"Towards a
sustainable future"

wesizwe

Annual Financial Statements 2019

Contents

The financial statements have been prepared under the supervision of the out-going Finance Director, Mr Feng Tao. The financial statements have been audited in compliance with the requirements of the Companies Act 71 of 2008, as amended.

wesizwe

Directors’ responsibility and approval of the Annual Financial Statements

for the year ended 31 December 2019

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements (“AFS”) and Company AFS of Wesizwe Platinum Limited (“Wesizwe”, “the Company” or “Group” depending on context), comprising the statements of financial position at 31 December 2019, 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, as amended ("Companies Act"), as well as the Johannesburg Stock Exchange (“JSE”) Listings Requirements. In addition, the Directors are responsible for preparing the Directors’ report.

The Directors are also responsible for such internal controls as the Directors determine 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 AFS and Company AFS are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group Annual Financial Statements and Company Annual Financial Statements

The Group AFS and Company AFS of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the Board of Directors on 28 April 2020 and signed by:

Dawn Mokhobo
Authorised Director

Zhimin Li
*Authorised Director**

* *As a result of delaying the release of the AFS due to Covid-19 and the lockdown, the approval of the AFS took place post the resignation of the Financial Director Mr Feng Tao. Therefore the AFS were approved by our CEO Zhimin Li.*

Certificate by the Company Secretary

for the year ended 31 December 2019

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

28 April 2020

Report of the Audit and Risk Committee

for the year ended 31 December 2019

Introduction

The Audit and Risk Committee ("the Committee") is pleased to present its report in terms of the Companies Act 71 of 2008, as amended, ("Companies Act") and the Johannesburg Stock Exchange ("JSE") Listings Requirements for the financial year ended 31 December 2019. The Committee conducted its work in accordance with the written terms of reference as approved by the Board, information about which is recorded in the corporate governance section of the 2019 Integrated Annual Report ("2019 IR").

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

Composition

The composition of the Committee remained unchanged for the period under review, and comprised of members who have the necessary skills and experience to fulfill the duties of the Committee. The Committee comprised of the following members:

- Mr Victor Mabuza (Independent Non-executive Director and Chair).
- Mr Lincoln 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 10 July 2020. The profiles of the members including their qualifications can be viewed in the 2019 IR.

Frequency and attendance of meetings

The Committee met six times during the year, of which two meetings were convened on a special basis.

Duties assigned by the board

The Committee has overseen financial and integrated reporting, the effectiveness of the risk management process, and policies and internal controls with reference to the findings of both the internal and external auditors. During the year under review, the Committee met with the external auditor without management being present. The Committee is satisfied that it has complied with its legal, regulatory and other responsibilities. In delivering this mandate, the Committee performed the following key strategic initiatives:

- Considered and recommended the approval of the financial results by the Board;
- Reviewed and approved trading updates communicated to the market;
- Reviewed and recommended Board approval of the 2019 IR;
- Reviewed management's assessment of going concern;
- Assessed the suitability of the current audit firm and designated partner, in compliance with the JSE Listings Requirements and took into account other relevant legislation;
- Considered whether the audit firm and, where appropriate, the individual auditor that will be responsible for performing the functions of the auditor are accredited as such on the JSE List of Accredited Auditors and their advisors as required by the JSE Listings Requirements;
- Ensured that there is a process for the Committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor;
- Recommended and nominated the external auditor for appointment by the shareholders;
- Recommended Board approval of external audit fees and terms of engagement of the external auditor;
- Approved the external audit plan for the financial year, received feedback from an external audit at the financial year-end meeting;
- Ensured the independence of the internal audit function and that it had the necessary resources, standing and authority within the organisation to enable it to fulfil its duties as per the requirements of the King IV Codes and recommended Practices (King IV Codes);
- Approved the risk-based internal audit plan for the financial year and quarterly internal audit feedback;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems, and processes management;
- Reviewed and assessed the effectiveness and independence of both internal and external auditors and was satisfied with the independence of the audit services rendered; and
- Reviewed the expertise and qualifications of the Financial Director.

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

External Auditor

The Committee nominated and recommended the appointment of the external auditor, SizweNtsalubaGobodo Grant Thornton Inc. ("SNG Grant Thornton") to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Herman Leach as designated auditor for the 2019 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 Grant Thornton was independent of the Company, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

Internal Auditor

The Committee 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 Chair.

Report of the Audit and Risk Committee continued

for the year ended 31 December 2019

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.

The expertise of the Financial Director and finance function

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

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

Going concern

The Committee reviewed the documents prepared by management in which they assessed the going concern status of the Company and its subsidiaries at the year-end and the near future. Management had concluded that the Group was a going concern due to the support of the majority shareholder. The Committee resolved 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 2019 and is satisfied that they comply with IFRS, the Companies Act and that areas of judgment were discussed to confirm accounting estimates.

Risk management

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

The Committee did not consider the Company's strategic risks for the reporting period. A strategic risk assessment session was deferred indefinitely due to the lack of a representative quorum of the Board. This is one of the key focus areas of the Committee for 2020.

Fraud prevention

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

The Committee reviewed the effectiveness of the Company ICT environment and given the challenges identified, the Committee placed emphasis on the improvement of IT governance to align the Company practices with the generally accepted standards, a program that will continue in 2020.

Recommendation of the Annual Financial Statements for approval by the Board

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

The Committee carried out its work as statutorily required. The Committee has considered the JSE's most recent report back on proactive monitoring of financial statements, and where necessary those of previous periods, and taken appropriate action where necessary to respond to the findings as highlighted in the JSE report when preparing the AFS for the year ended 31 December 2019.

Additional focus areas for 2020

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

Mr Victor Thembinkosi Mabuza
Chair

Directors' report

for the year ended 31 December 2019

The Directors have pleasure in presenting the Group AFS and Company AFS for Wesizwe Platinum Limited for the year ended 31 December 2019.

Nature of business

Wesizwe 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 mine at its Bakubung Minerals (Pty) Ltd ("Bakubung") operation also known as Bakubung Platinum Mine ("BPM"), which is owned by Wesizwe, 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 2019 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 13 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 2019, a total of US$637-million has been drawn down. The term of this loan is 15 years from the date of the first drawdown i.e. from January 2014. Capital repayments in "six monthly installments" only commence after 6 years from the date of the first drawdown. The installments commence as relatively small amounts being 0.077% of the outstanding balance at the payment date of the first installment, which increases with every consecutive repayment to a pre-final installment of 8.5% of the outstanding balance at payment date of the second last installment. The final installment will be equal to the balance outstanding on the final payment date. The variable interest rate is determined every six months, in advance, as the then ruling "six month LIBOR rate" plus 3.5%. This project funding facility is exclusively available for the purposes of developing the BPM. The Board is currently considering future funding options; such options will be a function of market conditions closer to the target date and additional funding requirements.

Going concern

The Group's cash resources at the reporting date of R2 127.6-million (2018: R582.5-million) together with the available drawdown facility from the loan funding secured from CDB are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The majority shareholder has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The ability of the Group to continue as a going concern is dependent on the support of the majority shareholder. These conditions indicate that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Covid-19 and lockdown

As a result of Covid-19 and the lockdown announced by the honourable President of South Africa taking effect midnight 26 March, our BPM project was put into care and maintenance for the lockdown period. In line with IAS 10 'Events after the reporting period', forward looking assumptions and values were reassessed. Although Covid-19 is a non-adjusting event, management still undertook the exercise of calculating the recoverable amount of mine assets using updated commodity prices and is pleased to report that the recoverable amount still exceeded the carrying amount and no impairment would be required.

Financial results

Results of the Group for the year

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

The profit before tax for the year under review was R146.4-million (2018: loss of R108.6-million). These results take into account administration expenses amounting to R65.6-million (2018: R20.4-million), finance income amounting to R307.7-million (2018: finance income R29.6-million) and finance expense amounting to R95.7-million (2018: finance expense R115.6-million) as presented in the statement of profit or loss and other comprehensive income.

Directors' report continued

for the year ended 31 December 2019

Results of wholly-owned subsidiary companies

Bakubung made a profit after tax of R151.4-million for the year under review (2018: R74.6-million loss). Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide") made a profit after tax of R6.0-million for the year under review (2018: R1.5-million loss). Vaviscan (Pty) Ltd had no activity for the year under review (2018: R0.04-million loss). Wesizwe Properties (Pty) Ltd ("Wesizwe Properties") made a profit after tax of R0.2-million for the year under review (2018: R0.09-million). Gabonewe Housing Estate (Pty) Ltd ("Gabonewe") has made a profit after tax of R0.08-million for the year under review (2018: R0.2-million).

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 2019 IR.

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 AGM 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 AGM at which they are required to retire and offer themselves up for re-election. The Directors retiring and seeking re-election at the AGM are Mr Lincoln Ngculu and Mr Victor Mabuza.

Directors' remuneration

Refer to the remuneration report on note 25.2 of the AFS.

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 any other 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 AGM that was held on 3 May 2019 effective until the next AGM, which will be held on 10 July 2020.

