



Wesizwe  
Registration number 2003/020161/06 Share code: WEZ ISIN: ZAE000075859 ("Wesizwe" or "the Group")

# REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2011

www.wesizwe.com

- Conclusion of the transaction with China-Africa Jinchuan Investment Limited and Micawber 809 (Pty) Ltd resulting in the subscription of 829 884 460 new ordinary shares for an amount of US\$227 million.
- Frischgewaagd-Ledig mine development project officially launched on 4 July 2011.
- Appointment of new Chief Executive Officer and Finance Director.
- Mine development accelerated under experienced and competent management team.
- Platinum Group Metals (RSA) (Pty) Ltd exercised its option to secure an additional 19.25% in Maseve Investments 11 (Pty) Ltd from Wesizwe for R408.8 million.

## Condensed consolidated statement of financial position

|   | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|---|----------------------------|----------------------------|--------------------------|
|   | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| <b>ASSETS</b>   |                            |                            |                          |
| <b>Non-current assets</b>   | <b>2 584 184</b>           | <b>2 492 346</b>           | <b>2 516 054</b>         |
| Property, plant and equipment   | 1 657 227                  | 134 240                    | 1 583 551                |
| Tangible exploration and evaluation assets                                      | -                          | 147 191                    | -                        |
| Intangible exploration and evaluation assets                                    | -                          | 1 284 774                  | -                        |
| Available-for-sale financial asset  | 11 749                     | 8 560                      | 10 283                   |
| Investment in equity accounted investee   | 915 208                    | 917 581                    | 922 220                  |
| <b>Current assets</b>   | <b>1 333 820</b>           | <b>105 455</b>             | <b>56 237</b>            |
| Loan to the Bakubung community  | 4 464                      | 1 429                      | 8 257                    |
| Other receivables   | 15 212                     | 20 958                     | 9 271                    |
| Restricted cash   | 28 244                     | 27 828                     | 27 852                   |
| Cash and cash equivalents   | 1 285 900                  | 55 240                     | 10 857                   |
| <b>TOTAL ASSETS</b>   | <b>3 918 004</b>           | <b>2 597 801</b>           | <b>2 572 291</b>         |
| <b>EQUITY AND LIABILITIES</b>   |                            |                            |                          |
| <b>Capital and reserves</b>   | <b>3 589 720</b>           | <b>2 139 880</b>           | <b>2 105 860</b>         |
| Share capital   | 16                         | 8                          | 8                        |
| Share premium   | 3 425 528                  | 1 955 159                  | 1 955 159                |
| Share-based payment reserve   | 472 179                    | 63 763                     | 65 384                   |
| Available-for-sale financial asset reserve (Accumulated loss/retained earnings) | 1 012                      | 726                        | 1 012                    |
| (309 015)   | 120 224                    | 84 297                     |                          |
| <b>Non-current liabilities</b>  | <b>285 251</b>             | <b>285 251</b>             | <b>290 113</b>           |
| Deferred tax liability  | 285 251                    | 285 251                    | 290 113                  |
| <b>Current liabilities</b>  | <b>43 033</b>              | <b>172 470</b>             | <b>176 318</b>           |
| Trade and other payables  | 23 800                     | 33 573                     | 22 214                   |
| Taxation payable  | 19 233                     | -                          | -                        |
| Bridging loan   | -                          | -                          | 33 270                   |
| Equalisation liability  | -                          | 139 097                    | 120 834                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>3 918 004</b>           | <b>2 597 801</b>           | <b>2 572 291</b>         |

