



REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION for the six months ended 30 June 2015

Highlights

- Both main shaft and ventilation shaft are at 770 meters below surface, with intersections of the Merensky and UG2 on each shaft, and channel sampling and analysis on both reefs from both shafts.
- The two shafts have establish levels 72L & 77L and flat development.
- Commenced with a bulk sampling program with Mintek and 280 tonnes of reef from Merensky and UG2 delivered. Test results will be reported in September 2015.
- Commenced the inquiry process for the process plant EPCM and the order placement is planned for September 2015.
- Third drawdown of US\$100 million on the US\$650 million project loan from China Development Bank (CDB) took place in July 2015. Cash on hand as of 30 June 2015 is R624 million.
- Established a dedicated Wesizwe Technical team focusing on continuous improvement exercises for all project areas looking at process redesign, new technology and global best practices, tapping into the technical expertise of Jinchuan Limited who forms part of the majority shareholder consortium.
- Completed the Mine Operational Readiness plan and commenced with labour plan resourcing of critical positions.
- Commenced with second phase for all surface installation and ancillaries for various structures including the permanent materials stores, jiggling shed and water storage dams.
- Brought forward the procurement of all critical items needed for main shaft commissioning with deliveries of the first batch of shaft steel, including buntan sets, and shaft electrical cable of 11km amongst others.
- Services projects are on track and progressing well.
 - Commenced the Phase 2 power supply program with Eskom to be commissioned in Q2 2016.
 - The water programme for permanent supply well underway with first supply to be commissioned in November 2015.
 - Following the completion of the feasibility studies, process is underway for the Phase 1 construction of the Mine Housing Program.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2014 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4 644 680	3 598 472	4 120 176
Intangible assets	7 252	-	7 748
Available-for-sale financial asset	628 000	-	788 700
Investment in equity-accounted investee	-	920 926	-
Restricted cash	161 641	161 641	134 641
Current assets			
Other receivables	694 381	407 725	1 129 699
Taxation receivable	58 351	28 164	25 912
Restricted cash	6 676	4 363	4 363
Cash and cash equivalents	5 700	611	32 700
	623 654	374 587	1 066 094
TOTAL ASSETS	6 136 954	5 088 764	6 180 034
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	3 257 780	3 620 651	3 383 807
Available-for-sale financial asset reserve	3 425 544	3 425 544	3 425 544
Retained earnings/(accumulated loss)	(108 152)	-	22 581
	(59 612)	195 107	(64 318)
Non-current liabilities			
Deferred tax liability	2 740 334	1 345 688	2 711 950
Interest-bearing borrowings	334 238	264 865	362 218
Mine closure and environmental rehabilitation obligation	2 364 931	1 047 526	2 310 114
	41 165	33 297	39 618
Current liabilities			
Interest-bearing borrowings	137 840	122 425	84 277
Trade and other payables	-	20 841	-
	137 840	101 584	84 277
TOTAL EQUITY AND LIABILITIES	6 136 954	5 088 764	6 180 034

