wesizwe

ANNUAL FINANCIAL STATEMENTS **2022**

Progressing to **operational readiness**

Contents

Prepared by

The financial statements have been prepared under the supervision of the Financial Director, Jianguo Liu. The financial statements have been audited in compliance with the requirements of the Companies Act 71 of 2008, as amended (Companies Act).

Feedback

For any questions or to provide feedback on this report, please contact Corporate Affairs – ***info@wesizwe.com.***

About Wesizwe

Wesizwe Platinum Ltd (Wesizwe) is a platinum group metals (PGMs) mining company listed on the Johannesburg Stock Exchange (JSE). Our flagship project, the Bakubung Platinum Mine (BPM, the mine), is located in the Bushveld Complex, near Rustenburg in North West Province, South Africa.

vision

Our vision is to grow into a significant multi-commodity mining company, focused on strategic metals, with sound fundamentals to sustainably meet demand.

mission

With zero harm top of mind, we are steadily progressing towards creating a sustainable mining entity that will deliver sustained value over the next 30 to 35 years.

We are committed to the socioeconomic development of communities in which we operate.

values

- Zero harm to people and the environment
- Ownership, accountability and responsibility
- Trust, openness and transparency
- Perseverance and tenacity
- Ethical behaviour based on integrity and honesty
- Respecting diversity and inclusion
- Dignity, respect and fairness
- Caring

Salient Features

US$229 million
shareholder's loans raised (US$150 million short term)

R1.9 billion
direct investment
in property, plant and equipment

R993 million
forex loss on loans
denominated in foreign currency

R751 million
finance expense
incurred during 2022

8.24 cents
basic loss per share

Annual Financial Statements

Chief Executive Officer and Financial Director's responsibility statement

The Directors, whose names are stated below, hereby confirm that:

(a) The Annual Financial Statements, set out on pages 14 to 59, fairly present in all material respects the financial position, financial performance and cash flows of Wesizwe Platinum Limited in terms of IFRS;

(b) No facts have been omitted or untrue statement made that would make the Annual Financial Statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to Wesizwe Platinum Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Wesizwe Platinum Limited; and

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016* (King IV). Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves Directors, and have taken the necessary remedial action.

Long Zou
Chief Executive Officer

Jianguo Liu
Financial Director

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Directors’ responsibility and approval

for the year ended 31 December 2022

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements (AFS) and Company AFS of Wesizwe Platinum Limited (“Wesizwe”, “the Company” or “Group” depending on context), comprising the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and the requirements of the Companies Act, as well as the JSE Listings Requirements. In addition, the Directors are responsible for preparing the Directors’ report.

The Directors are also responsible for such internal controls as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group AFS and Company AFS are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group Annual Financial Statements and Company Annual Financial Statements

The Group AFS and Company AFS of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the Board of Directors on 28 April 2023 and signed by:

Dawn Mokhobo
Chairperson

Jianguo Liu
Financial Director

Certificate by the Company Secretary

for the year ended 31 December 2022

In terms of section 88(2)(e) of the Companies Act, as amended, I certify that the Group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Azeyech Consulting Services Proprietary Limited
Company Secretary

28 April 2023

Report of the Audit and Risk Committee

for the year ended 31 December 2022

Introduction

The Audit and Risk Committee (the committee) is pleased to present its report in terms of the Companies Act and the JSE Listings Requirements for the financial year ended 31 December 2022. The committee conducted its work in accordance with the written terms of reference as approved by the Board, information about which is recorded in the corporate governance section of the 2022 Integrated Annual Report (2022 IAR).

The committee is an independent statutory committee appointed by the shareholders. The committee executes all statutory duties in terms of section 94 of the Companies Act in addition to those that are delegated by the Board.

Composition

The composition of the committee remained unchanged for the period under review and comprised members who have the necessary skills and experience to fulfil the duties of the committee. The committee comprised the following members:
- Victor Mabuza (Independent Non-executive Director and Chair);
- Lincoln Ngculu (Independent Non-executive Director); and
- Dawn Mokhobo (Independent Non-executive Director).

The appointment of all members of the committee is subject to the shareholders' approval at the next Annual General Meeting (AGM) to be held on 31 May 2023. The profiles of the members, including their qualifications, can be viewed in the 2022 IAR.

Frequency and attendance of meetings

The committee met 10 times during the year.

Duties assigned by the Board

The committee has overseen financial and integrated reporting, the effectiveness of the risk management process, and policies and internal controls with reference to the findings of both the internal and external auditors. During the year under review, the committee met with the external auditor without management being present. The committee is satisfied that it has complied with its legal, regulatory and other responsibilities. In delivering this mandate, the committee performed the following key strategic initiatives:
- Considered and recommended the approval of the financial statements by the Board;
- Reviewed and approved trading updates communicated to the market;
- Reviewed and recommended Board approval of the 2022 IAR;
- Reviewed management's assessment of going concern;
- Assessed the suitability of the current audit firm and designated partner, in compliance with the JSE Listings Requirements and took into account other relevant legislation;
- Ensured that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor;
- Recommended and nominated the external auditor for appointment by the shareholders;
- Recommended Board approval of external audit fees and terms of engagement of the external auditor;
- Approved the external audit plan for the financial year and received feedback from the external auditor at the financial year-end meeting;
- Ensured the independence of the internal audit function and that it had the necessary resources, standing and authority within the organisation to enable it to fulfil its duties as per the requirements of the King IV Codes and recommended practices;
- Approved the risk-based internal audit plan for the financial year and quarterly internal audit feedback;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems, and processes management;
- Reviewed and assessed the effectiveness and independence of both internal and external auditors and was satisfied with the independence of the audit services rendered; and
- Reviewed the expertise and qualifications of the Financial Director.

The committee has approved a policy on the use of external auditors for non-audit services. The principle of the policy is to ensure that, on an annual basis, non-audit service fees do not exceed 30% of the Company's audit fees on an aggregated basis and that the committee should pre-approve any non-audit services to be provided by the external auditor. There were no non-audit services rendered during the year.

External auditor

The committee nominated and recommended the appointment of the external auditor, SizweNtsalubaGobodo Grant Thornton Inc. (SNG Grant Thornton) to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Siyakhula Vilakazi as designated auditor for the 2022 financial year. The effective date of change of designated auditor is 6 December 2022.

The committee has satisfied itself that the audit firm and designated auditor are accredited and appear on the JSE List of Accredited Auditors. The committee further satisfied itself that SNG Grant Thornton was independent of the Company, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

Internal auditor

The committee has satisfied itself that the internal auditor, Mazars Advisory Proprietary Limited (Mazars), is independent of the Company, which includes consideration of compliance with criteria relating to the Institute of Internal Auditors and the Independent Regulatory Board for Auditors.

The internal audit plan was approved and Mazars has access to the committee, primarily through its Chair.

Internal financial control

Nothing has come to the attention of the committee that caused it to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Expertise of the Financial Director and finance function

In compliance with paragraph 3.84(g)(i) of the JSE Listings Requirements, the committee satisfied itself with the appropriateness of the expertise and experience of the financial management team as a whole. The committee is satisfied with the performance, qualifications, and expertise of the Financial Director.

The committee has reviewed the current performance and future requirements for the financial management of the Company and concluded that the current team has the appropriate skills, experience, and expertise required to fulfil the finance function.

Going concern

The committee reviewed the documents prepared by management in which they assessed the going concern status of the Company and its subsidiaries at the year end and the near future. Management had concluded that the Group was a going concern due to the support of the majority shareholder. The committee resolved to recommend acceptance of the conclusion to the Board.

Financial statements

The committee has reviewed the AFS of the Group and Company for the year ended 31 December 2022 and is satisfied that they comply with IFRS and the Companies Act. Areas of judgement were discussed to confirm accounting estimates.

Risk management

The Board has assigned oversight of the Company's risk management function to the committee. This delegated function comprises strategic and operational risks, which are tabled at each of the Board meetings for discussion. The risk register also acts as a basis on which independent assurance activities are developed.

Fraud prevention

A fraud prevention plan has been implemented and an anonymous tip-off line is functional. Monthly reports are provided by the independent service provider. The monitoring of reports from this service is shared between this committee and the Social and Ethics Committee.

Report of the Audit and Risk Committee continued

for the year ended 31 December 2022

Technology governance and information technology (IT)

The committee is responsible for:

- Obtaining independent assurance on the effectiveness of the IT internal controls;
- Overseeing the value delivery on IT and monitoring the return on investments on significant IT projects; and
- Ensuring that IT forms an integral part of the Company's risk management.

The committee reviewed the effectiveness of the Company information and communications technology (ICT) environment and, given the challenges identified in ICT, the committee placed emphasis on the improvement of IT governance to align the Company practices with the generally accepted standards. This programme will continue in 2023.

Recommendation of the Annual Financial Statements for approval by the Board

The committee recommended the Group AFS and Company AFS for approval by the Board.

The committee carried out its work as statutorily required. The committee has considered the JSE's most recent report back on proactive monitoring of financial statements and where necessary those of previous periods. Appropriate action has been taken to respond to these findings when preparing the AFS for the year ended 31 December 2023.

The committee reviewed the Company's strategic risks for the reporting period and felt that the prior period's strategic risks were still the key strategic risks that the Company needed to focus on.

Additional focus areas for 2023

- Mine production management;
- Materials management review;
- Financial discipline review;
- Life of mine planning and monitoring – review;
- Legal and regulatory compliance;
- Revenue management;
- Combined assurance;
- Enterprise risk management;
- Technology and IT governance; and
- King IV Code implementation.

Victor Mabuza
Chairman

28 April 2023

Directors' report

for the year ended 31 December 2022

The Directors have pleasure in submitting their report on the AFS of Wesizwe Platinum Limited and the Group for the year ended 31 December 2022.

Nature of business

Wesizwe Platinum Limited is a public company incorporated in the Republic of South Africa and its shares are listed on the JSE.

The Group's main strategic project is to build and operate South Africa's next PGMs mine at its Bakubung Minerals Proprietary Limited (Bakubung) operation, also known as BPM, which is owned by Wesizwe, firmly positioning the Group as a significant mid-tier precious metals producer.

There have been no material changes to the nature of the Group's business from the prior year.

Review of financial results and activities

The consolidated AFS have been prepared in accordance with IFRS and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year save for the accounting policies that became effective and were adopted in the current year, outlined in the Notes to the Financial Statements below.

Results of the Group for the year under review

The Group will not earn revenue from mining activities until such time as the BPM is brought into production.

The loss before tax for the year under review was R79.2 million (2021: R42.1 million loss). These results take into account administration expenses amounting to R62.0 million (2021: R37.4 million), finance income amounting to R33.3 million (2021: finance income R48.4 million) and finance expense amounting to R50.4 million (2021: finance expense R53.1 million) as presented in the statement of profit or loss and other comprehensive income.

Directorate

Directors and changes in Board of Directors

The details of the current Directors are provided in the 2022 IAR.

In accordance with clause 5.1.4 of the Company's Memorandum of Incorporation (MOI), directors appointed during the year must be confirmed by shareholders at the AGM following such appointment.

In accordance with clause 5.1.8 of the Company's MOI, one-third of the Non-executive Directors shall retire at each AGM on a rotational basis as determined in the said clause. Retiring directors are eligible for re-election. The Directors retiring and seeking re-election at the AGM are Lincoln Ngculu, Victor Mabuza and Dawn Mokhobo.

Directors' remuneration

Refer to the remuneration report in note 32 of the AFS.

Directors' interest in contracts

There is a conflict of interest policy in place. Directors are required to inform the Board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflicting interest.

During the financial year, no material contracts were entered into in which Directors and prescribed officers of the Company had an interest and which significantly affected the business of the Group. The Directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

Stated capital

There have been no changes to the authorised or issued share capital during the year under review.

Further details of the authorised and issued stated capital are set out in note 13 to the financial statements.

Directors' report continued

for the year ended 31 December 2022

Special resolutions

The remuneration payable to Non-executive Directors was approved at the AGM that was held on 31 May 2022 effective until the next AGM, which will be held on 31 May 2023.

The Board of Directors of the Group is to be authorised in terms of section 45(3)9(a)(ii) of the Companies Act, as general approval to authorise the Group to provide any direct or indirect financial assistance to any related or inter-related companies of the Group on the terms and conditions and for the amounts that the Board of Directors may determine.

Events after the reporting period

The Directors are not aware of any material event that occurred after the reporting date and up to the date of this report.

Funding and going concern

Funding of BPM

The project funding of US$650 million from China Development Bank (CDB), which Jinchuan Group Limited (Jinchuan) and China-Africa Development Fund (CAD) undertook to secure in terms of the subscription agreement, was finalised and the facility agreement was signed in December 2013. The term of this loan is 15 years from the date of the first drawdown, i.e. from January 2014. Capital repayments in "six monthly instalments" only commence after six years from the date of the first drawdown. The instalments commence as relatively small amounts, being 0.077% of the outstanding balance at the payment date of the first instalment, which increases with every consecutive repayment to a pre-final instalment of 8.5% of the outstanding balance on the payment date of the second last instalment. The final instalment will be equal to the balance outstanding on the final payment date. The variable interest rate is determined every six months, in advance, at the then ruling "six-month LIBOR rate" plus 3.5%. This project funding facility is exclusively available for the purposes of developing the BPM.

