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, 2021

August 30, 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 and six months ended June 30, 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 among 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; and 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 per 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 breakdowns; 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 ("USD") relative to the South African rand ("ZAR"); 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 registered in Guernsey. 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 (“PGMs”) 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.

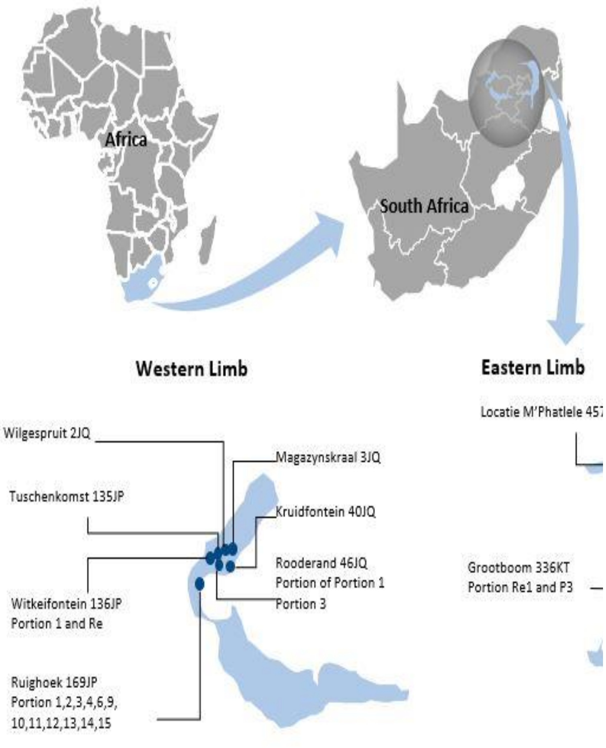
PPM management supervises contractors specialising in drilling, blasting and run of mine ore preparation, the load and haul contractor, and manages the PGM concentrator and chromite plant. The Group’s principal focus is to maximise profitable metal output from the concentrator.

PPM renewed an exclusive three year offtake agreement with Impala Platinum Limited (“Impala”) in Q2 2019. During the three and six months ended June 30, 2021, PGM concentrate was sold via this contract to produce platinum, palladium, rhodium, and gold (collectively referred to as “4E”), plus iridium, ruthenium, copper and nickel.

The consolidation of PGM mineral rights on the farms Tuschenkomst 135JP, Wilgespruit 2JQ and Magazynskraal 3JQ, created a single block of mineral rights.

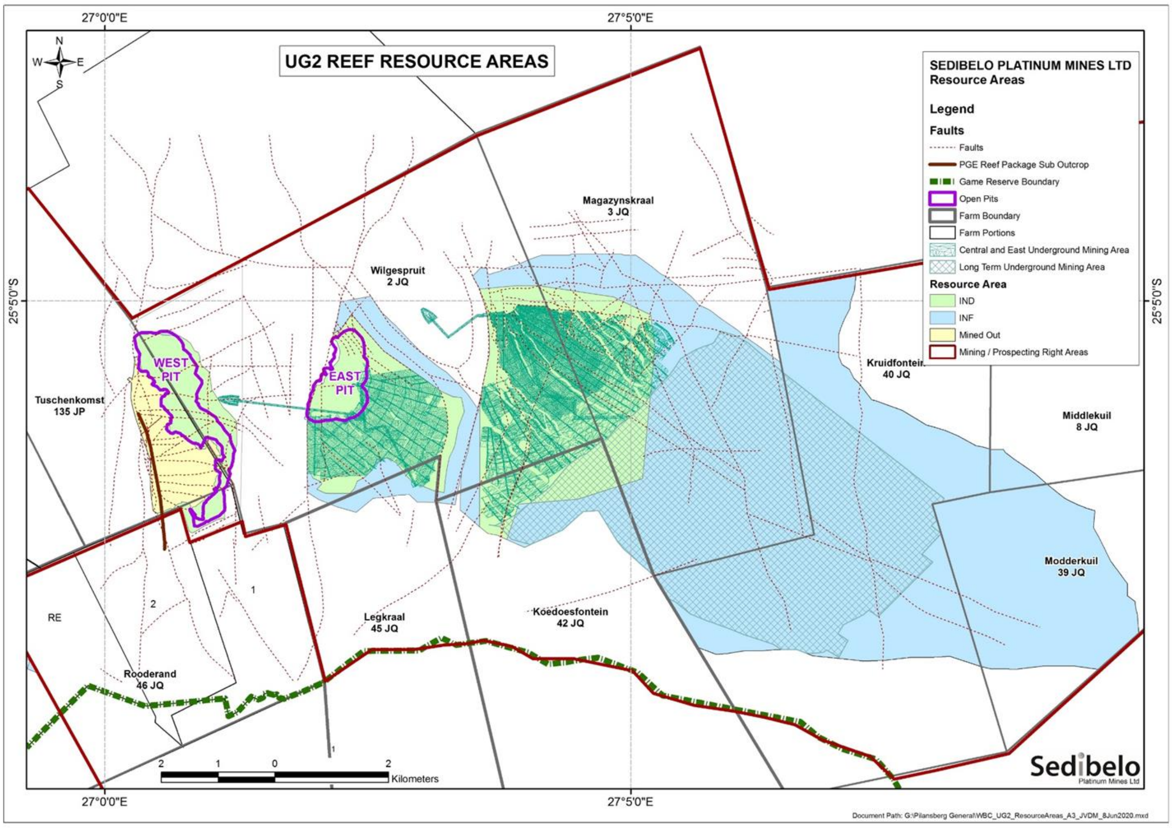
At December 31, 2020, the block of mineral rights on the Western Limb comprised 19.1 million 4E PGM Measured & Indicated Resource ounces and 45.7 million 4E PGM Inferred Resource ounces. These ounces will be developed with new mining infrastructure, utilising the current processing infrastructure at PPM to extract both PGMs and chromite. Surface and shallow underground mining provide embedded cost advantages.

The Group also holds valuable interests in PGM deposits on the Eastern Limb of the Bushveld Complex through its development project namely, Mphahlele; comprising of 6.8 million 4E PGM Measured & Indicated Resource ounces and 8.9 million 4E PGM Inferred Resource ounces at December 31, 2021.



1.3 Future development

Figure 1. Sedibelo Platinum Mines development areas



Sedibelo East Pit

The farm Wilgespruit 2JQ is adjacent to the current West Pit operations. The Sedibelo East Pit will be developed and operated as a second open pit with the current West Pit operations. The current life of mine (“LoM”) from the Sedibelo East pit is expected to be at least ten (10) years.

PPM has scheduled to commence mining operations at the East Pit (the farm Wilgespruit 2JQ) during the latter half of 2021. This was contingent on procuring alternative farming land for community relocation, as this will provide access to the mining area.

The tender processes to appoint contractors for the drilling, and load and haul, mining operations have commenced and will be concluded once access to the mining area has been obtained. The current mine plan anticipates the production of reef from this area within twelve (12) months after mining commences.