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Note	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2014 Audited R'000
Administration expenditure	(100 125)	(82 765)	(165 634)
Project related expenses capitalised	84 919	67 998	133 639
Share of profit/(loss) of equity-accounted investee (net of tax)	-	176	(194)
Loss on scrapping of property, plant and equipment	-	-	111
Net operating costs	(15 206)	(14 591)	(31 878)
Loss on adjustment of interest in equity-accounted investee	-	-	(159 556)
Finance income	32 080	28 059	56 413
Finance expense	(49 495)	(29 733)	(69 817)
Net foreign exchange loss	(134 867)	(5 380)	(199 935)
Finance costs capitalised	174 978	18 448	234 385
Net finance income	22 696	11 394	21 046
Profit/(loss) before tax	7 490	(3 197)	(170 388)
Income tax expense	(2 784)	(582)	(92 816)
Profit/(loss) for the period	4 706	(3 779)	(263 204)
Other comprehensive income items that are or may be reclassified subsequently to profit or loss			
(Loss)/gain on fair value movements of available-for-sale financial asset	(160 700)	-	27 700
Tax on other comprehensive income	29 967	-	(5 119)
Total other comprehensive income	(130 733)	-	22 581
Total comprehensive loss for the period	(126 027)	(3 779)	(240 623)
Basic and diluted earnings/(loss) per share (cents)	0.29	(0.23)	(16.17)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated/ share capital R'000	Available-for-sale reserves R'000	(Accumulated loss)/ retained earnings R'000	Total R'000
Balance at 1 January 2014	3 425 544	-	198 886	3 624 430
Loss for the period	-	-	(3 779)	(3 779)
	-	-	(3 779)	(3 779)
Balance at 30 June 2014	3 425 544	-	195 107	3 620 651
Other comprehensive income	-	22 581	-	22 581
Loss for the period	-	-	(259 425)	(259 425)
	-	22 581	(259 425)	(236 844)
Balance at 31 December 2014	3 425 544	22 581	(64 318)	3 383 807
Other comprehensive income	-	(130 733)	-	(130 733)
Profit for the period	-	-	4 706	4 706
	-	(130 733)	4 706	(126 027)
Balance at 30 June 2015	3 425 544	(108 152)	(59 612)	3 257 780

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2014 Audited R'000
Cash flows utilised by operating activities			
Finance income	(45 675)	(26 460)	(36 528)
Finance expense	21 840	12 141	27 682
Taxation paid	(158)	-	(8 822)
Taxation received	(3 203)	(3 908)	(3 855)
	62	-	-
Cash (utilised) in operations	(27 134)	(18 227)	(21 523)
Cash flows utilised by investing activities			
Acquisition of property, plant and equipment	(392 842)	(314 282)	(709 327)
Acquisition of intangible assets	(939)	-	(7 827)
Proceeds on disposal of property, plant & equipment	-	-	138
Net cash outflow from investing activities	(393 781)	(314 282)	(717 016)
Cash flows from financing activities			
Interest-bearing borrowings raised	-	1 066 250	2 125 523
Interest-bearing borrowings repaid	-	(1 063 000)	(1 022 460)
Payment of transaction cost	(24 300)	-	-
Net cash inflow from financing activities	(24 300)	3 250	1 103 063
Net (decrease)/increase in cash and cash equivalents	(445 215)	(329 259)	364 524
Cash and cash equivalents at the beginning of the period	1 229 673	865 149	865 149
Cash and cash equivalents at the end of the period	784 458	535 890	1 229 673
Cash at end of year comprises:			
Cash balances	623 654	374 587	1 066 094
Less: Interest accrued	(6 537)	(949)	(3 762)
Cash and cash equivalents	617 117	373 638	1 062 332
Restricted cash	167 341	162 252	167 341
Cash at the end of the period	784 458	535 890	1 229 673

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION For the six months ended 30 June 2015

- Reporting entity**
Wesizwe is a company domiciled in the Republic of South Africa. The condensed consolidated interim financial information of the Company as at 30 June 2015 comprises the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2014 are available at www.wesizwe.com.
- Statement of compliance**
The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The condensed consolidated interim financial statements were approved by the Board on 23 September 2015. The financial statements have been prepared under the supervision of the Finance Director, Mr W Ma.
- Significant accounting policies**
The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.
- 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, as well as 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 are consistent with those that applied to the consolidated financial statements for the year ended 31 December 2014.
During the six months ended 30 June 2015 management reassessed its estimate in respect of the available-for-sale financial asset (note 7).
- Going concern**
The Group's cash resources at the reporting date of R624 million (June 2014: R375 million) together with the available drawdown facility from the loan funding secured from CDB are sufficient, based on current budgets, to conduct operations and develop the Bakubung Platinum Mine Project (BPM) up to the first quarter of 2017.
- Property, plant and equipment**
During the period under review an amount of R528 million was capitalised to property, plant and equipment as part of the activities to develop the mine and related construction activities.
At the reporting date, property, plant and equipment consisted of the following categories of assets:

