Sedibelo Platinum Mines Ltd

SEDIBELO PLATINUM MINES LIMITED

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

April 15, 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 twelve months ended December 31, 2020 contains ''forward-looking information'' which may include, but is not limited to, statements with respect to the future financial and operating performance of Sedibelo Platinum Mines Limited (the "Company" or "SPM"), its subsidiaries and affiliated companies (which together with Sedibelo Platinum Mines Limited is referred to as "the Group"), and its mineral projects, the future price of 4E metals (commonly used to refer to platinum, palladium, rhodium and gold), 4E production levels, mining rates, the future price of copper, nickel and chrome future exchange rates, the estimation of mineral resources and reserves, the realization of mineral resource estimates or their conversion into reserves, costs and future costs of production, capital and exploration expenditures, including ongoing capital expenditure at the Pilanesberg Platinum Mine ("PPM"), costs and timing of the development of new deposits and new mines, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, and conversions under South African mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and the timing and outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as ''plans'', ''expects'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'', "targeted" or ''believes'' or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may'', ''could'', ''would'', ''might'' or ''will'' be taken, occur or be achieved.

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

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

Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration and mining activities; development and operational risks; title risks; regulatory risks; conclusions of economic evaluations and studies; fluctuations in the value of the United States dollar relative to the South African rand; changes in project parameters as plans continue to be refined; future prices of 4E metals; possible variations of ore grade or recovery rates (including the existence of potholes, faults and other geological conditions that may affect the existence or recovery of resources and reserves); failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes and other risks of the mining industry; political instability, insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; the Covid-19 issues currently occurring, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors communicated in the section entitled ''Risk Factors'' of the Company's current annual information form ("AIF") and its final short form prospectus dated March 31, 2011, which can both be viewed at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this MD&A and 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's") mineral deposits in South Africa. Through its 100% owned subsidiary, Pilanesberg Platinum Mines Proprietary Limited, the Group has established the Pilanesberg Platinum Mines ("PPM") on the Western Limb of the Bushveld Complex.

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

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

PPM has scheduled to commence mining operations at the East Pit (the farm Wilgespruit 2JQ) during the first half of 2021, after it procures an alternative farm for community relocation as it anticipates that this will provide unrestricted access to the mining area.

SPM has received Board approval to expand its PPM operations by developing the Sedibelo central decline which is contiguous to the planned opencast East Pit. In parallel, it will construct a 110 000 tonne per annum hydrometallurgical beneficiation plant at PPM, employing the Kell technology.

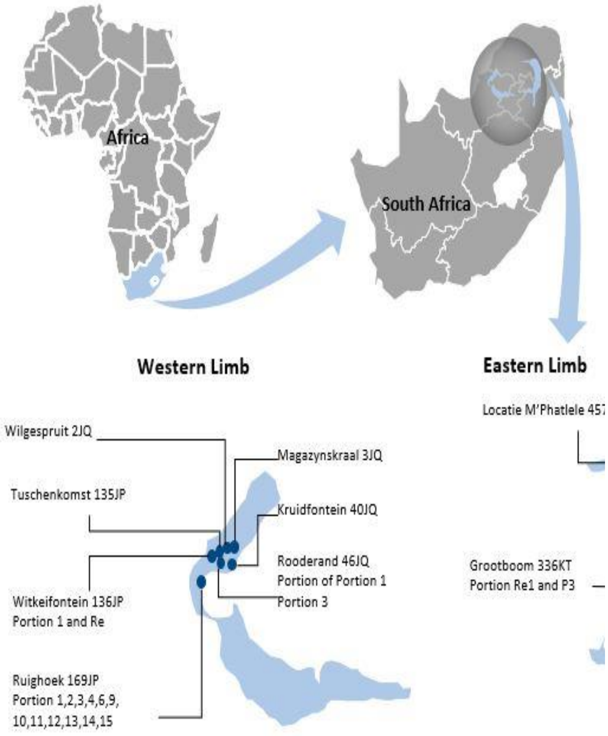
PPM management supervises the haul contractor and contractors specialising in drilling, blasting and run of mine ore preparation, and manages the PGM concentrator and chromite plant.

PPM renewed an exclusive three-year offtake agreement with Impala Platinum Limited ("Impala") during Q2 in 2019. During the twelve-months ended December 31, 2020 PGM concentrate was sold via a contract with Impala to produce platinum, palladium, rhodium, and gold (collectively referred to as "4E"), plus iridium, ruthenium, copper and nickel.

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

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

The Group also holds valuable interests in PGM deposits on the Eastern Limb of the Bushveld Complex through its two exploration and development projects namely Mphahlele and Grootboom, comprising of 6.8 million 4E PGM Measured & Indicated Resource ounces and 8.9 million 4E PGM Inferred Resource ounces.



Market trends and outlook

Platinum supply and demand fell steeply in 2020, as the Covid-19 pandemic triggered temporary closures of mines and automotive plants, disrupted the collection of PGM-containing scrap, and hit consumer purchasing of new cars and jewellery. World primary supplies contracted by 20%, with outages at Anglo American Platinum's converter plant adding to Covid-19 related disruption. Autocatalyst demand plunged by 22%, as diesel car production in Europe fell steeply, while sales of platinum to Chinese jewellery manufacturers slumped to a twenty-year low of less than 1 million ounces. However, industrial demand was more resilient: new plant construction by Chinese petrochemical and glass companies proceeded on schedule, and low prices stimulated some advance purchasing for future projects. Price trends were also supportive of physical investment: Japanese bar demand surged after yen-denominated prices hit seventeen-year lows, while Exchange Traded Fund ("ETF") investors in the United States ("US") and Europe added to their platinum positions. Overall, changes in supply and demand were nearly identical, leaving the market in continued moderate deficit.