Sedibelo East-Magazynskraal underground project (“Sedibelo Underground”)

The development of the Sedibelo Underground project was approved in December 2020. The development is based on the Bankable Feasibility study completed in July 2020. This study was designed with the objective of minimising capital requirements to first production. The East Block, which has the least structural complexity, will be mined first. This will allow for lower initial capital requirements and quicker realisation of cashflows by mining the higher-grade orebody first. The existing concentrator plant will be used to process the reef. This will require minimal reconfiguration of the concentrator plant and will significantly reduce the capital requirements and project timeline.

Tender enquiries to appoint an engineering-, procurement-, construction-, and mining contractor for the project have been completed. The tender adjudication process is scheduled to commence in September 2021, with the appointment of contractors by the end of Q4 2021. Implementing the detailed designs will commence thereafter.

Kell project

The Kell Process is a patented hydrometallurgical process of four basic sequential steps, all of which are well-proven and commonly used in the metallurgical industry. The process provides high recoveries of base and precious metals. The development of a KellPlant at PPM is an opportunity for SPM to spearhead the introduction of greener processing technology to the market. A 110Ktpa capacity KellPlant is planned for construction on the PPM site. Concentrate will be supplied to this plant from the Western Limb operations (open pit and underground).

Construction of the KellPlant will take an estimated twenty-four (24) months and will commence after financing arrangements are concluded. Detailed design and engineering work for the plant commenced in July 2021.

1.4 Market trends and outlook

Platinum prices are forecast to rise steadily as improving global growth drives demand for the metal in vehicle, industrial and jewellery applications, and outpaces increasing supply.

The demand for autocatalysts, which require platinum, should improve as semiconductor supply shortages ease, and global vehicle sales continue to recover – especially in the US and EU where sales remain below 2019 levels. Demand growth should find further support by the substitution of palladium for platinum in petrol vehicles as emission standards are tightened in major markets. In particular, the implementation of China VI emissions standards for commercial vehicles should boost demand as they will require platinum-rich catalysts in large trucks, including diesel vehicles. Jewellery demand should rise as sales recover in major regions, especially in India as their second Covid-19 wave abates and pent-up demand related to deferred weddings boost sales in the near term.

The application of platinum in key technologies supporting the zero-emissions hydrogen economy – electrolysers and fuel cells – will release investment demand for platinum over the longer term.

Mined platinum supply is expected to rise due to ramp ups and new projects expected to come online in South Africa. However, South Africa's 3rd Covid-19 wave and intermittent electricity supply disruptions should weigh on supply growth somewhat. Refined supply should remain at high levels on processing of stockpiles following the restart of Amplat's main converter unit in early December 2020, with stockpiles expected to be processed until the end of 2022. Russian supply should recover following the restart of Nornickel's Oktyabrsky and Taimyrsky underground operations (in May and early June respectively) after flooding in February 2020; however, 2021 output is expected to fall on average compared to 2020.

Palladium prices are expected to decrease with the recovery in supply, following the restart of Nornickel's Oktyabrsky and Taimyrsky underground operations. However, production should fall on average in 2021 compared to 2020, with Nornickel reducing its production guidance by about 570koz of palladium (5% of global refined supply). Further downside for palladium prices will come as more vehicle manufacturers substitute palladium with platinum in petrol vehicles. However, tightening emission standards in major markets and a switch from diesel to petrol vehicles, especially in Europe, should limit the decline. Investment demand should fall on expectations of more rapid substitution and on a strengthening dollar.

Rhodium prices are expected to rise as improving global growth and recovering automotive demand outpaces supply. Rhodium prices could maintain a significant premium over platinum and palladium, as rhodium is far more efficient in catalytic systems, particularly in reducing nitrogen oxide ("NOx") emissions. NOx emissions are a primary target for global regulations on air pollution.

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

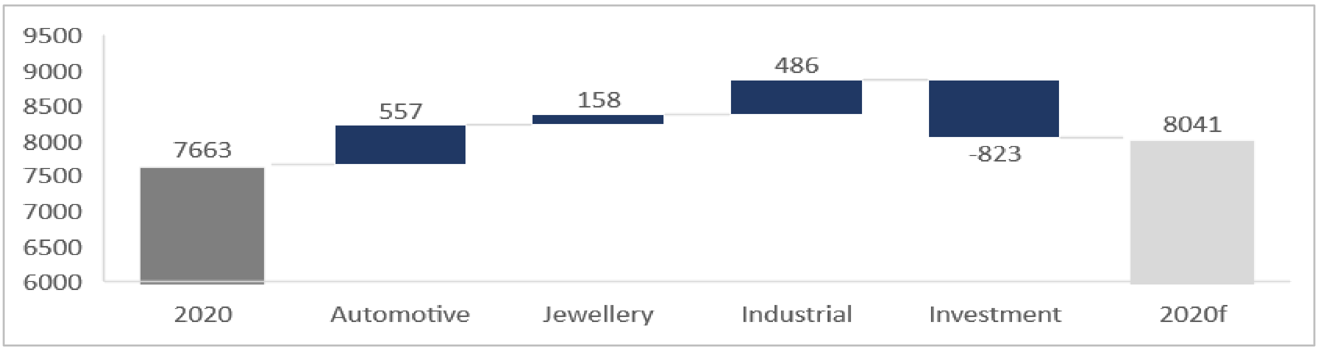
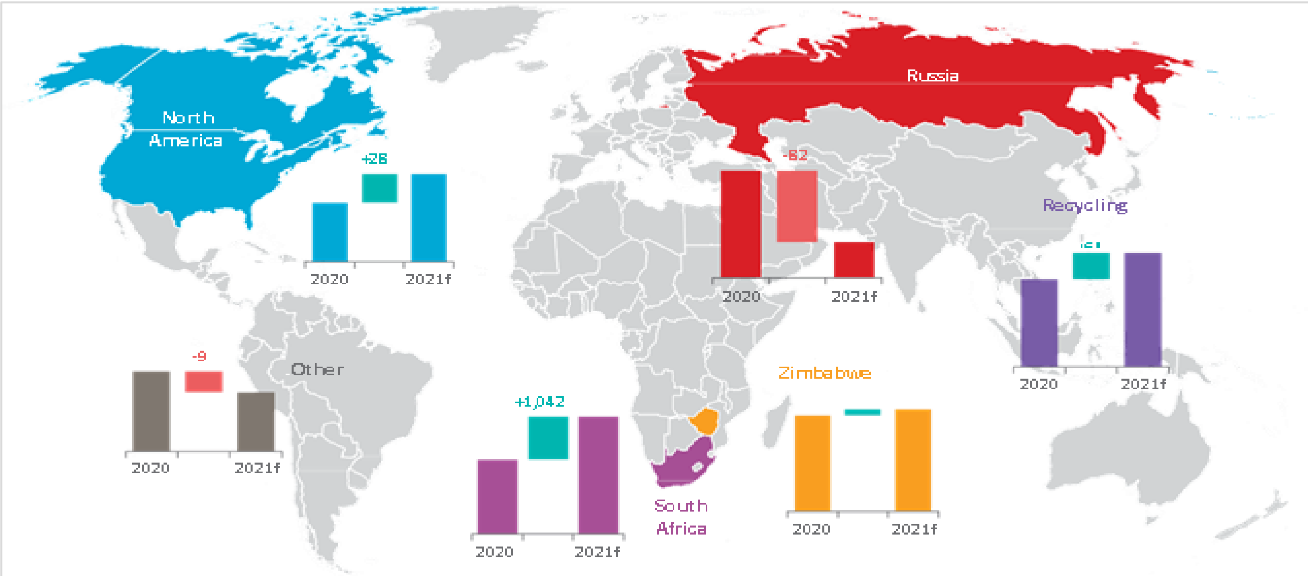


