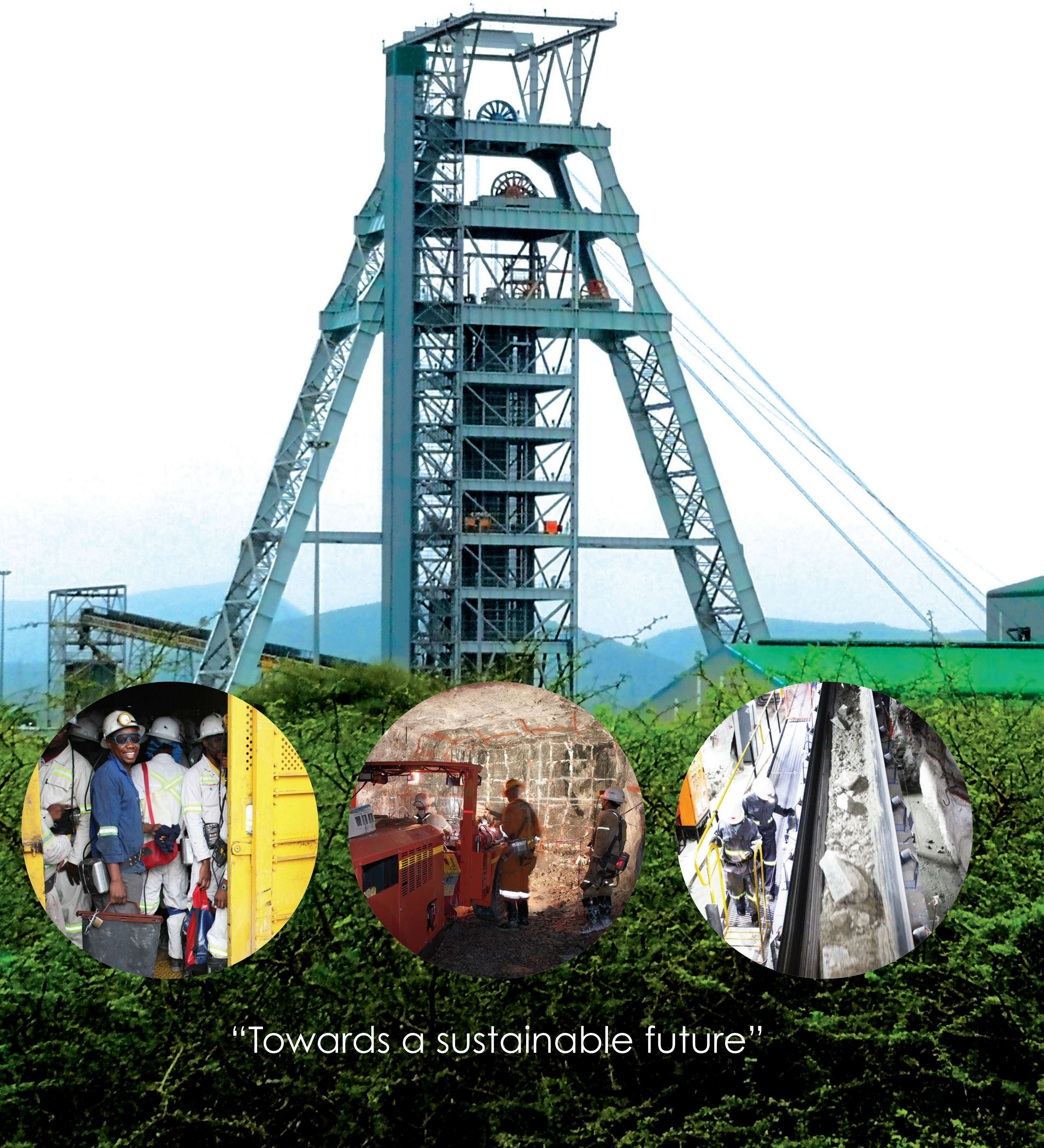
wesizwe

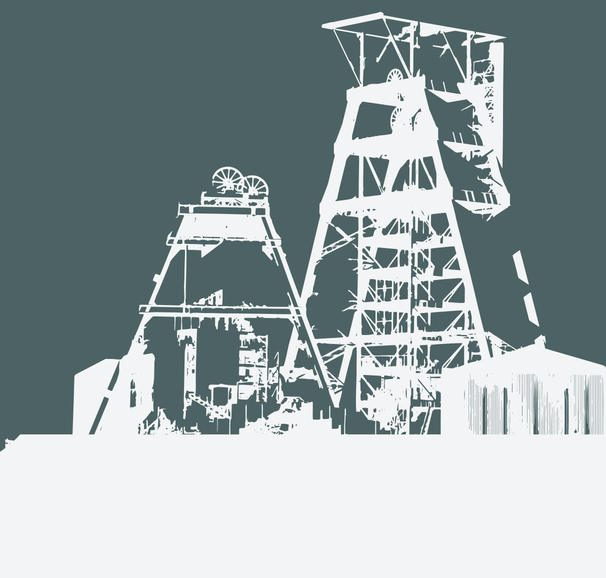
Annual Financial Statements 2018



"Towards a sustainable future"

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 2018

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 2018, 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 71 of 2008 ("Companies Act") as well as the Johannesburg Stock Exchange ("JSE") listing requirements. 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 29 March 2019 and signed by

Dawn Mokhobo
Authorised director

Feng Tao
Authorised director

Certificate by the company secretary

for the year ended 31 December 2018

In terms of Section 88(2)(e) of the South African Companies Act 71 of 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

29 March 2019

Report of the audit and risk committee

for the year ended 31 December 2018

INTRODUCTION

The audit and risk committee ("the committee") is pleased to present its report in terms of the Companies Act 71 of 2008 and the JSE Listings Requirements for the financial year ended 31 December 2018. 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.

The audit and risk committee is an independent statutory committee appointed by the shareholders. The committee executes all statutory duties in terms of section 94 of the Companies Act 71 of 2008 in addition to those that are delegated by the board.

COMPOSITION

The composition of the committee remained unchanged during 2018.

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 chairman)
- 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 3 May 2019. The profiles of the members including their qualifications can be viewed in the integrated report.

FREQUENCY AND ATTENDANCE OF MEETINGS

The audit and risk committee met seven times during the year, three of which were convened on a special basis.

The committee has overseen financial and integrated reporting, the effectiveness of the risk management process, and policies and internal controls with reference to the findings of both the internal and external auditors. In delivering this mandate, the committee performed the following key strategic initiatives:

- Approved and published the financial results.
- Reviewed and approved trading updates communicated to the market.
- Reviewed and approved the integrated report.
- Appointed the internal auditor on an outsourced basis.
- Approved the risk-based internal audit plan for the financial year and quarterly internal audit feedback.
- Monitored the internal audit co-source agreement.
- Approved the external audit plan for the financial year and feedback from an external audit at the financial year-end meeting.
- Approved external audit fees.
- Reviewed management's assessment of going concern.
- Satisfied itself with the independence and objectivity of the external auditor and other requirements in terms of section 94(8) of the Companies Act and King IV principles and recommended practices.
- Ensured the independence of the internal audit function and that it had the necessary resources, standing authority within the organisation to enable it to fulfil its duties as per King IV good governance requirements.
- Assessed the suitability of the current audit firm and designated partner, in compliance with the JSE Listings Requirements and took into account other relevant legislation.
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes management.
- Reviewed and assessed the effectiveness and independence of both internal and external auditors and was satisfied with the independence of the audit services rendered.

The committee has approved a policy on the use of external auditors for non-audit services. The principle of the policy is to ensure that on an annual basis, non-audit service fees do not exceed 30% of the company's audit fees on an aggregated basis. There were no non-audit services rendered during the year.

EXTERNAL AUDITOR

The committee nominated and recommended the appointment of the external auditor, SizweNtsalubaGobodo Grant Thornton Inc. ("SNG GT") to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Neridha Moodley as designated auditor for the 2018 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 SNG GT was independent of the company, which includes consideration of compliance with criteria relating to independence proposed by 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 performed the following responsibilities for external audit:

Recommended the appointment of external auditor and carried its oversight duties in the external audit process and in this regard the committee:

- nominated the external auditor for appointment by the shareholders;
- approved the annual audit fee and terms of engagement of the external auditor;
- monitored and reported on the independence of the external auditor in the annual financial statements;
- defined a policy for non-audit services and pre-approved non-audit services to be provided by the external auditor;
- ensured that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor;
- reviewed the quality and effectiveness of the external audit process;
- considered 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 was satisfied that the internal auditor, Mazars Advisory (Pty) Ltd ("Mazars") 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 Mazars has access to the committee, primarily through its chairman.

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

In compliance with the provisions of paragraph 3.84(g) of the Listings requirements, the committee has over the past 12 months implemented all necessary measures to ensure the suitability of the Finance director, in an effort to ensure that he meets with all the required qualifications and expertise of the role.

During this reporting period, the Finance director underwent various training initiatives on governance, financial accounting and management to upskill him for the role as reported in the last reporting cycle. This initiative is ongoing, the Board has undertaken to monitor this regularly and will report on progress in the next reporting cycle.