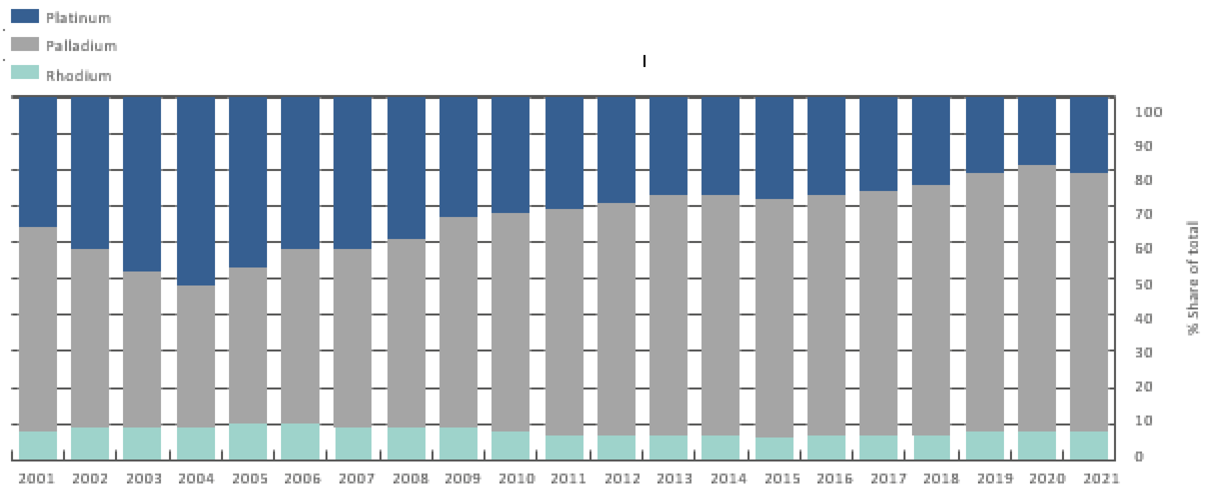
Johnson Matthey forecasts that supply and demand should recover towards pre-pandemic levels during 2021, assuming Covid-19 disruption eases. Global auto PGM demand is forecasted to rise by 13% to just over 13 million ounces in 2021, the second highest global total ever recorded.

Platinum's share of global PGM use in automotive applications has fallen steadily over the past fifteen years, due to the adoption of palladium-rhodium catalyst and more recently the decline in the diesel market share. This trend is expected to reverse in 2021, when platinum's share of autocatalyst PGM consumption is estimated to increase by 21%, primarily from the heavy duty diesel vehicles, where the platinum demand is expected to surge by 50%, reflecting tighter legislation in China and double digit growth in truck output in most major markets.

Growth in platinum's share of demand is likely to be driven by the light duty sector, as automakers substitute some palladium with platinum in gasoline catalyst, motivated by the need to reduce aftertreatment system costs.

Rhodium's share of autocatalyst PGM use has risen slightly over the last three years, in response to tightening emission legislation and more rigorous vehicle testing protocols that have made compliance with Nitrogen Oxide ("NOx") limits considerably more challenging. Substitution of palladium with platinum is not expected to have a material impact on rhodium use in gasoline vehicles, because the latter is by far the most effective catalyst for NOx reduction.

Figure 1. Share of autocatalyst pgm demand by metal



With gold and palladium both setting new record highs, platinum has been regarded as a good-value, low-risk alternative for investors seeking exposure to precious metals. Over the last two years it is estimated that investors have added around two million ounces to their platinum holdings, of this, an estimated 600,000 ounces was in platinum bars and coins and the remainder was in ETF's.

Source: Johnson Matthey; PGM Market report February 2021

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

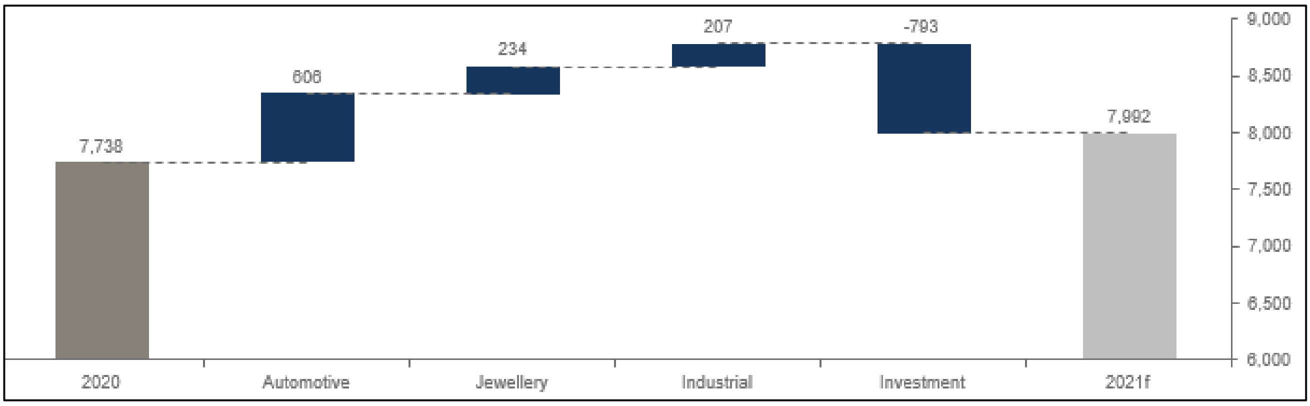
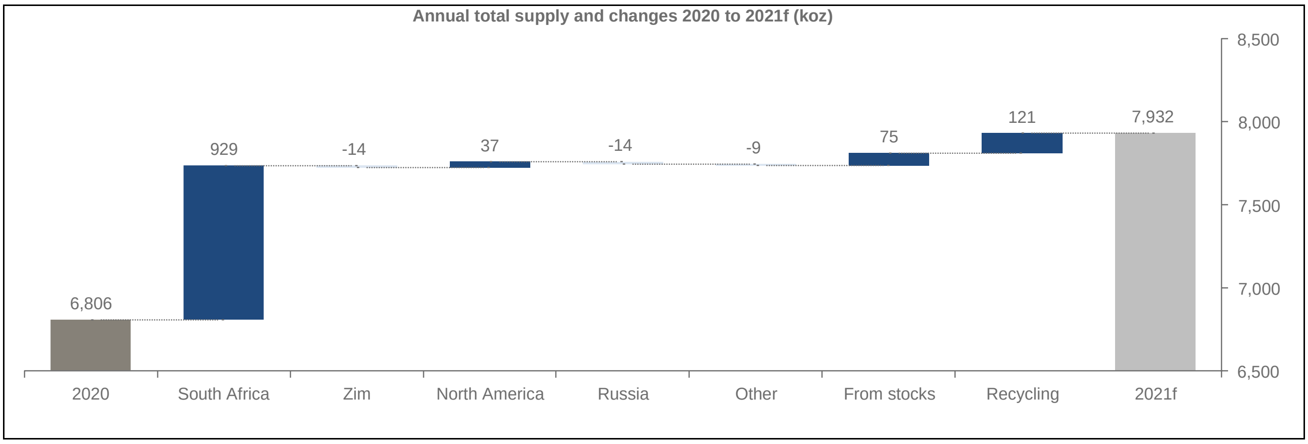


