Sedibelo Platinum Mines Limited

Condensed Consolidated Interim Financial Statements
for the nine-month period ended September 30, 2020 and September 30, 2019

(December 2019 Audited, September 2019 & September 2020 Unaudited, expressed in United States dollars, unless otherwise stated)

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of financial position

as at September 30, 2020

(Expressed in United States Dollars, unless otherwise stated)

	Notes	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
ASSETS			
Non-current assets			
Mining assets	5	665,522	798,395
Intangible assets	6	28,931	34,740
Property, plant and equipment	7	85,726	111,093
Loans receivable		15,191	16,916
Restricted cash investments and guarantees	8.2	15,012	15,885
Total non-current assets		810,382	977,029
Current assets			
Inventories	9	10,105	9,718
Trade and other receivables		95,776	70,130
Cash and cash equivalents	8.1	48,019	43,393
Total current assets		153,900	123,241
TOTAL ASSETS		**964,282**	**1,100,270**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	11	2,549,583	2,549,583
Other components of equity		(691,039)	(458,128)
Accumulated deficit		(983,688)	(1,100,208)
		874,856	991,247
Non-controlling interests		(7,000)	(6,608)
Total equity		867,856	984,639
Non-current liabilities			
Long-term borrowings	12.1	27,001	36,643
Decommissioning and rehabilitation provision	13	19,693	22,163
Total non-current liabilities		46,694	58,806
Current liabilities			
Short-term borrowings	12.2	12,837	13,453
Trade payables and accrued liabilities		22,772	23,477
Revolving commodity facility	14	14,123	19,895
Total current liabilities		49,732	56,825
Total liabilities		96,426	115,631
TOTAL EQUITY AND LIABILITIES		**964,282**	**1,100,270**

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

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of comprehensive income

for the three and nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise stated)

		For the three months ended		For the nine months ended	
	Notes	**Sep 30, 2020 USD'000**	**Sep 30, 2019 USD'000**	**Sep 30, 2020 USD'000**	**Sep 30, 2019 USD'000**
Revenue	15	83,264	54,614	178,559	130,238
Cost of operations	16	(43,124)	(48,914)	(110,118)	(138,810)
Gross profit/(loss)		40,140	5,700	68,441	(8,572)
Administrative and general expenses		(6,239)	(5,073)	(15,226)	(15,703)
Other income		21	31	102	866
Foreign exchange (loss) / gain		(318)	8,540	3,796	798
Operating profit/(loss)	17	33,604	9,198	57,113	(22,611)
Finance income		913	1,463	3,356	5,378
Finance costs		(1,750)	(2,382)	(5,740)	(6,820)
Share of loss of investments accounted for using the equity method		(348)	(271)	(1,188)	(514)
Profit/(Loss) before income tax		**32,419**	**8,008**	**53,541**	**(24,567)**
Income tax expense		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		**32,419**	**8,008**	**53,541**	**(24,567)**
Attributable to:					
Owners of the parent		32,534	8,228	53,933	(24,000)
Non-controlling interest		(115)	(220)	(392)	(567)
		32,419	**8,008**	**53,541**	**(24,567)**
Other Comprehensive income/(loss): ***Items that may be reclassified subsequently to profit or loss***					
Exchange differences on loan designated as net investment		8,691	-	63,054	-
Exchange differences on translation from functional to presentation currency		7,040	(72,994)	(233,088)	(47,129)
Other comprehensive share of investment accounted for using the equity method		13	(300)	(467)	(298)
Movement in other reserves		(16)	67	177	49
Other comprehensive income/(loss) - net of tax		15,728	(73,227)	(170,324)	(47,378)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**48,147**	**(65,219)**	**(116,783)**	**(71,945)**
Attributable to:					
Owners of the parent		48,262	(64,999)	(116,391)	(71,378)
Non-controlling interest		(115)	(220)	(392)	(567)
		48,147	**(65,219)**	**(116,783)**	**(71,945)**

Sedibelo Platinum Mines Limited

Condensed consolidated interim statement of changes in shareholders' equity

for the three and nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise stated)

