



Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements for the six month period ended June 30, 2021 and June 30, 2020

*(December 2020 Audited, June 2021 & June 2020 Unaudited, expressed in United States dollars,
unless otherwise stated)*

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position

as at June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

| | Notes | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|-------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Mining assets | 5 | 786,335 | 773,275 |
| Intangible assets | 6 | 34,125 | 33,564 |
| Property, plant and equipment | 7 | 91,942 | 92,498 |
| Loans receivable | | 16,046 | 16,506 |
| Restricted cash investments and guarantees | 8.2 | 19,639 | 18,090 |
| Deferred tax asset | | 87,715 | 101,949 |
| Total non-current assets | | 1,035,802 | 1,035,882 |
| Current assets | | | |
| Inventories | 9 | 10,020 | 11,818 |
| Trade and other receivables | | 96,644 | 133,893 |
| Loans receivables | | 342 | - |
| Cash and cash equivalents | 8.1 | 144,774 | 62,986 |
| Total current assets | | 251,780 | 208,697 |
| TOTAL ASSETS | | 1,287,582 | 1,244,579 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 11 | 2,549,583 | 2,549,583 |
| Other components of equity | | (478,574) | (521,743) |
| Accumulated deficit | | (844,563) | (865,651) |
| | | 1,226,446 | 1,162,189 |
| Non-controlling interests | | (7,402) | (7,126) |
| Total equity | | 1,219,044 | 1,155,063 |
| Non-current liabilities | | | |
| Long-term borrowings | 12.1 | 5,667 | 26,976 |
| Decommissioning and rehabilitation provision | 13 | 17,813 | 16,787 |
| Total non-current liabilities | | 23,480 | 43,763 |
| Current liabilities | | | |
| Short-term borrowings | 12.2 | - | 14,408 |
| Trade payables and accrued liabilities | | 22,772 | 26,134 |
| Revolving commodity facility | 14 | 22,286 | 5,211 |
| Total current liabilities | | 45,058 | 45,753 |
| Total liabilities | | 68,538 | 89,516 |
| TOTAL EQUITY AND LIABILITIES | | 1,287,582 | 1,244,579 |

The accompanying notes are an integral part of these consolidated and separate financial statements.

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of comprehensive income for the three and six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

| | Notes | 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 | 15 | 68,023 | 39,558 | 163,823 | 95,295 |
| Cost of operations | 16 | (48,484) | (28,345) | (92,385) | (66,994) |
| Gross profit | | 19,539 | 11,213 | 71,438 | 28,301 |
| Administrative and general expenses | | (7,003) | (4,072) | (13,796) | (8,987) |
| Other (expenses)/income | | (2,785) | 55 | (2,728) | 80 |
| Foreign exchange (loss)/gain | | (58) | (365) | 386 | 4,115 |
| Operating profit | 17 | 9,693 | 6,831 | 55,300 | 23,509 |
| Finance income | | 1,473 | 1,057 | 2,453 | 2,443 |
| Finance costs | | (1,234) | (1,656) | (2,797) | (3,990) |
| Share of profit/(loss) of investments accounted for using the equity method | 10 | 135 | (402) | (59) | (840) |
| Profit before income tax | | 10,067 | 5,830 | 54,897 | 21,122 |
| Income tax expense | | (16,807) | - | (16,807) | - |
| (LOSS)/PROFIT FOR THE PERIOD | | (6,740) | 5,830 | 38,090 | 21,122 |
| <i>Attributable to:</i> | | | | | |
| Owners of the parent | | (6,596) | 5,943 | 38,366 | 21,399 |
| Non-controlling interest | | (144) | (113) | (276) | (277) |
| | | (6,740) | 5,830 | 38,090 | 21,122 |
| Other Comprehensive income/(loss): | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on loan designated as net investment | | (8,601) | (7,691) | (16,885) | 54,363 |
| Exchange differences 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) |
| Movement in other reserves | | (43) | (31) | (21) | 194 |
| Other comprehensive income/(loss) - net of tax | | 50,958 | 29,825 | 25,891 | (186,050) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | 44,218 | 35,655 | 63,981 | (164,928) |
| <i>Attributable to:</i> | | | | | |
| Owners of the parent | | 44,362 | 35,768 | 64,257 | (164,651) |
| Non-controlling interest | | (144) | (113) | (276) | (277) |
| | | 44,218 | 35,655 | 63,981 | (164,928) |