## Condensed consolidated statement of comprehensive income

|  | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|--|----------------------------|----------------------------|--------------------------|
|  | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| <b>Revenue</b>   |                            |                            |                          |
| Other income   | 96                         | 71                         | 144                      |
| Gain on bargain purchase   | -                          | -                          | 378 083                  |
| (Loss)/profit on re-measurement of liability denominated in a foreign currency | 6                          | (4 664)                    | 17 878                   |
| Gain on foreign exchange rate fluctuation                                      | 9                          | 60 585                     | -                        |
| Administration expenditure   | 12                         | (17 491)                   | (85 821)                 |
| Share-based payment expense  | 10                         | (408 002)                  | -                        |
| Impairment of mineral rights   | -                          | -                          | (7 721)                  |
| Impairment of loan to the Bakubung community                                   | 11                         | (3 793)                    | -                        |
| Exploration and evaluation expense   | -                          | (7)                        | (1 787)                  |
| <b>(Loss)/profit from operations</b>   | <b>(373 271)</b>           | <b>331 484</b>             | <b>300 776</b>           |
| Net finance income   | 1 342                      | 3 317                      | 5 600                    |
| Finance income   | 3 403                      | 4 218                      | 6 122                    |
| Finance expense  | (2 061)                    | (901)                      | (522)                    |
| Share of loss of equity accounted investee (net of tax)                        | 5                          | (7 012)                    | (2 640)                  |
| (Loss)/profit before income tax  | (378 941)                  | 334 801                    | 303 736                  |
| Income tax expense   | (14 371)                   | -                          | (4 862)                  |
| <b>(Loss)/profit for the period</b>  | <b>(393 312)</b>           | <b>334 801</b>             | <b>298 874</b>           |
| Net change in fair value of the available-for-sale financial asset             | -                          | -                          | 286                      |
| Total other comprehensive income   | -                          | -                          | 286                      |
| <b>Total comprehensive (loss)/income for the period</b>                        | <b>(393 312)</b>           | <b>334 801</b>             | <b>299 160</b>           |
| Basic (loss)/earnings per share (cents)  | 20                         | (36.97)                    | 50.47                    |
| Diluted (loss)/earnings per share (cents)                                      | 20                         | (36.97)                    | 50.45                    |

## Condensed consolidated statement of changes in equity

|   | Share capital R'000 | Share premium R'000 | Share-based payment reserve R'000 | Available-for-sale reserves R'000 | (Accumulated loss)/retained earnings R'000 | Total R'000      |
|---|---------------------|---------------------|-----------------------------------|-----------------------------------|--|------------------|
| <b>Balance at 1 January 2010</b>          | <b>6</b>            | <b>1 489 091</b>    | <b>62 582</b>                     | <b>726</b>                        | <b>(214 577)</b>                           | <b>1 337 828</b> |
| Shares issued - Project Delta             | 2                   | 466 068             | -                                 | -                                 | -  | 466 070          |
| Share-based payment expense               | -                   | -                   | 1 181                             | -                                 | -  | 1 181            |
| Total comprehensive income for the period | -                   | -                   | -                                 | -                                 | 334 801                                    | 334 801          |
| <b>Balance at 30 June 2010</b>            | <b>8</b>            | <b>1 955 159</b>    | <b>63 763</b>                     | <b>726</b>                        | <b>120 224</b>                             | <b>2 139 880</b> |
| Share-based payment expense               | -                   | -                   | 1 621                             | -                                 | -  | 1 621            |
| Loss for the period                       | -                   | -                   | -                                 | -                                 | (35 927)                                   | (35 927)         |
| Other comprehensive income                | -                   | -                   | -                                 | -                                 | 286  | 286              |
| Total comprehensive loss for the period   | -                   | -                   | -                                 | -                                 | (35 927)                                   | (35 927)         |
| <b>Balance at 31 December 2010</b>        | <b>8</b>            | <b>1 955 159</b>    | <b>65 384</b>                     | <b>1 012</b>                      | <b>84 297</b>                              | <b>2 105 860</b> |
| Shares issued - Chinese consortium        | 8                   | 1 505 002           | -                                 | -                                 | -  | 1 505 010        |
| Share issue expenses                      | 8                   | (34 633)            | -                                 | -                                 | -  | (34 633)         |
| Share-based payment expense               | -                   | -                   | 406 795                           | -                                 | -  | 406 795          |
| Total comprehensive loss for the period   | -                   | -                   | -                                 | -                                 | (393 312)                                  | (393 312)        |
| <b>Balance at 30 June 2011</b>            | <b>16</b>           | <b>3 425 528</b>    | <b>472 179</b>                    | <b>1 012</b>                      | <b>(309 015)</b>                           | <b>3 589 720</b> |