	Share capital	Accumulated deficit	Other reserves	Foreign currency translation reserve	Subtotal	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at January 1, 2019	**2,549,583**	**(1,059,022)**	**(998)**	**(491,705)**	**997,858**	**(5,939)**	**991,919**
Loss for the period	-	(24,000)	-	-	(24,000)	(567)	(24,567)
Other comprehensive (loss)/income for the period	-	(298)	49	(47,129)	(47,378)	-	(47,378)
Total comprehensive loss	-	(24,298)	49	(47,129)	(71,378)	(567)	(71,945)
Balance at September 30, 2019	**2,549,583**	**(1,083,320)**	**(949)**	**(538,834)**	**926,480**	**(6,506)**	**919,974**
Loss for the period	-	(4,754)	-	-	(4,754)	(102)	(4,856)
Other comprehensive (loss)/income for the period	-	(12,134)	(72)	81,727	69,521	-	69,521
Total comprehensive (loss)/income	-	(16,888)	(72)	81,727	64,767	(102)	64,665
Balance at December 31, 2019	**2,549,583**	**(1,100,208)**	**(1,021)**	**(457,107)**	**991,247**	**(6,608)**	**984,639**
Profit/(loss) for the period	-	53,933	-	-	53,933	(392)	53,541
Other comprehensive income/(loss) for the period	-	62,587	177	(233,088)	(170,324)	-	(170,324)
Total comprehensive income/(loss)	-	116,520	177	(233,088)	(116,391)	(392)	(116,783)
Balance at September 30, 2020	**2,549,583**	**(983,688)**	**(844)**	**(690,195)**	**874,856**	**(7,000)**	**867,856**

Sedibelo Platinum Mines Limited
Condensed consolidated interim cash flow statement

for the three and nine months ended September 30, 2020

(Expressed in United States Dollars, unless otherwise stated)

	Notes	For the nine months ended Sep 30, 2020 USD'000	Sep 30, 2019 USD'000
Cash flows from operating activities			
Profit/(Loss) before income tax		53,541	(24,567)
Depreciation of property, plant and equipment	7	9,539	27,752
Amortisation of intangible assets	6	323	618
Profit on disposal of property, plant and equipment	7	(3)	-
Loss on assets scrapped	7	1	-
Revolving commodity facility fair value adjustment	14	5,871	915
Share of loss of investments accounted for using the equity method	10	1,188	514
Unrealised foreign exchange gain		(3,796)	(821)
Impairment of mining assets		-	61
Finance income		(3,356)	(5,378)
Finance cost		5,740	6,820
Operating gain before working capital changes		69,048	5,914
Increase in trade and other receivables		(41,492)	(12,693)
Increase in trade and other payables		3,388	5,499
Increase in inventories		(2,015)	(1,329)
Decrease in short-term borrowings		-	(100)
Cash generated from/ (utilised in) operations		28,929	(2,709)
Interest paid		(275)	(1,354)
Interest received		2,163	2,439
Net cash generated from/ (utilised in) operating activities		**30,817**	**(1,624)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,615)	(3,265)
Disposal of property, plant and equipment	7	3	-
Purchases of mining assets	5	(1,235)	(1,298)
Additions to intangible assets	6	(377)	(226)
Loans (granted)/repayment received		(980)	127
Funds (invested in)/ released from rehabilitation guarantees		(1,055)	4,080
Net cash utilised in investing activities		**(6,259)**	**(582)**
Cash flows from financing activities			
Increase in short term borrowings		-	125
Repayment of loan	12.1	(5,463)	-
Proceeds from revolving commodity facility	14	59,073	71,112
Repayment of revolving commodity facility	14	(66,878)	(69,783)
Net cash (utilised in)/generated from financing activities		**(13,268)**	**1,454**
Net increase/(decrease) in cash and cash equivalents		11,290	(752)
Cash and cash equivalents at beginning of the year	8.1	43,393	38,093
Exchange loss on cash and cash equivalents		(6,664)	(1,457)
Cash and cash equivalents at end of the period	8.1	**48,019**	**35,884**

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 nine months ended September 30, 2020, the Group made a profit of USD53.541 million (2019 loss: USD24.567 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 financial statements of the Company and the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRIC ("International Financial Reporting Interpretations Committee") interpretations and with the requirements of The Companies (Guernsey) Law, 2008 applicable to companies reporting under IFRS.