The committee has subsequently re-evaluated the suitability of the Finance director through a formal evaluation process and the Finance function as a whole. The Committee recognised that the Finance Department was affected by the restructuring and optimisation processes that took place during the year. Management has committed to recruit suitably qualified persons to reinforce skills and expertise in the Finance Department within three months of this report whilst the Board will ensure full compliance of this Listings Requirement as soon as possible.

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 near future. Management had concluded that the 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 2018 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, this delegated function comprises of strategic, operational risks, which are tabled at each of the board meetings for discussion. The risk register also acts as a basis on which independent assurance activities are developed.

FRAUD PREVENTION

A fraud prevention plan has been implemented and an anonymous tip-off line is 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

The committee is responsible for:

- obtaining independent assurance on the effectiveness of the IT internal controls;
- overseeing the value delivery on IT and monitoring the return on investments on significant IT projects; and
- ensuring that IT forms an integral part of the company's risk management.

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.

The committee carried out its work as statutorily required. The committee has considered the JSE's most recent report back on proactive monitoring of financial statements, and where necessary those of previous periods, and taken appropriate action where necessary to respond to the findings as highlighted in the JSE report when preparing the annual financial statements for the year ended 31 December 2018.

ADDITIONAL FOCUS AREAS FOR 2019

- King IV implementation.
- Combined assurance.
- Enterprise risk management.
- Technology and IT governance.

Mr Victor Thembinkosi Mabuza
Chairman

Directors' report

for the year ended 31 December 2018

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 2018.

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 2018 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 Group Limited ("Jinchuan") and China-Africa Development Fund ("CAD") undertook to secure in terms of the subscription agreement, was finalised and the facility agreement was signed in December 2013. The first drawdown from this facility, in the amount of US$100 million, was made in January 2014. As at 31 December 2018 a total of US$441.7 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 instalments" only commence after 6 years from the date of the first drawdown. The instalments commence as relatively small amounts being 0.077% of the outstanding balance at payment date of the first instalment, which increases with every consecutive repayment to a pre-final instalment of 8.5% of the outstanding balance at payment date of the second last instalment. The final instalment will be equal to the balance outstanding on the final payment date. The variable interest rate is determined every six months, in advance, 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 fourth quarter of 2020. The board is currently considering funding options post fourth quarter of 2020; 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 R582.5 million (2017: R388.2 million), as reflected in the statements of financial position, as well as the facilities with CDB are sufficient to conduct operations and proceed with the project development up to the fourth quarter of 2020. The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is the support of the majority shareholder. Refer to note 24 of 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 loss before tax for the year under review was R108.6 million (2017: loss of R15.1 million). These results take into account operational costs amounting to R20.3 million (2017: R10.2 million) and net financial expense amounting to R85.9 million (2017: net financial income R493.7 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 loss after tax of R74.6 million (2017: R480.1 million profit) for the year under review. Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide") made a loss after tax of R1.5 million (2017: R443.8 million) for the year under review. Vaviscan (Pty) Ltd ("Vaviscan") has incurred a loss of R0.04 million (2017: R0.04 million) for the year under review. Wesizwe Properties (Pty) Ltd ("Wesizwe Properties") has incurred a profit after tax of R0.09 million (2017: R0.7 million loss) for the year under review. Gabonewe Housing Estate (Pty) Ltd ("Gabonewe") has incurred a profit after tax of R0.2 million (2017: R0.2 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 Ms Dawn Mokhobo, Mr Pengfei Li, Mr Lincoln Ngculu and Mr Victor Mabuza.

Directors' report continued

for the year ended 31 December 2018

Directors' remuneration

Refer to the remuneration report in note 23 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 04 May 2018 effective until the next annual general meeting, which will be held on 03 May 2019.

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 03 May 2019 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

29 March 2019

Independent auditor's report

for the year ended 31 December 2018

To the Shareholders of Wesizwe Platinum Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Wesizwe Platinum Limited (the group and company) set out on pages 10 to 52, which comprise the statements of financial position as at 31 December 2018, 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 at 31 December 2018, 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)(ii), 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 R8 798 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 tested the mathematical accuracy of the discounted cash flow model. We also considered the appropriateness of the model applied by management by comparing it with market practise and through enquiry with our experts. Evaluating the adequacy of the cash flows used in the discounted cash flow model by focusing on changes since the previous reporting period to corroborate key capital investments and operational construction costs with reference to the project plan approved by the directors of the company. Test reasonability of the discount rate applied by the group in the finance model. Critically evaluated key inputs used in the model for reasonableness by reference to external data including a basket of third party commodity price and foreign exchange rate forecasts. We evaluated whether the group's disclosures around the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the mine development assets.

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 94.7% of the company's total assets as at 31 December 2018. 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.

Going Concern

Refer to note 24 of 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
Note 24 in the financial statements indicates that the group has cash resources amounting to R582.5 million, which 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 fourth quarter of 2020. Due to the reliance on management expectation of continued support from parent, the appropriate use of the going concern assumption is considered a key audit matter.	Audit procedures performed, amongst others: Ratio analysis testing to identify any material uncertainty on the group's ability to continue as a going-concern. Reviewed the company's cash flow forecast and future projections to assess the ability of the group to continue as a going concern. Considered the reasonableness of funding mechanisms proposed where applicable, reliability of the representations from the parent company, the ability of the parent to provide financial support and appropriateness of the disclosure in the financial statements to achieve fair presentation.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The 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 on the other information obtained prior to the date of this auditor's report, 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 SNG Grant Thornton Inc. has been the auditor of Wesizwe Platinum Limited since April 2018.

Neridha Moodley
Director

Registered Auditor

29 March 2019

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

Statements of financial position

as at 31 December 2018

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**8 858 102**	7 454 753	**4 792**	5 002
Other financial assets	4	**9 191**	10 564	**–**	–
Investment in subsidiaries	5	**–**	–	**9 802**	9 802
Intangible assets	6	**1 139**	1 709	**–**	–
Restricted cash	7	**44 828**	45 844	**–**	–
Loans receivable from subsidiaries	5	**–**	–	**7 357 019**	6 305 878
Total non-current assets		**8 913 260**	7 512 870	**7 371 613**	6 320 682
Current assets					
Other receivables	9	**87 689**	51 244	**2 666**	2 439
Taxation	15	**280**	293	**344**	291
Loans receivable from subsidiaries	5	**–**	–	**828 141**	443 866
Restricted cash	7	**36 200**	27 000	**27 000**	27 000
Cash and cash equivalents	10	**582 468**	388 170	**429 234**	111 545
Total current assets		**706 637**	466 707	**1 287 385**	585 141
Total assets		**9 619 897**	7 979 577	**8 658 998**	6 905 823
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Accumulated loss		**(500 448)**	(412 621)	**(967 435)**	(955 501)
Total equity		**2 925 096**	3 012 923	**2 458 109**	2 470 043
Non-current liabilities					
Deferred tax liability	8	**359 939**	379 867	**–**	–
Interest-bearing borrowings	12	**6 193 998**	4 426 426	**6 193 998**	4 426 426
Mine closure and environmental rehabilitation obligation	13	**40 472**	58 691	**–**	–
Cash-settled share-based payment liability	27	**3 184**	3 623	**3 184**	3 623
Total non-current liabilities		**6 597 593**	4 868 607	**6 197 182**	4 430 049
Current liabilities					
Trade and other payables	14	**97 208**	98 047	**3 314**	5 637
Loans payable to subsidiaries	5	**–**	–	**393**	94
Total current liabilities		**97 208**	98 047	**3 707**	5 731
Total liabilities		**6 694 801**	4 966 654	**6 200 889**	4 435 780
Total equity and liabilities		**9 619 897**	7 979 577	**8 658 998**	6 905 823

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2018

	Notes	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Operations					
Revenue	16	**–**	–	**36 611**	65 525
Finance income from subsidiaries		**–**	–	**1 102 488**	–
Administration expenses	17	**(20 359)**	(10 218)	**(56 494)**	(290 034)
		(20 359)	(10 218)	**1 082 605**	(224 509)
Impairment of investment in subsidiary company		**–**	–	**–**	(500 465)
Loss on scrapping of property, plant and equipment		**–**	(5)	**–**	–
Loss on disposal of financial asset	4	**(2 234)**	–	**–**	–
Profit on disposal of property, plant and equipment		**–**	1 803	**–**	–
Net operating (costs)/income		**(22 593)**	(8 420)	**1 082 605**	(724 974)
Loss on adjustment of financial asset	4	–	(500 336)	–	–
Other income and other expenses					
Finance income from financial institutions	18	**27 373**	48 859	**15 059**	13 608
Finance expense	18	**(301 829)**	(249 127)	**(298 516)**	(244 320)
Net foreign exchange (loss)/gain	18	**(811 032)**	460 990	**(811 081)**	461 032
Finance costs capitalised	18	**999 528**	232 955	**–**	–
Net finance (expense)/income		**(85 960)**	493 677	**(1 094 538)**	230 320
Loss before tax		**(108 553)**	(15 079)	**(11 933)**	(494 654)
Income tax income/(expense)	15	**19 865**	(79 123)	**–**	(1 325)
Loss for the year		**(88 688)**	(94 202)	**(11 933)**	(495 979)
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Gain on fair value movements of equity instrument at FVOCI/(loss on available–for–sale equity instrument)	4	**861**	(500 336)	–	–
Tax on other comprehensive income	15	**–**	56 613	–	–
Reclassification of available–for–sale financial asset to profit or loss	4	**–**	500 336	–	–
Related tax	15	**–**	(56 613)	–	–
Total other comprehensive income		**861**	–	–	–
Total comprehensive loss for the year		**(87 827)**	(94 202)	**(11 933)**	(495 979)
Loss per share					
Basic and diluted loss per share (cents)	19	**(5.40)**	(5.79)		