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 10 July 2020 together with a shareholder proxy form, and the notes explaining the various resolutions to be considered at that meeting is enclosed with the 2019 IR.

Dawn Mokhobo
Chair

on behalf of the Board of Directors

28 April 2019

Independent auditor's report

for the year ended 31 December 2019

To the Shareholders of Wesizwe Platinum Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Wesizwe Platinum Limited set out on pages 10 to 55, which comprise the Group and Company statements of financial position as at 31 December 2019, and the Group and Company statements of profit or loss and other comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and notes to the Group and Company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Wesizwe Platinum Limited ("the Company") and its subsidiaries (together "the Group") as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 26 in the consolidated and separate financial statements, which indicates the Group's cash resources at the reporting date amounting to R2 127.6-million (2018: R582.5-million) together with the available drawdown facility from the loan funding secured from CDB are not sufficient, based on current budgets, to conduct operations and complete the development of the Bakubung Mine Project. As stated in Note 26, these events or conditions, along with other matters as set forth in Note 26, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

Impairment of mine development assets

Refer to note 1(g) (i), 2.3 and 4 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
Included in Property, plant and equipment is mine development assets amounting to R6 492-million, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd. These assets relate to the Bakubung Platinum Mine (BPM) project which was still under construction at reporting date, and management applied significant judgement in determining whether these assets are impaired. Management uses a discounted cash flow model to determine the recoverable amounts, which is complex and certain key inputs, specifically commodity price and foreign exchange rate forecasts are subject to volatility. Due to the significant judgment applied by management, the valuation of the mine development assets is considered a key audit matter.	Our audit procedures included, 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. Critically evaluating the cash flows used in the discounted cash flow model by focusing on changes since the previous reporting period to corroborate key capital investments and operational construction costs with reference to the project plan approved by the Directors of the Company. Test reasonability of the discount rate applied by the Group in the finance model. Critically evaluated key inputs used in the model for reasonableness by reference to external data including a basket of third-party commodity price and foreign exchange rate forecasts. We evaluated whether the Group's disclosures around the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the mine development assets.

Valuation of investment in subsidiaries and loans and receivables from subsidiaries

Refer to note 2.5, 6 and 24.6 of 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 99% of the Company's total assets as at 31 December 2019. 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 assessed the reasonability of the Expected Credit Losses assessment methodology and calculation with the assistance of our expert and recalculated the impairment loss. We evaluated the appropriateness of the Company's disclosures to achieve fair presentation in this regard.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Wesizwe Platinum Limited Annual Financial Statements", for the year ended 31 December 2019, which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the administrative information set-out on page 56 and in the document titled "Wesizwe Platinum Limited Integrated Report 2019". The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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; and
- 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.

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.

Independent auditor's report continued

for the year ended 31 December 2019

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 for 2 years.

Herman Leach
Director

Registered Auditor

30 April 2020

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

Statements of financial position

as at 31 December 2019

	Notes	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**9 946 189**	8 858 102	**4 612**	4 792
Other financial assets	5	**17 222**	9 191	**–**	–
Investment in subsidiaries	6	**–**	–	**9 802**	9 802
Intangible assets	7	**570**	1 139	**–**	–
Restricted cash	8	**–**	44 828	**–**	–
Loans receivable from subsidiaries	6	**–**	–	**10 121 268**	7 357 019
Total non-current assets		**9 963 981**	8 913 260	**10 135 682**	7 371 613
Current assets					
Other receivables	10	**179 836**	72 817	**4 888**	2 666
Inventories	11	**120 796**	14 872	**–**	–
Taxation	17	**–**	280	**–**	344
Loans receivable from subsidiaries	6	**–**	–	**227 176**	828 141
Restricted cash	8	**81 028**	36 200	**27 000**	27 000
Cash and cash equivalents	12	**2 127 557**	582 468	**842 697**	429 234
Total current assets		**2 509 217**	706 637	**1 101 761**	1 287 385
Total assets		**12 473 198**	9 619 897	**11 237 443**	8 658 998
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Market to market reserves		**6 232**	–	**–**	
Accumulated loss		**(403 645)**	(500 448)	**(993 729)**	(967 435)
Total equity		**3 028 131**	2 925 096	**2 431 815**	2 458 109
Non-current liabilities					
Deferred tax liability	9	**390 081**	359 939	**–**	–
Interest-bearing borrowings	14	**8 776 645**	6 193 998	**8 776 645**	6 193 998
Lease liability	3	**7 664**	–	**–**	–
Mine closure and environmental rehabilitation obligation	15	**47 361**	40 472	**–**	–
Cash-settled share-based payment liability	29	**6 037**	3 184	**6 037**	3 184
Total non-current liabilities		**9 227 788**	6 597 593	**8 782 682**	6 197 182
Current liabilities					
Interest-bearing borrowings	14	**14 054**	–	**14 054**	–
Lease liability	3	**7**	–	**–**	–
Trade and other payables	16	**182 807**	97 208	**7 884**	3 314
Loans payable to subsidiaries	6	**–**	–	**1 008**	393
Taxation	17	**20 411**	–	**–**	–
Total current liabilities		**217 279**	97 208	**22 946**	3 707
Total liabilities		**9 445 067**	6 694 801	**8 805 628**	6 200 889
Total equity and liabilities		**12 473 198**	9 619 897	**11 237 443**	8 658 998

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Notes	GROUP 2019 R'000	GROUP 2018 Re-presented* R'000	COMPANY 2019 R'000	COMPANY 2018 Re-presented* R'000
Operations					
Revenue	18	**–**	–	**31 269**	36 611
Administration expenses	19	**(65 638)**	(20 359)	**(67 485)**	(56 494)
		(65 638)	(20 359)	**(36 216)**	(19 883)
Loss on disposal of financial asset	5	**–**	(2 234)	**–**	–
Net operating costs		**(65 638)**	(22 593)	**(36 216)**	(19 883)
Finance income and expenses					
Finance income	20	**307 677**	29 618	**504 509**	1 119 792
Finance expense	20	**(95 664)**	(115 578)	**(493 705)**	(1 111 842)
Net finance income/(expense)		**212 013**	(85 960)	**10 804**	7 950
Profit/(loss) before tax		**146 375**	(108 553)	**(25 412)**	(11 933)
Income tax (expense)/income	17	**(49 572)**	19 865	**(882)**	–
Profit/(loss) for the year		**96 803**	(88 688)	**(26 294)**	(11 933)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain on fair value movements of equity instrument at FVOCI	5	**8 031**	861	**–**	–
Income tax relating to fair value movements of equity instrument	17	**(1 799)**	–	**–**	–
Total other comprehensive income		**6 232**	861	**–**	–
Total comprehensive income/(loss) for the year		**103 035**	(87 827)	**(26 294)**	(11 933)
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share (cents)	21	**6.33**	(5.40)		

** Refer to note 30*

Statements of changes in equity

for the year ended 31 December 2019

GROUP	Stated capital R'000	Reserves R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2018	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
Profit for the year	**–**	**–**	**96 803**	**96 803**
Other comprehensive income		**6 232**	**–**	**6 232**
Total comprehensive income for the year	**–**	**6 232**	**96 803**	**103 035**
Balance at 31 December 2019	**3 425 544**	**6 232**	**(403 645)**	**3 028 131**

COMPANY	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2018	3 425 544	(955 501)	2 470 043
Total comprehensive loss for the year	–	(11 933)	(11 934)
	–	(11 933)	(11 934)
Balance at 31 December 2018	3 425 544	(967 435)	2 458 109
Total comprehensive loss for the year	**–**	**(26 294)**	**(26 294)**
	–	**(26 294)**	**(26 294)**
Balance at 31 December 2019	**3 425 544**	**(993 729)**	**2 431 815**

Statements of cash flows

for the year ended 31 December 2019

	Notes	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Cash flows from operating activities					
Cash from operating activities		**(180 533)**	(51 312)	**398 142**	(115 373)
Cash (utilised)/generated from operations	22	**(180 533)**	(51 312)	**398 142**	(115 373)
Finance income received		**15 874**	19 636	**16 597**	15 059
Finance cost paid		**(1 474)**	–	**(482 716)**	(341 272)
Taxation paid	17	**(538)**	(53)	**(538)**	(53)
Cash utilised in operating activities		**(166 671)**	(31 729)	**(68 515)**	(441 639)
Cash flows from investing activities					
Acquisition of property, plant and equipment	22	**(1 103 842)**	(767 748)	**(32)**	–
Loans advanced to group companies		**–**	–	**(2 411 131)**	(242 930)
Proceeds from repayment of loans from group companies		**–**	–	**77 534**	299
Restricted cash increased		**–**	(8 184)	**–**	–
Net cash outflow from investing activities		**(1 103 842)**	(775 932)	**(2 333 629)**	(242 631)
Cash flows from financing activities					
Interest-bearing borrowings raised	14	**2 815 607**	1 001 959	**2 815 607**	1 001 959
Repayment of lease liability		**(5)**	–	**–**	–
Net cash inflow from financing activities		**2 815 602**	1 001 959	**2 815 607**	1 001 959
Net increase in cash and cash equivalents		**1 545 089**	194 298	**413 463**	317 689
Cash at beginning of year		**582 468**	388 170	**429 234**	111 545
Cash and cash equivalents		**2 127 557**	582 468	**842 697**	429 234

Notes to the financial statements

for the year ended 31 December 2019

1. Accounting policies

Reporting entity

Wesizwe is a company domiciled in the Republic of South Africa. The Group AFS on 31 December 2019 comprise the Company and its subsidiaries (together referred to as "the Group"). The ordinary shares of the Company are listed on the JSE. Wesizwe, through its wholly-owned subsidiary Bakubung, is engaged in the development of its mine, located on the western limb of the Bushveld complex.