Figure 3. Annual total supply and changes 2020 to 2021f (koz)



Sources: Johnson Matthey; PGM Market report May 2021 and Precious and Related Metals 5-Year Forecast Quarterly Report by Afriforesight - August 2021

1.5 Impact of the Covid-19 pandemic

The Group's response to Covid-19 prioritises the lives of all stakeholders and seeks to sustain operating activities under agreed precautionary measures. Proactive steps were taken to safeguard the business, with a key focus on supporting the safety, health and wellbeing of employees and contractors. 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.

Measures aligned to global best practice are in place to protect employees and contractors. These include heightened risk mitigation measures through early Covid-19 detection, ongoing pandemic awareness, workplace hygiene, medical surveillance, additional personal protective equipment ("PPE") and medical supplies, and isolation and treatment of suspected and confirmed cases. At August 20, 2021, the Group had three (3) active COVID-19 cases, representing less than 1% of our workforce. We mourn five (5) employees lost to the pandemic.

The likelihood of a shutdown of the mining industry is regarded as very low. South Africa is currently experiencing a third wave of Covid-19 infections, with no restrictions on the mining industry having been enforced following the initial hard lockdown in March 2020.

1.6 Purpose of this MD&A

This MD&A is provided to enable the reader to assess the financial position and results of operations for the three and six months ended June 30, 2021, compared to the prior corresponding periods. Certain information in this MD&A should 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 these ore bodies are extracted through 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, according to tolling agreements.

Construction of a chromite removal plant commenced in January 2017. The extraction of chromite from the UG2 circuit, represents an additional revenue stream at a small incremental operational cost. The plant was commissioned in September 2017, with revenue first received in March 2018. Care is taken not to compromise PGM production in the process of improving production of the by-product.

Operations

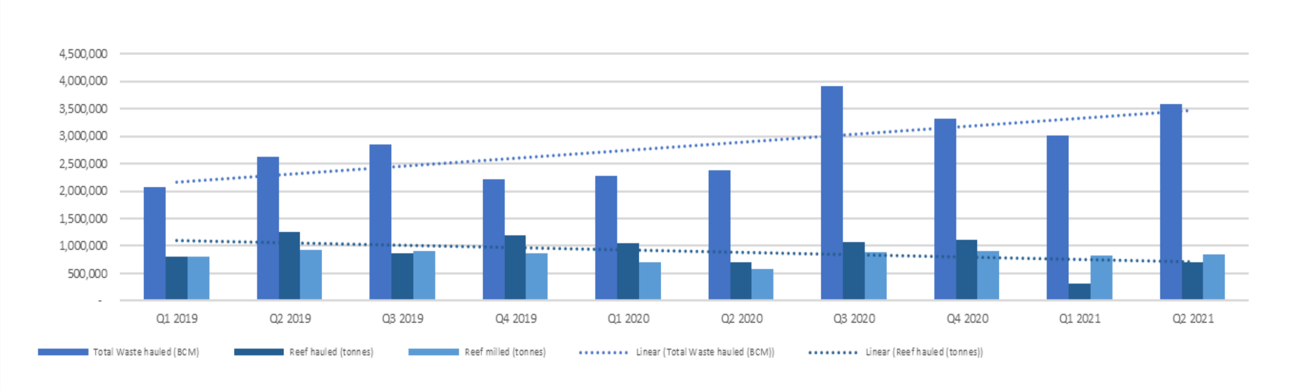
Table 1. Operational performance for the three and six month periods ended June 30, 2021

		For the three months ended		For the six months ended	
	Unit	Jun 30, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
Reef delivered to the RoM pad [(a)]	Tonnes	702,557	706,979	1,020,949	1,767,353
Reef processed	Tonnes	909,530	662,320	1,771,576	1,420,934
Reef milled	Tonnes	851,322	583,969	1,681,475	1,296,036
Average milled head grade	g/t	1.31	1.84	1.31	1.69
Average recovery rate	%	72	67	72	69
Average recovered grade	g/t	1.02	1.31	0.95	1.21
4E ounces dispatched and sold [(b)]	Oz	28,039	24,583	51,861	50,692
4E basket price [(c)]					
- USD	USD	3,061	1,628	3,127	1,799
- ZAR	ZAR	43,276	29,182	45,524	29,653
Total revenue per 4E ounce [(d)]	ZAR	34,471	28,311	46,327	30,048
Gross revenue from metal sales					
- USD	USD'000	68,023	39,558	163,823	95,295
- ZAR [(e)]	ZAR'000	966,534	695,977	2,402,579	1,523,207

(a) RoM is defined as run of mine.
(b) 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.
(c) Basket price for 4E (platinum, palladium, rhodium and gold).
(d) Total revenue per 4E ounce is calculated by dividing the gross revenue from metal sales in ZAR by the 4E ounces dispatched and sold.
(e) Gross revenue from metal sales is converted from USD to ZAR using the three and six month average USD/ZAR exchange rate.

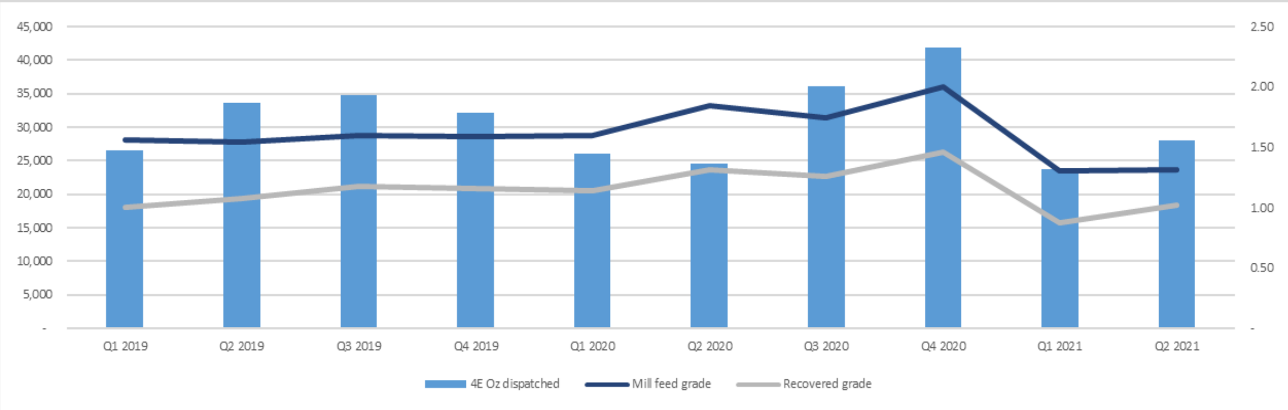
An increase in the PGM basket price, combined with higher 4E ounces dispatched, resulted in an increase in revenue from the previous three and six month periods; partially offset by a stronger rand ("ZAR") against the US dollar ("USD") for the three and six month periods ended June 30, 2021.