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of changes in shareholders' equity

for the three and six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

| | Share capital ^(a) | Accumulated deficit | Other reserves | Foreign currency translation reserve | Subtotal | Non-controlling interest | Total equity |
|--|------------------------------|---------------------|----------------|--------------------------------------|------------------|--------------------------|------------------|
| (a) Note 11 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Balance at January 1, 2020 | 2,549,583 | (1,100,208) | (1,021) | (457,107) | 991,247 | (6,608) | 984,639 |
| Profit/(loss) for the period | - | 21,399 | - | - | 21,399 | (277) | 21,122 |
| Other comprehensive income/(loss) for the period | - | 53,884 | 194 | (240,128) | (186,050) | - | (186,050) |
| Total comprehensive income/(loss) | - | 75,283 | 194 | (240,128) | (164,651) | (277) | (164,928) |
| Balance at June 30, 2020 | 2,549,583 | (1,024,925) | (827) | (697,235) | 826,596 | (6,885) | 819,711 |
| Profit/(loss) for the period | - | 175,313 | - | - | 175,313 | (241) | 175,072 |
| Other comprehensive (loss)/income for the period | - | (16,039) | (192) | 176,511 | 160,280 | - | 160,280 |
| Total comprehensive income/(loss) | - | 159,274 | (192) | 176,511 | 335,593 | (241) | 335,352 |
| Balance at December 31, 2020 | 2,549,583 | (865,651) | (1,019) | (520,724) | 1,162,189 | (7,126) | 1,155,063 |
| Profit/(loss) for the period | - | 38,366 | - | - | 38,366 | (276) | 38,090 |
| Other comprehensive (loss)/income for the period | - | (17,278) | (21) | 43,190 | 25,891 | - | 25,891 |
| Total comprehensive income/(loss) | - | 21,088 | (21) | 43,190 | 64,257 | (276) | 63,981 |
| Balance at June 30, 2021 | 2,549,583 | (844,563) | (1,040) | (477,534) | 1,226,446 | (7,402) | 1,219,044 |

Sedibelo Platinum Mines Limited

Condensed consolidated interim cash flow statement

for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

| | | For the six months ended | |
|--|-------|--------------------------|-----------------|
| | | Jun 30, 2021 | Jun 30, 2020 |
| | Notes | USD'000 | USD'000 |
| Cash flows from operating activities | | | |
| Profit before income tax | | 54,897 | 21,122 |
| Depreciation of property, plant and equipment | 7 | 4,091 | 5,905 |
| Amortisation of intangible assets | 6 | 277 | 209 |
| Revolving commodity facility fair value adjustment | 14 | (421) | 3,827 |
| Share of loss of investments accounted for using the equity method | 10 | 59 | 840 |
| Loss on disposal mining asset | | 3,141 | - |
| Unrealised foreign exchange gain | | (362) | (4,115) |
| Finance income | | (2,453) | (2,443) |
| Finance cost | | 2,797 | 3,990 |
| <i>Operating profit before working capital changes</i> | | 62,026 | 29,335 |
| Decrease / (Increase) in trade and other receivables | | 39,711 | (3,264) |
| (Decrease) / Increase in trade and other payables | | (2,852) | 3,253 |
| Decrease / (Increase) in inventories | | 1,909 | (522) |
| <i>Cash generated from operations</i> | | 100,794 | 28,802 |
| Interest paid | | (391) | (193) |
| Interest received | | 1,910 | 1,492 |
| <i>Net cash generated from operating activities</i> | | 102,313 | 30,101 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (1,764) | (1,205) |
| Additions to mining assets | 5 | (396) | (901) |
| Disposal of mining assets | | 7 | - |
| Additions to intangible assets | 6 | (158) | (223) |
| Loans granted to related party | | (554) | (180) |
| Loans repaid by external parties | | 476 | - |
| Funds invested in restricted cash | | (808) | (702) |
| <i>Net cash utilised in investing activities</i> | | (3,197) | (3,211) |
| Cash flows from financing activities | | | |
| Interest paid on The Industrial Development Corporation ("IDC") of South Africa loan | 12.3 | (1,944) | (1,176) |
| Capital repayment on the IDC loan | 12.3 | (37,158) | - |
| Proceeds from revolving commodity facility | 14 | 37,142 | 35,011 |
| Repayment of revolving commodity facility | 14 | (18,815) | (49,092) |
| <i>Net cash utilised in financing activities</i> | | (20,775) | (15,257) |
| Net increase in cash and cash equivalents | | 78,341 | 11,633 |
| Cash and cash equivalents at beginning of the year | | 62,986 | 43,393 |
| Exchange gain / (loss) on cash and cash equivalents | | 3,447 | (7,583) |
| Cash and cash equivalents at end of the period | 8.1 | 144,774 | 47,443 |

Notes to the condensed consolidated interim financial statements

for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

1. General information

Sedibelo Platinum Mines Limited (“the Company”) and its subsidiaries (“the Group”) is a mining group engaged in the acquisition, exploration, development and operation of Platinum Group Metals (“PGM”) properties 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.

