR terms in the Revolving Credit Facility ("RCF"). No ounces were dispatched from March 25, 2020 to April 30, 2020, (whilst the mine was under care and maintenance due to the national lockdown) resulting that no draw down was made during this period whilst settlements for the previous periods were still intact.

SPM working capital increased from USD66.417 million at December 31, 2019 to USD71.859 million at June 30, 2020 primarily due to a USD4.051 million increase in cash and cash equivalents since December 31, 2019 (USD12.591 net of foreign exchange translation differences). The Group's current ratio strengthened from a current ratio of 2.17 as at December 31, 2019 compared to a current ratio of 2.79 as at June 30, 2020, due to the increase in PGM revenue from higher PGM prices recorded in Q1 and Q2 of 2020.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at June 30, 2020 the debt-to-equity ratio was 10.73% compared to a debt-to-equity ratio of 11.67% as at December 31, 2019. The decrease in debt is a result of the decrease in the RCF with no draw downs made during the national lockdown period.

3.3 Financial performance for the three and six-month periods ended June 30, 2020

The Group recorded a net profit of USD5.830 million and USD21.122 million for the three and six-month periods ended June 30, 2020 compared to a net loss of USD19.657 million and USD32.603 million for the three and six-month periods ended June 30, 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 25% and 17% from the comparative three and six-month periods.

Table 4. Financial performance for the three and six-month period ended June 30, 2020

	For the three-months ended		For the six-months ended	
	Jun 30, 2020 USD'000	Jun 30, 2019 USD'000	Jun 30, 2020 USD'000	Jun 30, 2019 USD'000
Revenue	**39,558**	**40,138**	**95,295**	**75,624**
Cost of operations	**(28,345)**	**(49,746)**	**(66,994)**	**(89,896)**
On mine operations	(13,004)	(17,929)	(29,353)	(32,786)
Concentrator plant operations	(7,514)	(12,497)	(18,475)	(23,521)
Beneficiation and transport	(2,193)	(3,989)	(5,461)	(7,068)
Salaries	(3,712)	(4,269)	(8,515)	(8,496)
Subtotal	*(26,423)*	*(38,684)*	*(61,804)*	*(71,871)*
Depreciation of operating assets	(2,289)	(10,717)	(5,737)	(18,707)
Change in inventories	367	(345)	547	682
Gross profit/(loss)	**11,213**	**(9,608)**	**28,301**	**(14,272)**
Administrative and general expenses	**(4,072)**	**(5,055)**	**(8,987)**	**(10,659)**
Employee expenses	(1,059)	(1,157)	(3,315)	(3,797)
General operating expenses	(2,000)	(3,025)	(3,879)	(5,362)
Amortisation and depreciation	(149)	(305)	(374)	(591)
Consulting and professional fees	(427)	(187)	(610)	(279)
Royalty tax	(222)	(178)	(495)	(398)
Carbon tax	(45)	-	(97)	-
Audit fees	(170)	(203)	(217)	(230)
Other (expenses)/income	**(310)**	**(4,747)**	**4,195**	**(6,907)**
Other income	55	938	80	835
Foreign exchange (loss)/income	(365)	(5,685)	4,115	(7,742)
Net finance cost	**(599)**	**(93)**	**(1,547)**	**(523)**
Finance income	1,057	2,080	2,443	4,038
Finance costs	(1,656)	(2,173)	(3,990)	(4,561)
Share of loss from investments accounted for using the equity method	**(402)**	**(154)**	**(840)**	**(242)**
Profit/(Loss) before taxation	**5,830**	**(19,657)**	**21,122**	**(32,603)**
Income tax	-	-	-	-
Profit/(Loss) for the period	**5,830**	**(19,657)**	**21,122**	**(32,603)**
Other comprehensive income/(loss)	**29,825**	**33,982**	**(186,050)**	**25,849**
Exchange difference on loans designated as net investments	(7,691)	-	54,363	-
Exchange difference on translation from functional to presentation currency	37,515	34,346	(240,128)	25,865
Other comprehensive share of investment accounted for using the equity method	32	(335)	(479)	2
Movements in Other reserves	(31)	(29)	194	(18)
Total comprehensive income/(loss)	**35,655**	**14,325**	**(164,928)**	**(6,754)**
EBITDA*	**8,867**	**(8,543)**	**28,780**	**(12,783)**

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

Revenue

The Group generated revenues of USD39.558 million and USD95.295 million based on metal sales during the three and six-month periods ended June 30, 2020. Of this USD36.205 million and USD87.963 million relates to 4E revenue and USD3.353 million and USD7.332 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% and 92% (2019: 90% and 89%) to the gross revenue earned by PPM during the three and six-month periods ended June 30, 2020. Chrome contributed USD196 thousand and USD579 thousand to revenue during the three and six-month periods ended June 30, 2020 compared to June 30, 2019 where chrome contributed USD680 thousand and USD1.583 million respectively.