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2020.

Basis of preparation of financial results

Statement of compliance

The Group AFS and Company AFS are prepared in accordance with 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 as well as the JSE Listings Requirements.

Going concern

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

Basis of measurement

The Group AFS and Company AFS for the year ended 31 December 2019 have been prepared on the historical cost basis except financial assets recognised at fair value through other comprehensive income 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. Unless specified otherwise, all information presented in ZAR has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in terms of IFRS requires management to use estimates and assumptions that may materially affect the reported amounts of assets and liabilities, as well as income and expenses. These estimates and judgments 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 judgments 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

The Group AFS consolidate those of the parent company and all of its subsidiaries as at 31 December 2019. All subsidiaries have a reporting date of 31 December.

(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 AFS from the date on which control commences until the date on which control ceases.

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

(ii) Transactions eliminated on consolidation

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

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.

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

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%
Right-of-use assets	Period of the lease
Technical equipment	20.00%
Land	Not depreciated
Buildings	4.00%
Mine development assets*	Unit of production
Mining rights*	Unit of production
Plant and Equipment*	Unit of production

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

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

No significant components have been identified for the asset categories above. Gain 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 has 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 estimated 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

(i) Recognition and derecognition

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

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

(ii) Classification

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

- those to be measured subsequently at fair value through other comprehensive income ("FVOCI"),
- those to be measured subsequently at fair value through profit or loss ("FVPL"), and
- those to be measured at amortised 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 financial asset that is measured at fair value. The instrument is not held for trading and the Group has elected to irrevocably designate at FVOCI. Refer to note 5. All other financial assets are measured at amortised cost.

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

(iii) 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 the 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 a separate line item in the statements of profit or loss and other comprehensive income. Refer to note 24.1 for assets measured at amortised cost.

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.

1. Accounting policies continued

Basis of preparation of financial results continued

Significant accounting policies continued

f. ***Financial instruments*** continued

(iv) Impairment of financial intruments

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

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

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

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(v) 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.

g. ***Impairment non-financial assets***

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

(i) Property, plant and equipment

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

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

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

1. Accounting policies continued

Basis of preparation of financial results continued

Significant accounting policies continued

h. Provisions

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

(i) Mine closure and environmental rehabilitation obligation

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

Provision is made for the present value of the decommissioning and environmental cost at the end of the mine's life. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in 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.

i. 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. In providing for deferred taxation, the Group takes into account any unredeemed capital expenditure on the development of the mine. The unredeemed capital expenditure may be set-off against future taxable income and treatment permissible per the Income tax Act.

j. Revenue

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' ("IFRS 15") replaces 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. When the Group starts generating revenue, to determine whether to recognise revenue, the Group will follow a 5-step process as follows:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

1. Accounting policies continued

Basis of preparation of financial results continued

Significant accounting policies continued

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 primarily of salaries of shared personnel charged to the companies based on percentages depending on the staff member applicable. The performance obligations are therefore the services rendered by the employee and revenue is recognised over time. The main customer is Bakubung Minerals (Pty) Ltd.

k. Finance income

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

l. 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.

m. Inventory

Inventory comprises of metal inventories and stores and materials.

(i) Metal inventories

Costs incurred in the production process are appropriately accumulated as stockpiles. The average cost of normal production includes total costs incurred on mining.

(ii) Stores and materials

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

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 borrowing with identical terms in the subsidiaries' functional currency (the local market-related rate had the loan been issued locally).

o. Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The Group has adopted IFRS 16 using the simplified approach on 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening balance of the statement of financial position on 1 January 2019.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as a lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of the initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

1. Accounting policies continued
Basis of preparation of financial results continued
Significant accounting policies continued

o. *Leases* continued

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

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

(i) Measurement and recognition of leases as a lessee

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

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

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

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

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

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

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

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

On the statements of cash flows the principal and interest portion of the lease payments are presented as Repayment of the lease liability and Finance cost paid respectively.

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.

1. Accounting policies continued

Basis of preparation of financial results continued

Significant accounting policies continued

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 the 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 the settlement date based on the fair value of the DBP. Any changes in the liability are recognised in profit or loss.

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 2019

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 16 *Leases* – effective date: 1 January 2019

The amendments relate to the classification and measurement of leases by incorporating a single lease accounting model with long-term 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 on the financial results or disclosures to the Group. The Company has a non-material lease for the property with one of its subsidiaries which has not been brought on to the balance sheet as it is short term. There will also be additional disclosure requirements to comply with on adoption of the standard. The Group has applied the standard using the simplified approach, as permitted under the specific transitional provisions in the standard with the cumulative effect of the initial application recognised at the date of the 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 did not have a material impact on 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 of how the tax arises.

The standard did not 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 did not have a material impact on the Group's financial statements.

IFRS 3 *Business Combinations* – Annual Improvements 2015 – 2017 cycle – effective date: 1 January 2019

Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.

The standard did not have a material impact on the Group's financial statements.

1. Accounting policies continued

New standards and amendments and interpretations under IFRS continued

IAS 19 *Employee Benefits* – effective date: 1 January 2019

The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

The standard did not have a material impact on the Group's financial statements.

Impact of standards not yet adopted

Effective for the financial year commencing on or after 1 January 2020

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

IFRS 10 *Consolidated Financial Statements* – effective date: Deferred until further notice

Sale or contribution of assets between an investor and it's associate or joint venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

Amendments to references to Conceptual Framework – effective date: 1 January 2020

The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements.

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 in economic extraction. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated. Such changes in reserves could impact 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 judgments relating to the future. These estimates are based on engineering studies of the work that is required by current environmental legislation. These estimates include the rate at which costs may inflate, the life of mine estimates and discount rates. Refer to note 15.

2. Judgements by Directors and Management continued

2.3 Review of asset carrying values and impairment

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

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

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

In determining the future cash flows, management reviewed all the key variables and sources of estimation and has taken into account the "CHANGES IN MINE OPERATIONAL PLAN" SENS announcement which states that *"the Board of the Company resolved to change the current mine plan to implement a new plan which will entail the development of a 1mtpa (one-million tons per annum) mine with an equivalent 1mtpa Processing plant (MF2) to treat the ore. The smaller mine will be operated for a period of 5 years from 2021 until 2026. Thereafter and subject to market conditions the Board hopes it will be able to approve a plan to scale up the mine back to the base case 3mtpa operation"*. The key variables and sources of estimation 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 the general economic outlook and specifically South African interest, exchange and inflation rates.

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

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

The following economic parameters were assumed for Bakubung:

	2019	2018
US$ exchange rate (ZAR) up to 2021/2025	**14.73 – 14.96**	14.43 – 15.78
US$ exchange rate (ZAR) long-term	**14.99**	16.48
Pt price (US$/oz) up to 2021/2025	**962 – 1 009**	999 – 1 075
Pt price (US$/oz) long-term	**1 071**	1 125
Pd price (US$/oz) up to 2021/2025	**1 219 – 1 734**	1 030 – 1 159
Pd price (US$/oz) long-term	**1 414**	1 084
Rh price (US$/oz) up to 2021/2025	**4 115 – 4 365**	2 372 – 3 234
Rh price (US$/oz) long-term	**6 626**	2 384
Au price (US$/oz) up to 2021/2025	**1 308 – 1 476**	1 211 – 1 273
Au price (US$/oz) long-term	**1 300**	1 242
Weighted Average Cost of Capital (%) (Real)	**10.84**	10.17

If all assumptions remain unchanged, a 10% decrease in the basket price of commodities would result in an impairment loss of approximately R2.3-billion.

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 R2.3-billion.

If all assumptions remain unchanged, a 10% increase in the weighted average cost of capital would result in an impairment loss approximately R1.1-billion.

2. Judgements by Directors and Management continued

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 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 18.26%. The appropriate long-term risk-free rate is currently 8.25%. Consequently, the risk premium is 10.01%. Based on the foregoing, management concluded that the rate of prime plus 10.01% 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 the risk of default and expected loss rates. The Company uses judgment 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 judgment 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.