The Company is registered in Guernsey and reports in accordance with the provisions of The Companies (Guernsey) Law, 2008. For the six months ended June 30, 2021, the Group made a profit of USD38.090 million (2020: USD21.122 million).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year (see Note 4).

a) Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 – Interim financial reporting, IFRIC (“International Financial Reporting Interpretations Committee”) interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

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.

The financial information is presented in US dollars (“USD”) and all monetary results are rounded to the nearest thousand (USD’000) except when otherwise indicated.

There are no changes in these accounting policies for the six-month period ended June 30, 2021 except as disclosed in Note 4 below “Changes in accounting policy”.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and IFRIC interpretations as issued by the IASB applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Group be unable to continue as a going concern and therefore be required to realise its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material.

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; accordingly, when considering going concern, Management consider key assumptions, such as exposure to the ZAR:USD exchange rate and PGM prices, in their cash flow forecasts. Continuance as a going concern is dependent upon the Group’s ability to achieve profitable operations, obtain adequate equity or debt funding, or, alternatively, dispose of its non-core properties on an advantageous basis.

PPM has an agreement with Investec Bank Limited (“Investec”) to provide a rand denominated revolving commodity finance facility of up to USD60.241 million (ZAR900 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 0.50% and is available up to March 31, 2022.

Management has also considered the possible impact of Covid-19 on the Group’s ability to produce at current levels and its impact on unit costs. During 2020, the mine ceased operations for forty-one (41) days during the initial hard lock down imposed by the South African government. The likelihood of a government mandated shutdown on the mining industry is regarded very low. South-Africa had its second- and is amid a third wave of Covid-19 with no restrictions enforced on the mining industry after the hard lock down in the prior period.

Operational risks that Management considered during the assessment included operating cash flows and short term PGM prices and ZAR:USD exchange rates. Capital expenditure (sustaining and growth) was included in line with the budget and Management’s current plans. The significant improvement in the ZAR PGM basket price improved the Group’s cash position and its cash generative ability. Based on current assumptions there is no reason for Management to believe that the Group cannot repay debt, expenses and/or obligations in accordance with the current terms of the relevant agreements.

Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

2. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

The following exchange rates to the US dollar have been applied:

| | 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 |

Property, plant and equipment

Depreciation and amortisation are calculated on a units-of-production method for the mining assets and straight-line method for all other assets to write off the cost of the assets to their residual values over their estimated useful lives. The useful lives applicable to each category of property, plant and equipment are as follows:

| Asset category | Useful life |
|---|--|
| Producing mines | Units of production (ore tonnes mined) |
| Pre-stripping costs | Units of production (ore tonnes mined) |
| Plant construction and mine development | Units of production (ore tonnes mined) |
| Deferred stripping costs | Units of production (ore tonnes mined) |
| Decommissioning assets | Units of production (ore tonnes mined) |
| Leased assets | 10 years |
| Plant and equipment | Units of production (ore tonnes processed) |
| Buildings | 20 years |
| Land | Indefinite |
| Other | |
| - Vehicles | 5 years |
| - Computer equipment | 3 years |
| - Office equipment | 6 years |
| - Furniture and fittings | 6 years |
| - Other equipment | 5 years |

3. Estimates

The preparation of interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

4. Change in accounting policy including initial adoption

There were no other changes in the accounting policies applied since the issue of the audited consolidated financial statements for the year ended December 31, 2020.

New standards and amendments to standards and interpretations not yet adopted:

- IAS 1 (Amendments): Disclosure of accounting policies - applicable to annual periods beginning on or after January 1, 2023. Early adoption is permitted and ;
- IAS 8 (Amendments): Definition of accounting estimates - applicable to annual periods beginning on or after January 1, 2023.

The Group performed an assessment of the above amendments and concluded that these amendments as noted, do not have a material impact based on the nature of the Group's business

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements

for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

5. Mining assets

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Exploration and evaluation assets | 18,712 | 21,071 |
| Mineral properties and rights | 767,623 | 752,204 |
| Balance at the end of the period | 786,335 | 773,275 |

| | Exploration & evaluation assets USD'000 | Mineral properties & rights USD'000 | TOTAL USD'000 |
|---|---|---|------------------|
| Balance at January 1, 2020 | 19,781 | 778,614 | 798,395 |
| Additions | 1,708 | - | 1,708 |
| Foreign exchange variance | (418) | (26,410) | (26,828) |
| Balance at December 31, 2020 | 21,071 | 752,204 | 773,275 |
| Additions | 396 | - | 396 |
| Disposals ^(a) | (3,094) | - | (3,094) |
| Foreign exchange variance | 339 | 15,419 | 15,758 |
| Balance at June 30, 2021^(b) | 18,712 | 767,623 | 786,335 |

a) Exploration data relating to Grootboom, an Eastern Limb exploration project was sold to a third party.

b) Long term borrowings are secured on Mineral properties and rights to the value of ZAR200 million (USD14 million). Refer to note 12.

