

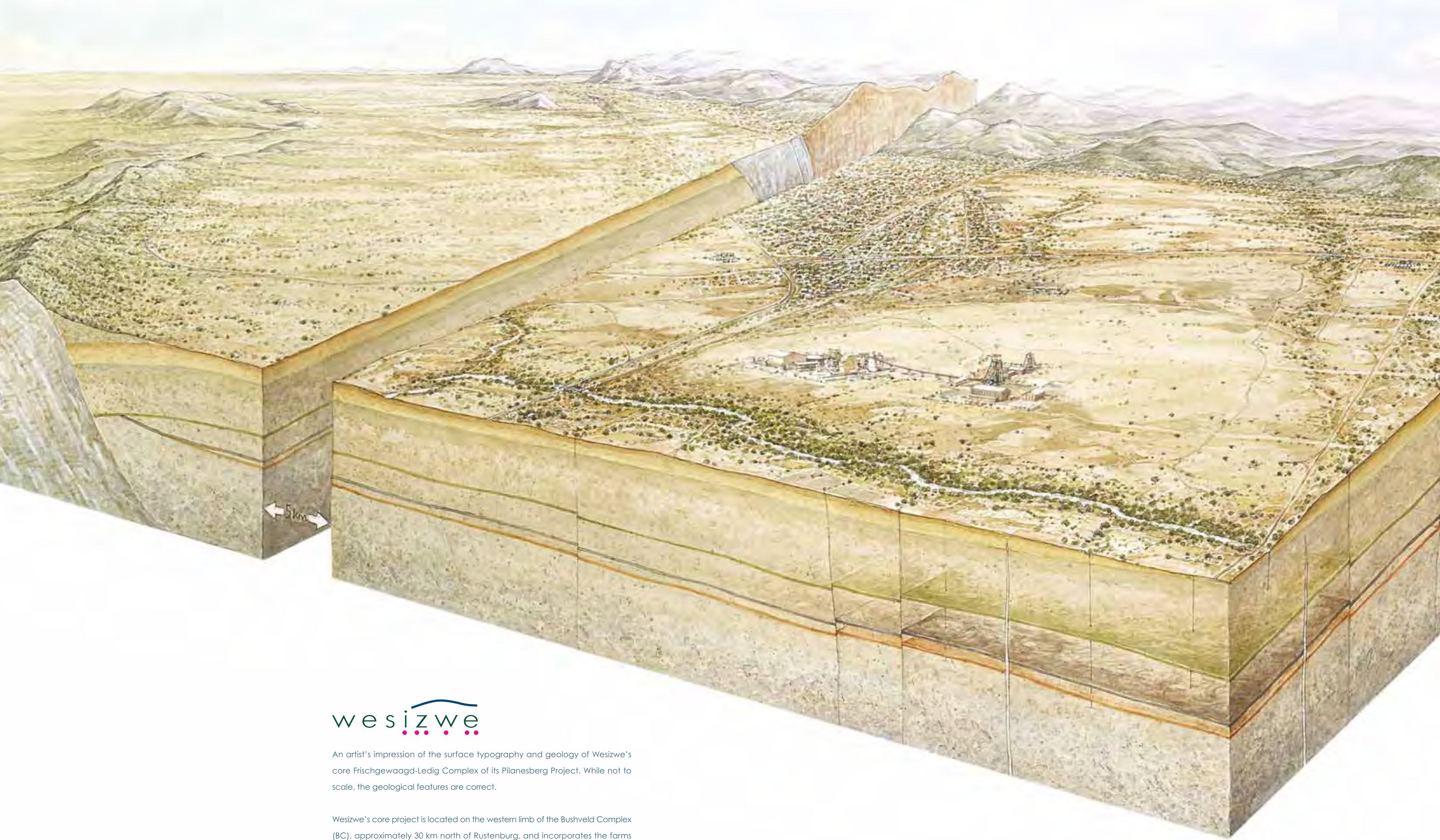
annual report 2007





Wesizwe Platinum Limited is single-minded in its objective to be South Africa's leader in new generation miners. Wesizwe has repositioned itself strategically from being an exploration company with a good portfolio of assets, to being a well resourced black owned community based investment vehicle: the first successful project of which is the exploration and the value development of the Frischgewaagd-Ledig Complex.





## wesizwe

An artist's impression of the surface topography and geology of Wesizwe's core Frischgewaagd-Ledig Complex of its Pilanesberg Project. While not to scale, the geological features are correct.

Wesizwe's core project is located on the western limb of the Bushveld Complex (BC), approximately 30 km north of Rustenburg, and incorporates the farms Ledig 909JQ and Frischgewaagd 96JQ. The project's boundaries are defined by the Pilanesberg complex to the north, the Elands River to the south and the Styldrift property in the east. The delineated block as defined in the exploration results is about 4 km NS and 3,5 km EW with the mining depth ranging from 650 m to 850 m below surface.







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## highlights

for the year ended  
December 2007

- Successfully completed the Bankable Feasibility Study on the core Frischgewaagd-Ledig Complex in March 2008
- Results of the Bankable Feasibility Study show a Net Present Value of R9,5 billion, a Life Of Mine of 35 years and a yield of 10 million ounces
- Company's first corporate action with the takeover of Africa Wide Mineral Prospecting and Exploration (Pty) Ltd in September 2007
- First move towards our key strategic imperative of regional consolidation around the Pilanesberg with acquisition of Africa Wide's 26% interest in the neighbouring Western Bushveld Joint Venture
- Successfully raised R481,6 million through private placements with public shareholders
- Promotion to the JSE Mid-Cap index in May 2007
- Completion of the 3D geoseismic study in August confirming the geo-structural stability of the core Frischgewaagd-Ledig Complex ore body
- Revised resource inventory statement in December 2007 confirming the doubling of the original target set in early 2005 of 6,700 million ounces to 13,491 million ounces
- Wesizwe's attributable ounces on the core project now total 10,278 million ounces
- Ranking number 8 in the Business Times Annual Top 100 Companies for 2007
- Voted number 6 in the annual South Africa's Business Leadership listing by a panel including Business Report, UCT Business School, Institute of Directors and the Afrikaanse Handels Instituut
- The enhancement of the company's black ownership status through the Africa Wide deal and by securing investment by black-owned investment companies Vunani and Vuwa.
- Application for mining rights submitted to the Department of Minerals and Energy in July 2007
- Wesizwe Long Term Incentive Plan implemented for key employees and executive directors

robert rainey



## chairman's report

Wesizwe Platinum has just completed a signature year in its three year development and is poised for a new era as it prepares for the capital construction phase of its core project, the Frischgewaagd-Ledig Complex. The project has developed at a remarkable pace with management meeting every single one of the operational targets set in 2005. To achieve this, the team has been highly innovative in fast-tracking the project and now faces the significantly greater challenge of constructing, what is by any standards, a large underground mine. The preparation for this phase of development has been carefully planned, and the company is well poised to manage the challenges going forward. Our track record for delivery on achieving the highly positive results from the exploration phase of the Frischgewaagd-Ledig Complex in record time speaks for itself.

This next phase in Wesizwe's development comes at a time when there are pressing global economic and geopolitical developments that could



impact on every business in one way or another. It is however a moot point as to the extent to which the current deteriorating international economic climate in the wake of the US sub-prime crisis will finally impact on the platinum industry. In our attempt to understand the implications of these developments for Wesizwe, we defer to outcomes from the recent World Economic Forum in Davos, Switzerland.

After an initial aura of doom and gloom, the general consensus after extensive debate on the impacts of the sub-prime crisis on the global economy and the respective coupling and decoupling of emerging economies with that of the US, was that a catastrophic global economic meltdown was unlikely. Indications are that, even with a significant downturn in the US economy, there would be a lead time before the impact was felt on the commodity markets. Strong positions held by India and China maintained that the momentum being generated by the world's emerging economies, particularly China, would help offset the impact of difficulties being experienced in the US.

To quote the renowned economist Stephen Roach, "When the US catches a cold, the rest of world gets a sniffle, not pneumonia".

This sentiment was juxtaposed on the second major theme of the Forum which was climate change. Global warming is undoubtedly the single greatest threat to the planet and there will be ever increasing legislation on emission control, regardless of an economic downturn. The implications for the PGM market in general and Wesizwe in particular are clear. It is highly unlikely that an economic meltdown will occur in the short term in the US to the extent that it will upend the currently buoyant PGM markets or destroy capital markets. In other words, while the climate for raising capital will undoubtedly be impaired and difficult, it is unlikely to materially affect the ability of Wesizwe to raise funds for its current capital construction project. Most importantly, the industrial demand for PGMs should remain strong in the near to medium term.

In the chief executive officer's report, the point is made as to the extent to which timing is critical to safely navigating the company through the inevitable market cycles. One of the reasons Wesizwe has pursued the Frischgewaagd-Ledig Complex of its Pilanesberg Project so aggressively has been to ensure that the core project is developed, constructed and in production before there is any fall off in market prices. The momentum gained by Wesizwe's project to date is almost unprecedented in South Africa and should enable Wesizwe to complete the capital construction phase according to our envisaged timelines. When the project reaches production in four years time, the cycle will in all probability have begun correcting. The Wesizwe Board of Directors is of the opinion that current events will not substantially impact on the progression of the capital construction project or the longer-term viability of the company.

Another important factor is that of Eskom. Wesizwe's timely applications for the provision of both temporary power during construction and a permanent supply for steady state were made during the course of 2007 as one of the long lead item strategies. As part of the reciprocal commitment process, Wesizwe has paid the requisite deposits to Eskom. A letter of intent for the delivery of the Company's steady state requirements on time has been received in writing from Eskom as well as an allocation, subject to Eskom senior management approval, for the duration of the capital construction period.

In the event that Eskom is unable to deliver the temporary power required for capital construction and initial production ramp-up, Wesizwe has made provision for self generation and this has not impacted materially on the core project's very attractive economics. Wesizwe and Eskom have had a constructive and co-operative relationship, and the company has every confidence that Eskom will come to the fore by 2013 when the Frischgewaagd-Ledig Complex of the Pilanesberg Project is due to ramp up its production, and that we will have cost effective power to take the mine into full production.

During the year, Thuthukile Skweyiya resigned as chairperson and I would like to take this opportunity to express my appreciation, fully shared by the board of directors and management, for the contribution that she has made to Wesizwe over the period that she has been at the helm. I also extend my welcome to the new members of our executive team. Charles Sambo joined the company at the end of 2006 as chief operating officer, Nyasha Tengawarima was appointed as chief financial officer in March 2007 and Kgomotso Tshaka took up the position of sustainable future executive in January 2008. The process of appointing a new chairperson is proceeding and we expect an announcement to be made in due course.

Since inception of the project, Wesizwe has been committed to real empowerment through its partnership with the Bakubung-Ba-Ratheo community, our largest shareholder with some 21,2% of the shares in issue. During the year under review, the community was in a position to collateralise its balance sheet of over a billion rand and pursue a diversified investment portfolio. Further details are given in the chief executive officer's report and the section on sustainable development.

Wesizwe is at a very comfortable juncture. We are over the high-risk phase of establishing the existence and extent of a very viable ore body, and are setting out during 2008 to build what is to be a large mine by any standard. With an expanded and highly competent management team as well as far stronger technical and administrative capacity, the company is gearing up for the next phase of its development. While we do not underestimate the challenges, we are confident that we will succeed in all respects.

On behalf of the board of directors, I would like to thank Michael Solomon and his management team and their staff for an impressive and unprecedented year of achievement. Apart from yet another year of delivery on all our undertakings to our shareholders, the value that we



have created for them has seen the company ranked as 8th in the Business Times Annual Top 100 Companies on the JSE for 2007 as well as management being positioned 6th in the annual South Africa's Best Business Leaders rankings. The company's branding has become well recognised internationally as a symbol of quality in the platinum sector. It is an impressive indication of what a young, black-owned and managed company can achieve and our expectations of performance for 2008 remain upbeat.

Finally, I would like to express my deep appreciation for the support we have received from our investors during the year and we look forward to your continuing support in the year to come.

A handwritten signature in black ink, appearing to read 'R. Rainey', is centered on the page.

*Robert Rainey*

Acting Chairman

Drilling has yielded a total resource of 13,4 million ounces.



michael solomon



## chief executive officer's report

This year has been the most definitive in Wesizwe's short history. Every aspect of the company's achievements during the course of the year has contributed to the company's future prospects of becoming a mining entity. Over the last three years Wesizwe has come from the back of the pack of the second tier PGM players to being one of the third tier leading companies in this sector. This was achieved by adhering tightly to the original plans laid down for the core project's development in 2004/2005 entailing an intense focus on the task of aggressively exploring the core Frischgewaagd-Ledig Complex project (the core asset) and assessing the economic viability of its future exploitation.

The almost unprecedented progress from the onset of exploration to Bankable Feasibility Study (BFS) for an underground project of this size was a result of the novel approach taken by management to the project's development. At the outset of the project development in late 2004 the



company elected to adopt an unconventional fast-tracking methodology which has now become known as our Reverse Engineering approach. This entailed beginning with a conceptual mine design in the form of a Scoping Document using assumptions based on public domain information on nearby projects and working the hypothetical capital and operating costs back towards a resource target.

The original criteria set were for a 180 000 tons per month mine with a minimum Life Of Mine (LOM) of 20 years and an Internal Rate of Return (IRR) in the range of 16-24%. The report was produced by the company's Independent Engineers, TWP, who returned a resource target of 47 million tons and 6,700 million ounces. The original exploration programme was consequently geared to exploring for this minimum project resource.

The target was reached in October 2005, whereupon Wesizwe immediately set about preparations for listing the company. It had been decided in the interests of conservatism to list the company by Introduction on the JSE, i.e. to place the company on the Board without an accompanying capital raising. The reason for this was to allow the market to set the share price which in turn defined the value of the company before raising further capital. Once the share price had settled after early volatility, the company's market cap had stabilised at R800 million resulting from the expenditure of just R100 million on exploration and development.

The 2006 financial year was focused on rapidly developing the company's core Frischgewaagd-Ledig Complex. The Independent Engineers Report was published in August 2006 and demonstrated that the project was well ahead of the planned technical, economic and commercial parameters and therefore potentially highly viable. The confidence gained from this report enabled management to immediately commission and proceed with the Pre-feasibility Study (PFS).

Wesizwe's attributable ounces now total 10,3 million ounces.



### *the pre-feasibility study*

The commissioning of the PFS in August of 2006 resulted in the delivery of the study in March of 2007, and this confirmed the highly attractive economics of the project that had been postulated in the Independent Engineers Report. The delivery of this study in record time also vindicated the Reverse Engineering strategy adopted by management in early 2005 which defined the target economics of the project and provided the planning framework which dictated the exploration and evaluation work programmes.

In addition to this, management has always maintained the position that it would first establish the core project as a value card which it would then use to build the company through a focused merger and acquisition strategy. Immediately after the delivery of the PFS in April, Wesizwe embarked on negotiations to acquire Africa Wide Mineral Prospecting (Pty) Ltd (Africa Wide), the Black Empowerment partners in the Western Bushveld Joint Venture (WBJV) which borders on the company's core project. The intensive negotiations with both the shareholders of Africa Wide and that company's partners were successful and resulted in the acquisition by Wesizwe of 100% of the company for R611,9 million (including capitalised expense of R10 million). This resulted in Wesizwe acquiring a 26% share in the WBJV, giving the company its second project and firing the first shots of the consolidation strategy which is core to the company's merger and acquisition strategy.

### *exploration drilling*

From a technical point of view, the year was also remarkably successful. The start of 2007 saw the deployment of 14 drill rigs on the core project area, undoubtedly the most intensively drilled platinum exploration project on the Bushveld. This should be compared with the original deployment of just 3 rigs in early 2005 and the stepping up of this effort to 7 rigs and later 11 rigs during 2006. The entire core project area has been covered



on a 250 metre square grid, with an L-shaped configuration on the Frischgewaagd 11 property at 125 metre centres to establish a more accurate semi-variogramme for the geostatistical calculation of the metal content of the resource.

A very conservative approach has been taken towards the various geological and mining loss and dilution factors as well as the metallurgical dilution factors. With due consideration to these, the resource yielded in the December 2007 inventory of 81 million tons is more than sufficient to yield a LOM of 35 years.

### *3D geoseismic survey*

The June 2007 resource statement (published in September 2007) confirmed to a high level of confidence the high grades relative to the rest of the industry, as well as the very favourable prill splits and basket prices, also amongst the best in the industry. With completion of the R40 million, 3D geoseismic survey in August of 2007, confidence in the structural geology of the project was confirmed. The 3D survey confirmation affirmed that Wesizwe has one of the best new ore bodies in the Bushveld, which is an auspicious start to the development of a new mine.

### *upgrading of resource inventory*

While the June 2007 resource inventory has been used as the basis of the BFS, exploration has been aggressively continued. However the thrust of the ongoing exploration on the core project is not geared towards the increase in ounces of PGM's, per se, but rather the upgrading of the PGM Resource ounce inventory from Inferred to Indicated and from Indicated to Measured.

The latter two categories were converted in the BFS to a total Mineral Reserve of 81 million tons and 313 748 kg of metal after all losses. In terms of international convention, there have to be sufficient ounces in

these categories to provide for payback of the capital construction of the mine. The results as given in the BFS show that Wesizwe's Frischgewaagd-Ledig Complex comfortably met these criteria.

The December 2007 drilling results showed a total of 13,491 million ounces. This is a net increase in the resource inventory from December 2006 of a total 1,3 million ounces. During the year 2,061 million ounces were added to the Indicated category and 236 000 ounces to the Measured category.

#### *the bankable feasibility study*

In line with the Reverse Engineering philosophy, the positive outcome of the PFS signalled the compliance of the project with original targets and triggered the commencement of the BFS in April 2007. Like the PFS, the BFS was delivered in record time and released to the market on 31 March 2008, after a successful peer review by one of the world's leading consulting engineering firms, SRK Consulting (Steffen Robertson and Kirsten). Internal review processes as well as comments and observations emerging from the peer review process were incorporated into the BFS.

At this point the project is a full year ahead of the original 2005 schedule and well within the originally envisaged budget. However, the exploration programme has yielded 13,491 million PGE(4) ounces, just on double the original ounce target of 6,46 million ounces.

As with the other achievements of the year, the BFS did not disappoint. The study was delivered a full year ahead of the 2005 plan and the results are highly satisfactory, giving a mine producing 230 000 tons per month with a yield of 350 000 PGE(4) ounces per annum compared to the 2005 target mine of 180 000 tons per month with a yield of 260 000 PGE(4) ounces per annum.

Despite the rise on capital construction cost of some 27% during the period between the PFS and the BFS, the rise in PGM prices more than compensated for these. The base case prices were derived from a consensus forecast of commodity prices, exchange rates and economic factors from a number of different financial institutions, and the study provided a range of prices and their concomitant Net Present Values (NPVs) and Internal Rates of Return (IRRs).

The PGE(4) Base Case prices were Platinum US\$1 125, Palladium US\$315, Rhodium US\$4 200 and Gold US\$650. Spot prices at the time of completion of the BFS (31 March 2008) were Platinum US\$1 691, Palladium US\$389, Rhodium US\$7 300 and Gold of US\$909. The Base Case scenario returned an NPV of R9,5 billion with a real IRR at 18%.

### *capital raising*

As indicated in our various media announcements during the course of 2007, we anticipate that capital construction will commence in the third quarter of 2008. This will of course be contingent on the delivery by the Department of Minerals and Energy of the Mining Permission, timed for June 2008. In the interim, capital raising will proceed. In this respect, lead financial arrangers were appointed for this purpose. After an extremely competitive bidding process, a syndicate of Deutsche Bank, ABSA Capital and the Development Bank of Southern Africa (DBSA) was appointed to manage the process of capital raising. Within the syndication, Deutsche will be handling the equity side of the raising, ABSA Capital will be arranging the debt package and the DBSA will be managing the infrastructure development finance.

At the time of writing the gearing for the capital raising had not been established and therefore the extent of equity versus capital to be raised has not been definitively decided. However, the BFS indicates a capital construction requirement of R5,6 billion.

Magaliesberg Quartzite that has been grinded down to less than 1 mm. It is used as 'blanks' and inserted after every fourteenth sample when submitting samples for assaying. It does not contain PGEs.





### *capital construction*

With the completion of the BFS, the 58 months construction programme will commence in the third quarter 2008. Wesizwe is to appoint TWP as EPCM contractors, design engineers and project managers for the project and Murray and Roberts Cementation (MRC) as the shaft sinking contractor as well as to take the mine into production in 2013. An important aspect of the transaction with MRC is that the Wesizwe project will be using, as far as is possible, the key personnel and the shaft sinking crews from TWP and MRC that worked on the nearby Impala 20 Shaft project, which is very similar to the planned Wesizwe shaft. That project is well ahead of original schedule and is within budget, which gives Wesizwe a great deal of comfort in its ability to deliver as envisaged in the BFS.

### *western bushveld joint venture*

The purchase of 100% of Africa Wide in September 2007 and with it the acquisition of 26% of the Western Bushveld Joint Venture is a highly significant feature of 2007. As stated above, it has always been the fundamental strategic imperative of Wesizwe to establish value in the core Frischgewaagd-Ledig Complex and then use this project as a value card to deal in to a merger and acquisition-based growth strategy. The Africa Wide acquisition signalled the commencement of this programme. There were a number of aspects to this deal that were notable.

In terms of accrued value the deal was remarkable. To pay for the deal, the company had to disburse shares of approximately 11% of its stock on issue at the time for an increase in attributable ounces of 47%. In addition to this, Wesizwe was able to boost its black empowerment credentials by about 11%. However, the most important factor was the strategic advantages in terms of enhancing the chances of regional consolidation and the entrée into a second project.

Shaft sinking is scheduled to start in Q3 2008.



Some 19,5 km of relay cables (orange) and 79 200 geophones in 13 200 groups (black) were used to acquire the 3D geoseismics survey data. The control processing computers are in the mobile unit.