Figure 4. Production volume



Waste and reef hauled for the three months ended June 30, 2021, increased from Q1 2021. No production was possible in April 2020 due to the initial Covid-19 lockdown in South Africa, which followed the outbreak of the pandemic. Q2 2020 is therefore not comparable. Inclement weather conditions negatively impacted production volumes in April 2021. Although milling targets were met, production from the open pit struggled to meet milling requirements due to limited exposed reef faces, space constraints, and wet conditions in the pit. Different scenarios are continuously being explored to optimise reef extraction with the limited reef faces available.

Figure 5. Production performance



Metal output increased from Q1 2021 to Q2 2021, mainly due to higher reef production and a consistent feed grade. Reef production is still under pressure due to limited reef faces. The low-grade DMS discard material is making up the shortfall to allow full milling capacity. Low-grade DMS discard represented 33% and 26% of the volumes milled for the three and six month periods ended June 30, 2021. As a result, the average milled head grade decreased by 29% and 23% compared to the comparative periods in 2020. There is a lack of flexibility in mining production from the West Pit, which impacts the continuous delivery of sufficient reef from both reef packages to the plant for processing. The current space available does not allow reef development that can provide the concentrator with 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 consistent 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)

Total exploration expenditure on various Pilanesberg exploration projects was USD77,000 (ZAR1.164 million) for the quarter ended June 30, 2021. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD7.488 million (ZAR107.266 million) has been capitalised in accordance with the Group's accounting policies in "Exploration and evaluation assets".

Work programme

The Pilanesberg exploration projects consist of properties adjacent to PPM. The feasibility study assuming unhindered access to the Wilgespruit property for the Sedibelo Underground project was completed in July 2020.

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

During the quarter ended June 30, 2021, USD97,000 (ZAR1.184 million) was spent on the Mphahlele project, bringing cumulative expenditure to date on the project to USD10.176 million (ZAR145.762 million), excluding acquisition costs. In accordance with the Group's accounting policies, these costs have been capitalised in "Exploration and evaluation assets".

Work programme

The Mphahlele project has been placed on a reduced work programme for 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.

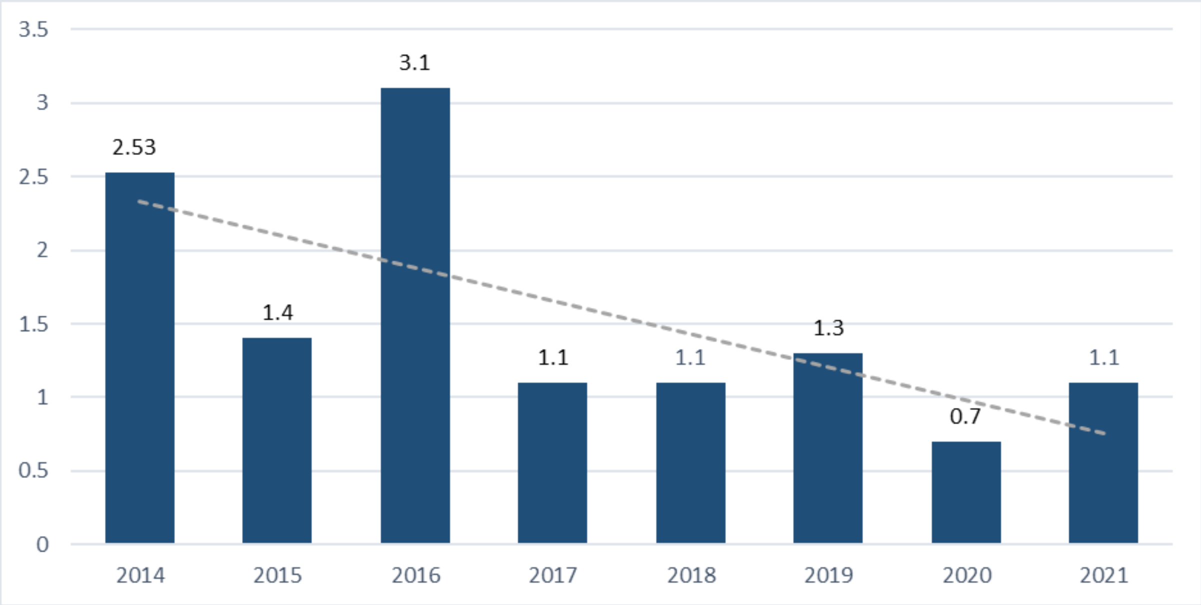
2.2.3 Grootboom project (on the Eastern Limb of the Bushveld Complex)

During the quarter ended June 30, 2021, the Company sold the Grootboom project mining data for USD6,874 (ZAR100,000). The cumulative expenditure to date on the project of USD2.962 million (ZAR44.318 million) was written off to profit/loss during the three month period ended June 30, 2021. These costs were previously capitalised in "Exploration and evaluation assets".

2.3 Safety

The Group strives for zero harm to employees and contractors. PPM had recorded 6.27 million fatality free shifts ("FFS") at June 30, 2021. The FFS extend over an eleven-year period. PPM endeavours to intensify the drive to a zero-harm culture across all its operations. Notably, the concentrator operation achieved 1,518 days without any Lost Time Injury at June 30, 2021. Since 2016, PPM has managed to significantly reduce the Lost Time Injury Frequency Rate.

Figure 6. 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 programme, a rehabilitation plan is included with the application and, where required, the relevant guarantees are put in place with the DMRE in respect of the rehabilitation work that has to be carried out when the programme is complete. All such environmental guarantees are put in place in the normal course of 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, 2021, the Company had USD24.444 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 R. 1147) under the National Environmental Management Act, No. 107 of 1998, as amended. The compliance date has been extended to June 2022. Based on transitional arrangement of GN R. 1147, mining right holders can still determine closure cost using the DMRE method of calculation. The Group foresees a significant increase to its closure guarantees after the implementation of GN R.1147.