As at 31 December 2020, the full facility of US$650 million had been drawdown.

The Board is currently considering future funding options; such options will be a function of market conditions closer to the target date and additional funding requirements. In order to address shortfall funding, management has acquired the full commitment from the majority shareholder.

Going concern

The Group's cash resources at the reporting date of R224.3 million (2021: R374.1 million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The Group's current liabilities at the reporting date, which include shareholder's loans of R5 634.3 million (2021: R1 470.0 million), exceed the current assets by R5.6 billion.

These conditions indicate that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The ability of the Group and Company to continue as a going concern is dependent on the support of the majority shareholder and the majority shareholder not calling on the current shareholder's loans. The shareholder has supported the shortfall to date and has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan going forward.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Auditors

SNG Grant Thornton continued in office as auditors for the Company and its subsidiaries for 2022.

The shareholders will be requested to reappoint SNG Grant Thornton as the independent external auditors of the Group and to confirm Mr Siyakhula Vilakazi as the designated lead audit partner for the 2023 financial year at the AGM.

Company Secretary

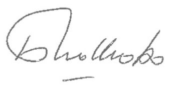
The Company Secretary is Azeyech Consulting Services Proprietary Limited.

Annual General Meeting

The notice convening the AGM to be held on 31 May 2023, together with a shareholder proxy form and the notes explaining the various resolutions to be considered at that meeting, is enclosed within the 2022 IAR.

Approval of Annual Financial Statements

The AFS set out on pages 14 to 59, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 April 2023.



Dawn Mokhobo
Chairperson

28 April 2023

Independent auditor's report

for the year ended 31 December 2022

To the Shareholders of Wesizwe Platinum Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Wesizwe Platinum Limited set out on pages 14 to 60, which comprise the Group and Company statements of financial position as at 31 December 2022, and the Group and Company statements of profit or loss and other comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and notes to the Group and Company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Wesizwe Platinum Limited ("the Company") and its subsidiaries (together "the Group") as at 31 December 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 37 in the consolidated and separate financial statements, which indicates that the group's current liabilities exceeded current assets by R5.6 billion. As stated in Note 37, these events or conditions, along with other matters as set forth in Note 37, indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

This key audit matter is applicable to the consolidated financial statements

Key audit matter	Audit procedures performed
Included in the Property, plant and equipment is mine development assets amounting to R 14 945 million, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd.These assets relate to the Bakubung Platinum Mine (BPM) project which was still under construction at reporting date, and management applied significant judgement in determining whether these assets are impaired. Management uses a discounted cash flow model to determine the recoverable amounts, which is complex and certain key inputs, specifically commodity price and foreign exchange rate forecasts are subject to volatility.Due to the significant judgment applied by management, the valuation of the mine development assets is considered a key audit matter.	Our audit procedures included, among others: • We tested the mathematical accuracy of the discounted cash flow model. We also considered the appropriateness of the model applied by management by comparing it with market practice and through enquiry with our experts. • Critically evaluating the cash flows used in the discounted cash flow model by focusing on changes since the previous reporting period to corroborate key capital investments and operational construction costs with reference to the project plan approved by the directors of the Company. • Test reasonability of the discount rate applied by the Group in the finance model. Critically evaluated key inputs used in the model for reasonableness by reference to external data including a basket of third-party commodity price and foreign exchange rate forecasts. • We evaluated whether the Group's disclosures around the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the mine development assets
The Company's investment in subsidiaries, loans and receivables from subsidiaries represents the significant portion of the Company's total assets as at 31 December 2022. The Company's main subsidiary is Bakubung Minerals (Pty) Ltd. Due to the impairment indicators relating to the mine development assets of Bakubung Minerals (Pty) Ltd, management have applied significant judgement in their impairment testing of the investment in subsidiaries and loans and receivables at year end.	Our audit procedures included, among others: • We evaluated the recoverable amounts of the investment in subsidiaries and the loans receivable from subsidiaries with reference to the net asset value of each subsidiary using the fair value of their assets less the fair value of their liabilities. • We assessed the reasonability of the Expected Credit Losses assessment methodology and calculation and recalculated the impairment loss.

Independent auditor's report continued

for the year ended 31 December 2022

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Wesizwe Platinum Limited Annual Financial Statements", for the year ended 31 December 2022, which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the administrative information set out on the inside back cover and in the document titled "Wesizwe Platinum Limited Integrated Report 2022". The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SNG Grant Thornton Inc. has been the auditor of Wesizwe Platinum Limited for five years.

Siyakhula Vilakazi
Director

Registered Auditor

28 April 2023

SizweNtsalubaGobodo Grant Thornton Inc.
20 Morris Street East
Woodmead, 2191

Annual Financial Statements continued

Statement of financial position
as at 31 December 2022

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Assets					
Non-current assets					
Property, plant and equipment	4	**18 782 724**	15 277 600	**3 961**	4 175
Intangible assets	5	**3 397**	1 461	**—**	—
Investments in subsidiaries	6	**—**	—	**432 550**	147 806
Loans to subsidiaries	7	**—**	—	**11 417 753**	10 900 284
Other financial assets	8	**57 234**	54 256	**—**	—
Restricted cash	11	**118 311**	94 460	**27 000**	27 000
		18 961 666	15 427 777	**11 881 264**	11 079 265
Current assets					
Inventories	9	**1 121 086**	763 886	**—**	—
Loans to subsidiaries	7	**—**	—	**6 989 059**	4 037 636
Other receivables	10	**98 219**	89 891	**12 954**	8 896
Cash and cash equivalents	12	**224 335**	374 148	**193 166**	144 440
		1 443 640	1 227 925	**7 195 179**	4 190 972
Total assets		**20 405 306**	16 655 702	**19 076 443**	15 270 237
Equity and liabilities					
Equity					
Stated capital	13	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Shareholder's contributions	14	**422 748**	138 004	**422 748**	138 004
Mark-to-market reserves		**37 305**	34 971	**—**	—
Accumulated loss		**(510 483)**	(376 383)	**(980 225)**	(979 751)
		3 375 114	3 222 136	**2 868 067**	2 583 797
Liabilities					
Non-current Liabilities					
Shareholder's loans	15	**1 103 583**	1 185 682	**1 103 583**	1 185 682
Interest-bearing borrowings	16	**8 357 998**	9 725 797	**8 357 998**	9 725 797
Lease liability	17	**7 632**	7 645	**—**	—
Deferred tax liability	18	**387 889**	398 646	**—**	—
Mine closure and environmental rehabilitation obligation	19	**79 642**	94 643	**—**	—
Cash-settled share-based payment liability	20	**4 613**	8 427	**4 613**	8 427
		9 941 357	11 420 840	**9 466 194**	10 919 906
Current liabilities					
Trade and other payables	21	**238 489**	264 081	**10 048**	15 806
Loans from subsidiaries	7	**—**	—	**3 149**	2 426
Shareholder's loans	15	**5 634 306**	1 469 900	**5 634 306**	1 469 900
Interest-bearing borrowings	16	**1 091 709**	278 402	**1 091 709**	278 402
Lease liability	17	**12**	10	**—**	—
Taxation	26	**124 319**	333	**2 970**	—
		7 088 835	2 012 726	**6 742 182**	1 766 534
Total liabilities		**17 030 192**	13 433 566	**16 208 376**	12 686 440
Total equity and liabilities		**20 405 306**	16 655 702	**19 076 443**	15 270 237

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2022

		GROUP		COMPANY	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Revenue	22	–	–	29 948	28 993
Administration expenses	23	(62 007)	(37 428)	(14 127)	(53 467)
Net operating (costs)/ income		(62 007)	(37 428)	15 821	(24 474)
Finance income	24	33 284	48 431	1 717 820	1 640 238
Finance expense	24	(50 448)	(53 141)	(1 731 101)	(1 611 820)
(Loss)/profit before taxation		(79 171)	(42 138)	2 540	3 944
Income tax (expense)/credit	25	(54 929)	17 618	(3 014)	–
(Loss)/profit for the year		(134 100)	(24 520)	(474)	3 944
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on fair value movements of equity instrument at fair value through other comprehensive income	8	2 978	31 564	–	–
Income tax relating to fair value movements of equity instrument	25	(644)	(7 070)	–	–
Total items that will not be reclassified to profit or loss		2 334	24 494	–	–
Other comprehensive income for the year net of taxation		2 334	24 494	–	–
Total comprehensive (loss)/income for the year		(131 766)	(26)	(474)	3 944
Earnings per share					
Basic loss per share (cents)	28	(8.24)	(1.51)		

Statement of changes in equity

for the year ended 31 December 2022

GROUP	Stated capital R'000	Shareholder's contributions R'000	Mark-to-market reserves R'000	Accumulated loss R'000	Total equity R'000
Balance at 1 January 2021	3 425 544	–	10 477	(351 863)	3 084 158
Loss for the year	–	–	–	(24 520)	(24 520)
Other comprehensive income	–	–	24 494	–	24 494
Total comprehensive income for the year	–	–	24 494	(24 520)	(26)
Shareholder's contribution during the year	–	138 004	–	–	138 004
Balance at 31 December 2021	3 425 544	138 004	34 971	(376 383)	3 222 136
Loss for the year	–	–	–	(134 100)	(134 100)
Other comprehensive income	–	–	2 334	–	2 334
Total comprehensive loss for the year	–	–	2 334	(134 100)	(131 766)
Shareholder's contribution during the year	–	284 744	–	–	284 744
Balance at 31 December 2022	3 425 544	422 748	37 305	(510 483)	3 375 114
Note	13	14			

COMPANY	Stated capital R'000	Shareholder's contributions R'000	Mark-to-market reserves R'000	Accumulated loss R'000	Total equity R'000
Balance at 1 January 2021	3 425 544	–	–	(983 695)	2 441 849
Profit for the year	–	–	–	3 944	3 944
Total comprehensive income for the year	–	–	–	3 944	3 944
Shareholder's contribution during the year	–	138 004	–	–	138 004
Balance at 31 December 2021	3 425 544	138 004	–	(979 751)	2 583 797
Profit for the year	–	–	–	(474)	(474)
Total comprehensive income for the year	–	–	–	(474)	(474)
Shareholder's contribution during the year	–	284 744	–	–	284 744
Balance at 31 December 2022	3 425 544	422 748	–	(980 225)	2 868 067
Note	13	14			

Statement of cash flows

for the year ended 31 December 2022

		GROUP		COMPANY	
	Notes	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Cash flows from operating activities					
Cash utilised in operations	27	**(397 639)**	(11 869)	**(40 556)**	(59 010)
Finance income received		**12 303**	3 893	**2 095**	1 647
Finance cost paid		**(1 468)**	(1 471)	**(531 808)**	(356 482)
Taxation received	26	**–**	209	**–**	–
Taxation paid	26	**(3 791)**	(191)	**(44)**	–
Net cash utilised in operations		**(390 595)**	(9 429)	**(570 313)**	(413 845)
Cash flows from investing activities					
Acquisition of property, plant and equipment	27	**(1 886 969)**	(1 776 385)	**–**	–
Finance cost paid capitalised	16	**(531 808)**	(362 516)	**–**	–
Purchase of intangible assets	5	**(3 574)**	(1 828)	**–**	–
Proceeds from repayment of loans to subsidiaries		**–**	–	**628**	126 366
Cash transferred to restricted cash		**(23 851)**	–	**–**	–
Loans advanced to subsidiaries		**–**	–	**(2 068 583)**	(1 340 163)
Net cash outflow from investing activities		**(2 446 202)**	(2 140 729)	**(2 067 955)**	(1 213 797)
Cash flows from financing activities					
Interest-bearing borrowings repaid	16	**(1 140 524)**	(338 029)	**(1 140 524)**	(338 029)
Shareholder's loan raised	15	**3 789 096**	1 928 039	**3 789 096**	1 928 039
Repayment of lease liability		**(10)**	(9)	**–**	–
Net cash inflow from financing activities		**2 648 562**	1 590 001	**2 648 572**	1 590 010
Net decrease in cash and cash equivalents		**(188 235)**	(560 157)	**10 304**	(37 632)
Cash at the beginning of the year		**374 148**	899 406	**144 440**	147 173
Exchange gains on cash and cash equivalents		**38 422**	34 899	**38 422**	34 899
Cash and cash equivalents at the end of the year	12	**224 335**	374 148	**193 166**	144 440

Notes to the financial statements

for the year ended 31 December 2022

Reporting entity

Wesizwe is a company domiciled in the Republic of South Africa. The Group AFS on 31 December 2022 comprise the Company and its subsidiaries (together referred to as "the Group"). The ordinary shares of the Company are listed on the JSE. Wesizwe, through its wholly owned subsidiary Bakubung, is engaged in the development of its mine, located on the western limb of the Bushveld Complex.

Basis of preparation of financial results

Statement of compliance

The Group AFS and Company AFS are prepared in accordance with IFRS, IFRIC interpretations issued, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act as well as the JSE Listings Requirements.

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. Refer to note 37.