	Property, plant and equipment R'000	Construction Work-in-progress R'000	Mineral Rights R'000	Total R'000
Opening balance	58 974	3 003 472	1 057 729	4 120 175
Acquisitions during the period	4 884	522 642	-	527 526
Depreciation	(3 021)	-	-	(3 021)
Closing balance	60 837	3 526 114	1 057 729	4 644 680

No additions have been made in respect of mineral rights during the period under review.
- Available-for-sale financial asset**

	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2014 Audited R'000
Opening balance	788 700	-	-
Reclassified to available-for-sale financial asset	-	-	761 000
(Loss)/gain included in OCI - Fair value adjustment	(160 700)	-	27 700
Closing balance	628 000	-	788 700

The group currently holds 17.1% of Maseve Investments 11 (Pty) Ltd ("Maseve"). The available-for-sale financial asset is classified as a level 3 fair value as the fair value is determined on inputs not based on observable market data. The fair value of the unlisted equity securities are based on the discounted cash flows method. The valuation model considers the present value of estimated future cash flows, discounted using a risk-adjusted discount rate.
The significant unobservable inputs are:

	Six months ended June 2015 Reviewed	Year ended June 2014 Audited
US\$ exchange rate (ZAR) up to 2019	11.57 - 11.84	10.54 - 11.62
US\$ exchange rate (ZAR) long-term	11.60	11.62
Pt price (US\$/oz) up to 2019	1 210 - 1 504	1 385 - 1 714
Pt price (US\$/oz) long-term	1 619	1 714
Pd price (US\$/oz) up to 2019	800 - 927	859 - 1 016
Pd price (US\$/oz) long-term	1 024	1 016
Rh price (US\$/oz) up to 2019	1 199 - 1 900	1 320 - 2 423
Rh price (US\$/oz) long-term	2 438	2 423
Au price (US\$/oz) up to 2019	1 178 - 1 227	1 200 - 1 358
Au price (US\$/oz) long-term	1 282	1 358
Pre-tax Discount rate/Weighted Average Cost of Capital (%) (Real)	14.3	14.91

Sensitivity analysis on the fair value of the investment in Maseve:

	Six months ended June 2015 Reviewed R'000	Year ended June 2014 Audited R'000
10% increase in the US\$ exchange rate	264 400	209 300
10% decrease in the US\$ exchange rate	(272 900)	(213 200)
10% increase in the platinum price	171 400	137 800
10% decrease in the platinum price	(176 100)	(138 600)
- Investment in equity-accounted investee**

	Six months ended June 2014 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended June 2014 Audited R'000
Opening balance	-	920 750	920 750
Share of (loss)/profit of equity-accounted investee	-	176	(194)
Loss on adjustment of value in interest in equity-accounted investee	-	-	(159 556)
Investment in equity-accounted investee reclassified to available-for-sale financial asset	-	-	(761 000)
Closing balance	-	920 926	-

As at 30 September 2014, the group lost significant influence on Maseve and discontinued reporting Maseve on the equity accounted basis. The investment in Maseve was reclassified as an available-for-sale financial asset.
- Restricted cash**
Restricted cash covers the following guarantees:
Non-current:
 - R77.6 million (December 2014: R77.6 million) in favour of Eskom for phase 1 and phase 2 bulk power supply to the BPM;
 - R57 million (December 2014: R57 million) guaranteed to Aveng Mining Ltd for the mine shaft sinking project;
 - R27 million (December 2014: R27 million current) in favour of the Department of Mineral Resources for environmental obligation.
Current:
 - R5.7 million (December 2014: R5.7 million) as a guarantee for a land purchase agreement.
- Stated capital**