Revenue for the three-month period ended June 30, 2020 was 1% lower than the comparative period in 2019. The net movement was a result of:

- A 25% weaker Rand for translating into presentation currency; and
- A 27% decrease in 4E ounces dispatched; offset by:
- An 73% increase in the average ZAR 4E basket price year-on-year, translating to a 20% increase in ZAR revenue.

Revenue for the six-month period ended June 30, 2019, increased by 26% from the comparative period in 2019. This increase was the net result of:

- An 80% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 17% weaker Rand for translating into presentation currency; and
- A 16% decrease in 4E ounces dispatched.

The decrease in 4E ounces dispatched for the three and six-month periods compared to the previous periods, was the result of production lost (35 days) during national lockdown period in South Africa when the operations were placed on care and maintenance or still ramping up after the lockdown period as well as a 20% and 9% decrease in the average milled head grade, for the respective periods.

Cost of operations

Cost of operations totalled USD28.345 million and USD66.994 million for the three and six-month periods ended June 30, 2020, compared to USD49.746 million and USD89.896 million for the three and six-month periods ended June 30, 2019.

The decrease for the three and six-month periods ended June 30, 2020, measured in presentation currency, was the result of no production whilst the mine was under care and maintenance from March 26, 2020 to April 27, 2020. During the care and maintenance period there was zero production and only fixed cost including full labour cost was incurred. USD8.425 million and USD12.967 million of the decrease for the three and six-month periods is due to a decrease in depreciation which is production based.

Administrative and general expenses

Administrative and general expenses totalled USD4.072 million and USD8.987 million for the three and six-month periods ended June 30, 2020, compared to USD5.055 million and USD10.659 million for the three and six-month periods ended June 30, 2019.

The decrease for the three and six-month periods ended June 30, 2020, measured in presentation currency, was mainly due to a weaker Rand exchange rate used to convert to presentation currency and a 3% and 5% decrease in general operating expenditure for the three and six-month periods ended June 30, 2019 due to certain variable costs not incurred during the care and maintenance period.

Other expenses/income

Other expenses/income was an expense of USD310 thousand and an income of USD4.195 million for the three and six-month periods ended June 30, 2020, compared to an expense of USD4.747 million and USD6.907 million for the three and six-month periods ended June 30, 2019. The movement is as a result of a foreign exchange movements.

Finance income

The decrease in finance income to USD1.057 million and USD2.443 million during the three and six-month periods ended June 30, 2020, compared to USD2.080 million and USD4.038 million during the three and six-month periods ended June 30, 2019, was a result of a weaker Rand exchange rate used to convert to presentation currency, a decrease of 2.75% in the prime interest rate since December 31, 2019 and a ZAR10 million finance income recognised in 2019 on a credit note received from Eskom.

Finance cost

The decrease in finance cost to USD1.656 million and USD3.991 million during the three and six-month periods ended June 30, 2020, compared to USD2.173 million and USD4.561 million during the three and six-month periods ended June 30, 2019, was a result of a weaker Rand exchange rate used to convert to presentation currency and a decrease of 2.75% in the prime interest rate since December 31, 2019.

Cash flows

Cash and cash equivalents at June 30, 2020 increased to USD47.443 million from USD43.393 million 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. The increase in cash net of foreign exchange losses is USD650 thousand and USD12.591 million for the three and six-month periods ended June 30, 2020.

Events or uncertainties during the three and six-month period ended June 30, 2020

Metal dispatches were 27% and 16% lower for the three and six-month periods ended June 30, 2020 compared to the prior year period. The metal dispatches were negatively affected by COVID-19 and the national lockdown response to the pandemic which resulted into 35 days of production lost. 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