Basis of measurement

The Group AFS and Company AFS for the year ended 31 December 2022 have been prepared on the historical cost basis, except other financial assets recognised at fair value through other comprehensive income.

Functional and presentation currency

These financial statements are presented in South African rand (ZAR), which is the Group's functional currency. Unless specified otherwise, all information presented in ZAR has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in terms of IFRS requires management to use estimates and assumptions that may materially affect the reported amounts of assets and liabilities, as well as income and expenses. These estimates and judgements are based on historical experience, current and expected future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3: Judgements by Directors and management.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these AFS are set out below.

1.1 Basis of consolidation

The Group AFS consolidate those of Wesizwe and all of its subsidiaries as at 31 December 2022. All subsidiaries have a reporting date of 31 December.

(i) Subsidiaries

Subsidiaries are entities controlled by Wesizwe. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Group AFS from the date on which control commences until the date on which control ceases.

Subsidiaries are measured at cost, less any accumulated impairment losses, in the AFS of the Company.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains and losses arising from intra-Group transactions, are eliminated on consolidation.

1. Significant accounting policies continued

1.2 Segment reporting

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. No segment reporting has been produced as the Group is conducting construction activities in one geological location which represents its only business activity, with no revenue generated as yet.

1.3 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost. The Group recognises in the carrying amount of property, plant and equipment, the cost of replacing part of an item when that cost is incurred if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Capitalised expenditure includes costs directly related to exploration and evaluation activities, including materials and fuel used, surveying costs, drilling costs and payments made to contractors. General and administrative costs are capitalised as an asset only to the extent that those costs can be related directly to operational activities. Exploration and evaluation expenditure that has been capitalised has been reclassified to property, plant and equipment, as the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Development expenditure incurred by or on behalf of the Group comprises costs directly attributable to the construction of a mine, related infrastructure and capitalised borrowings. No depreciation is recognised in respect of development assets. Development assets are recognised at cost and are assessed for impairment if facts and circumstances indicate that an impairment may exist. Refer to note 1.7.

Subsequently, it is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation methods and useful lives, as well as residual values, are reviewed annually and adjusted if appropriate. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management.

Depreciation is provided over the estimated useful lives of the assets at the following rates:

Item	Depreciation method	Depreciation rate per annum
Buildings	Straight line	4.00%
Land	Not depreciated	
Furniture and fittings	Straight line	20.00%
Vehicles	Straight line	20.00%
Office equipment	Straight line	20.00%
Computer equipment	Straight line	33.33%
Technical equipment	Straight line	20.00%
Other office fittings	Straight line	25.00%
Right-of-use assets (ROU)	Period of the lease	
Plant and equipment*	Unit of production	
Mine development assets*	Unit of production	
Mining rights*	Unit of production	

* *Depreciated using the units-of-production method based on the estimated proved and probable mineral reserves.*

No significant components have been identified for the asset categories above. Profit or loss on disposal is recognised in profit or loss and is calculated as the difference between the proceeds and the carrying value.

Notes to the financial statements continued

for the year ended 31 December 2022

1. Significant accounting policies continued

1.5 Intangible assets

Software that is acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimate useful lives, and is recognised in profit or loss. Amortisation on software for the current and comparative period is provided on a straight-line basis over the estimated useful life of the asset at a rate of 33.33% per annum.

1.6 Financial instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through other comprehensive income (FVOCI); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group classifies financial liabilities at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At initial recognition, the Group measures interest-bearing borrowings, shareholder's loans and loans from subsidiaries at fair value less transaction costs, if any.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for the collection of contractual cash flows where those cash flows represent payments of principal and interest solely are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

The Group subsequently measures all equity investments at fair value. For FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group subsequently measures interest-bearing borrowings, shareholder's loans and loans from subsidiaries at amortised cost using the effective interest method.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1. Significant accounting policies continued

1.6 Financial instruments continued

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Financial assets that have objective evidence of impairment at the reporting date (Stage 3).

"Twelve-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second and third categories.

Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. Refer to note 34.

Offsetting

Financial assets and financial liabilities are only offset if there is a legally enforceable right to set off the recognised amounts and there is an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is objective evidence that a non-financial asset is impaired. A non-financial asset is impaired if there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

(i) Property, plant and equipment

At each reporting date, the Group reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent of other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the financial statements continued

for the year ended 31 December 2022

1. Significant accounting policies continued

1.8 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of resources will occur and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is discounted to its present value using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specifics of the liability.

(i) Mine closure and environmental rehabilitation obligation

This long-term provision results from environmental disturbances associated with the Group's mining operations. This cost will arise from rectifying damage caused during the construction of the mine. Estimated long-term environmental and decommissioning obligations, comprising pollution control, rehabilitation and mine closure are based on the Group environmental management plans, in compliance with current environmental and regulatory requirements.

Provision is made for the present value of the decommissioning and environmental cost at the end of the mine's life. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the decommissioning and environmental provision due to the passage of time is recognised as a finance expense in profit or loss. The increase or decrease due to an additional environmental disturbance is recognised in property, plant and equipment.

1.9 Income tax

Income tax comprises current and deferred tax.

(i) Current taxation

Current taxation comprises taxation payable or recoverable, calculated on the basis of the expected taxable profit or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustments of tax payable for previous periods. Current tax is recognised in profit or loss, or items recognised directly in equity or in other comprehensive income. The current tax rate is 28%. In February 2022, the Minister of Finance reduced the corporate income tax rate from 28% to 27%. The lower rate will take effect for tax years ending on or after 31 March 2023.

(ii) Deferred taxation

Deferred taxation is provided at enacted or substantively enacted rates on all temporary differences between carrying amounts for financial reporting purposes and the carrying amounts for taxation purposes. Full provision is made for all temporary differences between the tax base of an asset or liability and its carrying amount.

Deferred tax assets are not recognised unless it is probable that future taxable profits will be available in the foreseeable future against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and taxable entity. In providing for deferred taxation, the Group takes into account any unredeemed capital expenditure on the development of the mine. The unredeemed capital expenditure may be set off against future taxable income and treatment permissible per the Income Tax Act.

1. Significant accounting policies continued

1.10 Finance income and finance expenses

Finance income

Finance income consists of interest income which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Finance expenses

Finance expenses consist of interest expense which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable as well as the unwinding discount on the provisions.

1.11 Inventories

Inventory comprises Run of Mine (ROM) and stores and materials.

(i) ROM inventories

Costs incurred in the production process are appropriately accumulated as stockpiles. The average cost of normal production includes total costs incurred on mining. Stockpiles are measured by estimating the stockpiled tonnes, the number of contained 4E ounces based on assay data. Stockpile tonnages are also verified by periodic surveys.

(ii) Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average basis. Obsolete, redundant and slow-moving stores are identified and written down to net realisable value which is the estimated selling price in the ordinary course of business, less selling expenses.

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. The Group has elected to capitalise foreign exchange losses that are directly attributable to borrowing costs incurred for the acquisition, construction or production of a qualifying asset.

Foreign exchange differences have been included in the capitalised borrowing costs to the extent that they represent an adjustment to the interest rate. Therefore foreign exchange differences to be capitalised should be restricted to such that total capitalised borrowing costs are in the range between:

- Interest incurred at the contractual rate (translated into the entity's functional currency);
- Interest that would have been incurred on a borrowing with identical terms in the entity's functional currency (local market-related rate had the loan been issued locally); and
- Borrowing costs are reduced by the income earned on funds not utilised.

Refer to note 4 for additional disclosure.

1.13 Leases

At lease commencement date, the Group recognises a ROU asset and a lease liability on the balance sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the ROU assets on a straight-line basis from the lease commencement date to the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Notes to the financial statements continued

for the year ended 31 December 2022

1. Significant accounting policies continued

1.13 Leases continued

(i) *Measurement and recognition of leases as a lessee*

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of variable payments based on an index or rate, payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit or loss if the ROU asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, ROU assets have been included in property, plant and equipment and lease liabilities have been disclosed separately in the statement of financial position.

On the statement of profit or loss and other comprehensive income, interest expense on the lease liability is included in finance costs.

On the statement of cash flows, the principal and interest portion of the lease payments are presented as repayment of the lease liability and finance cost paid, respectively.

1.14 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences are generally recognised in profit or loss.

1.15 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Deferred bonus plan (DBP)

The fair value of the amount payable to employees in respect of the DBP, which is settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employee renders the required service. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the DBP. Any changes in the liability are recognised in profit or loss.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Annual Improvement to IFRS Standards 2018 – 2020: *Amendments to IFRS 1*

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the company is for years beginning on or after 1 January 2022.

The amendment did not have an impact on the Group's annual financial statements.

Reference to the Conceptual Framework: *Amendments to IFRS 3*

Minor amendments were made to IFRS 3 *Business Combinations* to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and IFRIC 21 *Levies*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The effective date of the company is for years beginning on or after 1 January 2022.

The amendment did not have an impact on the Company's financial statements, but will be applied when applicable in the future.

Annual Improvement to IFRS Standards 2018 – 2020: *Amendments to IFRS 9*

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after 1 January 2022.

The amendment did not have an impact on the Group's annual financial statements.

Property, Plant and Equipment: *Proceeds before Intended Use*: *Amendments to IAS 16*

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards.

Disclosure of such amounts in now specifically required.

The effective date of the company is for years beginning on or after 1 January 2022.

The Group has adopted the amendment for the first time in the 2022 financial statements.

The amendment did not have an impact on the Group's annual financial statements.

Notes to the financial statements continued

for the year ended 31 December 2022

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods:

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction, must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

Definition of accounting estimates – Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's financial statements.

3. Judgements by Directors and management

3.1 Determination of mineral resource estimates

The Group estimates its mineral resources based on information compiled by Competent Persons on behalf of management. Reserves determined in this way will be used in the calculation of depreciation, amortisation and impairment charges, and for forecasting the timing of the payment of mine closure and environmental rehabilitation obligation. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence in economic extraction. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated. Such changes in reserves could impact depreciation and amortisation rates, asset carrying values and provisions for mine closure and environmental rehabilitation costs.

3. Judgements by Directors and management continued

3.2 Mine closure and environmental rehabilitation obligation

Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Management estimates the expected total expenditure for the rehabilitation and remediation of negative environmental impacts at closure at the end of the life of the mine. The amount recorded for the mine closure and environmental rehabilitation obligation requires management to make estimates, assumptions, and judgments relating to the future. These estimates are based on engineering studies of the work that is required by current environmental legislation. These estimates include the rate at which costs may inflate, the life of mine estimates and discount rates. Refer to note 19.

3.3 Review of asset carrying values and impairment

In accordance with our accounting policies, each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production, commodity prices, reserves, operating costs, closure and rehabilitation costs, and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

The most significant review relates to the carrying value of the property, plant, and equipment that relates to the BPM. The recoverable amount for this project was determined by using the cash flow approach. The cash flow approach requires determination of the present value of future cash flows over the useful life of the asset. The asset is valued using the free cash flow capitalisation, i.e. the discounted cash flow (DCF) methodology and the weighted average cost of capital (WACC) of the Group as the discount rate.

In determining the future cash flows, management reviewed all the key variables and sources of estimation which were based on the same principles as those that applied to the consolidated financial statements for the year ended 31 December 2021. Management engaged the services of various professional research and forecasting experts, including that of SFA Oxford Limited regarding projections of supply, demand and real prices for internationally traded commodities and the general economic outlook and specifically South African interest, exchange and inflation rates.

Management concurred with the expert opinions regarding the longer-term positive outlook and improvement in the prices by the time that the BPM starts producing saleable production.

On this basis, the recoverable amount exceeds the carrying amount of the relevant mining assets and management is of the opinion that the assets of the Group are not impaired.

Notes to the financial statements continued

for the year ended 31 December 2022

3. Judgements by Directors and management continued

3.3 Review of asset carrying values and impairment continued

The following economic parameters were assumed for Bakubung:

	2022	2021
US$ exchange rate (ZAR) short term	**16.05 — 16.50**	14.76 — 15.10
US$ exchange rate (ZAR) long term	**16.31**	15.61
Pt price (US$/oz) short term	**1 012 — 1 364**	1 088 — 1 345
Pt price (US$/oz) long term	**1 592**	1 262
Pd price (US$/oz) short term	**982 — 1 728**	1 162 — 2 142
Pd price (US$/oz) long term	**775**	1 073
Rh price (US$/oz) short term	**11 268 — 12 079**	8 435 — 16 880
Rh price (US$/oz) long term	**7 311**	8 183
Au price (US$/oz) short term	**1 557 — 1 821**	1 428 — 1 698
Au price (US$/oz) long term	**1 595**	1 370
Weighted average cost of capital (%) (real)	**9.97**	10.49

- If all assumptions remain unchanged, a 10% decrease in the basket price of commodities will result in no impairment;
- If all assumptions remain unchanged, a 10% decrease in the United States dollar to the South African rand will result in no impairment; and
- If all assumptions remain unchanged, a 10% increase in the WACC will result in no impairment.

3.4 Shareholder's contribution

Shareholder loans that were obtained and assessed to have interest rates that were below their market interest rates from Jinchuan Group (Hong Kong) Resources Holdings Limited. The excess above the nominal interest rates for these loans is accounted for as capital contribution.