Figure 3. Annual total supply and changes 2020 to 2021f (koz)



Source: World Platinum Investment Council ("WPIC") Platinum quarterly Q4 2020

1.3 The impact of the Covid-19 outbreak

Covid-19 remains a risk and there is a possibility of a third and possible fourth wave in South Africa. The Company has however been able to generally operate as normal whilst following standard Covid-19 safeguards.

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

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

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

		Dec 31, 2020	Mar 31, 2021
-	Cases (cumulative)	63	122
-	Recovered (cumulative)	44	109
-	Deaths (cumulative)	-	3
-	Close Contact / Suspect cases (cumulative)	116	144
-	Close Contacts / Suspect cases resolved	114	144
-	Covid-19 Screenings	5,133	7,778

With great grief we report the death of three (3) PPM employees who lost their fight with Covid-19 in January 2021.

1.4 Purpose of this MD&A

This Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided to enable the reader to assess and understand the financial position and results of operations for the three and twelve-month periods ended December 31, 2020, in comparison to previous corresponding periods. Certain information in this MD&A must be read in conjunction with the audited consolidated financial statements of Sedibelo Platinum Mines Limited for the year ended December 31, 2020 and the notes thereto (collectively, the annual financial statements) prepared in accordance with International Financial Reporting Standards ("IFRS").

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

2. Review of Operations

2.1 Pilanesberg Platinum Mine

History

Stripping of topsoil and waste overburden commenced in March 2008. Reef mining commenced in December 2008. Delivery of the first concentrate to the Northam smelter took place in April 2009. Commercial production was declared on January 1, 2011.

Extraction and processing of ore (reef)

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

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

Operations

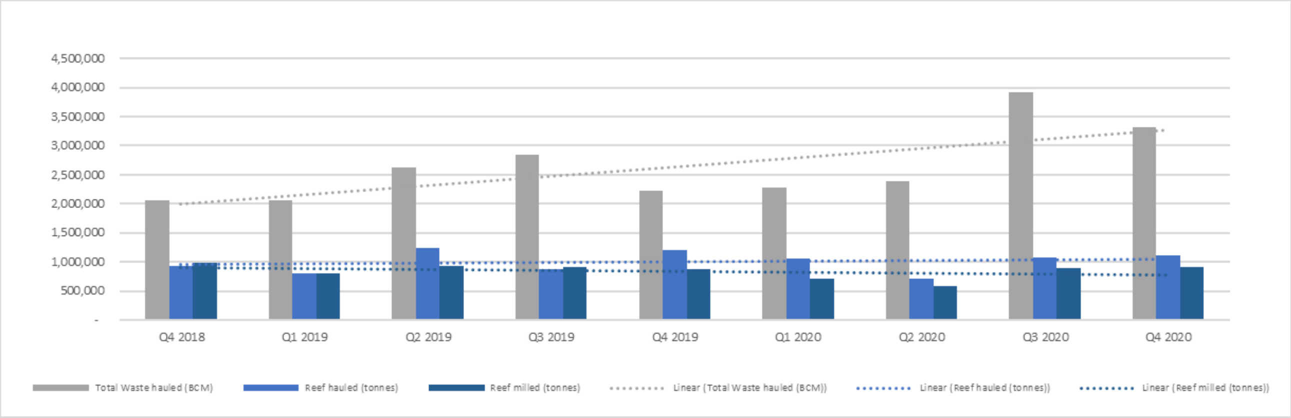
Table 2. Operational performance for the three and twelve-month periods ended December 31, 2020

		For the three months ended		For the twelve months ended	
	Unit	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Reef delivered to the ROM* pad	Tonnes	1,118,542	1,197,683	3,952,626	4,121,807
Reef processed	Tonnes	1,007,043	970,618	3,414,661	3,870,515
Reef milled	Tonnes	902,858	872,872	3,089,285	3,517,579
Average milled head grade	g/t	2.00	1.59	1.79	1.57
Average recovery rate	%	73	73	71	70
Average recovered grade	g/t	1.46	1.16	1.29	1.11
4E ounces dispatched and sold**	Oz	41,865	32,237	128,754	127,316
4E basket price ***					
- USD	USD	2,464	1,543	2,031	1,300
- ZAR	ZAR	38,462	22,920	33,143	18,870
Total revenue per 4E ounce	ZAR	36,745	23,326	34,742	20,685
Gross revenue from metal sales					
- USD	USD'000	99,013	51,099	277,572	181,339
- ZAR	ZAR'000	1,538,339	751,972	4,473,111	2,633,474

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

Revenue increased compared to the prior year comparative periods because of higher 4E ounces dispatched and sold; an increase in the PGM basket price and the ZAR weakening against the Dollar over the three and twelve-month periods ending December 31, 2020.

