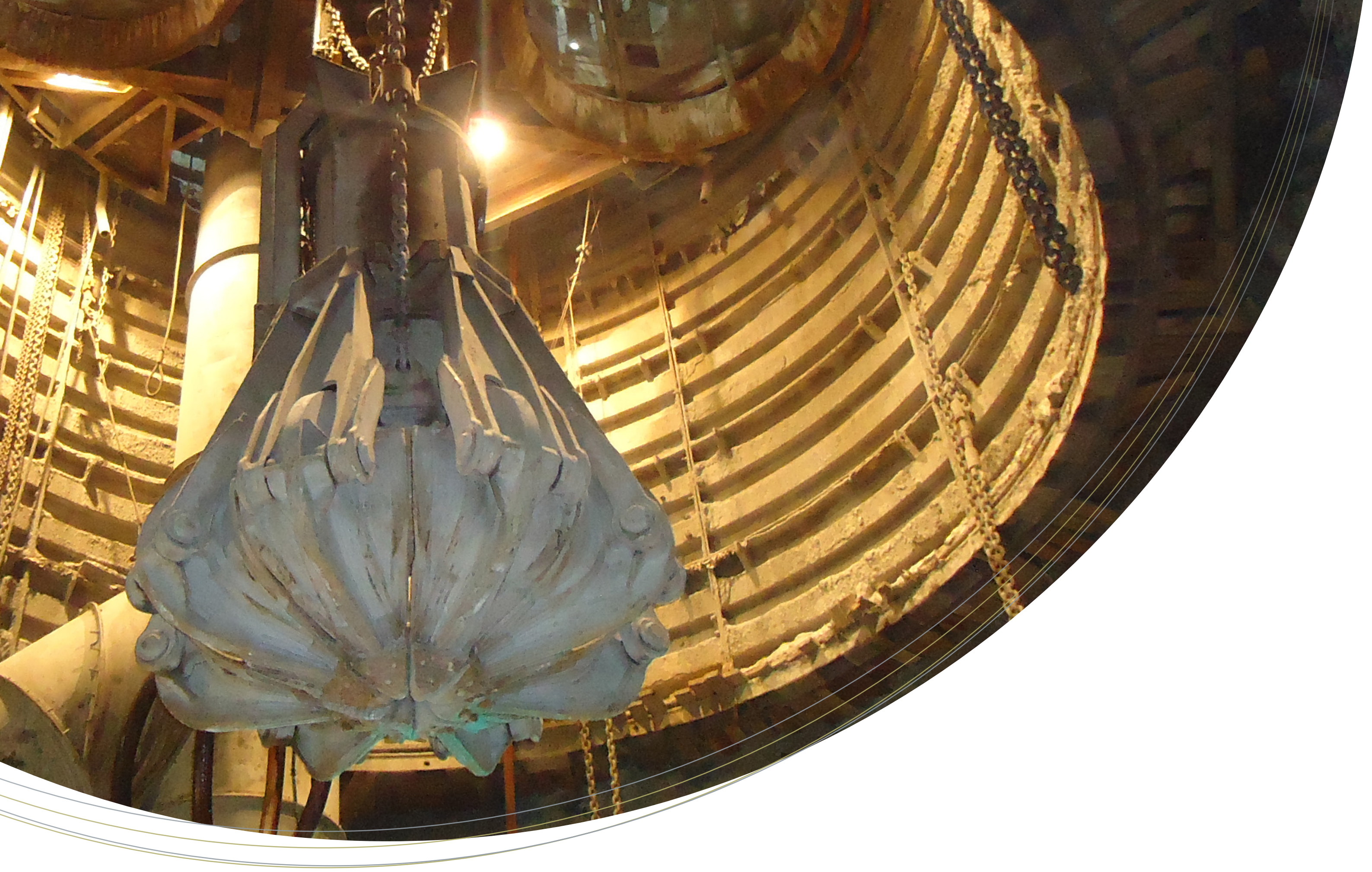
wesizwe

Annual Financial Statements 2017



Contents

The financial statements have been prepared under the supervision of the Finance Director, Mr. Feng Tao. The financial statements have been audited in compliance with the requirements of the Companies Act of South Africa.

Directors' responsibility and approval of the annual financial statements

for the year ended 31 December 2017

The directors are responsible for the preparation and fair presentation of the group annual financial statements and company annual financial statements of Wesizwe Platinum Limited ("Wesizwe", "the company" or "group" depending on context), comprising the statements of financial position at 31 December 2017, statements 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") and the requirements of the Companies Act of South Africa ("Companies Act"). In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is 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 financial statements and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and company annual financial statements of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the board of directors on 22 March 2018 and signed by

Dawn Mokhobo
Authorised director

Feng Tao
Authorised director

Certificate by the company secretary

for the year ended 31 December 2017

In terms of Section 88(2)(e) of the South African Companies Act 2008, as amended, and Companies Regulations, 2011, I certify that, to the best of my knowledge and belief, the company has submitted to the Companies and Intellectual Property Commission 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.

Vasta Mhlongo
Company secretary

22 March 2018

Report of the audit and risk committee

for the year ended 31 December 2017

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 2017. The committee has conducted its work in accordance with the written terms of reference approved by the board, information about which is recorded in the corporate governance section of the integrated report.

COMPOSITION

The composition of the committee remained unchanged during 2017. The committee comprised the following members, who have the necessary skills and experience to fulfil the duties of the committee:

- Mr Victor Mabuza (Independent non-executive director and chairperson)
- Mr James Ngculu (Independent non-executive director)
- Ms 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 to be held on 4 May 2018. The profiles of the members including their qualifications can be viewed in the integrated report.

FREQUENCY AND ATTENDANCE OF MEETINGS

During the year under review, four meetings were held and the attendance of the meetings can be viewed in the intellectual capital section of the integrated report.

STATUTORY DUTIES

The committee is satisfied that it has performed the statutory requirements for an audit & risk committee as set out in the Companies Act as well as the functions set out in the terms of reference and that it has therefore complied with its legal, regulatory or other responsibilities as may be assigned by the board. The committee reports to both the board and the shareholders.

External auditor

The committee nominated and recommended the appointment of the external auditor, KPMG Inc. to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Safeera Loonat as designated auditor for the 2017 financial year.

The committee 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 KPMG Inc. was independent of the company, which includes consideration of compliance with criteria relating to independence requirements of the Independent Regulatory Board for Auditors. The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees.

The committee has the following responsibilities for external audit:

Recommends the appointment of external auditor and oversees the external audit process and in this regard the committee must:

- nominate the external auditor for appointment by the shareholders;
- approve the annual audit fee and terms of engagement of the external auditor;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
- ensure 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;
- review the quality and effectiveness of the external audit process;
- consider whether the audit firm and where appropriate the individual auditor that will be responsible for performing the functions of auditor are accredited as such on the JSE List of Accredited Auditors and their advisors as required by the JSE Listings Requirements.

Internal auditor

The committee has satisfied itself that the internal auditor, Grant Thornton PS Advisory (Pty) Ltd was independent of the company, which includes consideration of compliance with criteria relating to the Institute of Internal Auditors. The internal audit plan was approved and they have access to the committee, primarily through its chairperson.

The committee has the following responsibilities for internal audit:

- the appointment, performance assessment and/or dismissal of the internal auditor;
- to approve the internal audit charter and the internal audit plan;
- to ensure that the internal audit function is subject to an independent quality review as and when the committee determines appropriate.

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.

DUTIES ASSIGNED BY THE BOARD

The committee oversees the preparation of the company's integrated report and the reporting process, including the system of internal financial control. 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.

EXPERTISE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

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. In compliance with paragraph 3.84(h) of the JSE Listings Requirements, the committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole. The committee has reviewed the performance, qualifications and expertise of the Finance Director, Mr Feng Tao through a formal evaluation process and believes that he requires additional training and time in his role to fully satisfy the requirements of his appointment.

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 year-end and the foreseeable future. Management had concluded that group was a going concern. The committee resolved and recommended acceptance of the conclusion to the board.

FINANCIAL STATEMENTS

The committee has reviewed the financial statements of the group and company for the year ended 31 December 2017 and is satisfied that they comply with IFRS, the Companies Act and that 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 and the risk register, consisting of strategic, operational and IT risks is tabled at each meeting for discussion. The risk register also acts as a basis on which independent assurance activities were developed.

FRAUD PREVENTION

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

INFORMATION TECHNOLOGY GOVERNANCE

An assessment of the group's IT projects and controls was performed in 2017 and will be a focus area in the 2018 year.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The committee recommended the group annual financial statements and company annual financial statements for approval by the board.

Victor Mabuza
Chairman – audit and risk committee

Directors' report

for the year ended 31 December 2017

The directors have pleasure in presenting the group annual financial statements and company annual financial statements for Wesizwe Platinum Limited for the year ended 31 December 2017.

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 platinum group metals ("PGM") mine at its Bakubung Platinum Mine ("BPM"), which is owned by Bakubung Minerals (Pty) Ltd, firmly positioning the group as a significant mid-tier precious metals producer.

CAPITAL

Authorised and issued stated capital

The authorised and issued stated capital as at 31 December 2017 was 2 000 000 000 ordinary no par value shares, and 1 627 827 058 ordinary no par value shares, respectively.

No ordinary shares were issued during the year under review.

Further details of the authorised and issued share capital are set out in note 11 to the financial statements.

FUNDING AND GOING CONCERN

Funding of BPM

The project funding of United States Dollars ("US$") 650 million from China Development Bank ("CDB"), that Jinchuan and China-Africa Development ("CAD") Fund undertook to secure in terms of the subscription agreement, was finalised and the facility agreement was signed in December 2013. The first drawdown from this facility, in the amount of US$100 million, was made in January 2014. As at 31 December 2017 a total of US$367.4 million has been drawn down. 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 installments" only commence after 6 years from the date of the first draw down. The installments commence as relatively small amounts i.e. from January 2020 being 0.077% of the outstanding balance at payment date of the first installment, which increases with every consecutive repayment to a pre-final installment of 8.5% of the outstanding balance at payment date of the second last installment. The final installment will be equal to the balance outstanding on the final payment date. The variable interest rate is determined every six months, in advance, as the then ruling "six month LIBOR rate" plus 3.5%. This project funding facility is exclusively available for the purposes of developing the BPM and based on current budgets will cover the funding requirements up to second quarter of 2019. The board is currently considering funding options post the second quarter of 2019; such options will be a function of market conditions closer to the target date and additional funding requirements.