If a shareholder makes a loan to the investment company at below-market rates and sets repayment terms, the difference between the actual interest rate charged and market-related interest is a part of the investment the shareholder made in the investment company. Due to this, Wesizwe has recognised an equity contribution during the current financial year. This is consistent with the principles set out in the Conceptual Framework, which defines income as "increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants". If a loan is made by a shareholder to an entity on favourable terms, the substance of the transaction is that the entity has received a contribution from the shareholder to the extent that the cash advanced exceeds the fair value of the entity's financial liability. Under the Framework this contribution is not income. Refer note 14, 33 and 35.

3.5 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Refer to note 34.

3.6 Revenue

Company revenue comprises management fees charged to Group companies for services. The timing of the satisfaction of the performance obligation has been deemed to be "over time" given that the customer simultaneously receives and consumes the benefits provided by the Company's employee. No other significant areas of judgement or estimation uncertainty arose in accounting for revenue for the Company.

4. Property, plant and equipment

	2022 Cost R'000	2022 Accumulated depreciation and impairment losses R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated depreciation and impairment losses R'000	2021 Carrying value R'000
GROUP						
Land and buildings	**59 914**	**(15 207)**	**44 707**	59 254	(13 537)	45 717
Plant and equipment	**2 423 810**	**—**	**2 423 810**	2 334 295	—	2 334 295
Furniture and fittings	**4 243**	**(3 859)**	**384**	3 830	(3 780)	50
Vehicles	**7 340**	**(6 308)**	**1 032**	7 340	(5 931)	1 409
Office equipment	**2 226**	**(2 122)**	**104**	2 226	(2 094)	132
Computer equipment	**36 559**	**(25 707)**	**10 852**	28 238	(20 474)	7 764
Other office fittings	**13 438**	**(12 266)**	**1 172**	13 073	(11 919)	1 154
Technical equipment	**36 255**	**(33 994)**	**2 261**	24 363	(16 871)	7 492
Mining rights	**1 057 729**	**—**	**1 057 729**	1 057 729	—	1 057 729
Buildings under construction	**288 280**	**—**	**288 280**	216 847	—	216 847
Mine development assets	**14 945 401**	**—**	**14 945 401**	11 597 760	—	11 597 760
Right-of-use asset	**8 028**	**(1 036)**	**6 992**	8 028	(777)	7 251
Total	**18 883 223**	**(100 499)**	**18 782 724**	15 352 983	(75 383)	15 277 600
COMPANY						
Land and buildings	**6 868**	**(2 911)**	**3 957**	6 868	(2 703)	4 165
Furniture and fittings	**1 533**	**(1 533)**	**—**	1 533	(1 533)	—
Office equipment	**401**	**(399)**	**2**	401	(399)	2
Computer equipment	**1 538**	**(1 536)**	**2**	1 538	(1 530)	8
Other office fittings	**548**	**(548)**	**—**	548	(548)	—
Total	**10 888**	**(6 927)**	**3 961**	10 888	(6 713)	4 175

Notes to the financial statements continued

for the year ended 31 December 2022

4. Property, plant and equipment continued

GROUP – 2022 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	45 717	660	(1 670)	44 707
Plant and equipment	2 334 295	89 515	–	2 423 810
Furniture and fittings	50	413	(79)	384
Vehicles	1 409	–	(377)	1 032
Office equipment	132	–	(28)	104
Computer equipment	7 764	8 321	(5 233)	10 852
Other office fittings	1 154	365	(347)	1 172
Technical equipment	7 492	11 892	(17 123)	2 261
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	216 847	71 433	–	288 280
Mine development assets	11 597 760	3 347 641	–	14 945 401
Right-of-use asset	7 251	–	(259)	6 992
Total	15 277 600	3 530 240	(25 116)	18 782 724

GROUP – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Land and buildings	46 998	656	(1 406)	(531)	45 717
Plant and equipment	2 239 628	94 667	–	–	2 334 295
Furniture and fittings	142	6	(98)	–	50
Vehicles	1 003	754	(348)	–	1 409
Office equipment	36	114	(18)	–	132
Computer equipment	6 655	4 147	(3 038)	–	7 764
Other office fittings	426	1 102	(374)	–	1 154
Technical equipment	6 573	9 540	(8 621)	–	7 492
Mining rights	1 057 729	–	–	–	1 057 729
Buildings under construction	152 889	63 958	–	–	216 847
Mine development assets	8 267 320	3 330 440	–	–	11 597 760
Right-of-use asset	7 510	–	(259)	–	7 251
Total	11 786 909	3 505 384	(14 162)	(531)	15 277 600

4. Property, plant and equipment continued

COMPANY – 2022 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	**4 165**	**–**	**(208)**	**3 957**
Office equipment	**2**	**–**	**–**	**2**
Computer equipment	**8**	**–**	**(6)**	**2**
Total	**4 175**	**–**	**(214)**	**3 961**

COMPANY – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	4 374	–	(209)	4 165
Office equipment	2	–	–	2
Computer equipment	18	–	(10)	8
Total	4 394	–	(219)	4 175

All property, plant and equipment are owned by the Group except for the ROU asset. The Group holds full title of the buildings. The title deeds of all owned buildings are available for inspection at our registered office.

Bakubung has encumbered all its assets in favour of a South African special purpose vehicle (Security SPV) that holds the security for the benefit of the holding company's lender, CDB, and the guarantor, Jinchuan. Wesizwe and Bakubung have agreed to jointly and severally indemnify the Security SPV harmless in respect of claims and losses which the Security SPV may suffer by reason or in consequence of the Security SPV having issued the debt guarantees. This Security SPV is a wholly owned subsidiary of a trust of which the beneficiaries are the lender and the guarantor. Wesizwe and/or Bakubung do not have any interest, no managerial influence nor are they trustees of the Security SPV.

Mine development assets, mining rights and all plant and equipment associated with mine development assets are not being depreciated as the mine is not yet in production.

The effective interest rate of the CDB loan has been calculated at 4.24% (2021: 5.47%) for the year, taking into account all foreign exchange differences and finance costs incurred. Therefore, only borrowing costs incurred on the loan for the year ended 31 December 2022 have been capitalised to the cost of the asset. R1 693.7 million interest was capitalised during 2022 (2021: R1 567.0 million) which is included in additions to the mine development assets.

The mining rights are shown separately from other mine development assets. They arose historically from payments made during the exploration and evaluation phase and, consistent with the Group's accounting policy, were transferred to property, plant and equipment once commercial viability had been achieved for the mine to enter into development.

The ROU asset constitutes the mine surface lease of land on which the mine is situated and where the mining and processing activities take place.

Notes to the financial statements continued

for the year ended 31 December 2022

5. Intangible assets

GROUP	2022 Cost R'000	2022 Accumulated amortisation R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated amortisation R'000	2021 Carrying value R'000
Computer software	**5 402**	**(2 005)**	**3 397**	1 828	(367)	1 461

GROUP – 2022 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	**1 461**	**3 574**	**(1 638)**	**3 397**

GROUP – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	—	1 828	(367)	1 461

6. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of company	Issued capital 2022	Issued capital 2021	% holding 2022	% holding 2021	Carrying amount 2022 R'000	Carrying amount 2021 R'000
Bakubung Minerals Proprietary Limited	**1 000**	1 000	**100**	100	**9 802**	9 802
Bakubung Minerals Proprietary Limited***	**—**	—	**—**	—	**422 748**	138 004
Wesizwe Properties Proprietary Limited*	**1**	1	**100**	100	**—**	—
Africa Wide Mineral Prospecting and Exploration Proprietary Limited*	**121**	121	**100**	100	**—**	—
Gabonewe Housing Estate Proprietary Limited*	**1**	1	**100**	100	**—**	—
Vaviscan Proprietary Limited**	**100**	100	**100**	100	**—**	—
Total					**432 550**	147 806

* *Wesizwe Platinum Limited holds a R1 investment in each of Wesizwe Properties Proprietary Limited and Gabonewe Housing Estate Proprietary Limited, and holds a R121 investment in Africa Wide Mineral Prospecting and Exploration Proprietary Limited.*

** *Vaviscan Proprietary Limited is a wholly owned subsidiary of Bakubung Minerals Proprietary Limited. The Company is held specifically for the farm Zwartkoppies which is to be utilised in a community project.*

*** *An equity investment has been recognised as a result of the below-market interest on some loans received from Jinchuan Group (Hong Kong) Resources Holdings Limited and passed "back-to-back" on to Bakubung Minerals Proprietary Limited. Refer to note 14.*

7. Loans to/(from) subsidiaries

	COMPANY	
	2022 R'000	2021 R'000
Loans to subsidiaries		
Non-current		
Bakubung Minerals Proprietary Limited (1)	**1 913 040**	1 913 040
Bakubung Minerals Proprietary Limited (2)	**8 059 685**	7 532 802
Bakubung Minerals Proprietary Limited (3)	**1 103 584**	1 185 682
Africa Wide Mineral Prospecting and Exploration Proprietary Limited (1)	**19 912**	18 260
Gabonewe Housing Estate Proprietary Limited (1)	**295 496**	224 464
Wesizwe Properties Proprietary Limited (1)	**26 036**	26 036
Current		
Bakubung Minerals Proprietary Limited (4)	**6 988 640**	4 037 222
Gabonewe Housing Estate Proprietary Limited (4)	**227**	227
Wesizwe Properties Proprietary Limited (4)	**192**	187
Total loans to subsidiaries	**18 406 812**	14 937 920
Loans from subsidiaries		
Current		
Wesizwe Properties Proprietary Limited (4)	**(3 149)**	(2 426)
Net loans to subsidiaries	**18 403 663**	14 935 494
Split between non-current and current portions		
Non-current assets	**11 417 753**	10 900 284
Current assets	**6 989 059**	4 037 636
Total	**18 406 812**	14 937 920
Current liabilities	**(3 149)**	(2 426)
Total	**18 403 663**	14 935 494

(1) *Shareholder loans are payable on demand, subject to the subordination referred to herein, and bear no interest. These loans have been subordinated in favour of external creditors. Wesizwe has no intention to recall the loans to subsidiaries within the next 12 months.*
(2) *The loan is payable on the same terms and bears interest on the same terms as the loan with CDB and includes all foreign exchange differences related to the loan with CDB. Refer to note 16.*
(3) *The loans are payable on the same terms and bears interest on the same terms as the shareholder's loans 8 and 9 (2021: Loan 2) from Jinchuan Group (Hong Kong) Resources Limited and includes all foreign exchange differences related to the loan with Jinchuan Group (Hong Kong) Resources Limited. Refer to note 15.*
(4) *The loans are short-term loans payable on normal credit terms.*

Wesizwe has undertaken not to reduce its shareholding in Bakubung, Africa Wide, Wesizwe Properties and Gabonewe and to provide the necessary financial support to meet their obligations as and when they become due until such time as the assets of the companies exceed their liabilities.

The Company uses the general approach to measure the ECLs for all loan receivables. There were no write-offs in the current year for loan receivables to subsidiaries. Refer to note 34.

Notes to the financial statements continued

for the year ended 31 December 2022

8. Other financial assets

	GROUP	
	2022 R'000	2021 R'000
Listed equity securities		
Opening balance	54 256	22 692
Gain on fair value adjustments	2 978	31 564
Closing balance	57 234	54 256

Equity instruments at fair value through other comprehensive income

Investment in equity is measured at fair value in the statement of financial position. Fair values of the listed shares have been calculated by reference to quoted bid prices in active markets at the reporting date and are categorised within level 1 of the fair value hierarchy. The shares in RBPlat are listed on the JSE, and the Group is satisfied that there is an active market. Transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The current investment in equities is not held for trading and the Group has elected to irrevocably designate at FVOCI.

9. Inventories

	GROUP	
	2022 R'000	2021 R'000
Run of Mine	1 003 973	663 195
Stores and materials	117 113	100 691
Total	1 121 086	763 886

While BPM is not yet in production, ROM inventory has been accumulated through mine development. The value associated has been calculated on the same basis as if the mine was in production and is related to the cost of extracting tonnage.

10. Other receivables

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial instruments				
Other receivables	1 867	1 783	501	553
Non-financial instruments				
Value added tax receivable	94 715	45 190	10 816	8 343
Prepayments	1 637	42 918	1 637	—
Total trade and other receivables	98 219	89 891	12 954	8 896
Financial instrument and non-financial instrument components of other receivables				
At amortised cost	1 867	1 783	501	553
Non-financial instruments	96 352	88 108	12 453	8 343
Total	98 219	89 891	12 954	8 896

11. Restricted cash

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Eskom – connection guarantees	**44 828**	44 828	**–**	o
Department of Mineral Resources and Energy – rehabilitation obligation	**73 483**	49 632	**27 000**	27 000
Total	**118 311**	94 460	**27 000**	27 000
Split between non-current and current portions				
Non-current assets	**118 311**	94 460	**27 000**	27 000
Current assets	**–**	–	**–**	–
Total	**118 311**	94 460	**27 000**	27 000

12. Cash and cash equivalents

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Interest accrued	**314**	71	**1**	1
Bank balances	**5 404**	332 182	**1 304**	127 529
Short-term deposits	**218 617**	41 895	**191 861**	16 910
Total	**224 335**	374 148	**193 166**	144 440

13. Stated capital

Authorised shares

2 000 000 000 no par value shares

(2021: 2 000 000 000 no par value shares)

Issued shares

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
1 627 827 058 no par value shares	**3 425 544**	3 425 544	**3 425 544**	3 425 544

14. Shareholder's contributions

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Opening balance	**138 004**	–	**138 004**	–
Contributions during the year	**284 744**	138 004	**284 744**	138 004
Closing balance	**422 748**	138 004	**422 748**	138 004

The Group recognises its Shareholder loans initially at fair value. The fair market rate was determined as the incremental borrowing rate. This was determined, among others, by present valuing the contractual cash flows using a fair market interest rate.