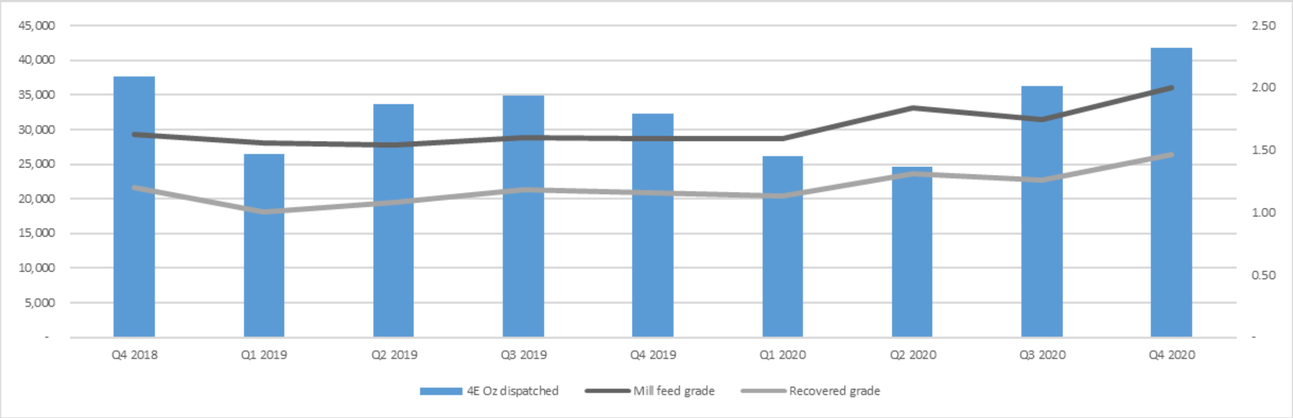
Figure 4. Production Volume



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.

The initial mining plan was revised due to the delayed start-up of the East Pit.

Figure 5. Production Performance



The Plant performance improved and metal output increased during Q4 2020 from the previous quarter as a result of improved plant throughput and a 15% increase in the grade of the reef treated.

Production from the West Pit which is currently mined lack flexibility which impacts on the continuous delivery of sufficient reef to the plant for processing. Access to the farm Wilgespruit is key to the development of sufficient reef faces to provide more flexibility to the mining operations and sustain plant throughput.

2.2 Exploration and development of other PGM properties

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

The total exploration expenditure on various Pilanesberg exploration projects was USD240 thousand (ZAR3.959 million) for the quarter ended December 31, 2020. Total exploration expenditure since the inception of the Pilanesberg exploration projects of USD7.127 million (ZAR104.174 million) has been capitalised in accordance with the Group's accounting policies as part of "Exploration and evaluation assets".

Work program

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

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

During the quarter ended December 31, 2020, USD198 thousand (ZAR3.258 million) was spent on the Mphahlele Project bringing the cumulative expenditure to date on the project to USD9.827 million (ZAR143.652 million), excluding acquisition costs. In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

Work program

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

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

During the quarter ended December 31, 2020, USD2 thousand (ZAR34 thousand) was spent on Grootboom, bringing the cumulative expenditure to date on the project to USD3.032 million (ZAR44.318 million). In accordance with the Group's accounting policies, these costs have been capitalised as part of "Exploration and evaluation assets".

Work program

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

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

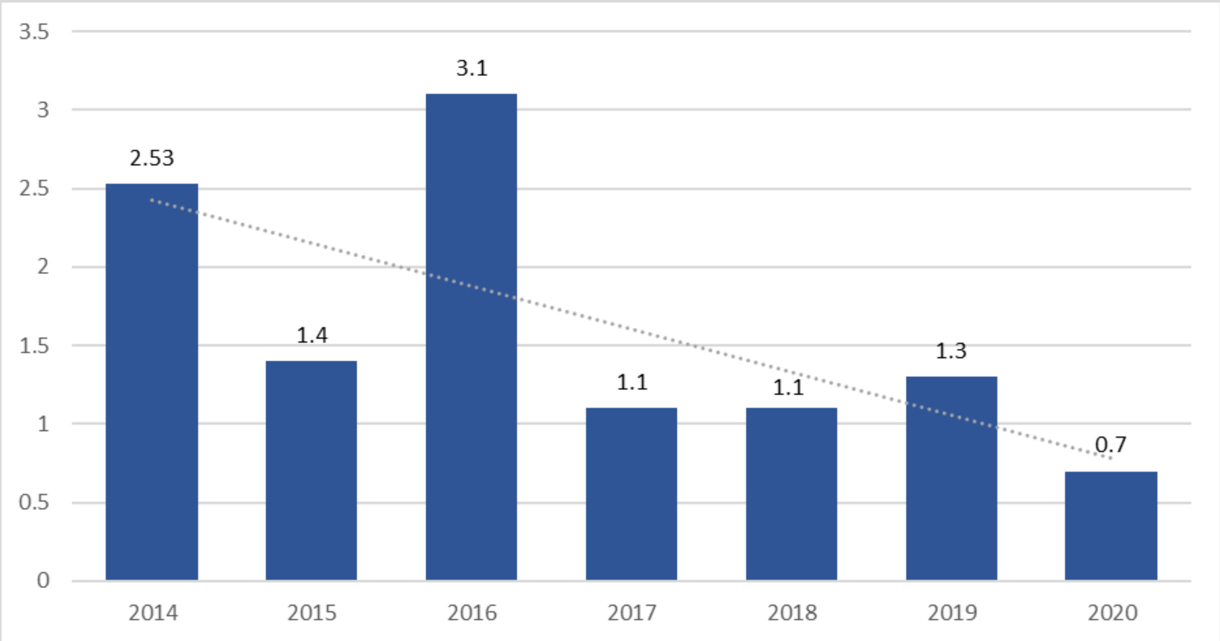
Lonmin Plc (incorporated into Sibanye-Stillwater) was the operator of the Loskop Project and acquired its 50% interest in the joint venture in August 2006 and expenditure since then has been shared on a 50/50 basis. The Group's interest in the Loskop project was 23.5%, with Lonmin holding a 50% interest (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 6.050 million Fatality Free Shifts ("FFS") at December 31, 2020. The FFS extend over an eleven-year period. PPM endeavours to intensify the drive towards a zero-harm culture across all its operations. Notably, the Concentrator Operation achieved 1,338 days without any Lost Time Injury at December 31, 2020. In addition, since 2016, PPM has managed to significantly reduce the Lost Time Injury Frequency Rate.

Figure 6. 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 December 31, 2020, the Company had USD23.955 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.

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 December 31, 2020 the Group had USD1.788 million (ZAR26.132 million) in guarantees with the DMRE for other projects.