Going concern

The group's available cash resources of R388.2 million (2016: R455.5 million), as reflected in the statement of financial position, as well as the facilities with CDB are sufficient to conduct operations and proceed with the project development up to second quarter of 2019. Refer to note 24 to the financial statements.

FINANCIAL RESULTS

Results of the group for the year

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

The consolidated loss before tax for the year under review was R15.1 million (2016: profit of R454.2 million). These results take into account operational costs amounting to R10.2 million (2016: R20.7 million) and net financial income amounting to R493.7 million (2016: net R593.5 million) as presented in detail in the statements of profit or loss and other comprehensive income.

Results of wholly-owned subsidiary companies

Bakubung Minerals (Pty) Ltd ("Bakubung") made a profit after tax of R480.1 million for the year under review (2016: R556.3 million). Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide") made a loss after tax of R443.8 million for the year under review (2016: R105.8 million). Vaviscan (Pty) Ltd has incurred a loss of R0.04 million (2016: R0.04 million) for the year under review. Wesizwe Properties (Pty) Ltd ("Wesizwe Properties") has incurred a loss after tax of R0.7 million (2016: R0.8 million) for the year under review. Gabonewe Housing Estate (Pty) Limited has incurred a profit after tax of R0.2 million (2016: R0.03 million) for the year under review.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings that may have an influence on the group's rights to explore or mine.

DIRECTORATE

Directors and changes in directors

The details of the current directors are provided in the integrated report.

In accordance with clause 5.1.8 of the company's memorandum of incorporation ("MOI") one-third of the non-executive directors shall retire at each annual general meeting on a rotational basis as determined in the said clause. Retiring directors are eligible for re-election. In terms of the company's MOI, new directors may hold office until the next annual general meeting at which they are required to retire and offer themselves up for re-election.

The directors retiring and seeking re-election at the annual general meeting are Mr Lincoln Ngculu and Mr Victor Mabuza.

Directors' remuneration

Refer to the remuneration report on page 45 of the financial statements.

Directors' interest in contracts

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.

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. A conflict of interest policy was implemented to govern this conflicting interest, if applicable.

SPECIAL RESOLUTIONS

The remuneration payable to non-executive directors was approved at the annual general meeting that was held on 26 April 2017 effective until the next annual general meeting, which will be held on 4 May 2018.

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.

ANNUAL GENERAL MEETING

The notice convening the annual general meeting to be held on 4 May 2018 together with a shareholder proxy form, and the notes explaining the various resolutions to be considered at that meeting is enclosed with the annual integrated report.

Dawn Mokhobo
Chairman

on behalf of the board of directors

22 March 2018

Independent auditor's report

for the year ended 31 December 2017

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 (the group and company) set out on pages 10 to 47, which comprise the statements of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the 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 as at 31 December 2017, and its consolidated and separate financial performance and 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 and company 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Impairment of mine development assets

Refer to note 1(g)(i), 2.3 and 3 to the financial statements.

This key audit matter is applicable to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Included in Property, plant and equipment is mine development assets amounting to R7 386 million, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd. These assets relate to the 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, amongst others: We evaluated 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. We used our Valuation Specialists and: – evaluated the integrity of the discounted cash flow model; – challenged the discount rate applied by the Group used in this model by calculating our own independent discount rate; and – for key inputs used in the model we critically evaluated their 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.

Valuation of investment in subsidiaries and loans and receivables from subsidiaries

Refer to note 1(a)(i), 2.4, 2.5 and 5 to the financial statements

This key audit matter is applicable to the separate financial statements

The key audit matter	How the matter was addressed in our audit
The Company's investment in subsidiaries and loans and receivables from subsidiaries represents 97.9% of the Company's total assets as at 31 December 2017. 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. Due to the significant judgement applied by management in recoverable amount, the valuation of the investment in subsidiaries and the loans and receivables is considered a key audit matter.	Our audit procedures included, amongst 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 compared the carrying amount of the investment in subsidiaries and loans receivable from subsidiaries to the recoverable amount and recalculated the impairment loss, where the carrying amount exceeded the recoverable amount. We evaluated whether the Company's disclosure around the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of investment in subsidiaries and loans receivable from subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Directors' Responsibility Statement, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report 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.
- 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 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, related safeguards.

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 KPMG Inc. has been the auditor of Wesizwe Platinum Limited for 14 years.

KPMG Inc.
Registered Auditor

Per S Loonat
Chartered Accountant (SA)

Registered Auditor
Director

29 March 2018

KPMG Hillside, Corner of The Hillside and Klarinet Streets, Lynwood, 0081

Statements of financial position

at 31 December 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**7 454 753**	6 389 880	**5 002**	5 235
Available-for-sale financial asset	4	**10 564**	510 900	**–**	–
Investment in subsidiaries	5	**–**	–	**9 802**	326 139
Intangible assets	6	**1 709**	3 601	**–**	–
Restricted cash	7	**45 844**	78 657	**–**	–
Loans receivable from subsidiaries	5	**–**	–	**6 305 878**	5 356 344
Total non-current assets		**7 512 870**	6 983 038	**6 320 682**	5 687 718
Current assets					
Other receivables	9	**51 244**	56 723	**2 439**	465
Taxation	15	**293**	–	**291**	–
Loans receivable from subsidiaries	5	**–**	–	**443 866**	878 632
Restricted cash	7	**27 000**	84 000	**27 000**	27 000
Cash and cash equivalents	10	**388 170**	455 452	**111 545**	382 774
Total current assets		**466 707**	596 175	**585 141**	1 288 871
Total assets		**7 979 577**	7 579 213	**6 905 823**	6 976 589
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Accumulated loss		**(412 621)**	(318 419)	**(955 501)**	(459 522)
Total equity		**3 012 923**	3 107 125	**2 470 043**	2 966 022
Non-current liabilities					
Deferred tax liability	8	**379 867**	302 135	**–**	–
Interest-bearing borrowings	12	**4 426 426**	3 996 061	**4 426 426**	3 996 061
Mine closure and environmental rehabilitation obligation	13	**58 691**	53 889	**–**	–
Cash-settled share-based payment liability	27	**3 623**	5 946	**3 623**	5 946
Total non-current liabilities		**4 868 607**	4 358 031	**4 430 049**	4 002 007
Current liabilities					
Trade and other payables	14	**98 047**	112 499	**5 637**	6 958
Loans payable to subsidiaries	5	**–**	–	**94**	44
Taxation	15	**–**	1 558	**–**	1 558
Total current liabilities		**98 047**	114 057	**5 731**	8 560
Total equity and liabilities		**7 979 577**	7 579 213	**6 905 823**	6 976 589

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Operations					
Revenue	16	**–**	–	**65 525**	86 393
Administration expenses	17	**(346 192)**	(214 179)	**(290 034)**	(435 424)
Project related expenses capitalised		**335 974**	193 519	**–**	–
		(10 218)	(20 660)	**(224 509)**	(349 031)
Impairment of investment in subsidiary company	5	**–**	–	**(500 465)**	(117 880)
Loss on scrapping of property, plant and equipment		**(5)**	(1 497)	**–**	–
Profit on disposal of property, plant and equipment		**1 803**	–	**–**	–
Net operating costs		**(8 420)**	(22 157)	**(724 974)**	(466 911)
Impairment of available-for-sale financial asset reclassified from other comprehensive income	4	**(500 336)**	(117 100)	**–**	–
Finance income					
Financial income	18	**48 859**	76 493	**13 608**	36 731
Finance expense	18	**(249 127)**	(208 692)	**(244 320)**	(207 080)
Net foreign exchange gain	18	**460 990**	535 373	**461 032**	535 431
Finance costs capitalised	18	**232 955**	190 332	**–**	–
Net finance income		**493 677**	593 506	**230 320**	365 082
(Loss)/profit before tax		**(15 079)**	454 249	**(494 654)**	(101 829)
Income tax expense	15	**(79 123)**	(151 565)	**(1 325)**	(7 181)
(Loss)/profit for the year		**(94 202)**	302 684	**(495 979)**	(109 010)
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Loss on fair value movements of available-for-sale asset	4	**(500 336)**	(117 100)	**–**	–
Tax on other comprehensive income	15	**56 613**	11 463	**–**	–
Reclassification of available-for-sale financial asset to profit or loss	4	**500 336**	117 100	**–**	–
Related tax		**(56 613)**	(11 463)	**–**	–
Total other comprehensive income		**–**	–	**–**	–
Total comprehensive (loss)/income for the year		**(94 202)**	302 684	**(495 979)**	(109 010)
Loss per share					
Basic and diluted (loss)/earnings per share (cents)	19	**(5.79)**	18.59		

Statements of changes in equity

for the year ended 31 December 2017

GROUP	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2016	3 425 544	(621 103)	2 804 441
Total comprehensive income for the year			
Profit for the year	–	302 684	302 684
Balance at 31 December 2016	3 425 544	(318 419)	3 107 125
Total comprehensive loss for the year			
Loss for the year	**–**	**(94 202)**	**(94 202)**
Balance at 31 December 2017	**3 425 544**	**(412 621)**	**3 012 923**

COMPANY	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2016	3 425 544	(350 512)	3 075 032
Total comprehensive loss for the year			
Loss for the year	–	(109 010)	(109 010)
Balance at 31 December 2016	3 425 544	(459 522)	2 966 022
Total comprehensive loss for the year			
Loss for the year	**–**	**(495 979)**	**(495 979)**
Balance at 31 December 2017	**3 425 544**	**(955 501)**	**2 470 043**