An equity injection has been recognised as a result of the below-market interest rate for shareholder loans 1, 2, 7, 8 and 9 from shareholder Jinchuan Group (Hong Kong) Resources Holdings Limited. The excess above the nominal interest rates for these loans is accounted for as capital contribution.

Contractual periods on loans 1 and 8 changed during the year and a remeasurement of these loans was done resulting in a modification gain. This was recognised by recalculating the carrying amount of the loans through discounting the new expected contractual cash flows at the original incremental borrowing rates.

Notes to the financial statements continued

for the year ended 31 December 2022

15. Shareholder's loans

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Jinchuan Group (Hong Kong) Resources Holdings Limited				
Shareholder's loan 1 [(1)*]	**728 143**	673 783	**728 143**	673 783
Shareholder's loan 2 [(2)*]	**1 402 304**	1 185 682	**1 402 304**	1 185 682
Shareholder's loan 3 [(3)]	**893 183**	796 117	**893 183**	796 117
Shareholder's loan 4 [(4)]	**884 922**	–	**884 922**	–
Shareholder's loan 5 [(5)]	**157 926**	–	**157 926**	–
Shareholder's loan 6 [(6)]	**1 044 580**	–	**1 044 580**	–
Shareholder's loan 7 [(7)*]	**523 248**	–	**523 248**	–
Shareholder's loan 8 [(8)*]	**168 266**	–	**168 266**	–
Shareholder's loan 9 [(9)*]	**935 317**	–	**935 317**	–
Total shareholder's loans	**6 737 889**	2 655 582	**6 737 889**	2 655 582
Reconciliation of shareholder's loans				
Opening balance	**2 655 582**	599 110	**2 655 582**	599 110
Drawdown	**3 789 096**	1 928 039	**3 789 096**	1 928 039
Interest accrued	**298 938**	88 212	**298 938**	88 212
Unrealised foreign exchange loss	**307 859**	178 225	**307 859**	178 225
Modification gain	**(28 842)**	–	**(28 842)**	–
Transfer to shareholder's contributions	**(284 744)**	(138 004)	**(284 744)**	(138 004)
Closing balance	**6 737 889**	2 655 582	**6 737 889**	2 655 582
Split between non-current and current portions				
Non-current liabilities	**1 103 583**	1 185 682	**1 103 583**	1 185 682
Current liabilities	**5 634 306**	1 469 900	**5 634 306**	1 469 900
Total	**6 737 889**	2 655 582	**6 737 889**	2 655 582

(1) *The Group secured a US$41 million loan in December 2020. The interest rate is accrued quarterly in advance at the ruling "six-month LIBOR rate" plus 3.5%. The interest and capital are payable by 31 December 2023.*

(2) *The Group secured a US$80 million loan in June 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 30 May 2023.*

(3) *The Group secured a US$50 million loan in December 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn. The interest and capital are payable by 31 December 2023.*

(4) *The Group secured a US$50 million loan in March 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*

(5) *The Group secured a US$9 million loan in May 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*

(6) *The Group secured a US$60 million loan in June 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*

(7) *The Group secured a US$31 million loan in August 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*

(8) *The Group secured a US$10 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 31 December 2024.*

(9) *The Group secured a US$69.5 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 30 November 2027.*

* *A portion of the loan has been recognised as an equity injection as a result of the interest rate from a related party being below-market rates. Refer to note 14.*

16. Interest-bearing borrowings

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Held at amortised cost				
China Development Bank	**9 449 707**	10 004 199	**9 449 707**	10 004 199
Reconciliation of China Development Bank loan				
Opening balance	**10 004 199**	9 358 295	**10 004 199**	9 358 295
Interest accrued	**439 469**	529 375	**439 469**	529 375
Interest payment	**(531 808)**	(362 516)	**(531 808)**	(362 516)
Loan repayment	**(1 140 524)**	(338 029)	**(1 140 524)**	(338 029)
Realised foreign exchange loss	**24 209**	6 033	**24 209**	6 033
Unrealised foreign exchange loss	**654 162**	811 041	**654 162**	811 041
Closing balance	**9 449 707**	10 004 199	**9 449 707**	10 004 199
Split between non-current and current portions				
Non-current liabilities	**8 357 998**	9 725 797	**8 357 998**	9 725 797
Current liabilities	**1 091 709**	278 402	**1 091 709**	278 402
Total	**9 449 707**	10 004 199	**9 449 707**	10 004 199

The Group has secured and utilised a US$650 million loan. Refer to note 4 regarding the security for the loan. The variable interest rate is determined every six months, in advance, at the ruling "six-month LIBOR rate" plus 3.5%. The term of the loan is 15 years from the date of the first drawdown, i.e. January 2014. No capital repayments were due during the first six years.

Repayments in semi-annual instalments over the last nine years of the loan commence at an amount equal to 0.077% of the outstanding balance at the end of the sixth year, after which every instalment increases until the second last payment amounts to 8.5% of the initial outstanding amount. The last instalment repays the total balance.

The interest expense is payable bi-annually. The interest expense is included in the effective interest rate calculation. Instalment payments started during the financial year ended December 2020, as scheduled, with the final payment planned in 2028.

Refer to note 35 for the fair value of borrowings.

Notes to the financial statements continued

for the year ended 31 December 2022

17. Lease liability

	GROUP	
	2022 R'000	2021 R'000
Opening balance	7 655	7 664
Interest expense	1 468	1 470
Lease payments	(1 479)	(1 479)
Closing balance	7 644	7 655
Split between non-current and current portions		
Non-current liabilities	7 632	7 645
Current liabilities	12	10
Total	7 644	7 655

Maturity analysis

The lease liability is secured by the related underlying assets. The discounted maturity analysis of the lease liability at 31 December 2022 is as follows:

	Within 1 year R'000	Between 1 – 5 years R'000	More than 5 years R'000	Total R'000
GROUP – 2022				
Lease payments	1 479	5 915	32 899	40 293
Finance charges	(1 467)	(5 836)	(25 346)	(32 649)
	12	79	7 553	7 644
GROUP – 2021				
Lease payments	1 479	7 393	32 901	41 773
Finance charges	(1 469)	(7 302)	(25 347)	(34 118)
	10	91	7 554	7 655

18. Deferred tax liability

	GROUP 2022 R'000	GROUP 2021 R'000
Recognised in profit or loss		
Property, plant and equipment	**(5 155 765)**	(3 922 452)
Prepayments	**—**	(12 017)
Recognised directly in equity		
Other financial assets	**(10 626)**	(10 095)
Acquisition of mineral rights in Bakubung	**(285 251)**	(285 251)
Total deferred tax liability	**(5 451 642)**	(4 229 815)
Deferred tax asset		
Unredeemed exploration expenditure	**1 191**	1 191
Lease liability	**183**	113
Unredeemed mining capex	**5 031 199**	3 803 365
Provisions	**27 837**	26 500
Tax rate change	**3 343**	—
Total deferred tax asset	**5 063 753**	3 831 169
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	**(5 451 642)**	(4 229 815)
Deferred tax asset	**5 063 753**	3 831 169
Total net deferred tax liability	**(387 889)**	(398 646)
Reconciliation of deferred tax asset/(liability)		
Opening balance	**(398 646)**	(409 278)
Temporary difference movement on property, plant and equipment	**(1 233 070)**	(968 680)
Temporary difference on other financial assets	**(667)**	(7 070)
Temporary difference on provisions	**1 230**	14 672
Temporary difference on prepayments	**12 017**	94 787
Temporary difference on movement on lease liability	**70**	69
Movement in unredeemed mining capex	**1 227 834**	876 854
Tax rate change	**3 343**	—
Closing balance	**(387 889)**	(398 646)

The Group has unredeemed capital expenditure of R17 968.6 million (2021: R13 580.0 million) and unredeemed exploration expenditure of R4.3 million (2021: R4.3 million) for the year ended 31 December 2022. The unredeemed capital expenditure may be set off against future taxable income.

Notes to the financial statements continued

for the year ended 31 December 2022

19. Mine closure and environmental rehabilitation obligation

	GROUP	
	2022 R'000	2021 R'000
Opening balance	94 643	42 242
Discounting of rehabilitation and closure provision	11 530	6 845
Obligation (reduced)/recognised	(26 531)	45 556
Closing balance	**79 642**	94 643

This long-term obligation reflects the net present value of closure, restoration, and environmental rehabilitation costs, (including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) of which cash flows is expended at the end of life of the mine. The annual changes can be ascribed to additional disturbances caused during the year and changes in the escalation and discount rates. This estimate is based on the current cost estimate and escalated to the future planned closure date and then discounted at an appropriate rate. The current estimates are based on environmental plans in accordance with current technology, environmental and regulatory requirements and the measurements of an independent professional surveyor.

At the time of establishing the provision, a corresponding asset is recognised that will be depreciated over the future life of the asset to which it relates. The provision is reassessed on an annual basis for changes in cost estimates, discount rates, and escalation rates.

As required by the Department of Mineral Resources and Energy, a deposit of R73.5 million (2021: R49.6 million) is held with a financial institution. Refer to note 11. This investment has been ceded as security in favour of the guarantees which the bank issued on behalf of the Group. The guarantees have been provided to the Department of Mineral Resources and Energy for the mine closure and environmental rehabilitation.

For purposes of calculating the provision, management has assumed an inflation rate representative of the future cash flows of 7.20% which is CPI. This is in comparison to the prior year where management assumed a nominal long-term inflation rate of 9.45% based on PPI which management thought was too volatile. The discount rate regarded as an appropriate long-term risk-free rate is 8.75% (2021: 7.83%). The current cost rehabilitation estimate is R119.0 million (2021: R149.1 million).

20. Cash-settled share-based payment liability

The Group operated a cash-settled share-based payment plan that was approved by the Board on recommendation of the Remuneration Committee in 2015. During the year the Committee and the Board considered and approved in principle to terminate the scheme with no further allocation of shares as they consider a new bonus policy to replace this one.

	GROUP		COMPANY	
	2022 Number of shares	2021 Number of shares	2022 Number of shares	2021 Number of shares
Reconciliation of nominal shares				
Opening balance	20 844 967	24 996 067	20 844 967	24 996 067
Number of nominal shares granted	—	2 762 930	—	2 762 930
Number of nominal shares forfeited	(17 951 840)	—	(17 951 840)	
Number of nominal shares which have vested	—	(6 914 030)	—	(6 914 030)
Closing balance	**2 893 127**	20 844 967	**2 893 127**	20 844 967

The number of participants at 31 December 2022 are two (2021: two).