3. IFRS 16 adoption

The Group has adopted IFRS 16 Leases with effect from 1 January 2019. A number of other new standards are effective from 1 January 2019, but they do not have a material effect on the Group's AFS.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2019:

	Carrying amount at 31 December 2018 R'000	Remeasure-ment R'000	IFRS 16 carrying amount at 1 January 2019 R'000
Property, plant and equipment	**8 858 102**	**8 028**	**8 866 130**
Lease liabilities	**–**	**(7 676)**	**(7 676)**
Prepayment	**49 682**	**(352)**	**49 330**
Total	**8 907 784**	**–**	**8 907 784**

- On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 19.18%.
- The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

GROUP	R'000
Operating lease commitments disclosed at 31 December 2018	**–**
Add: adjustments as a result of a different treatment of extension and termination options (undiscounted)	**103 885**
Operating lease liabilities before discounting	**103 885**
Discounted using the incremental borrowing rate at 1 January 2019	**(96 209)**
Total lease liability recognised under IFRS 16 as at 1 January 2019	**7 676**

Lease liabilities are presented in the statement of financial position are as follows:

GROUP	2019 R'000
Non-current	**7 664**
Current	**7**
	7 671

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

GROUP 2019	Total R'000	Within 1 year R'000	1 – 2 years R'000	2 – 3 years R'000	3 – 4 years R'000	4 – 5 years R'000	More than 5 years R'000
Lease payments	**44 731**	**1 479**	**1 479**	**1 479**	**1 479**	**1 479**	**37 336**
Finance charges	**(37 060)**	**(1 472)**	**(1 470)**	**(1 469)**	**(1 467)**	**(1 464)**	**(29 718)**
	7 671	**7**	**9**	**10**	**12**	**15**	**7 618**

3. IFRS 16 adoption continued

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	Number of right-of-use assets	Remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to index	Number of leases with termination options
Mine Surface	1	30 years	0	0	1	1

The Mine Surface lease is a lease of land on which the mine is situated and where the mining and processing activities take place.

Due to the improvement of the formula with regards to the incremental borrowing rate, the lease liability disclosed at interim has reduced from R16.6-million to R7.7-million.

4. Property, plant and equipment

GROUP 2019 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	57 836	190	–	58 026
Vehicles	5 453	–	–	5 453
Computer equipment	16 529	417	–	16 946
Furniture and fittings	3 824	–	–	3 824
Office equipment	2 077	–	–	2 077
Other office fittings	11 758	213	–	11 971
Technical equipment	6 711	4 836	–	11 547
Plant and equipment	2 194 231	10 211	–	2 204 442
Mine development assets	5 423 094	1 069 234	–	6 492 328
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	122 418	3 099	–	125 517
Right-of-use asset	–	8 028	–	8 028
Total	8 901 660	1 096 228	–	9 997 888

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	8 415	1 591	–	10 006
Vehicles	4 514	618	–	5 132
Computer equipment	13 968	1 852	–	15 820
Furniture and fittings	3 452	126	–	3 578
Office equipment	1 818	214	–	2 032
Other office fittings	8 105	1 967	–	10 072
Technical equipment	3 286	1 514	–	4 800
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Mining rights	–	–	–	–
Buildings under construction	–	–		–
Right-of-use asset	–	259	–	259
Total	43 558	8 141	–	51 699

4. Property, plant and equipment continued

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	49 421	190	(1 591)	48 020
Vehicles	939	–	(618)	321
Computer equipment	2 561	417	(1 852)	1 126
Furniture and fittings	372	–	(126)	246
Office equipment	259	–	(214)	45
Other office fittings	3 653	213	(1 967)	1 899
Technical equipment	3 425	4 836	(1 514)	6 747
Plant and equipment	2 194 231	10 211	–	2 204 442
Mine development assets	5 423 094	1 069 234	–	6 492 328
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	122 418	3 099	–	125 517
Right-of-use asset	–	8 028	(259)	7 769
Total	**8 858 102**	**1 096 228**	**(8 141)**	**9 946 189**

All property, plant, and equipment are owned by Group entities. The Group holds the 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 have 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 loan has been calculated at 5.25% (2018: 20.63%) 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 2019 have been capitalised to the cost of the asset. R402.8-million interest was capitalised during 2019 (2018: R999.5-million) which is included in additions to the mine development assets.

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

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

GROUP	2019 R'000
Mine surface	7 769
Total	**7 769**

Notes to the financial statements continued

for the year ended 31 December 2019

4. Property, plant and equipment continued

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	6 043	668	–	6 711
Plant and equipment	2 139 421	54 810	–	2 194 231
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	2 132	1 154	–	3 286
Plant and equipment	–	–	–	–
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	3 911	668	(1 154)	3 425
Plant and equipment	2 139 421	54 810	–	2 194 231
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

4. Property, plant and equipment continued

COMPANY 2019 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	32	–	1 538
Furniture and fittings	1 533	–	–	1 533
Office equipment	401	–	–	401
Other office fittings	548	–	–	548
Total	10 856	32	–	10 888

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	2 078	208	–	2 286
Computer equipment	1 506	4	–	1 510
Furniture and fittings	1 533	–	–	1 533
Office equipment	399	–	–	399
Other office fittings	548	–	–	548
Total	6 064	212	–	6 276

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	4 790	–	(208)	4 582
Computer equipment	–	32	(4)	28
Furniture and fittings	–	–	–	–
Office equipment	2	–	–	2
Other office fittings	–	–	–	–
Total	4 792	32	(212)	4 612

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

COMPANY 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

4. Property, plant and equipment continued

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation 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

5. Other financial assets

	GROUP		COMPANY	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Unlisted equity securities:				
Opening balance	**–**	10 564	**–**	–
Disposal of financial asset	**–**	(8 330)	**–**	–
Loss on disposal of financial asset	**–**	(2 234)	**–**	–
Closing balance	**–**	–	**–**	–
Listed equity securities*:				
Opening balance	**9 191**	–	**–**	–
Acquisition of financial asset	**–**	8 330	**–**	–
Gain on fair value adjustments	**8 031**	861	**–**	–
Closing balance	**17 222**	9 191	**–**	–

* *RBPlats and Platinum Group Metals South Africa (Pty) Ltd 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, 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 had disputed the validity of the transaction concluded and commenced with a processes for litigious relief in 2018. This process was still ongoing in the 2019 financial year.*

Investment in equity is measured at fair value in the statements of financial position. Fair values of the listed shares have been calculated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. The shares in Royal Bafokeng Platinum Limited ("RBPlats") are listed on the JSE, and the Group is satisfied that there is an active market, the transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Refer to note 24.4.

Investment in equities during the year was designated at FVOCI as management deemed this the method to be most consistent with the treatment of such securities in previous years.

6. Investment in subsidiaries

	Percentage shareholding	Subsidiary issued capital 2019
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**

** *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.*

6. Investment in subsidiaries continued

	COMPANY 2019 R'000	2018 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^	**–**	–
Sub total	**9 802**	9 802
Shareholder loans:		
Non-current		
Bakubung Minerals (Pty) Ltd*	**1 913 040**	1 913 040
Bakubung Minerals (Pty) Ltd@	**8 047 720**	5 290 091
Wesizwe Properties (Pty) Ltd*	**25 581**	24 190
Gabonewe Housing Estate (Pty) Ltd*	**124 014**	119 001
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*	**10 913**	10 697
	10 121 268	7 357 019
Current		
Bakubung Minerals (Pty) Ltd#	**226 820**	827 839
Gabonewe Housing Estate (Pty) Ltd#	**227**	227
Wesizwe Properties (Pty) Ltd#	**129**	75
	227 176	828 141
Sub total	**10 348 444**	8 185 160
Loans payable to subsidiaries:		
Wesizwe Properties (Pty) Ltd#	**(1 008)**	(393)
Sub total	**(1 008)**	(393)
Total	**10 357 238**	8 194 569

* *Shareholder loans are payable on demand, subject to the subordination referred to herein, and bear no interest. These loans have been subordinated in favour of external creditors. Wesizwe has no intention to recall the loans to subsidiaries within the next 12 months.*

^ *Wesizwe Platinum Limited holds a R1 investment in each of Wesizwe Properties (Pty) Ltd and Gabonewe Housing Estate (Pty) Ltd and holds a R121 investment in Africa Wide Mineral Prospecting and Exploration (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 14.*

\# *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 companies exceed their liabilities.