Statements of changes in equity

for the year ended 31 December 2018

GROUP	Stated capital R'000	Reserves R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2017	3 425 544	–	(318 419)	3 107 125
Total comprehensive loss for the year	–	–	(94 202)	(94 202)
	–	–	(94 202)	(94 202)
Balance at 31 December 2017	3 425 544	–	(412 621)	3 012 923
Loss for the year	**–**	**–**	**(88 688)**	**(88 688)**
Other comprehensive income	**–**	**861**	**–**	**861**
Transfers	**–**	**(861)**	**861**	**–**
Total comprehensive loss for the year	**–**	**–**	**(87 827)**	**(87 827)**
Balance at 31 December 2018	**3 425 544**	**–**	**(500 448)**	**2 925 096**

COMPANY	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2017	3 425 544	(459 522)	2 966 022
Total comprehensive loss for the year	–	(495 979)	(495 979)
	–	(495 979)	(495 979)
Balance at 31 December 2017	3 425 544	(955 501)	2 470 043
Total comprehensive loss for the year	**–**	**(11 933)**	**(11 933)**
	–	**(11 933)**	**(11 933)**
Balance at 31 December 2018	**3 425 544**	**(967 435)**	**2 458 109**

Statements of cash flows

for the year ended 31 December 2018

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash receipts from customers		**–**	–	**–**	–
Cash paid to suppliers and employees		**(51 312)**	19 143	**(115 373)**	(845 903)
Cash (utilised in)/generated from operations	20	**(51 312)**	19 143	**(115 373)**	(845 903)
Finance income received		**20 057**	39 300	**15 187**	14 428
Finance cost paid		**–**	(377)	**(341 272)**	(244 690)
Taxation paid	15	**(53)**	(3 245)	**(53)**	(3 176)
Taxation received	15	**–**	3	**–**	3
Cash (utilised in)/generated from operating activities		**(31 308)**	54 824	**(441 511)**	(1 079 338)
Cash flows from investing activities					
Acquisition of property, plant and equipment	20	**(767 748)**	(1 101 882)	**–**	–
Loans advanced to group companies		**–**	–	**(242 930)**	(517 656)
Proceeds from repayment of loans from group companies		**–**	–	**299**	434 766
Net cash outflow from investing activities		**(767 748)**	(1 101 882)	**(242 631)**	(82 890)
Cash flows from financing activities					
Interest-bearing borrowings raised	12	**1 001 959**	891 769	**1 001 959**	891 769
Proceeds from loans from group companies		**–**	–	**–**	50
Net cash inflow from financing activities		**1 001 959**	891 769	**1 001 959**	891 819
Net increase/(decrease) in cash and cash equivalents		**202 903**	(155 289)	**317 817**	(270 409)
Cash at beginning of year		**460 079**	615 368	**138 306**	408 715
Cash at end of year		**662 982**	460 079	**456 123**	138 306
Cash at end of year comprises:					
Cash balances	10	**582 468**	388 170	**429 234**	111 545
Less: interest accrued	10	**(514)**	(935)	**(111)**	(239)
Cash and cash equivalents		**581 954**	387 235	**429 123**	111 306
Restricted cash	7	**81 028**	72 844	**27 000**	27 000
Cash at end of year		**662 982**	460 079	**456 123**	138 306

Notes to the financial statements

for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Reporting entity

Wesizwe Platinum Limited ("the company") is a company domiciled in the Republic of South Africa. The group financial statements at 31 December 2018 comprise the company and its subsidiaries (together referred to as the group). The ordinary shares of the company are listed on the JSE. Wesizwe, through its wholly-owned subsidiary Bakubung Minerals (Pty) Ltd ("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 2018 were authorised for issue in accordance with a resolution of the board of directors on 29 March 2019.

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 71 of 2008 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 2018 have been prepared on the historical cost basis except for available-for-sale financial assets measured at fair value in the prior year and financial assets recognised at fair value in the current year.

Functional and presentation currency

These financial statements are presented in South African Rand ("ZAR"), which is the group'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.

Significant accounting policies

There were no changes in accounting policies during the year under review other than the adoption of new standards as detailed below these accounting policies.

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) Transactions eliminated on consolidation

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

Notes to the financial statements continued

for the year ended 31 December 2018

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant 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. No segment reporting has been produced as the group is conducting construction activities in one geological location which represents its only business activity with no revenue 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%

Capitalised expenditure includes costs directly related to exploration and evaluation activities, including materials and fuel used, surveying costs, drilling costs and payments made to contractors. General and administrative costs are capitalised as an asset only to the extent that those costs can be related directly to operational activities. Exploration and evaluation expenditure that has been capitalised has been reclassified to property, plant and equipment, as the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Development expenditure incurred by or on behalf of the group comprises costs directly attributable to the construction of a mine and the related infrastructure. No depreciation is recognised in respect of development assets. Development assets are recognised at cost and are assessed for impairment if facts and circumstances indicate that an impairment may exist refer – note 1g.

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.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

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.

f. *Financial instruments*

2018 financial instruments accounting policies

(i) Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVOCI"),
- those to be measured subsequently at fair value through profit or loss ("FVPL"), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The group currently has only one listed financial asset that is measured at fair value for which the group has elected to irrevocably designate at FVOCI. The group had an unlisted equity instrument which was disposed of during the year and was classified as FVPL on adoption of IFRS 9.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

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

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

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

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

Notes to the financial statements continued

for the year ended 31 December 2018

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

f. Financial instruments continued

2017 financial instruments accounting policies

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy which is described below.

(i) Financial assets

The group's financial assets are loans receivable from subsidiaries, other receivables, restricted cash, 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 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.

g. Impairment

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.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

g. Impairment continued

(i) Financial assets

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.

(ii) 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 recognised in profit or loss.

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.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

i. Provisions continued

(i) Mine closure and environmental rehabilitation obligation

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

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

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 recognised 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.

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.

k. Revenue

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' ("IFRS 15") replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard is not applicable to the group as no revenue is being generated.

In the company's financial statements revenue is derived from rendering management services to subsidiary companies. There are no formal contracts entered into between the companies for the management fees charged. The arrangement between the companies is considered to be a contract given that the terms have been agreed orally and are implied in the group's customary business practices. Management fees consist of operating costs charged to the companies based on set percentages. The performance obligations are mainly services rendered by the employees of the holding company and revenue is recognised over time and invoiced on a monthly basis. The main customer is Bakubung Minerals (Pty) Ltd.

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. Finance income in the group is recognised in the statements of profit or loss and other comprehensive income as part of other income.

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.

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

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

q. Employee benefits

(i) 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.

(ii) 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.

1. ACCOUNTING POLICIES continued

New standards and amendments and interpretations under IFRS

Impact of standards adopted

At the reporting date, the following new and/or revised accounting standards were in issue:

Effective for the financial year commencing 1 January 2018

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 group has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018. The adoption did not result in any adjustments to the revenue reported by the group or company. The group is not generating any external revenue and as such there has been no impact from the adoption of the new standard. The company earns management fees from subsidiaries which is considered revenue.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers;
- identify the separate performance obligation;
- determine the transaction price of the contract;
- allocate the transaction price to each of the separate performance obligations; and
- recognise the revenue as each performance obligation is satisfied.

As management fees comprise primarily of charges for employee services rendered to Bakubung Minerals (Pty) Ltd, the need to allocate the transaction price to separate performance obligations has not arisen. Furthermore, there were no contract costs considered for capitalization, contract assets or liabilities, contract modifications or variable payment considerations that would have resulted in retrospective adjustment of revenue. The impact of the adoption has been increased disclosures for revenue recognised. Further information on revenue is as documented within the accounting policies.

IFRS 9 Financial Instruments – effective date: 1 January 2018

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the group has applied transitional relief and opted not to restate prior periods. Any differences arising from the adoption of IFRS 9 would have been recognised in retained earnings. However, no quantitative differences arose from the adoption.