The interim financial statements presented complies with IAS 34 – Interim financial reporting.

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 nine-month period ended September 30, 2020 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 International Accounting Standards Board ("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. To improve cash flows, Management continues to pursue operational improvements and efficiencies. The Industrial Development Corporation of South Africa Limited ("IDC") provided PPM with a ZAR500 million loan facility which provided access to funding for short-term cash flow requirements (fully drawn down in 2018).

PPM has an agreement with Investec Bank Limited ("Investec") to provide a rand denominated revolving commodity finance facility ("RCF") of up to USD23.6 million (ZAR400 million) for the financing of concentrate deliveries. The outstanding balance bears interest at JIBAR plus 2.3% and is available up to March 31, 2021.

Operational risks that Management considered during the assessment included operating cash flows and short term PGM prices and ZAR:USD exchange rates, especially after the outbreak and continuing spread of the novel coronavirus ("COVID-19") and the related disruption to the worldwide economy is affecting the Group by increasing uncertainties in the short term. As a result of COVID-19 Management has considered the implications for the Group, including revisiting the Group's cash flow forecasts with a view to assessing whether the interim financial statements should be prepared on a going concern basis. Capital expenditure (sustaining and growth) was included in line with the budget and Management's current plans.

2. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Going concern (continued)

Additional factors considered during the COVID-19 outbreak:

The key factors contributing to a significant impact on production include, but are not limited to:
- Interruptions to production;
- Reduction of revenue;
- Fluctuating PGM prices;
- The health of the South African economy and the ZAR;
- Supply chain disruptions; and
- The unavailability of personnel.

Production
As noted above, the announcement of a National lockdown impacted the Group as PPM was placed on Care and Maintenance on March 25, 2020. Full production at PPM resumed on May 5, 2020.

Revenues
Impala declared a Force Majeure on March 26, 2020 as it was unable to receive concentrate from PPM. A notice for a partial upliftment from the Force Majeure was implemented on May 6, 2020 with limited concentrate deliveries accepted daily. A further upliftment was received on May 15, 2020 and normal deliveries were accepted from May 25, 2020. Management mitigated this, by concluding a spot sale of excess concentrate to an alternative smelter for the month of May.

Cost
PPM paid its fixed costs and all salary related costs (including its contractors) during the lockdown period when it was in Care and Maintenance.

PGM delivered pipeline
Impala has honored all pipeline payments to date; and it is anticipated that payments will continue in accordance with the agreement.

Debt
PPM has a loan with the IDC (a major shareholder) and the Group continues to service this loan in accordance with the agreement. The RCF with Investec will be repaid in terms of the agreement and it will continue to be utilised as metal deliveries are made.

Management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the next 12 months, from the date of approval of the interim financial statements and therefore, the interim 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.

The Group therefore continues to adopt the Going Concern basis in preparing interim financial information.

The accounting policies adopted are consistent with those used in the Sedibelo Platinum Mines Limited annual financial statements for the year ended December 31, 2019, except as described below.

(Expressed in United States Dollars, unless otherwise stated)

2. Summary of significant accounting policies (continued)

b) Basis of preparation (continued)

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

	At Sep 30, 2020	Average nine months ended Sep 30, 2020	Average three months ended Sep 30, 2020	At Dec 31, 2019	Average nine months ended Sep 30, 2019	Average three months ended Sep 30, 2019
South African Rand (USD: ZAR)	16.98	16.75	16.92	14.12	14.36	14.68

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)
Right to use assets	2 - 5 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, 2019.

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, 2019, except for the adoption of the standards set out below.

New and amended standards and interpretations effecting for the year

- IAS 1 and IAS 8 (Amendments): Definition of Material
- The Conceptual Framework for Financial Reporting (revised) - The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

New and amended standards and interpretations effecting for the year (continued)

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.

4. Change in accounting policy including initial adoption (continued)

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

- IFRS 17 Insurance Contracts - applicable to annual periods beginning on or after January 1, 2021.
- IAS 1 (Amendments): Classification of Liabilities as Current or Non-current - applicable to annual periods beginning on or after January 1, 2022.