Statements of cash flows

for the year ended 31 December 2017

	Note	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash flows from operating activities					
Cash receipts from customers					
Cash paid to suppliers and employees		**19 143**	(8 915)	**(13 181)**	(22 831)
Cash generated from/(utilised in) operations	20	**19 143**	(8 915)	**(13 181)**	(22 831)
Finance income received		**39 300**	72 682	**14 428**	41 277
Finance cost paid		**(377)**	(17 267)	**(244 690)**	(224 344)
Taxation paid	15	**(3 245)**	(5 636)	**(3 176)**	(5 623)
Taxation received	15	**3**	4 916	**3**	4 916
Cash generated from/(utilised in) operating activities		**54 824**	45 780	**(246 616)**	(206 605)
Cash flows from investing activities					
Acquisition of property, plant and equipment as a result of increase in operations	20	**(1 101 882)**	(975 200)	**–**	–
Increase in amounts owed by group companies		**–**	–	**(1 350 378)**	(47 287)
Decrease in amounts owed by group companies		**–**	–	**434 766**	186 868
Increase/(decrease) in amounts owed to group companies		**–**	–	**50**	(114)
Net cash outflow from investing activities		**(1 101 882)**	(975 200)	**(915 562)**	139 467
Cash flows from financing activities					
Interest-bearing borrowings raised	12	**891 769**	–	**891 769**	–
Net cash inflow from financing activities		**891 769**	–	**891 769**	–
Net increase in cash and cash equivalents		**(155 289)**	(929 420)	**(270 409)**	(67 138)
Cash at beginning of year		**615 368**	1 544 788	**408 715**	475 853
Cash at end of year		**460 079**	615 368	**138 306**	408 715
Cash at end of year comprises:					
Cash balances	10	**388 170**	455 452	**111 545**	382 774
Less: interest accrued	10	**(935)**	(2 741)	**(239)**	(1 059)
Cash and cash equivalents		**387 235**	452 711	**111 306**	381 715
Restricted cash	7	**72 844**	162 657	**27 000**	27 000
Cash at end of year		**460 079**	615 368	**138 306**	408 715

1. ACCOUNTING POLICIES

Reporting entity

Wesizwe Platinum Limited is a company domiciled in the Republic of South Africa. The group financial statements at 31 December 2017 comprise the company and its subsidiaries (together referred to as the group). The ordinary shares of the company are listed on the JSE Limited. Wesizwe, through its wholly-owned subsidiary Bakubung is engaged in the development of its mine, located on the western limb of the Bushveld complex.

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the board of directors on 22 March 2018.

Basis of preparation of financial results

Statement of compliance

The group financial statements and company financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa as well as the Johannesburg Stock Exchange (JSE) listing requirements.

Basis of measurement

The group financial statements and company financial statements for the year ended 31 December 2017 have been prepared on the historical cost basis except for available-for-sale financial assets measured at fair value.

Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency. All information presented in South African Rand 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 and in any future periods affected.

In particular, 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 2: Judgements by Directors and Management.

Change in accounting policies

There were no changes in accounting policies during the year under review.

a. Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the group. 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 financial statements 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 financial statements of the company.

ii) Loss of control

When the group loses control over a subsidiary or an associate, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Change in accounting policies continued

b. 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. All operating segments' operating results are reviewed regularly by the group's CEO (who is the Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

No segment reporting has been produced as the group is conducting construction activities in one geological location which represents it's only business activity with no revenue yet.

c. 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.

d. 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing cost.

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 on a straight-line basis over the estimated useful lives of the assets at the following rates per annum for both the current and comparative periods:

Vehicles	20.00%
Computer equipment	33.33%
Furniture and fittings	20.00%
Office equipment	20.00%
Other office fittings	25.00%
Technical equipment	20.00%
Land	Not depreciated
Buildings	4.00%
Plant and equipment	5.00% - 33.33%

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.

e. 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. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Change in accounting policies continued

f. Financial instruments

Financial instruments are measured at fair value, including any directly attributable transaction costs, upon initial recognition when the group becomes party to the contractual terms of the instruments. Subsequent to initial recognition, these instruments are measured as follows:

i) Financial assets

The group's financial assets are loans receivable from subsidiaries, other receivables, cash and cash equivalents and available-for-sale financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses (see note g), are recognised in other comprehensive income and presented in the available-for-sale reserve in equity.

Loans and other receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans receivable from subsidiaries and other receivables.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

ii) Financial liabilities

The group's financial liabilities are loans payable to subsidiaries, trade and other payables and an interest-bearing borrowing. These liabilities are initially recognised at fair value plus any directly attributable costs. Subsequently these instruments are measured as follows:

Loans to subsidiaries and Trade and other payables

Loans and all trade and other payables are measured at amortised cost, using the effective interest method.

Interest-bearing borrowing

The interest-bearing borrowing is measured at amortised cost using the effective interest method.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Change in accounting policies continued

g. Impairment

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 from 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 recognized in profit or loss. Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or CGU) in prior years. A reversal of impairment is recognised as income immediately. An impairment loss in respect of goodwill is not reversed.

ii) Financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A 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.

Loans and receivables

An allowance for impairment of other receivables and loans is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties on the part of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting the allowance amount. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

Available-for-sale financial asset

Impairment losses on available-for-sale financial assets are recognised when the accumulated fair value losses are significant or prolonged by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the group considers a decline of 20% to be 'significant' and a period of nine months to be 'prolonged'. However, in specific circumstances a smaller decline or a shorter period may be appropriate. Subsequent declines in fair value are recognised immediately in the profit or loss.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Change in accounting policies continued

h. 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.

i) 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.

ii) 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 due to an additional environmental disturbance is recognised in property, plant and equipment.

j. 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 tax 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 recognized directly in equity or in other comprehensive income.

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. This excludes those amounts relating to goodwill which is not deductible for taxation purposes, and to the extent that it relates to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss in a transaction that is not a business combination, and differences relating to investments in subsidiaries, to the extent that they will not reverse in the foreseeable future.

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.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Change in accounting policies continued

k. Revenue

In the company's financial statements revenue derived from rendering management services to subsidiary companies is recognised at the fair value of the consideration received or receivable after deducting value added tax. Revenue also comprises of the on-charge of qualifying borrowing costs.

l. Finance income

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

m. Finance costs

Finance costs 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.

n. 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 are restricted to such that total capitalised borrowing costs are in the range between:

- interest incurred at the contractual rate (translated into the subsidiaries' functional currency)
- interest that would have been incurred on a borrowing with identical terms in the subsidiaries' functional currency (local market related rate had the loan been issued locally).

o. Leases

Assets held under leases which transfer substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases are classified as operating leases and are not recognised in the statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

p. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of 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.

q. 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") cash-settled share-based payment liability

The fair value of the amount payable to employees in respect of DBP, which are 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 re-measured at each reporting date and at settlement date based on the fair value of the DBP. Any changes in the liability are recognised in profit or loss.

r. Government grants

The group recognises an unconditional government grant related to infrastructure assets as a deduction in arriving at the carrying amount of the infrastructure asset.

1. ACCOUNTING POLICIES continued

New standards and amendments and interpretations under IFRS

Impact of standards not yet adopted

At the reporting date, the following new and/or revised accounting standards were in issue but not yet effective:

Effective for the financial year commencing 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Transfers of Investment property (Amendments to IAS 40)

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 15 Revenue from Contracts with Customers – effective date: 1 January 2018

The amendments relate to the recognition and measurement of revenue from contracts with customers. The amendments are not applicable to the Group as the Group will not be generating any external revenue by the time the new standard will be adopted.

IFRS 9 Financial Instruments – effective date: 1 January 2018

The amendments relate to the classification and measurement of financial assets and add requirements for the credit loss model for impairment. The amendments are not applicable to the Group as the Group will not be generating any external revenue by the time the new standard will be adopted.

Transfers of Investment property (Amendments to IAS 40) – effective date: 1 January 2018

The amendments relate to the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property. The amendment should have no material impact to the financial results or disclosures to the Group.

IFRS 16 Leases – effective date: 1 January 2019

The amendments relate to the classification and measurement of leases by incorporating a single lease accounting model and all leases being accounted for on the balance sheet. There are no material leases with external parties or between the company and its subsidiaries and as such there will be no material impact to the financial results or disclosures to the Group.

IFRIC 23 Uncertainty over Income Tax Treatments – effective date: 1 January 2019

This new interpretation clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. The new interpretation should have no material impact to the financial results or disclosures to the Group.

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT

2.1 Determination of mineral resource estimates

The group estimates its mineral resources based on information compiled by Competent Persons. 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 of 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 on depreciation and amortisation rates, asset carrying values and provisions for mine closure and environmental rehabilitation costs.

2.2 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 judgements 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, life of mine estimates and discount rates. Refer to note 13.

2.3 Review of asset carrying values and impairment

In accordance with our accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of 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 of disposal 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 project. The fair value for these projects was determined by using the cash flow approach. The cash flow approach relies on the "fair value less cost of disposal" principle and 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 of the group as the discount rate.

In determining the future cash flows, management reviewed all the key variables and sources of estimation and, except as listed below, were based on the same principles as those that applied to the consolidated financial statements for the year ended 31 December 2017. 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 Oxford Economics regarding 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 in 2019.

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT continued

2.3 Review of asset carrying values and impairment continued

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

The following economic parameters were assumed for Bakubung:

	2017	2016
US$ exchange rate (ZAR) up to 2025/2021	**13.64 – 14.21**	13.10 – 14.21
US$ exchange rate (ZAR) long-term	**14.64**	14.64
Pt price (US$/oz) up to 2025/2021	**1 011 – 1 048**	978 – 1 236
Pt price (US$/oz) long-term	**1 383**	1 326
Pd price (US$/oz) up to 2025/2021	**923 – 925**	711 – 930
Pd price (US$/oz) long-term	**925**	981
Rh price (US$/oz) up to 2025/2021	**1 030 – 1 054**	767 – 898
Rh price (US$/oz) long-term	**1 030**	1 227
Au price (US$/oz) up to 2025/2021	**1 200 – 1 268**	1 234 – 1 226
Au price (US$/oz) long-term	**1 200**	1 309
Weighted average cost of capital	**11.22**	11.01

A 10% decrease in the Rand value of the commodity basket price will result in an impairment loss of approximately R2.007 billion.