The adoption of IFRS 9 has impacted the following areas:

- the classification and measurement of the group's financial assets. Management holds financial assets to hold and collect the associated cash flows. Restricted cash, receivables, loans receivable and cash and cash equivalents which were previously classified as loans and receivable are now classified as financial assets at amortised cost. The classification did not impact the carrying values of these assets.
- the group had an equity investment in an unlisted entity that was classified as available for sale in the prior year. This investment has been classified as FVPL in the current year on adoption of IFRS 9. The fair value loss in prior year from prolonged loss of value, recognised in profit or loss, is held under retained earnings and as such the transition to FVPL has not resulted in any retrospective adjustments. For the listed equities acquired in 2018, the group has elected to irrevocably designate the equities at FVOCI.
- The calculation of expected credit losses with respect to all financial assets resulted in immaterial ECL amounts and hence no quantitative adjustments arose from application of the model.

There was no impact on the financial liabilities of the group or company following the adoption of IFRS 9 as these liabilities have remained at amortised cost.

1. ACCOUNTING POLICIES continued

New standards and amendments and interpretations under IFRS continued

IFRS 2 Share-based payments – effective date: 1 January 2018

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The standard did not have a significant impact on the financial statements of the group.

IFRIC 22 Foreign currency transactions and advance consideration – effective date: 1 January 2018

New interpretation standard that clarifies what exchange rate should be used in transactions that include advance foreign currency receipts and payments. The IFRIC did not have a material impact on the group's financial statements.

Effective for the financial year commencing 1 January 2019

Impact of standards not yet adopted

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. The company has a non-material lease for property with one of its subsidiaries which have to be brought onto the balance sheet by way of a right of use asset and lease liability. There will also be additional disclosure requirements to comply with on adoption of the standard. The company intends to apply the standard retrospectively with the cumulative effect of initial application recognised at the date of initial application.

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.

IAS 12 Income Taxes – Annual Improvements 2015 – 2017 cycle – effective date: 1 January 2019

The amendment to the standards clarifies that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.

The standard is not expected to have a material impact on the group's financial statements.

IAS 23 – Borrowing costs – effective date: 1 January 2019

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The standard is not expected to have a material impact on the group's financial statements.

IAS 1 – Presentation of Financial Statements – Disclosure Initiative – effective date: 1 January 2020

The amendments to the standard clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

The standard is not expected to have a material impact on the group's financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure Initiative – effective date: 1 January 2020

The amendments to the standard clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The standard is not expected to have a material impact on the group's financial statements.

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 to sell and value in use.

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

The most significant review relates to the carrying value of the property, plant and equipment that relates to the Bakubung Platinum Mine project ("BPM"). The fair value for this project was determined by using the cash flow approach. The cash flow approach relies on the "fair value less costs to dispose" 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 2018. 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 2020.

On this basis the recoverable amount exceeds the net asset value ("NAV") of the relevant mining assets and management is of the opinion that the assets of the group are not impaired.

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT continued

2.3 Review of asset carrying values and impairment continued

The following economic parameters (Real) were assumed for Bakubung:

	2018	2017
US$ exchange rate (ZAR) up to 2021/2025	**14.43 – 15.78**	13.64 – 14.21
US$ exchange rate (ZAR) long-term	**16.48**	14.64
Pt price (US$/oz) up to 2021/2025	**999 – 1 075**	1 011 – 1 048
Pt price (US$/oz) long-term	**1 125**	1 383
Pd price (US$/oz) up to 2021/2025	**1 030 – 1 159**	923 – 925
Pd price (US$/oz) long-term	**1 084**	925
Rh price (US$/oz) up to 2021/2025	**2 372 – 3 234**	1 030 – 1 054
Rh price (US$/oz) long-term	**2 384**	1 030
Au price (US$/oz) up to 2021/2025	**1 211 – 1 273**	1 200 – 1 268
Au price (US$/oz) long-term	**1 242**	1 200
Weighted Average Cost of Capital (%)	**10.17**	11.22

At prior year weighted average cost of capital of 11.22%, no impairment would be recognised.

If all assumptions remain unchanged, a 10% decrease in the basket price of commodities would result in an impairment loss of approximately R589 million.

If all assumptions remain unchanged, a 10% decrease in the United States Dollar to the South African Rand would result in an impairment loss of approximately R595 million.

2.4 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 China Development Bank ("CDB") loan is not achievable in South Africa. Since Bakubung 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 Bakubung is 18.6%. The appropriate long-term risk free rate is currently 8.98%. 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 Bakubung.

2.5 Impairment of financial assets

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

2.6 Revenue

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

2.7 Mine development asset

The group capitalises expenditure incurred in the development of the mine that is directly attributable to the mining activity. Judgement is required to distinguish those expenditures that could be considered general administrative costs.

2.8 Deferred tax asset

Significant estimates are made to determine the value of deferred tax assets and judgements made as to the possibility that these assets will be utilised and offset against future taxable profits. The judgements made include views on the business climate and various projections as to future income and expenses. Given the level of uncertainty surrounding the projections of future taxable income, management have taken the view that it would be inappropriate to recognise a deferred tax asset.

Notes to the financial statements continued

for the year ended 31 December 2018

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2018 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	57 784	52	–	57 836
Vehicles	5 850	–	(397)	5 453
Computer equipment	16 528	1	–	16 529
Furniture and fittings	3 822	2	–	3 824
Office equipment	2 077	–	–	2 077
Other office fittings	11 716	42	–	11 758
Technical equipment	5 980	668	–	6 648
Plant and equipment	2 139 484	54 810	–	2 194 294
Mine development assets	4 084 677	1 338 417	–	5 423 094
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	104 772	17 646	–	122 418
Total	**7 490 419**	**1 411 638**	**(397)**	**8 901 660**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	6 830	1 585	–	8 415
Vehicles	4 048	863	(397)	4 514
Computer equipment	11 912	2 056	–	13 968
Furniture and fittings	3 230	222	–	3 452
Office equipment	1 517	301	–	1 818
Other office fittings	5 997	2 108	–	8 105
Technical equipment	2 121	1 141	–	3 262
Plant and equipment	11	13	–	24
Mine development assets	–	–	–	–
Mining rights	–	–	–	–
Buildings under construction	–	–	–	–
Total	**35 666**	**8 289**	**(397)**	**43 558**

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	50 954	52	(1 585)	49 421
Vehicles	1 802	–	(863)	939
Computer equipment	4 616	1	(2 056)	2 561
Furniture and fittings	592	2	(222)	372
Office equipment	560	–	(301)	259
Other office fittings	5 719	42	(2 108)	3 653
Technical equipment	3 859	668	(1 141)	3 386
Plant and equipment	2 139 473	54 810	(13)	2 194 270
Mine development assets	4 084 677	1 338 417	–	5 423 094
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	104 772	17 646	–	122 418
Total	**7 454 753**	**1 411 638**	**(8 289)**	**8 858 102**

3. PROPERTY, PLANT AND EQUIPMENT continued

All property, plant and equipment are owned by group entities. The group 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.

Certain plant and equipment and mine development assets are currently not being depreciated as the mine is not yet in production.

The effective interest rate of the CDB loans has been calculated at 20.63% (2017: 4.95%) 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 2018 have been capitalised to the cost of the asset. R999 528 000 interest was capitalised during 2018 (2017: R232 955 000) which is included in additions to the mine development assets.

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

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	3 403 115	681 562	–	4 084 677
Mining rights	1 057 729	–	–	1 057 729
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	–	–	–	–
Total	26 057	9 637	(28)	35 666

3. PROPERTY, PLANT AND EQUIPMENT continued

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	3 403 115	681 562	–	–	4 084 677
Mining rights	1 057 729	–	–	–	1 057 729
Buildings under construction	18 161	86 611	–	–	104 772
Total	6 389 880	1 074 514	(9 637)	(4)	7 454 753

COMPANY 2018 **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	**1 870**	**208**	**–**	**2 078**
Computer equipment	**1 505**	**1**	**–**	**1 506**
Furniture and fittings	**1 532**	**1**	**–**	**1 533**
Office equipment	**399**	**–**	**–**	**399**
Other office fittings	**548**	**–**	**–**	**548**
Total	**5 854**	**210**	**–**	**6 064**

CARRYING VALUE	**Opening balance R'000**	**Additions R'000**	**Depreciation R'000**	**Disposals R'000**	**Closing balance R'000**
Land and buildings	**4 998**	**–**	**(208)**	**–**	**4 790**
Computer equipment	**1**	**–**	**(1)**	**–**	**–**
Furniture and fittings	**1**	**–**	**(1)**	**–**	**–**
Office equipment	**2**	**–**	**–**	**–**	**2**
Other office fittings	**–**	**–**	**–**	**–**	**–**
Total	**5 002**	**–**	**(210)**	**–**	**4 792**

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.

Notes to the financial statements continued

for the year ended 31 December 2018

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	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

4. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Unlisted equity securities:				
Opening balance	**10 564**	510 900	**–**	–
Disposal of financial asset	**(8 330)**	–	**–**	–
Loss on disposal of financial asset	**(2 234)**	–	**–**	–
Fair value adjustments	**–**	(500 336)	**–**	–
Closing balance	**–**	10 564	**–**	–
Listed equity securities*:				
Opening balance	**–**	–	**–**	–
Acquisition of financial asset	**8 330**	–	**–**	–
Gain on fair value adjustments	**861**	–	**–**	–
Closing balance	**9 191**	–	**–**	–

4. OTHER FINANCIAL ASSETS continued

Investment in unlisted equity was disposed of as a result of a transaction initiated by a fellow shareholder in the unlisted investment.