### *black economic empowerment*

While the statutory requirement in South Africa is to achieve 26% black ownership in every mining company, Wesizwe has elected, as far as is possible, to remain black-owned and controlled with levels above 50,1%. This is a difficult target in the sense that for every R100 million raised, effectively R50 million must come from black investors. As black economic empowerment is still in its infancy, most BEE deals are undertaken using various instruments of debt, and this is challenging for a project which is not yet cash generative as debt has to be serviced.

The impact of the Africa Wide deal mitigated the need for the injection of cash from black investors. This said, the promotion of black investment into the company is both necessary and a major imperative. We were therefore delighted to announce during the year two significant BEE investments. One, on the part of Vunani Capital, was a deal that had been initiated during the latter part of 2006 and concluded in early 2007. The second deal with Vuwa Capital was concluded in September 2007.

### *bakubung-ba-ratheo empowerment*

The Bakubung-Ba-Ratheo community in the village of Ledig has been a key empowerment shareholder since the outset of the project and remain so. A principal aspect of the involvement of the community in Wesizwe was premised on the community being granted equity at corporate level rather than a partnership at project level, where there is little or no liquidity and the returns are typically fairly long-term. With the listing of the company, this meant that the community had a stake in the company worth approximately R250 million. This amount grew to a number in excess of R1 billion in 2007.

Wesizwe's community empowerment model mooted in 2005 envisaged creating a balance sheet for the community and then leveraging that balance sheet to enable investments to be made by the community into



other sectors. This would have the effect of spreading the community's risk as well as providing for shorter-term returns. During 2007, Wesizwe introduced the community representatives to various advisors who could assist the community in this endeavour, and as a result, MUSA Capital was appointed by the community for this purpose.

With MUSA Capital's assistance the community has subsequently set up a diversified investment arm and has attracted other investments into the vehicle, which will retain the direct investment in Wesizwe. This will not impact negatively on the company's BEE rating, and should improve the BEE investment as it grows its own investment base. This development is totally in line with Wesizwe's empowerment policy and the new enterprise demonstrates significant progress in this unique model, without which the community would only have realised value after 2015.

### *organisational development*

In gearing up for the capital construction phase and the metamorphosis of the company from an exploration and development company into a mining company, Wesizwe underwent a significant upgrading of its internal capacity during 2007. It expanded its executive team considerably with the appointment of Charles Sambo as chief operating officer in late 2006 from Rand Merchant Bank, Nyasha Tengawarima and Kgomotso Tshaka from Lonmin as chief finance officer and sustainable future executive respectively.

Marlain Polovin was appointed to manage a very aggressive Organisational Development Programme and she will be assisted by Professor Andy Andrews, the former head of Wits Business School and the Graduate Institute of Management Training (GIMT). Professor Andrews and Ms Polovin will develop a three year rolling organisational development programme. The objective of the programme is to assess the various streams of the company's strategic plan and to ensure that the appropriate planning is in place to ensure that the company has the

technical, financial and administrative institutional capacity to manage these imperatives successfully.

The company has also bolstered its administrative and technical ranks, and has recently moved offices in order to accommodate the expanded staffing levels.

Wesizwe's chairperson, Mrs Thuthukile Skweyiya resigned at the end of 2007 after over three years at the helm. Mr Rob Rainey, the chairman of the Audit Committee and Remuneration and Nomination Committee has been appointed to act as chairman until such time as a suitable replacement for her is found.

#### *corporate achievements for 2007*

Wesizwe was promoted to the Mid-Cap Index of the JSE and is one of only five companies on the Platinum Mining Index in May 2007. The company also appears on the eight different indices, the only platinum junior to be so listed. These are:

- J203 – JSE Africa All Share Index
- J177 – JSE Africa Mining Index
- J153 – JSE Africa Platinum & Precious Metals Index
- J210 – JSE Africa Resources 20 Index
- J258 – JSE Africa Resources Index
- J201 – JSE Africa Mid-Cap Index
- J303 – JSE Capped All Share Index (CALC Index)
- J403 – JSE Shareholder Weighted All Share (DALC Index)

It is also significant that Wesizwe was ranked in 8th position in terms of performance in the Business Times Annual Top 100 Companies in November 2007. This is a singular achievement for a company as young as this, and is again testament to the esteem in which the company is held in the marketplace.

### *the economic environment*

The 2007 financial year was characterised by rapidly increasing commodity prices. These were spurred by the weakening economic situation in the US following the advent of the sub-prime crisis. There has been much speculation on the impact that this could have on commodity prices in general or on platinum group metals in particular. It is not my place as chief executive to make definitive comment on global economic developments, neither am I qualified to do so. It is however contingent on me to ensure that Wesizwe is equipped to weather the difficulties that may arise from global geopolitical developments, and it is appropriate to comment at this level.

One of the reasons that Wesizwe has pursued this project so aggressively has been to ensure that the core project is developed, constructed and is in production before there is a marked fall off in market prices. Market cycles are unfortunately common, and it is likely that as the supply-demand tensions converge and soften, to a greater or lesser extent that prices will come off. It is the timing here that is critical and this is much more a question of 'when' than 'if'. There are many commentators that deal with the supply-demand dynamics and these opinions need to be considered. However, our view is that supply is unlikely to outstrip demand in the very near future and this is unlikely to represent a threat to the development of the core project.

All pointers are to strong platinum prices prevailing for some years before new ounces production can catch up with shortfalls in current production targets and delays in new projects. In this scenario Wesizwe is well placed in the light of many of these challenges having been recognised early on in the company's reverse engineering strategy and built into the BFS and capital construction planning.

Should strong prices persist for the next five to seven years, which is quite likely, it will give the company more than sufficient time to complete

its capital construction and get into a positive cashflow situation. This is a major advantage over projects in earlier phases of development.

Moreover, the project survives at the BFS base case of US\$1 125 an ounce, and few, if any, commentators expect the PGM prices to settle back to these levels, particularly after recent hikes which saw the spot platinum price rise to US\$2 000 at the time of the release of the BFS.

The project is therefore economically very robust and management is not overly concerned about the ability to ride the current global economic storm.

#### *eskom*

Eskom has indicated that its supply situation will normalise towards 2013, which is when Wesizwe plans to be ramping up to full production. As a contingency, a study was commissioned alongside the BFS to examine the implications of power self generation during the capital construction phase. This has been built into the BFS and represents an additional cost of R168 million. As the project is not primarily capital sensitive, this additional cost makes very little difference to the project economics.

The commissioned study will examine the Company's requirements after capital construction and assess the extent to which the Company is at risk. The terms of reference for this study include an evaluation of contingencies for alternative sourcing of power and the costs. While this is a much longer term issue, it is important for management to appreciate what these contingencies are and the extent to which they are economically viable as alternatives. This approach is entirely in line with the long-term risk management approach employed by management to date.



### *new projects*

As the current core Frischgewaagd-Ledig Complex of Wesizwe's Pilanesberg Project is bedded down and heads for the capital construction phase, the company is diverting its exploration resources to new projects to establish a healthy and balanced project pipeline. Management has been totally focused on the development of the core project before committing to new projects to avoid distractions and the dilution of precious human and capital resources. The time has however come to embark on new projects, and announcements in this respect will be made in the near future.

### *conclusion*

Wesizwe has had a phenomenally successful year in every respect. Undoubtedly 2008 will be more difficult with the local and international geopolitical issues that we face but, as we have indicated, Wesizwe is well prepared and we, as management, are confident that we are in good shape for the year to come.

As the tangibility of the core project becomes more pronounced with the onset of the capital construction phase, we trust that the market will recognise our increasing proximity to production and that we will be accorded appropriate recognition.

The future focus as the core project reaches maturity will be on value accretion through new exploration projects and mergers and acquisitions. We look forward to a great 2008 and will meet any challenges that arise with the aplomb that we have in the past.



*Michael Solomon*

Chief Executive Officer



## directors

executive director

### **Michael Solomon**

Qualification

Age

Nationality

### **Chief Executive Officer**

B.Sc (Eng) (Mining),  
Mine Manager's Certificate of Competency,  
Metalliferous, MDP (Mining)

55

South African

Michael's post-graduate mining production career was with Anglovaal Mining Limited in the Barberton Mountainland Archean gold deposits. He subsequently joined Steffen Robertson and Kirsten as a Senior Mining Engineer and then moved to the EL Bateman Group where he served as a Senior Mining Engineer and later as Principal Mining Engineer with Batepro / Van Eck and Lurie.

Prior to the 1994 elections, he served with the African National Congress as a member of the Mineral and Energy Policy Group within the Department of Economic Planning in Shell House. He was a founding member of the minerals policy non-governmental organisation, the Minerals and Energy Policy Centre, where he headed the Minerals Division. In 1997 he was deployed to Alexkor Limited as Manager Business Development.

Since 2001 he served as the Principal Mining Engineer and a Director of The Mineral Corporation. His focus was on the management of transformation issues in the South African mining industry. In this capacity he served as an adviser to the Royal Bafokeng Nation and numerous other black empowerment interests. Before joining Wesizwe in October 2004, he was contracted to Anglo Platinum as the Programme Director responsible for their Mineral and Mining Rights Conversion project.

Michael is a Fellow of the South African Institute of Mining and Metallurgy and a Fellow of the Institute of Quarrying and has recently been appointed to the Mining and Metallurgy Advisory Group of the World Economic Forum.

non-executive directors

**Robert Gordon Rainey**

**Acting Chairman (Independent non-executive director)**

Qualification:	B.Com, CTA, CMA, CA(SA)
Age :	56
Nationality :	South African

Robert is the CFO of Energem Resources Inc (Toronto listed) and, until recently, a non-executive director of FirstAfrica Oil plc (AIM listed) which has merged with another AIM listed oil and gas exploration company. His experience in the mining sector spans over nearly 20 years and spreads across a range of commodities including platinum, gold, chrome, diamonds, copper/cobalt, vanadium and tin mining.

During his career, Robert held positions such as CFO and CEO for several junior mining houses listed in Johannesburg, Canada, London and Australia including Southern Era Resources Ltd and listed companies within the JCI Group.

**William Machiel Eksteen**

**Independent non-executive director**

Qualification	Registered Certificated Engineer National Higher Diploma in Mining Mine Manager's Certificate of Competency
Age	59
Nationality	South African

Mike is a retired mining engineer with 38 years of operating experience in a range of commodities, including platinum group metals, gold, diamonds and base metals.

He has spent 34 years working in various positions in the Goldfields group of which 13 years were as Mine General Manager of O'Okiep Copper Company, Kloof Gold Mine and Northam Platinum. As General Manager he was responsible for all aspects of reserve development, mine planning, shaft sinking, budgeting and cost controls. His last position was Senior Vice President and Chief Operating Officer of Southern Era Resources, a Canadian Exploration and Mining Company, developing platinum and diamond mines.

**Lorna Maloney**

**Independent non-executive director**

Qualification	BA
Age	47
Nationality	South African

Lorna has been a member of the South African National Parliament since 1994. Lorna is a qualified teacher and has further qualifications in basic economics and journalism.

As a member of Parliament, Lorna sits on the Joint Monitoring Committee on Improvement of Quality of Life and Status of Women as well as on the Portfolio Committee on Public Service and Administration, representing the North West Province.

**Motshubela Ezekiel Monnakgotla**

**Non-executive director**

Qualification	Marketing Diploma
Age	29
Nationality	South African

Ezekiel was elected acting Kgosi for the Bakubung Tribe in 2004. He is an official of the Mankwe Development Foundation Youth Committee in North West. In addition, Ezekiel plays an active role in community projects and tourism in the greater Mankwe District. Other experience has been as a negotiating consultant for Apricot (African Prototype Communities for Tomorrow) Vision SA. He was also a member of the Apricot Committee for Ethanol Production.



**Disele Johannes Phologane****Non-executive director**

Qualification

Health Diploma and Certificates  
in PR, Management and Leadership

Age

38

Nationality

South African

Disele sits on the Bakubung-Ba-Ratheo Traditional Council and is the Chairperson of the Advisory Committee to the Kgosi. He has certificates in Policy Development, Public Relations, Basic Management Principles, and Development Leadership and Management. Previous experience includes being a personal assistant to the Provincial ANC Secretary (North West) and Communications Manager, Office of the Executive Mayor. In addition he has served as a Youth Development Committee Secretary, IDP Officer and ANC Local Election Coordinator in the Rustenburg Region. He is also a member of the Bojanala ANC Regional Committee in North West.

**Julian Christopher Williams****Non-executive director**

Qualification

M.Com, CA (SA)

Age

33

Nationality

South African

Julian was the founder of the Abante Group and has been the Chief Executive Officer of this group since its inception. The Abante group provides hedge fund management, private equity, corporate finance advisory, securities finance and treasury outsourcing services. Prior to forming the Abante Group, Julian ran a specialist securities lending business. Julian is also the founder of Wesizwe.

Wesizwe's coreyard at Boshhoek.



## exploration and mineral resources

### **the Frischgewaagd-Ledig Complex of the Pilanesberg Project**

*summary for the year january to december 2007*

#### Location:

Western limb of the Bushveld Igneous Complex. The properties are situated near Rustenburg and are south of the Pilanesberg Game Reserve and Sun City, and are referred to as the Pilanesberg Project.

#### Farms:

Portions of the farms Frischgewaagd 96JQ, Ledig 909JQ, Mimosa 81JQ and Zandriverspoort 210JP, which total 4 676 hectares. Frischgewaagd 96JQ and Ledig 909JQ abut the Styldrift BRPM joint venture project between the Royal Bafokeng Nation and Anglo Platinum Limited. The other properties are in the immediate vicinity.

#### Core focus:

Portions 1, 3, 4 and 11 of Frischgewaagd 96JQ, and portions 3, 4, 6 and 7 and the remaining extent of the farm Ledig 909JQ. These farms are referred to as the Frischgewaagd-Ledig Complex of the Pilanesberg Project.

#### Reefs:

Merensky and UG2 reefs of the Bushveld Igneous Complex.

#### Mineral rights:

New order prospecting rights for the farms have been granted in terms of the Mineral and Petroleum Resources Development Act.

Metres drilled:

- 84 800 metres (Jan - Dec 2007)
- 157 339 metres in total since October 2004 (inception of project)

Boreholes drilled:

- 77 (Jan - Dec 2007)
- 155 in total since October 2004 (inception of project)

Deflections drilled:

- 211 (Jan - Dec 2007)
- 392 in total since October 2004 (inception of project)

***drill rigs in operation:***

The number of drills in operation has been decreasing because the drilling programme is nearing finalisation. There were 12 rigs in operation at the end of December 2007.

***resource summary***

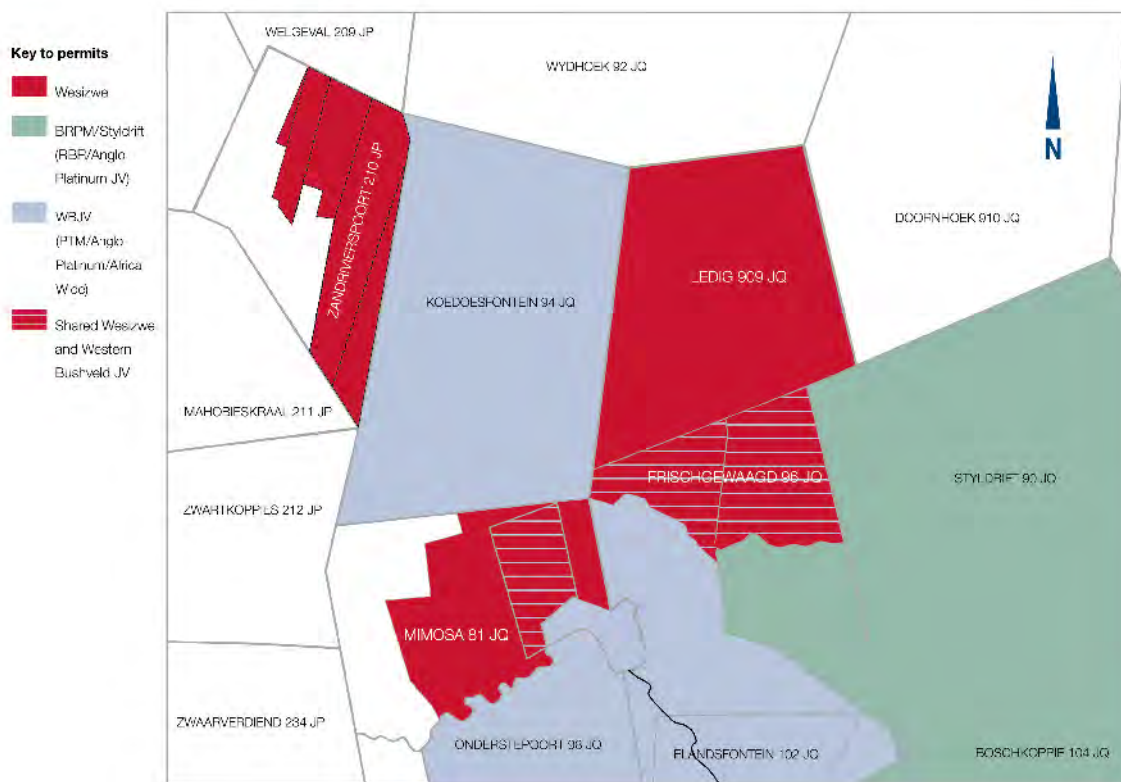
The latest results as at December 2007 show that 6,7% of the total resources can now be classified as Measured and 48,4% as Indicated based on contained PGE(4) ounces. Total PGE(4) ounces have increased 10,9% to 13,491 million ounces. Wesizwe attributable Measured, Indicated and Inferred resources total 10,278 million ounces.

***mineral resource estimates***

All the independent mineral resource estimates have been prepared in accordance with the SAMREC Code and have been substantiated by evidence obtained from site visits and observations. They are supported by details of drilling results, analyses and other evidence and they take account of all relevant information supplied by the Wesizwe directors and management. The Mineral Resource update was prepared by The Mineral

Corporation and the Mineral Resources are signed off according to the SAMREC Code by Mr David Young, a director of The Mineral Corporation. Mr Young's qualifications are B.Sc (Hons), FGSSA, FAUSIMM, Pr Sci Nat and his business address is Homestead Office Park, 65 Homestead Avenue, Bryanston 2021.

figure 1: wesizwe's mineral rights for the pilanesberg project



### exploration programme

The exploration properties are located within the Bushveld Complex immediately to the south of the intrusive Pilanesberg Complex. The well-known Merensky and UG2 Reefs have been intersected by drillhole core which have been sampled in a methodical and acceptable manner.

By end March 2008, Wesizwe was in the final phase of its exploration programme for the core Frischgewaagd-Ledig Complex. The focus of the



exploration programme during 2007 and early 2008 was on upgrading the PGE(4) resource inventory from Inferred to Indicated, and Indicated to Measured rather than an increase in PGM ounces. The reason for this is that the results of the Pre-feasibility Study (PFS) had shown that Wesizwe had the resources to sustain a 25 year Life Of Mine (LOM), and the project had already delivered almost double the original targets of tonnage and ounces for the Frischgewaagd-Ledig Complex of the Pilanesberg Project.

The project now has over 100% of the original target of 6,46 million ounces set in January 2005 in the Indicated and Measured categories (7,428 million ounces) with a total delivery of 13,491 million ounces. Of this, 10,278 million ounces are attributable to Wesizwe. In addition the exploration programme has yielded a total tonnage of 81 million tons against an initial target of 47 million tons. These results include the resource base gained through the acquisition of Africa Wide Mineral Prospecting and Exploration (Pty) Ltd (Africa Wide) , which is a partner in the WBJV.

The December 2007 results confirm 0,902 million ounces in the Measured category, 6,526 million ounces in Indicated and 6,063 million ounces in Inferred to give a Total Mineral Resource of 13,491 million ounces. The PGE(4) breakdown was 8,506 million ounces for platinum, 3,674 million ounces for palladium, 0,982 million ounces for rhodium and 0,329 million ounces for gold. Tonnage for copper and nickel were 0,035 million tons and 0,132 million tons respectively.

The latest results up to December 2007 of the ongoing exploration campaign have been employed in conjunction with the geological data reported in the November 2005 Competent Person's Report (CPR) to estimate Mineral Resources. The geological models of the Merensky and UG2 Reefs provided in the November 2005 CPR have not been required to change in concept. The only change is that the reef type boundaries have been modified by the new drillhole data. The updated reef

type boundaries for the Merensky and UG2 Reef are contained in Figure 2 and Figure 3 respectively as well as the drilling positions.