2.4 Measurement of fair values

A number of the group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

The fair value of financial instruments that are not traded in an active market (the investment in Maseve) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The fair value of the unlisted equity securities as at 31 December 2016 is based on the discounted cash flows method. The valuation model considers the present value of estimated future cash flows, discounted using the weighted average cost of capital of Maseve. The significant unobservable inputs are:

	2016
US$ exchange rate (ZAR) up to 2021	13.10 – 14.21
US$ exchange rate (ZAR) long-term	14.64
Pt price (US$/oz) up to 2021	978 – 1 236
Pt price (US$/oz) long-term	1 326
Pd price (US$/oz) up to 2021	711 – 930
Pd price (US$/oz) long-term	981
Rh price (US$/oz) up to 2021	767 – 898
Rh price (US$/oz) long-term	1 227
Au price (US$/oz) up to 2021	1 234 – 1 226
Au price (US$/oz) long-term	1 309
Pre-tax Discount rate (%) (Real)	13.30

2.5 Local market related interest rate

Wesizwe in discussions with various banks and financial institutions concluded that obtaining a loan in the current and previous prevailing market conditions with the same terms as the US$650 million CDB loan is not achievable in South Africa. Since BPM is a start-up operation any funding would inevitably be viewed as equity and demand equity rates of return. Confirmed by an independent valuation, the nominal cost of equity for a start-up company similar to BPM is 18.4%. The appropriate long-term risk free rate is currently 9.3%. Consequently, the risk premium is 9.1%. Based on the foregoing, management concluded that rate of prime plus 8.5% is a reasonable market related interest rate for the cost of loan funding for the BPM.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2017 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Land and buildings	56 637	1 147	–	57 784
Vehicles	5 850	–	–	5 850
Computer equipment	10 857	5 703	(32)	16 528
Furniture and fittings	3 311	511	–	3 822
Office equipment	2 069	8	–	2 077
Other office fittings	10 951	765	–	11 716
Technical equipment	4 281	1 699	–	5 980
Plant and equipment	1 842 976	296 508	–	2 139 484
Mine development assets	4 460 844	681 562	–	5 142 406
Buildings under construction	18 161	86 611	–	104 772
Total	6 415 937	1 074 514	(32)	7 490 419

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	5 278	1 552	–	6 830
Vehicles	2 993	1 055	–	4 048
Computer equipment	8 638	3 302	(28)	11 912
Furniture and fittings	3 002	228	–	3 230
Office equipment	1 193	324	–	1 517
Other office fittings	3 900	2 097	–	5 997
Technical equipment	1 053	1 068	–	2 121
Plant and equipment	–	11	–	11
Mine development assets	–	–	–	–
Buildings under construction	–	–	–	–
Total	(26 057)	(9 637)	(28)	35 666

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	51 359	1 147	(1 552)	–	50 954
Vehicles	2 857	–	(1 055)	–	1 802
Computer equipment	2 219	5 703	(3 302)	(4)	4 616
Furniture and fittings	309	511	(228)	–	592
Office equipment	876	8	(324)	–	560
Other office fittings	7 051	765	(2 097)	–	5 719
Technical equipment	3 228	1 699	(1 068)	–	3 859
Plant and equipment	1 842 976	296 508	(11)	–	2 139 473
Mine development assets	4 460 844	681 562	–	–	5 142 406
Buildings under construction	18 161	86 611	–	–	104 772
Total	6 389 880	1 074 514	(9 637)	(4)	7 454 753

All property, plant and equipment are owned by group entities. Wesizwe holds full title of the land and 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 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.

There has been no impairment or impairment reversals.

Plant and equipment and mine development assets are currently not being depreciated as the mine is currently still under construction and not yet in production.

3. PROPERTY, PLANT AND EQUIPMENT continued

The effective interest rate of the CDB loans has been calculated at 4.95% (2016: 4.35%) 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 2017 have been capitalised to the cost of the asset. R232 955 000 interest was capitalised during 2017 (2016: R190 332 000) which is included in additions to the mine development assets.

GROUP 2016 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Land and buildings	56 249	388	–	56 637
Vehicles	5 127	723	–	5 850
Computer equipment	9 873	1 004	(20)	10 857
Furniture and fittings	3 252	59	–	3 311
Office equipment	1 992	77	–	2 069
Other office fittings	6 833	4 118	–	10 951
Technical equipment	584	3 697	–	4 281
Plant and equipment	1 526 409	316 567	–	1 842 976
Mine development assets	3 801 966	658 878	–	4 460 844
Buildings under construction	–	18 161	–	18 161
Total	5 412 285	1 003 672	(20)	6 415 937

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	3 728	1 550	–	5 278
Vehicles	1 881	1 112	–	2 993
Computer equipment	5 933	2 708	(3)	8 638
Furniture and fittings	2 807	195	–	3 002
Office equipment	868	325	–	1 193
Other office fittings	1 834	2 066	–	3 900
Technical equipment	211	842	–	1 053
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Total	17 262	8 798	(3)	26 057

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	52 521	388	(1 550)	–	51 359
Vehicles	3 246	723	(1 112)	–	2 857
Computer equipment	3 940	1 004	(2 708)	(17)	2 219
Furniture and fittings	445	59	(195)	–	309
Office equipment	1 124	77	(325)	-	876
Other office fittings	4 999	4 118	(2 066)	–	7 051
Technical equipment	373	3 697	(842)	–	3 228
Plant and equipment	1 526 409	316 567	–	–	1 842 976
Mine development assets	3 801 966	658 878	–	–	4 460 844
Buildings under construction	–	18 161	–	–	18 161
Total	5 395 023	1 003 672	(8 798)	(17)	6 389 880

The group received two government grants in 2016. The first grant of R 10.0 million from the Department of Trade and Industry was offset against Mine Development Assets, a second grant of R 8.5 million from Social Housing Regulatory Authority was offset against Buildings under construction in line with the accounting policy for government grants.

3. PROPERTY, PLANT AND EQUIPMENT continued

COMPANY 2017 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Land and buildings	**6 868**	**–**	**–**	**6 868**
Computer equipment	**1 506**	**–**	**–**	**1 506**
Furniture and fittings	**1 533**	**–**	**–**	**1 533**
Office equipment	**401**	**–**	**–**	**401**
Other office fittings	**548**	**–**	**–**	**548**
Total	**10 856**	**–**	**–**	**10 856**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	**1 662**	**208**	**–**	**1 870**
Computer equipment	**1 504**	**1**	**–**	**1 505**
Furniture and fittings	**1 520**	**12**	**–**	**1 532**
Office equipment	**387**	**12**	**–**	**399**
Other office fittings	**548**	**–**	**–**	**548**
Total	**5 621**	**233**	**–**	**5 854**

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	**5 206**	**–**	**(208)**	**–**	**(4 998)**
Computer equipment	**2**	**–**	**(1)**	**–**	**1**
Furniture and fittings	**13**	**–**	**(12)**	**–**	**1**
Office equipment	**14**	**–**	**(12)**	**–**	**2**
Other office fittings	**–**	**–**	**–**	**–**	**–**
Total	**5 235**	**–**	**(233)**	**–**	**5 002**

All property, plant and equipment are owned by the company and the title deeds for the properties are available for inspection at our registered office.

COMPANY 2016 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Land and buildings	6 868	–	–	6 868
Computer equipment	1 506	–	–	1 506
Furniture and fittings	1 533	–	–	1 533
Office equipment	401	–	–	401
Other office fittings	548	–	–	548
Total	10 856	–	–	10 856

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	1 454	208	–	1 662
Computer equipment	1 495	9	–	1 504
Furniture and fittings	1 504	16	–	1 520
Office equipment	374	13	–	387
Other office fittings	515	33	–	548
Total	5 342	279	–	5 621

3. PROPERTY, PLANT AND EQUIPMENT continued

CARRYING VALUE	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	5 414	(208)	–	5 206
Computer equipment	11	(9)	–	2
Furniture and fittings	29	(16)	–	13
Office equipment	27	(13)	–	14
Other office fittings	33	(33)	–	–
Total	5 514	(279)	–	5 235

4. AVAILABLE-FOR-SALE FINANCIAL ASSET

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Unlisted equity securities:				
Opening Balance	**510 900**	628 000		
Fair value adjustments	**(500 336)**	(117 100)	**–**	–
Closing balance	**10 564**	510 900	**–**	–

The fair value is within level 2 of the fair value hierarchy (see note 22). The investment in Maseve as at 31 December 2017 has been valued at US$855,000, being the value that Wesizwe may receive for its 17.1% investment in Maseve. The proposed sale by Platinum Group Metals of its 82.9% shareholding in Maseve to Royal Bafokeng Platinum Limited has been used as comparable transaction to determine the fair value.

Impairment losses recognised:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Other Comprehensive Income				
Loss on fair value movements of available-for-sale asset	**(500 336)**	(117 100)	**–**	–
Gain on fair value movements of available-for-sale asset in prior year	**–**	–	**–**	–
Transfer to profit or loss	**500 336**	117 100	**–**	–
Net amount recognised in OCI before tax effect	**–**	–	**–**	–
Recognised in profit and loss				
Impairment of available-for-sale financial asset transfer from other comprehensive income	**(500 336)**	(117 100)	**–**	–
Net amount recognised in profit and loss before tax effect	**(500 336)**	(117 100)	**–**	

The fair value loss has been transferred as an impairment loss to the Statement of Profit and Loss as the fair value loss is significant and prolonged as the value decreased with more than 20% and the group does not expect commodity prices to recover in the near future.