5. Mining assets

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Exploration and evaluation assets	17,861	19,781
Mineral properties and rights	647,661	778,614
Balance at the end of the period	**665,522**	**798,395**

	Exploration & evaluation assets USD'000	Mineral properties & rights [(a)] USD'000	TOTAL USD'000
Balance at January 1, 2019	**16,136**	**761,946**	**778,082**
Write off	(278)	-	(278)
Additions	3,509	-	3,509
Foreign exchange variance	414	16,668	17,082
Balance at December 31, 2019	**19,781**	**778,614**	**798,395**
Additions	1,235	-	1,235
Foreign exchange variance	(3,155)	(130,953)	(134,108)
Balance at September 30, 2020	**17,861**	**647,661**	**665,522**

a) Long term borrowings are secured on Mineral properties and rights to the value of ZAR200 million (USD12 million). Refer to note 12.

6. Intangible assets

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Water pipeline	20,240	24,593
ERP software	5	11
Computer software	561	369
Research and development	8,125	9,767
Balance at the end of the period	**28,931**	**34,740**

6. Intangible assets (continued)

Reconciliation of intangible assets:

	Water pipeline	ERP Software	Computer software	Research and development	Power and water rights	TOTAL
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
COST						
Balance at January 1, 2019	**28,059**	**121**	**1,487**	**9,565**	**18,560**	**57,792**
Additions during the year	126	-	277	-	-	403
Foreign exchange variance	616	3	38	202	-	859
Balance at December 31, 2019	**28,801**	**124**	**1,802**	**9,767**	**18,560**	**59,054**
Additions during the period	43	-	334	-	-	377
Foreign exchange variance	(4,844)	(23)	(308)	(1,642)	-	(6,817)
Balance at September 30, 2020	**24,000**	**101**	**1,828**	**8,125**	**18,560**	**52,614**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
Balance at January 1, 2019	**3,712**	**90**	**1,096**	**-**	**18,560**	**23,458**
Amortisation for the year	405	21	307	-	-	733
Foreign exchange variance	91	2	30	-	-	123
Balance at December 31, 2019	**4,208**	**113**	**1,433**	**-**	**18,560**	**24,314**
Amortisation for the period	247	4	72	-	-	323
Foreign exchange variance	(695)	(21)	(238)	-	-	(954)
Balance at September 30, 2020	**3,760**	**96**	**1,267**	**-**	**18,560**	**23,683**
CARRYING AMOUNTS						
Balance at January 1, 2019	**24,347**	**31**	**391**	**9,565**	**-**	**34,334**
Balance at December 31, 2019	**24,593**	**11**	**369**	**9,767**	**-**	**34,740**
Balance at September 30, 2020	**20,240**	**5**	**561**	**8,125**	**-**	**28,931**

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	[a]Right to use assets USD'000	[b]Plant and equipment USD'000	Land and buildings USD'000	Other USD'000	TOTAL USD'000
COST										
Balance at January 1, 2019	**6,262**	**10,141**	**118,187**	**51,066**	**14,468**	**4,616**	**160,504**	**3,281**	**6,185**	**374,710**
Additions	-	1,391	-	-	-	-	3,315	5	707	5,418
Right of use asset recognised on adoption of IFRS 16 [a]	-	-	-	-	-	293	-	-	-	293
Foreign exchange variance	137	256	2,586	1,117	317	108	3,580	71	156	8,328
Balance at December 31, 2019	**6,399**	**11,788**	**120,773**	**52,183**	**14,785**	**5,017**	**167,399**	**3,357**	**7,048**	**388,749**
Additions	-	1,028	-	-	61	1	1,252	103	170	2,615
Disposals/write offs	-	-	-	-	-	-	-	-	(19)	(19)
Foreign exchange variance	(1,076)	(2,004)	(20,312)	(8,777)	(2,488)	(844)	(28,145)	(565)	(1,183)	(65,394)
Balance at September 30, 2020	**5,323**	**10,812**	**100,461**	**43,406**	**12,358**	**4,174**	**140,506**	**2,895**	**6,016**	**325,951**
ACCUMULATED DEPRECIATION										
Balance at January 1, 2019	**4,195**	**-**	**81,656**	**34,681**	**7,581**	**3,180**	**96,742**	**628**	**4,847**	**233,510**
Depreciation for the year	1,016	-	12,202	5,454	648	171	17,746	120	646	38,003
Foreign exchange variance	119	-	2,110	903	183	73	2,619	15	121	6,143
Balance at December 31, 2019	**5,330**	**-**	**95,968**	**41,038**	**8,412**	**3,424**	**117,107**	**763**	**5,614**	**277,656**
Depreciation for the period	248	-	3,005	1,361	158	64	4,286	89	328	9,539
Disposals/write offs	-	-	-	-	-	-	-	-	(18)	(18)
Foreign exchange variance	(903)	-	(16,238)	(6,935)	(1,419)	(577)	(19,797)	(132)	(951)	(46,952)
Balance at September 30, 2020	**4,675**	**-**	**82,735**	**35,464**	**7,151**	**2,911**	**101,596**	**720**	**4,973**	**240,225**