Figures 2 and 3 depict the positions of the Wesizwe boreholes, facies types as well as the Mineral Resource classification achieved for both the Merensky and UG2 Reefs on the Frischgewaagd-Ledig Complex. In terms of Mineral Resource classification, the figures show an increased level of confidence with 6,7% of the total resources now classified as Measured and 48,4% as Indicated based on contained PGE(4) ounces.

figure 2: merensky reef type distribution plan for the wesizwe exploration properties and mineral resource classification

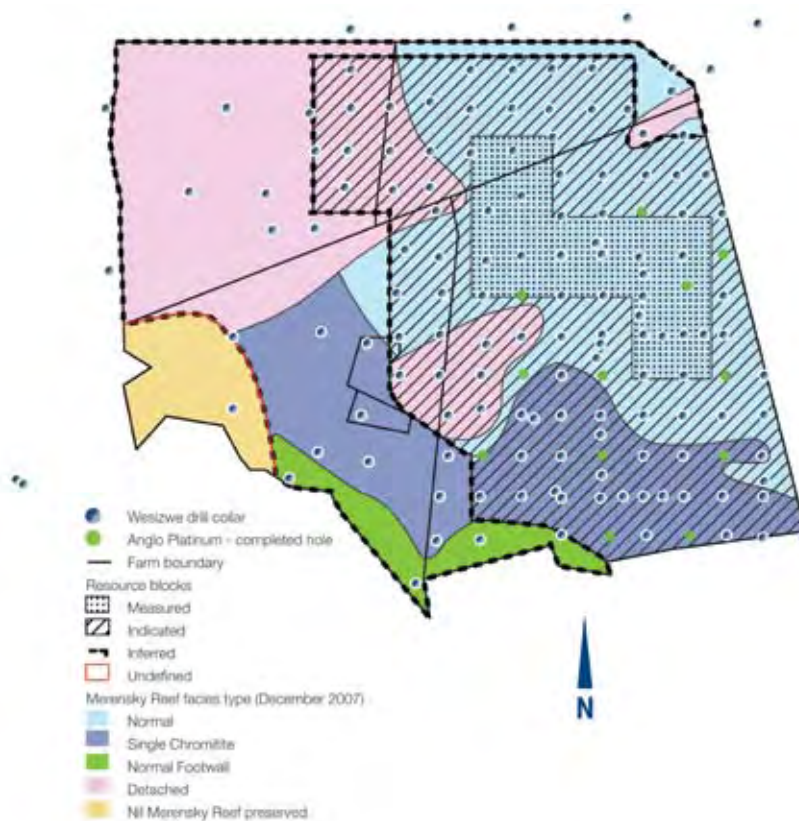
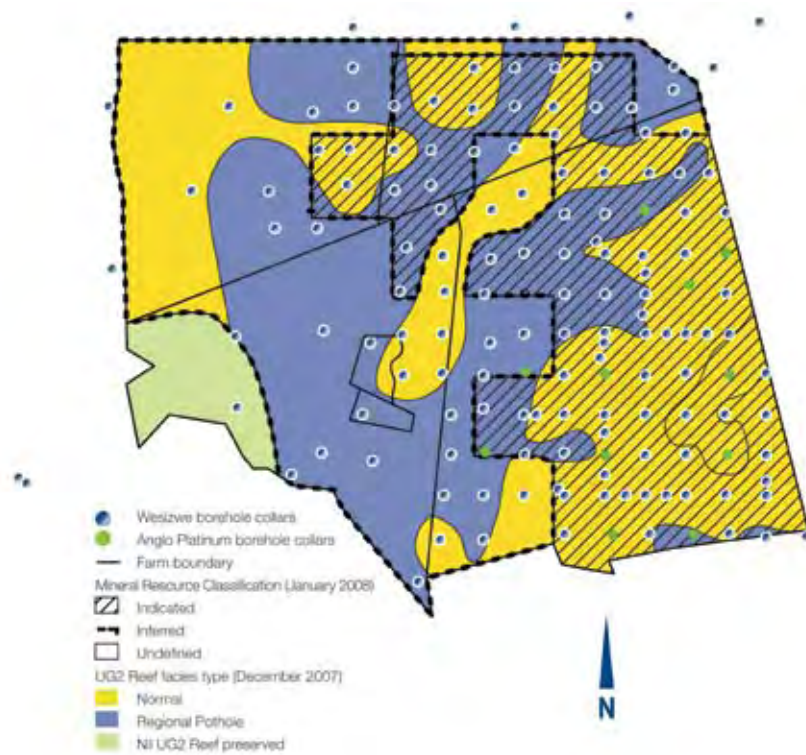


figure 3: UG2 reef type distribution plan for the wesizwe exploration properties and mineral resource classification



### merensky reef

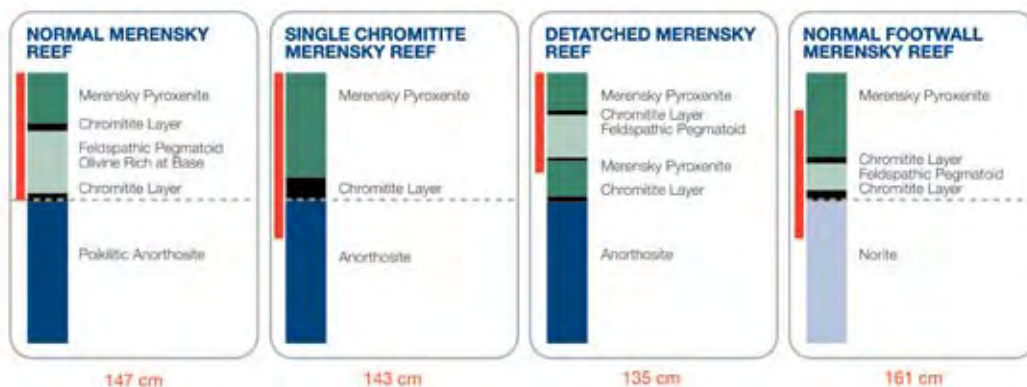
The Merensky Reef comprises four broad types. These have been named in accordance with a descriptive nomenclature as follows.

#### normal reef

This reef type is bounded by narrow upper and basal chromitite layers and composed of an upper feldspathic pyroxenite pegmatoid and lower feldspathic olivine pegmatoid. The basal chromitite lies on a poikilitic anorthosite and the overlying rocks are medium grained feldspathic pyroxenites. Macroscopic base metal sulphide mineralisation is restricted to the pegmatoids and to a few centimetres into the overlying feldspathic pyroxenites. This is similar to the Normal/Pegmatoidal Merensky Reef as described from Impala and Rustenburg. However, the width is much

greater at the Wesizwe project. Figure 4 depicts the nature of the Normal Reef as well as the other Merensky Reef types. The average mineralisation widths are also provided.

figure 4: merensky reef types with location of mineralisation (red vertical bar) and average mineralisation widths (red cm)



### single chromitite reef

This reef type is similar to the Contact Type Merensky Reef, in that it is generally a single chromitite layer with minor internal silicates. No pegmatoid is developed. It lies on footwall rocks from FW1 to FW6 and is overlain by feldspathic pyroxenite. Macroscopic base metal sulphide mineralisation occurs in the underlying anorthosites and norites, as well as in the overlying feldspathic pyroxenites. It is similar to the Contact Merensky Reef as described at Union Section. However, the pothole association implicit in this term at Union Section is not fully applicable to this reef type at Wesizwe, but it is transgressive towards the southwest.

### detached reef

This reef type is a pegmatoid of feldspathic pyroxenite and/or pyroxenite with an upper chromitite layer. It generally overlies several metres of fine to medium grained pyroxenite that has a basal chromitite layer, hence its

high width. It is overlain by feldspathic pyroxenite of the Merensky Pyroxenite unit. Macroscopic base metal sulphides are generally restricted to the material below the upper chromitite layer for a width of only 1,15 m. It is similar to the Merensky Reef as described at Union Section.

#### **normal footwall reef**

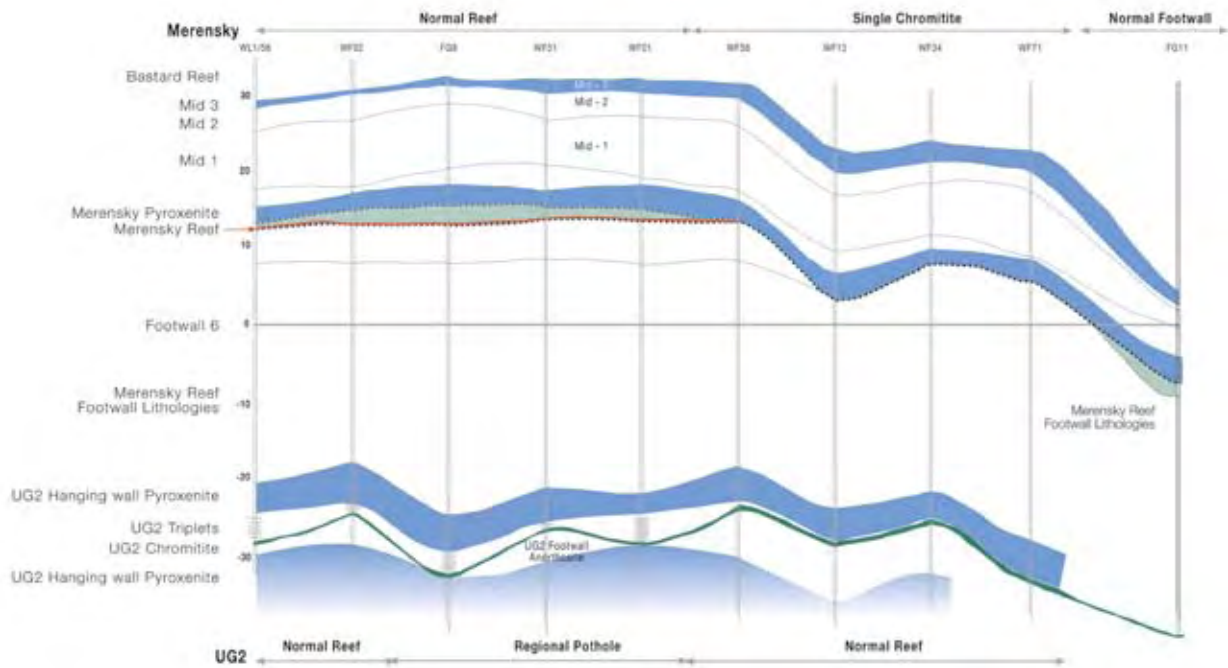
This reef type is bounded by two chromitite layers that define the upper and lower surfaces of the Merensky Reef and the intervening material is either a feldspathic pyroxenite pegmatoid or a pyroxenite that contains macroscopic base metal sulphide mineralisation. The footwall is generally composed of olivine norites of FW7 that also contain significant PGE mineralisation recognised macroscopically by the presence of base metal sulphides. This reef type is also transgressive towards the southwest.

#### **UG2 reef**

The UG2 Reef is ubiquitous in that it is composed of a chromitite layer and generally has a basal feldspathic pyroxenite pegmatoid and certain overlying chromitite layers, termed the leader and triplets, in close proximity. Most of the intersections encountered in the Wesizwe exploration campaign have no basal pegmatoid but do have the overlying chromitite layers. The terms employed for the UG2 Reef are restricted to Normal Reef when it conforms to stable stratigraphic relationships and Regional Pothole Reef when it is underlain by, or close to, the UG1 pyroxenite over a large area. The UG2 Reef is also noted to be transgressive towards the southwest in a similar manner to the Single Chromitite and Normal Footwall Merensky Reefs.



figure 5: transgressive nature of the merensky and UG2 reefs towards the south west (note, vertical exaggeration is 20 times horizontal)



*structural interpretation*

The structural interpretation of the project as published in previous updates to the Competent Person’s Report has been based on borehole data, surface mapping and aeromagnetic data. A 3-dimensional geoseismic survey (3D Survey) of the prospect was carried out as a joint venture between Anglo Platinum, the Western Bushveld Joint Venture and Wesizwe in 2007. The Wesizwe 3D survey has been a technical and commercial success and has met the set objectives resulting in confirmation of much of the original geological model to a higher level of confidence as well as providing invaluable input to the BFS.

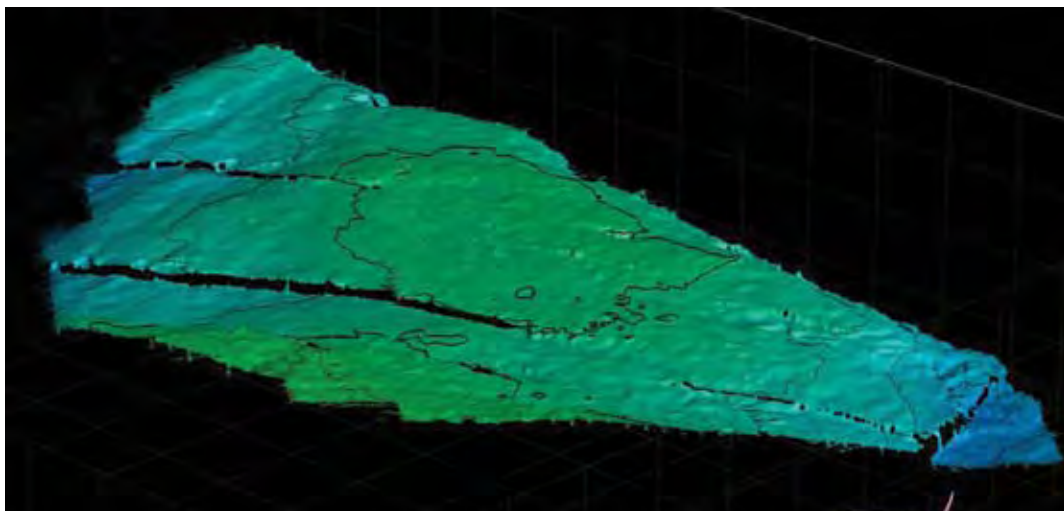
### 3D geoseismic survey

French company, CGG Veritas was awarded the acquisition and processing contract for the survey as there is no company equipped to undertake this work in South Africa.

CGG Veritas and its subcontractors maintained an excellent safety record during the survey, with no lost time injuries and no restricted work cases. A total of 173 212 hours were worked by 124 staff and contractors. In addition a total of 74 743 km were driven during the survey. Recording was completed on 23 August 2007, and CGG Veritas demobilised after delivery of the field processed seismic data on 27 August 2007.

Field processing comprised a very simplified stacking process, with one pass of statics, followed by a time migration using 100% stacking velocities. Field processed seismic data is lower resolution and noisier than the final product, but is produced very quickly for early identification of potential geological problems.

figure 6: 3D geoseismic survey image of flat lying reef



A preliminary interpretation of the time domain seismic data was completed by Anglo American Technical Division, Geosciences, in partnership with geologists from each company in the WBJV which includes Wesizwe. The first step was to correlate the seismic data with the geology intersected in boreholes drilled at respective project sites. This is done by calculating a synthetic seismogram from borehole wireline data, with a depth/time relationship either supplied by a checkshot or from integrating a sonic log.

While the final interpretation of the seismic data is only expected to be completed by Rock Deformation Research Limited. by the end of March 2008, Dr. A. M. Killick has reviewed the field interpretation and it is considered acceptable for the purposes of generating an interim structural model. This preliminary interpretation has now been integrated with the May 2007 structural model.

Structural plans and sections depicting the model are given in Figure 7 and Figure 8. The overall structural interpretation has remained largely intact, the key features being the shallow anticline in the core area and the caldera fault in the north.

The following notes are made with regards to the changes to the structural interpretation as a result of the seismic data.

- The seismic data have confirmed and refined the main elements of the structural model.
- The data over the Wesizwe core area is clear and can be interpreted with confidence.
- The ENE-WSW striking faults appear to be the set with the largest displacement. The location of these faults with respect to the position of a planned shaft has been considered.
- The caldera fault is probably about 100 m to the north of where it was located in the April 2007 update and in the west (on the

figure 7: seismic section 1

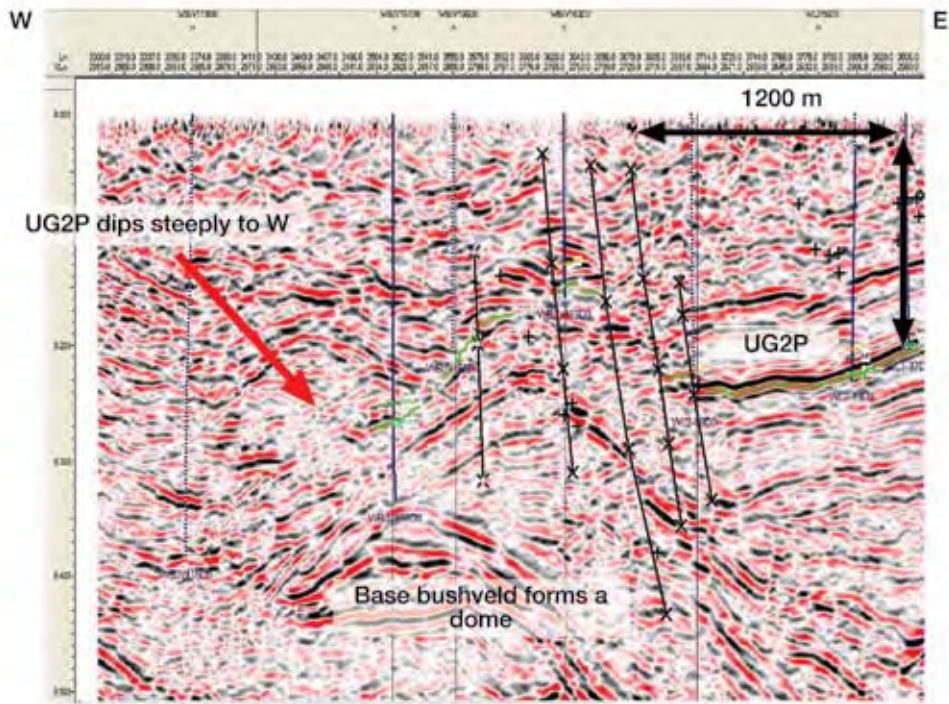
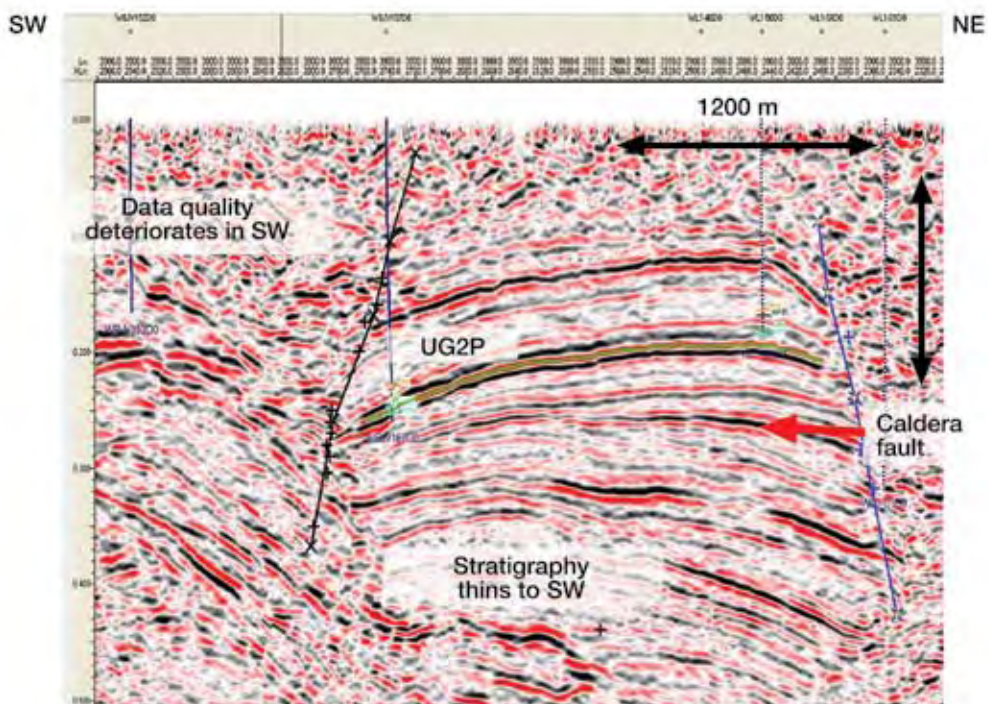


figure 8: seismic section 2



Koedoesfontein property of the WBJV) it curves to take up a WNW-ESE strike. However, the dips appear steeper in the zone immediately to the south of the caldera fault. The implications of this are that the additional area at a mineable depth to the south of the caldera fault may have steeper dips and more disturbed ground conditions.

- The seismic data confirms the block in the vicinity of borehole WL2-03 to be at a shallower depth than the block to the east on Ledig. This shallow block is bounded in the east by the N-S fault/dyke depicted in the structural model.
- Complex structure is evident in the south-west of the project area. This area has been interpreted as being related to the proximity of the Merensky and UG2 horizons to the footwall rocks. The area influenced is similar in extent to the area identified in the Mineral Resource plan as 'undefined' in terms of its Merensky and UG2 facies type, thus its impact on Mineral Resources is low.

### **structural geology conclusions**

The model represents an upgraded structural interpretation that has been used to construct a 3D surface of the Merensky and UG2 pyroxenites based on borehole data, aeromagnetic data, surface mapping and 3D seismic data. This interpretation, carried out independently of the facies interpretation, has also suggested that there is a spatial relationship between these aspects and this adds further confidence to the structural model.

The error in the elevation of the reefs in the core drilling area is considered to be generally better than 30 m.



### *evaluation cuts*

For the UG2 Normal and Regional Pothole reefs, and the Merensky Normal reef, the basal contact has been used as a reference surface from which the cut is evaluated upwards only. In the case of the Merensky Single Chromitite and Normal Footwall reefs, the basal contact of the chromitite layer overlaying the footwall is employed, with cuts calculated above and below. In the case of the Merensky Detached reef, the top contact of the upper chromitite layer is taken as the reference surface from which the cut is evaluated downwards only.

The cuts are visually composited in Datamine. In addition a minimum cut width of approximately 100 cm, which is considered the minimum 'mining width', is applied. The selected cut width for a hole and its deflections is scrutinised, and if necessary, adjusted to ensure a reasonably consistent thickness is taken within each cluster.

Composite samples for PGE(4) (the accumulated Pt, Pd, Rh and Au), Cu and Ni are weighted by both length and density. Where density values are not available, the sample is length weighted and the density calculated using a regression between PGE(4) and density within the facies.

Tables 1 and 2 contain the evaluation cuts for the Merensky and UG2 Reefs employed in the Mineral Resource estimate in conjunction with the BRPM JV data. The tables only show the latest cuts added since the previous update which included results received to July 2007.