Rehabilitation of other development projects

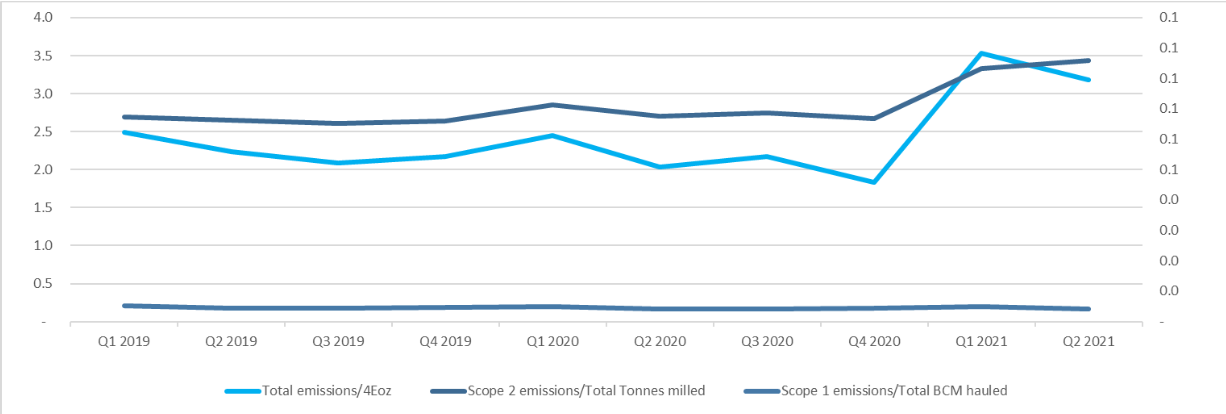
Guarantees required by the DMRE for prospecting and mining rights held by the Group were provided by way of both cash and insurance-backed guarantees. The insurance-backed guarantees were issued by the Lombard Insurance Group. The Group makes ongoing contributions to fund the balance of the liability over the remaining life of the prospecting permit. As at June 30, 2021, the Group had USD1.812 million (ZAR25.959 million) in guarantees with the DMRE for other projects.

Climate change considerations

The Group's ambition is to evaluate and implement clean energy projects aligned to global agreements to reduce emissions and achieve net zero total emissions by 2050.

Scope 1 (energy-direct emissions) from fossils fuels, consisting of combustion of diesel (50ppm sulphur) and mobile equipment and blasting explosives, contributed 22% of the total generated carbon equivalent emissions for the six month period ended June 30, 2021. Scope 2 (indirect-energy source) emissions from the consumption of Eskom electricity accounted for 78% of the total carbon equivalent emissions for the six month period ended June 30, 2021.

Figure 7. Quarterly emissions



Total emissions/4Eoz increased during the three and six month periods ended June 30, 2021, due to higher volumes milled at a lower grade, resulting in lower 4E ounces produced. Scope 1 emissions per BCM hauled was consistent quarter on quarter. Scope 2 emissions per tonne milled increased during the three and six months periods ended June 30, 2021, due to lower electricity efficiency rates. This decline in electricity efficiency was due to interruptions in the plant process, with the mills not running at full capacity as a result of limited ore stock available.

3. Overall performance

3.1 Reporting currency and periods

As mining and exploration activities are conducted in South Africa and most transactions are denominated in South African rand ("ZAR" or "Rand"), this is the Group's functional currency. In this MD&A, 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, 2021	Average six months ended Jun 30, 2021	Average three months ended Jun 30, 2021	At Dec 31, 2020	Average six months ended Jun 30, 2020	Average three months ended Jun 30, 2020
South African rand (USD:ZAR)	14.32	14.55	14.13	14.62	16.66	17.97

3.2 Financial condition

Table 3. Financial condition as at June 30, 2021

	As at Jun 30, 2021 USD'000	As at Dec 31, 2020 USD'000
Cash and cash equivalents	144,774	62,986
Other current assets	107,006	145,711
Total current assets	**251,780**	**208,697**
Restricted cash investments and guarantees	19,639	18,090
Other non-current assets	1,016,163	1,017,792
Total non-current assets	**1,035,802**	**1,035,882**
Total assets	**1,287,582**	**1,244,579**
Current liabilities	45,058	45,753
Non-current liabilities	23,480	43,763
Total liabilities	**68,538**	**89,516**
Total shareholders' equity	1,226,446	1,162,189
Non-controlling interests	(7,402)	(7,126)
Total equity	**1,219,044**	**1,155,063**
Other information		
Key financial ratios:		
Current ratio [a]	5.59	4.56
Working capital [b]	206,722	162,944
Debt/equity ratio [c]	5.59%	7.70%

a. Current ratio = current assets / current liabilities.

b. Working capital = current assets - current liabilities.

c. Debt to equity ratio = total liabilities / shareholders' equity.

SPM's asset base comprises primarily 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 three to five months.

Total assets increased by USD43.003 million during the six months ended June 30, 2021. This was mainly due to:

- An increase in total assets of USD24.851 million in presentation currency as a result of the 2% stronger ZAR; and
- A USD78.896 million increase in cash and cash equivalents, a result of improved cashflow from operations; offset by
- A USD16.807 million decrease in deferred tax asset as a result of a portion of the deferred tax asset realising against the profit before tax recorded for the six month period ended June 31, 2021; and
- A USD40.501 million decrease in trade and other receivables, a result of a 35% decrease in the ounces included in the metal pipeline, and a 4% decrease in the ZAR 4E basket price compared to December 31, 2020.

Total liabilities decreased by USD20.978 million during the six months ended June 30, 2021. This was mainly due to:

- A USD37.204 million decrease in borrowings as a result of the full and final settlement of the loan from the Industrial Development Corporation ("IDC") of South Africa; and
- A USD18.307 million increase in the Revolving Credit Facility ("RCF") due to higher utilisation of the credit facility; offset by
- An increase in total liabilities of USD1.157 million in presentation currency as a result of the 2% stronger ZAR.

Working capital increased from USD162.944 million at December 31, 2020, to USD206.722 million at June 30, 2021. This was due to the net result of the increase in cash and cash equivalents on improved cashflows from operations driven by higher PGM prices during the six month period ended June 30, 2021; the decrease in short-term borrowings as a result of the IDC loan settlement; offset by a decrease in trade and other receivables and an increase in the RCF balance. The Group's current ratio strengthened from 4.56 at December 31, 2020, compared to 5.59 at June 30, 2021.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at June 30, 2021, the debt-to-equity ratio was 5.59% compared to 7.70% at December 31, 2020. The decrease in debt resulted from the settlement of the IDC loan of USD39.102 million.

3.3 Financial performance for the three and six month periods ended June 30, 2021

The Group recorded a net loss of USD6.740 million and a net profit of USD38.090 million for the three and six month periods ended June 30, 2021. This compared to a net profit of USD5.830 million and USD21.122 million for three and six month periods ended June 30, 2020.

Revenue and cost compared to the prior year periods were influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR strengthened by 21% and 13% from the comparative three and six month periods.