6. Intangible assets

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Water pipeline | 23,725 | 23,435 |
| ERP software | 6 | 6 |
| Computer software | 762 | 683 |
| Research and development | 9,632 | 9,440 |
| Balance at the end of the period | 34,125 | 33,564 |

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Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

6. Intangible assets (continued)

Reconciliation of intangible assets:

| | Water pipeline USD'000 | ERP Software USD'000 | Computer software USD'000 | Research and development USD'000 | Power and water rights USD'000 | TOTAL USD'000 |
|-------------------------------------|------------------------------|----------------------------|---------------------------------|---|---|------------------|
| COST | | | | | | |
| Balance at January 1, 2020 | 28,801 | 124 | 1,802 | 9,767 | 18,560 | 59,054 |
| Additions during the year | 67 | - | 408 | 4 | - | 479 |
| Assets scrapped | - | - | (98) | - | - | (98) |
| Foreign exchange variance | (969) | (4) | (9) | (331) | - | (1,313) |
| Balance at December 31, 2020 | 27,899 | 120 | 2,103 | 9,440 | 18,560 | 58,122 |
| Additions during the period | 15 | - | 143 | - | - | 158 |
| Foreign exchange variance | 570 | 1 | 42 | 192 | - | 805 |
| Balance at June 30, 2021 | 28,484 | 121 | 2,288 | 9,632 | 18,560 | 59,085 |
| ACCUMULATED AMORTISATION | | | | | | |
| Balance at January 1, 2020 | 4,208 | 113 | 1,433 | - | 18,560 | 24,314 |
| Amortisation for the year | 341 | 4 | 116 | - | - | 461 |
| Assets scrapped | - | - | (98) | - | - | (98) |
| Foreign exchange variance | (85) | (3) | (31) | - | - | (119) |
| Balance at December 31, 2020 | 4,464 | 114 | 1,420 | - | 18,560 | 24,558 |
| Amortisation for the period | 201 | - | 76 | - | - | 277 |
| Foreign exchange variance | 94 | 1 | 30 | - | - | 125 |
| Balance at June 30, 2021 | 4,759 | 115 | 1,526 | - | 18,560 | 24,960 |
| CARRYING AMOUNTS | | | | | | |
| Balance at January 1, 2020 | 24,593 | 11 | 369 | 9,767 | - | 34,740 |
| Balance at December 31, 2020 | 23,435 | 6 | 683 | 9,440 | - | 33,564 |
| Balance at June 30, 2021 | 23,725 | 6 | 762 | 9,632 | - | 34,125 |

Sedibelo Platinum Mines Limited
Notes to the condensed consolidated interim financial statements
for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

7. Property, plant and equipment

| | Producing Mines USD'000 | Plant construction and mine development USD'000 | Pre- stripping cost USD'000 | Deferred stripping cost USD'000 | Decom- missioning asset USD'000 | Leased assets USD'000 | ^(a) Plant and equipment USD'000 | Land and buildings USD'000 | Other USD'000 | TOTAL USD'000 |
|-------------------------------------|-------------------------------|---|--------------------------------------|--|--|-----------------------------|--|----------------------------------|------------------|------------------|
| COST | | | | | | | | | | |
| Balance at January 1, 2020 | 6,399 | 11,788 | 120,773 | 52,183 | 14,785 | 5,017 | 167,399 | 3,357 | 7,048 | 388,749 |
| Additions | - | 1,390 | - | - | 61 | 227 | 3,575 | 163 | 500 | 5,916 |
| Disposals | - | - | - | - | - | (289) | - | - | (471) | (760) |
| Change in estimate | - | - | - | - | (6,418) | - | - | - | - | (6,418) |
| Foreign exchange variance | (217) | (235) | (4,097) | (1,770) | (626) | (162) | (5,314) | (94) | (151) | (12,666) |
| Balance at December 31, 2020 | 6,182 | 12,943 | 116,676 | 50,413 | 7,802 | 4,793 | 165,660 | 3,426 | 6,926 | 374,821 |
| Additions | - | 840 | - | - | - | 145 | 398 | 79 | 302 | 1,764 |
| Change in estimate | - | - | - | - | (90) | 18 | - | - | - | (72) |
| Foreign exchange variance | 126 | 275 | 2,383 | 1,029 | 155 | 106 | 3,390 | 72 | 121 | 7,657 |
| Balance at June 30, 2021 | 6,308 | 14,058 | 119,059 | 51,442 | 7,867 | 5,062 | 169,448 | 3,577 | 7,349 | 384,170 |
| ACCUMULATED DEPRECIATION | | | | | | | | | | |
| Balance at January 1, 2020 | 5,330 | - | 95,968 | 41,038 | 8,412 | 3,424 | 117,107 | 763 | 5,614 | 277,656 |
| Additions | 351 | - | 4,173 | 1,912 | 224 | 163 | 6,317 | 125 | 485 | 13,750 |
| Disposals | - | - | - | - | - | (247) | - | - | (464) | (711) |
| Change in estimate | - | - | - | - | (562) | - | - | - | - | (562) |
| Foreign exchange variance | (141) | - | (2,718) | (1,166) | (272) | (103) | (3,260) | (13) | (137) | (7,810) |
| Balance at December 31, 2020 | 5,540 | - | 97,423 | 41,784 | 7,802 | 3,237 | 120,164 | 875 | 5,498 | 282,323 |
| Depreciation for the period | 62 | - | 739 | 324 | 66 | 111 | 2,594 | 72 | 279 | 4,247 |
| Change in estimate | - | - | - | - | (156) | - | - | - | - | (156) |
| Foreign exchange variance | 114 | - | 1,992 | 853 | 155 | 94 | 2,472 | 21 | 113 | 5,814 |
| Balance at June 30, 2021 | 5,716 | - | 100,154 | 42,961 | 7,867 | 3,442 | 125,230 | 968 | 5,890 | 292,228 |