Some 157 km have been drilled since October 2004.



table 1: merensky reef intersection evaluations (intersection widths)  
from august to december 2007

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WFA-20_D0	Detach	3,22	1,15	4,91	1,65	0,22	0,22	7,00	0,07	0,16
WFA-20_D2	Detach	3,28	1,14	5,74	2,73	0,32	0,33	9,13	0,09	0,24
WFA-20_D3	Detach	3,24	1,77	2,47	0,86	0,22	0,14	3,69	0,06	0,15
WFA 20 Ave	Detach	3,25	1,35	4,11	1,56	0,28	0,22	6,16	0,07	0,18
WFA-31_D0	Detach	3,25	1,35	5,25	2,13	0,30	0,22	7,90	0,08	0,19
WFA-31_D1	Detach	3,29	1,44	3,80	1,33	0,24	0,16	5,53	0,07	0,16
WFA-31_D3	Detach	3,35	1,29	2,47	0,86	0,22	0,14	3,69	0,06	0,15
WFA 31 Ave	Detach	3,30	1,36	3,85	1,42	0,27	0,18	5,71	0,07	0,17
WFA-36_D2	Detach	3,24	1,59	4,47	1,36	0,41	0,16	6,40	0,07	0,17
WFA-36_D3	Detach	3,20	1,24	3,81	1,42	0,35	0,22	5,80	0,09	0,21
WFA 36 Ave	Detach	3,22	1,42	4,18	1,39	0,39	0,19	6,14	0,08	0,18
WL1-20_D1	Detach	3,22	1,23	3,67	1,53	0,34	0,16	5,70	0,08	0,24
WL1-39_D0	Detach	3,22	1,32	6,87	1,74	0,45	0,16	9,22	0,09	0,21
WL1-39_D3	Detach	3,25	1,61	7,20	2,53	0,46	0,26	10,44	0,08	0,18
WL1-39_D4	Detach	3,25	1,71	5,16	1,88	0,38	0,24	7,66	0,07	0,17
WL1 39 Ave	Detach	3,24	1,55	6,34	2,07	0,43	0,23	9,07	0,08	0,18
WL2-14_D1	Detach	3,22	1,23	4,25	1,19	0,25	0,15	5,85	0,05	0,15
WL2-14_D2	Detach	3,28	1,00	3,71	1,59	0,38	0,29	5,98	0,10	0,24
WL2 14 Ave	Detach	3,25	1,12	4,01	1,37	0,31	0,22	5,91	0,07	0,19
WL2-26_D0	Detach	3,45	1,60	4,73	1,82	0,32	0,25	7,11	0,06	0,18
WL2-26_D1	Detach	3,31	2,35	4,71	1,88	0,28	0,45	7,32	0,09	0,26
WL2-26_D4	Detach	3,37	2,93	2,59	1,27	0,17	0,20	4,23	0,06	0,19
WL2 26 Ave	Detach	3,37	2,29	3,78	1,64	0,24	0,29	5,95	0,07	0,21
WL2-61_D0	Detach	3,29	1,55	5,04	1,98	0,26	0,29	7,57	0,10	0,24
WL2-61_D1	Detach	3,31	1,06	3,44	1,54	0,26	0,21	5,46	0,07	0,20
WL2-61_D2	Detach	3,29	1,14	4,77	2,10	0,33	0,27	7,46	0,09	0,22
WL2 61 Ave	Detach	3,30	1,25	4,49	1,90	0,29	0,26	6,94	0,09	0,23
WF-03_D0	Norm	3,29	1,19	4,90	1,87	0,40	0,18	7,35	0,07	0,29
WF-03_D1	Norm	3,16	1,29	4,26	1,86	0,25	0,30	6,68	0,08	0,22
WF 03 Ave	Norm	3,22	1,24	4,57	1,87	0,32	0,25	7,01	0,07	0,26

Bottom contact of normal Merensky Reef (top) showing bottom chromitite with interspersed sulphide mineralisation in pegmatitic feldspathic pyroxenite.



table 1: merensky reef intersection evaluations (intersection widths)  
from august to december 2007 (cont.)

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WF-25_D0	Norm	3,24	1,52	4,71	2,13	0,42	0,64	7,91	0,11	0,35
WF-25_D1	Norm	3,16	1,16	3,53	1,45	0,21	0,28	5,47	0,06	0,25
WF 25 Ave	Norm	3,21	1,34	4,24	1,84	0,32	0,47	6,87	0,09	0,31
WF-38_D0	Norm	2,99	1,15	2,77	1,19	0,22	0,22	4,40	0,06	0,15
WF-45_D1	Norm	3,22	1,80	2,50	0,84	0,14	0,15	3,63	0,05	0,18
WFA-26_D0	Norm	3,31	0,96	4,81	1,80	0,34	0,25	7,21	0,12	0,32
WL1-06_D0	Norm	3,30	1,57	7,98	3,89	0,81	0,38	13,05	0,14	0,39
WL1-06_D1	Norm	3,27	1,61	9,39	3,64	0,81	0,39	14,23	0,13	0,37
WL1 06 Ave	Norm	3,28	1,59	8,68	3,78	0,81	0,39	13,65	0,13	0,38
WL1-22_D0	Norm	3,08	1,87	2,09	0,75	0,16	0,14	3,15	0,04	0,21
WL1-22_D1	Norm	3,12	2,12	1,72	0,72	0,13	0,08	2,65	0,05	0,21
WL1-22_D3	Norm	3,09	2,23	2,34	1,02	0,14	0,19	3,69	0,07	0,23
WL1 22 Ave	Norm	3,09	2,07	2,05	0,84	0,14	0,13	3,17	0,05	0,22
WL1-38_D0	Norm	3,20	1,37	1,71	0,72	0,11	0,16	2,70	0,06	0,15
WL1-46_D0	Norm	3,17	1,51	4,67	4,16	0,53	0,30	9,67	0,23	0,53
WL1-46_D1	Norm	3,68	1,28	4,01	2,13	0,33	0,40	6,87	0,12	0,32
WL1-46_D3	Norm	3,19	1,09	8,43	3,14	0,45	0,44	12,47	0,17	0,34
WL1 46 Ave	Norm	3,35	1,29	5,38	3,19	0,45	0,40	9,41	0,17	0,40
WL1-47_D0	Norm	3,24	1,84	2,50	1,15	0,25	0,16	4,07	0,07	0,19
WL1-47_D1	Norm	3,16	1,86	3,77	1,47	0,35	0,26	5,85	0,07	0,22
WL1-47_D2	Norm	3,17	1,86	2,81	1,04	0,21	0,13	4,19	0,06	0,17
WL1 47 Ave	Norm	3,19	1,85	3,02	1,23	0,27	0,18	4,70	0,07	0,19
WL1-54_D0	Norm	3,03	1,03	3,19	1,23	0,24	0,16	4,82	0,10	0,28
WF-16_D0	SC	2,92	1,25	3,73	1,42	0,25	0,21	5,61	0,06	0,14
WF-16_D2	SC	2,94	1,56	5,88	2,77	0,32	0,46	9,44	0,11	0,22
WF-16_D3	SC	3,01	1,15	4,25	1,85	0,30	0,40	6,80	0,10	0,19
WF 16 Ave	SC	2,95	1,32	4,75	2,05	0,30	0,36	7,46	0,09	0,19
WF-75_D0	SC	3,21	1,17	1,35	0,65	0,09	0,17	2,27	0,06	0,17
WF-75_D2	SC	3,29	1,25	0,38	0,27	0,02	0,09	0,74	0,04	0,11



table 1: merensky reef intersection evaluations (intersection widths)  
from august to december 2007 (cont.)

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WF-75_D3	SC	3,23	1,15	0,99	0,52	0,04	0,14	1,69	0,02	0,10
WF 75 Ave	SC	3,25	1,19	0,86	0,49	0,04	0,14	1,54	0,04	0,12
WF-96_D0	SC	3,26	0,77	0,87	0,43	0,05	0,05	1,41	0,07	0,17
WF-96_D2	SC	3,16	0,90	2,64	1,32	0,24	0,21	4,40	0,08	0,27
WF-96_D3	SC	3,20	0,99	1,54	0,69	0,11	0,08	2,43	0,04	0,14
WF96 Ave	SC	3,20	0,89	1,72	0,83	0,13	0,11	2,78	0,06	0,19

table 2: UG2 reef intersection evaluations (intersection widths)  
from august to december 2007

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WF-16_D0	Norm	3,94	1,16	3,28	1,31	0,57	0,01	5,17	0,01	0,13
WF-16_D2	Norm	4,02	1,28	3,28	1,91	0,63	0,03	5,84	0,01	0,13
WF-16_D3	Norm	3,96	1,12	3,36	1,66	0,77	0,03	5,83	0,01	0,13
WF-16 Ave	Norm	3,98	1,19	3,31	1,63	0,65	0,02	5,62	0,01	0,13
WF-38_D0	Norm	4,14	1,23	2,89	0,81	0,58	0,00	4,29	0,01	0,14
WF-45_D0	Norm	3,87	1,02	2,90	1,33	0,45	0,01	4,69	0,00	0,11
WF-75_D0	Norm	3,76	1,07	3,34	1,27	0,62	0,04	5,28	0,04	0,16
WF-75_D2	Norm	3,93	1,70	2,82	1,31	0,57	0,01	4,71	0,01	0,12
WF-75_D3	Norm	3,80	1,83	2,52	0,98	0,48	0,02	4,00	0,02	0,13
WF-75 Ave	Norm	3,84	1,53	2,82	1,17	0,55	0,02	4,56	0,02	0,13
WF-86_D0	Norm	3,43	1,19	2,05	1,17	0,39	0,00	3,61	0,00	0,08
WF-86_D1	Norm	3,67	0,97	1,67	0,56	0,26	0,00	2,49	0,00	0,14
WF-86_D2	Norm	3,43	0,97	1,47	0,45	0,21	0,00	2,13	0,00	0,13
WF 86 Ave	Norm	3,51	1,04	1,79	0,72	0,29	0,00	2,80	0,00	0,12
WF-92_D0	Norm	3,74	1,44	2,35	1,90	0,42	0,04	4,70	0,00	0,12
WFA-26_D0	Norm	4,01	0,84	3,31	1,18	0,40	0,03	4,92	0,01	0,14
WFA-36_D2	Norm	3,68	1,00	2,23	0,61	0,34	0,01	3,20	0,01	0,11
WFA-36_D3	Norm	3,66	1,03	1,77	0,54	0,31	0,01	2,64	0,01	0,11
WFA-36 Ave	Norm	3,67	1,02	2,00	0,58	0,33	0,01	2,91	0,01	0,11



Top contact of the UG2 chromitite seam with hanging wall pyroxenite.



table 2: UG2 reef intersection evaluations (intersection widths)  
from august to december 2007 (cont.)

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WL1-20_D2	Norm	4,06	1,07	3,59	2,17	0,70	0,01	6,47	0,00	0,15
WL1-22_D0	Norm	4,00	1,24	3,14	1,97	0,71	0,00	5,82	0,00	0,13
WL1-22_D1	Norm	3,84	1,51	2,35	1,42	0,59	0,10	4,47	0,00	0,12
WL1-22_D3	Norm	3,70	1,35	3,02	2,07	0,61	0,00	5,70	0,00	0,12
WL1-22 Ave	Norm	3,84	1,37	2,81	1,79	0,64	0,05	5,29	0,00	0,13
WL2-27_D0	Norm	3,20	0,80	2,94	2,34	0,50	0,07	5,86	0,02	0,14
WL2-27_D1	Norm	3,84	1,01	2,97	1,38	0,53	0,05	4,94	0,02	0,15
WL2 27 Ave	Norm	3,56	0,91	2,98	1,74	0,53	0,06	5,31	0,02	0,14
WL2-61_D0	Norm	4,01	0,82	3,75	2,01	0,65	0,05	6,46	0,01	0,12
WL2-61_D1	Norm	4,10	0,87	3,68	2,01	0,62	0,05	6,36	0,01	0,13
WL2-61_D2	Norm	3,74	1,34	2,32	1,44	0,36	0,04	4,15	0,00	0,11
WL2 61 Ave	Norm	3,92	1,01	3,11	1,79	0,51	0,04	5,45	0,01	0,12
WF-25_D1	RegPH	3,54	0,91	4,28	2,48	0,98	0,00	7,74	0,00	0,09
WF-96_D0	RegPH	3,63	1,05	1,66	0,35	0,25	0,00	2,27	0,01	0,14
WF-96_D2	RegPH	3,87	0,76	3,44	1,25	0,61	0,00	5,32	0,02	0,12
WF-96_D3	RegPH	3,72	0,99	2,59	0,91	0,40	0,01	3,92	0,04	0,22
WF96 Ave	RegPH	3,73	0,97	2,54	0,76	0,41	0,01	3,71	0,02	0,16
WL1-06_D0	RegPH	3,73	0,91	1,62	0,38	0,20	0,00	2,20	0,00	0,11
WL1-06_D1	RegPH	3,26	1,16	0,72	0,33	0,12	0,05	1,22	0,00	0,07
WL1-06_D4	RegPH	3,83	1,03	2,08	1,32	0,41	0,00	3,80	0,00	0,12
WL1 06 Ave	RegPH	3,59	1,03	1,51	0,65	0,24	0,03	2,43	0,00	0,10
WL1-38_D0	RegPH	3,96	0,97	3,31	1,67	0,55	0,04	5,57	0,02	0,13
WL1-39_D0	RegPH	4,18	1,17	6,88	3,73	0,85	0,08	11,54	0,02	0,16
WL1-39_D3	RegPH	4,18	1,15	3,39	1,65	0,56	0,01	5,61	0,01	0,13
WL1 39 Ave	RegPH	4,18	1,16	5,16	2,65	0,74	0,04	8,60	0,01	0,14
WL1-47_D0	RegPH	3,50	1,51	1,18	0,56	0,23	0,00	1,97	0,01	0,09
WL1-47_D1	RegPH	3,88	1,21	2,23	2,72	0,41	0,03	5,38	0,01	0,12
WL1-47_D2	RegPH	3,64	1,48	1,74	1,06	0,37	0,00	3,18	0,01	0,11
WL1 47 Ave	RegPH	3,66	1,40	1,80	1,27	0,36	0,01	3,44	0,01	0,11

table 2: UG2 reef intersection evaluations (intersection widths)  
from august to december 2007 (cont.)

drillhole	facies	density (t/m <sup>3</sup> )	width (m)	pt (g/t)	pd (g/t)	rh (g/t)	au (g/t)	pge(4) (g/t)	cu (%)	ni (%)
WL1-54_D0	RegPH	3,67	1,14	2,05	0,84	0,38	0,00	3,28	0,00	0,11
WL1-54_D1	RegPH	3,61	1,09	1,56	1,65	0,29	0,01	3,51	0,00	0,09
WL1-54_D2	RegPH	3,88	1,02	2,60	1,34	0,42	0,00	4,36	0,01	0,12
WL1 54 Ave	RegPH	3,72	1,08	2,07	1,27	0,37	0,01	3,71	0,00	0,11
WL2-14_D0	RegPH	3,99	0,75	2,39	0,97	0,48	0,00	3,84	0,01	0,13
WL2-14_D1	RegPH	4,04	0,73	3,70	1,66	0,56	0,00	5,92	0,01	0,14
WL2-14_D2	RegPH	3,48	1,04	1,40	0,49	0,27	0,00	2,16	0,01	0,10
WL2 14 Ave	RegPH	3,79	0,84	2,44	0,96	0,45	0,00	3,84	0,01	0,12
WL2-26_D0	RegPH	3,99	1,70	2,89	1,46	0,49	0,03	4,86	0,02	0,13
WL2-26_D1	RegPH	3,93	1,80	2,75	1,05	0,56	0,01	4,37	0,01	0,11
WL2-26_D3	RegPH	3,89	1,46	3,73	1,86	0,57	0,01	6,16	0,01	0,14
WL2 26 Ave	RegPH	3,94	1,65	3,09	1,41	0,55	0,02	5,06	0,01	0,13

#### assay quality control and assurance

Core samples were submitted to SGS Lakefield and Mintek for geochemical analysis. Quality assurance procedures are in place with adequate protocols to ensure quality control. This includes submission of 15 internationally certified reference materials (CRMs) for the batches under review which are shown in Table 3.

table 3: summary of CRMs used by laboratories and wesizwe

source	total	AMIS	SARM	in-house
wesizwe		AMS006 008, 009 013		
lakefield		AMS002 008, 009 010, 017 <sup>1</sup> 034	SARM 1, 5, 64, 71 72, 73, 76	6 (for cu, ni), 2 (for 4E)
minktek			SARM 5 64, 72, 76	

<sup>1</sup> No data available for AMS017

The total sample stream for the project comprises some 14 081 samples with 1 158 (8,2%) being submitted as 'blinds'. The number of new samples in the updated February 2008 CPR totalled 3 219 with 383 (11,9%) 'blinds' being submitted.

The assay results from these standards are compared to the certified values and certified allowable deviations from the accepted concentrations for the PGEs (Pt, Pd, Rh and Au), Cu and Ni. The resulting data from the standards is used to estimate both accuracy and precision. As a further check on accuracy and precision, CRMs used as part of internal laboratory controls, were analysed separately. Field sampling, sampling preparation, dispatch and laboratory procedures have shown that the protocols in place are adequate for quality assurance.

Materials that have been shown to have concentrations of the assayed elements below their lower detection limits for the assay procedures employed, are submitted as blanks. The data obtained gives an indication of possible contamination prior to and/or during sample processing. The data obtained from blanks submitted by Wesizwe and employed internally by the laboratories has been examined.

In terms of a technical co-operation agreement between Wesizwe and Anglo Platinum (acting on behalf of the Bafokeng Rasimone Platinum Mine (BRPM) JV), certain exploration data from the exploration campaigns conducted by the BRPM JV have been made available to Wesizwe. In particular this covers the farms Styldrift and Frischgewaagd towards the south-east of the Wesizwe project area. The data are in an electronic format and include drillhole collar positions, geological logs, down-the-hole survey results, sampling positions and assay results. Due to the agreement, this data cannot be disclosed publicly, but it may be employed for Mineral Resource estimates where applicable.

In the updated February 2008 CPR, the appointed Competent Person found that the levels of precision and accuracy were acceptable and could be employed for Mineral Resource estimation.

### *mineral resources*

The data obtained by Wesizwe allows for a geostatistical evaluation of the majority of the project area. Ordinary kriging has been applied for the estimation within the Merensky Normal, Single Chrome and Detached Facies and the UG2 Normal and Regional Pothole Facies. Where there is a paucity of data such that there is insufficient data to meet the criteria for kriging, de-clustered means are used for estimation. In the Merensky Normal-Footwall Facies, only de-clustered means are used.

Table 4 contains the average grades, widths and specific gravities estimated for the various reef types. The variables estimated are:

- $\text{PGE (4) g/m}^2$  Vertical Intersection Width x PGE (4) grade x SG
- $\text{Ton/m}^2$  Vertical Intersection Width x SG
- Width Vertical Intersection Width
- $\text{Cu\%/m}^2$  Vertical Intersection Width x Cu grade x SG
- $\text{Ni\%/m}^2$  Vertical Intersection Width x Ni grade x SG

Table 4: average merensky and UG2 results from the datamine model

Parameter	Normal	Single Chromitite	Normal Footwall	Detached	Normal UG2	Regional Pothole UG2
PGE (4) grade (g/t)	6,20	4,77	6,86	4,77	4,48	4,63
Average Width (m)	1,47	1,43	1,61	1,35	1,21	1,70
Average SG (t/m <sup>3</sup> )	3,18	3,29	3,14	3,20	4,09	3,46
Pt Grade (g/t)	3,98	3,05	4,57	4,09	2,72	2,91
Pd Grade (g/t)	1,68	1,28	1,82	1,56	1,25	1,34
Rh Grade (g/t)	0,29	0,22	0,25	0,29	0,47	0,48
Au Grade (g/t)	0,25	0,21	0,23	0,23	0,02	0,04
Cu Grade (%)	0,08	0,07	0,05	0,07	-	-
Ni Grade (%)	0,25	0,15	0,13	0,20	0,13	0,12

Table 4: average merensky and UG2 results from the datamine model (cont.)

Parameter	Normal	Single Chromitite	Normal Footwall	Detached	Normal UG2	Regional Pothole UG2
Pt % of Precious Metals	64,22%	64,05%	66,62%	66,18%	60,75%	62,91%
Pd % of Precious Metals	27,09%	26,78%	26,49%	25,20%	27,87%	29,00%
Rh % of Precious Metals	4,68%	4,71%	3,59%	4,74%	10,57%	10,38%
Au % of Precious Metals	4,01%	4,46%	3,30%	3,72%	0,41%	0,90%

\* Based on de-clustered averages

figure 9: average merensky reef pge(4) g/m<sup>2</sup> values

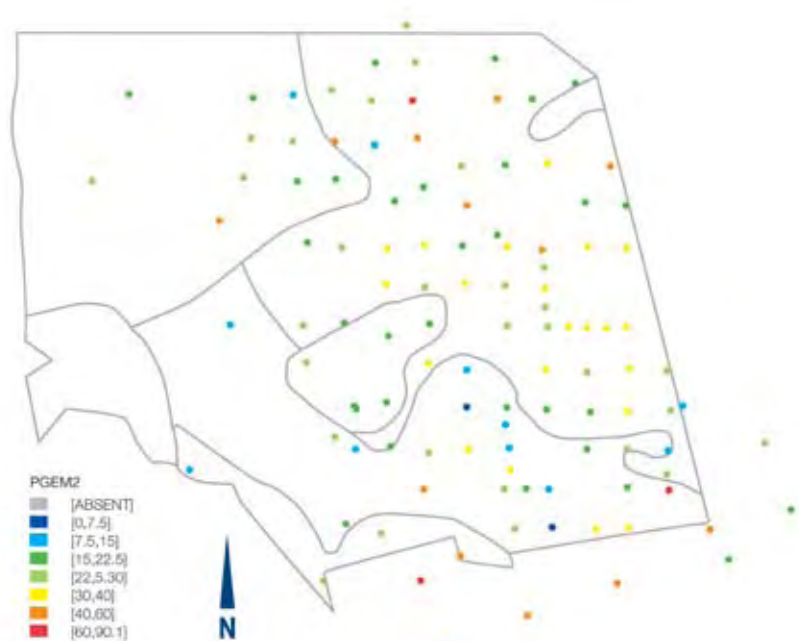
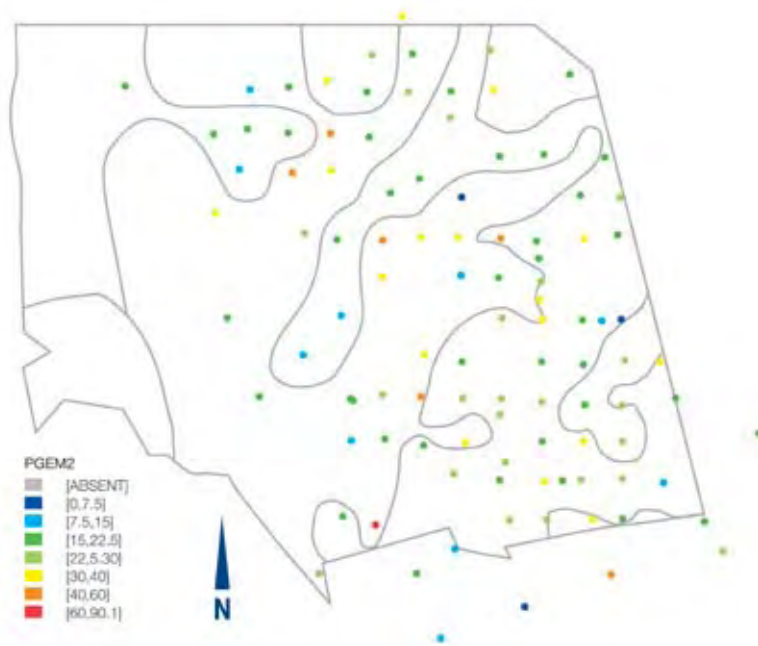




figure 10: average UG2 reef pge(4) g/m<sup>2</sup> values



### *geological losses*

A percentage geological loss has been applied to the tonnage estimate for each block. The geological loss is estimated by considering the geological losses encountered while drilling as a percentage of the completed holes. The percentage of geological losses encountered due to drilling is below 20% in both the Merensky and UG2. However, based on the experience of The Mineral Corporation in dealing with other Merensky Reef and UG2 Reef projects in this area, a minimum geological loss of 25% is applied to the Merensky Reef and 27,5% to the UG2 Reef.