7. Intangible assets

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	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	**(7 381)**	(6 811)	**–**	–
Amortisation	**(569)**	(570)	**–**	–
Closing balance	**(7 950)**	(7 381)	**–**	–
Carrying amount	**570**	1 139	**–**	–

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

8. Restricted cash

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Non-current				
Eskom – connection guarantees	**–**	44 828	**–**	–
Total non-current	**–**	44 828	**–**	–
Current				
Eskom – connection guarantees	**44 828**	–	**–**	–
Department of Mineral Resources and Energy – rehabilitation obligation	**36 200**	36 200	**27 000**	27 000
Total current	**81 028**	36 200	**27 000**	27 000
Total restricted cash	**81 028**	81 028	**27 000**	27 000

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

9. Deferred taxation

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Deferred taxation liability				
Opening balance	**359 939**	379 867	**–**	–
Current year charges	**30 142**	(19 928)	**–**	–
Property, plant and equipment	**264 407**	401 169	**–**	–
Other financial assets	**1 799**	–	**–**	–
Prepayment	**40 590**	–	**–**	–
Unredeemed mining capex	**(274 654)**	(426 198)	**–**	–
IFRS 16 adjustments	**(71)**	–	**–**	–
Provisions	**(1 929)**	5 101	**–**	–
Closing balance	**390 081**	359 939	**–**	–
Deferred tax assets and liabilities are attributable to the following items:				
Deferred tax liabilities				
Recognised in profit or loss:				
Property, plant and equipment	**2 417 734**	2 153 327	**–**	–
Prepayment	**40 590**	–	**–**	–
Recognised directly in equity:				
Other financial assets	**1 799**	–	**–**	–
Acquisition of mineral rights in Bakubung	**285 251**	285 251	**–**	–
	2 745 374	2 438 578	**–**	–
Deferred tax assets				
Recognised in profit or loss:				
Unredeemed exploration expenditure	**(1 191)**	(1 191)	**–**	–
IFRS 16 adjustments	**(71)**	–	**–**	–
Unredeemed mining capex	**(2 340 770)**	(2 066 116)	**–**	–
Provisions	**(13 261)**	(11 332)	**–**	–
	(2 355 293)	(2 078 639)	**–**	–
Total	**390 081**	359 939	**–**	–
Unrecognised deferred tax asset				
Provisions	**–**	–	**(2 844)**	(1 716)
Closing balance	**–**	–	**(2 844)**	(1 716)

The Company has a deferred tax asset of R2.8-million (2018: R1.7-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 deductible temporary difference can be utilised.

10. Other receivables

Value Added Tax receivable	**31 963**	21 704	**3 440**	1 491
Other receivables	**2 934**	1 431	**1 120**	1 175
Prepayments	**144 939**	49 682	**328**	–
Total	**179 836**	72 817	**4 888**	2 666

11. Inventories

	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Metal inventories	**86 166**	–	**–**	–
Stores and materials	**34 630**	14 872	**–**	–
Total	**120 796**	14 872	**–**	–

12. Cash and cash equivalents

	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Bank balances	**29 146**	15 076	**7 633**	6 233
Call and short-term deposits	**2 098 245**	566 878	**835 063**	422 890
	2 127 391	581 954	**842 696**	429 123
Interest accrued	**166**	514	**1**	111
Total	**2 127 557**	582 468	**842 697**	429 234

13. Stated capital

	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Authorised				
2 000 000 000 no par value shares				
(2018: 2 000 000 000 no par value shares)				
Issued				
1 627 827 058 no par value shares				
(2018: 1 627 827 058 no par value shares)	**3 425 544**	3 425 544	**3 425 544**	3 425 544

14. Interest-bearing borrowings

	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Opening balance	**6 193 998**	4 426 426	**6 193 998**	4 426 426
China Development Bank – drawdown	**2 815 607**	1 001 959	**2 815 607**	1 001 959
Interest accrued	**475 218**	298 486	**475 218**	298 486
China Development Bank – interest repayment	**(482 716)**	(343 905)	**(482 716)**	(343 905)
Realised foreign exchange (gain)/loss	**(43 926)**	24 734	**(43 926)**	24 734
Unrealised foreign exchange (gain)/loss	**(167 482)**	786 298	**(167 482)**	786 298
Closing balance	**8 790 699**	6 193 998	**8 790 699**	6 193 998
Non-current	**8 776 645**	6 193 998	**8 776 645**	6 193 998
Current	**14 054**	–	**14 054**	–
Closing Balance	**8 790 699**	6 193 998	**8 790 699**	6 193 998

The Group has a secured US$637-million loan (2018: US$441.7-million) with a carrying amount of R8 791-million at 31 December 2019 (2018: R6 194-million). Refer to note 4 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 at the six month LIBOR rate plus 3.5%. The term of the loan is 15 years and no capital repayments are due during the first six years. Repayments in semi-annual instalments over the last nine years of the facility commence at an amount equal to 0.077% of the outstanding balance at the end of the sixth year, after which each instalment increases until the second last payment amounting 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 are included in the effective interest rate calculation. Instalment payments are scheduled to start in 2020.

15. Mine closure and environmental rehabilitation obligation

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Opening balance	**40 472**	58 691	**–**	–
Obligation recognised/(reduced)	**3 255**	(21 530)	**–**	–
Charged to interest expenses	**3 634**	3 311	**–**	–
Closing balance	**47 361**	40 472	**–**	–

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

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

As required by the Department of Mineral Resources and Energy, a deposit of R36.2-million (2018: R36.2-million) is held with a financial institution. Refer note 8. This investment has been ceded as security in favour of the guarantees which the bank issued on behalf of the Group. The guarantees have been provided to the Department of Mineral Resources and Energy for the mine closure and environmental rehabilitation.

The discount rate regarded as an appropriate long-term risk-free rate is 8.25% (2018: 8.98%) and the appropriate escalation rate is 4.81% (2018: 5.45%). The current cost rehabilitation estimate is R128.9-million (2018: R116.1-million).

16. Trade and other payables

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Trade payables	**111 394**	35 771	**3 116**	1 302
Capital expenditure payables	**37 374**	48 243	**–**	–
Leave pay accrual	**10 171**	7 945	**3 593**	2 308
Bonus accrual	**19 443**	–	**7 745**	–
Value Added Tax payable	**272**	–	**27**	–
Salary accrual	**4 153**	5 249	**(6 597)**	(296)
Total	**182 807**	97 208	**7 884**	3 314

17. Income tax (expense)/income

South African company tax	**(21 229)**	(63)	**(882)**	–
Current year	**(21 229)**	(63)	**(882)**	–
Deferred tax	**(28 343)**	19 928	**–**	–
Temporary differences	**(28 343)**	19 928	**–**	–
Total	**(49 572)**	19 865	**(882)**	–
Current year – deferred taxation	**(1 799)**	–	**–**	–
Reclassified to profit and loss	**–**	–	**–**	–
Tax on other comprehensive income	**(1 799)**	–	**–**	–

The Group has unredeemed capital expenditure of R8 355.8-million (2018: R7 379.0-million) and unredeemed exploration expenditure of R4.3-million (2018: R4.3-million) for the year ended 31 December 2019. The unredeemed capital expenditure may be set-off against future taxable income.

17. Income tax (expense)/income continued

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	%	%	**%**	%
Reconciliation of effective tax rate				
Standard tax rate	**28.0**	28.0	**28.0**	28.0
Disallowed Overseas travel	**(0.2)**	(0.3)	**1.1**	(3.2)
Disallowed legal expenses	**(0.5)**	(0.2)	**2.8**	(1.9)
Disallowed consulting fees	**(0.2)**	(1.1)	**4.4**	(2.3)
Disallowed penalties	**0.1**	–	**0.1**	–
Disallowed sponsor fees	**(0.1)**	(0.1)	**0.5**	(0.9)
Disallowed Interest	**0.7**	(0.9)	**–**	–
Deferred tax asset not raised	**(14.9)**	(25.5)	**(41.5)**	(19.7)
Deferred tax asset utilised	**20.4**	18.4	**4.6**	–
Under provision in prior years	**0.6**	–	**3.5**	–
Effective rate	**33.9**	18.3	**3.5**	–
Taxation				
Balances receivable at the beginning of the year	**(280)**	(293)	**(344)**	(291)
Profit or (loss) charge	**21 229**	66	**882**	–
Taxation paid	**(538)**	(53)	**(538)**	(53)
Balance payable/(receivable) at the end of year	**20 411**	(280)	**–**	(344)

18. Revenue

Revenue comprises of:				
Management fees	**–**	–	**31 269**	36 611
Total	**–**	–	**31 269**	36 611

19. Administration expenses

	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Administration expenses include:				
Internal and external auditors' remuneration	**2 827**	2 823	**2 827**	1 897
Depreciation	**8 141**	8 289	**212**	210
Amortisation	**569**	570	**–**	–
Directors fees – short term benefits	**12 626**	10 997	**12 563**	10 997
Deferred bonus plan expenses	**2 853**	(439)	**2 853**	(439)
Employee costs – short term benefits	**160 381**	136 722	**36 555**	35 917
Operating lease – buildings	**243**	351	**587**	724
Operating lease – equipment	**11 695**	4 070	**–**	–
Legal fees	**2 865**	1 907	**2 583**	1 681
Statutory publications, corporate identity, and investor relations	**1 947**	1 147	**1 319**	833
Travel and accommodation	**2 129**	2 147	**1 945**	1 809
Technical consulting fees	**86 451**	19 856	**5 014**	1 945
Security costs	**10 291**	11 961	**–**	–
Electricity and water	**35 474**	35 881	**–**	–
Communication costs	**2 023**	2 184	**39**	26
Municipal rates and services	**337**	295	**–**	–
Licence fees	**3 717**	2 461	**–**	–
Maintenance expenditure	**27 392**	9 440	**81**	–
Stock write off	**22 029**	–	**–**	–
Other administration expenses	**46 814**	11 636	**907**	894
Project expenses capitalised	**(375 166)**	(241 939)	**–**	–
Total	**65 638**	20 359	**67 485**	56 494