Sedibelo Platinum Mines Limited

Notes to the condensed consolidated interim financial statements

for the three and nine months ended September 30, 2020

(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	[(a)]Right to use assets USD'000	[(b)]Plant and equipment USD'000	Land and buildings USD'000	Other USD'000	TOTAL USD'000
CARRYING AMOUNTS										
Balance at January 1, 2019	**2,067**	**10,141**	**36,531**	**16,385**	**6,887**	**1,436**	**63,762**	**2,653**	**1,338**	**141,200**
Balance at December 31, 2019	**1,069**	**11,788**	**24,805**	**11,145**	**6,373**	**1,593**	**50,292**	**2,594**	**1,434**	**111,093**
Balance at September 30, 2020	**648**	**10,812**	**17,726**	**7,942**	**5,207**	**1,263**	**38,910**	**2,175**	**1,043**	**85,726**

(a) Right of use asset recognised on adoption of IFRS 16.
(b) Tailings dam is included in plant and equipment.

Long term borrowings are secured on Plant and equipment to the value of ZAR600 million (USD35 million) and on all moveable assets to the value of ZAR100 million (USD6 million). Refer to note 12.

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

8.1 Cash and cash equivalents

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Cash at bank	48,019	43,393
Balance at the end of the period	**48,019**	**43,393**

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:

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Balance at the end of the period	**15,012**	**15,885**

The DMRE requires rehabilitation guarantees for all prospecting and mining rights. These rehabilitation guarantees primarily relate to the mining rights for the PPM and Mphahlele 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 September 30, 2020, the Group had USD28 million (2019: USD31 million) in guarantees to the DMRE and ESKOM, of which USD15 million (2019: USD15 million) is funded.

9. Inventories

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Ore stockpiled	894	960
Work in progress	974	370
Chrome stockpile	459	-
Consumables	7,778	8,388
Balance at the end of the period	**10,105**	**9,718**

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

	2020 USD'000	2019 USD'000
January 1st	-	1,220
Share of loss from associate	(1,188)	(1,512)
Share of other comprehensive loss	(467)	(356)
Foreign exchange (loss)/profit on investment in associate	(103)	14
Impaired against loan receivable	1,758	634
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	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Non-current assets	7,341	8,312
Current assets	548	274
Non-current liabilities	(11,599)	(9,707)
Current Liabilities	(500)	(360)
The above assets and liabilities include the following:		
Cash and cash equivalents	551	274
Net asset value	**(4,210)**	**(1,481)**
SPM ownership interest	**50%**	**50%**

Summarised statement of comprehensive loss	Sep 30, 2020 USD'000	Sep 30, 2019 USD'000
Loss for the period	(2,376)	(1,028)
Other comprehensive loss	(934)	(596)
Total comprehensive loss	**(3,310)**	**(1,624)**
The above loss for the period includes the following:		
Finance income	5	17
Finance expense*	(259)	(216)

*Including interest accrued to the Group

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, 2019	**3,095,401,663**	**2,549,583**
Balance at September 30, 2020	**3,095,401,663**	**2,549,583**

12. Borrowings

12.1 Long term borrowings

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Loan from Corridor Mining Resources Proprietary Limited [a]	4,539	5,135
Loan from Industrial Development Corporation of South Africa Limited ("IDC") [b]	22,462	31,508
Balance at the end of the period	**27,001**	**36,643**

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.