	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2014 Audited R'000
Authorised	2 000 000 000 no par value ordinary shares (2014: 2 000 000 000 no par value ordinary shares)	-	-
Issued	1 627 827 058 no par value ordinary shares (2014: 1 627 827 058 no par value ordinary shares)	3 425 544	3 425 544
- Taxation**

	Six months ended June 2015 Reviewed R'000	Six months ended June 2014 Reviewed R'000	Year ended December 2015 Audited R'000
Current year - normal taxation	(796)	(6)	(6)
Current year - deferred taxation	(1 988)	(576)	(92 810)
Total	(2 784)	(582)	(92 816)
- Reconciliation of effective tax rate**

	%	%	%
Standard tax rate	28.0	28.0	28.0
Non-taxable income	-	-	-
Non-deductible expenses	8.0	(20.7)	(1.2)
Deferred tax asset not raised	1.2	(26.8)	(0.5)
Share of profit of equity-accounted investee	-	1.5	-
Fair value gain on available-for-sale financial asset at CGT rate in the subsidiary	-	-	(80.8)
Under-provision prior year	-	(0.2)	-
Effective rate	37.2	(18.2)	(54.5)
- Review Report**
These interim condensed consolidated financial statements for the period ended at 30 June 2015 have been reviewed by KPMG Inc, who expressed an unmodified review conclusion.
The auditor's report does not necessarily report on all of the information contained in these condensed financial reviews. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results for the Group as a whole are reviewed regularly by the Group's CEO to make decisions about resources to be allocated and to assess its performance.
- Mineral resources**
There were no changes to the mineral resources for the six months ended 30 June 2015.
- Mine closure and environmental rehabilitation obligation**
The change in the obligation is due to the time value of money adjustment for the period of R1.5 million being recognised.
- Subsequent events**
No other material events have occurred after the reporting period and up to the date of this report that required further disclosure in these financial results.
- Commitments**
At 30 June 2015 the Group had commitments to the value of R785 million (December 2014: R842 million). This amount includes the commitment in respect of the shaft sinking agreement, which amounts to R741 million (94% of the total commitments). This amount will be incurred over the next 3 years until June 2018, and payments are to be made on physical progress.

18. Accruals

Included in trade and other payables is an accrual amounting to R25.2 million relating to a loan transaction cost to be paid in July 2015.

19. Earnings/(loss) per share

	Six months ended June 2015 Reviewed	Six months ended June 2014 Reviewed	Year ended December 2014 Audited
The basis of calculation of basic (loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	4 706 456	(3 779 364)	(263 203 837)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Basic earnings/(loss) share (cents)	0.29	(0.23)	(16.17)
The basis of calculation of diluted earnings/(loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	4 706 456	(3 779 364)	(263 203 837)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Diluted earnings/(loss) per share (cents)	0.29	(0.23)	(16.17)
The basis of calculation of headline earnings/(loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	4 706 456	(3 779 364)	(263 203 837)
Adjustments:	-	-	252 400 311
Profit on disposal of property, plant and equipment	-	-	(79 588)
Gain on adjustment of value in interest in equity-accounted investee	-	-	252 479 899
Headline earnings/(loss) (Rand)	4 706 456	(3 779 364)	(10 803 526)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Headline and diluted headline earnings/(loss) per share (cents)	0.29	(0.23)	(0.66)

Commentary

1. Financial overview
As the Group is currently in development phase of the BPM, it will not earn revenue until 2019, when the concentrator plant is brought into production.

The profit for the six months under review is R4.7 million (compared to a loss of R3.8 million for the same period in 2014) as set out in the condensed consolidated statement of profit and loss and other comprehensive income.

Administration expenses of R100.1 million (June 2014: R82.8 million) include the following:

- Depreciation and amortisation – R4.2 million (June 2014: R1.3 million);
- Professional fees – R27.4 million (June 2014: R27.5 million);
- Directors' expenses – R7.1 million (June 2014: R6.8 million);
- Salaries and payroll related expenses – R43.3 million (June 2014: R34.0 million