Investment in listed equity is measured at fair value in the statements of financial position. Fair values of these shares have been calculated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. Refer to note 22.4.

* *Royal Bafokeng Platinum Limited ("RBPlats") and Platinum Group Metals South Africa (Pty) Ltd ("PTM SA") concluded a transaction of sale in which RBPlats acquired Maseve Investments 11 (Pty) Ltd ("Maseve"), a concentrator plant and surface rights in respect of the immovable property owned by Maseve. Africa Wide Mineral Prospecting and Exploration Pty Ltd ("Africa Wide"), a subsidiary of Wesizwe owned 17.1% of Maseve and other assets forming part of the RBPlats acquisition. Africa Wide received an issue of RBPlats shares as proceeds of sale for its 17.1% of the assets acquired. Wesizwe and Africa Wide dispute the validity of the transaction concluded and have commenced with processes for litigious relief.*

Impairment of gains and losses recognised:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Other comprehensive income				
Loss on disposal of available-for-sale asset	**–**	(500 336)	**–**	–
Gain on fair value movements of during the year	**–**	–	**–**	–
Transfer to profit	**–**	500 336	**–**	–
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)	**–**	–
Net amount recognised in profit and loss before tax effect	**–**	(500 336)	**–**	

The fair value loss in the prior year has been transferred as an impairment loss to the statements of profit and loss and other comprehensive income as the fair value loss is prolonged as the group does not expect commodity prices to recover in the near future.

Investment in listed equities during the year were designated at FVOCI as management view this investment as outside of their core operations and therefore management's perspective is that the fair value gains and losses should not be reported within profit or loss for these listed instruments.

5. INVESTMENT IN SUBSIDIARIES

	Percentage shareholding	Subsidiary issued capital 2018
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 (Pty) Ltd	100	**1**
Indirectly held : Vaviscan (Pty) Ltd**	100	**100**

	COMPANY 2018 R'000	COMPANY 2017 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
– Accumulated Impairment	**–**	(669 621)
– Carrying amount	**–**	–
Sub total	**9 802**	9 802
Shareholder loans:		
Non-current		
Bakubung Minerals (Pty) Ltd*	**1 913 040**	1 913 040
Bakubung Minerals (Pty) Ltd@	**5 290 091**	4 258 072
Wesizwe Properties (Pty) Ltd*	**24 190**	26 419
Gabonewe Housing Estate (Pty) Ltd*	**119 001**	97 783
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*		
– Amount	**10 697**	194 692
– Impairment	**–**	(184 128)
– Carrying amount	**10 697**	10 564
	7 357 019	6 305 878
Current		
Bakubung Minerals (Pty) Ltd#	**827 839**	443 827
Gabonewe Housing Estate (Pty) Ltd#	**227**	–
Wesizwe Properties (Pty) Ltd#	**75**	39
	828 141	443 866
Sub Total	**8 185 160**	6 749 744
Loans payable to subsidiaries:		
Wesizwe Properties (Pty) Ltd#	**(393)**	(94)
Sub total	**(393)**	(94)
Total	**8 194 569**	6 759 452

* *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 in each of 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 12.*

\# *The loans are short-terms loans payable on normal credit terms.*

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

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

6. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	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	**6 811**	4 919	**–**	–
Amortisation	**570**	1 892	**–**	–
Closing balance	**7 381**	6 811	**–**	–
Carrying amount	**1 139**	1 709	**–**	–

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

7. RESTRICTED CASH

	GROUP 2018 R'000	GROUP 2017 R'000	COMPANY 2018 R'000	COMPANY 2017 R'000
Non-current				
Department of Mineral Resources – rehabilitation	**–**	1 016	**–**	–
Eskom – connection guarantees	**44 828**	44 828	**–**	–
Total non-current	**44 828**	45 844	**–**	–
Current				
Department of Mineral Resources – rehabilitation obligation	**36 200**	27 000	**27 000**	27 000
Total current	**36 200**	27 000	**27 000**	27 000
Total restricted cash	**81 028**	72 844	**27 000**	27 000

Call deposits have been encumbered as a result of guarantees issued to certain service providers. Management are in advanced stages of replacing Department of Mineral Resources restricted cash guarantees with insurance guarantees.

8. DEFERRED TAXATION

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Deferred taxation liability				
Opening balance	**379 867**	302 135	**–**	–
Current year charges	**(19 928)**	77 732	**–**	–
Property, plant and equipment	**401 169**	274 138	**–**	–
Available-for-sale financial asset	**–**	(56 613)	**–**	–
Unredeemed mining capex	**(426 198)**	(138 449)	**–**	–
Provisions	**5 101**	(1 344)	**–**	–
Closing balance	**359 939**	379 867	**–**	–
Deferred tax assets and liabilities are attributable to the following items:				
Deferred tax liabilities				
Recognised in profit or loss:				
Property, plant and equipment	**2 153 327**	1 752 158	**–**	–
Recognised directly in equity:				
Acquisition of mineral rights in Bakubung	**285 251**	285 251	**–**	–
	2 438 578	2 037 409	**–**	–
Deferred tax assets				
Recognised in profit or loss:				
Unredeemed exploration expenditure	**(1 191)**	(1 191)	**–**	–
Unredeemed mining capex	**(2 066 116)**	(1 639 918)	**–**	–
Provisions	**(11 332)**	(16 433)	**–**	–
	(2 078 639)	(1 657 542)	**–**	–
Total	**359 939**	379 867	**–**	–
Unrecognised deferred tax asset				
Provisions	**–**	–	**(1 716)**	(1 626)
Closing balance	**–**	–	**(1 716)**	(1 626)

The company has a deferred tax asset of R1.7 million (2017: R1.6 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%. No deferred tax assets have been raised for any of the other group companies as there are doubts as to the probability of taxable profit being available against which the deductible temporary difference can be utilised.

9. OTHER RECEIVABLES

Value Added Tax receivable	**21 704**	39 481	**1 491**	–
Other receivables	**16 303**	11 556	**1 175**	2 439
Prepayments	**49 682**	207	**–**	–
Total	**87 689**	51 244	**2 666**	2 439

10. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Bank balances	**15 076**	14 855	**6 233**	5 843
Call and short-term deposits	**566 878**	372 380	**422 890**	105 463
	581 954	387 235	**429 123**	111 306
Interest accrued	**514**	935	**111**	239
Total	**582 468**	388 170	**429 234**	111 545

11. STATED CAPITAL

Stated Capital				
Authorised				
2 000 000 000 no par value shares				
(2017: 2 000 000 000 no par value shares)				
Issued				
1 627 827 058 no par value shares				
(2017: 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	**4 426 426**	3 996 061	**4 426 426**	3 996 061
China Development Bank – drawdown	**1 001 959**	891 770	**1 001 959**	891 770
Interest accrued	**298 486**	244 319	**298 486**	244 319
China Development Bank – interest repayment	**(343 905)**	(244 689)	**(343 905)**	(244 689)
Realised foreign exchange loss	**24 734**	8 879	**24 734**	8 879
Unrealised foreign exchange loss/(gain)	**786 298**	(469 914)	**786 298**	(469 914)
Closing balance	**6 193 998**	4 426 426	**6 193 998**	4 426 426

The group has a secured US$441.7 million loan (2017: US$367.3 million) with a carrying amount of R6 194 million at 31 December 2018 (2017: R4 426 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 bi-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 increases until the second last payment amounts to 8.5% of the initial outstanding amount. The last instalment repays the total balance. The interest expense is payable bi-annually. A facility fee amounting to 0.5% of the unutilised 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	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Opening balance	**58 691**	53 889	**–**	–
Obligation (reduced)/obligation recognised	**(21 530)**	–	**–**	–
Charged to interest expenses	**3 311**	4 802	**–**	–
Closing balance	**40 472**	58 691	**–**	–

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 recognised 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 R36.2 million (2017: 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 8.98% (2017: 8.59%) and the appropriate escalation rate is 5.45% (2017: 5.03%). The current cost rehabilitation estimate is R116.1 million (2017: R110.8 million).

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Trade payables	**35 771**	42 071	**1 302**	3 404
Capital expenditure payables	**48 243**	49 377	**–**	–
Leave pay accrual	**7 945**	5 330	**2 308**	1 756
Value Added Tax payable	**–**	868	**–**	808
Salary accrual	**5 249**	401	**(296)**	(331)
Total	**97 208**	98 047	**3 314**	5 637

15. INCOME TAX (EXPENSE)/INCOME

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
South African company tax	**(63)**	(1 391)	**–**	(1 325)
Current year	**(63)**	(1 391)	**–**	(1 325)
Deferred tax	**19 928**	(77 732)	**–**	–
Temporary differences	**19 928**	(77 732)	**–**	–
Total	**19 865**	(79 123)	**–**	(1 325)
Current year – deferred taxation	**–**	56 613	**–**	–
Reclassified to profit and loss	**–**	(56 613)	**–**	–
Tax on other comprehensive income	**–**	–	**–**	–

The group has unredeemed capital expenditure of R7 379.0 million (2017: R5 856.8 million) and unredeemed exploration expenditure of R4.3 million (2017: R4.3 million) for the year ended 31 December 2018. The unredeemed capital expenditure may be set-off against future taxable income.