3. Overall Performance

3.1 Reporting currency and periods

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

Table 3. Relevant exchange rates to the USD

	At Dec 31, 2020	Average twelve months ended Dec 31, 2020	Average three months ended Dec 31, 2020	At Dec 31, 2019	Average twelve months ended Dec 31, 2019	Average three months ended Dec 31, 2019
South African Rand (USD:ZAR)	14.62	16.47	15.65	14.12	14.45	14.72

3.2 Financial condition

Table 4. Financial condition as at December 31, 2020

	As at Dec 31, 2020 USD'000	As at Dec 31, 2019 USD'000
Cash and cash equivalents	62,986	43,393
Other current assets	145,711	79,848
Total current assets	208,697	123,241
Restricted cash investments and guarantees	18,090	15,885
Other non-current assets	1,017,792	961,144
Total non-current assets	1,035,882	977,029
Total Assets	**1,244,579**	**1,100,270**
Current liabilities	45,753	56,825
Non-current liabilities	43,763	58,806
Total liabilities	**89,516**	**115,631**
Total shareholders' equity	1,162,189	991,247
Non-controlling interests	(7,126)	(6,608)
Total equity	**1,155,063**	**984,639**
Other information:		
Key Financial Ratios:		
Current ratio [1]	4.56	2.17
Working capital [2]	162,944	66,417
Debt/Equity ratio [3]	7.70%	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

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 3-5 months.

Total assets increased by USD144.309 million during the twelve-months ended December 31, 2020. This movement is primarily due to:

- A decrease in total assets of USD33.677 million in presentation currency as a result of the 4% weaker Rand; and
- A USD5.376 million decrease in the decommissioning asset mainly as a result of a change in estimate in the decommissioning rehabilitation provision; offset by
- A USD63.763 million increase in trade and other receivables, a result of a higher PGM sales pipeline due to the improved platinum, palladium and rhodium market prices combined with a weaker Rand;
- A USD101.949 million deferred tax asset that was recognised;
- A USD19.593 million increase in cash and cash equivalents, a result of improved cashflow from operations; and
- Additions totalling USD8.105 million to fixed assets.

Total liabilities decreased by USD26.115 million during the twelve-months ended December 31, 2020. This movement is primarily due to:

- A decrease in total liabilities of USD6.662 million in presentation currency as a result of the 4% weaker Rand;
- A USD5.376 million decrease in the decommissioning and rehabilitation provision mainly as a result of a change in estimate;
- A USD8.712 decrease in borrowings as a result of the capital and interest repayments on the loan from the Industrial Development Corporation (IDC) of South Africa and
- A USD14.684 decrease in the Revolving Credit Facility ("RCF") due to lower utilisation of the credit facility, with the improved cashflows from operations.

SPM working capital increased from USD66.417 million at December 31, 2019 to USD162.944 million at December 31, 2020 primarily due to a USD63.763 million increase in trade and other receivables, a USD101.949 deferred tax asset that was recognised, a USD19.593 million increase in cash and cash equivalents since December 31, 2019, a USD8.712 decrease in borrowings and a USD14.684 million decrease in the Revolving Commodity Facility. The Group's current ratio strengthened from a current ratio of 2.17 as at December 31, 2019 compared to a current ratio of 4.56 as at December 31, 2020. Current assets increased as a result of a higher market value of the PGM sales pipeline.

SPM's capital structure comprises of shareholders' equity with low levels of debt. As at December 31, 2020 the debt-to-equity ratio was 7.70% compared to a debt-to-equity ratio of 11.67% as at December 31, 2019. The decrease in debt is mainly a result of the decrease in the RCF and a decrease in borrowings due to the repayment of capital and interest on the IDC loan of USD5.3 million and USD6.0 million respectively.

3.3 *Financial performance for the three and twelve-month periods ended December 31, 2020*

The Group recorded a net profit of USD142.653 million and USD196.194 million for the three and twelve-month periods ended December 31, 2020 compared to a net loss of USD4.832 million and USD29.424 for the three and twelve-month periods ended December 31, 2019.

Revenue and cost compared to prior year period are influenced by the conversion from the Group's functional (ZAR) to the Group's presentation (USD) currency. The ZAR weakened by 6% and 14% from the comparative three and twelve-month periods.

Table 5. Financial performance for the three and twelve-month period ended December 31, 2020

	For the three-months ended		For the twelve-months ended	
	Dec 31, 2020 USD'000	Dec 31, 2019 USD'000	Dec 31, 2020 USD'000	Dec 31, 2019 USD'000
Revenue	**99,013**	**51,099**	**277,572**	**181,339**
Cost of operations	**(46,095)**	**(47,861)**	**(156,213)**	**(186,671)**
On mine operations	(21,171)	(16,799)	(70,821)	(68,132)
Concentrator plant operations	(12,026)	(11,475)	(42,388)	(46,889)
Beneficiation and transport	(4,501)	(3,668)	(13,577)	(14,896)
Salaries	(5,258)	(6,336)	(18,219)	(20,051)
Subtotal	*(42,956)*	*(38,278)*	*(145,005)*	*(149,968)*
Depreciation of operating assets	(4,081)	(10,061)	(13,383)	(37,546)
Change in inventories	942	478	2,175	843
Gross profit/(loss)	**52,918**	**3,238**	**121,359**	**(5,332)**
Administrative and general expenses	**(7,384)**	**(3,881)**	**(22,610)**	**(19,610)**
Employee expenses	(3,377)	(1,433)	(8,832)	(7,295)
General operating expenses	(3,238)	(1,855)	(9,814)	(10,001)
Amortisation and depreciation	295	(297)	(266)	(1,190)
Consulting and professional fees	(578)	-	(2,041)	-
Royalty tax	(484)	(263)	(1,363)	(861)
Audit fees	(2)	(33)	(294)	(263)
Other (expenses)/income	**(2,103)**	**(2,192)**	**1,795**	**(528)**
Other (expenses)/income	(333)	(17)	(233)	849
Foreign exchange (loss)/income	(1,770)	(2,175)	2,028	(1,377)
Net finance cost	**(727)**	**(979)**	**(3,111)**	**(2,422)**
Finance income	635	1,326	3,992	6,704
Finance costs	(1,362)	(2,305)	(7,103)	(9,126)
Share of profit/(loss) from investments accounted for using the equity method	**58**	**(998)**	**(1,130)**	**(1,512)**
Profit/(Loss) before taxation	**42,762**	**(4,812)**	**96,303**	**(29,404)**
Income tax credit / (expense)	99,891	(20)	99,891	(20)
Profit/(Loss) for the period	**142,653**	**(4,832)**	**196,194**	**(29,424)**
Other comprehensive (loss)/income	**(144,553)**	**(5,389)**	**(25,770)**	**22,143**
Exchange difference on loans designated as net investments	24,743	(14,061)	38,311	(12,078)
Exchange difference on translation from functional to presentation currency	(169,471)	8,735	(63,617)	34,600
Other comprehensive share of investment accounted for using the equity method	(1)	(5)	(466)	(356)
Movements in Other reserves	176	(58)	2	(23)
Total comprehensive (loss)/income	**(1,900)**	**(10,221)**	**170,424**	**(7,281)**
EBITDA*	**47,277**	**6,524**	**113,063**	**11,755**