## Condensed consolidated statement of cash flows

|   | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|---|----------------------------|----------------------------|--------------------------|
|   | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| <b>Cash flows used in operating activities</b>  | <b>(27 015)</b>            | <b>(51 882)</b>            | <b>(89 637)</b>          |
| Finance income  | 3 403                      | 4 218                      | 6 122                    |
| Finance expense   | (2 061)                    | (901)                      | (522)                    |
| <b>Cash utilised in operations</b>  | <b>(25 673)</b>            | <b>(47 668)</b>            | <b>(83 524)</b>          |
| <b>Cash flows utilised by investing activities</b>  |                            |                            |                          |
| Acquisition of property, plant and equipment as a result of expanding operations                | (74 284)                   | (3 953)                    | (41 945)                 |
| Acquisition of tangible exploration and evaluation assets as a result of expanding operations   | -                          | (3 718)                    | -                        |
| Acquisition of intangible exploration and evaluation assets as a result of expanding operations | -                          | (7 959)                    | -                        |
| Loan to equity accounted investee   | -                          | -                          | (7 279)                  |
| Recovery of intangible exploration and evaluation expenditure                                   | -                          | -                          | 10 366                   |
| Loans and long term receivables advanced  | -                          | (1 429)                    | (8 257)                  |
| Capital invested in the available-for-sale financial asset                                      | (1 466)                    | (1 397)                    | (2 835)                  |
| Proceeds on disposal of property, plant and equipment   | -                          | -                          | 47                       |
| <b>Net cash outflow from investing activities</b>   | <b>(75 750)</b>            | <b>(8 150)</b>             | <b>(49 923)</b>          |
| <b>Cash flows from financing activities</b>   |                            |                            |                          |
| Capital raised from issue of shares   | 9                          | 1 565 595                  | -                        |
| Share issue expenses  | 8                          | (34 633)                   | -                        |
| Bridging loan raised  | 7                          | 17 800                     | -                        |
| Bridging loan (repaid)  | 7                          | (51 070)                   | -                        |
| Equalisation liability repaid   | 6                          | (120 834)                  | -                        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                     | <b>1 376 858</b>           | <b>1 275 435</b>           | <b>(55 818)</b>          |
| <b>Cash and cash equivalents at the beginning of the period</b>                                 | <b>38 709</b>              | <b>138 886</b>             | <b>138 886</b>           |
| <b>Cash and cash equivalents at the end of the period</b>                                       | <b>1 314 144</b>           | <b>83 068</b>              | <b>38 709</b>            |
| Cash and cash equivalents   | 1 285 900                  | 55 240                     | 10 857                   |
| Restricted cash   | 28 244                     | 27 828                     | 27 852                   |

## 1. Reporting entity

Wesizwe Platinum Limited ("Wesizwe" or "the Company") is a company domiciled in the Republic of South Africa. The condensed consolidated interim financial information of the Company as at 30 June 2011 comprise the Company, its subsidiaries and the Group's interest in its equity accounted investee (together referred to as the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2010 are available upon request from the Company's registered office at Unit 13, 2nd Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, 2076 or at www.wesizwe.com.

## 2. Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board and AC 500 standards issued by the Accounting Practice Committee. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010. The condensed consolidated interim financial information was approved by the Board of Directors on 22 September 2011.

## 3. Significant accounting policies

The accounting policies applied by the Group in the condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2010.

## 4. Estimates

The preparation of the interim financial information 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.

Except as described below, in preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010.

During the six months ended 30 June 2011 management reassessed its estimates in respect of:

- The recoverable amount of the loan to the Bakubung community (note 11).

## 5. Investment in equity accounted investee

Following the unwinding of the Western Bushveld Joint Venture ("WBJV") structure and the acquisition of Prospecting Rights from Rustenburg Platinum Mines Limited ("RPM"), the Group contributed certain of these Prospecting Rights (Project 1 and 3 Prospecting Rights) to a new company, Maseve Investments 11 (Pty) Ltd ("Maseve"), in exchange for a 45.25% shareholding, with Platinum Group Metals (RSA) (Pty) Ltd ("PTM") holding the other 54.75%.