### mineral resource estimates

The estimated Mineral Resources for the various classifications, reef types and farm areas are contained in Tables 5 to 7.

It should be noted that for Frischgewaagd portions 4, 3 and 11, Wesizwe have an additional 13% mineral ownership through their ownership of Africa Wide; 26% participants in the Western Bushveld Joint Venture (Figure 1).

table 5: mineral resource estimate per reef type and classification

reef type	facies	resource tonnage	width	pge(4)	pt grade (g/t)	pd grade (g/t)	rh grade (g/t)	au grade (g/t)	cu%	ni%
<b>Merensky</b>		37 818 659	1,43	5,88	3,82	1,55	0,27	0,24	0,08	0,21
	Detached	11 839 734	1,35	6,19	4,09	1,56	0,29	0,23	0,07	0,20
	Normal	15 212 536	1,47	6,20	3,98	1,68	0,29	0,25	0,08	0,25
	Normal Footwall	1 752 816	1,61	6,86	4,57	1,82	0,25	0,23	0,05	0,13
	Single Chromitite	9 013 573	1,43	4,77	3,05	1,28	0,22	0,21	0,07	0,15
<b>UG2</b>		43 187 338	1,49	4,56	2,83	1,30	0,48	0,03	0,00	0,12
	Normal	19 140 040	1,21	4,48	2,72	1,25	0,47	0,02	0,00	0,13
	Regional Pothole	24 047 298	1,70	4,63	2,91	1,34	0,48	0,04	0,00	0,12

table 6: mineral resource estimate for pge(4) ounces with classification

reef type	resource type	pge(4) ozs (M)	pt ozs (M)	pd ozs (M)	rh ozs (M)	au ozs (M)	cu ton (M)	ni ton (M)
Merensky Reef	Measured	0,902	0,579	0,244	0,042	0,005	0,004	0,011
Total	Measured	0,902	0,579	0,244	0,042	0,005	0,004	0,011
Merensky Reef	Indicated	3,517	2,272	0,936	0,165	0,143	0,015	0,041
UG2 Reef	Indicated	3,009	1,831	0,848	0,310	0,020	0,003	0,026
Total	Indicated	6,526	4,104	1,784	0,475	0,164	0,017	0,066
Merensky Reef	Inferred	2,737	1,799	0,708	0,125	0,105	0,010	0,027
UG2 Reef	Inferred	3,327	2,023	0,938	0,340	0,025	0,003	0,028
Total	Inferred	6,063	3,823	1,646	0,475	0,130	0,014	0,055
Total	All	13,491	8,506	3,674	0,982	0,329	0,035	0,132

Wesizwe's common practice of sampling into the footwall of both Merensky and UG2 Reefs to check for further Pt mineralisation.



table 7: mineral resource estimate with attributable pge(4) ounces

farm	reef type	classification	resource		pge(4) (g/t)	attributable %	attributable ozs (M)
			tonnage (Mt)	pge(4) ozs (M)			
<b>FRISCH 1</b>	Merensky		0,661	0,088	4,12	100%	0,087
		Indicated	0,302	0,037	3,79		
		Inferred	0,028	0,005	5,32		
	UG2	Inferred	0,274	0,032	3,64		
			0,359	0,051	4,38		
		Inferred	0,359	0,051	4,38		
<b>FRISCH 11</b>	Merensky		36,790	6,231	5,27	63%	3,925
		Indicated	17,252	3,319	5,98		
		Inferred	11,527	2,199	5,93		
		Measured	1,555	0,297	5,93		
	UG2		4,169	0,823	6,14		
		Indicated	19,539	2,912	4,64		
		Inferred	15,008	2,211	4,58		
		Inferred	4,531	0,701	4,81		
<b>FRISCH 3</b>	Merensky		0,427	0,056	4,11	63%	0,036
		Inferred	0,188	0,021	3,53		
		Inferred	0,188	0,021	3,53		
	UG2		0,239	0,035	4,56		
		Inferred	0,239	0,035	4,56		
<b>FRISCH 4</b>	Merensky		15,754	2,398	4,73	63%	1,511
		Indicated	7,160	1,174	5,10		
		Inferred	1,628	0,298	5,69		
		Inferred	5,533	0,876	4,93		
	UG2		8,593	1,224	4,43		
		Indicated	0,689	0,090	4,06		
		Inferred	7,904	1,134	4,46		
<b>LEDIG 1</b>	Merensky		17,174	2,940	5,32	100%	2,940
		Indicated	8,068	1,635	6,30		
		Inferred	1,466	0,302	6,40		
	UG2	Inferred	6,602	1,333	6,28		
			9,105	1,305	4,46		
		Indicated	0,690	0,107	4,84		
		Inferred	8,415	1,197	4,43		
<b>LEDIG 2</b>	Merensky		10,200	1,779	5,42	100%	1,779
		Indicated	4,849	0,969	6,22		
		Inferred	3,550	0,713	6,25		
		Inferred	0,919	0,177	6,01		
		Measured	0,380	0,079	6,43		
	UG2		5,351	0,809	4,70		
		Indicated	3,828	0,601	4,88		
		Inferred	1,523	0,208	4,25		
<b>Grand Total</b>			<b>81,006</b>	<b>13,491</b>	<b>5,18</b>		<b>10,278</b>

## technical project development

### highlights

- Construction given the go-ahead on the back of positive Bankable Feasibility Study confirming commercial viability of the Frischgewaagd-Ledig Complex
- Attractive post-tax returns justify the commissioning of construction
- Results show a base case of a real Internal Rate of Return at 18,0% with Net Present Value of R9,5 billion
- Capital cost estimates of R5,6 billion with peak cost funding in 2013 at the start of production
- Electrical self generation contingency of R168 million taken into account to allow for possible electricity supply delay by Eskom
- Life Of Mine of 35 years
- The total Run Of Mine (ROM) production would be 2,76 million tons of ore per annum, producing an average of 350 000 ounces of PGMs in concentrate per annum during steady state and a total mine yield of 10 million ounces
- Production profile starts with a combination of tonnage output from the two reefs, building up to 180 000 tpm from Merensky and 50 000 tpm from UG2. Once the Merensky is depleted, the output profile shifts to 230 000 tpm from UG2
- Primary access will be through a twin vertical shaft system comprising of a 8,5 m diameter downcast main, men and materials shaft and an upcast ventilation shaft/ second outlet of 7,5 m diameter
- The main, men and materials shaft will be sunk to a depth of 980 m and the ventilation shaft to 910 m
- Best mining practices confirm a hybrid mining method comprising conventional drilling, blasting and cleaning with trackless transport of ore
- The principal mining method will be conventional breast stoping with scraper cleaning on faces, and strike and dip gullies. The main development will be carried out using mechanised drilling, cleaning and trackless transportation
- Underground ore will be transported using a combination of trackless equipment and conveyor belts from the production areas to the shaft
- Nearly all off-reef development will be completed by trackless equipment, and all reef development and stoping will use conventional hand held drills
- Plant design includes primary one-stage crushing into a SAG mill with Mill-Float-Mill-Float (MF2) circuit
- Fifty eight month construction programme including capital ramp-up commencing in July 2008



Facing southwards, the two markers in the foreground show the site of the main shaft. The rig in the background is the position of the vent shaft.





Long lead items have been secured.



### *summary for the period january 2007 to march 2008*

Wesizwe's core Frischgewaagd-Ledig Complex project is located on the western limb of the Bushveld Complex (BC), approximately 30 km north of Rustenburg and incorporates portions of the farms Ledig 909JQ and Frischgewaagd 96JQ. The project's boundaries are defined by the Pilanesberg complex to the north, the Elands river to the south and the Styldrift property in the east. The delineated block defined in exploration results is about 4 km NS and 3,5 km EW with mining depth ranging from 650 m to 850 m below surface.

In 2007 and to date of this report, Wesizwe completed both its Pre-feasibility (PFS) and Bankable Feasibility Studies (BFS). The highlights of the results of the BFS are given at the beginning of this section. The company also applied for a mining right and received formal acceptance from the Department of Minerals and Energy for the application in July 2007. Acceptance of the mining right application is for Wesizwe's core Frischgewaagd-Ledig Complex. Properties covered are the remaining extent of portion 1, portions 3, 4, and 11 of the farm Frischgewaagd 96JQ, portions 3, 4, 6 and 7 and the remaining extent of the farm Ledig 909JQ, and a certain portion of the remaining extent of the farm Mimosa 81JQ.

In addition, the company commissioned and completed a 3D geoseismic survey and upgraded its mineral resources to a mineral reserve (details of the 3D survey can be found in the exploration and mineral resources section of this report). The results of the survey were incorporated into the BFS.

Long lead items were secured and Wesizwe entered into a managed services contract with Murray and Roberts Cementation (MRC) to act as the principal contractor for the capital construction project, which is on schedule to commence in the third quarter 2008. MRC will work in conjunction with TWP Consulting (Pty) Limited (TWP) who are to be

appointed as the EPCM contractors as design engineers and project managers for the shaft sinking and capital construction project. The contract signed by MRC provides for the provision of cost plus-based managed services with performance related incentives and penalties in line with FIDIC Silver Book guidelines.

Since inception of the project in 2005, The Mineral Corporation have been appointed as the Competent Person and TWP as the Independent Engineers. TWP undertook both the original Scoping report in 2005, the Independent Engineer's Report in 2006, the mining, metallurgical and operational aspects of the PFS in 2006/07 and the BFS in 2007/08. TWP was selected specifically because of its extensive experience in shaft and infrastructure design in the platinum industry and, in particular, because of its extensive involvement with both Anglo Platinum and the Royal Bafokeng's neighbouring BRPM mine and the Styldrift project as well as Impala 20 Shaft. Impala 20 Shaft is close to Wesizwe's properties and has a very similar configuration to that designed for Wesizwe.

The Mineral Corporation has been involved with the Styldrift project for many years. Wesizwe's core project forms the extension of the Styldrift ore body and knowledge in the public domain shows a thick Merensky Reef that may be suitable for mechanised or hybrid mining.

The BFS was carried out by a core multi-disciplinary team. In addition, external third party reviews were conducted on many significant aspects of the work and recommendations were incorporated into the BFS. Where appropriate, simulations were also carried out to verify designs. The technical risk is considered manageable as there are no new or unproven technologies incorporated in the project.

The execution of the study was carried out by:

- Wesizwe EXCO and financial staff
- Wesizwe Platinum Owner's Team

- TWP (study and potential EPCM contractor)
- Murray & Roberts Cementation (shaft sinking contractors)
- The Mineral Corporation (mineral advisors)
- TWP-ES (environmental consulting).

The following third party reviews were done:

- Mining design and modelling (Mine2-4D™): Ukwazi Mining
- Mining and engineering design: SRK Consulting (SA) Pty Ltd
- Men, material and rock handling simulation: Systems Modelling Services
- Rock engineering modelling of the excavations and shaft pillar extraction: ITASCA
- Mine operating cost model: SSP & Associates
- Financial review of the NPV and IRR of the project options: KPMG
- Mineral resource review: RSG Global/Coffey Mining
- Ventilation and the refrigeration plant design and cost review: BBE
- Shaft sinking costs: Bathuleng Wallace Raubenheimer
- Environmental: Metago Environmental Engineers (Pty) Ltd
- Plant operating costs: Minopex-DRA.

These third party reviews have detected no major flaws or concerns and have allowed for further optimisation of designs and models.

### **the bankable feasibility study**

Wesizwe released the results of its BFS to the market on 31 March 2008 exactly one year after it had been commissioned. The results were highly positive and Wesizwe was given the go-ahead to proceed with the implementation phase on its core focus project, the Frischgewaagd-Ledig Complex. This phase of capital construction will commence in the third quarter 2008. The recommendation from the PFS, published on 30 March 2007, to take one option through to full feasibility formed the basis of the BFS.

The economic and technical results of the study confirm that the project is commercially viable with an Internal Rate of Return (IRR) of 18% (16% excluding Inferred resources) and a Net Present Value (NPV) of R9,5 billion (R4,7 billion excluding Inferred resources) at a real discount rate of 5%. The base date (October 2007) capital cost estimate is R5,6 billion. This figure includes an overall contingency of R275,3 million. An additional electrical self generation contingency of R168 million was taken into account to allow for any electricity supply delay by Eskom.

Wesizwe's Frischgewaagd-Ledig Complex project will consist of an underground mine and a surface concentrator plant. The current mine infrastructure designs were conducted through a process of exacting iterations in parallel with the updating of the geological studies. To this extent, the proposed design is considered to represent the most appropriate method to exploit Wesizwe's mining block as it allows flexibility to address the structural geology. The update to the structural geology can be found in the exploration and mineral resources section.

The concentrator design is based on current industry practices and test work results obtained during the study. The mine design allows for fast production build-up to enhance shareholder value in the project. The Wesizwe BFS has addressed the major activities with sufficient technical details to give confidence to the estimates in accordance with best practice. Shaft sinking and development, the largest capital cost activity, was designed through vertical integration by involving MRC early on in the planning phase, to ensure accurate cost estimation. Operating costs were benchmarked with similar operating mines in the area.

The execution programme envisages a 58 month construction programme which will include sinking activities and construction of the first module of the concentrator plant. According to this schedule, production will commence in February 2013 and build up to steady state production of 230 000 tons per month (tpm) by 2016.



The mine design allows for optimum flexibility in terms of mining method (conventional, mechanised or hybrid) over the Life Of Mine (LOM) and was guided by the latest geological information (structure as of June 2007 and block model as of August 2007) as well as the preliminary results obtained from the 3D geoseismic survey. The production profile starts with a combination of tonnage output from the two reefs, building up to 180 000 tpm from Merensky and 50 000 tpm from UG2. Once the Merensky is depleted, the output profile shifts to 230 000 tpm from UG2. The mineable reserve block is 81 million tons and equates to a LOM of 35 years.

The study team has addressed major activities with sufficient technical detail to give confidence to the estimates in accordance with best practice.

### *scope*

The scope for the BFS covers the establishment of the Wesizwe shaft complex and a processing plant. The plant will treat the ROM ore to produce a concentrate that will be sold through an off-take agreement to be finalised in due course.

This greenfield project takes into account the establishment of all surface infrastructure, servitudes for bulk power and water supply, the sinking and equipping of ventilation and main shafts, associated underground infrastructure, ancillary excavations and access development to establish a footprint for full production.

figure 11: site photograph (july 2007)



#### *wesizwe mine development history*

The PFS which was released in March 2007 covered the principal techno-economic factors that would impact on the exploitability of the core project resource. In essence the scope was to provide an Order of Magnitude Estimate (OME) study investigating five possible mining scenarios and select the most appropriate method for completion of the BFS.

The main objectives were to:

- Qualify the geological and geotechnical information
- Identify the most appropriate mining methodology and strategy
- Review test work completed and determine additional test work required to qualify processing route for the BFS
- Evaluate the different operational scenarios
- Assess the status of statutory compliance
- Identify fundamental or fatal flaws that could inhibit project progression
- Investigate infrastructure requirements with particular reference to bulk water and power supply options
- Define the scope of the BFS.

### *mining options*

Five options were considered in the PFS with the same mining method in all options. The options considered timing and sequencing of mining two reef types (Merensky and UG2), and the respective working costs and plant recoveries.

table 8: mining options resulting from PFS

Option	Definition (Years)	Production start (Years)	Build up (Years)	Steady state
1	Merensky only at 180 ktpm	2,5	5	8
2	Merensky & early UG2 at 180 ktpm	2,5	5,5	20
3	Merensky & late UG2 at 180 ktpm	2,5	5,5	20
4	UG2 & early Merensky at 180 ktpm	2,5	5,5	20
5	Option 2 at 240 ktpm	2,5	5,5	15

Murray and Roberts Cementation who worked on the nearby Impala 20 Shaft have been appointed as the shaft sinking contractors.





### **PFS results**

Providing a range of Net Present Values (NPVs) and Internal Rates of Return (IRRs), the PFS strongly endorsed the economic, technical and commercial potential of Wesizwe's Frischgewaagd-Ledig Complex and recommended that Wesizwe proceed with a BFS examining options 3 and 5. The decision was supported by the good exploration results released for the September 2006 quarter on which the PFS was based and, in addition, confirmed the attractiveness of the prospect because of its resource estimates, grade, prill split and relatively shallow depth.

### *salient features of the BFS mine design*

Design and mining method philosophies for the Wesizwe project maximise the time related value of the ore body. Maximum flexibility of operation and allowance for any geological anomalies that may be encountered is incorporated.

### **shaft sinking**

The proposed access to the Wesizwe ore body is through the sinking of an independent twin vertical shaft system. This will comprise of an 8,5 m diameter (depth 980 m) down-cast man, material and rock shaft and an up-cast ventilation shaft of 7,5 m diameter (depth 910 m). The shafts are strategically positioned to most effectively access both reef planes while taking into consideration the environmental and social sensitivities on the surface.

The main shaft has capacity to hoist up to 230 000 tpm of ore and 36 000 tpm of waste. Initially Merensky reef will make up the primary tonnage with 180 000 tpm hoisted and secondary UG2 at 50 000 tpm. Once the Merensky reef has been depleted, the UG2 will make up the full production.

It is to be noted that the shaft and underground infrastructure is specifically designed for maximum flexibility to accommodate the men, material and equipment for both conventional and mechanised equipment. The reason for this revolves around the presence of thick, flat-lying Merensky and UG2 reefs which should to a greater or lesser extent be amenable to mechanised mining. The decision to mechanise will be taken on section-by-section basis once the sections are opened up and the micro-structural geology and footwall conditions are exposed.

Shaft sinking will be undertaken by Murray and Roberts Cementation (MRC) who have been involved in the project from early in the BFS Stage. The twin shafts will be sunk using conventional, best practice, tried and tested, sinking methodologies.

#### **development**

After the sinking of the shafts is completed, the development of the primary haulages will commence. The reef drives on the UG2 horizon will be used for ventilation intakes, and men and material entry. Twin haulages will be developed in the footwall below the UG2 from the shaft to access the production sections independently. One of the twin haulages will be primarily used for ventilation intake and as a main tramming section, while the other twin haulage will be used as a return airway for each section.

The trackless, mechanised waste and ore transport system will provide reliable and cost effective production performance as well as vital flexibility. Tramming levels, including the on-reef development in the UG2 will be developed by mechanised equipment. The primary mining equipment used will be single boom drill rigs, Load Haul Dumpers (LHDs) and dump trucks. Conventional development will only occur in travelling ways from the UG2 to the Merensky horizon and in the Merensky raises.

The placing of the drives on the UG2 horizon facilitates the shortening of the box-hole lengths between the Merensky sections and the tramming section, as well as quick access to the UG2. Positioning the twin haulages



in the footwall is to ensure flexibility in areas where the reef may have been faulted below the general UG2 level.

This design option results in each section being separately ventilated and adds the further benefit of having the bulk of men and material transport separated from the tramming operation.

### **production**

Production will use a combination of conventional and mechanised mining of the two platinum reefs. Breast mining refers to the mining of a narrow reef in the direction of strike.

The Merensky horizon will be mined using conventional stoping with hand held pneumatic drills, winches and scrapers. Pneumatic drills will be used in stopes for drilling of support and blast holes. Once blasted, the ore is cleaned from the face using winches and scrapers into the strike gullies and up or down the raise; over the grizzlies into the box holes. Ore gravitates to the UG2 drives, where it is loaded by LHDs into dump trucks and then tipped into ore passes and gravitates down to the tramming level.

The UG2 horizon will be mined at the same time as Merensky, however in far smaller quantities. The quantity of UG2 will be increased as the Merensky depletes. Drilling of the support and face will be done by hand held pneumatic drills. The blasted face will be cleaned with scrapers to the strike gullies where it will then be collected by LHDs and tipped into trucks. It will then be trammed to the relevant ore passes, tipped on the grizzlies and gravitated to the tramming level. On the UG2 horizon, where the reef width becomes too narrow, or where unexpected geological anomalies occur, these areas will be cleaned conventionally.

The waste and ore on the tramming level is loaded into trucks by LHDs at the face and at the section passes, and then transported back to one of four ore passes at the shaft. These passes allow for the separation of

the rock types (Merensky, UG2 and waste). This ore will gravitate through ore passes to the crusher level and pass through one of four underground jaw crushers into the relevant crushed rock silos for hoisting separately up to the surface bin, onto a conveyor and transport to the relevant Merensky, UG2 or waste stockpiles.

The Merensky and UG2 ore and waste will be handled in separate ore-passes and silos as they are hoisted, and in the case of ore, treated separately. This will be controlled by an integrated ore management system.