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

Revenue

The Group generated revenues of USD99.013 million and USD277.572 million based on metal sales during the three and twelve-month periods ended December 31, 2020. USD92.317 million and USD258.365 million relates to 4E revenue and USD6.696 million and USD19.207 million relates to iridium, ruthenium, copper, nickel and chrome. Revenues represent the amounts recorded when PGM concentrates are physically delivered to the smelter and chrome when sold. Metal prices and assayed quantities at the point of sale are provisional. Adjustments in respect of final assayed quantities and/or prices arising between the date of recognition and the date of settlement are recognised in the period in which the adjustment arises and reflected through revenue and receivables.

Sales of 4E metal contributed approximately 93% and 93% (2019: 93% and 91%) to the gross revenue earned by PPM during the three and twelve-month periods ended December 31, 2020. Chrome contributed USD0.537 million and USD1.891 million to revenue during the three and twelve-month periods ended December 31, 2020 compared to December 31, 2019 where chrome contributed USD0.511 million and USD2.551 million respectively.

Revenue for the three-month period ended December 31, 2020 was 94% higher than the comparative period in 2019. The net movement was a result of:

- A 30% increase in 4E ounces dispatched; and
- A 68% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 6% weaker Rand translating into presentation currency.

Revenue for the twelve-month period ended December 31, 2020, increased by 53% from the comparative period in 2019. This increase was the net result of:

- A 1% increase in 4E ounces dispatched; and
- A 76% increase in the average ZAR 4E basket price year-on-year; offset by:
- A 14% weaker Rand translating into presentation currency.

The increase in 4E ounces dispatched compared to the previous period, was the result of a 26% and 14% increase in the average milled head grade, for the three and twelve-month period ended December 31, 2020 respectively.

Figure 7. PGM Price Evolution

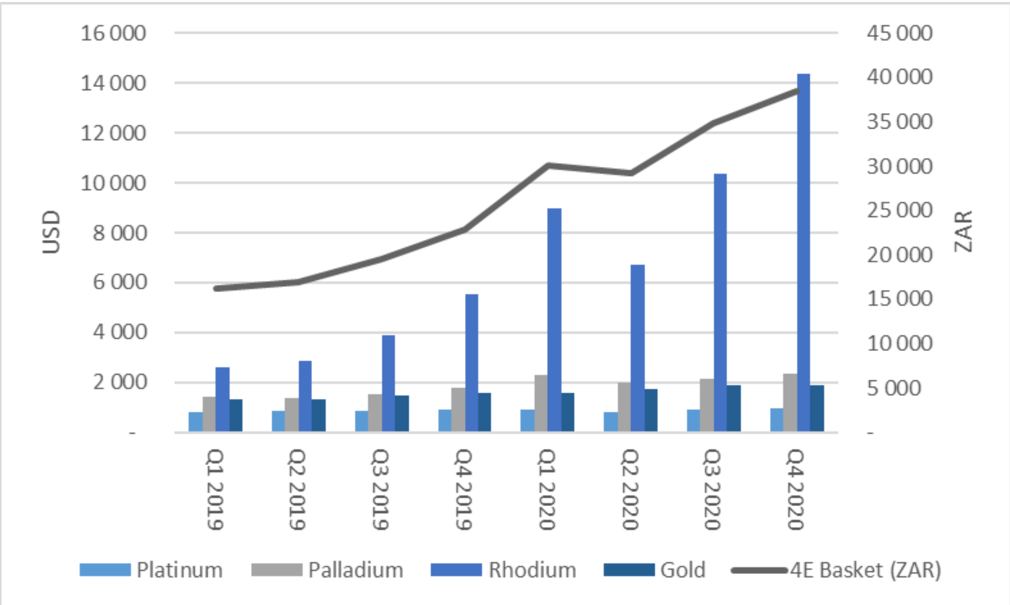
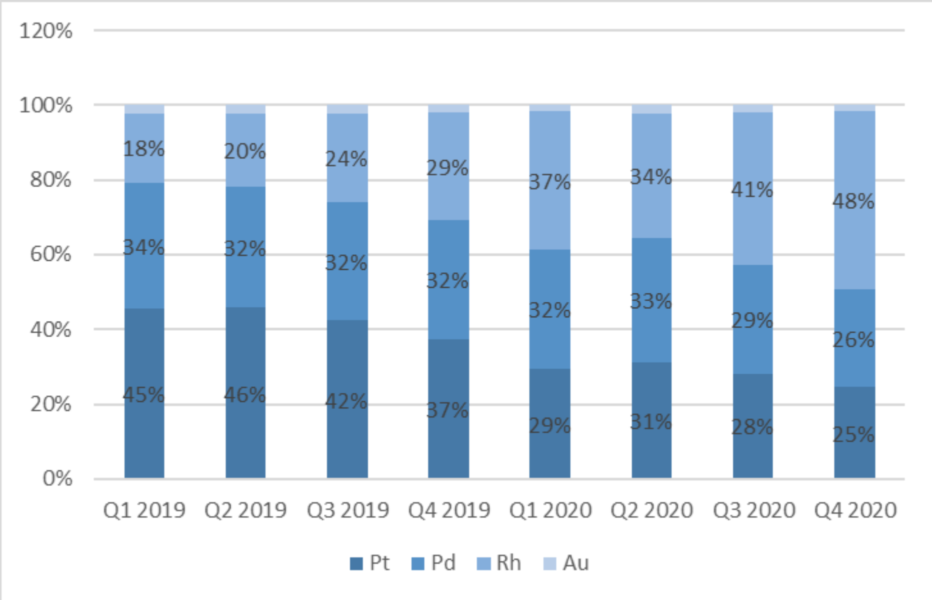


Figure 8. Metal Contribution to 4E Revenue



Cost of operations

Cost of operations totalled USD46.095 million and USD156.213 million for the three and twelve-month periods ended December 31, 2020, compared to USD47.861 million and USD186.671 million for the three and twelve-month periods ended December 31, 2019.