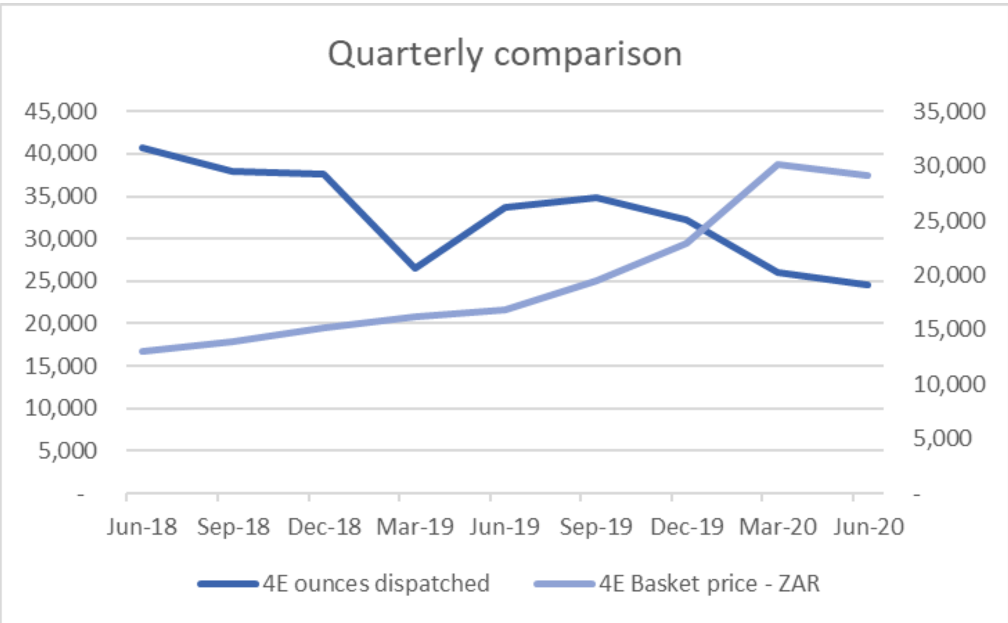
Table 5. Summary of quarterly results

	In accordance with IFRS							
USD'000	Jun '20	Mar '20	Dec '19	Sep '19	Jun '19	Mar '19	Dec '18	Sep '18
Revenue	39,558	55,737	51,099	54,614	40,138	35,488	42,844	45,362
Cost of operations	(28,345)	(38,649)	(47,861)	(48,914)	(49,746)	(40,150)	(48,315)	(48,933)
Gross profit/(loss)	11,213	17,088	3,238	5,700	(9,608)	(4,662)	(5,471)	(3,571)
Other operating (cost)/ Income	(4,382)	(410)	(6,073)	3,498	(9,802)	(7,762)	385	177
Net finance (cost)/ Income	(599)	(948)	(979)	(919)	(93)	(430)	(1,052)	1,305
(Loss)/profit from associate	(402)	(438)	(998)	(271)	(154)	(89)	(848)	7
Profit/(loss) before taxation	5,830	15,292	(4,812)	8,008	(19,657)	(12,943)	(6,986)	(2,082)
Profit/(loss) for the period	5,830	15,292	(4,832)	8,008	(19,657)	(12,943)	(6,986)	(2,082)
ZAR:USD	17.97	15.35	14.72	14.68	14.39	14.01	14.27	14.10

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 June 30, 2020 is 25% weaker than the rate for the period ended June 30, 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 USD47.443 million at June 30, 2020 (USD43.393 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.

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 USD14.143 million at June 30, 2020 (USD15.885 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 USD120 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 52% cash-backed at June 30, 2020.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 6. Commitments as at June 30, 2020

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Employee entitlements [(1)]	1,564	1,564	-	-
Asset Retirement Obligation [(2)]	19,013	-	-	19,013
Mining costs [(3)]	14,703	14,703	-	-
Loan from IDC	37,791	12,597	25,194	-
Open Purchase Orders	5,512	5,512	-	-
Total Contractual Obligations	**78,583**	**34,376**	**25,194**	**19,013**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.
(2) The amount of USD19.013 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 June 30, 2020, Sedibelo Platinum Mines' total working capital was USD71.859 million (December 31, 2019: USD66.416 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD47.443 million), plus inventory (USD8.471 million) and trade and other receivables (USD56.143 million) less short term borrowings (USD12.597 million), trade payables and accrued liabilities (USD22.203 million) and less the revolving commodity facility balance (USD5.397 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 USD1.65 billion (ZAR28.51 billion) at June 30, 2020 and has been used to fund the development of PPM and for 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, 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 June 30, 2020, the Group had USD27.337 million in guarantees to the DMRE and Eskom, of which USD14.143 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:

- 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.

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

9. Outstanding share data

As at June 30, 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 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. PPM and the community are working together to implement the agreement and the addendum. 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.

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. USD23.01 million (ZAR398 million) is outstanding from SARS at June 30, 2020 owing to PPM and USD3.58 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, 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 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 State President of South Africa announced a National lockdown for the Republic of South Africa from midnight Thursday March 26, 2020 and all South Africans were required to "stay at home".