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Notes to the condensed consolidated interim financial statements

for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

7. Property, plant and equipment (Continued)

| | Producing Mines USD'000 | Plant construction and mine development USD'000 | Pre- stripping cost USD'000 | Deferred stripping cost USD'000 | Decom- missioning asset USD'000 | Right to use assets USD'000 | ^(a) Plant and equipment USD'000 | Land and buildings USD'000 | Other USD'000 | TOTAL USD'000 |
|------------------------------|-------------------------------|---|--------------------------------------|--|--|--------------------------------------|--|----------------------------------|------------------|------------------|
| CARRYING AMOUNTS | | | | | | | | | | |
| Balance at January 1, 2020 | 1,069 | 11,788 | 24,805 | 11,145 | 6,373 | 1,593 | 50,292 | 2,594 | 1,434 | 111,093 |
| Balance at December 31, 2020 | 642 | 12,943 | 19,253 | 8,629 | - | 1,556 | 45,496 | 2,551 | 1,428 | 92,498 |
| Balance at June 30, 2021 | 592 | 14,058 | 18,905 | 8,481 | - | 1,620 | 44,218 | 2,609 | 1,459 | 91,942 |

(a) Tailings dam is included in plant and equipment.

Long term borrowings were secured on Plant and equipment to the value of ZAR600 million (USD42 million) and on all moveable assets to the value of ZAR100 million (USD7 million). Refer to note 12.

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements

for the six months ended June 30, 2021

(Expressed in United States Dollars, unless otherwise stated)

8. Cash and cash equivalents, restricted cash investments and guarantees

8.1 Cash and cash equivalents

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Cash at bank | 144,774 | 62,986 |
| Balance at the end of the period | 144,774 | 62,986 |

Cash at banks earns interest at fixed and floating rates. Cash is deposited at reputable financial institutions within the Republic of South Africa and in the United Kingdom. The fair value of cash and cash equivalents equates to the values as disclosed in this note.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise only the cash at bank and financial institutions or asset managers and are disclosed for each period above.

8.2 Restricted cash investments and guarantees

Cash investments were made relating to certain guarantees required by the Republic of South Africa's Department of Mineral Resources and Energy ("DMRE") and ESKOM Holdings Limited, the South African state utility supplier, of which the details are as follows:

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Balance at the end of the period | 19,639 | 18,090 |

The DMRE requires rehabilitation guarantees for all prospecting and mining rights. These rehabilitation guarantees primarily relate to the mining and prospecting rights for the Western and Eastern Limb operations and projects. These guarantees have been provided to the DMRE on two separate bases:

- On an insurance basis with a portion of the total guarantee being paid over in a separate bank account controlled by the Group and ceded in favour of the insurance company and the remaining portion paid in premiums over the expected life of the mine; and
- on a cash backed basis.

As at June 30, 2021, the Group had USD33 million (2020: USD32 million) in guarantees to the DMRE and ESKOM, of which USD20 million (2020: USD18 million) is funded.