15. INCOME TAX (EXPENSE)/INCOME continued

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	%	%	**%**	%
Reconciliation of effective tax rate				
Standard tax rate	**28.0**	28.0	**28.0**	28.0
Disallowed overseas travel	**(0.3)**	–	**(3.2)**	–
Disallowed donations	**–**	(0.2)	**–**	–
Disallowed legal expenses	**(0.2)**	(0.9)	**(1.9)**	–
Disallowed consulting fees	**(1.1)**	(6.3)	**(2.3)**	(0.3)
Disallowed penalties	**–**	(0.2)	**–**	–
Disallowed sponsor fees	**(0.1)**	(0.3)	**(0.9)**	–
Disallowed audit fees	**–**	(0.2)	**–**	–
Disallowed interest	**(0.9)**	–	**–**	
Deferred tax asset not raised	**(25.5)**	(450.7)	**(19.7)**	(28.0)
Deferred tax asset utilised	**18.4**	–	**–**	–
Fair value loss/(gain) on available-for-sale financial asset at CGT rate in the subsidiary	**–**	(93.9)	**–**	–
Effective rate	**18.3**	(524.7)	**–**	(0.3)
Taxation paid				
Balances (receivable)/payable at beginning of year	**(293)**	1 558	**(291)**	1 558
Profit or loss charge	**66**	1 391	**–**	1 324
Taxation refund received	**–**	3	**–**	3
Taxation paid	**(53)**	(3 245)	**(53)**	(3 176)
Balance receivable at end of year	**(280)**	(293)	**(344)**	(291)

16. REVENUE

Revenue comprises of:				
– Management fees	**–**	–	**36 611**	65 525
Total	**–**	–	**36 611**	65 525

17. ADMINISTRATION EXPENSES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Administration expenses include:				
Internal and external auditor's remuneration	**2 823**	4 188	**1 897**	3 306
Depreciation	**8 289**	9 637	**210**	233
Amortisation	**570**	1 892	**–**	–
Directors fees – short term benefits	**10 997**	9 915	**10 997**	9 915
Directors fees – DBP (note 27)	**(439)**	(1 662)	**(439)**	(1 662)
Employee costs – short term benefits	**136 722**	132 385	**35 917**	55 000
Employee costs – DBP (note 27)	**–**	(661)	**–**	(661)
Operating lease – buildings	**351**	610	**724**	900
Operating lease – equipment	**4 070**	20 491	**–**	–
On-charge refund of borrowing costs	**–**	–	**–**	216 716
Legal fees	**1 907**	2 013	**1 681**	1 794
Statutory publications, corporate identity and investor relations	**1 147**	1 623	**833**	1 292
Travel and accommodation	**2 147**	3 131	**1 809**	2 662
Technical consulting fees	**19 856**	76 423	**1 945**	6 149
Security costs	**11 961**	11 961	**–**	–
Electricity and water	**35 881**	28 887	**–**	–
Communication costs	**2 184**	2 332	**26**	85
Municipal rates and services	**295**	282	**–**	–
Licence fees	**2 461**	4 390	**–**	–
Maintenance expenditure	**9 440**	17 585	**–**	–
Other administration expenses/(refunds)	**11 636**	20 770	**894**	(5 695)
Project expenses capitalised	**(241 939)**	(335 974)	**–**	–
Total	**20 359**	10 218	**56 494**	290 034

18. NET FINANCE INCOME AND NET FOREIGN EXCHANGE LOSS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Finance income				
Interest earned on cash balances	**26 859**	47 924	**14 948**	13 369
Interest accrued on cash balances	**514**	935	**111**	239
Total finance income	**27 373**	48 859	**15 059**	13 608
Finance expense				
Interest on loan denominated in foreign currency	**(298 486)**	(244 320)	**(298 486)**	(244 320)
Finance costs for the year	**(32)**	(5)	**(30)**	–
Time value of money adjustment to rehabilitation obligation	**(3 311)**	(4 802)	**–**	–
Total finance expense	**(301 829)**	(249 127)	**(298 516)**	(244 320)
Net finance expense	**(274 456)**	(200 268)	**(283 457)**	(230 712)
Foreign exchange gains				
Unrealised gain on conversion of loan denominated in foreign currency	**–**	469 913	**–**	469 913
Total foreign exchange gains	**–**	469 913	**–**	469 913
Foreign exchange losses				
Realised loss on suppliers payments	**–**	(44)	**–**	(2)
Realised loss on payment of interest accruals denominated in foreign currency	**2 245**	(721)	**2 245**	(721)
Realised loss on conversion of loan amounts	**(26 979)**	(8 158)	**(27 028)**	(8 158)
Unrealised loss on conversion of loan denominated in foreign currency	**(785 880)**	–	**(785 880)**	–
Unrealised loss on conversion of interest accruals	**(418)**	–	**(418)**	–
Total foreign exchange losses	**(811 032)**	(8 923)	**(811 081)**	(8 881)
Net foreign exchange gains/(losses)	**(811 032)**	460 990	**(811 081)**	461 032
Net finance costs capitalised*				
Interest income	**(7 706)**	(11 365)	**–**	–
Interest expense	**298 486**	244 320	**–**	–
Net foreign exchange losses	**708 748**	–	**–**	–
Net finance costs capitalised	**999 528**	232 955	**–**	–

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

19. EARNINGS/(LOSS) PER SHARE

	GROUP	
	2018	2017
The basis of calculation of basic loss per share is:		
Attributable loss to ordinary shareholders (rand)	**(87 826 703)**	(94 202 401)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Basic loss per share (cents)	**(5.40)**	(5.79)
The basis of calculation of diluted loss per share is:		
Attributable loss to ordinary shareholders (rand)	**(87 826 703)**	(94 202 401)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted loss per share (cents)	**(5.40)**	(5.79)

	GROUP			
	2018		2017	
	Gross	Net	**Gross**	Net
The basis of calculation of headline (loss)/earnings and diluted headline (loss)/earnings per share is:				
Loss attributable to ordinary shareholders (rand)		**(87 826 703)**	–	(94 202 401)
Adjustment for:		**1 372 861**	–	442 429 125
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
Loss on disposal of financial asset	**2 233 627**	**2 233 627**	–	–
Gain on adjustment of value in interest in equity financial asset	**(860 766)**	**(860 766)**	–	–
Reclassification of gains or losses upon impairment of available-for-sale financial asset	**–**	**–**	500 336 381	443 723 625
Headline (loss)/earnings	**–**	**(86 453 842)**	–	348 226 724
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline (loss)/earnings per share (cents)		**(5.31)**		21.39

20. NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Reconciliation of loss for the year to cash flows from operating activities				
Loss before tax:	**(108 553)**	(15 079)	**(11 933)**	(494 654)
Finance income	**(19 667)**	(37 494)	**(15 059)**	(13 608)
Finance expense – bank	**31**	728	**29**	1
Foreign exchange (gain)/loss	**74 328**	(469 913)	**418**	–
Non cash intercompany recoveries/fees	**–**	–	**(86 048)**	(832 722)
Adjustments for:				
– Depreciation	**8 289**	9 637	**210**	233
– Amortisation	**570**	1 892	**–**	–
– Impairment of investment in subsidiary			**–**	500 465
– Realised forex on loan	**24 734**	8 158	**–**	–
– Loss on adjustment of interest in equity-accounted investee	**2 234**	–	**–**	–
Fair value movement of equity instruments at FVOCI	**–**	500 336	**–**	–
– Scrapping loss of property, plant and equipment	**–**	5	**–**	–
– Time value of money adjustment to rehabilitation obligation	**3 311**	4 802	**–**	–
– Deferred Bonus Plan cash-settled share-based payment liability	**(439)**	(2 323)	**(439)**	(2 323)
Profit/(loss) before working capital changes	**(15 162)**	749	**(112 822)**	(842 608)
Changes in working capital	**(36 150)**	18 394	**(2 551)**	(3 295)
Decrease/(increase) in other receivables	**(36 445)**	5 479	**(227)**	(1 974)
Increase/(decrease) in trade and other payables	**295**	12 915	**(2 324)**	(1 321)
Cash utilised in operations	**(51 312)**	19 143	**(115 373)**	(845 903)
Reconciliation of the acquisition of property, plant and equipment				
Additions per PPE note 3	**1 411 638**	1 074 514	**–**	–
Decrease in decommissioning asset	**21 531**	–	**–**	–
Change in capital expenditure payables	**1 134**	27 368	**–**	–
Unrealised foreign exchange differences capitalised	**(666 555)**	–	**–**	–
Acquisition of property, plant and equipment	**767 748**	1 101 882	**–**	–