20. Cash-settled share-based payment liability continued

Parameters considered during the valuation of the deferred bonus plan:

Valuation date	31 December 2022
Fair value of share price at valuation date	R1.594
Type of settlement	Cash

During the year ended 31 December 2022, the Company recognised a decrease in liability of R3.8 million (2021: R2.5 million increase). This is as a result of the termination of the bonus plan.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Non-current liability				
Opening balance	**8 427**	5 943	**8 427**	5 943
Cash-settled share-based liability realised	**(3 814)**	2 484	**(3 814)**	2 484
Closing balance	**4 613**	8 427	**4 613**	8 427

21. Trade and other payables

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Financial instruments				
Trade payables	**91 990**	88 171	**2 926**	4 531
Capital expenditure payables	**110 742**	134 377	**–**	–
Non-financial instruments				
Leave pay accrual	**13 272**	17 204	**2 552**	3 297
Bonus accrual	**13 109**	19 443	**4 052**	7 745
Salary accrual	**8 877**	4 338	**518**	233
Value added tax payable	**499**	548	**–**	–
Total trade and other payables	**238 489**	264 081	**10 048**	15 806
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	**202 732**	222 548	**2 926**	4 531
Non-financial instruments	**35 757**	41 533	**7 122**	11 275
Total	**238 489**	264 081	**10 048**	15 806

22. Revenue

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Disaggregation of revenue from contracts with customers				
Rendering of services				
Management fees received	**–**	–	**29 948**	28 993

Notes to the financial statements continued

for the year ended 31 December 2022

23. Administration expenses

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Administration expenses include:				
Internal and external auditors' remuneration	5 804	5 009	5 804	5 009
Depreciation	25 116	14 162	214	219
Amortisation	1 637	367	–	–
Directors' fees – short-term benefits	11 404	12 147	11 404	12 147
Deferred bonus plan expenses	(3 813)	2 484	(3 813)	2 484
Employee costs – short-term benefits	168 521	151 999	10 341	22 252
Short-term lease – buildings	98	197	629	654
Short-term lease – equipment	49 273	26 386	–	–
Legal fees	6 131	11 661	2 637	1 756
Statutory publications, corporate identity, and investor relations	2 468	2 625	1 679	1 046
Travel and accommodation	3 551	3 651	82	39
Consulting fees	14 661	21 411	5 726	4 883
Outsourced services	434 960	304 257	1 710	855
Security	12 440	10 883	–	–
Electricity and water	74 501	62 651	–	–
Communication costs	1 657	3 816	1 052	795
Municipal rates and services	296	265	–	–
Licence fees	3 435	4 462	–	–
Maintenance expenditure	182 381	273 485	28	–
Stock write-off	5 604	6 361	–	–
Other administration expenses	214 841	152 921	(23 366)	1 328
Project expenses capitalised	(1 152 959)	(1 033 772)	–	–
Total	62 007	37 428	14 127	53 467

24. Finance income and finance expense

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Finance income from financial assets measured at amortised cost:				
Finance income from subsidiaries	**–**	–	**1 695 050**	1 603 692
Finance income from financial institutions				
Interest earned on cash balances	**12 303**	13 461	**2 095**	1 646
Interest accrued on cash balances	**307**	71	**1**	1
Total	**12 610**	13 532	**1 697 146**	1 605 339
Foreign exchange gains				
Unrealised gain on conversion of bank account denominated in foreign currency	**4 176**	–	**4 176**	–
Realised gain on conversion of bank account denominated in foreign currency	**10 037**	34 899	**10 037**	34 899
Realised gain on payment of interest accruals denominated in foreign currency	**6 461**	–	**6 461**	–
Total	**20 674**	34 899	**20 674**	34 899
Total finance income	**33 284**	48 431	**1 717 820**	1 640 238
Finance expense				
Finance expense for borrowings at amortised cost	**738 407**	617 587	**738 407**	617 587
Lease liability finance costs	**1 468**	1 470	**–**	–
Finance costs other	**9**	4	**–**	–
Time value of money adjustment to rehabilitation obligation	**11 530**	6 845	**–**	–
Total	**751 414**	625 906	**738 407**	617 587
Foreign exchange losses				
Realised loss on conversion of loan denominated in foreign currency	**24 209**	6 033	**24 209**	6 033
Unrealised loss on conversion of interest accruals denominated in foreign currency	**–**	6 323	**–**	6 323
Unrealised loss on conversion of loan denominated in foreign currency	**968 485**	981 877	**968 485**	981 877
Total	**992 694**	994 233	**992 694**	994 233
Finance costs capitalised*				
Interest income	**946**	3 243	**–**	–
Finance expense	**(738 407)**	(617 587)	**–**	–
Net foreign exchange losses	**(956 199)**	(952 654)	**–**	–
Net finance costs capitalised	**(1 693 660)**	(1 566 998)	**–**	–
Total finance expense	**50 448**	53 141	**1 731 101**	1 611 820

* *Finance costs capitalised are costs directly related to the loans in notes 15 and 16.*

Notes to the financial statements continued

for the year ended 31 December 2022

25. Taxation

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Major components of the tax (income)/expense				
Current				
Company tax – current year	3 377	(560)	–	–
Company tax – prior years	62 953	476	3 014	–
	66 330	85	3 014	–
Deferred				
Originating and reversing temporary differences	(8 058)	(17 703)	–	–
Tax rate change effect	(3 343)	–	–	–
	(11 401)	(17 703)	–	–
	54 929	(17 618)	3 014	–
Tax on other comprehensive income				
Deferred tax – current year	(667)	(7 070)	–	–
Tax rate change effect	23	–	–	–
	(644)	(7 070)	–	–
Reconciliation of effective tax rate	%	%	%	%
Applicable tax rate	28.0	28.0	28.0	28.0
Disallowed overseas travel	–	(0.1)	0.7	–
Disallowed legal expenses	(2.2)	(5.7)	29.1	12.5
Disallowed consulting fees	(2.4)	(3.3)	46.4	34.7
Disallowed donations	–	(0.1)	–	0.2
Disallowed sponsor fees	–	–	0.2	0.5
Disallowed interest on rehabilitation provision	(4.2)	–	–	–
Disallowed SARS penalties	(15.1)	–	–	–
Disallowed SARS interest	(6.6)	–	–	–
Deferred tax asset not raised	–	(0.7)	–	7.4
Mining development expenditure deducted	8.1	16.3	–	–
Deferred tax rate change	4.2	–	–	–
Underprovision in prior years	(79.2)	7.4	14.3	(83.3)
Effective tax rate	(69.4)	41.8	118.7	–

On 23 February, the government confirmed the reduction of the corporate income tax rate from 28% to 27%. The 27% rate will take effect for tax years ending 31 March 2023. From the current financial year, the applicable tax rate for deferred tax balances is 27%. The impact of the 1% reduction resulted in a decrease of R3.3 million to the deferred tax liability as at 31 December 2022.

Wesizwe and its subsidiaries are subject to direct tax in the South African jurisdiction. The income tax and annual assessments are subject to examination within the prescribed periods by the South African Revenue Services. On 30 September 2022, SARS issued a letter of findings against Bakubung. The matter relates to corporate tax audit findings which the Group has since objected to. Management has obtained opinions from external legal and tax advisers to inform the significant judgement required in interpreting the relevant tax legislation. As at 31 December 2022, the tax matter was still ongoing and SARS has not yet responded to the Group's objection. An adjustment has been made to the consolidated annual financial statements to reflect this liability until the matter is finalised.

26. Taxation payable

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Opening balance	**(333)**	(230)	**–**	–
South African company tax – current tax for the year recognised in profit or loss	**(66 330)**	(85)	**(3 014)**	–
Taxation paid	**3 791**	191	**44**	–
Interest	**(18 689)**	–	**–**	–
Penalties	**(42 758)**	–	**–**	–
Taxation received	**–**	(209)	**–**	–
Closing balance	**(124 319)**	(333)	**(2 970)**	–

27. Notes to the statement of cash flows

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash (utilised in)/generated from operations				
(Loss)/profit before taxation	**(79 171)**	(42 138)	**2 540**	3 944
Adjustments for:				
Depreciation	**25 116**	14 162	**214**	219
Amortisation	**1 637**	367	**–**	–
Foreign exchange movements	**24 209**	5 350	**–**	–
Interest income	**(11 358)**	(10 218)	**(2 095)**	(1 647)
Finance expense	**9**	4	**–**	–
Lease liability finance costs	**1 468**		**–**	–
Impairment of property, plant and equipment	**–**	531	**–**	–
Non-cash intercompany recoveries*	**–**	–	**(27 585)**	(68 764)
Time value of money adjustment to rehabilitation obligation	**11 530**	6 845	**–**	–
Deferred bonus plan	**(3 814)**	2 484	**(3 814)**	2 484
Changes in working capital:				
Inventories	**(357 200)**	(280 479)	**–**	–
Other receivables	**(8 328)**	347 947	**(4 058)**	(2 990)
Trade and other payables	**(1 737)**	(56 724)	**(5 758)**	7 744
Cash (utilised in)/generated from operations	**(397 639)**	(11 869)	**(40 556)**	(59 010)
Reconciliation of the acquisition of property, plant and equipment				
Additions per property, plant and equipment (note 4)	**3 530 240**	3 505 384	**–**	–
Decrease/(increase) in decommissioning asset	**26 531**	(45 556)	**–**	–
Change in capital expenditure payables	**23 857**	(116 445)	**–**	–
Unrealised foreign exchange differences capitalised	**(956 199)**	(952 654)	**–**	–
Finance cost capitalised	**(737 460)**	(614 344)	**–**	–
Acquisition of property, plant and equipment	**1 886 969**	1 776 385	**–**	–

* *Relates to management fees on-charged to subsidiaries.*

Notes to the financial statements continued

for the year ended 31 December 2022

28. Earnings per share

	GROUP 2022	2021
Basic earnings per share		
Basic earnings per share is determined by dividing profit/(loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
The basis of calculation of basic (loss)/earnings per share is:		
Attributable loss to ordinary shareholders (R'000)	**(134 100)**	(24 520)
Weighted average number of ordinary shares in issue	**1 627 827 058**	1 627 827 058
Basic loss per share (cents)	**(8.24)**	(1.51)

Diluted earnings per share

In the determination of diluted earnings per share, profit/(loss) attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

	GROUP 2022 R'000	2021 R'000
The basis of calculation of diluted (loss)/earnings per share is:		
Attributable loss to ordinary shareholders (R'000)	**(134 100)**	(24 520)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted loss per share (cents)	**(8.24)**	(1.51)

	Gross 2022	Net of tax 2022	Gross 2021	Net of tax 2021
Headline earnings and diluted headline earnings per share				
The basis of calculation of headline (loss)/earnings and diluted headline (loss)/earnings per share is:				
Attributable loss to ordinary shareholders (R'000)		**(134 100)**		(24 520)
Impairment of property, plant and equipment (R'000)	**–**	**–**	531	382
Headline loss (R'000)		**(134 100)**	–	(24 138)
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline loss per share (cents)		**(8.24)**		(1.48)
Diluted headline loss per share (cents)		**(8.24)**		(1.48)

29. Commitments

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Commitments not recognised in the financial statements:				
Commitments due within: Next 12 months				
Operating expenses	**1 014**	4 170	**969**	2 341
Project capital commitments	**941 514**	957 011	**—**	—
Total	**942 528**	961 181	**969**	2 341
Next 13 to 24 months				
Project capital commitments	**—**	5 820	**—**	—
Total	**942 528**	967 001	**969**	2 341
Total commitments				
Operating expenses	**1 014**	4 170	**969**	2 341
Project capital commitments	**941 514**	962 831	**—**	—
Total	**942 528**	967 001	**969**	2 341

Project capital commitments comprise the aggregate of the outstanding portion of contracts awarded to various contractors and suppliers for the development of the BPM. There are no other commitments that have been authorised but not contracted for.

30. Dividends

The Group has never declared nor paid dividends. The Group has no intention of paying dividends in the immediate future as it anticipates that all available funds will be invested to finance its business.

31. Related parties

Relationships

Subsidiaries

Africa Wide Mineral Prospecting and Exploration Proprietary Limited

Bakubung Minerals Proprietary Limited

Gabonewe Housing Estate Proprietary Limited

Vaviscan Proprietary Limited

Wesizwe Properties Proprietary Limited

Shareholder with significant influence

Jinchuan Group (Hong Kong) Resources Holdings Limited

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Related party balances				
Loan accounts – owing by related parties				
Africa Wide Mineral Prospecting and Exploration Proprietary Limited	**—**	—	**19 912**	18 260
Bakubung Minerals Proprietary Limited	**—**	—	**18 064 949**	14 668 746
Gabonewe Housing Estate Proprietary Limited	**—**	—	**295 723**	224 691
Wesizwe Properties Proprietary Limited	**—**	—	**26 228**	26 223
Total	**—**	—	**18 406 812**	14 937 920

Notes to the financial statements continued

for the year ended 31 December 2022

31. Related parties continued

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Loan accounts – owing to related parties				
Wesizwe Properties Proprietary Limited	**–**	–	**3 149**	2 426
Jinchuan Group (Hong Kong) Resources Holdings Limited	**6 737 889**	2 655 582	**6 737 889**	2 655 582
Total	**6 737 889**	2 655 582	**6 741 038**	2 658 008
For the terms relating to these loans refer to notes 7 and 15.				
Related party transactions				
Interest accrued/(expensed) from related parties				
Bakubung Minerals Proprietary Limited	**–**	–	**1 695 050**	1 603 692
Jinchuan Group (Hong Kong) Resources Holdings Limited	**(298 938)**	(88 212)	**(298 938)**	(88 212)
Total	**(298 938)**	(88 212)	**1 396 112**	1 515 480
Rental charges paid to related parties				
Wesizwe Properties Proprietary Limited	**–**	–	**723**	752
Management fees charged to related parties				
Bakubung Minerals Proprietary Limited	**–**	–	**29 948**	28 993
Cost recovery charges charged to related party				
Wesizwe Properties Proprietary Limited	**–**	–	**–**	49

Transactions with key management have been disclosed in note 32.