9. Inventories

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Ore stockpiled | 108 | 2,862 |
| Work in progress | 404 | 472 |
| Chrome stockpile | 164 | 333 |
| Consumables | 9,344 | 8,151 |
| Balance at the end of the period | 10,020 | 11,818 |

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10. Investment in associate

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. The joint venture has share capital consisting solely of ordinary shares, which is held directly by the Group:

| Name of entity | Country of incorporation | % of ownership interest | Nature of relationship | Measurement method |
|------------------|--------------------------|-------------------------|--|--------------------|
| Kelltech Limited | Mauritius | 50 | Provides access to new technology to the SPM Group | Equity |

Investment in associate

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|----------------------------|----------------------------|
| January 1 st | - | - |
| Share of loss from associate | (59) | (1,130) |
| Share of other comprehensive loss | (393) | (214) |
| Foreign exchange loss on investment in associate | (21) | (466) |
| Impaired against loan receivable | 473 | 1,810 |
| Investment in associate value | - | - |

Details of associate

Summarised financial and profit and loss information in respect of Kelltech Limited reflecting 100% of the associate is set out below:

| Summarised balance sheet | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|----------------------------|----------------------------|
| Non-current assets | 8,236 | 8,116 |
| Current assets | 933 | 736 |
| Non-current liabilities | (13,112) | (12,420) |
| Current Liabilities | (172) | (504) |
| <i>The above assets and liabilities include the following:</i> | | |
| Cash and cash equivalents | 298 | 736 |
| Net asset value | (4,115) | (4,072) |
| SPM ownership interest | 50% | 50% |

| Summarised statement of comprehensive loss | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|----------------------------|----------------------------|
| Loss for the period | (118) | (2,260) |
| Other comprehensive expense | (786) | (932) |
| Total comprehensive expense | (904) | (3,192) |

The above loss for the period includes the following:

| | | |
|------------------|-------|-------|
| Finance income | 2 | 7 |
| Finance expense* | (182) | (346) |

*Including interest accrued to the Group

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11. Share capital

11.1 Common shares authorised

The Company has an unlimited number of authorised common shares with no par value.

11.2 Common shares issued

| | Number of shares | Amount USD'000 |
|------------------------------|------------------|----------------|
| Balance at December 31, 2020 | 3,095,401,663 | 2,549,583 |
| Balance at June 30, 2021 | 3,095,401,663 | 2,549,583 |

12. Borrowings

12.1 Long term borrowings

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|----------------------------|----------------------------|
| Loan from Corridor Mining Resources Proprietary Limited ^(a) | 5,667 | 5,365 |
| Loan from the IDC ^(b) | - | 21,611 |
| Balance at the end of the period | 5,667 | 26,976 |

a) Corridor Mining Resources Proprietary Limited is a wholly owned subsidiary of Limpopo Economic Development Agency, an agency of the Limpopo Provincial Government, Republic of South Africa.

The long-term loan bears interest at South African prime overdraft rate until otherwise agreed by the shareholders. The loan is to be repaid from the proceeds generated by the Mphahlele project in Tameng Mining and Exploration Proprietary Limited, a subsidiary of Mahube Mining Proprietary Limited.

b) PPM secured a loan of ZAR500 million from the IDC in 2018. The proceeds from this loan was utilised to sustain mining operations. The loan was settled in full on June 1, 2021.

The loan accrued interest at the South African prime overdraft rate plus 3.5% which was accrued for on a monthly basis.

12.2 Short term borrowings

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Loan from IDC ^(b) | - | 14,408 |
| Balance at the end of the period | - | 14,408 |

12.3 IDC loan reconciliation

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| Opening balance January 1 | 36,019 | 44,961 |
| Capital repayments | (37,158) | (5,296) |
| Interest repayment | (1,944) | (5,975) |
| Interest accrued | 1,506 | 4,324 |
| Foreign exchange loss/(gain) | 1,577 | (1,995) |
| Balance at the end of the period | - | 36,019 |

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13. Decommissioning and rehabilitation provision

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|---|----------------------------|----------------------------|
| DISCOUNTED | | |
| Balance at the beginning of the year | 16,787 | 22,163 |
| Unwinding of discount (accretion) | 769 | 1,724 |
| Change in estimate | (90) | (6,418) |
| Subtotal | 17,466 | 17,469 |
| Foreign exchange variance | 347 | (682) |
| Balance at the end of the period | 17,813 | 16,787 |

The estimate represents the current cost of closure as at the respective period end. An annual estimate of the quantum of closure costs is necessary in order to fulfil the requirements of the DMRE, as well as meeting specific closure objectives outlined in the mine's Environmental Management Programme. Although the ultimate amount of the asset retirement obligation is uncertain, the measurement of the obligation is based on information that is currently available.

The asset retirement obligation has been determined using a Rand discount rate of 9.1% (2020: 9.1%) and an inflation rate of 3.3 % (2020: 3.3%) over the expected LoM (Life of Mine) of 7 years and 6 months' (2020: 8 years) for the West Pit and 9 years and 6 months for the East Pit (2020: 10 years).