#### mining layout

The mining capital footprint, excluding shaft infrastructure, includes the following:

- Footwall development (tramming levels)
- Footwall development equipping
- On reef UG2 development and equipping operations
- On reef Merensky equipping.

figure 12: mining layout

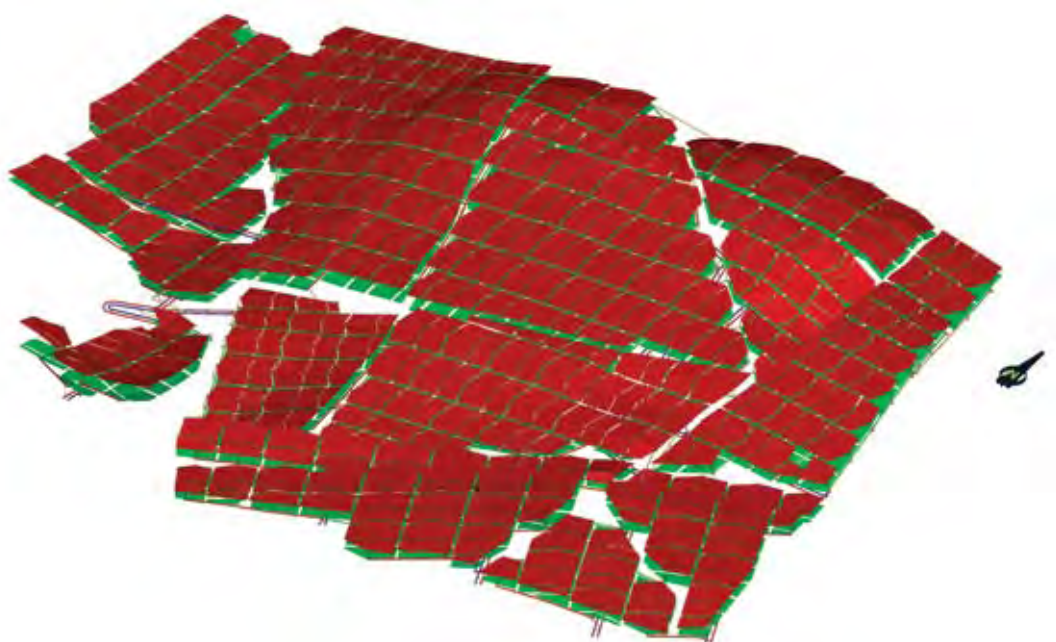


figure 13: total mining shaft infrastructure

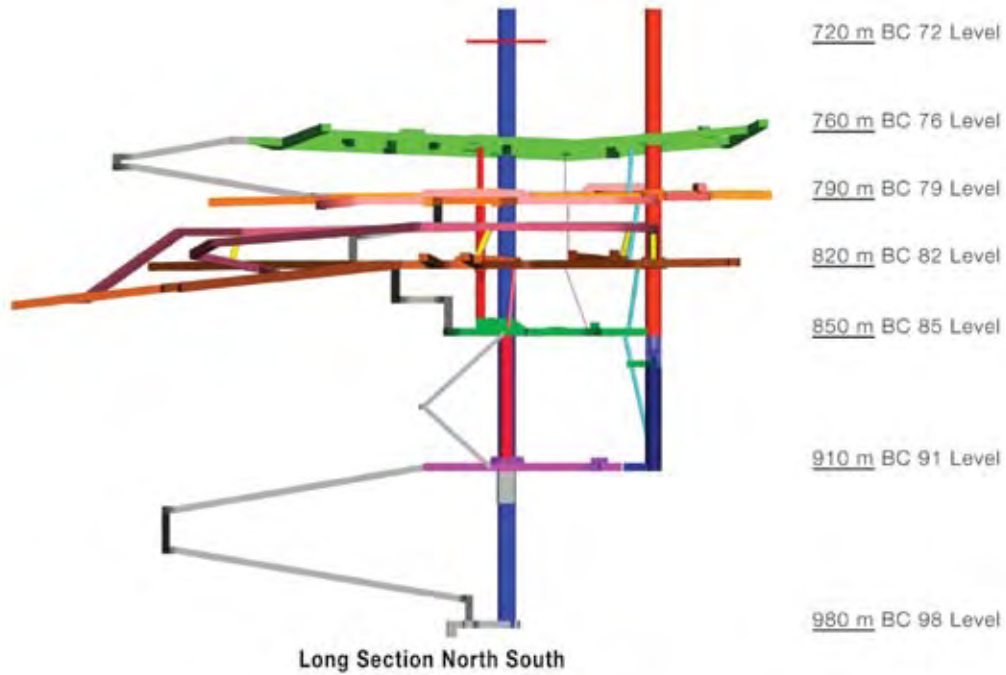
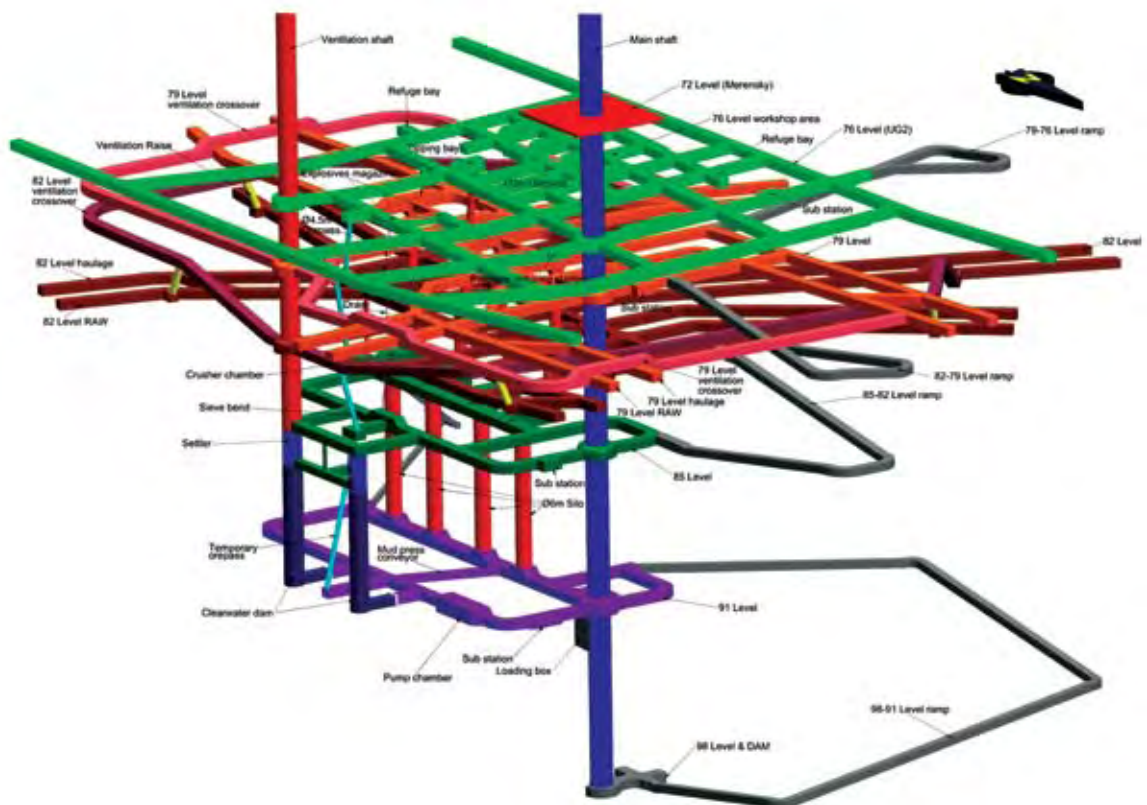


figure 14: detailed stope layouts (merensky and UG2)



### reserve conversion

Wesizwe's mineral Indicated and Measured resource has been upgraded to a mineral reserve in accordance with the following guidelines:

- The SAMREC Code (2004 edition)
- TMC standards and evaluation procedures
- A mine design in Mine2-4D™ software, based on a mechanised mining method on the UG2 and conventional mining method on the Merensky reef
- Geotechnical considerations determine structural and in-stope pillars
- The geological losses from the structural block models.

table 9: summary of resource to reserve conversion

Farm	resource type	total resource (after geological losses)			total reserve		
		tons (million)	grade (g/t)	metal (kg)	tons (million)	grade (g/t)	metal (kg)
<b>MERENSKY</b>							
Frisch 1	Indicated	0,03	5,60	144,27	0,03	4,09	109,40
	Inferred	0,28	5,41	1 500,57	0,29	4,00	1 180,30
Frisch 3	Indicated	-	-	-	-	-	-
	Inferred	0,20	5,14	1 044,78	0,20	3,99	790,70
Frisch 4	Indicated	1,19	5,14	6 122,84	1,19	4,00	4 780,10
	Inferred	6,08	5,74	34 920,42	6,08	4,27	25 991,50
Frisch 11	Measured	4,54	5,70	25 885,09	4,83	4,39	21 198,03
	Indicated	10,23	6,13	62 787,39	10,90	4,72	51 418,37
	Inferred	2,68	6,11	16 348,62	2,85	4,67	13 318,70
Ledig 1	Indicated	-	-	-	-	-	-
	Inferred	6,78	5,60	37 929,08	5,96	4,25	25299,50
Ledig 2	Indicated	3,82	6,15	23 510,90	3,59	4,78	17 167,80
	Inferred	0,77	5,60	4 326,62	0,76	4,26	3 250,00
<b>Merensky total</b>		<b>36,60</b>	<b>5,86</b>	<b>214 520,58</b>	<b>36,69</b>	<b>4,48</b>	<b>164 504,40</b>

table 9: summary of resource to reserve conversion (cont.)

Farm	resource type	total resource (after geological losses)			total reserve		
		tons (million)	grade (g/t)	metal (kg)	tons (million)	grade (g/t)	metal (kg)
UG2							
Frisch 1	Indicated	-	-	-	-	-	-
	Inferred	0,38	4,66	1 771,71	0,35	3,57	1 252,90
Frisch 3	Indicated	-	-	-	-	-	-
	Inferred	0,26	4,26	1 101,70	0,26	3,23	853,70
Frisch 4	Indicated	0,72	4,14	2 973,86	0,75	3,04	2 270,50
	Inferred	8,50	4,52	38 386,33	7,54	3,36	25 321,10
Frisch 11	Indicated	12,98	4,53	58 801,02	13,46	3,36	45 292,90
	Inferred	7,04	4,68	32 909,40	7,25	3,53	25 598,40
Ledig 1	Indicated	-	-	-	-	-	-
	Inferred	9,53	4,30	40 931,91	8,99	3,23	28 999,70
Ledig 2	Indicated	3,00	4,67	13 979,52	2,99	3,47	10 354,00
	Inferred	3,09	4,45	13 752,47	2,77	3,35	9 300,20
UG2 total		45,50	4,50	204 607,92	44,36	3,36	149 243,40
Total resource and reserve							
Total		82,10	5,11	419 128,50	81,04	3,87	313 747,80

### production profile

The tonnage and content production profiles are shown in Figures 15 and 16. This is derived from a complete mine model built in Mine2-4D™ software and scheduled in EPS. The total annual PGM production during steady state will average 350 000 ounces, giving a total LOM yield of 10 million ounces. The material flow is shown in Figure 17.

figure 15: production profile (tonnage)

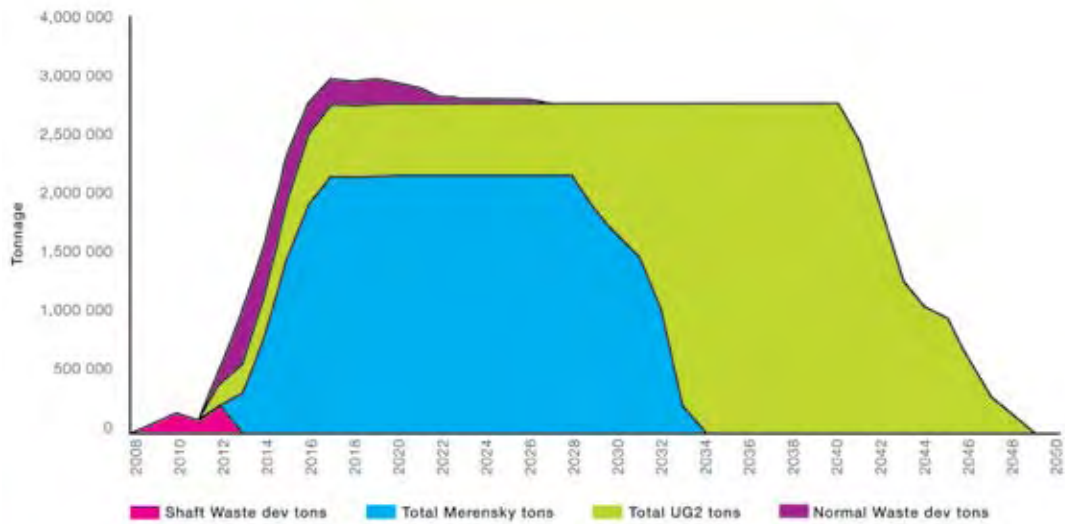


figure 16: production profile (kilograms of 3pge + au content)

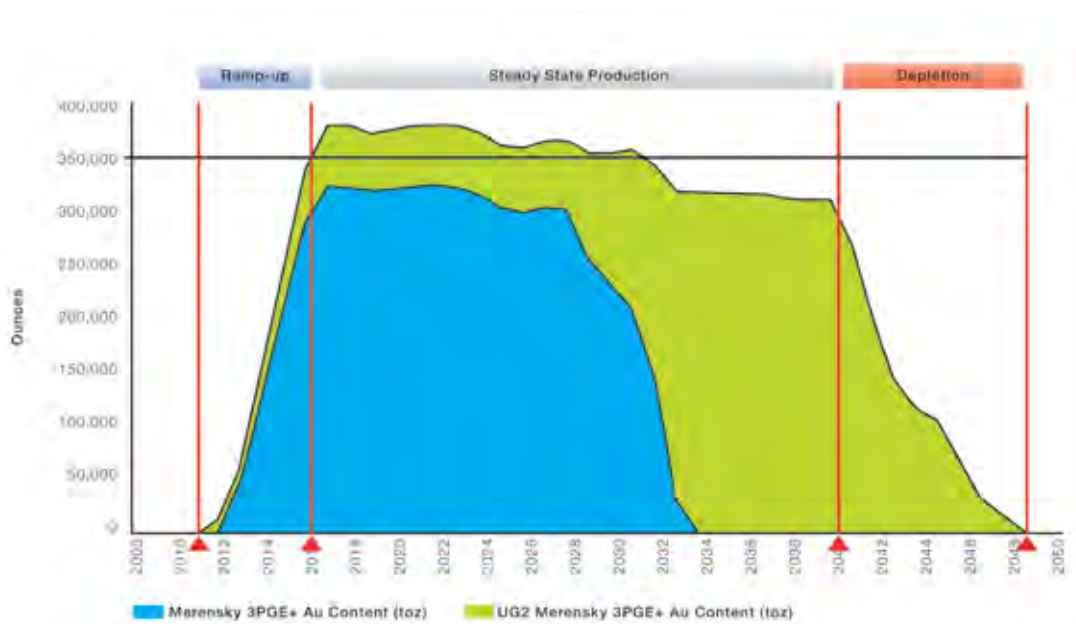
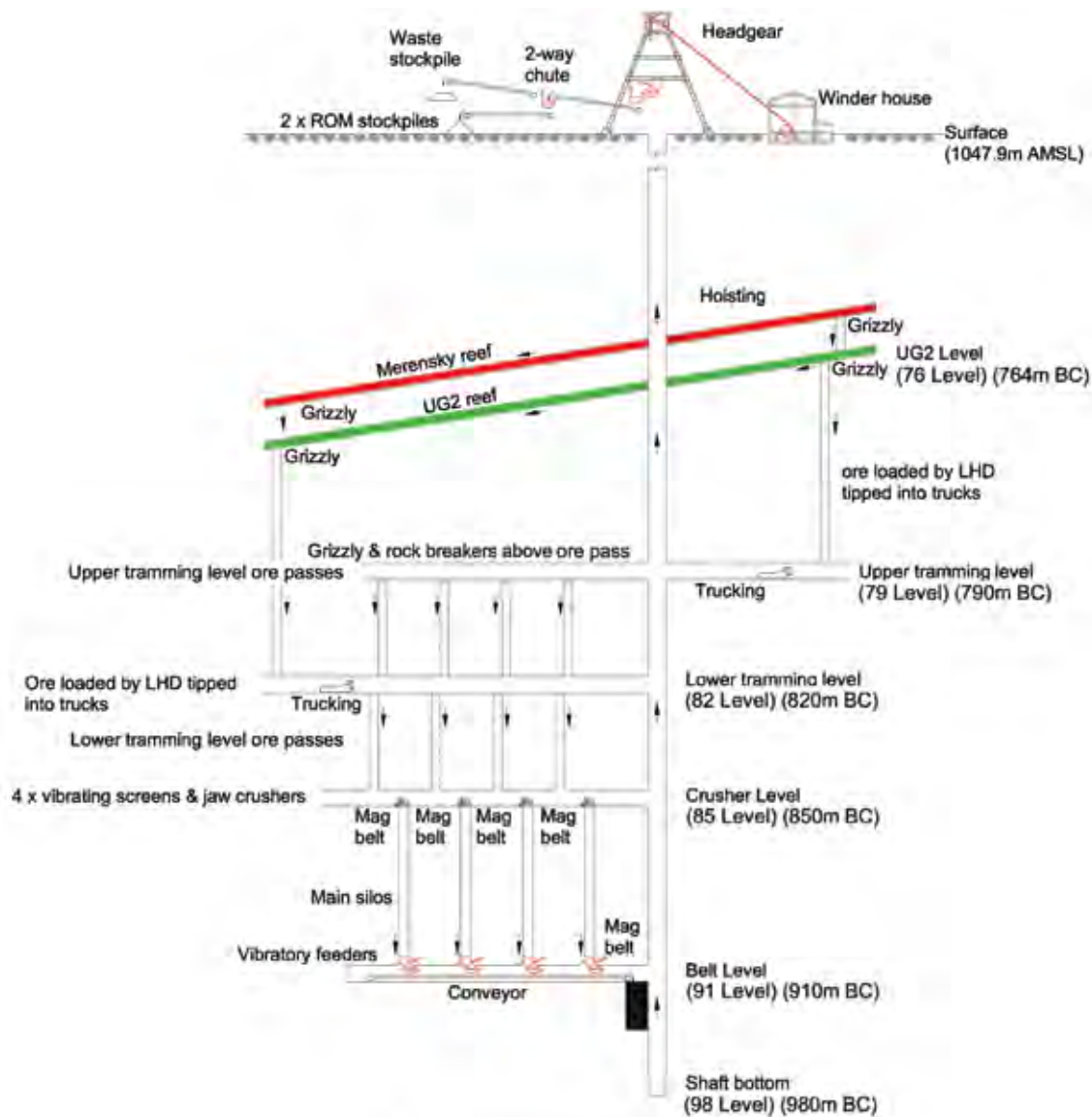




figure 17: wesizwe naming convention and material flow diagram



Note:

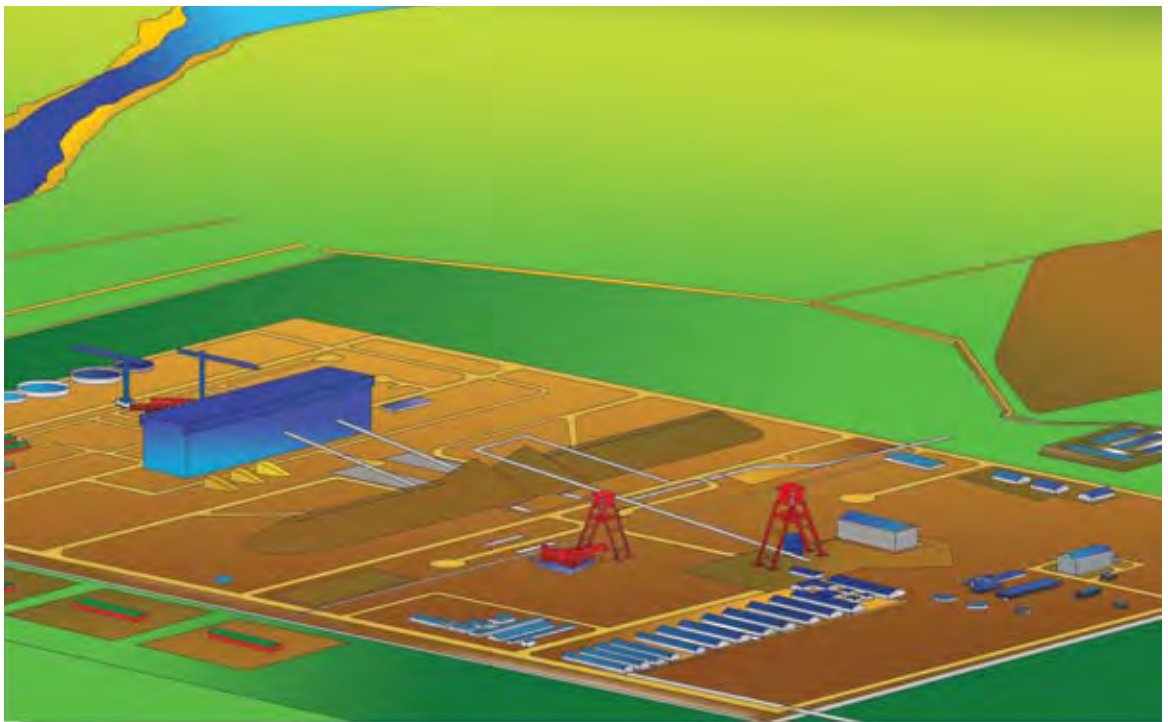
Merensky reef : Conventional hand held drilling and scrapers to box-hole

UG2 reef : Mechanised with ore loaded by LHD (Ore from Merensky and UG2) and tipped into box-holes

### *surface infrastructure*

The main electrical power supply to the mine and concentrator will be provided by Eskom via 88 kV overhead lines from the current Eskom substations at Merafe Chrome and Boschkoppie (BRPM mine) to a new Eskom 88/33 kV substation adjacent to Wesizwe's property. Potable water to the mine and concentrator will be provided by the Magalies Water Board through a new pipeline of approximately 40 km. Water required during the initial construction phase will also be provided by Magalies Water Board. A sewage treatment plant will be built to cater for effluents produced by the mine and concentrator.

figure 18: surface layout - view of mine and concentrator



### *mine operating cost*

The operating cost model is based on the design criteria used for modelling in Mine2-4D™ software. Production tonnage and grade profiles derived from the package have been used together with operating cost and labour estimates from known operations applying the same mining methods and technology. These costs apply to steady state operation at 230 000 tpm of ore.

table 10: mine operating cost details

Mining operating cost breakdown (R/ton)	
Mining production	193,24
Logistics	2,35
Services	34,43
Management & supervision	21,22
Surface ore transport	0,50
Capitalised operating costs	7,86
<b>Total</b>	<b>259,60</b>

### *concentrator*

As part of the BFS, extensive work was carried out during the year under review on the metallurgical processing aspects associated with the Wesizwe concentrator plant. Areas covered included the process metallurgy and process engineering aspects relating to plant capacity, metallurgical performance and process operating costs.

table 11: overall plant operating parameters

Description	Merensky		UG2		Total
	Min	Max	Min	Max	
Monthly throughput (tons)	50 000	180 000	50 000	180 000	230 000

Process test work covered laboratory, bench scale, bulk sampling and pilot plant testing. This included test work by Mintek which is still ongoing for confirmation of the repeatability of the flotation test procedure. Dilution ranges from Bond Work indices (BWi) for the reef and footwall/waste dilution were used to confirm the mill design and sizing criteria which were submitted to the Centre for Minerals Research at the University of Cape Town. The university report confirms that mills are adequately sized for the required duty. Average metal recoveries are shown in Table12.

table 12: average metal recoveries

Ore type	PGM %	Nickel %	Copper %
Merensky ore	88,0	68,0	85,0
UG2 ore	78,0	58,0	68,0

### *processing*

The intention is to build the concentrator plant in three modules. Module 1 will be a single ROM mill that will be used as the future Merensky circuit with a complete flotation circuit, concentrate, spillage and tailings handling system sufficient to cater for the final concentrator circuit. In Module 2, the UG2 mill and UG2 flotation circuit will be added and used for the UG2 ore but also as a secondary mill for the Merensky ore.