Table 4. Financial performance for the three and six month periods ended June 30, 2021

	For the three months ended		For the six months ended	
	Jun 30, 2021 USD'000	Jun 30, 2020 USD'000	Jun 30, 2021 USD'000	Jun 30, 2020 USD'000
Revenue	**68,023**	**39,558**	**163,823**	**95,295**
Cost of operations	**(48,484)**	**(28,345)**	**(92,385)**	**(66,994)**
On mine operations	(24,659)	(13,004)	(44,661)	(29,353)
Concentrator plant operations	(13,443)	(7,514)	(24,558)	(18,475)
Beneficiation and transport	(3,606)	(2,193)	(6,864)	(5,461)
Salaries	(4,652)	(3,712)	(9,382)	(8,515)
Subtotal	*(46,360)*	*(26,423)*	*(85,465)*	*(61,804)*
Depreciation of operating assets	(2,321)	(2,289)	(4,006)	(5,737)
Change in inventories	197	367	(2,914)	547
Gross profit	**19,539**	**11,213**	**71,438**	**28,301**
Administrative and general expenses	**(7,003)**	**(4,072)**	**(13,796)**	**(8,987)**
Employee expenses	(2,197)	(1,059)	(4,619)	(3,315)
General operating expenses	(3,222)	(2,045)	(6,413)	(3,976)
Amortisation and depreciation	(226)	(149)	(362)	(374)
Consulting and professional fees	(772)	(427)	(1,547)	(610)
Royalty tax	(364)	(222)	(525)	(495)
Audit fees	(222)	(170)	(330)	(217)
Other (expenses)/income	**(2,843)**	**(310)**	**(2,342)**	**4,195**
Other income	356	55	413	80
Loss on disposal of assets	(3,141)	-	(3,141)	-
Foreign exchange (loss)/income	(58)	(365)	386	4,115
Net finance income/(cost)	**239**	**(599)**	**(344)**	**(1,547)**
Finance income	1,473	1,057	2,453	2,443
Finance costs	(1,234)	(1,656)	(2,797)	(3,990)
Share of profit/(loss) from investments accounted for using the equity method	**135**	**(402)**	**(59)**	**(840)**
Profit before taxation	**10,067**	**5,830**	**54,897**	**21,122**
Income tax	(16,807)	-	(16,807)	-
(Loss)/profit for the period	**(6,740)**	**5,830**	**38,090**	**21,122**
Other comprehensive income/(loss)	**50,958**	**29,825**	**25,891**	**(186,050)**
Exchange difference on loans designated as net investments	(8,601)	(7,691)	(16,885)	54,363
Exchange difference on translation from functional to presentation currency	59,557	37,515	43,190	(240,128)
Other comprehensive share of investment accounted for using the equity method	45	32	(393)	(479)
Movements in other reserves	(43)	(31)	(21)	194
Total comprehensive income/(loss)	**44,218**	**35,655**	**63,981**	**(164,928)**
EBITDA*	**12,375**	**8,867**	**59,609**	**28,780**

**EBITDA is a pro forma performance measure and is defined as earnings before interest, tax, depreciation and amortisation. Refer below for a reconciliation between (loss)/profit for the period and EBITDA.*

Revenue

The Group generated revenues of USD68.023 million and USD163.823 million based on metal sales during the three and six month periods ended June 30, 2021. Of these revenues, USD59.888 million and USD147.813 million related to 4E revenue and USD8.135 million and USD16.010 million 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 revenue and receivables.

Sales of 4E metal contributed approximately 88% and 90% (2020: 92% and 92%) to PPM's gross revenue during the three and six month periods ended June 30, 2021. Chrome contributed USD330,000 to revenue during the three and six month periods ended June 30, 2021. This compared to June 30, 2020, where chrome contributed USD196,000 and USD579 million respectively.

Revenue for the three month period ended June 30, 2021, was 72% higher than the comparative period in 2020. The net movement was a result of:

- A 48% increase in the average ZAR 4E basket price year-on-year; and
- A 14% increase in 4E ounces dispatched; offset by
- A 21% stronger ZAR affecting the translation into presentation currency.

Revenue for the six month period ended June 30, 2021, was 72% higher than the comparative period in 2020. The net movement was a result of:

- A 54% increase in the average ZAR 4E basket price year-on-year; and
- A 2% increase in 4E ounces dispatched; offset by
- A 13% stronger ZAR affecting the translation into presentation currency.

The increase in 4E ounces dispatched was the result of production lost (41 days) in the previous period due to the national lockdown, when operations were placed on care and maintenance.

Figure 8. PGM price evolution

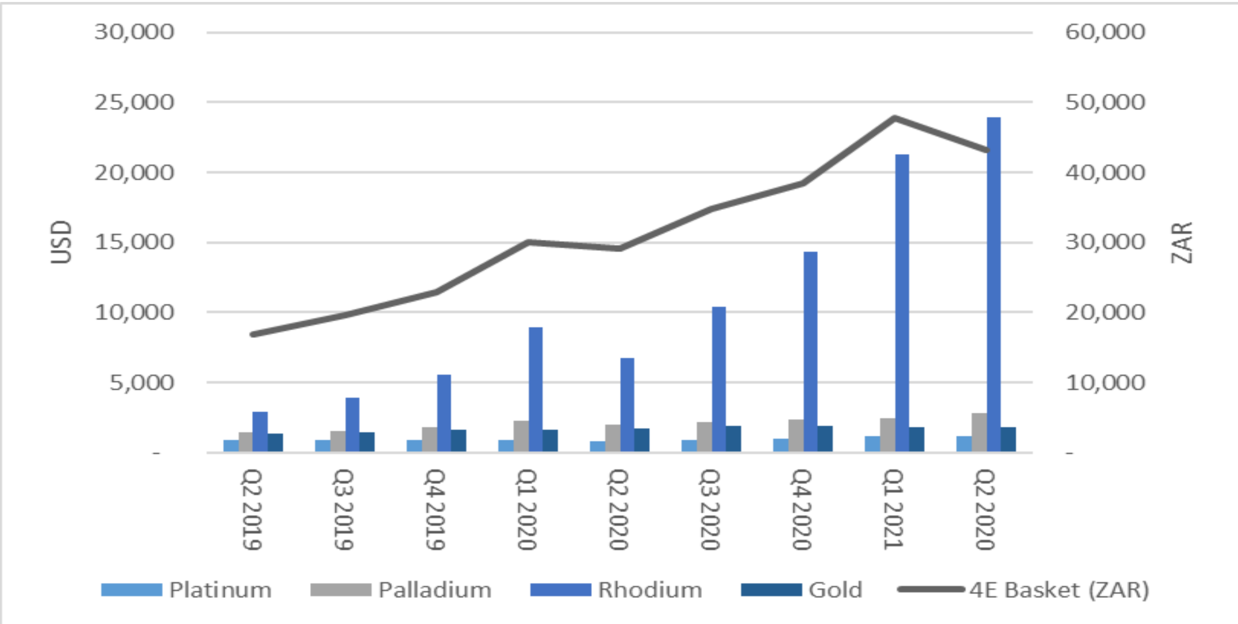
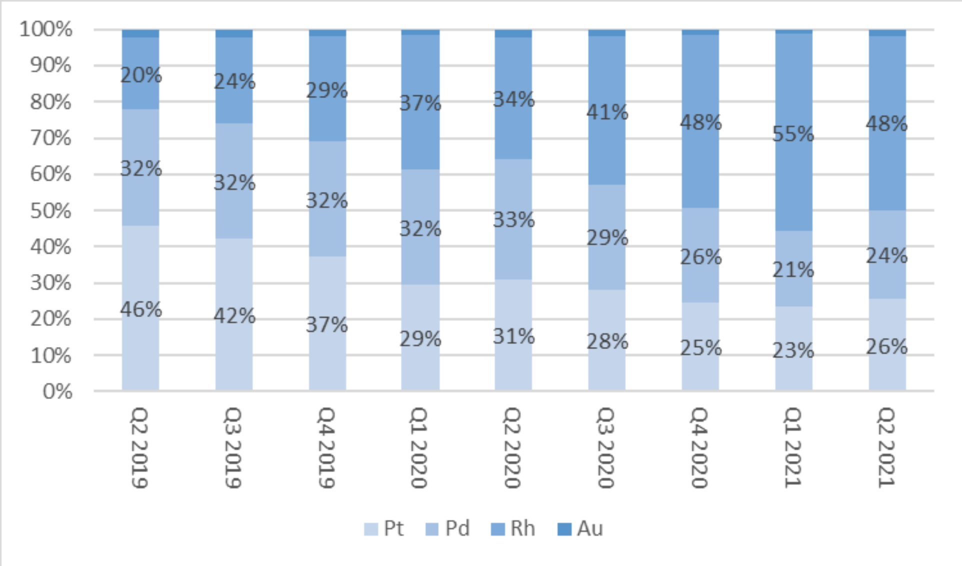