14. Revolving commodity facility

In terms of this facility Investec will finance up to 91% of PPM's platinum, palladium, rhodium, nickel, copper and gold deliveries. PPM cedes on an out-and-out basis to Investec all rights to payments under its offtake agreement with Impala until the corresponding liability is settled. This facility is repaid within 2 to 4 months upon which the funds are again available for draw-down. On settlement date, the drawdown is revalued using average commodity prices and exchange rates for the calendar month before settlement date. The outstanding balance bears interest at JIBAR plus 0.50% and is available up to March 31, 2022.

| | Jun 30, 2021 USD'000 | Dec 31, 2020 USD'000 |
|--|----------------------------|----------------------------|
| Balance at the beginning of the year | 5,211 | 19,895 |
| Repayment of drawdown | (18,815) | (81,890) |
| Drawdown from the facility during the period | 37,142 | 69,228 |
| Fair value adjustments to the balances | (421) | 211 |
| Interest paid | 131 | 1,042 |
| Subtotal | 23,248 | 8,486 |
| Exchange rate variance | (962) | (3,275) |
| Balance at the end of the period | 22,286 | 5,211 |

15. Revenue

| | For the three months ended | | For the six months ended | |
|----------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 |
| 4E Minerals | 59,888 | 36,205 | 147,813 | 87,963 |
| Other minerals | 8,135 | 3,353 | 16,010 | 7,332 |
| Total revenue | 68,023 | 39,558 | 163,823 | 95,295 |

All revenue is from Impala Platinum Limited and minor chrome sales at the spot market.

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(Expressed in United States Dollars, unless otherwise stated)

16. Cost of operations

| | For the three months ended | | For the six months ended | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 |
| On-mine operations | | | | |
| Total materials and mining costs | (24,659) | (13,004) | (44,661) | (29,353) |
| Concentrator plant operations | | | | |
| Materials and other costs | (8,302) | (4,664) | (15,829) | (12,577) |
| Utilities | (5,141) | (2,850) | (8,729) | (5,898) |
| Beneficiation | | | | |
| Smelting and refining costs | (3,474) | (2,107) | (6,604) | (5,236) |
| Transport | (132) | (86) | (260) | (225) |
| Salaries | (4,652) | (3,712) | (9,382) | (8,515) |
| Sub-total | (46,360) | (26,423) | (85,465) | (61,804) |
| Amortisation and depreciation of operating assets | (2,321) | (2,289) | (4,006) | (5,737) |
| Inventory adjustments | 197 | 367 | (2,914) | 547 |
| Total cost of operations | (48,484) | (28,345) | (92,385) | (66,994) |

17. Operating profit

| | For the three months ended | | For the six months ended | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 | As at Jun 30, 2021 USD'000 | As at Jun 30, 2020 USD'000 |
| <i>Operating profit/(loss) includes:</i> | | | | |
| <i>Admin and general expenses</i> | | | | |
| Amortisation and depreciation | (226) | (149) | (362) | (374) |
| Audit fees | (222) | (170) | (330) | (217) |
| Community projects | (796) | (309) | (1,736) | (653) |
| Consulting and professional fees | (772) | (427) | (1,547) | (610) |
| Consumables | (283) | (315) | (693) | (347) |
| Employee expenses | (2,197) | (1,059) | (4,619) | (3,315) |
| Insurance fees | (450) | (238) | (863) | (445) |
| IT related costs | (223) | (141) | (383) | (240) |
| Learnerships & bursaries | (143) | (139) | (323) | (313) |
| Other admin and general expenses | (873) | (545) | (1,537) | (1,216) |
| Royalty expense | (364) | (222) | (525) | (495) |
| Security | (454) | (358) | (878) | (763) |
| Foreign exchange (loss)/gain | (58) | (365) | 386 | 4,115 |
| Other (expenses)/income ^(a) | (2,785) | 55 | (2,728) | 80 |

(a) Other expenses include a loss on the sale of a mining asset.

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18. Financial risk management and Financial instruments

18.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements as at December 31, 2020. There have been no changes in the risk management policies since year end.

18.2 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner. The Group's Executive Directors continually review the liquidity position including cash flow forecasts to determine the forecast liquidity position.

All excess cash is held by the Company, Platmin SA or PPM. The Company invests excess funds in fixed deposit structures. Platmin SA keeps excess funds in a current account.

The contractual cashflow maturity analysis of payables at the reporting date was as follows:

| GROUP | Presented USD'000 | Less than 6 months USD'000 | Between 6 - 12 months USD'000 | Greater than 12 months USD'000 |
|--|----------------------|----------------------------------|-------------------------------------|--------------------------------------|
| Balances at June 30, 2021 | | | | |
| Long-term borrowings | 5,667 | - | - | 5,667 |
| Trade payables and accrued liabilities | 22,272 | 22,272 | - | - |
| Revolving commodity facility | 22,286 | 22,286 | - | - |
| Total financial liabilities | 50,725 | 45,058 | - | 5,667 |
| Balances at December 31, 2020 | | | | |
| Long-term borrowings | 30,758 | - | - | 30,758 |
| Short-term borrowings | 14,408 | 3,602 | 10,806 | - |
| Trade payables and accrued liabilities | 26,134 | 26,134 | - | - |
| Revolving commodity facility | 5,211 | 5,211 | - | - |
| Total financial liabilities | 76,511 | 34,947 | 10,806 | 30,758 |