5. INVESTMENT IN SUBSIDIARIES

	Percentage shareholding	Subsidiary Issued Capital 2017
Bakubung Minerals (Pty) Ltd	100	**1 000**
Wesizwe Properties (Pty) Ltd	100	**1**
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd	100	**121**
Gabonewe Housing Estate	100	**1**
Indirectly held: Vaviscan (Pty) Ltd**	100	**100**

	COMPANY 2017 R'000	2016 R'000
Wesizwe investment in:		
Bakubung Minerals (Pty) Ltd	**9 802**	9 802
Wesizwe Properties (Pty) Ltd^	**–**	–
Gabonewe Housing Estate (Pty) Ltd^	**–**	–
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd%		
– Cost	**669 621**	669 621
– Accumulated Impairment	**(669 621)**	(353 284)
– Carrying amount	**–**	316 337
Sub Total	**9 802**	326 139
Shareholder loans:		
Non-current		
Bakubung Minerals (Pty) Ltd*	**1 913 040**	1 743 401
Bakubung Minerals (Pty) Ltd@	**4 258 072**	3 374 460
Wesizwe Properties (Pty) Ltd*	**26 419**	26 420
Gabonewe Housing Estate*	**97 783**	17 500
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*		
– Original loaned amount	**194 692**	194 563
– Accumulated Impairment	**(184 128)**	–
– Carrying amount	**10 564**	194 563
	6 305 878	5 356 344
Current		
Bakubung Minerals (Pty) Ltd#	**443 827**	878 624
Wesizwe Properties (Pty) Ltd#	**39**	8
	443 866	878 632
Sub Total	**6 749 744**	6 234 976
Loans payable to subsidiaries:		
Wesizwe Properties (Pty) Ltd#	**(94)**	(44)
Sub Total	**(94)**	(44)
Total	**6 759 452**	6 561 071

* *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.*

** *Vaviscan (Pty) Ltd is a wholly-owned subsidiary of Bakubung Minerals (Pty) Ltd. The company is held specifically for the farm Zwartkoppies which is to be utilised in a community project.*

^ *Wesizwe Platinum Limited holds a R1 investment each in Wesizwe Properties (Pty) Ltd and Gabonewe Housing Estate (Pty) Ltd.*

@ *The shareholder loan is payable on the same terms as the loan with CDB 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 13.*

The loans are short-terms loans payable on normal credit terms.

% *The recoverable amount of the investment was calculated with reference to the fair value of the investment in Maseve. The impairment loss was as a result of the recoverable amount (fair value of Maseve) decreasing due to a fair value loss. Refer to notes 4 and 22.1.*

5. INVESTMENT IN SUBSIDIARIES continued

Wesizwe has undertaken not to reduce its shareholding in Bakubung, Africa Wide and Wesizwe Properties 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 three companies exceed their liabilities.

Wesizwe has subordinated its loan to Bakubung, Africa Wide and Wesizwe Properties in favour of other creditors for as long as the liabilities of Bakubung, Africa Wide and Wesizwe Properties exceed their assets.

6. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Cost				
Opening balance	**8 520**	8 520	**–**	–
Additions	**–**	–	**–**	–
Closing balance	**8 520**	8 520	**–**	–
Accumulated amortisation				
Opening balance	**4 919**	2 649	**–**	–
Amortisation	**1 892**	2 270	**–**	–
Closing balance	**6 811**	4 919	**–**	–
Carrying amount	**1 709**	3 601	**–**	–

Intangible assets comprise of software that has been acquired by the group.

7. RESTRICTED CASH

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Non-current				
Department of Mineral Resources	**1 016**	1 016		
Eskom – Connection guarantees	**44 828**	77 641	**–**	–
Aveng Mining Ltd – Performance payment guarantee	**–**	–	**–**	–
Total Non-current	**45 844**	78 657	**–**	–
Current				
Department of Mineral Resources – Rehabilitation obligation	**27 000**	27 000	**27 000**	27 000
Aveng Mining Ltd – Performance payment guarantee	**–**	57 000	**–**	–
Total current	**27 000**	84 000	**27 000**	27 000
Total restricted cash	**72 844**	162 657	**27 000**	27 000

Call and short term deposits have been encumbered as a result of guarantees issued to certain service providers.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
8. DEFERRED TAXATION				
Deferred taxation liability				
Opening balance	**302 135**	157 763	**–**	–
Current year charges	**77 732**	144 372	**–**	–
Property, plant and equipment	**274 138**	272 819	**–**	–
Available-for-sale financial asset	**(56 613)**	(11 463)	**–**	–
Unredeemed mining capex	**(138 449)**	(106 549)	**–**	–
Provisions	**(1 344)**	(10 435)	**–**	–
Closing balance	**379 867**	302 135	**–**	–
Deferred tax assets and liabilities are attributable to the following items:				
Deferred tax liabilities				
Recognised in profit or loss:				
Property, plant and equipment	**1 752 158**	1 478 020	**–**	–
Available-for-sale financial asset reserve	**–**	56 613	**–**	–
Recognised directly in equity:				
Acquisition of mineral rights in Bakubung	**285 251**	285 251	**–**	–
	2 037 409	1 819 884	**–**	–
Deferred tax assets				
Recognised in profit or loss:				
Unredeemed exploration expenditure	**(1 191)**	(1 191)	**–**	–
Unredeemed mining capex	**(1 639 918)**	(1 501 469)	**–**	–
Provisions	**(16 433)**	(15 089)	**–**	–
	(1 657 542)	(1 517 749)	**–**	–
Total	**379 867**	302 135	**–**	–
Unrecognised deferred tax asset				
Provisions			**(1 626)**	(3 415)
			(1 626)	(3 415)

The group has a deferred tax asset of R55.5 million related to a capital gains tax loss which has not been raised and the company has a deferred tax asset of R1.6 million (2016: R3.4 million) which has not been raised due to the uncertainty of the asset being realised. Amounts that have been recognised are assumed to be recovered at a rate of 28%. Losses still in doubt have not been recognised because a trend of profitability is not yet fully established. No deferred tax assets have been raised for any of the other group companies due to the uncertainty of the assets being realised.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
9. OTHER RECEIVABLES				
Value Added Tax receivable	**39 481**	54 932	**–**	–
Other receivables	**11 556**	1 394	**2 439**	465
Prepayments	**207**	397	**–**	–
Total	**51 244**	56 723	**2 439**	465
10. CASH AND CASH EQUIVALENTS				
Bank balances	**14 855**	28 336	**5 843**	15 291
Call and short-term deposits	**372 380**	424 375	**105 463**	366 424
	387 235	452 711	**111 306**	381 715
Interest accrued	**935**	2 741	**239**	1 059
Total	**388 170**	455 452	**111 545**	382 774
11. STATED CAPITAL				
Stated Capital				
Authorised				
2 000 000 000 no par value shares				
(2016: 2 000 000 000 no par value shares)				
Issued				
1 627 827 058 no par value shares				
(2016: 1 627 827 058 no par value shares)	**3 425 544**	3 425 544	**3 425 544**	3 425 544
12. INTEREST BEARING BORROWINGS				
Non-current				
Opening balance	**3 996 061**	4 548 772	**3 996 061**	4 548 772
China Development Bank – drawdown	**891 770**	–	**891 770**	–
Interest accrued	**244 319**	207 080	**244 319**	207 080
China Development Bank – interest repayment	**(244 689)**	(224 343)	**(244 689)**	(224 343)
Realised foreign exchange loss	**8 879**	11 439	**8 879**	11 439
Unrealised foreign exchange loss	**(469 914)**	(546 887)	**(469 914)**	(546 887)
Closing balance	**4 426 426**	3 996 061	**4 426 426**	3 996 061

The group has a secured US$367.3 million loan (2016: US$300 million) with a carrying amount of R4 426.4 million at 31 December 2017 (2016: R3 996.1 million). Refer to note 3 regarding the security for the loan. The total facility amounts to US$650 million. The interest rate on the facility is determined six monthly in advance as the six month LIBOR rate plus 3.5%. The term of the loan is 15 years and no capital repayments are due during the first six years. Repayments in semi-annual instalments over the last nine years of the facility commence at an amount equal to 0.077% of the outstanding balance at the end of the sixth year, after which every instalment increase 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. A facility fee amounting to 0.5% of the unutilized balance is payable annually. The interest expense and facility fee is included in the effective interest rate calculation.

13. MINE CLOSURE AND ENVIRONMENTAL REHABILITATION OBLIGATION

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Opening balance	**53 889**	16 620	**–**	–
Obligation recognised	**–**	35 662	**–**	–
Charged to interest expenses	**4 802**	1 607	**–**	–
Closing balance	**58 691**	53 889	**–**	–

This long-term obligation reflects the net present value of closure, restoration and environmental rehabilitation (which includes the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) cost. 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. The discount rate is based on a pre-tax risk-free rate available in the current market.

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

As required by the Department of Mineral Resources, a deposit of R28.0 million (2016: R28.0 million) is held with a financial institution (refer note 7). This investment had 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 for the mine closure and environmental rehabilitation.

The discount rate regarded as an appropriate long-term risk-free rate is 8.59% (2016: 8.9%) and the appropriate escalation rate is 5.03% (2016: 6.9%). The current cost rehabilitation estimate is R110.8 million (2016: R97.8 million).

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Trade payables	**42 071**	29 146	**3 404**	498
Capital expenditure payables	**49 377**	76 744	**–**	–
Leave pay accrual	**5 330**	5 133	**1 756**	5 133
Value Added Tax payable	**868**	1 229	**808**	1 080
Salary accrual	**401**	247	**(331)**	247
Total	**98 047**	112 499	**5 637**	6 958

15. INCOME TAX (EXPENSE)/INCOME

	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
South African company tax	**(1 391)**	(7 193)	**(1 325)**	(7 181)
Current year	**(1 391)**	(7 193)	**(1 325)**	(7 181)
Deferred tax	**(77 732)**	(144 372)	**–**	–
Temporary differences	**(77 732)**	(144 372)	**–**	–
Total	**(79 123)**	(151 565)	**(1 325)**	(7 181)
Current year – deferred taxation	**56 613**	11 463	**–**	–
Reclassified to profit and loss	**(56 613)**	(11 463)	**–**	–
Tax on other comprehensive income	**–**	–	**–**	–

The group has unredeemed capital expenditure of R5 856.8 million (2016: R5 362.4 million) and unredeemed exploration expenditure of R4.3 million (2016: R4.3 million) for the year ended 31 December 2017. The unredeemed capital expenditure may be set-off against future taxable income.