21. COMMITMENTS

21.1 Commitments at reporting date but not recognised in the financial statements are as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Commitments due within:				
– Next 12 months:	**576 858**	356 503	**110**	534
Operating expenses	**152**	612	**110**	534
Project capital commitments	**576 706**	355 891	**–**	–
– Next 13 to 24 months:				
Project capital commitments	**176 959**	252 276	**–**	–
– Next 25 to 36 months:				
Project capital commitments	**164 146**	269 340	**–**	–
– Next 37 to 48 months:				
Project capital commitments	**116 805**	278 179	**–**	–
– Next 49 to 60 months:				
Project capital commitments	**117 283**	28 069	**–**	–
Total commitments				
Operating expenses	**152**	612	**110**	534
Project capital commitments	**1 151 899**	1 183 755	**–**	–
Total	**1 152 051**	1 184 367	**110**	534

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 Categories of financial instruments

	Notes	Amortised cost per IFRS 9 R'000	FVOCI per IFRS 9 R'000	Total R'000
Group 2018				
Financial assets				
Cash and cash equivalents	10	**582 468**	**–**	**582 468**
Restricted cash (non-current)	7	**44 828**	**–**	**44 828**
Restricted cash (current)	7	**36 200**	**–**	**36 200**
Other receivables	9	**1 431**	**–**	**1 431**
Investment in equity	4	**–**	**9 191**	**9 191**
		664 927	**9 191**	**674 118**

Notes to the financial statements continued

for the year ended 31 December 2018

22. FINANCIAL INSTRUMENTS continued

22.1 Categories of financial instruments continued

	Notes	Loans and receivables per IAS 39 R'000	Available-for-sale per IAS 39 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
Financial assets	4	–	10 564	10 564
		463 504	10 564	477 068

	Notes	**Amortised cost per IFRS 9 R'000**	**Total R'000**
Group 2018			
Financial liabilities			
Trade payables	14	**(97 208)**	**(97 208)**
Interest-bearing borrowings	12	**(6 193 998)**	**(6 193 998)**
		(6 291 206)	**(6 291 206)**

	Notes	Other financial liabilities per IAS 39 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)

	Notes	**Amortised cost per IFRS 9 R'000**	**Total R'000**
Company 2018			
Financial assets			
Cash and cash equivalents	10	**429 234**	**429 234**
Restricted cash	7	**27 000**	**27 000**
Other receivables	9	**1 175**	**1 175**
Loans receivable from subsidiaries (non-current)	5	**7 357 019**	**7 357 019**
Loans receivable from subsidiaries (current)	5	**828 141**	**828 141**
		8 642 569	**8 642 569**

22. FINANCIAL INSTRUMENTS continued
22.1 Categories of financial instruments continued

		Loans and receivables per IAS 39 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

	Notes	**Amortised cost per IFRS 9 R'000**	**Total R'000**
Company 2018			
Financial liabilities			
Trade payables	14	**(3 314)**	**(3 314)**
Interest-bearing borrowings	12	**(6 193 998)**	**(6 193 998)**
Loans payable to subsidiaries	5	**(393)**	**(393)**
		(6 197 705)	**(6 197 705)**

		Other financial liabilities per IAS 39 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)

22. FINANCIAL INSTRUMENTS continued

22.2 Financial risk management

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.

The group is exposed to the following risks:

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

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the audit and risk committee which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

The audit and risk committee also oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

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 company has exposure to receivables of R1.2 million (2017: R2.5 million). This relates to other receivables. The group has exposure to cash and cash equivalents of R582.5 million (2017: R388.2 million) and restricted cash of R81.0 million (2017: R72.8 million).

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a favourable credit rating. Cash and cash equivalents and restricted cash for the group are invested with the following institutions at 31 December 2018.

	GROUP		COMPANY	
	2018	2017	**2018**	2017
Investments	**R'000**	R'000	**R'000**	R'000
Bank of China	**103.7**	223.3	**4.7**	87.6
China Construction Bank	**402.7**	0.1	**402.6**	–
Investec	**85.4**	74.9	**29.6**	27.7
Standard Bank	**71.2**	162.2	**19.4**	23.2
First National Bank	**0.4**	0.6	**–**	–
	663.4	461.1	**456.3**	138.5

Liquidity risk

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

The group will continue developing the mine while significant revenue from operations is only expected from 2020 onwards. Consequently, the group is projecting negative cash flows, before funding, until about 2020. 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 2020 onwards are being considered and will be pursued nearer the time that it is required.

22. FINANCIAL INSTRUMENTS continued

22.2 Financial risk management continued

Market risk

Market risk is the risk of changes in foreign currency rates and interest rates which can affect the group's income or the value of its holdings 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 the 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.

Interest rate sensitivity analysis

A decrease of 50 basis points in interest rates on favourable bank balances will decrease equity and profit or loss by R1.8 million (2017: R3.8 million on a 50 basis points on interest decrease). An increase of 50 basis points would have the equal but opposite effect. This analysis assumes all other variables remain constant.

A decrease of 50 basis points on the interest rates on the interest bearing borrowings will increase equity and profit or loss by R27.2 million (2017: R23.9 million on a 50 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R27.3 million (2017: R24.0 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 2018 financial year.

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

	US$ US$'000	ZAR R'000
Group 2018		
Financial liabilities:		
Interest-bearing borrowings	**(430 691)**	**(6 193 998)**
Company 2018		
Financial liabilities:		
Interest-bearing borrowings	**(430 691)**	**(6 193 998)**

Exchange rates at year end	2018	2017
ZAR/US$	**14.3815**	12.3551

Exchange rate sensitivity analysis

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R619.4 million (2017: R442.6 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 statements of financial position as a FVOCI financial asset. The group is exposed to price risks due to the various inputs used for the discounted cash flows method (refer to note 2.4).

22. FINANCIAL INSTRUMENTS continued

22.3 Contractual maturities

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

	Notes	Contractual interest rate %	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group 2018								
Trade payables	14		**(97 208)**	**(97 208)**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	12	**5.62%**	**(8 646 801)**	**(203 149)**	**(192 480)**	**(404 356)**	**(3 135 700)**	**(4 711 116)**
			(8 744 009)	**(300 357)**	**(192 480)**	**(404 356)**	**(3 135 700)**	**(4 711 116)**
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)
Company 2018								
Trade payables	14		**(3 314)**	**(3 314)**				
Interest-bearing borrowings	12	**5.62%**	**(8 646 801)**	**(203 149)**	**(192 480)**	**(404 356)**	**(3 135 700)**	**(4 711 116)**
			(8 650 115)	**(206 463)**	**(192 480)**	**(404 356)**	**(3 135 700)**	**(4 711 116)**
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)

22.4 Fair values

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

		GROUP 2018		GROUP 2017	
	Notes	**Carrying amount R'000**	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	10	**582 468**	**582 468**	388 170	388 170
Restricted cash (non-current)	7	**44 828**	**44 828**	45 844	45 844
Restricted cash (current)	7	**36 200**	**36 200**	27 000	27 000
Other receivables	9	**1 431**	**1 431**	2 490	2 490
Investment in equity asset	4	**9 191**	**9 191**	10 564	10 564
Trade payables	14	**(97 208)**	**(97 208)**	(97 179)	(97 179)
Interest-bearing borrowing	12	**(6 193 998)**	**(6 288 311)**	(4 426 426)	(4 476 628)
		(5 617 088)	**(5 711 401)**	(4 049 537)	(4 099 739)

The fair values of the long term borrowings are at market interest rates and therefore the fair values approximate the carrying amounts.

22. FINANCIAL INSTRUMENTS continued

22.4 Fair values continued

	Notes	COMPANY 2018 Carrying amount R'000	COMPANY 2018 Fair value R'000	COMPANY 2017 Carrying amount R'000	COMPANY 2017 Fair value R'000
Cash and cash equivalents	10	**429 234**	**429 234**	111 545	111 545
Restricted cash	7	**27 000**	**27 000**	27 000	27 000
Other receivables	9	**1 175**	**1 175**	2 439	2 439
Loans receivable from subsidiaries (non-current)	5	**7 357 019**	**7 234 606**	6 305 878	4 941 848
Loans receivable from subsidiaries (current)	5	**828 141**	**828 141**	443 866	443 866
Trade payables	14	**(3 314)**	**(3 314)**	(4 829)	(4 829)
Interest-bearing borrowing	12	**(6 193 998)**	**(6 288 311)**	(4 426 426)	(4 476 628)
Loans payable to subsidiaries	5	**(393)**	**(393)**	(94)	(94)
		2 444 864	**2 228 138**	2 459 379	1 045 147

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities.

Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs.

Level 3 – fair value is determined on inputs not based on observable market data.

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

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

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

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

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

Equity securities are measured at fair value using level 1 values obtained directly from the Johannesburg Stock Exchange.

Reconciliation of fair values

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

Equity securities – Classified as available-for-sale (IAS 39) in 2017 and FVPL (IFRS 9) in 2018 (Level 3)	GROUP 2018 R'000	GROUP 2017 R'000
Opening balance	**10 564**	510 900
Disposal of financial asset	**(8 330)**	–
Gain included in OCI and transferred to profit and loss	**(2 234)**	–
– Fair value adjustments	**–**	(500 336)
Closing balance	**–**	10 564
Equity securities – Classified as FVOCI (IFRS 9) (Level 1)		
Opening balance	**–**	–
Acquisition of equity asset	**8 330**	–
– Fair value adjustments	**861**	–
Closing balance	**9 191**	–

22. FINANCIAL INSTRUMENTS continued

22.5 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 211.8% (2017: 146.9%). 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.