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(Expressed in United States Dollars, unless otherwise stated)

18. Financial risk management and Financial instruments (continued)

18.3 Fair value estimation

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- **Level 1:** unadjusted quoted prices in active markets for identical asset or liabilities;
- **Level 2:** inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table set out the Group's financial instruments measured at fair value by level within the fair value hierarchy:

| GROUP | Jun 30, 2021 | | | Dec 31, 2020 | | |
|---|----------------|----------|----------|----------------|----------|----------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| | USD'000 | | | USD'000 | | |
| Financial liabilities measured at fair value | | | | | | |
| Revolving Commodity Facility | 22,286 | - | - | 5,211 | - | - |
| Financial assets measured at fair value | | | | | | |
| Trade Receivables – Metal sales | 89,931 | - | - | 132,222 | - | - |
| Balance at the end of the period | 112,217 | - | - | 137,433 | - | - |

18.4 Fair value of financial assets and liabilities measured at amortised cost

| | Jun 30, 2021 USD '000 | Dec 31, 2020 USD '000 |
|--|--------------------------|--------------------------|
| Restricted cash investments and guarantees | 19,639 | 18,090 |
| Loans receivable | 16,046 | 16,506 |
| Trade receivables | 2,505 | 933 |
| Cash and cash equivalents | 144,774 | 62,986 |
| Total financial assets | 182,964 | 98,515 |
| Long-term borrowings | 5,667 | 26,976 |
| Short-term borrowings | - | 14,408 |
| Trade payables and accrued liabilities | 22,272 | 26,134 |
| Total financial liabilities | 28,439 | 67,518 |

The fair value of the financial assets and liabilities carried at amortised cost is approximately equal to their carrying amounts.

19. Related party balances disclosure

| | Jun 30, 2021 USD '000 | Dec 31, 2020 USD '000 |
|--|--------------------------|--------------------------|
| Loan to Kelltech Limited ^(a) | 10,129 | 9,926 |
| Loan from Corridor Mining Resources Proprietary Limited ^(b) | 5,667 | 5,365 |
| Loan from the IDC ^(b) | - | 36,019 |

- a) The loan bears interest at 3 Month USD Libor rate + 3%.
b) Refer note 12.1 for the terms of the loans.

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20. Contingencies and commitments

20.1 Contingencies

- At June 30, 2021, the Group had bank and other guarantees of USD33 million (2020: USD32 million) from which it is anticipated that no material liabilities will arise in addition to amounts already provided.
- PPM entered into an agreement with Impala Refining Services Limited for the right of first refusal to supply PGM concentrate produced by PPM from the properties, Ruighoek 169JP, Vogelstruisnek 173JP and Palmietfontein 208JP. Should Platmin South Africa Proprietary Limited (“Platmin SA”) elect not to accept the terms proposed by Impala Refining Services Limited, a break fee of USD2,090,000 in aggregate will be payable to Impala Refining Services Limited.
- Platmin SA has an obligation, which cannot be quantified, pro rata to its shareholding in Mahube Mining Proprietary Limited to provide funding to Tameng Mining and Exploration Proprietary Limited to undertake the necessary exploration and development on the Mphahlele project. The consequence of not contributing accordingly, results in the dilution of Platmin SA’s shareholding.
- The East Pit development at PPM is planned to commence in 2021, as soon as the outstanding conditions precedent are met to secure access to the adjacent mining property.

20.2 Commitments

The Group’s contractual obligations are as follows:

Commitments as at June 30, 2021

| Contractual obligations USD’000 | Notes | Total | < 1 year | 1-3 years | After 3 years |
|--------------------------------------|-------|---------------|---------------|-----------|------------------|
| Mining costs ⁽¹⁾ | | 16,518 | 16,518 | - | - |
| Open Purchase orders | | 10,535 | 10,535 | - | - |
| Total Contractual Obligations | | 27,053 | 27,053 | - | - |

Commitments as at June 30, 2020

| Contractual obligations USD’000 | Notes | Total | < 1 year | 1-3 years | After 3 years |
|--------------------------------------|-------|---------------|---------------|-----------|------------------|
| Mining costs ⁽¹⁾ | | 14,702 | 14,702 | - | - |
| Open Purchase orders | | 5,512 | 5,512 | - | - |
| Total Contractual Obligations | | 20,214 | 20,214 | - | - |

- (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.

21. Events after the reporting date

The Group has no adjusting post balance sheet events to report at the date of this report; however, the 2021 annual maintenance shutdown of the concentrator plant which was planned for a ten-day (10) period starting July 3, 2021, had to be extended with thirty (30) days.