20. Finance income and finance expense

	GROUP		COMPANY	
	2019	2018 Re-presented**	**2019**	2018 Re-presented**
	R'000	R'000	**R'000**	R'000
Finance income from financial assets measured at amortised cost:				
Finance income from subsidiaries	**–**	–	**268 473**	1 102 488
Finance income from financial institutions				
Interest earned on cash balances	**87 963**	26 859	**16 487**	14 948
Interest accrued on cash balances	**166**	514	**1**	111
Total	**88 129**	27 373	**16 488**	15 059
Foreign exchange gains				
Realised gain on conversion of loan denominated in foreign currency	**43 926**	–	**43 926**	–
Realised gain on payment of interest accruals denominated in foreign currency	**8 139**	2 245	**8 139**	2 245
Unrealised gain on conversion of interest accruals denominated in foreign currency	**308**	–	**308**	–
Unrealised gain on conversion of loan denominated in foreign currency	**167 175**	–	**167 175**	–
Total	**219 548**	2 245	**219 548**	2 245
Total finance income	**307 677**	29 618	**504 509**	1 119 792
Finance expense				
Finance expense for borrowings at amortised cost	**(475 218)**	(298 486)	**(475 218)**	(298 486)
Finance costs other	**(3)**	(32)	**–**	(30)
Lease liability finance costs	**(1 104)**	–	**–**	–
Time value of money adjustment to rehabilitation obligation	**(3 634)**	(3 311)	**–**	–
Total	**(479 959)**	(301 829)	**(475 218)**	(298 516)
Foreign exchange losses				
Realised loss on conversion of loan denominated in foreign currency	**–**	(26 979)	**–**	(27 028)
Unrealised loss on conversion of bank account denominated in foreign currency	**(18 487)**	–	**(18 487)**	–
Unrealised loss on conversion of interest accruals denominated in foreign currency	**–**	(418)	**–**	(418)
Unrealised loss on conversion of loan denominated in foreign currency	**–**	(785 880)	**–**	(785 880)
Total	**(18 487)**	(813 277)	**(18 487)**	(813 326)
Finance costs capitalised*				
Interest income	**(72 436)**	(7 706)	**–**	–
Interest expense	**475 218**	298 486	**–**	–
Net foreign exchange losses	**–**	708 748	**–**	–
Net finance costs capitalised	**402 782**	999 528	**–**	–
Total finance expense	**(95 664)**	(115 578)	**(493 705)**	(1 111 842)

* *Net finance costs capitalised are those directly related to the loan in note 14 – Interest-bearing borrowings.*
** *Refer to note 30.*

21. Earnings/(loss) per share

	GROUP 2019	GROUP 2018
The basis of calculation of basic earnings/(loss) per share is:		
Attributable earnings/(loss) to ordinary shareholders (Rand)	**103 034 868**	(87 826 703)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Basic earnings/(loss) per share (cents)	**6.33**	(5.40)
The basis of calculation of diluted earnings/(loss) per share is:		
Attributable earnings/(loss) to ordinary shareholders (Rand)	**103 034 868**	(87 826 703)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted earnings/(loss) per share (cents)	**6.33**	(5.40)

	GROUP			
	2019		2018	
	Gross	**Net**	Gross	Net
The basis of calculation of headline earnings/(loss) and diluted headline earnings/(loss) per share is:				
Earnings/(loss) attributable to ordinary shareholders (Rand)		**103 034 868**		(87 826 703)
Adjustment for:		**(6 232 444)**		1 372 861
Loss on disposal of financial asset	**–**	**–**	2 233 627	2 233 627
Gain on adjustment of value in interest in equity financial asset	**(8 031 501)**	**(6 232 444)**	(860 766)	(860 766)
Headline earnings/(loss)		**96 802 424**		(86 453 842)
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline earnings/(loss) per share (cents)		**5.95**		(5.31)

22. Notes to the statements of cash flows

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Reconciliation of profit/(loss) for the year to cash flows from operating activities				
Profit/(loss) before tax:	**146 375**	(108 553)	**(25 412)**	(11 933)
Adjustments for:				
Finance income	**(15 527)**	(19 667)	**(16 488)**	(15 059)
Finance expense – bank	**4**	31	**–**	29
Foreign exchange (gain)/loss	**(158 412)**	74 328	**–**	418
Non cash intercompany recoveries/fees	**–**	–	**434 629**	(86 048)
Depreciation	**8 141**	8 289	**212**	210
Amortisation	**569**	570	**–**	–
Lease liability repayment	**370**	–	**–**	–
Realised foreign exchange on loan	**(52 065)**	24 734	**–**	–
Loss on adjustment of interest in equity-accounted investee	**–**	2 234	**–**	–
Time value of money adjustment to rehabilitation obligation	**3 634**	3 311	**–**	–
Deferred bonus plan cash-settled share-based payment liability	**2 853**	(439)	**2 853**	(439)
(Loss)/profit before working capital changes	**(64 058)**	(15 162)	**395 794**	(112 822)
Changes in working capital	**(116 475)**	(36 150)	**2 348**	(2 551)
Increase in other receivables	**(107 019)**	(30 639)	**(2 222)**	(227)
Increase in inventories	**(105 924)**	(5 806)	**–**	–
Increase/(decrease) in trade and other payables	**96 468**	295	**4 570**	(2 324)
Cash (utilised)/generated from operations	**(180 533)**	(51 312)	**398 142**	(115 373)
Reconciliation of the acquisition of property, plant and equipment				
Additions per PPE note 4	**1 096 228**	1 411 638	**32**	–
(Increase)/decrease in decommissioning asset	**(3 255)**	21 531	**–**	–
Change in capital expenditure payables	**10 869**	1 134	**–**	–
Unrealised foreign exchange differences capitalised	**–**	(666 555)	**–**	–
Acquisition of property, plant and equipment	**1 103 842**	767 748	**32**	–

23. Commitments

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
Commitments due within:				
– Next 12 months:	**935 382**	576 858	**1 118**	110
Operating expenses	**1 182**	152	**1 118**	110
Project capital commitments	**934 200**	576 706	**–**	–
– Next 13 to 24 months:				
Project capital commitments	**349 736**	176 959	**–**	–
– Next 25 to 36 months:				
Project capital commitments	**–**	164 146	**–**	–
– Next 37 to 48 months:				
Project capital commitments	**–**	116 805	**–**	–
– Next 49 to 60 months:				
Project capital commitments	**–**	117 283	**–**	–
Total commitments				
Operating expenses	**1 182**	152	**1 118**	110
Project capital commitments	**1 283 936**	1 151 899	**–**	–
Total	**1 285 118**	1 152 051	**1 118**	110

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.

24. Financial instruments

24.1 Categories of financial instruments

	Notes	Amortised cost per IFRS 9 R'000	FVOCI per IFRS 9 R'000	Total R'000
Group 2019				
Financial assets				
Cash and cash equivalents	12	**2 127 557**		**2 127 557**
Restricted cash (current)	8	**81 028**		**81 028**
Other receivables*	10	**2 934**		**2 934**
Other financial assets	5		**17 222**	**17 222**
		2 211 519	**17 222**	**2 228 741**

* *Excludes VAT and prepayment*

24. Financial instruments continued

24.1 Categories of financial instruments continued

	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	12	582 468	–	582 468
Restricted cash (non-current)	8	44 828	–	44 828
Restricted cash (current)	8	36 200	–	36 200
Other receivables*	10	1 431	–	1 431
Other financial assets	5	–	9 191	9 191
		664 927	9 191	674 118

** Excludes VAT and prepayment*

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Group 2019			
Financial liabilities			
Trade and other payables*	16	**182 535**	182 535
Interest-bearing borrowings	14	**8 790 699**	8 790 699
		8 973 234	8 973 234

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Group 2018			
Financial liabilities			
Trade and other payables*	16	97 208	97 208
Interest-bearing borrowings	14	6 193 998	6 193 998
		6 291 206	6 291 206

** Excludes VAT*

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Company 2019			
Financial assets			
Cash and cash equivalents	12	**842 697**	**842 697**
Restricted cash	8	**27 000**	**27 000**
Other receivables*	10	**1 120**	**1 120**
Loans receivable from subsidiaries (non-current)	6	**10 121 268**	**10 121 268**
Loans receivable from subsidiaries (current)	6	**227 176**	**227 176**
		11 219 261	**11 219 261**

** Excludes VAT and prepayment*

24. Financial instruments continued

24.1 Categories of financial instruments continued

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Company 2018			
Financial assets			
Cash and cash equivalents	12	429 234	429 234
Restricted cash	8	27 000	27 000
Other receivables*	10	1 175	1 175
Loans receivable from subsidiaries (non-current)	6	7 357 019	7 357 019
Loans receivable from subsidiaries (current)	6	828 141	828 141
		8 642 569	8 642 569

** Excludes VAT and prepayment*

	Notes	**Amortised cost per IFRS 9 R'000**	**Total R'000**
Company 2019			
Financial liabilities			
Trade and other payables*	16	**7 857**	**7 857**
Interest-bearing borrowings	14	**8 790 699**	**8 790 699**
Loans payable to subsidiaries	6	**1 008**	**1 008**
		8 799 564	**8 799 564**

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Company 2018			
Financial liabilities			
Trade and other payables*	16	3 314	3 314
Interest-bearing borrowings	14	6 193 998	6 193 998
Loans payable to subsidiaries	6	393	393
		6 197 705	6 197 705

** Excludes VAT*

24. Financial instruments continued

24.2 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

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 Group and Company has exposure to receivables of R2.9-million and R1.1-million respectively (2018: R1.4-million and R1.2-million respectively). This relates to other receivables. The Group and Company has exposure to cash and cash equivalents of R2 127.6-million and R842.7-million respectively (2018: R582.5-million and R429.2-million respectively). The Group and Company has exposure to restricted cash of R81.0-million and R27.0-million respectively (2018: R81.0-million and R27.0-million respectively).