32. Directors and prescribed officers' emoluments

Service contracts of Directors

Director	Designation	Office	Changes
Dawn Mokhobo	Independent Non-executive	Chairperson	
Long Zou	Executive	Chief Executive Officer	Appointed 2 August 2022
Honglie Wang	Executive	Chief Executive Office	Appointed 4 May 2022, Resigned 22 July 2022
Zhimin Li	Executive	Chief Executive Officer	Resigned 4 May 2022
Jianguo Liu	Executive	Financial Director	
Victor Mabuza	Independent Non-executive		
Lincoln Ngculu	Independent Non-executive		
Sun Pingan	Non-executive		
Pengfei Li	Non-executive		Resigned 29 September 2022
Fugui Qiao	Non-executive		
Qing Yu	Non-executive		Appointed 29 September 2022

32. Directors and prescribed officers' emoluments continued

Interest of Directors and prescribed officers in shares of the Company

The beneficial interest of the Directors and prescribed officers of the Company in the issued share capital of the Company as at the date of this report is as follows:

	2022 Direct ordinary shares	2021 Direct ordinary shares	2022 Indirect ordinary shares	2021 Indirect ordinary shares
Name				
Lincoln Ngculu	**–**	–	**5 795 888**	5 795 888
Jacob Mothomogolo	**–**	517	**–**	–
Hamlet Morule	**–**	500 000	**–**	–
Basetsana Ramaboa	**183 748**	183 748	**–**	–
Total	**183 748**	684 265	**5 795 888**	5 795 888

There have been no changes in the beneficial interests between the end of the financial year and the date of approval of the AFS.

Remuneration paid to Directors and prescribed officers

Non-executive Directors	Directors' fees R'000	Attendance fees R'000	Total R'000
2022			
Dawn Mokhobo	**346**	**1 607**	**1 953**
Victor Mabuza	**145**	**965**	**1 110**
Lincoln Ngculu	**145**	**1 032**	**1 177**
Total	**636**	**3 604**	**4 240**
2021			
Dawn Mokhobo	344	1 222	1 566
Victor Mabuza	144	786	930
Lincoln Ngculu	145	854	999
Total	633	2 862	3 495

Executive Directors	Number of months	Salaries R'000	Bonuses R'000	Deferred bonus plan R'000	Total R'000
2022					
Zhimin Li	**4**	**1 220**	**–**	**–**	**1 220**
Jianguo Liu*	**12**	**4 200**	**–**	**–**	**4 200**
Total		**5 420**	**–**	**–**	**5 420**
2021					
Zhimin Li	12	3 615	789	452	4 856
Jianguo Liu*	12	4 200	–	–	4 200
Total		7 815	789	452	9 056

* *Jianguo Liu is a foreign secondee. A Financial Director fee is charged for his services to Wesizwe, as per the service level agreement between Wesizwe and CAD.*

Notes to the financial statements continued

for the year ended 31 December 2022

32. Directors and prescribed officers' emoluments continued

Remuneration for key management

	Number of months	Salaries R'000	Bonuses R'000	Deferred bonus plan R'000	Total R'000
2022					
Basetsana Ramaboa	**12**	**2 561**	**104**	**–**	**2 665**
Zhimin Li	**8**	**2 953**	**212**	**–**	**3 165**
Total		**5 514**	**316**	**–**	**5 830**
2021					
Basetsana Ramaboa	12	2 350	462	470	3 282
Vasta Mhlongo	9	2 092	437	–	2 529
Jacob Mothomogolo	10	3 403	653	806	4 862
Hamlet Morule	5	1 494	495	540	2 529
Total		9 339	2 047	1 816	13 202

All remuneration paid to Directors and prescribed officers represents short-term benefits. DBP represents cash-settled vested shares paid.

33. Financial instruments and risk management

Categories of financial instruments

Financial assets	Note	FVOCI R'000	Amortised cost R'000	Total R'000
GROUP – 2022				
Investments at fair value	8	**57 234**	**–**	**57 234**
Other receivables*	10	**–**	**1 867**	**1 867**
Cash and cash equivalents	12	**–**	**224 335**	**224 335**
Restricted cash	11	**–**	**118 311**	**118 311**
Total		**57 234**	**344 513**	**401 747**
GROUP – 2021				
Investments at fair value	8	54 256	–	54 256
Other receivables*	10	–	1 783	1 783
Cash and cash equivalents	12	–	374 148	374 148
Restricted cash	11	–	94 460	94 460
Total		54 256	470 391	524 647

* *Excludes VAT and prepayments.*

33. Financial instruments and risk management continued

Financial assets	Note	Amortised cost R'000	Total R'000
COMPANY – 2022			
Loans to subsidiaries	7	**18 406 812**	**18 406 812**
Other receivables*	10	**501**	**501**
Cash and cash equivalents	12	**193 166**	**193 166**
Restricted cash	11	**27 000**	**27 000**
Total		**18 627 479**	**18 627 479**
COMPANY – 2021			
Loans to subsidiaries	7	14 937 920	14 937 920
Other receivables*	10	553	553
Cash and cash equivalents	12	144 440	144 440
Restricted cash	11	27 000	27 000
Total		15 109 913	15 109 913

* *Excludes VAT and prepayments.*

Financial liabilities	Note	Amortised cost R'000	Total R'000
GROUP – 2022			
Trade and other payables*	21	**202 732**	**202 732**
Shareholder's loans	15	**6 737 889**	**6 737 889**
Interest-bearing borrowings	16	**9 449 707**	**9 449 707**
Lease liability	17	**7 644**	**7 644**
Total		**16 397 972**	**16 397 972**
GROUP – 2021			
Trade and other payables*	21	222 548	222 548
Shareholder's loans	15	2 655 582	2 655 582
Interest-bearing borrowings	16	10 004 199	10 004 199
Lease liability	17	7 655	7 655
Total		12 889 984	12 889 984
COMPANY – 2022			
Trade and other payables*	21	**2 926**	**2 926**
Loans from subsidiaries	7	**3 149**	**3 149**
Shareholder's loans	15	**6 737 889**	**6 737 889**
Interest-bearing borrowings	16	**9 449 707**	**9 449 707**
Total		**16 193 671**	**16 193 671**
COMPANY – 2021			
Trade and other payables*	21	4 531	4 531
Loans from subsidiaries	7	2 426	2 426
Shareholder's loans	15	2 655 582	2 655 582
Interest-bearing borrowings	16	10 004 199	10 004 199
Total		12 666 738	12 666 738

* *Excludes VAT and employee cost accruals.*

Notes to the financial statements continued

for the year ended 31 December 2022

33. Financial instruments and risk management continued

Financial risk management

Overview

This note presents information about the Group's exposure to financial instruments and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by management to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in the oversight role at operations level by Internal audit. Internal audit undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Capital management

The Board defines capital as equity issued to shareholders. There were no changes in the capital management strategies from the prior year. There are no external imposed capital requirements. The Group's debt-equity ratio is currently 494% (2021: 393%). The Company has loan covenants in that the net worth of the Group will not be less than R2 billion and that the financial indebtedness of the Group shall not exceed US$1 150 million. The Group is managing the capital of the Group to ensure that neither of these loan covenants are defaulted on.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group's counterparty exposure arises from investments in money market instruments, and the risk is limited by dealing with reputable financial institutions.

(i) Other receivables, cash and cash equivalents and loans to subsidiaries

The Group and Company have exposure to other receivables of R1.9 million and R0.5 million respectively (2021: R89.9 million and R8.9 million respectively). The Group and Company have exposure to cash and cash equivalents of R224.3 million and R193.2 million respectively (2021: R374.1 million and R144.4 million respectively). The Group and Company have exposure to restricted cash of R118.3 million and R27.0 million respectively (2021: R94.5 million and R27.0 million respectively). The Company has exposure to loans to subsidiaries of R18 407 million (2021: R14 938 million). Refer to note 34 with respect to the impairment of loans to subsidiaries. The credit risk has been assessed as insignificant.

Exposure to credit risk is limited by only investing in liquid securities and only with counterparties that have a favourable credit rating. Cash and cash equivalents and restricted cash are invested with the following institutions at 31 December 2022:

	CREDIT RATING		GROUP		COMPANY	
Institution	**2022**	2021	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Bank of China	**A**	A	**192 036**	18 786	**185 803**	12 730
China Construction Bank	**A**	A	**7 863**	194	**4 365**	66
China Development Bank	**A+**	A+	**1**	3 803	**—**	3 803
Investec	**AA+**	AA+	**85 700**	94 868	**28 490**	27 117
Standard Bank	**AA+**	AA+	**56 138**	350 063	**1 508**	127 724
First National Bank	**AA+**	AA+	**908**	894	**—**	—
Total			**342 646**	468 608	**220 166**	171 440

33. Financial instruments and risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage this risk is to ensure, as far as possible, that it will always have sufficient cash resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group will continue developing the mine while revenue from operations is only expected from 2023 onwards.

Various funding options for the balance required from 2023 onwards are being considered.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

	Note	Interest rate %	6 months or less R'000	6 to 12 months R'000	1 to 2 years R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
GROUP – 2022								
Shareholder's loan (1)	15	7.76	–	813 536	–	–	–	813 536
Shareholder's loan (2)	15	11.80	1 497 639	–	–	–	–	1 497 639
Shareholder's loan (3)	15	5.00	–	936 142	–	–	–	936 142
Shareholder's loan (4)	15	5.00	–	927 881	–	–	–	927 881
Shareholder's loan (5)	15	5.00	–	165 680	–	–	–	165 680
Shareholder's loan (6)	15	5.00	–	1 096 273	–	–	–	1 096 273
Shareholder's loan (7)	15	5.00	–	603 418	–	–	–	603 418
Shareholder's loan (8)	15	6.50	–	181 457	–	–	–	181 457
Shareholder's loan (9)	15	6.50	–	640	162 153	1 442 629	–	1 605 422
Interest-bearing borrowings (10)	16	4.24	–	1 091 709	1 796 369	6 007 603	2 228 697	11 124 378
Trade and other payables (11)	21		202 732	–	–	–	–	202 732
Total			1 700 371	5 816 736	1 958 522	7 450 232	2 228 697	19 154 558
GROUP – 2021								
Shareholder's loan (1)	15	5.41	688 170	–	–	–	–	688 170
Shareholder's loan (2)	15	11.80	157 590	95 436	1 298 441	–	–	1 551 467
Shareholder's loan (3)	15	5.00	796 117	–	–	–	–	796 117
Interest-bearing borrowings (10)	16	5.47	278 402	1 066 426	2 359 263	5 350 614	2 956 315	12 011 020
Trade and other payables (11)	21		222 548	–	–	–	–	222 548
Total			2 142 827	1 161 862	3 657 704	5 350 614	2 956 315	15 269 322

(1) *The Group secured a US$41 million loan in December 2020. The interest rate is accrued quarterly in advance at the ruling "six-month" LIBOR rate" plus 3.5%. The interest and capital are payable by 31 December 2023.*
(2) *The Group secured a US$80 million loan in June 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 30 May 2023.*
(3) *The Group secured a US$50 million loan in December 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn. The interest and capital are payable by 31 December 2023.*
(4) *The Group secured a US$50 million loan in March 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(5) *The Group secured a US$9 million loan in May 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(6) *The Group secured a US$60 million loan in June 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(7) *The Group secured a US$31 million loan in August 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(8) *The Group secured a US$10 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 31 December 2024.*
(9) *The Group secured a US$69.5 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 30 November 2027.*
(10) *CDB loan of US$650 million – interest calculated at effective interest rate.*
(11) *Excludes VAT and employee cost accruals.*

Refer to note 17 for contractual maturities relating to lease liability.

Notes to the financial statements continued

for the year ended 31 December 2022

33. Financial instruments and risk management continued

Financial risk management continued

Liquidity risk continued

	Note	Interest rate %	6 months or less R'000	6 to 12 months R'000	1 to 2 years R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
COMPANY – 2022								
Shareholder's loan (1)	15	7.76	–	813 536	–	–	–	813 536
Shareholder's loan (2)	15	11.80	1 497 639	–	–	–	–	1 497 639
Shareholder's loan (3)	15	5.00	–	936 142	–	–	–	936 142
Shareholder's loan (4)	15	5.00	–	927 881	–	–	–	927 881
Shareholder's loan (5)	15	5.00	–	165 680	–	–	–	165 680
Shareholder's loan (6)	15	5.00	–	1 096 273	–	–	–	1 096 273
Shareholder's loan (7)	15	5.00	–	603 418	–	–	–	603 418
Shareholder's loan (8)	15	6.50	–	181 457	–	–	–	181 457
Shareholder's loan (9)	15	6.50	–	640	162 153	1 442 629	–	1 605 422
Interest-bearing borrowings (10)	16	4.24	–	1 091 709	1 796 369	6 007 603	2 228 697	11 124 378
Trade and other payables (11)	21		2 544	–	–	–	–	2 544
Total			1 500 183	5 816 598	1 958 522	7 450 232	2 228 697	18 954 232
COMPANY – 2021								
Shareholder's loan (1)	15	5.41	688 170	–	–	–	–	688 170
Shareholder's loan (2)	15	11.80	157 590	95 436	1 298 441	–	–	1 551 467
Shareholder's loan (3)	15	5.00	796 117	–	–	–	–	796 117
Interest-bearing borrowings (4)	16	5.47	278 402	1 066 426	2 359 263	5 350 614	2 956 315	12 011 020
Trade and other payables (5)	21		4 531	–	–	–	–	4 531
Total			1 924 810	1 161 862	3 657 704	5 350 614	2 956 315	15 051 305

(1) *The Group secured a US$41 million loan in December 2020. The interest rate is accrued quarterly in advance at the ruling "six-month LIBOR rate" plus 3.5%. The interest and capital are payable by 31 December 2023.*
(2) *The Group secured a US$80 million loan in June 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 30 May 2023.*
(3) *The Group secured a US$50 million loan in December 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn. The interest and capital are payable by 31 December 2023.*
(4) *The Group secured a US$50 million loan in March 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(5) *The Group secured a US$9 million loan in May 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(6) *The Group secured a US$60 million loan in June 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(7) *The Group secured a US$31 million loan in August 2022. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. The interest and capital are payable by 31 December 2023.*
(8) *The Group secured a US$10 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 31 December 2024.*
(9) *The Group secured a US$69.5 million loan in December 2022. The interest rate is accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 30 November 2027.*
(10) *CDB loan of US$650 million – interest calculated at effective interest rate.*
(11) *Excludes VAT and employee cost accruals.*

33. Financial instruments and risk management continued

Market risk

Market risk is the risk of changes in foreign currency rates, and interest rates which can affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

At the current stage of the project development, management is focused on the currency rate risks relating to US dollar-denominated loans and the imported content of the project. Various mitigating options have been identified with the assistance of specialists and will be implemented when required. Once the Group begins to earn US dollar-denominated revenue, this will provide a natural hedge and losses on the restatement of the US dollar loan should be met with improved net South African rand income if the rand weakens, and vice versa if the rand strengthens.