In Module 3, the secondary mill will be added with its associated flotation circuits, either to treat the Merensky ore in the MF2 configuration, and the combined Merensky/UG2 in the UG2 mill as a combined primary UG2/tertiary Merensky circuit. Alternatively, the secondary mill will provide a combined Merensky/UG2 secondary circuit and as such complete the MF2 configuration for both the Merensky and UG2 ore types. Both options are available and this flexibility will allow for optimum PGM recoveries either way.

The start date for the concentrator construction is important because commissioning in May 2013 will enable:

- Production of concentrate and recovery of invested capital at the earliest possible date
- Confirmation of the metallurgical test work and final design of Modules 2 and 3
- Toll treatment of other ore supplies should the opportunity present itself.

#### *proposed concentrate sales considerations*

There are five variables in calculating the financial impact of any toll treatment agreement. These are the prill split, metal grade, metal recovery, Rand/US\$ exchange rate and metal prices. For each different proposal, a strategy must be formulated to maximise benefits.

The average concentrate sales agreement allows for an 80 - 83% payment for the concentrate metal content. Penalty charges are often based on chrome content, minimum concentrate grade and moisture content. In most cases, a profit participation clause is built in to compensate both parties to the agreement for increased metal prices and a base payment in the case of reduced metal prices.

With the intended treatment of Merensky ore, the initial sales agreement should be favourable to Wesizwe as the chrome content will be low and the base metal content will be attractive for the receiving smelter operation.

#### *concentrator operating cost*

The concentrator operating cost is estimated to be R56,05/ton treated plus a capital replacement allowance of R4,95/t treated per annum,

realising an estimated operating cost of R61,00/t treated probably for the first six years of operation.

One of the major cost inputs is the grinding media at R17,54 per ton. This is as a result of grinding to 80 - 75 µm which is a very fine grind compared to similar concentrator plants in the area. This may be reduced if the mills are operated at lower steel loads as SAG mills rather than ROM ball mills.

table 13: concentrator operating cost details

Processing plant operating costs breakdown (R/ton)	
Processing	52,74
Concentrate transport	1,48
Capital replacement	4,95
SHE & environment	0,74
Miscellaneous	1,09
<b>Total</b>	<b>61,0</b>

### *environmental management*

#### **surface rights**

During 2007 and to the date of this report, documentation for the mining right application has been compiled and the layout maps drafted. The layouts show the mine infrastructure, tailings dam, pipeline servitude to the dam, electrical line servitude and associated information to effect the granting of the permit. Applications for the surface rights have been lodged with the various surface right owners.

#### **mining rights**

The Mining Right Application was submitted to the Department of Minerals and Energy (DME) in June 2007. The application was accepted and a request was made to Wesizwe to submit an environmental scoping report before September 2007, which was done.



### **permits and licences**

The applicable permits and licences required for the project have been listed in a permit register and some applications are being processed to meet the mining start date.

### **EIA and EMPR studies**

As part of the Environmental Impact Assessment (EIA) process, various specialist studies were conducted. From these studies the environmental impacts of the proposed project were ascertained and evaluated, and a management plan put in place. The EIA and Environmental Management Programme (EMPR) reports were submitted to the DME on 14 January 2008.

### **emissions**

An air emissions inventory is being compiled as part of the EIA. This is still in the process of being finalised.

### **closure plans and cost trust fund**

Closure planning and costing is being done as part of the EIA/EMP. The closure plan guarantee will be processed as per the request and stipulation of the DME.

### **social and labour plan**

In line with requirements for a mining right application, Wesizwe compiled and submitted its Social and Labour Plan to the DME during the year under review. More information on the Social and Labour Plan can be found in the section on sustainable development.

## ***project execution***

The BFS estimate has been structured according to a Work Breakdown Structure to ensure easy procurement packaging for groups of items forming a logical procurement entity by type or chronological requirement.

There will be five signed and approved contracts in all, each containing a suspensive clause relating to board and statutory approvals prior to project approval. A Memorandum Of Understanding (MOU) has been signed with MRC (the shaft sinking contractor) a year ago. This has a suspensive clause pending project feasibility and approval. The temporary bulk power and water supply commitments have been obtained as well as feasibility budget quotes. The contracts are to be concluded prior to project commencement date.

The contracts are:

- the EPCM contract
- the shaft sinking contract
- the surface civil works contract
- the temporary water and power supply
- permanent power and water supply.

This methodology will ensure the fastest possible start to the project, since these contracts will become effective immediately after board approval and the satisfying of any statutory requirements.

### *project programme*

The project programme, which has been prepared using Microsoft Project and Critical Path Network (CPN) methods, is based on various contractors' programmes and in-house experience. It is shown in Figure 19.

figure 19: key project dates

TASK	Start	Finish	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Pre-Sink Vent Shaft	Sep 2006	Feb 2009	■									
Pre-Sink Main Shaft	Sep 2006	Jun 2008	■	■								
Permanent Sink Vent Shaft	Apr 2009	Oct 2011		■	■	■						
Permanent Sink Main Shaft	Sep 2009	Dec 2011		■	■	■						
Main Shaft Commissioning	Dec 2011	Feb 2013					■	■				
Build-up Period	Feb 2013	Mar 2017						■	■	■	■	■
Concentrator Star-module 1	May 2013							■				
Concentrator Complete	May 2015									■		

Both the early civil works contract and sinking contracts are on the critical path and must become effective on project approval date in order to meet key project dates.

Eskom has provided a delivery date of January 2010 for the permanent power supply. Power for the pre and main sink will be self generated with supply of an indicative 2MVA from Eskom.

*capital cost summary*

The total capital cost estimate (base date October 2007) summary is shown in Table 14.

The concentrator and mine capital cost estimates were based on specific bids, quotations or estimates from major contractors and benchmarking from other projects. The mining capital footprint is taken from start to establishing the required face length and full production.

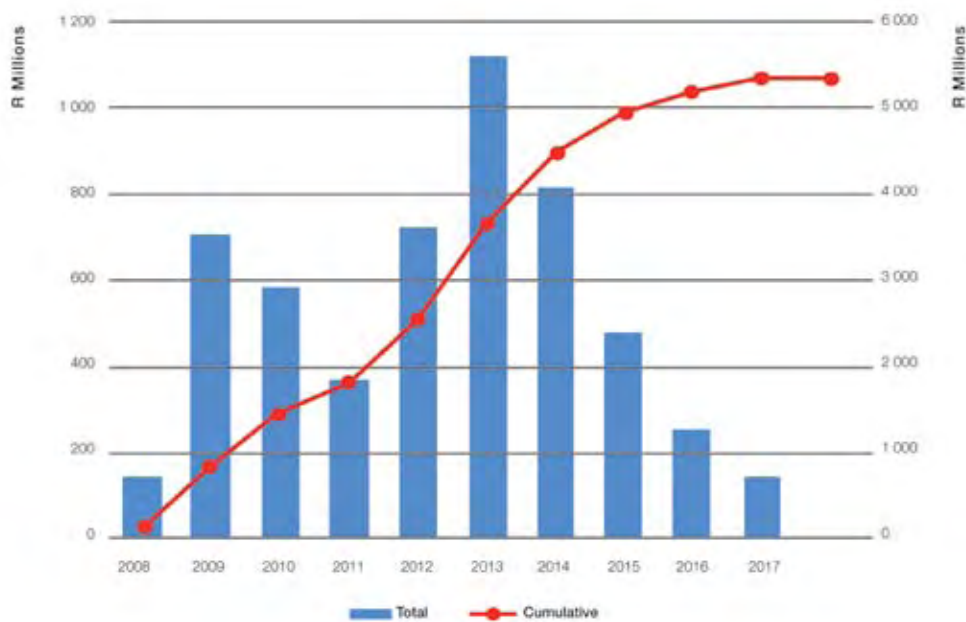
table 14: capital cost summary

WBS	Location	Base date - Oct 2007 Total (millions)
000	Common surface infrastructure	125,8
100	Shaft surface complex infrastructure	504,5
200	Main shaft sinking and development	1 281,8
300	Vent shaft sinking and development	608,7
400	Concentrator plant	952,8
500	Capital footprint development	630,8
600	External bulk power and water supply	88,4
700	Social and Labour Plan	27,0
900	Indirect costs	924,6
Sub total		5 144,4
Contingency for 2 years power generation		168,0
Contingency		275,3
Grand total (including contingency)		5 587,7

*cash flow*

The project cash flow is shown in Figure 20.

figure 20: cash flow



## *financial analysis*

Recoveries used in the financial model have been shown in the processing section.

Prices and financial factors used in the BFS financial model are the January 2008 consensus view and are shown in Table 15. The results of the financial run input parameters are shown in Table 16 and Table 17. The sensitivity analysis presented graphically in Figure 21 shows that the project is most sensitive to revenue, followed by operating and capital costs.

The financial results of the study confirm that the project is commercially viable. The Net Present Value (NPV) is R9,5 billion including mineable Inferred Resources (R4,7 billion excluding Inferred Resources) with a real Internal Rate of Return (IRR) at 18% (16% excluding Inferred Resources). These figures are calculated on a base commodity price of US \$1 125/oz for platinum, US \$315 for palladium, US \$4 200 for rhodium and US \$650 for gold converted to ZAR with a short-term exchange rate ranging from R7,57 to R8,90 in 2012 and a long-term exchange rate of R9,17 and real discount rate of 5%.

The December 2007 Mineral Resources indicate that 54% of the area underlain by the Merensky Reef and 49% of the area underlain by the UG2 Reef are in the Measured and Indicated Mineral Resource classification. From Figures 2 and 3 in the exploration and mineral resources section of this report it can be seen that these areas lie to the east of the mine and in general terms will be mined prior to the Inferred Mineral Resources to the west.

The mine scheduling in this BFS is based on the Mineral Reserve Statement and model of June 2007. The valuation of the mine has been amended based on the new January 2008 Mineral Resource Classification system that requires that approximately 52% of the Merensky and UG2 by area can be considered as Proven and Probable Reserves, the balance being Inferred Mineral Resources. This occurs in year 2026, thus the valuation of the Proven and Probable Mineral Reserves is restricted to the end of year 2026.

table 15: pricing and factors (jan 2008 consensus view)

		Base case	Medium	High	Spot
Pt	\$/oz	1 125	1 337	1 550	1 691
Pd	\$/oz	315	315	315	389
Rh	\$/oz	4 200	4 600	5 000	7 300
Au	\$/oz	650	650	650	909
Ni	\$/ton	20 000	23 500	27 000	34000
Cu	\$/ton	3 500	3 750	4 000	4 000

table 16: financial analysis results (proven and probable reserves including inferred mineral resources)

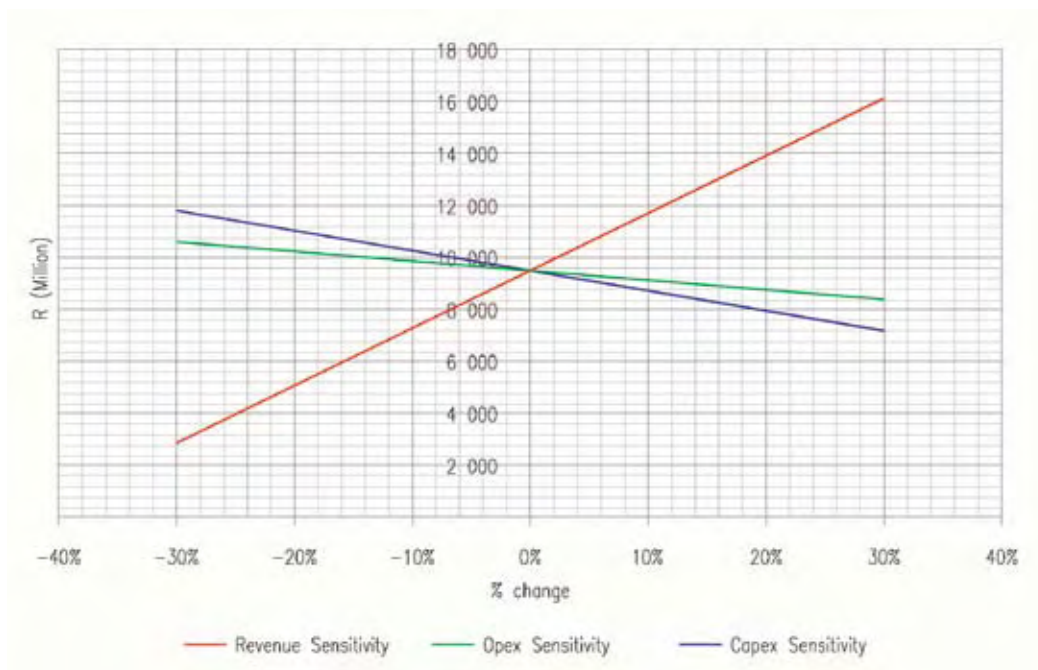
Option	ktpm	Case	Real IRR %	Nom IRR %	NPV @ 5% discount rate (R mill)
Base Case	230	Early MR & late UG2	18	24	9 489
Medium	230	Early MR & late UG2	21	27	12 419
High	230	Early MR & late UG2	24	30	15 321
Spot (31/01/08)	230	Early MR & late UG2	26	33	18 647

table 17: financial analysis results (proven and probable reserves)

Option	ktpm	Case	Real IRR %	Nom IRR %	NPV @ 5% discount rate (R mill)
Base Case	230	Early MR & late UG2	16	23	4 706
Medium	230	Early MR & late UG2	20	26	6 567
High	230	Early MR & late UG2	22	29	8 404
Spot (31/01/08)	230	Early MR & late UG2	25	32	10 413



figure 21: project sensitivity analysis at 5% discount rate



**results of the BFS**

The financial results of the study confirm that the project is commercially viable with IRR at 18% and Net Present Value of R9,5 billion.

The third party reviews by independent consultants confirm that there are no major technical risks with the proposed designs.

The mining layout allows flexibility to overcome possible unforeseen and difficult geological conditions.

Metallurgical test work has also shown that the project is feasible and that the proposed plant design should achieve the planned production performance. Confirmation of the detailed metallurgical operating parameters will be obtained once mining commences and bulk ore samples are made available for further metallurgical test work.

**The results of the BFS clear the way for the project to proceed to implementation phase.**

## safety, health and environment

Wesizwe's commitment to uphold high levels of safety and occupational health standards is underscored by its objectives, not only to meet relevant legislative requirements, but also to achieve world best practice norms in the Company's safety, health and environment quality (SHEQ) management system. In so doing, Wesizwe ensures that it maintains an equitable balance between commercial activities, social responsibility and environmental sustainability.

Wesizwe has implemented various SHEQ procedures and techniques in an attempt to completely eliminate accidents. In addition, senior management are personally responsible for conducting investigations of all serious incidents that occur in their area of responsibility, and for the reporting of the findings to the SHEQ committee of the board.

The strategy for continuous safety performance improvement is based on:

- Focusing on attitudes and behaviour of all employees
- Continuously reviewing management systems and structures
- Ensuring senior management visibility and involvement in safety programmes
- Involving all employees in the safety improvement efforts.

Since the inception of drilling activities in October 2004, Wesizwe has drilled some 157 339 m of core, 24 hours a day, with as many as 14 drill rigs. During the second quarter of 2007, Wesizwe with regret experienced its first and only Lost Time Injury, which was fortunately not a disabling injury. From an environmental perspective every drill site completed has been successfully rehabilitated to international standards and signed off.

table 18: hours and shifts from october 2004 to december 2007

	Field Office	Contractor 1	Contractor 2	Contractor 3	Contractor 4	Total
Hours	34 814	235 144	18 564	16 572	8 760	313 854
Shifts	4 413	28 888	1 547	2 071	1 095	38 016

• Only 1 lost time injury was incurred

### *legal appointments*

All legal appointments are in place for the Field Office and all contractors, in terms of Section 3(1)(a) of the Mine Health and Safety Act (Act 29 of 1996). A Mine Manager and Sub-ordinate Mine Manager have been appointed at the Field Office in terms of Section 3(1) (a) of the Mine Health and Safety Act. The contracting companies utilised during the exploration phase are now also legally compliant in terms of the Act.

### *safety management system*

The Wesizwe Safety Management System (WSMS) uses a risk based approach ensuring that safety, health and environmental risks can be confidently identified, assessed for impact, controlled and addressed where appropriate. The WSMS was introduced in 2006, and has been successfully implemented by all contractors and incorporated into their own risk assessments to ensure a safe working environment.

Being dynamic, the WSMS ensures Wesizwe's compliance in a constantly changing environment with respect to corporate governance, and legislative and social responsibility requirements. Weekly safety meetings are held and continuous site inspections reinforce to contractors and staff the importance and value that Wesizwe attaches to the WSMS.

An independent external safety audit was completed during April 2007 to ensure compliance to the WSMS. The audit covered leadership, communication, hazard identification, training, operational planning,

equipment, incident management and document control. The results were discussed with each of the contractors and shortcomings were addressed.

A safety representative course was held on 24-25 January 2007. During the course, all the contractors staff and Wesizwe's Field Office personnel were officially trained on how to be legally able to intervene if sub-standard practices occur.

### *health*

Wesizwe as an employer is committed to its legal responsibilities in Chapter 2, Section 2-20 of the Mine Health and Safety Act. This includes providing training, implementing occupational hygiene measures and developing a system of medical surveillance such as entry and exit medical examinations.

On-site health management is addressed through pre-employment medicals and annual medical examinations for all personnel, including contractors. During 2007, all staff were trained in their duties and responsibilities regarding reasonable care, reporting risk, co-operation and compliance with health and safety measures.

In the third quarter of 2007, selected site and contractor staff attended a Level 1 First Aid Course which was presented by paramedics from Sun City. All candidates passed both the theory and practical sections of the course.

With a staff complement now of 51, Wesizwe developed and introduced an HIV/AIDS Policy during 2007. Wesizwe introduced a comprehensive HIV/AIDS education training programme for employees at the geological offices in November 2007. Employees attend lectures every Friday for two hours. The programme will end in March 2008, and is the beginning of

a holistic wellness programme that will be accelerated as Wesizwe expands into shaft sinking and steady state production.

## *environment*

Wesizwe conforms to international standards and practices to ensure that all operational activities have a minimal impact on the environment. The EMP (Environmental Management Plan) forms the basis of these activities and was reviewed during the year to include all the new legislation requirements. Regular site inspections ensure high quality rehabilitation. Comprehensive rehabilitation checklists are completed during and after drilling. Before and after photographs are taken of all sites. Rehabilitation sign-offs are done concurrently.

An external independent on-site environmental audit was completed during January 2007 with highly satisfactory results. Wesizwe drill sites are fully compliant with no further remedial action recommended.

Another first for Wesizwe is the implementation of the Eco Nutria Management and Bio-remediation System. This system, approved by the North West University, utilises cotton mats and booms to absorb hydrocarbon contaminants. The mats and booms are placed in high risk areas such as sumps and under drill rigs. These severely contaminated mats and booms are then treated with chemicals to oxidise the hydrocarbons. They are then buried after being treated with bacteria and enzymes that consume the oxidised hydrocarbons. The mats and booms then decompose and bio-degrade naturally.

Excessive hydrocarbon contaminated material and oily substances are evacuated to a site specifically designated for further Eco Nutria treatment. This environmental hotspot is termed the Wesizwe Environmental Control Site and is known among staff as the Wesizwe Environmental Hospital. Ground breaking rehabilitation work which has



attracted a fair amount of media attention is undertaken at the Control Site. A 3 x 2 m sump is filled with the contaminants and then treated with chemicals after which the sump is filled in with soil. An EnviroServ supplied container, situated at the Control Site, is used for collecting all discarded contaminated geosynthetics.

The Eco Nutria system has been tested twice during 2007 through the sampling of treated contaminated soil from drill sites and re-excavated sumps from the Control Site. These previously contaminated soil samples assayed <0,1 mg/kg (below detection limit) for C10 – C28 content, levels of which in the past, would not have been achievable.