22.6 Impairment of financial assets

Loans receivable from subsidiaries

The company has material loans receivable from subsidiaries – refer to note 5.

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

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

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

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

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

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

ECL was calculated using a combination of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) as follows:

ECL = PD * LGD * EAD

Where:

PD represents the likelihood over a specified period that a borrower will not be able to make scheduled payments. A PD of 13.5% was used based on market information adjusted for factors specific to the borrower.

22. FINANCIAL INSTRUMENTS continued

22.6 Impairment of financial assets continued

Loans receivable from subsidiaries continued

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

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

The company considered impairment for other loans receivable from subsidiaries which are all unsecured, interest-free and repayable on demand. All recovery scenarios indicated that the expected credit losses from these loans would be immaterial.

Other financial assets

The group and company have restricted cash and cash equivalents. Immaterial expected credit losses were estimated for these balances.

The portion of other receivables that meet the definition of financial instruments under IFRS 9 are immaterial at both company and group level.

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	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
NON-CURRENT ASSETS				
Bakubung Minerals (Pty) Ltd*				
Opening balance	**–**	–	**1 913 040**	1 743 401
(Transfer to current)/loan advanced	**–**	–	**–**	169 639
Closing balance	**–**	–	**1 913 040**	1 913 040
Bakubung Minerals (Pty) Ltd**				
Opening balance	**–**	–	**4 258 072**	3 374 460
Loan advanced	**–**	–	**1 032 019**	883 612
Closing balance	**–**	–	**5 290 091**	4 258 072
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**26 419**	26 420
Loan repaid	**–**	–	**(2 229)**	(1)
Closing balance	**–**	–	**24 190**	26 419
Gabonewe Housing Estate (Pty) Ltd*				
Opening balance	**–**	–	**97 783**	17 500
Loan advanced	**–**	–	**21 218**	80 283
Closing balance	**–**	–	**119 001**	97 783
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*				
Opening balance	**–**	–	**10 564**	194 563
Loan advanced	**–**	–	**133**	129
Impairment	**–**	–	**–**	(184 128)
Closing balance	**–**	–	**10 697**	10 564

23. RELATED PARTIES continued

23.1 Transactions with subsidiaries continued

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
CURRENT ASSETS				
Bakubung Minerals (Pty) Ltd* **				
Opening balance	**–**	–	**443 827**	878 624
Management fees	**–**	–	**36 611**	69 357
Loan advanced/(payments received)	**–**	–	**347 401**	(504 154)
Closing balance	**–**	–	**827 839**	443 827
Gabonewe Housing Estate (Pty) Ltd*				
Opening balance	**–**	–	**–**	–
Loan advanced	**–**	–	**227**	–
Closing balance	**–**	–	**227**	–
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**39**	8
Cost Recovery	**–**	–	**107**	186
Payments received	**–**	–	**(71)**	(155)
Closing balance	**–**	–	**75**	39
CURRENT LIABILITIES				
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**(94)**	(44)
Rental charges	**–**	–	**(540)**	(570)
Payments made	**–**	–	**241**	520
Closing balance	**–**	–	**(393)**	(94)

* *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.*

23.2 Transactions with key management

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Salaries and bonuses	**22 793**	29 361	**22 793**	29 361
Total	**22 793**	29 361	**22 793**	29 361

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
Lincoln Ngculu	Independent non-executive Director	
Zhimin Li	Executive Director	Chief Executive Officer
Feng Tao	Executive Director	Financial Director
Victor Mabuza	Independent non-executive Director	
Pengfei Li	Non-executive Director	
Indresen Pillay	Non-executive Director	Appointed 1 February 2018, resigned 31 July 2018
Fugui Qiao	Non-executive Director	Resigned 19 March 2019
Sun Pingan	Non-executive Director	Appointed 1 February 2018

23. RELATED PARTIES continued

23.2 Transactions with key management continued

Interest of directors and prescribed officers in shares of the company

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

	2018		2017	
	Direct Ordinary shares	Indirect Ordinary shares	Direct Ordinary shares	Indirect Ordinary shares
James Ngculu	**–**	**5 795 888**	–	5 795 888
Jacob Mothomogolo	**517**	**–**	517	–
Hamlet Morule	**735 000**	**–**	735 000	–
Basetsana Ramaboa	**183 748**	**–**	183 748	–
	919 265	**5 795 888**	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.

Remuneration paid to directors and prescribed officers

Remuneration for executive directors

Name	No of months	2018 Salaries R'000	2018 Bonuses R'000	2018 DBP R'000	2018 Total R'000	2017 Salaries R'000	2017 Bonuses R'000	2017 DBP R'000	2017 Total R'000
Jianke Gao	3	**–**	**–**	**–**	**–**	1 335	1 149	–	2 484
Zhimin Li	12	**3 231**	**985**	**53**	**4 269**	2 287	–	–	2 287
Feng Tao*	12	**3 400**	**–**	**–**	**3 400**	1 700	–	–	1 700
Total executive directors		**6 631**	**985**	**53**	**7 669**	5 322	1 149	–	6 471

** Feng Tao is a foreign secondee. Financial Director fee as per the Service Level Agreement between Wesizwe and CAD.*

Remuneration for non-executive directors

Name	2018 Directors Fees R'000	2018 Attendance fees R'000	2018 Total R'000	2017 Directors Fees R'000	2017 Attendance fees R'000	2017 Total R'000
Dawn Mokhobo	**337**	**675**	**1 012**	321	1 080	1 401
James Ngculu	**141**	**590**	**731**	100	704	804
Victor Mabuza	**141**	**693**	**834**	134	823	957
Indresen Pillay	**45**	**79**	**124**	–	–	–
Kenny Mokoka	**–**	**–**	**–**	36	63	99
Total non-executive directors	**664**	**2 037**	**2 701**	591	2 670	3 261

23. RELATED PARTIES continued

23.2 Transactions with key management continued

Remuneration for key management

		2018				2017				
Name	No of months	**Salaries R'000**	**Bonuses R'000**	**DBP R'000**	**Total R'000**	Salaries R'000	Bonuses R'000	DBP R'000	Voluntary Severance R'000	Total R'000
Basetsana Ramaboa	12	**2 206**	**511**	**183**	**2 900**	1 977	172	162	–	2 311
Vasta Mhlongo	12	**1 937**	**328**	**–**	**2 265**	1 561	327	–	–	1 888
Kgomotso Tshaka	11	**–**	**–**	**–**	**–**	2 357	543	–	3 025	5 925
Jacob Mothomogolo	12	**2 700**	**878**	**245**	**3 823**	2 692	805	278	–	3 775
Eddie Mohlabi	8	**–**	**–**	**–**	**–**	2 182	701	–	–	2 883
Hamlet Morule	12	**2 694**	**570**	**171**	**3 435**	2 121	532	194	–	2 847
Total key management		**9 537**	**2 287**	**599**	**12 423**	12 890	3 080	634	3 025	19 629

Cash-settled vested shares

	2018 R'000	2017 R'000
Mr Jacob Mothomogolo	**576**	–
Mr Hamlet Morule	**372**	–
Ms Basetsana Ramaboa	**209**	–
Closing balance	**1 157**	–

All remuneration, excepting 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. Refer to note 27 for payment of vested shares.

24. GOING CONCERN

The group's cash resources at the reporting date of R582.5 million (2017: R388.2 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 fourth quarter of 2020. The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is the support of the majority shareholder. 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 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 the company 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;
- If the time performance condition is not met, the rights to the cash-settled bonus will be forfeited; and
- The remuneration committee approved the vesting of the shares in 2018 and the shares that were deferred in 2017.

	2018	2017
Reconciliation of nominal shares		
Opening balance	**11 250 791**	24 235 752
Number of nominal shares granted (2017 year)	**6 715 298**	–
Number of nominal shares forfeited	**(718 012)**	(12 984 961)
Number of nominal shares which have vested	**(2 218 567)**	–
Closing balance	**15 029 510**	11 250 791

The number of participants at 31 December 2018 amounts to four.

Valuation date	31 December 2018
Fair value of share price at valuation date	R0.42
Vesting period	3 – 5 years
Type of settlement	Cash
Strike Price	R0.00
Volatility	79.58% (calculated as standard deviation of the entity's share price for the past 3 years)
Risk free rate	8.98%
Option Pricing Model	Black-Scholes Model

During the year ended 31 December 2018, Wesizwe recognised an income of R0.4 million (2017: R2.4 million income) relating to a reduction in liability for the cash settled deferred bonus plan.

Non-current liability

GROUP AND COMPANY	**2018 R'000**	2017 R'000
Opening balance	**3 623**	5 946
Cash-settled share-based liability raised	**(439)**	(2 323)
Closing balance	**3 184**	3 623

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