Interest rate risk

The Group manages its interest rate risk by entering into prime-linked investments.

The primary goal of the Group's investment strategy is to maximise investment returns on temporary surplus cash. Management is assisted by external advisors in this regard. Management assessed the market risk as low.

(i) Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate, which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

A decrease of 50 basis points in interest rates on favourable bank balances, including restricted cash of R342.6 million (2021: R468.6 million) for the Group will decrease equity and profit or loss by R1.9 million (2021: R2.0 million on a 50 basis points on interest decrease). An increase of 50 basis points would have the equal but opposite effect. A decrease of 50 basis points in interest rates on favourable bank balances, including restricted cash of R220.2 million (2021: R171.4 million) for the Company will decrease equity and profit or loss by R0.3 million (2021: R0.2 million on a 50 basis points on interest decrease). An increase of 50 basis points would have the equal but opposite effect. This analysis assumes all other variables remain constant.

A decrease of 50 basis points on the interest rates on the variable interest rate borrowings will increase equity and profit or loss by R73.7 million (2021: R49.9 million on a 50 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R74.2 million (2021: R50.1 million on a 50 basis points increase). This analysis assumes all other variables remain constant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Group is exposed to currency risk on borrowings and bank accounts that are denominated in US dollar.

The carrying amounts of the Group's foreign currency-denominated monetary assets and liabilities at the reporting date are as follows:

Group and Company	2022 US dollar exposure US$'000	2021 US dollar exposure US$'000	2022 Converted exposure R'000	2021 Converted exposure R'000
Financial assets				
Bank account denominated in foreign currency	10 000	239	172 583	3 803
Financial liabilities				
Shareholder's loans	396 413	176 540	6 737 889	2 655 582
Interest-bearing borrowings	555 076	628 312	9 449 707	10 004 199

Exchange rates at year end	2022	2021
ZAR/US$	16.995	15.922

Notes to the financial statements continued

for the year ended 31 December 2022

33. Financial instruments and risk management continued

Currency risk continued

(i) Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R1 901.4 million (2021: R1 345.9 million) on the foreign cash balances, interest-bearing borrowings and shareholder's loans. A strengthening of 10% in the exchange rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

34. Impairment of financial assets

Loans receivable from subsidiaries

The Company has material loans receivable from subsidiaries. Refer to note 7.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower; and
- Significant increases in credit risk on other financial instruments of the same borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower is more than 60 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

The Company uses three categories for loans, which reflect their credit risk and how the loan loss provision is determined for each of those categories:

Category provision	Category definition	Basis for recognition of expected credit loss
Stage 1 – Performing	Borrowers have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2 – Underperforming	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Stage 3 – Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses

Over the term of the loans, the Company accounts for its credit risk by appropriately providing for ECLs on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each borrower and adjusts for forward-looking macroeconomic data.

The interest-bearing loan receivable from Bakubung is considered to be a performing loan as Bakubung has a low risk of default and strong capacity to meet contractual cash flows. As such, any loss allowance recognised would be based on 12-month expected losses. The expected credit loss calculated for this loan was found to be insignificant.

34. Impairment of financial assets continued

Loans receivable from subsidiaries continued

ECL was calculated using a combination of probability of default (PD), loss given default (LGD) and exposure at default (EAD) as follows:

ECL = PD * LGD * EAD

Where:
PD represents the likelihood over a specified period that a borrower will not be able to make scheduled payments. A PD of 30.16% was used based on market information adjusted for factors specific to the borrower.

LGD represents the amount of money that the Company would lose on default by the borrower. Considerations included the costs that would be incurred to recover amounts owed as well as the collateral held and the time that would be taken to realise such security. Given that the mine is held as security, the LGD was found to be negligible.

EAD represents the amount by which the Company is exposed to loss, as a result of the default on the loan which our calculation determined to be the carrying value of the loan.

The Company considered impairment for other loans receivable from subsidiaries which are all unsecured, interest–free and repayable on demand. All recovery scenarios indicated that the ECLs from these loans would be immaterial.

Other financial instruments

The Group and Company have restricted cash and cash equivalents. Immaterial ECLs were estimated for these balances.

For the portion of other receivables that meet the definition of financial instruments under IFRS 9, the ECLs are immaterial at both Group and Company levels.

35. Fair value information

		GROUP 2022		GROUP 2021	
	Notes	**Carrying amount R'000**	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	12	**224 335**	**224 335**	374 148	374 148
Restricted cash	11	**118 311**	**118 311**	94 460	94 460
Other receivables*	10	**1 867**	**1 867**	1 783	1 783
Investment in equity asset	8	**57 234**	**57 234**	54 256	54 256
Trade and other payables*	21	**(202 732)**	**(202 732)**	(222 548)	(222 548)
Shareholder's loans	15	**(6 737 889)**	**(6 577 183)**	(2 655 582)	(2 655 582)
Interest-bearing borrowings	16	**(9 449 707)**	**(9 623 553)**	(10 004 199)	(10 317 195)
Total		**(15 988 581)**	**(16 001 721)**	(12 357 682)	(12 670 678)

* *Excludes VAT, prepayments and employee cost accruals.*

		COMPANY 2022		COMPANY 2021	
	Notes	**Carrying amount R'000**	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	12	**193 166**	**193 166**	144 440	144 440
Restricted cash	11	**27 000**	**27 000**	27 000	27 000
Other receivables*	10	**501**	**501**	553	553
Loans to subsidiaries (non-current)	7	**11 417 753**	**10 295 543**	10 900 284	9 900 465
Loans to subsidiaries (current)	7	**6 989 059**	**6 989 059**	4 037 636	4 037 636
Trade and other payables*	21	**(2 926)**	**(2 926)**	(4 531)	(4 531)
Shareholder's loans	15	**(6 737 889)**	**(6 577 183)**	(2 655 582)	(2 655 582)
Interest-bearing borrowings	16	**(9 449 707)**	**(9 623 553)**	(10 004 199)	(10 317 195)
Loans from subsidiaries	7	**(3 149)**	**(3 149)**	(2 426)	(2 426)
Total		**2 433 808**	**1 298 458**	2 443 175	1 130 360

* *Excludes VAT, prepayments and employee cost accruals.*

Notes to the financial statements continued

for the year ended 31 December 2022

35. Fair value information continued

Fair value hierarchy

The levels are classified as follows:
Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities.
Level 2 – fair value is determined using directly observable inputs other than level 1 inputs.
Level 3 – fair value is determined on inputs not based on observable market data.

There were no transfers between any of the levels during the year.

Cash and restricted cash, which although carried at amortised cost subsequent to initial recognition, will equal the amount receivable from the third-party financial institutions, thus fair value.

The fair value of other receivables, trade payables and the current portion of interest-bearing borrowings is carried at amortised cost, which approximates carrying amounts as the amounts will be received or settled in the short term.

Management established the fair value of loans to subsidiaries using a method consistent with the level 3 hierarchy as unobservable inputs were used. Fair value is determined by discounting the future cash flows at the prime lending rate for six to 20 years depending on the expected payback of the loan. There were no significant interrelationships between inputs identified, and the changing of one unobservable input to reflect reasonably possible alternative assumptions would not change the fair value significantly.

The long-term interest-bearing borrowings are measured using level 2 at amortised cost using the effective interest method.

The fair value of long-term borrowings is calculated at market-related contractual interest rates at year end. Refer to note 16.

Investment in equity asset is measured at fair value using level 1 values obtained directly from the JSE.

A discounted cash flow is used to determine the fair values of shareholder loan. The valuation method considers the present value of expected payments, discounted at a risk-adjusted discount rate.

36. Events after reporting date

No material events have occurred after the reporting period and up to the date of this report that required further disclosure in these financial statements.

37. Going concern

The Group's cash resources at the reporting date of R224.3 million (2021: R374.1 million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The Group's current liabilities at the reporting date, which includes shareholder's loans of R5 634.3 million, exceed the current assets by R5.6 billion.

These conditions indicate that a material uncertainty exists, which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The ability of the Group and Company to continue as a going concern is dependent on the support of the majority shareholder and the majority shareholder not calling on the current shareholder's loans. The shareholder has supported the shortfall to date and has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan going forward. Management has made certain judgements in considering whether the planned mitigating actions are sufficient to conclude that the going concern assumption is appropriate.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

38. Shareholder analysis

Shareholder spread	Number of shareholders	% of total shareholding	Number of shares	% of issued share capital
0 – 1 000	10 405	68.37	1 520 526	0.09
1 001 – 10 000	2 544	16.72	9 707 893	0.60
10 001 – 100 000	1 648	10.83	59 556 130	3.66
100 001 – 1 000 000	518	3.40	153 311 792	9.42
Over 1 000 000	103	0.68	1 403 730 717	86.23
Total	**15 218**	**100.00**	**1 627 827 058**	**100.00**
Distribution of shareholders				
Banks	3	0.02	2 807 824	0.17
Close corporations	29	0.19	2 662 089	0.16
Foundations and charitable funds	2	0.01	20 000	0.00
Insurance companies	1	0.01	217 021	0.01
Investment partnerships	20	0.13	15 743 497	0.97
Managed funds	15	0.10	43 454 068	2.67
Private companies	93	0.61	162 135 265	9.96
Public companies	4	0.03	944 492 402	58.02
Retail shareholders	14 854	97.61	373 731 408	22.96
Retirement benefit funds	7	0.05	761 604	0.05
Scrip lending	1	0.01	7 199	0.00
Stockbrokers and nominees	15	0.10	42 576 035	2.62
Trusts	173	1.14	39 216 196	2.41
Unclaimed scrip	1	0.01	2 450	0.00
Total	**15 218**	**100.00**	**1 627 827 058**	**100.00**

Shareholder type	Number of shareholders	% of total shareholding	Number of shares	% of issued share capital
Non-public shareholders	1	0.01	5 795 888	0.36
Directors and associates	1	0.01	5 795 888	0.36
Beneficial shareholders > 10%	2	0.01	944 372 302	58.01
Rustenburg Platinum Mines Limited	1	0.01	211 850 125	13.01
China-Africa Jinchuan Inv Ltd	1	0.01	732 522 177	45.00
Public shareholders	15 215	99.98	677 658 868	41.63
Total	**15 218**	**100.00**	**1 627 827 058**	**100.00**

Beneficial shareholders with a holding greater than 3% of the issued shares

China-Africa Jinchuan Inv Ltd	732 522 177	45.00
Rustenburg Platinum Mines Limited	211 850 125	13.01
Micawber 809 (Pty) Limited	97 362 283	5.98
Africa Continental Resources Venture	73 630 000	4.52
Total	**1 115 364 585**	**68.51**

Total number of shareholdings	**15 218**
Total number of shares in issue	**1 627 827 058**

Issued capital

Total certificated holdings	837 140 116
Total dematerialised holdings	790 686 942
Total	**1 627 827 058**

Administration

Wesizwe Platinum Limited

Incorporated in the Republic of South Africa
Registration number: 2003/020161/06
Share code: WEZ
ISIN: ZAE000075859
www.wesizwe.co.za

Registered address

Wesizwe House
Devcon Park
9 Autumn Road
Rivonia Ext 3, 2128
South Africa

Directors

DNM Mokhobo (Chairman)*
L Zou (Chief Executive Officer)#
J Liu (Financial Director)#
LVJ Ngculu*
TV Mabuza*
S Pingan*#
Q Yu*#
F Qiao*#

(Non-executive, # Chinese)*

Company Secretary

Azeyech Consulting Services Proprietary Limited
The Shere
287 Via Vicenza
Lombardy Estate 0081
South Africa

Auditors

SNG Grant Thornton Inc
20 Morris Street East
Woodmead 2191
South Africa

Sponsor

PSG Capital Proprietary Limited
Suite 1105 - 11th Floor
Sandton Eye Building
126 West Street
Sandton, 2196

Transfer Secretaries

CTSE Registry Services Proprietary Limited
5th Floor, 68 Albert Road
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