PTM had the right, within a stipulated time period, to subscribe for additional shares to increase its percentage shareholding to 74% by contributing R408 813 480 into an interest bearing escrow account in favour of the Group which will count as part of the Group's contribution towards the development of Projects 1 and 3. PTM exercised this right on 14 January 2011. The balance of the investment in Equity Accounted Investee was adjusted to reflect the Group's share in the loan incurred for the 6 months ended 30 June 2011 as follows:

|   | R'000          |
|---|----------------|
| a) Original consideration paid for 26% in the WBJV                                      | 668 732        |
| Recorded value of 26% investment in the WBJV as at 31 December 2009                     | 140 236        |
| Plus: Equalisation liability transferred to current liabilities                         | (2 037)        |
| Less: Adjustment to equalisation liability and assets                                   | 806 931        |
| Current value of 26% in the WBJV  | 806 931        |
| b) Additional acquisition of Prospecting rights at fair value                           | 143 730        |
| Acquisition of Prospecting rights in Project 1 and 3 at fair value                      | (40 244)       |
| Less: Deferred tax on Project 1 and 3   | 103 486        |
| Acquisition of Project 1 and 3 Prospecting rights after providing for deferred taxation | 9 950          |
| Gain on bargain purchase of previously held 26% interest in the WBJV                    | (2 786)        |
| Gain on bargain purchase of previously held 26% interest before deferred taxation       | 7 164          |
| Less: Deferred taxation on bargain purchase   | 917 581        |
| Gain on bargain purchase on previously held 26% interest in the WBJV                    | 7 279          |
| Share of loss in equity accounted investee  | (2 640)        |
| <b>Balance as at 31 December 2010</b>   | <b>922 220</b> |
| Share of loss in equity accounted investee  | (7 012)        |
| <b>Total investment in equity accounted investee as at 30 June 2011</b>                 | <b>915 208</b> |

## 6. Equalisation liability

The WBJV agreements required the payment/receipt of an equalisation payment by the partners of the WBJV to equalise the mineral resources and funding contribution of each party in relation to its economic participation in the WBJV.

On 25 February 2010 an agreement was reached with RPM to fix the equalisation liability in US\$ terms. As reported in the annual financial statements for the year ended 31 December 2010, the agreement with RPM required that the equalisation liability be settled by Africa Wide by 31 March 2011. Failing which Wesizwe would assume the liability. Pending the imminent financial closure of the transaction with China-Africa Jinchuan and Micawber, RPM granted Wesizwe an extension.

Following the closure of this transaction on 4 May 2011, the equalisation liability was settled on 20 May 2011. The final amount settled included interest due up to the payment date and an exchange rate adjustment as follows:

|   | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|---|----------------------------|----------------------------|--------------------------|
|   | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| Opening balance   | 120 834                    | -                          | -                        |
| Equalisation liability transferred from Investment in Equity Accounted Investee | -                          | 140 236                    | 140 236                  |
| Adjustment of liability following agreement to fix the liability in US\$ terms  | -                          | (2 037)                    | (2 037)                  |
| Interest  | 330                        | 352                        | 513                      |
| Exchange rate fluctuation   | 4 664                      | 546                        | (17 878)                 |
| Settlement of liability   | (125 830)                  | -                          | -                        |
| <b>Balance at 30 June 2011</b>  | <b>139 097</b>             | <b>120 834</b>             | <b>120 834</b>           |

## 7. Bridging loan

This facility was used for the ongoing capital development of the Frischgewaagd-Ledig mine. Interest was payable at Jibar +250 basis points and was settled following the successful conclusion of the China-Africa Jinchuan and Micawber transaction.

|                                 | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|---------------------------------|----------------------------|----------------------------|--------------------------|
|                                 | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| Opening balance                 | 33 270                     | -                          | -                        |
| Bank of China drawdown facility | 17 800                     | -                          | 33 270                   |
| Settlement of liability         | (51 070)                   | -                          | -                        |
| <b>Balance at 30 June 2011</b>  | <b>-</b>                   | <b>-</b>                   | <b>33 270</b>            |

## 8. Share capital and share premium

### Share capital

|   | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|---|----------------------------|----------------------------|--------------------------|
|   | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| <b>Authorised</b>   |                            |                            |                          |
| 2 000 000 000 (2010: 1 500 000 000) ordinary shares of R0.0001 each | 20                         | 15                         | 15                       |
| <b>Issued</b>   |                            |                            |                          |
| 1 627 827 058 (2010: 797 642 598) ordinary shares of R0.0001 each   | 16                         | 8                          | 8                        |

The Company issued 829 884 460 ordinary shares on 4 May 2011 at an issue price of R1.81.