Figure 9. Metal contribution to 4E revenue



Cost of operations

Cost of operations totalled USD48.484 million and USD92.385 million for the three and six month periods ended June 30, 2021, compared to USD28.345 million and USD66.994 million for the comparative periods.

Cost of operations for the three month period ended June 30, 2021, measured in presentation currency, increased by 71%. Measured in ZAR, cost of operations increased by 37%. The net movement measured in ZAR was a result of:

- A 52% increase in mining costs; and
- A 43% increase in plant costs due to production days lost in the comparative periods; offset by
- A ZAR7.855 million decrease in depreciation.

Cost of operations for the six month period ended June 30, 2021, measured in presentation currency, increased by 38%. Measured in ZAR, cost of operations increased by 23%. The net movement was a result of:

- A 35% increase in mining costs; and
- A 19% increase in plant costs due to production days lost in the comparative periods; offset by
- A ZAR35.712 million decrease in depreciation.

The increase in mining costs for the three and six month periods ended June 30, 2021, was due to an increase in waste hauled (50% and 42%); drilling meters (34% and 22%); tonnes blasted (42% and 26%); and rock breaking run of mine tonnes (37% and 23%) for the three and six month periods. These increases were mainly due to production days lost in the comparative periods. 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 USD7.003 million and USD13.796 million for the three and six month periods ended June 30, 2021, compared to USD4.072 million and USD8.987 million for the comparative periods.

Administrative and general expenses for the three and six month periods ended June 30, 2021, measured in presentation currency, increased by 72% and 54% respectively. Measured in ZAR, administrative and general expenses increased by 36% for the three and six month periods ended June 30, 2021, compared to prior periods. The net movement measured in ZAR was a result of:

- An increase in consulting and legal fees, which are ongoing and relate to the settlement of the Wilgespruit land matter, the expansion plans for the operations on the Western Limb and the SARS diesel rebate matter (see Risks and uncertainties for an explanation of this matter);

- An increase in consumable costs as a result of Covid-19, which were only incurred for three months in the comparative period in 2020;
- Costs incurred to relocate farmers from Wilgespruit and related community development investments;
- The upswing in the insurance market cycle, which resulted in above market inflation increases and a limit in coverage capacity offered by insurers compared to prior years; and
- The prior period included a credit of ZAR11.2 million received from Rand Mutual Assurance relating to wage and replacement and medical benefits insurance for injuries sustained on duty. The insurer adjusted the risk factor to their rate calculation, which resulted in a recovery of past fees paid.

Other expenses/income

Other expenses/income included an expense of USD2.843 million and USD2.342 million for the three and six month periods ended June 30, 2021, compared to an expense of USD310,000 and income of USD4.195 million for the three and six month periods ended June 30, 2020.

Other expenses for the three and six month periods ended June 30, 2021, were a result of a USD3.141 million loss on the sale of Grootboom exploration data, offset by foreign exchange movements.

Other expenses and income for the three and six month periods ended June 30, 2020, were due to foreign exchange movements in ZAR measured against the USD and Euro, resulting in foreign exchange losses recorded in "foreign denominated loans".

Finance income

Finance income, measured in presentation currency, totalled USD1.473 million and USD2.453 million during the three and six month periods ended June 30, 2021, compared to USD1.057 million and USD2.443 million in the comparative periods. Measured in ZAR, finance income increased by 1% and decreased by 13% during the three and six month periods ended June 30, 2021, compared to comparative periods. The movement was the net result of:

- An increase in interest earned due to a higher cash and cash equivalents balance compared to the comparative periods; offset by
- A change in interest terms (from the South African prime interest rate to 0%) on the loan to Magalies Water. This change was implemented in July 2020 and related to a zero-rate charge by Magalies Water for water use at PPM until the loan is repaid; and
- A decrease in the South African prime interest rate since June 30, 2020.

The decrease in finance income for the six month period ended June 30, 2021, is due to interest earned at a 2.75% higher South African prime interest rate during the first three months of the comparative period.

Finance cost

The decrease in finance cost to USD1.234 million and USD2.797 million during the three and six month periods ended June 30, 2020, compared to USD1.656 million and USD3.990 million during the comparative periods, was a result of a decrease in the South African prime interest rate and lower utilisation of the Investec RCF facility during the three month period ended June 30, 2021. The RCF was undrawn in April and May 2021.

Cash flows

Cash and cash equivalents at June 30, 2021, increased to USD144.774 million from USD62.986 million at December 31, 2020. This was the result of improved cashflow from operations due to higher metal prices.

Reconciliation to EBITDA

Table 5. (Loss)/profit reconciliation to EBITDA for the three and six month periods ended June 30, 2021

	For the three months ended		For the six months ended	
	Jun 30, 2021 USD'000	Jun 30, 2020 USD'000	Jun 30, 2021 USD'000	Jun 30, 2020 USD'000
(Loss)/profit for the period	**(6,740)**	**5,830**	**38,090**	**21,122**
Income tax	16,807	-	16,807	-
Net finance income/(cost)	(239)	599	344	1,547
Administrative amortisation and depreciation	226	149	362	374
Depreciation of operating assets	2,321	2,289	4,006	5,737
EBITDA	**12,375**	**8,867**	**59,609**	**28,780**

Events or uncertainties during the three and six month periods ended June 30, 2021

The current open pit mined by PPM has entered the last years of its life, which affects flexibility in the pit as well as the number of reef faces available for mining at any one time. This increasing pit inflexibility makes any unforeseen adverse changes such as in grade, availability of reef faces in the right sequence, weather, power availability, or labour action, increasingly difficult to respond to. The focus is on exposing enough reef faces to accommodate a mine plan that can provide sufficient reef volumes to the concentrator to yield profitable (cash positive) ounces. Access to the Wilgespruit property to develop the Sedibelo East open pit operation is imperative to gain production tenure and flexibility.