15. INCOME TAX (EXPENSE)/INCOME continued

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	%	%	**%**	%
Reconciliation of effective tax rate				
Standard tax rate	**28.0**	28.0	**28.0**	28.0
Non-deductible expenses	**–**	(6.9)	**–**	(1.4)
Difference between depreciation and wear & tear allowances	**(0.1)**	–	**–**	–
Disallowed donations	**(0.2)**	–	**–**	–
Disallowed legal expenses	**(0.9)**	–	**–**	–
Disallowed consulting fees	**(6.3)**	–	**(0.3)**	–
Disallowed penalties	**(0.2)**	–	**–**	–
Disallowed sponsor fees	**(0.3)**	–	**–**	–
Disallowed audit fees	**(0.2)**	–	**–**	–
Deferred tax asset not raised	**(450.6)**	7.6	**(28.0)**	(33.7)
Deferred tax asset utilised	**–**	–	**–**	–
Fair value loss/(gain) on available-for-sale financial asset at CGT rate in the subsidiary	**(93.9)**	4.7	**–**	–
Effective rate	**(524.7)**	33.4	**(0.3)**	(7.1)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Taxation paid				
Balances receivable at beginning of year	**1 558**	(4 916)	**1 558**	(4 916)
Profit or loss charge	**1 391**	7 193	**1 324**	7 181
Taxation refund received	**3**	4 916	**3**	4 916
Taxation paid	**(3 245)**	(5 635)	**(3 176)**	(5 623)
Balance receivable at end of year	**(293)**	1 558	**(291)**	1 558

16. REVENUE

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Revenue comprises of:				
Management fees	**–**	–	**65 526**	86 393
Total	**–**	–	**65 526**	86 393

17. ADMINISTRATION EXPENSES

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Administration expenses include:				
Internal and external auditor's remuneration	**4 188**	3 786	**3 306**	2 994
Depreciation	**9 637**	8 798	**233**	278
Amortisation	**1 892**	2 270	**–**	–
Directors fees – short term benefits	**9 915**	10 118	**9 915**	10 118
Directors fees – DBP (note 28)	**(1 662)**	341	**(1 662)**	341
Employee costs – short term benefits	**132 385**	79 540	**55 000**	79 516
Employee costs – DBP (note 28)	**(661)**	2 066	**(661)**	2 066
Operating lease – buildings	**610**	199	**900**	506
Operating lease – equipment*	**20 491**	–	**–**	–
On-charge of borrowing cost including related foreign exchange gains	**–**	–	**216 716**	328 367
Legal fees	**2 013**	7 160	**1 794**	2 667
Statutory publications, corporate identity and investor relations	**1 623**	2 909	**1 292**	1 844
Travel and accommodation	**3 131**	1 760	**2 662**	842
Technical consulting fees	**76 423**	42 598	**6 149**	4 923
Security costs	**11 961**	11 961		
Electricity and water	**28 887**	22 522		
Communication costs	**2 332**	3 779	**85**	696
Municipal rates and services	**282**	286		
Licence fees	**4 390**	3 482		
Maintenance expenditure	**17 585**	4 727		
Other administration expenses/(refunds)	**20 770**	5 877	**(5 695)**	266
Total	**346 192**	214 179	**290 034**	435 424

** Operating leases on equipment were entered into for the 2017 financial year and are not expected to extend beyond the 2017 financial year.*

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
18. NET FINANCE INCOME AND NET FOREIGN EXCHANGE LOSS				
Finance income				
Interest earned on cash balances	**47 924**	73 752	**13 369**	35 672
Interest accrued on cash balances	**935**	2 741	**239**	1 059
Total finance income	**48 859**	76 493	**13 608**	36 731
Finance expense				
Interest on loan denominated in foreign currency	**(244 320)**	(207 080)	**(244 320)**	(207 080)
Finance costs for the year	**(5)**	(5)	**–**	–
Time value of money adjustment to rehabilitation obligation	**(4 802)**	(1 607)	**–**	–
Total finance expense	**(249 127)**	(208 692)	**(244 320)**	(207 080)
Net finance expense	**(200 268)**	(132 199)	**(230 712)**	(170 349)
Foreign exchange gain				
Unrealised gain on conversion of loan denominated in foreign currency	**469 913**	546 887	**469 913**	546 887
Total foreign exchange gains	**469 913**	546 887	**469 913**	546 887
Foreign exchange losses				
Realised loss on suppliers payments	**(44)**	(75)	**(2)**	(17)
Realised loss on payment of interest accruals denominated in foreign currency	**(721)**	(11 439)	**(721)**	(11 439)
Realised loss on conversion of loan amounts	**(8 158)**	–	**(8 158)**	–
Total foreign exchange losses	**(8 923)**	(11 514)	**(8 881)**	(11 456)
Net foreign exchange gains/(losses)	**460 990**	535 373	**461 032**	535 431
Net finance costs capitalised*				
Interest income	**(11 365)**	(16 748)	**–**	–
Interest expense	**244 320**	207 080	**–**	–
Net foreign exchange losses	**–**	–	**–**	–
Net finance costs capitalised	**232 955**	190 332	**–**	–

* *The net finance costs capitalised are those that directly relate to the loan only.*

	Group	Group
	2017	2016
19. EARNINGS/(LOSS) PER SHARE		
The basis of calculation of basic (loss)/earnings per share is:		
Attributable (loss)/profit to ordinary shareholders (rand)	**(94 202 401)**	302 683 874
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Basic (loss)/earnings per share (cents)	**(5.79)**	18.59
The basis of calculation of diluted (loss)/earnings per share is:		
Attributable (loss)/profit to ordinary shareholders (rand)	**(94 202 401)**	302 683 874
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted (loss)/earnings per share (cents)	**(5.79)**	18.59

	Group 2017 Gross	Group 2017 Net	Group 2016 Gross	Group 2016 Net
19. EARNINGS/(LOSS) PER SHARE continued				
The basis of calculation of headline earnings/(loss) and diluted headline earnings/(loss) per share is:				
(Loss)/profit) attributable to ordinary shareholders (rand)		**(94 202 401)**		302 683 874
Adjustment for:		**442 429 125**		106 715 352
Profit on disposal of property, plant and equipment	**(1 802 567)**	**(1 297 848)**		
Loss on scrapping of property, plant and equipment	**4 650**	**3 348**	1 497 534	1 078 224
Reclassification of gains or losses upon impairment of available-for-sale financial asset	**500 336 381**	**443 723 625**	117 100 000	105 637 128
Headline earnings/(loss)	**—**	**348 226 724**	–	409 399 226
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline earnings/(loss) per share (cents)		**21.39**		25.15

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
20. NOTES TO THE STATEMENTS OF CASH FLOWS				
Reconciliation of loss for the year to cash flows from operating activities				
Loss before tax:	**(15 079)**	454 250	**(494 654)**	(101 829)
Finance income	**(37 494)**	(59 747)	**(13 608)**	(36 731)
Finance expense	**728**	11 443	**1**	–
Foreign exchange (gain)/loss	**(469 913)**	(546 887)	**–**	–
Adjustments for:				
– Depreciation	**9 637**	8 798	**233**	278
– Amortisation	**1 892**	2 270	**–**	–
– Impairment of investment in subsidiary			**500 465**	117 879
– Realised forex on loan	**8 158**	–	**–**	–
– Loss on adjustment of interest in equity-accounted investee				
– Impairment of available-for-sale financial asset reclassified from other comprehensive income	**500 336**	117 100		
– Penalties relating to taxation				
– Scrapping loss of property, plant and equipment	**5**	17		
– Time value of money adjustment to rehabilitation obligation	**4 802**	1 607		
– Deferred Bonus Plan cash-settled share-based payment liability	**(2 323)**	2 407	**(2 323)**	2 407
Loss before working capital changes	**749**	(8 743)	**(9 886)**	(17 996)
Changes in working capital	**18 394**	(172)	**(3 295)**	(4 835)
Increase in other receivables	**5 479**	(24 454)	**(1 974)**	758
Increase/(decrease) in trade and other payables	**12 915**	24 282	**(1 321)**	(5 593)
Cash utilised in operations	**19 143**	(8 915)	**(13 181)**	(22 831)

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
20. NOTES TO THE STATEMENTS OF CASH FLOWS continued				
Reconciliation of the acquisition of property, plant and equipment				
Additions per property, plant and equipment note 3	**1 074 514**	1 003 672	**–**	–
(Increase)/decrease in decommissioning asset	**–**	(35 662)	**–**	–
Change in capital expenditure payables	**27 368**	7 190	**–**	–
Unrealised foreign exchange differences capitalised	**–**	–	**–**	–
Acquisition of property, plant and equipment	**1 101 882**	975 200	**–**	–
21. COMMITMENTS				
21.1 Commitments at reporting date but not recognised in the financial statements are as follows:				
Commitments due within:				
– Next 12 months:	**356 503**	399 095	**534**	1 330
Operating expenses	**612**	1 645	**534**	1 330
Project capital commitments	**355 891**	397 450	**–**	–
– Next 13 to 24 months:				
Project capital commitments	**252 276**	–	**–**	–
– Next 25 to 36 months:				
Project capital commitments	**269 340**	–	**–**	–
– Next 37 to 48 months:				
Project capital commitments	**278 179**	–	**–**	–
– Next 49 to 60 months:				
Project capital commitments	**28 069**	–	**–**	–
Total commitments				
Operating expenses	**612**	1 645	**534**	1 330
Project capital commitments	**1 183 755**	397 450	**–**	–
Total	**1 184 367**	399 095	**534**	1 330

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 had been authorised but not contracted for.

22. FINANCIAL INSTRUMENTS

22.1 Financial risk management

The group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk (currency risk, interest rate risk and other equity price risk)

This note presents information about the group's exposure to each of the above risks and the group's objectives, policies and processes for measuring and managing each of the above risks. Further quantitative disclosures are included throughout these financial statements.