### Share Premium

|  | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|--|----------------------------|----------------------------|--------------------------|
|  | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| Opening balance                        | 1 955 159                  | 1 489 091                  | 1 489 091                |
| Premium on issue of 211 850 125 shares | -                          | 466 068                    | 466 068                  |
| Premium on issue of 829 884 460 shares | 1 505 002                  | -                          | -                        |
| Share issue expenses                   | (34 633)                   | -                          | -                        |
| <b>Balance at 30 June 2011</b>         | <b>3 425 528</b>           | <b>1 955 159</b>           | <b>1 955 159</b>         |

## 9. Gain on foreign exchange rate fluctuation

On 4 May 2011 China-Africa Jinchuan and Micawber subscribed for 829 884 460 shares in Wesizwe for a cash consideration of US\$227 million. On the day of subscription, the ZAR/US\$ exchange rate traded at an average of R6.63, resulting in an effective subscription price of R1.81 per share. The foreign exchange strategy presented to the newly constituted Board of Directors on 4 May 2011 resulted in the US\$ consideration being converted over a period of 30 days. This resulted in the cash reserves being converted at an average exchange rate of R6.90, realising an exchange gain of R40.6 million.

The total cash introduced amounted to R1 565.6 million resulting in cash and cash equivalents reflecting a significant increase as at 30 June 2011.

## 10. Share-based payment reserve

|  | Six months ended June 2011 | Six months ended June 2010 | Year ended December 2010 |
|--|----------------------------|----------------------------|--------------------------|
|  | Reviewed R'000             | Reviewed R'000             | Audited R'000            |
| Opening balance                                      | 65 384                     | 62 582                     | 62 582                   |
| Share-based payment expense - share incentive scheme | 1 359                      | 1 181                      | 2 802                    |
| Option exercised in terms of LTIP share scheme       | (1 207)                    | -                          | -                        |
| Share-based payment expense on issue of shares       | 406 643                    | -                          | -                        |
| <b>Balance at 30 June 2011</b>                       | <b>472 179</b>             | <b>63 763</b>              | <b>65 384</b>            |

- The share-based payment expense of R406.6 million relates to an IFRS 2 adjustment for the specific issue of 829 884 460 shares for cash to China-Africa Jinchuan and Micawber. On 3 May 2011 a mutual shared understanding of the terms and conditions of the issue was reached. The issue price was set at R1.81. The price was arrived at by converting the US\$227 million into ZAR at the ruling exchange rate of R6.63. The closing price, on 3 May 2011, which represents the fair value of the Wesizwe share was R2.30. The difference between the fair value of the date of mutual understanding and the strike price represents the share-based payment expense.
- Share-based payment expense of R1.4 million represents the IFRS 2 expense for the six months ended 30 June 2011 for the Long Term Incentive Plan ("LTIP") and Share Appreciation Rights Scheme ("SARS").
- The R1.2 million represents the recognition of the options exercised in terms of the share scheme.

## 11. Impairment of loan to the Bakubung community

As previously reported, the Company was requested by the DMR to assist the community and the Royal Family in their efforts to obtain proper accounting for the community's assets in relation to Wesizwe. Consequently, funds were advanced by way of direct payment to service providers. In 2010 the courts made a ruling in favour of the community that the cost of legal proceedings be paid by the respondents.

In evaluating the recoverability of the loan, management is of the opinion that the recoverability of the non-legal fees within the next 6 to 12 months is doubtful and, in adopting a conservative approach, has accordingly impaired the loan for accounting purposes.

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