This long-term loan bears interest at the South African prime overdraft rate plus 3.5% accrued on a monthly basis. Repayment of capitalised interest is made in monthly instalments which started March 23, 2020. Outstanding capital will be repaid in twelve quarterly instalments of ZAR 41,666,667 which commenced on September 1, 2020, with the final payment occurring on June 30, 2023.

This loan is secured to the value of:
- ZAR200 million (USD12 million) over Mineral properties and rights;
- ZAR600 million (USD35 million) over plant and equipment at PPM; and
- ZAR100 million (USD6 million) over all moveable assets of PPM.

12.2 Short term borrowings

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Loan from IDC	12,837	13,453
Balance at the end of the period	**12,837**	**13,453**

(Expressed in United States Dollars, unless otherwise stated)

13. Decommissioning and rehabilitation provision

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
DISCOUNTED		
Balance at the beginning of the year	22,163	20,098
Unwinding of discount (accretion)	1,209	1,575
Change in estimate	61	-
Subtotal	23,433	21,673
Foreign exchange variance	(3,740)	490
Balance at the end of the period	**19,693**	**22,163**
UNDISCOUNTED		
Balance at the beginning of the year	23,301	22,802
Change in estimate	61	-
Subtotal	23,362	22,802
Foreign exchange variance	(3,988)	499
Balance at the end of the period	**19,374**	**23,301**

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 8.6% (2019: 8.6%) and an inflation rate of 4.8% (2019: 4.8%) over the expected life of mine which remains 3 years, 3 months (2019: 4 years).

14. Revolving commodity facility

PPM entered a revolving commodity facility with Investec Bank Limited ("Investec") to provide a Rand denominated revolving commodity finance facility of up to ZAR400 million (USD23.6 million) for the financing of concentrate deliveries. The facility bears interest at JIBAR plus 2.3% and is available up to March 31, 2021.

In terms of this facility Investec Bank Limited will finance up to 91% of PPM's platinum, palladium 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.

	Sep 30, 2020 USD'000	Dec 31, 2019 USD'000
Balance at the beginning of the year	19,895	18,751
Repayment of drawdown	(66,878)	(101,481)
Drawdown from the facility during the period	59,073	101,007
Fair value adjustments to the balances	5,871	3,394
Interest paid/ (paid in advance)	860	(2,537)
Subtotal	18,821	19,134
Exchange rate variance	(4,698)	761
Balance at the end of the period	**14,123**	**19,895**

15. Revenue

	For the three months ended		For the nine months ended	
	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000
4E Minerals	78,085	49,049	166,048	116,599
Other minerals	5,179	5,565	12,511	13,639
Total revenue	**83,264**	**54,614**	**178,559**	**130,238**

The majority of the revenue is from Impala Platinum Limited; minor sales were made to Northam Platinum Limited and chrome sales at the spot market.

16. Cost of operations

	For the three months ended		For the nine months ended	
	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000
On-mine operations				
Total materials and mining costs	(20,297)	(18,549)	(49,650)	(51,335)
Concentrator plant operations				
Materials and other costs	(7,091)	(6,948)	(19,669)	(23,060)
Utilities	(4,793)	(4,945)	(10,692)	(12,355)
Beneficiation				
Smelting and refining costs	(3,484)	(4,008)	(8,720)	(10,802)
Transport	(130)	(151)	(355)	(425)
Salaries	(4,446)	(5,220)	(12,961)	(13,715)
Sub-total	**(40,241)**	**(39,821)**	**(102,047)**	**(111,692)**
Amortisation and depreciation of operating assets	(3,565)	(8,777)	(9,302)	(27,484)
Inventory adjustments	682	(316)	1,231	366
Total cost of operations	**(43,124)**	**(48,914)**	**(110,118)**	**(138,810)**

17. Operating profit / (loss)

	For the three months ended		For the nine months ended	
	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000	As at Sep 30, 2020 USD'000	As at Sep 30, 2019 USD'000
Operating profit/(loss) includes:				
Employee expenses	(2,142)	(2,064)	(5,456)	(5,861)
Audit fees	(75)	-	(292)	(230)
Consulting and professional fees	(853)	(189)	(1,463)	(449)
Royalty expense	(384)	(199)	(879)	(597)
Amortisation and depreciation	(186)	(303)	(560)	(886)
Foreign exchange (loss)/gain	(318)	8,540	3,796	798