4. Summary of quarterly results

Table 6. Summary of quarterly results

	In accordance with IFRS							
USD'000	Jun '21	Mar '21	Dec '20	Sep '20	Jun '20	Mar '20	Dec '19	Sep '19
Revenue	68,023	95,800	99,013	83,264	39,558	55,737	51,099	54,614
Cost of operations	(48,484)	(43,901)	(46,095)	(43,124)	(28,345)	(38,649)	(47,861)	(48,914)
Gross profit/(loss)	19,539	51,899	52,918	40,140	11,213	17,088	3,238	5,700
Other operating cost	(9,846)	(6,292)	(9,487)	(6,536)	(4,382)	(410)	(6,073)	3,498
Net finance cost	239	(583)	(727)	(837)	(599)	(948)	(979)	(919)
(Loss)/profit from associate	135	(194)	58	(348)	(402)	(438)	(998)	(271)
Profit/(loss) before taxation	10,067	44,830	42,762	32,419	5,830	15,292	(4,812)	8,008
Profit/(loss) for the period	(6,740)	44,830	142,653	32,419	5,830	15,292	(4,832)	8,008
ZAR:USD	14.55	14.96	15.65	16.92	17.97	15.35	14.72	14.68

These financial statements of the Group have been prepared in accordance with IAS 34 Interim reporting and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, issued by the International Accounting Standards Board ("IASB") and applicable to the going concern requirements of The Companies (Guernsey) Law, 2008, applicable to companies reporting under IFRS.

The financial information has been prepared using the historical cost basis, 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 June 30, 2021, was 21% higher than the rate for the period ended June 30, 2020.

5. Liquidity

5.1 Unrestricted cash

The Group had unrestricted cash and cash equivalents of USD144.774 million at June 30, 2021 (USD62.986 million at December 31, 2020). The loan provided by the IDC was settled in full on June 1, 2021.

Based on the current cash flow projections for the Group, management has a reasonable expectation that the Group will have adequate resources to continue operating for the foreseeable future. The annual financial statements, therefore, have been prepared on a going concern basis, which assumes the realisation of assets and discharge of liabilities in the normal course of business for the foreseeable future.

Development of exploration and mineable assets may require new funding. There are currently workstreams in place to secure adequate funding for further development of assets.

5.2 Restricted cash

The Group had restricted cash investments and guarantees, forming part of its non-current assets, totalling USD19.639 million at June 30, 2021 (USD18.090 million at December 31, 2020). The movement in restricted cash was a result of a monthly contribution of USD142,000 (ZAR2 million), offset by a stronger ZAR exchange rate used to convert to presentation currency. This cash is held by Rand Merchant Bank in long-term deposits and ceded in favour of Lombard Insurance. Lombard Insurance provides the Group with guarantees for both Eskom Holdings Limited (the South African state utility provider) and the DMRE. The facility with Lombard Insurance was 60% cash-backed at June 30, 2021.

5.3 Contractual obligations

The Group's contractual obligations are as follows:

Table 7. Commitments as at June 30, 2021

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Mining costs	16,518	16,518	-	-
Open purchase orders	10,535	10,535	-	-
Total contractual obligations	**27,053**	**27,053**	**-**	**-**

Table 8. Commitments as at June 30, 2020

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Mining costs	14,702	14,702	-	-
Open purchase orders	5,512	5,512	-	-
Total contractual obligations	**20,214**	**20,214**	**-**	**-**

6. Capital resources

6.1 Working capital

As at June 30, 2021, SPM's total working capital was USD206.722 million (December 31, 2020: USD162.944 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD144.774 million), plus inventory (USD10.020 million), plus loan receivables (USD342,000) and trade and other receivables (USD96.644 million), less revolving commodity facility (USD22.286 million) and trade payables and accrued liabilities (USD22.772 million). SPM's cash and cash equivalents are held in short-term and liquid interest earning deposits at reputable financial institutions in South Africa and the United Kingdom.

The Company has a ZAR denominated revolving commodity finance facility with Investec Bank Limited ("Investec") for up to USD62.828 million (ZAR900 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 0.50% and is available up to March 31, 2022.

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 USD2.211 billion (ZAR32.679 billion) at June 30, 2021, and has been used to fund the development of PPM and the acquisition of PGM assets on the Western Limb in 2012.

7. Critical accounting estimates

The Company's significant accounting principles and methods of application are disclosed in the notes to the consolidated financial statements for the year ended December 31, 2020. A discussion of the critical accounting policies and estimates, which management believes are important to understanding the Company's financial results, follows below.

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 its judgement when determining whether the Company should consolidate entities in which 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:

- Power over the investee, i.e., the investor has existing rights to direct 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. This determination was made as the Group manages the financial and operating policies of those entities.

Management have accounted for the Company's 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 assumptions in calculating the value in use of assets. Assumptions such as PGM prices, ZAR:USD exchange rates and inflation are based on the most recent information available.

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. Inventory is therefore typically sampled and assays taken to determine the metal content and the split by metal type. 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.

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 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 June 30, 2021, the Group had USD33.033 million in guarantees to the DMRE and Eskom, of which USD19.895 million is funded.

8.2 Proposed transactions

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

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. The fair values of these instruments approximate their carrying values.

The Group's trade receivables and 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; and
- Definition of accounting estimates – amendments to IAS 8.

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

9. Outstanding share data

At June 30, 2021, the Company had 3,095,401,663 common shares in issue.

10. Risks and uncertainties

The Company is in the business of exploring and developing mineral properties, and operating mines directly or through third parties. There are numerous risks associated with these activities, and specific risks related to the South African mining environment.

10.1 Legal proceedings

Access to mining property

Access to the land, to execute the right to mine the minerals has been restricted due to the continued occupation of the land by factions of the local community. However, progress in resolving this matter has been made.

After numerous court challenges, on October 25, 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.

A Section 54 meeting was held on June 28, 2021 with the DMRE to relocate the last remaining family. On August 6, 2021, PPM concluded an agreement with this family. PPM has purchased alternative farming land and the family is in the process of relocating this family.

We anticipate commencement of mining on Wilgespruit during the latter half of 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 USD30.447 million (ZAR443 million), with USD29.141 million (ZAR424 million) outstanding from SARS, at June 30, 2021. USD4.261 million (ZAR62 million) is claimed by SARS on refunds they allowed before 2011.

Rietfontein tailings dam

The Company is currently in the process of contesting a decision by the DMRE to approve a mining right for Lanxess Chrome Mining (Pty) Ltd for PGMs, as PSA is currently the holder of a registered prospecting right for all minerals (excluding chrome) and tailings on the farm Rietfontein 338 JQ.

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 rates and PGM prices has in the past put significant strain on the Group's liquidity position. The current positive PGM market prices has improved the Group's liquidity position over the past 30 months.

10.3 Event after balance sheet date: extended annual shutdown

The 2021 annual maintenance shutdown of the concentrator plant, which was planned for a ten-day (10) period beginning July 3, 2021, had to be extended by thirty (30) days.

During the inspection of the tailings thickener, it was observed that the integrity of a portion of the floor slab expansion joint sealing was compromised. Technical specialists recommended the replacement of all the thickener floor joint sealings.

The concentrator was back in operation from August 12, 2021.

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, 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 six month period ended June 30, 2021, that has materially affected, or is reasonably likely to materially affect, its internal controls over financial reporting.