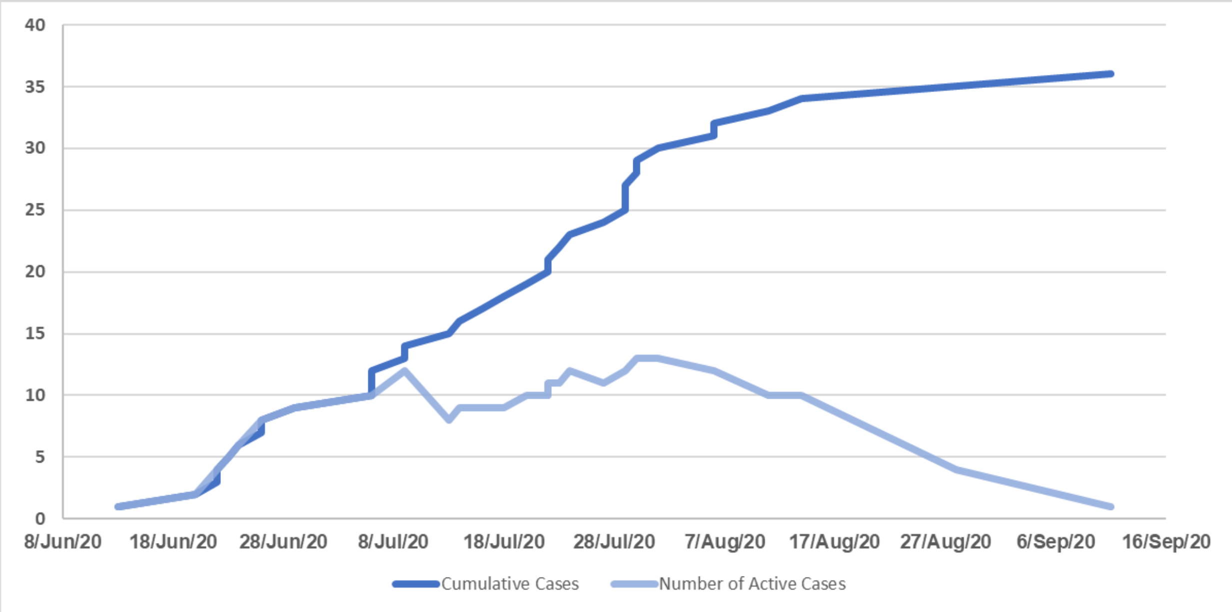
PPM implemented a care and maintenance program during the initial lockdown period (March 26, 2020 – April 16, 2020). On April 16, 2020, the regulations issued in terms of the Disaster Management Act ("DMA") were amended and included a provision that mining operations were permitted to restart at a reduced capacity of not more than 50%, and thereafter, at increased capacity as determined by the Minister of Mineral Resources and Energy. PPM followed a staggered approach of returning its labour force to work, in order to adhere to the provisions of the relevant regulatory requirements issued to ensure that all employees return to work safely.

While only 50% of PPM's labour force were permitted to return to their duties, PPM continued to screen and induct the rest of its labour force to ensure that they were available to return to work, should the need arise. On April 24, 2020, PPM commenced with maintenance processes at its concentrator. Production ramp-up commenced on April 27, 2020 at its mining operations and the concentrator commenced production on May 5, 2020.

On April 29, 2020 the South African Government published the amended DMA Regulations which allowed for open pit mining operations to resume at 100% of their labour capacity. Thereafter, PPM resumed operations by returning the remaining 50% of its workforce and completed the process by May 5, 2020.

To date, PPM has managed to isolate people that have tested positive before infecting anyone at its operations. People are also working in smaller teams to limit the impact of infection. The number of active cases is declining.

Figure 7. PPM COVID-19 cases



The estimated impact from COVID-19 for the three and six-month period ended June 30, 2020 is approximately 16,509 4E ounces lost at an estimated cost of USD14 million. USD209 thousand COVID-19 specific cost was incurred during the six-month period ended June 30, 2020.

Table 7. Summary of COVID-19 impact

	Unit	Mar'20	Apr'20	May'20
Concentrator days lost	Days	7	30	5
Ounces lost*	4E Ounces	2,610	11,862	2,037
Revenue lost*	USD'000	4,276	17,653	3,028
Variable cost not incurred*	USD'000	1,954	7,528	1,372
Covid-19 expenses incurred*	USD'000	27	82	36
Net impact on Profit*	USD'000	(2,349)	(10,207)	(1,692)

**Estimated based on annual plan.*

The key factors relating to COVID-19 that could in future still have a significant impact on the Group 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 six-months ended June 30, 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 December 31, 2019 or during the six-month period ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.