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, 2019. 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 undiscounted cashflow maturity analysis of payables at the reporting date was as follows:

Balances at September 30, 2020	**Presented USD'000**	**Less than 6 months USD'000**	**Between 6 - 12 months USD'000**	**Greater than 12 months USD'000**
Long-term borrowings	27,001	-	-	27,001
Short-term borrowings	12,837	6,418	6,419	-
Trade payables and accrued liabilities	21,007	21,007	-	-
Revolving commodity facility	14,123	14,123	-	-
Total financial liabilities	**74,968**	**41,548**	**6,419**	**27,001**
Balances at December 31, 2019				
Long-term borrowings	36,643	-	-	36,643
Short-term borrowings	13,453	3,189	10,264	-
Trade payables and accrued liabilities	23,477	23,477	-	-
Revolving commodity facility	19,895	19,895	-	-
Total financial liabilities	**93,468**	**46,561**	**10,264**	**36,643**

18. Financial risk management and Financial instruments (continued)

18.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2020.

	Level	Fair value Sep 30, 2020 USD '000	Fair value Dec 31, 2019 USD '000
Revolving commodity facility	1	14,123	19,895
Total financial liabilities		**14,123**	**19,895**

GROUP Financial assets	Level	Fair value Sep 30, 2020 USD '000	Fair value Dec 31, 2019 USD '000
Trade receivables	1	94,023	63,121
Total financial assets		**94,023**	**63,121**

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

	Sep 30, 2020 USD '000	Dec 31, 2019 USD '000
Restricted cash investments and guarantees	15,012	15,885
Loans receivable	15,191	16,916
Trade receivables	1,144	4,536
Cash and cash equivalents	48,019	43,393
Total financial assets	**79,366**	**80,730**
Long-term borrowings	27,001	36,643
Short-term borrowings	12,837	13,453
Trade payables and accrued liabilities	21,007	23,477
Total financial liabilities	**60,845**	**73,573**

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

19. Contingencies and commitments

19.1 Contingencies

- At September 30, 2020, the Group had bank and other guarantees of USD28 million (2019: USD31 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 as soon as unfettered access to the mining property is obtained.

19.2 Commitments

The Group's contractual obligations are as follows:

Commitments as at September 30, 2020

Contractual obligations USD'000	**Notes**	**Total**	**< 1 year**	**1-3 years**	**After 3 years**
Employee entitlements (1)		1,766	1,766	-	-
Asset Retirement Obligation (2)	13	19,374	-	-	19,374
Mining costs (3)		15,039	15,039	-	-
Loan from IDC		35,299	12,837	22,462	-
Open Purchase orders		4,749	4,749	-	-
Total Contractual Obligations		**76,227**	**34,391**	**22,462**	**19,374**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.

(2) The amount of USD19.374 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining licence and approved Environmental Management Programme ("EMP"). This discounted amount is provided in note 13.

(3) Committed mining expenses include the estimated cost that will be incurred by the main mining contractors to carry out the opencast mining operations for the required notice period, should the contract with the main mining contractor be cancelled.

(Expressed in United States Dollars, unless otherwise stated)

19. Contingencies and commitments (Continued)

19.2 Commitments (Continued)

Commitments as at September 30, 2019

Contractual obligations USD'000	Notes	Total	< 1 year	1-3 years	After 3 years
Employee entitlements (1)		1,358	1,358	-	-
Corporate building lease (2)		346	208	138	-
Asset Retirement Obligation (3)	13	20,251	-	-	20,251
Mining costs (4)		6,441	6,441	-	-
Open Purchase orders		3,499	3,499	-	-
Total Contractual Obligations		**31,895**	**11,506**	**138**	**20,251**

(1) The employee entitlements include the leave pay due to employees in terms of their employment contracts.

(2) This includes the contractual monthly payments for the rental of the Company's corporate office. This agreement was renewed to come to an end on May 31, 2021.

(3) The amount of USD20,251 million represents the gross asset retirement obligation to rehabilitate the opencast pit and plant at PPM and Sedibelo at the end of life of mine, in accordance with the mining license and approved EMP.

(4) 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.

20. Events after the reporting date

The Group has no adjusting or non-adjusting post balance sheet events to report at the date of this report.