Cost of operations for the three-month period ended December 31, 2020, measured in presentation currency, decreased by 4%. Measured in ZAR, cost of operations for the three-month period ended December 31, 2020 increased by 2%. The net movement measured in ZAR was a result of:

- A 25% increase in mining cost; and
- A 12% increase in electricity cost; offset by
- ZAR84 million decrease in depreciation.

Cost of operations for the twelve-month period ended December 31, 2020, measured in presentation currency, decreased by 16%. Measured in ZAR, cost of operations for the twelve-month period ended December 31, 2020 decreased by 5%. The net movement measured in ZAR was a result of:

- A 15% increase in mining cost; offset by
- ZAR326 million decrease in depreciation.

The increase in mining cost for the three and twelve-month periods ended December 31, 2020 was due to a 49% and 22% increase in waste hauled in the three and twelve-months periods ended respectively. 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 USD7.384 million and USD22.610 million for the three and twelve-month periods ended December 31, 2020, compared to USD3.881 million and USD19.610 million for the three and twelve-month periods ended December 31, 2019.

The increase for the three and twelve-month periods ended December 31, 2020, was mainly due to an increase in consulting- and legal fees and employment- and Covid-19 related costs. Consulting and legal fees are ongoing and relate to both the settlement of the Wilgespruit land matter and the cost incurred for the expansion plans for the operations at PPM.

Other expenses / income

Other expenses/income was an expense of USD2.103 million and an income of USD1.795 million for the three and twelve-month periods ended December 31, 2020, compared to an expense of USD2.192 million and USD528 thousand for the three and twelve-month periods ended December 31, 2019.

Other expenses / income for the three and twelve-month periods ended December 31, 2020 is as a result of foreign exchange movements in the Rand measured against the USD and Euro resulting in foreign exchange losses/gains recorded on foreign denominated loans.

Finance income

The decrease in finance income to USD635 thousand and USD3.992 million during the three and twelve-month periods ended December 31, 2020, compared to USD1.326 million and USD6.704 million during the three and twelve-month periods ended December 31, 2019, was a result of a weaker Rand exchange rate used to convert to presentation currency, a decrease of 3% in the South African 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 USD1.362 million and USD7.103 million during the three and twelve-month periods ended December 31, 2020, compared to USD2.305 million and USD9.126 million during the three and twelve-month periods ended December 31, 2019, was a result of a weaker Rand exchange rate used to convert to presentation currency, a 3% decrease in the South African prime interest rate since December 31, 2019 and lower utilisation of the Investec RCF facility during 2020.

Cash flows

Cash and cash equivalents at December 31, 2020 increased to USD62.986 million from USD43.393 million at December 31, 2019. Cash increased by USD14.967 million and USD19.593 million for the three and twelve-month periods ended December 31, 2020. 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, for all 4E PGM's.

Events or uncertainties during the three and twelve-month period ended December 31, 2020

Metal dispatches were 30% and 1% higher for the three and twelve-month periods ended December 31, 2020 respectively, compared to the prior year periods. The twelve month-period metal dispatches were negatively affected by Covid-19 and the national lockdown response to the pandemic. This resulted in a 35-day full production loss, but due to additional start up and other activities, a total of 41 days of production were 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