	Note	Loans and receivables R'000	Available-for-sale R'000	Total R'000
Group 2017				
Financial assets				
Cash and cash equivalents	10	**388 170**		**388 170**
Restricted cash (non-current)	7	**45 844**		**45 844**
Restricted cash (current)	7	**27 000**		**27 000**
Other receivables	9	**2 490**		**2 490**
Available-for-sale financial asset	4		**10 564**	**10 564**
		463 504	**10 564**	**474 068**
Group 2016				
Financial assets				
Cash and cash equivalents	10	455 452	–	455 452
Restricted cash (non-current)	7	78 657	–	78 657
Restricted cash (current)	7	84 000	–	84 000
Other receivables	9	1 394	–	1 394
Available-for-sale financial asset	4	–	510 900	510 900
		619 503	510 900	1 130 403

	Note	Other financial liabilities R'000	Total R'000
Group 2017			
Financial liabilities			
Trade payables	14	**(97 179)**	(97 179)
Interest-bearing borrowings	12	**(4 426 426)**	(4 426 426)
		(4 523 605)	(4 523 605)
Group 2016			
Financial liabilities			
Trade payables	14	**(111 270)**	(111 270)
Interest-bearing borrowings	12	**(3 996 061)**	(3 996 061)
		(4 107 331)	(4 107 331)

22. FINANCIAL INSTRUMENTS continued

22.1 Financial risk management continued

	Note	Loans and receivables R'000	Total R'000
Company 2017			
Financial assets			
Cash and cash equivalents	10	**111 545**	**111 545**
Restricted cash	7	**27 000**	**27 000**
Other receivables	9	**2 439**	**2 439**
Loans receivable from subsidiaries (non-current)	5	**6 305 878**	**6,305 878**
Loans receivable from subsidiaries (current)	5	**443 866**	**443 866**
		6 890 728	**6 890 728**
Company 2016			
Financial assets			
Cash and cash equivalents	10	382 774	382 774
Restricted cash	7	27 000	27 000
Other receivables	9	465	465
Loans receivable from subsidiaries (non-current)	5	5 356 344	5 356 344
Loans receivable from subsidiaries (current)	5	878 632	878 632
		6 645 215	6 645 215

	Note	Other financial liabilities R'000	Total R'000
Company 2017			
Financial liabilities			
Trade payables	14	**(4 829)**	**(4 829)**
Interest-bearing borrowings	12	**(4 426 426)**	**(4 426 426)**
Loans payable to subsidiaries	5	**(94)**	**(94)**
		(4 431 349)	**(4 431 349)**
Company 2016			
Financial liabilities			
Trade payables		(5 878)	(5 878)
Interest-bearing borrowings	12	(3 996 061)	(3 996 061)
Loans payable to subsidiaries	5	(44)	(44)
		(4 001 983)	(3 996 983)

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.

22. FINANCIAL INSTRUMENTS continued

22.1 Financial risk management continued

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.

Receivables and cash

The group has exposure to receivables of R2.5 million (2016: R1.4 million). This relates to other receivables. The group has exposure to cash and cash equivalents of R388.2 million (2016: R455.5 million) and restricted cash of R72.8 million (2016: R162.7 million).

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least "A". Cash and cash equivalents and restricted cash for the group are invested with the following institutions at 31 December 2017.

	Group	
	2017	2016
Investments:	**R'million**	R'million
Bank of China	**223.3**	314.5
China Construction Bank	**0.1**	1.4
Investec	**74.9**	180.3
Standard Bank	**162.2**	118.0
First National Bank	**0.6**	4.0
	461.1	618.2

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 and undrawn loan facilities 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 significant revenue from operations is only expected from 2019 onwards. Consequently, the Group is projecting negative cash flows, before funding, until about 2020. The available loan facility at year end was US$288.7 million. The repayment terms of the US$650 million funding facility is favourable and will only commence in 2020.

Various funding options for the balance required from 2019 onwards are being considered and will be pursued nearer the time that it is required.

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 of 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 focussed on the currency rate risks relating to US$ 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 repayments of the loan commence and company begins to earn US$ denominated revenue, it will provide a natural hedge and losses on the restatement of the US$ loan should be met with improved net 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.

22. FINANCIAL INSTRUMENTS continued

22.1 Financial risk management continued

Interest rate sensitivity analysis

A decrease of 50 basis points in interest rates will decrease equity and profit or loss by R3.8 million (2016: R6.1 million on a 50 basis points on interest increase). 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 interest bearing borrowings will increase equity and profit or loss by R23.9 million (2016: R22.4 million on a 100 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R24.0 million (2016: R22.5 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 that are denominated in United States Dollars in the 2016 financial year.

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

	US dollar US$'000	ZAR R'000
Group 2017		
Financial liabilities:		
Interest-bearing borrowings	**(358 267)**	**(4 426 426)**
Company 2017		
Financial liabilities:		
Interest-bearing borrowings	**(358 267)**	**(4 426 426)**

Exchange rates at year end	**2017**	2016
ZAR/US$	**12.3551**	13.7004

Exchange rate sensitivity analysis

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R442.6 million (2016: R399.6 million) on the interest-bearing borrowings. A strengthening of 10% in the exchange rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

Other market price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position as an available-for sale financial asset at fair value. The group is exposed price risks due to the various inputs used for the discounted cash flows method (refer to note 2.4).

A 10% increase or decrease in either the US$ exchange rate or the platinum price will result in the following increases/(decreases) to the 2016 carrying amount of the available-for-sale financial asset of R501.9 million which will (increase)/decrease equity and profit or loss. This analysis assumes all other variables remain constant:

	2016 R'million
10% increase in the US$ exchange rate	233.8
10% decrease in the US$ exchange rate	(235.8)
10% increase in the platinum price	147.7
10% decrease in the platinum price	(148.0)

22. FINANCIAL INSTRUMENTS continued

22.2 FINANCIAL INSTRUMENTS

Remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments, are as follows:

	Note	Effective interest rate	Total	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
		%	R'000	R'000	R'000	R'000	R'000	R'000
Group 2017								
Trade payables	14		**(97 179)**	**(97 179)**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	12	**4.95%**	**(6 275 475)**	**(123 105)**	**(82 436)**	**(260 835)**	**(1 321 693)**	**(4 487 406)**
			(6 372 654)	**(220 284)**	**(82 436)**	**(260 835)**	**(1 321 693)**	**(4 487 406)**
Group 2016								
Trade payables	14		(111 270)	(111 270)	–	–	–	–
Interest-bearing borrowings	12	4.40%	(5 674 649)	(111 508)	(111 839)	(223 677)	(664 989)	(4 562 636)
			(5 785 919)	(222 778)	(111 839)	(223 677)	(664 989)	(4 562 636)
Company 2017								
Trade payables	14		**(4 829)**	**(4 829)**				
Interest-bearing borrowings	12	**4.95%**	**(6 275 475)**	**(123 105)**	**(82 436)**	**(260 835)**	**(1 321 693)**	**(4 487 406)**
			(6 280 304)	**(127 934)**	**(82 436)**	**(260 835)**	**(1 321 693)**	**(4 487 406)**
Company 2016								
Trade payables	14		(5 878)	(5 878)				
Interest-bearing borrowings	12	4.40%	(5 674 649)	(111 508)	(111 839)	(223 677)	(664 989)	(4 562 636)
			(5 680 527)	(117 386)	(111 839)	(223 677)	(664 989)	(4 562 636)

22.3 FAIR VALUES

The fair values together with the carrying amounts shown in the balance are as follows:

		Group 2017		Group 2016	
	Note	**Carrying amount R'000**	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	12	**388 170**	**388 170**	455 452	455 452
Restricted cash (non-current)	7	**45 844**	**45 844**	78 657	78 657
Restricted cash (current)	7	**27 000**	**27 000**	84 000	84 000
Other receivables	9	**2 490**	**2 490**	1 394	1 394
Available-for-sale financial asset	4	**10 564**	**10 564**	510 900	510 900
Trade payables	14	**(97 179)**	**(97 179)**	(111 270)	(111 270)
Interest-bearing borrowing	12	**(4 426 426)**	**(4 476 628)**	(3 996 061)	(4 007 469)
		(4 049 537)	**(4 099 739)**	(2 976 928)	(2 988 336)

22. FINANCIAL INSTRUMENTS continued

22.3 FAIR VALUES

	Note	Company 2017 Carrying amount R'000	Company 2017 Fair value R'000	Company 2016 Carrying amount R'000	Company 2016 Fair value R'000
Cash and cash equivalents	10	**111 545**	**111 545**	382 774	382 774
Restricted cash	7	**27 000**	**27 000**	27 000	27 000
Other receivables	9	**2 439**	**2 439**	465	465
Loans receivable from subsidiaries (non-current)	5	**6 305 878**	**4 947 184**	5 356 344	4 071 800
Loans receivable from subsidiaries (current)	5	**443 866**	**443 866**	878 632	878 632
Trade payables	14	**(4 829)**	**(4 829)**	(5 878)	(5 878)
Interest-bearing borrowing	12	**(4 426 426)**	**(4 476 628)**	(3 996 061)	(4 007 469)
Loans payable to subsidiaries	5	**(94)**	**(94)**	(44)	(44)
		2 459 379	**1 045 147**	2 643 232	1 347 280

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 levels 1 and 2 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 interest-bearing borrowing is carried at amortised cost which approximates carrying amounts as the amounts will be received or settled in the short term.

Loans received from subsidiaries are carried at amortised cost. Valuation method – Level 2: Fair value is determined at discounting the carrying amount at the prime lending rate for nine to thirteen years depending on the expected payback of the loan.

Available-for-sale financial assets are measured at fair value. Valuation method – Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Refer to Note 2.4 for valuation technique and inputs used in the fair value measurement. The investment in Maseve as at 31 December 2017 has been valued at US$855 thousand being the value that Wesizwe may receive for its 17.1% investment in Maseve. The proposed sale by Platinum Group Metals of its 82.9% shareholding in Maseve to Royal Bafokeng Platinum Limited has been used as comparable transaction to determine the fair value.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balance to the closing balances for Level 3 fair values:

Equity securities available-for-sale	GROUP 2017 R'000	GROUP 2016 R'000
Opening balance	**510 900**	628 000
Loss included in OCI and transferred to profit and loss		
Fair value adjustments	**(500 336)**	(117 100)
Closing balance	**10 564**	510 900

22.4 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 company's debt-equity ratio is currently 146.9% (2016: 128.6%). The company has loan covenants in that the net worth of the group will not be less than 2 billion Rands and that the financial indebtedness of the group shall not exceed US$700 million. The group is managing the capital of the group to ensure that neither of these loan covenants are defaulted on.