Exposure to credit risk is limited by only investing in liquid securities and only with counterparties that have a favourable credit rating. Cash and cash equivalents and restricted cash are invested with the following institutions at 31 December 2019.

	GROUP		COMPANY	
Investments	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Bank of China	**389.6**	103.7	**384.0**	4.7
China Construction Bank	**1 697.9**	402.7	**446.3**	402.6
Investec	**91.1**	85.4	**31.6**	29.6
Standard Bank	**29.5**	71.2	**7.8**	19.4
First National Bank	**0.5**	0.4	**–**	–
	2 208.6	663.4	**869.7**	456.3

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 2021 onwards. Consequently, the Group is projecting negative cash flows, before funding, until about 2021.

Various funding options for the balance required from 2020 onwards are being considered.

24. Financial instruments continued

24.2 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 Group begins to earn US$ denominated revenue, this will provide a natural hedge as losses on the restatement of the US$ loan should be met with improved net ZAR income if the ZAR weakens, and vice versa if the ZAR 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 R5.9-million (2018: R1.8-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 R39.1-million (2018: R27.2-million on a 50 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R39.3-million (2018: R27.3-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 US$ in the 2019 financial year.

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

	2019	
	US$	ZAR
	US$'000	R'000
Financial assets		
Bank account denominated in foreign currency	**58 548**	**822 008**
Financial liabilities:		
Interest-bearing borrowings	**626 123**	**8 790 699**

Exchange rates at year end	2019	2018
ZAR/US$	**14.0399**	14.3815

Exchange rate sensitivity analysis

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R879.1-million (2018: R619.4-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 DCF method. Refer to note 2.3.

Notes to the financial statements continued

for the year ended 31 December 2019

24. Financial instruments continued

24.3 Contractual maturities

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

	Notes	Effective 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 2019								
Trade and other payables*	16		**182 535**	**182 535**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	14	**6.00**	**11 292 446**	**241 803**	**192 887**	**1 346 069**	**4 464 419**	**5 047 268**
			11 474 981	**424 338**	**192 887**	**1 346 069**	**4 464 419**	**5 047 268**
Group 2018								
Trade and other payables*	16		97 208	97 208	–	–	–	–
Interest-bearing borrowings	14	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
Company 2019								
Trade and other payables*	16		**7 857**	**7 857**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	14	**6.00**	**11 292 446**	**241 803**	**192 887**	**1 346 069**	**4 464 419**	**5 047 268**
			11 300 303	**249 660**	**192 887**	**1 346 069**	**4 464 419**	**5 047 268**
Company 2018								
Trade and other payables*	16		3 314	3 314	–	–	–	–
Interest-bearing borrowings	14	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

** Excludes VAT*

24.4 Fair values

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

	Notes	GROUP 2019 Carrying amount R'000	GROUP 2019 Fair value R'000	GROUP 2018 Carrying amount R'000	GROUP 2018 Fair value R'000
Cash and cash equivalents	12	**2 127 557**	**2 127 557**	582 468	582 468
Restricted cash (non-current)	8	**–**	**–**	44 828	44 828
Restricted cash (current)	8	**81 028**	**81 028**	36 200	36 200
Other receivables	10	**2 934**	**2 934**	1 431	1 431
Investment in equity asset	5	**17 222**	**17 222**	9 191	9 191
Trade and other payables*	16	**(182 535)**	**(182 535)**	(97 208)	(97 208)
Interest-bearing borrowing	14	**(8 790 699)**	**(8 996 354)**	(6 193 998)	(6 288 311)
		(6 744 493)	**(6 950 148)**	(5 617 088)	(5 711 401)

** Excludes VAT*

24. Financial instruments continued

24.4 Fair values continued

	Notes	COMPANY 2019 Carrying amount R'000	COMPANY 2019 Fair value R'000	COMPANY 2018 Carrying amount R'000	COMPANY 2018 Fair value R'000
Cash and cash equivalents	12	**842 697**	**842 697**	429 234	429 234
Restricted cash	8	**27 000**	**27 000**	27 000	27 000
Other receivables	10	**1 120**	**1 120**	1 175	1 175
Loans receivable from subsidiaries (non-current)	6	**10 121 268**	**8 900 069**	7 357 019	7 234 606
Loans receivable from subsidiaries (current)	6	**227 176**	**227 176**	828 141	828 141
Trade and other payables*	16	**(7 857)**	**(7 857)**	(3 314)	(3 314)
Interest-bearing borrowing	14	**(8 790 699)**	**(8 996 354)**	(6 193 998)	(6 288 311)
Loans payable to subsidiaries	6	**(1 008)**	**(1 008)**	(393)	(393)
		2 419 697	**992 843**	2 444 864	2 228 138

** Excludes VAT*

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 six to 20 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. The fair value of long-term borrowings is calculated at contractual interest rates at year-end.

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

Reconciliation of fair values

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

	GROUP 2019 R'000	GROUP 2018 R'000
Equity securities – Classified as FVPL (IFRS 9) (Level 3)		
Opening balance	**–**	10 564
Disposal of financial asset	**–**	(8 330)
Loss included in OCI and transferred to profit and loss	**–**	(2 234)
Fair value adjustments	**–**	–
Closing balance	**–**	–
Equity securities – Classified as FVOCI (IFRS 9) (Level 1)		
Opening balance	**9 191**	–
Acquisition of equity asset	**–**	8 330
Fair value adjustments	**8 031**	861
Closing balance	**17 222**	9 191

24. Financial instruments continued

24.5 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 Group's debt-equity ratio is currently 290.3% (2018: 211.8%). The Company has loan covenants in that the net worth of the Group will not be less than R2-billion and that the financial indebtedness of the Group shall not exceed US$700-million. The Group is managing the capital of the Group to ensure that neither of these loan covenants are defaulted on.

24.6 Impairment of financial assets

Loans receivable from subsidiaries

The Company has material loans receivable from subsidiaries. Refer to note 6.

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 16.97% was used based on market information adjusted for factors specific to the borrower.

24. Financial instruments continued

24.6 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 Group and Company level.

25. 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:

25.1 Transactions with subsidiaries

	GROUP		COMPANY	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
NON-CURRENT ASSETS				
Bakubung Minerals (Pty) Ltd*	**–**	–	**1 913 040**	1 913 040
Bakubung Minerals (Pty) Ltd**				
Opening balance	**–**	–	**5 290 091**	4 258 072
Loan advanced	**–**	–	**2 771 683**	1 032 019
Transfer to current	**–**	–	**(14 054)**	–
Closing balance	**–**	–	**8 047 720**	5 290 091
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**24 190**	26 419
Loan advanced/(repaid)	**–**	–	**1 391**	(2 229)
Closing balance	**–**	–	**25 581**	24 190
Gabonewe Housing Estate (Pty) Ltd*				
Opening balance	**–**	–	**119 001**	97 783
Loan advanced	**–**	–	**5 013**	21 218
Closing balance	**–**	–	**124 014**	119 001
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*				
Opening balance	**–**	–	**10 697**	10 564
Loan advanced	**–**	–	**216**	133
Closing balance	**–**	–	**10 913**	10 697

25. Related parties continued

25.1 Transactions with subsidiaries continued

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	R'000	R'000	**R'000**	R'000
CURRENT ASSETS				
Bakubung Minerals (Pty) Ltd* **				
Opening balance	**–**	–	**827 839**	443 827
Management fees	**–**	–	**32 795**	36 611
Transfer from non-current	**–**	–	**14 054**	-
Loan (repaid)/advanced	**–**	–	**(647 868)**	347 401
Closing balance	**–**	–	**226 820**	827 839
Gabonewe Housing Estate (Pty) Ltd*				
Opening balance	**–**	–	**227**	–
Loan advanced	**–**	–	**–**	227
Closing balance	**–**	–	**227**	227
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**75**	39
Cost Recovery	**–**	–	**54**	107
Loan repaid	**–**	–	**–**	(71)
Closing balance	**–**	–	**129**	75
CURRENT LIABILITIES				
Wesizwe Properties (Pty) Ltd*				
Opening balance	**–**	–	**(393)**	(94)
Rental charges	**–**	–	**(615)**	(540)
Payments made	**–**	–	**–**	241
Closing balance	**–**	–	**(1 008)**	(393)