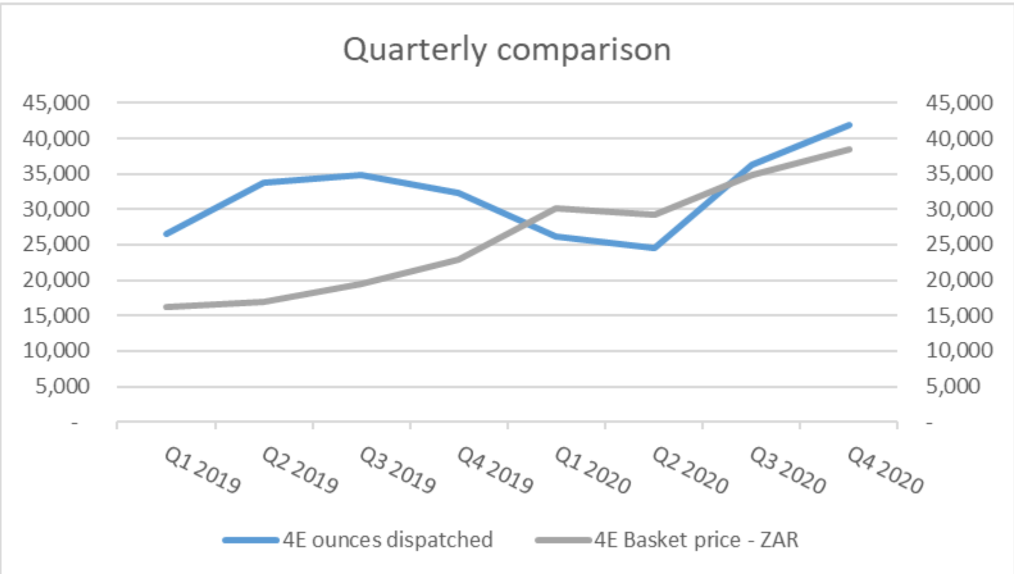
Table 6. Summary of quarterly results

	In accordance with IFRS							
USD'000	Dec '20	Sep '20	Jun '20	Mar '20	Dec '19	Sep '19	Jun '19	Mar '19
Revenue	99,013	83,264	39,558	55,737	51,099	54,614	40,138	35,488
Cost of operations	(46,095)	(43,124)	(28,345)	(38,649)	(47,861)	(48,914)	(49,746)	(40,150)
Gross profit/(loss)	52,918	40,140	11,213	17,088	3,238	5,700	(9,608)	(4,662)
Other operating (cost)/ Income	(9,487)	(6,536)	(4,382)	(410)	(6,073)	3,498	(9,802)	(7,762)
Net finance cost	(727)	(837)	(599)	(948)	(979)	(919)	(93)	(430)
Profit/(Loss) from associate	58	(348)	(402)	(438)	(998)	(271)	(154)	(89)
Profit/(loss) before taxation	42,762	32,419	5,830	15,292	(4,812)	8,008	(19,657)	(12,943)
Profit/(loss) for the period	142,653	32,419	5,830	15,292	(4,832)	8,008	(19,657)	(12,943)
ZAR:USD	15.65	16.92	17.97	15.35	14.72	14.68	14.39	14.01

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

The financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value and is presented in USD. The conversion rate for the three-months ended December 31, 2020 is 6% weaker than the rate for the period ended December 31, 2019.

Figure 9. 4E ounces dispatched and 4E Basket price



5. Liquidity

5.1 Unrestricted cash

The Company had unrestricted cash and cash equivalents of USD62.986 million at December 31, 2020 (USD43.393 million at December 31, 2019). The IDC provided PPM with a ZAR500 million loan facility in 2018 which will continue to provide access to funding for short-term cash flow requirements for the operation at PPM. Interest payments on this facility commenced in March 2020 and capital repayments in September 2020.

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

Development of exploration and mineable assets may require new funding.

5.2 Restricted cash

The Group had restricted cash investments and guarantees forming part of its non-current assets totalling USD18.090 million at December 31, 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 USD137 thousand (ZAR2 million). This cash is held by Rand Merchant Bank on long-term deposits and ceded in favour of Lombard Insurance. Lombard Insurance provides the Group with guarantees for both Eskom and the DMRE. The facility with Lombard is 57% cash-backed at December 31, 2020.

5.3 Contractual Obligations

The Group's contractual obligations are as follows:

Table 7. Commitments as at December 31, 2020

Contractual obligations USD'000	Total	< 1 year	1-3 years	After 3 years
Mining costs [(1)]	15,464	15,464	-	-
Open Purchase Orders	6,210	6,210	-	-
Total Contractual Obligations	**21,674**	**21,674**	**-**	**-**

(1) 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 December 31, 2020, Sedibelo Platinum Mines' total working capital was USD162.944 million (December 31, 2019: USD66.417 million). Working capital is based on the total unrestricted cash plus cash equivalents (USD62.986 million), plus inventory (USD11.818 million) and trade and other receivables (USD133.893 million) less short term borrowings (USD14.408 million), trade payables, accrued liabilities (USD26.134 million) and the outstanding revolving commodity facility balance (USD5.211 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 sufficient cash is available for operational needs, the RCF with Investec is utilised on a continuous basis. Investec Bank Limited ("Investec") approved a rand denominated revolving commodity finance facility of up to USD61.570 million (ZAR900 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 1.92% and is available up to March 31, 2022.

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 USD2.268 billion (ZAR33.154 billion) at December 31, 2020 and has been used to fund the development of PPM and the acquisition of PGM assets on the Western Limb in 2012.

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

7. Critical accounting estimates

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

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

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

Determination of consolidation

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

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

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

Management have accounted for its interest in KellTech Limited as a joint venture through the equity method of accounting due to the nature of the joint arrangement.

Impairment of non-current assets

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

Inventory

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

Decommissioning and rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision represents management's best estimate of the present value of the rehabilitation costs anticipated to be incurred at the end of the mine's life. See Note 15 of the consolidated financial statements.

Reserves and Resources

The estimation of reserves impacts the depreciation of certain categories of property, plant and equipment (deferred stripping costs, decommissioning assets and producing mines), the recoverable amount of mining assets and property, plant and equipment and the timing of rehabilitation expenditure. The reserves and resources statement 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 the future is different from current forecast production based on proved and probable mineral reserves.

8. Other

8.1 Off-Balance Sheet Arrangements

At December 31, 2020, the Group had USD32.343 million in guarantees to the DMRE and Eskom, of which USD18.326 million is funded.

8.2 Proposed Transactions

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

8.3 Financial Instruments and Other Instruments

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

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

8.4 Changes in Accounting Policies including Initial Adoption

There were no changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2019 except for the adoption of the standards set out below:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Proceeds before Intended Use - Amendments to IAS 16

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

9. Outstanding share data

As at December 31, 2020, the Company had 3,095,401,663 common shares in issue.

10. Risks and uncertainties

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

10.1 Legal proceedings

Access to mining property

While there still continues to be a delay in the mining of Wilgespruit due to concerns raised by local communities, great progress has been made. Access to the land, in order to execute a mining right to mine the minerals, has been restricted as a result of the continued occupation of the land by factions of the local community.

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

In line with the judgement from the ConCourt, PPM has engaged with the lawful occupiers and their representatives. A Settlement Agreement was concluded on November 30, 2019 and an Addendum was signed on June 6, 2020. A relocation plan has been compiled that includes moving farmers temporarily, identifying an alternative farm for permanent relocation; and engaging on other salient terms in the Settlement Agreement.

The relocation plan is currently being implemented and individual farmers have begun signing Relocation Agreements and are currently relocating. We anticipate commencing mining activities in Q3 2021 when the alternative farm has been procured.

Diesel rebates

The matter is currently the subject of litigation between the South African Revenue Services (“SARS”) and PPM on periods claimed since April 2008. PPM has submitted a total of USD28.53 million (ZAR417 million), with USD27.23 million (ZAR398 million) outstanding from SARS, at December 31, 2020. USD4.24 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.

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 twelve-months ended December 31, 2020. The Company has identified no material weakness in the design of its internal controls over financial reporting. There has been no change in the Company’s internal controls over financial reporting since its year-end MD&A for the period ended December 31, 2020, or during the three and twelve-month period ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect its internal controls over financial reporting.