23. RELATED PARTIES

The aggregate amounts brought to account in respect of the following types of transactions and each class of related party involved were as follows:

23.1 Transactions with subsidiaries

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Non-Current Assets				
Bakubung Minerals*				
Opening balance	**–**	–	**1 743 401**	1 713 735
Loan advanced	**–**	–	**169 639**	29 666
Closing balance	**–**	–	**1 913 040**	1 743 401
Bakubung Minerals**				
Opening balance	**–**	–	**3 374 460**	3 374 460
Loan advanced	**–**	–	**883 612**	–
Closing balance	**–**	–	**4 258 072**	3 374 460
Wesizwe Properties*				
Opening balance	**–**	–	**26 420**	28 446
Loan (repaid)/advanced	**–**	–	**(1)**	(2 026)
Closing balance	**–**	–	**26 419**	26 420
Africa Wide*				
Opening balance	**–**	–	**194 563**	194 442
Loan advanced	**–**	–	**129**	121
Impairment			**(184 128)**	–
Closing balance	**–**	–	**10 564**	194 563
Bakubung Minerals***				
Opening balance	**–**	–	**878 624**	1 391 814
Management fees	**–**	–	**69 357**	86 394
On-charge of qualifying borrowing costs	**–**	–	**(211 342)**	(328 367)
Payments received	**–**	–	**(292 812)**	(271 217)
Closing balance	**–**	–	**443 827**	878 624
Wesizwe Properties***				
Opening balance	**–**	–	**8**	28
Cost Recovery	**–**	–	**186**	138
Payments received	**–**	–	**(155)**	(158)
Closing balance	**–**	–	**39**	8
Current Liabilities				
Wesizwe Properties***				
Opening balance	**–**	–	**(44)**	(158)
Rental charges	**–**	–	**(570)**	(624)
On-charge of costs			**–**	–
Payments made	**–**	–	**520**	738
Closing balance	**–**	–	**(94)**	(44)

* *Inter-group loans are interest free and have no fixed repayment terms. Management fees were charged at arm's length.*

** *The shareholder loan is payable on the same terms as the loan with CDB and bears interest on the same terms as the loan with CDB.*

*** *Management fees were charged at arm's length. The borrowing costs are payable as the borrowing costs become due to CDB. The loans are payable on normal credit terms.*

23. RELATED PARTIES continued

23.2 Transactions with key management

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Salaries and bonuses	**29 361**	28 730	**29 361**	28 730
Total	**29 361**	28 730	**29 361**	28 730

Key management consists of executive directors and selected members of the executive committee.

Service contracts of directors

Name	Executive / Non-Executive Director	Position
Dawn Mokhobo	Independent Non-Executive Director	Chairman
Dexin Chen	Non-Executive Director	Deputy Chairman (resigned 28 August 2017)
James Ngculu	Independent Non-Executive Director	
Wenliang Ma	Executive Director	Financial Director (resigned 15 September 2016)
Jianke Gao	Executive Director	Chief Executive Officer (resigned 14 February 2017)
Zhimin Li	Executive Director	Chief Executive Officer (appointed 15 February 2017)
Feng Tao	Executive Director	Financial Director (appointed 1 July 2017)
Victor Mabuza	Independent Non-Executive Director	
Kenny Mokoka	Non-Executive Director	Resigned 1 May 2017
Pengfei Li	Non-Executive Director	
Xiaoyin Zhou	Non-Executive Director	Resigned 30 January 2018
Fugui Qiao	Non-Executive Director	Appointed 22 September 2017
Sun Pingan	Non-Executive Director	Appointed 1 February 2018
Indresen Pillay	Non-Executive Director	Appointed 1 February 2018

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:

2017	**Direct Ordinary Shares**	**Indirect Ordinary Shares**
James Ngculu	**–**	**5 795 888**
Jacob Mothomogolo	**517**	**–**
Hamlet Morule	**735 000**	**–**
Basetsana Ramaboa	**183 748**	**–**
	919 265	**5 795 888**

There has been no changes in the beneficial interests between the end of the financial year end and date of approval of Annual Financial Statements.

2016	Direct Ordinary Shares	Indirect Ordinary Shares
James Ngculu	–	5 795 888
Jacob Mothomogolo	80 517	–
Hamlet Morule	735 000	–
Basetsana Ramaboa	183 748	–
	999 265	5 795 888

Remuneration paid to directors and prescribed officers.

23. RELATED PARTIES continued

23.2 Transactions with key management continued

Remuneration for executive directors

Name	No of months	2017 Salaries R'000	2017 Bonuses R'000	2017 DBP R'000	2017 Total R'000	2016 Salaries R'000	2016 Bonuses R'000	2016 DBP R'000	2016 Total R'000
Jianke Gao	3	**1 335**	**1 149**	**–**	**2 484**	3 440	1 042	787	5 269
Zhimin Li	11	**2 287**	**–**	**–**	**2 287**	–	–	–	–
Wenliang Ma	0	**–**	**–**	**–**	**–**	1 481	623	–	2 104
Feng Tao*	6	**–**	**–**	**–**	**–**	–	–	–	–
Total executive director remuneration		**5 322**	**1 149**	**–**	**6 471**	4 921	1 665	787	7 373

** Feng Tao is a foreign secondee. Financial Director fee as per the Service Level Agreement between Wesizwe and CAD. No invoice was received during the reporting period, however the amount payable is accrued for the period ending 31 December 2017 to be paid in 2018 to CAD.*

Name	2017 Directors Fees R'000	2017 Attendance fees R'000	2017 Total R'000	2016 Directors Fees R'000	2016 Attendance fees R'000	2016 Total R'000
Dawn Mokhobo	**321**	**1 080**	**1 401**	321	1 069	1 390
James Ngculu	**100**	**704**	**804**	134	831	965
Victor Mabuza	**134**	**823**	**957**	134	828	962
Kenny Mokoka	**36**	**63**	**99**	109	210	319
Total non-executive director remuneration	**591**	**2 670**	**3 261**	698	2 938	3 636

** Non-executive directors that are representatives of either Jinchuan or CAD are not paid any director's emoluments.*

Name	No of months	2017 Salaries R'000	2017 Bonuses R'000	2017 DBP R'000	2017 Voluntary severance R'000	2017 Total R'000	2016 Salaries R'000	2016 Bonuses R'000	2016 DBP R'000	2016 Total R'000
Basetsana Ramaboa	12	**1 977**	**172**	**162**		**2 311**	1 897	421	194	2 512
Kgomotso Tshaka	11	**2 357**	**543**	**–**	**3 025**	**5 925**	2 143	505	302	2 950
Vasta Mhlongo	12	**1 561**	**327**			**1 888**	1 513	306		1 819
Jacob Mothomogolo	12	**2 692**	**805**	**278**		**3 775**	2 617	700	438	3 755
Eddie Mohlabi	8	**2 182**	**701**	**–**		**2 883**	2 749	651	448	3 848
Hamlet Morule	12	**2 121**	**532**	**194**		**2 847**	2 054	495	288	2 837
Total key management remuneration		**12 890**	**3 080**	**634**	**3 025**	**19 629**	12 973	3 078	1 670	17 721

All remuneration, except DBP (which represents long term benefits which are not paid out in the current year), paid to directors and prescribed officers represents short-term benefits.

24. GOING CONCERN

The group's cash resources at the reporting date of R388.2 million (2016: R455.5 million) together with the available drawdown facility from the loan funding secured from CDB are sufficient, based on current budgets, to conduct operations and develop the Bakubung Mine Project up to second quarter of 2019. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

25. 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 results.

26. 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.

27. DEFERRED BONUS PLAN (CASH-SETTLED SHARE-BASED PAYMENT LIABILITY)

During July 2015, the Wesizwe board, on recommendation of the remuneration committee approved the implementation of a deferred bonus plan ("DBP"). The purpose of the plan is to attract, retain, motivate and reward executives and senior managers who are able to influence the performance of Wesizwe on a basis which aligns their interest with those of the company's shareholders. Under the DBP, the participants of the company and its subsidiaries will be offered annually:

- A deferred bonus linked in value to, and matching according to prescribed ratio(s), the value of the actual cash bonus earned and paid out to an individual as the result of the prior year performance;
- The prescribed ratio(s) are to be driven by a balanced reward strategy pay mix which favours short term and long term incentive rewards similarly;
- The value of the deferred bonus award will be linked to the Wesizwe Platinum Limited share price at the time of the award and a "nominal" number of share units will be calculated at this time for each participant;
- Vesting will occur in equal thirds by the number of share units on the 3rd, 4th and 5th anniversaries of their award;
- On vesting, the value of the cash bonus accruing to a participant will be this "nominal" number of share units multiplied by the Wesizwe Platinum Limited share price on vesting date;
- The vesting period(s) are time based and will have no other performance conditions linked to the vesting;
- For the first award, a "main performance condition" for the vesting period 2015 to 2017 is the achievement of the first ore production during the second quarter of 2017;
- If the time performance condition is not met, the rights to the cash-settled bonus will be forfeited.

The first cycle of the vesting period has been deferred to 2018 based on the assessment of whether the main performance condition relating to ore production has been met.

	2017	2016
Reconciliation of nominal shares		
Opening balance	**24 235 752**	
Number of nominal shares granted (2014 year)	**–**	9 289 314
Number of nominal shares granted (2015 year)	**–**	7 322 799
Number of nominal shares granted (2016 year)	**–**	9 705 186
Number of nominal shares forfeited	**(12 984 961)**	(2 081 547)
Number of nominal shares which have vested	**–**	–
Closing balance	**11 250 791**	24 235 752

The number of participants at 31 December 2017 amounts to five.

Valuation date	31 December 2017
Fair value of share price at valuation date	R0.54
Vesting period	3 – 5 years
Type of settlement	Cash
Strike Price	R0.00
Volatility	21% (calculated as standard deviation of the entity's share price for the past 3 years)
Risk free rate	8.93%
Option Pricing Model	Black-Scholes Model

During the year ended 31 December 2017, Wesizwe recognised an income of R2.4 m (2016:R2.4 m expense) relating to a reduction in liability for the cash settled deferred bonus plan.

27. DEFERRED BONUS PLAN (CASH-SETTLED SHARE-BASED PAYMENT LIABILITY) continued

Non-current liability:

	2017 R'000	2016 R'000
Opening balance	**5 946**	3 540
Cash-settled share-based liability raised	**(2 323)**	2 406
Closing balance	**3 623**	5 946

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