* *Inter-Group loans are interest free and have no fixed repayment terms.*
** *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.*

25.2 Transactions with key management

Service contracts of Directors

Name	Executive/Non-executive Director	Position
Dawn Mokhobo	Independent Non-executive Director	Chairman
Zhimin Li	Executive Director	Chief Executive Officer
Feng Tao	Executive Director	Financial Director, Resigned 31 March 2020
Jianguo Liu	Executive Director	Appointed 1 April 2020
Victor Mabuza	Independent Non-executive Director	
Lincoln Ngculu	Independent Non-executive Director	
Sun Pingan	Non-executive Director	
Fugui Qiao	Non-executive Director	Resigned on 19 March 2019
Pengfei Li	Non-executive Director	
Huigao Guo	Non-executive Director	Appointed 1 April 2019

25. Related parties continued

25.2 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:

	2019		2018	
	Direct Ordinary shares	Indirect Ordinary shares	Direct Ordinary shares	Indirect Ordinary shares
Lincoln Ngculu	–	5 795 888	–	5 795 888
Jacob Mothomogolo	517	–	517	–
Hamlet Morule	735 000	–	735 000	–
Basetsana Ramaboa	183 748	–	183 748	–
Total	919 265	5 795 888	919 265	5 795 888

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

Remuneration paid to Directors and prescribed officers

Remuneration for Executive Directors

		2019				2018			
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	Total R'000
Zhimin Li	12	3 744	1 032	479	5 255	3 231	985	53	4 269
Feng Tao*	12	3 400	–	–	3 400	3 400	–	–	3 400
Total		7 144	1 032	479	8 655	6 631	985	53	7 669

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

Remuneration for Non-executive Directors

	2019			2018		
Name	Directors fees R'000	Attendance fees R'000	Total R'000	Directors fees R'000	Attendance fees R'000	Total R'000
Dawn Mokhobo	337	980	1 317	337	675	1 012
Lincoln Ngculu	141	708	849	141	590	731
Victor Mabuza	141	640	781	141	693	834
Indresen Pillay	–	–	–	45	79	124
Total	619	2 328	2 947	664	2 037	2 701

25. Related parties continued

25.2 Transactions with key management continued

Remuneration for key management

		2019				2018			
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	Total R'000
Basetsana Ramaboa	12	**2 307**	**525**	**594**	**3 426**	2 206	511	183	2 900
Vasta Mhlongo	12	**2 186**	**516**	**–**	**2 702**	1 937	328	-	2 265
Jacob Mothomogolo	12	**3 042**	**802**	**1 066**	**4 910**	2 700	878	245	3 823
Hamlet Morule	12	**2 469**	**584**	**714**	**3 767**	2 694	570	171	3 435
Total		**10 004**	**2 427**	**2 374**	**14 805**	9 537	2 287	599	12 423

Cash-settled vested shares

	2019 R'000	2018 R'000
Jacob Mothomogolo	**486**	576
Hamlet Morule	**328**	372
Basetsana Ramaboa	**243**	209
Total	**1 057**	1 157

All remuneration, except DBP (which represents long term benefits which are not paid out in the current year), paid to Directors and prescribed officers represents short-term benefits. Refer to note 29 for payment of vested shares.

26. Going concern

The Group's cash resources at the reporting date of R2 127.6-million (2018: R582.5-million) together with the available drawdown facility from the loan funding secured from CDB are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The majority shareholder has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The ability of the Group to continue as a going concern is dependent on the support of the majority shareholder. These conditions indicate that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business. Covid-19 did not have a material impact on the going concern assumption as the mine is still in the development phase (refer to note 2.3).

27. Events after reporting date

As a result of Covid-19 and the lockdown announced by the honourable President of South Africa taking effect midnight 26 March, our BPM project was put into care and maintenance for the lockdown period. In line with IAS 10 'Events after the reporting period', forward looking assumptions and values were reassessed. Although Covid-19 is a non-adjusting event, management still undertook the exercise of calculating the recoverable amount of mine assets using updated commodity prices and is pleased to report that the recoverable amount still exceeded the carrying amount and no impairment would be required.

28. 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.

29. 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 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.

The 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 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 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 2019.

	2019	2018
Reconciliation of nominal shares		
Opening balance	**15 029 510**	11 250 791
Number of nominal shares granted (2017 year)	**–**	6 715 298
Number of nominal shares forfeited	**–**	(718 012)
Number of nominal shares granted (2018 year)	**7 641 197**	–
Number of nominal shares which have vested	**(2 563 222)**	(2 218 567)
Closing balance	**20 107 485**	15 029 510

The number of participants at 31 December 2019 amounts to four.

Valuation date	31 December 2019
Fair value of share price at valuation date	R0.51
Vesting period	3 – 5 years
Type of settlement	Cash
Strike Price	R0.00
Volatility	23.19% (calculated as standard deviation of the entity's share price for the past three years)
Risk free rate	8.25%
Option Pricing Model	Black-Scholes Model

During the year ended 31 December 2019, the Company recognised an expense of R2.9m (2018: R0.4m income) relating to an increase in liability for the cash settled deferred bonus plan.

Non-current liability

GROUP AND COMPANY	**2019 R'000**	2018 R'000
Opening balance	**3 184**	3 623
Cash-settled share-based liability raised	**2 853**	(439)
Closing balance	**6 037**	3 184

30. Reclassification

Reclassification of finance income and finance expense

In prior years, the line item "finance income from subsidiaries" was presented separately in the statement of profit or loss and other comprehensive income for the Company. There is also "finance income from financial institutions" within the same statement for both Group and Company. As these line items are similar in function, it was decided to improve presentation by aggregating them and, together with foreign exchange gains, present it as "finance income".

In prior years, the line item "finance cost capitalised" was presented separately in the statement of profit or loss and other comprehensive income for the Group. There is also "finance expense" within the same statement for both Group and Company. As these line items are similar in function, it was decided to improve presentation by aggregating them and, together with foreign exchange losses, present it as "finance expense".

GROUP 2018	Notes	As previously reported R'000	Reclassification R'000	Re-presented R'000
Operations				
Revenue	18	–	–	–
Finance income from subsidiaries		–	–	–
Administration expenses	19	(20 359)	–	(20 359)
		(20 359)	–	(20 359)
Loss on disposal of financial asset	5	(2 234)	–	(2 234)
Net operating (costs)/income		(22 593)	–	(22 593)
Other income and other expenses				
Finance income	20	–	29 618	29 618
Finance income from financial institutions	20	27 373	(27 373)	–
Finance expense	20	(301 829)	186 251	(115 578)
Net foreign exchange gain/(loss)	20	(811 032)	811 032	–
Finance costs capitalised	20	999 528	(999 528)	–
Net finance income/(expense)		(85 960)	–	(85 960)
Profit/(loss) before tax		(108 553)	–	(108 553)
Income tax (expense)/income	17	19 865	–	19 865
Profit/(loss) for the year		(88 688)	–	(88 688)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gain on fair value movements of equity instrument at FVOCI	5	861	–	861
Income tax relating to fair value movements of equity instrument	17	–	–	–
Total other comprehensive income		861	–	861
Total comprehensive income/(loss) for the year		(87 827)	–	(87 827)

30. Reclassification continued

Reclassification of finance income and finance expense continued

COMPANY 2018	Notes	As previously reported R'000	Reclassification R'000	Re-presented R'000
Operations				
Revenue	18	36 611	–	36 611
Finance income from subsidiaries		1 102 488	(1 102 488)	–
Administration expenses	19	(56 494)	–	(56 494)
		1 082 605	(1 102 488)	(19 883)
Loss on disposal of financial asset	5	–	–	–
Net operating (costs)/income		1 082 605	(1 102 488)	(19 883)
Other income and other expenses				
Finance income	20	–	1 119 792	1 119 792
Finance income from financial institutions	20	15 059	(15 059)	–
Finance expense	20	(298 516)	(813 326)	(1 111 842)
Net foreign exchange gain/(loss)	20	(811 081)	811 081	–
Finance costs capitalised	20	–	–	–
Net finance income/(expense)		(1 094 538)	1 102 488	7 950
Profit/(loss) before tax		(11 933)	–	(11 933)
Income tax (expense)/income	17	–	–	–
Profit/(loss) for the year		(11 933)	–	(11 933)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gain on fair value movements of equity instrument at FVOCI	5	–	–	–
Income tax relating to fair value movements of equity instrument	17	–	–	–
Total other comprehensive income		–	–	–
Total comprehensive income/(loss) for the year		(11 933)	–	(11 933)

Administration

Corporate office, Registered office and Business addresses of the Company Secretary

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East Woodmead
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2191

Directors

DNM Mokhobo *(Chairman)**
Z Li *(Chief Executive Officer)*#
F Tao *(Finance Director)*#
LV Ngculu*
TV Mabuza*
S Pingan*#
L Pengfei*#
H Guo*#
(Non-executive, # Chinese)*

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