The Wesizwe Environmental Hospital showing a reservoir almost ready for rehabilitation with two months of excess oily remnants from the drill sites. Wesizwe adds Sumpkleen to oxidise the hydrocarbons. The geosynthetic cover is then removed, Solifax added (which decreases the viscosity and also contains hydrocarbon digesting microbes), and mixed into the in-situ soil. After some three months, all traces of the oily substance will have been removed.



## sustainable development

Since inception of exploration activities in January 2005, Wesizwe's corporate social investment programme has focused on sustainable development in the Ledig and surrounding areas in the vicinity of Wesizwe's core properties. Wesizwe's current sustainability strategy aims to achieve some direct empowerment for the community before mine production. The strategy was developed in partnership with the Bakubung-Ba-Ratheo community who were the old order mineral rights holders of the farm Frischgewaagd 11. The farm now forms part of the Frischgewaagd-Ledig Complex of Wesizwe's core Pilanesberg Project which is scheduled to commence capital construction in the third quarter of 2008.

In 2007, Wesizwe compiled its Social and Labour Plan as part of its application for a mining right. The Social and Labour Plan outlines Wesizwe's sustainable local economic development strategy over the next five years. This includes infrastructure development, education, portable and entrepreneurial skills training and partial funding of the Bakubung Economic Development Unit (EDU) for non-mining economic development initiatives. The scale of the initiatives will expand in line with Wesizwe's own growth phases from explorer to miner.

As part of the mining right application, a social impact survey was conducted among a sample of households in Ledig and the surrounding areas including Phatsima, Mahobieskraal and Matooster. The results helped give Wesizwe insight into the quality of life issues faced by the communities and understand more fully the areas where poverty eradication interventions are most required.

### *sustainability model*

During the year under review, Wesizwe's vision for tangible benefit for the community through non-mining economic development began to be realised. The strategy over the past three years has been to give the Bakubung-Ba-Ratheo community the maximum opportunity to capitalise on the injection of its primary asset (mineral rights) into the Company before the commencement of mining and the flow of dividends.

Towards the end of 2007, the Bakubung-Ba-Ratheo community had a balance sheet in excess of R1 billion through the value accretion of its shares in Wesizwe as a listed entity. This is in line with Wesizwe's sustainability model where the intention right from the initial negotiations in 2005 was for the community to gain equity in a listed vehicle as opposed to being constrained at project level.

In 2007, the community was in a position to appoint a competent financial advisor to pursue a diversified sustainable portfolio well ahead of the production phase of the planned mining operation. The strategy remains centred around leveraging the balance sheet as collateral for infrastructural projects, investment and diversification.

The direct impact of Wesizwe's empowerment model is that the community is:

- Not restricted to a single mining area or project
- Able to reduce its risk by extending its stake into other mining projects and by diversifying its interests in other sectors
- Given the asset base to make investments in economic activities in its own geographic area and to be able to fully participate in the opportunities that tourism, agriculture, property development and infrastructure development present
- Able to bring forward the tangible economic benefit of its involvement in Wesizwe by approximately 10 years as it will be

Drilling in Ledig is done in consultation with the Bakubung-Ba-Ratheo Traditional Council.



able to derive benefit well in advance of the anticipated dividend flow from the mine which will only be generated after project payback has been completed.

### *stakeholder relations and partnerships*

Wesizwe appointed Kgomotso Tshaka as sustainable future executive to its management team in January 2008. While this reflects the strengthening of the executive team, it emphasises Wesizwe's commitment to sustainable development and its growing maturity from junior explorer towards becoming a mining company.

By February 2008, considerable progress had been made in fostering partnerships and relationships with key stakeholders within the Bakubung-Ba-Ratheo community, and local, provincial and national government.

### *wesizwe initiatives*

During the period under review, Wesizwe primarily focused on temporary water supply to Ledig and the surrounding communities. Studies were also conducted on the feasibility of improving the permanent water supply in partnership with the key authorities in the area such as Moses Kotane Municipality. Other initiatives which commenced as part of Wesizwe's poverty eradication and non-mining economic development programme were entrepreneurial skills training and small-scale projects aimed at improving the quality of life of residents of Ledig. Adult Basic Education Training (ABET) began on-site as did an HIV/AIDS awareness programme in 2007. These programmes will be extended to the community in 2008.

## *employment*

Wesizwe by the end of 2007 as an exploration company had very limited employment opportunities. Where vacancies arise for temporary or permanent work, Wesizwe sources labour from Ledig and the surrounding areas.

A number of employment opportunities for the Bakubung-Ba-Ratheo community were offered in 2007. All unskilled labour on site is sourced from the community. Members of the community were also offered temporary employment whenever Wesizwe required the services of outside contractors. An example is using local welders and plumbers when setting up the Ledig office.

Of note was the 3D geoseismic survey which was conducted in June, July and August 2007. Some 80 people were given temporary employment during the survey. In addition, the nature of the survey involved the participation and co-operation of the entire village of Ledig. Besides covering tracts of veld, the survey also traversed large parts of the central and northern areas of Ledig. Permission and buy-in from the community was critical to the success of the survey and was obtained for Wesizwe through the Bakubung-Ba-Ratheo Traditional Council. Wesizwe is particularly grateful for the amount of effort put in by the Traditional Council to secure the consent of residents to do 24 hour recording operations which disrupted the residents at night. Without this consent, substantial standing charges would have been incurred if 24 hour access had not been obtained.

In addition community photographers were employed during the period to photograph every brick house affected by the survey. This was to establish a baseline of the condition of the houses and quantify whether there had been any damage during the survey. Peak Particle Velocity (PPV) monitoring was deployed in Ledig to get an independent and legally defensible record of the energy levels being generated by the vibroseis trucks, and to ensure that PPV stayed within SABS approved limits.



The lines show the clearings for the 3D survey relay cables which extended across the farms and through Ledig in the background. The community was integral to the timeous conclusion of the survey where 80 members were temporarily employed.



Wesizwe installed 25 water tanks with a capacity of 195 000 litres to alleviate water shortages.



## *infrastructure*

The primary focus of Wesizwe's sustainable development strategy in 2007 was to address the inadequate water supply in Ledig and the surrounding communities of Mahobieskraal and Matooster.

Since Wesizwe first began its operations in 2005, the Company has been aware that the water supply to households is erratic. A household survey was conducted in 2007 and revealed that the problem is mainly related to reliability of water flow and inadequate maintenance of existing infrastructure. In addition, some 38% of households rely on communal taps, water tankers or neighbours for water.

As a result, Wesizwe commissioned a scoping study in 2007 to assess the viability of extending the existing reticulation to all households. This was followed by an engineering feasibility study to investigate the requirements for providing a full water reticulation system for Ledig. Wesizwe specified that the study must identify opportunities for maximising employment, training and skills development of local business and labour.

The results showed that the scope of work was far greater than originally anticipated, and will require partnerships with the Bojanala District Municipality, Moses Kotane Local Municipality, other stakeholders in the area and development finance institutions to raise the full amount to fund the project. By February 2008, discussions were well advanced, an environmental impact assessment had been commissioned and a geotechnical assessment of ground conditions commenced.

To alleviate the water shortages in the short term, Wesizwe installed 25 water tanks throughout Ledig with a total capacity of 195 000 litres during the period under review. Fourteen of the tanks have a capacity of 10 000 litres of water and the remaining 11 hold 5 000 litres each. Two water trucks each containing 10 000 litres make between four or five trips each day (travelling an average of 480 kilometres) to deliver between 80 000 and 100 000 litres per day to refill the tanks. The water has been

tested and approved for human consumption and members of the Bakubung-Ba-Ratheo Traditional Council have inspected the water source.

In addition, Wesizwe has engaged the Moses Kotane Municipality on the possible sourcing of water. This initiative demonstrates the Company's commitment to collaboration and partnership with local municipalities.

### *quality of life initiatives*

During the year, Wesizwe also embarked on a number of small-scale projects which were specifically targeted to make a positive impact on the quality of life for as many community members as possible in Ledig, Mahobieskraal and Matooster. The projects were prioritised by the Bakubung-Ba-Ratheo Traditional Council. Over 50 jobs were created and skills gained in construction activities such as brick laying, fencing and tiling.

A number of the projects focused on improving education facilities to create a learning environment that is more conducive to motivating learners and teachers. Education is regarded as critical to Wesizwe particularly in light of the scarcity of students who qualify for bursary opportunities in the community. As a forward planning measure Wesizwe is looking at grooming local learners as future employees of the mine to achieve this objective. At the end of 2007, Wesizwe began to repair all the ceilings in the only secondary high school offering Grade 12. The school is being painted, palisade fencing and a brick front wall erected for security and carports installed. Benches for seating in the classrooms and outside were bought. In addition, Wesizwe is looking at entering into partnerships with information technology companies to enable the schools in the community to be equipped with the latest computer technology, software and internet connectivity. The overall intention is to improve the school environment, teaching, learning and fostering 21st century skills within the youth of Ledig and ultimately skilled employees for the mining industry.



Pinkie Setshogoe is one of Wesizwe's employees, from the community, who have enrolled on ABET.



Nokuthulu Zunga, a graduate of the mini-enterprise development programme.





During the year Wesizwe trained a number of people from the Bakubung-Ba-Ratheo community as Grade D and Grade E security officers. They are now employed as security guards for the Wesizwe office in Ledig and the offices of the Traditional Council. As part of fulfilling the Social and Labour Plan commitments on portable skills, Wesizwe has recently entered into a partnership with Falcon Security on a capacity building initiative to train up 40 community members.

### **ABET**

Since 2006, Wesizwe's strategy has been to introduce programmes in line with the growth phases of the Company to create a pool of future employees from the communities surrounding the operations. With ABET being a key focus area in the mining charter of the Minerals and Petroleum Development Act of 2002, Wesizwe set-up a training facility on-site for existing employees who are members of the community as a pilot project that will be expanded to include the general community. Computer-assisted ABET commenced on site in August 2007 and will be extended in line with the defined targets in the Social and Labour Plan.

The introduction of ABET was managed through a sensitisation workshop to enhance employees understanding of the benefits of functional literacy and create a desire for learning within Wesizwe. There are 16 direct beneficiaries participating in the programme with four learners on ABET level 1, one learner on level 2, five learners on level 3 and six learners on level 4. Wesizwe monitors learner progress on a monthly basis and updates this on the Mining Qualifications Authority datanet system.

### **entrepreneurial skills training**

In line with Wesizwe's commitment to portable skills training, Wesizwe launched its entrepreneurial skills development programme in 2007. The strategy underpinning Wesizwe's entrepreneurial skills training strategy is to stimulate non-mining economic development through the emergence of small medium micro enterprises. At present, Ledig has an unemployment rate of around 40%.



In May 2007, Wesizwe contracted Junior Achievement South Africa (JASA) to run the first mini-enterprise development programme in Ledig. JASA specialises in non-formal education and the programmes aim to enhance young people's potential for success by bridging the gap between school and 'life after school'.

Forty school leavers, from an initial pool of 72 youth who showed a genuine interest in developing entrepreneurial and life skills from the community, enrolled on the programme in July 2007. The candidates were sourced from the 2006 skills survey with the assistance of the Bakubung-Ba-Ratheo Traditional Council. In October 2007, 23 students successfully graduated from the programme having formed a mini-beading company which had sold out its first production line.

The programme spanned 11 weeks and began with a general introduction to small business and basic essential business skills such as financial planning, general management, stock control, pricing, marketing and sales, and sale of company shares. The group then formed a mini-beading company and registered it as a closed corporation. They appointed a general manager, finance manager, production manager, a designer and stock controller.

A business plan, production processes, and a marketing and pricing strategy were drawn up and job descriptions detailing responsibilities were developed. Production then commenced and before the end of the programme the entire line had sold out. In the final week, salaries were paid out to learners, the share price calculated and dividends paid out.

Wesizwe intends to expand its initiative of empowering young people through the development of entrepreneurial, leadership and life management skills to generate employment and contribute towards the non-mining economic development of the community.

### **hiv/aids awareness**

In 2007, Wesizwe formulated its HIV/AIDS policy and began a comprehensive education training programme for employees at the geological offices in November. Run by a Services SETA accredited training provider from the Bakubung-Ba-Ratheo community, employees attend lectures every Friday for two hours. The programme will end in March 2008, and is the beginning of a holistic wellness programme that will be accelerated as Wesizwe expands into shaft sinking and steady state production.

Towards the end of 2007, Wesizwe put out a tender for proposals from service providers within the Bakubung-Ba-Ratheo community for an HIV/AIDS initiative. Discussions have commenced on introducing a programme which will initially concentrate on training three counsellors who will introduce awareness sessions in the primary schools around Ledig. The initiative will be carried out in conjunction with the Bakubung-Ba-Ratheo Traditional Council.

Wesizwe's long-term objective is to approach the pandemic holistically. The breadth of the strategy will be broadened in line with Wesizwe's own expansion. It will eventually cover voluntary testing and counselling, and identification and training of peer educators from the community who will ultimately become HIV/AIDS counsellors allocated to specific areas in the community.

### **bursaries**

Wesizwe's external bursary scheme was launched at the beginning of 2007, with two scholarships being awarded to members of the Bakubung-Ba-Ratheo community to study for a Bachelor of Earth Sciences Mining and Environmental Geology degree at University of Venda. Both candidates passed all subjects and registered for second year in 2008. One of the students was transferred to Rhodes University after being accepted on the basis of good results. Both students were identified through the 2006

skills survey and assessed by an outside agency specialising in bursary placement.

The external bursary scheme was formulated to develop suitable, qualified and competent people who, on graduating, will be afforded professional career paths within the company. The emphasis of the scheme is to identify high potential Historically Disadvantaged South Africans (HDSA) as candidates for scholarships in disciplines aligned to Wesizwe's operational needs. Bursars as preferred students will, wherever possible, be selected through due and fair process from the communities in the vicinity of the proposed mining operation.

Towards the end of 2007, an internal bursary policy and study assistance programme were also approved to promote and support the continuous development of staff in line with both individual skills and business objectives. The policy will ensure that training and development initiatives at Wesizwe are planned around the organisation's strategic objectives so that knowledge and skills are available to realise Wesizwe's strategy and related goals. Candidates for internal bursaries will be identified through succession planning and career management.

Tshepo Masilo, one of Wesizwe's bursars, during vacation training on site.



## corporate governance

The board affirms a commitment to the principles of openness, accountability and integrity and to the provision of timely, relevant and meaningful reporting to all its stakeholders.

The board endorses the Code of Good Practices and Conduct as set out in the King Report on Corporate Governance for South Africa 2002 (King II). The principles contained therein are reviewed from time to time to take into account appropriate changes and developments in the field of corporate governance both locally and internationally.

The responsibility for managing the affairs of the Company rests with the board and they are accountable to the Company's shareholders and stakeholders, both individually and collectively by the discharging of their duties of care and skill, and embracing their fiduciary responsibilities.

The minimum standard required by the Company is that prescribed by statute and the JSE's requirements.

The board in its support of corporate governance has overseen the establishment of a framework to meet the stipulated requirements of the King Report on Corporate Governance in South Africa. It is acknowledged that the current framework needs to be improved. The framework's features and deficiencies are described in this section.

### *code of ethics*

The board has adopted a code of ethics thus providing the foundation on which all of Wesizwe's corporate governance practices are based. The underlying principle is that of integrity. Other principles embraced are



efficiency, responsibility, transparency and accountability in all business dealings. The code applies to directors, employees whether permanent or on fixed time contracts and it is a corporate responsibility for all of these persons to monitor compliance therewith. Areas specifically addressed include conflict of interests, confidential information, duty to act with care and skill, equity, and to report dishonest activities.

### *board of directors*

The board comprises seven members being an acting independent non-executive chairman, three non-executive directors, two independent non-executive directors and one executive director, (the chief executive officer). The curricula vitae of the directors can be found on page 28.

During the financial year under review Mrs TE Skweyiya resigned as chairperson and as a director of the company. Mr RG Rainey an independent non-executive director agreed to his appointment as acting chairman.

The board is responsible to the stakeholders for the conduct of the business of Wesizwe. The schedule of matters reviewed by the board include:

- direct, approve and monitor the implementation of the Company's strategic plan and annual budget
- approval of major capital expenditure or disposals, material contracts, material acquisitions and developments
- communication with shareholders, including approval of all circulars, prospectuses and major public announcements
- approval of the interim statement and annual report and accounts including the review of critical accounting policies and accounting judgements and an assessment of the Company's position and prospects

- encourage, support and manifest good corporate governance throughout the Company
- maintain the effectiveness of board committees through their charters and the suitability of members through appointment and ongoing review
- define levels of responsibility and authority of board committees and executives through the powers that the board has reserved to itself
- the board of directors is responsible for the group's systems of internal control. These systems are designed to provide assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

In accordance with the Company's articles, one third of the directors are required to retire by rotation at each annual general meeting and accordingly the following directors will be available for re-election: Messrs RG Rainey and JC Williams and Mrs L Maloney.

The articles of association provide that every director appointed during the year shall automatically retire and seek election at the next annual general meeting. The suitability of the directors seeking re-election has been considered by the remuneration and nomination committee and their re-election is supported by the board.

The directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring that compliant board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Company at the Company's expense.

### *attendance of meetings*

The board met five times during the year ended 31 December 2007.

The table below reflects the individual director's attendances.

#### Board Meeting Attendance Register

Attendance ✓ Non-attendance X

	30/01/2007	25/06/2007	05/09/2007	05/12/2007	12/12/2007
TE Skweyiya, (Mrs)*	✓	✓	✓	✓	✓
MH Solomon	✓	✓	✓	✓	✓
WM Eksteen	✓	✓	X	✓	✓
L Maloney (Mrs)	✓	✓	X	X	X
EM Monnakgotla	X	✓	X	✓	✓
DJ Phologane	✓	✓	✓	✓	✓
RG Rainey *#	✓	✓	✓	✓	✓
JC Williams	✓	✓	✓	✓	✓

\* resigned as chairman and director of the Company on 18 December 2007

\*# appointed as acting chairman of the Company

### *board committees*

The board is assisted in its task by the delegation of some of its responsibilities to a number of committees. The articles empower the board to establish such committees. This delegation does not discharge the board from responsibility towards the Company's stakeholders.

Non-executive directors constitute the majority of the members of each committee and in all instances there is at least an independent non-executive on every committee. MH Solomon, chief executive officer, is a member of the finance and investment, and technical committees and attends the other committee meetings by invitation.

### **audit and risk committee**

*Membership: RG Rainey (chairman), WM Eksteen, DJ Phologane, JC Williams*

The board, when establishing the committee, considered that the Company was too small to have separate committees for audit and risk. However, this will be reconsidered in the future in accordance with the growth of the Company.

#### *control environment*

The committee assists the board in safeguarding the assets, reviewing the economical and efficient use of resources, overseeing the processes of implementation and maintenance of adequate systems and evaluation of control environment and control processes. The committee reviews the accuracy of financial reports and statements in compliance with all applicable legal requirements while recommending such measures to enhance the reliability, integrity, objectivity and fair presentation of the Group's annual financial statements, interim and provisional reports. The committee discusses and reviews the scope and nature of the audit function, procedures and engagement with the external auditors. The committee is responsible for evaluating the performance, independence and effectiveness of the external auditor and considers any non-audit services that may impair the external auditors' independence. The committee considers documents such as prospectuses and offering documents, and significant transactions that do not form part of the Company's normal business.

An internal auditor was appointed by the Company early in 2008 and will meet with the audit committee at least three times a year.

#### *risk management*

The audit committee in conjunction with management assesses non-audit financial and related matters as to risk assessment and risk management as affecting Wesizwe including the corporate guidelines and policies. Also the likelihood of occurrence and the quantification of the

probable impact as seen against physical and operational risks, earnings and material losses, cash flows, business continuity and disaster recovery, human resource management, due diligences and compliance risk. The audit committee liaises with the technical committee on operational risk and reports to the board.

#### **finance and investment committee**

*Membership: JC Williams (chairman), WM Eksteen, DJ Phologane, MH Solomon*

The committee's primary objective is to review proposals submitted to it against certain criteria and making recommendations to the board. Such proposals could include: the evaluation of different methods of capital raising, the entering into joint ventures, mergers, corporate acquisitions and disinvestment, acquisitions and disposal of assets. The results attained on each project approved by the board are to be reviewed and reported upon.

#### **remuneration and nomination committee**

*Membership: RG Rainey (chairman), WM Eksteen, DJ Phologane, JC Williams*

During the financial year under review Mr Phologane was appointed as a member of the remuneration and nomination committee.

The JSE requirement for the two functions undertaken by this committee has not been followed because of Wesizwe's size and both responsibilities fall within the human resources sphere. The splitting of the committee into the two component parts will be considered by the board as the Company grows.

#### *nominations of directors*

The board in approving the charter was mindful that its members must comprise those individuals who are best able to discharge their legal

responsibilities plus embracing the highest standards of governance. The objectives set by the charter includes assessing the skills required by the board, the evaluation of individual directors and the processes for identifying suitable candidates as directors of the Company.

The board has agreed to a pre-determined transparent process to be undertaken when considering prospective directors. Elements required to be considered include corporate strategic considerations, background investigation, proper and fit test, knowledge and experience, and personal attributes.

#### *remuneration*

The objective of the remuneration function of the committee is to render assistance to the board in developing remuneration policies and practices to attract and retain executives and directors, as well as remuneration payable to non-executive directors and executives.

#### **technical committee**

*Membership: WM Eksteen (chairman), L Maloney, DJ Phologane, MH Solomon*

The committee through its charter assists the board in the management of safety, health, environmental, community responsibilities and technical matters. The objectives for these three functions are considered below separately.

#### *safety, health, environmental (she)*

In relation to SHE matters the following elements are fundamental to the committee's function relating directly to operational matters: identifying strategic and operating SHE risks, evaluating the adopted Company policies and practices, monitoring of SHE performance and ensuring that thorough incident investigations are conducted, particularly in the event of serious SHE incidents.



The Company's HIV/AIDS programme through awareness and prevention was developed during the year.

#### *community responsibilities*

These include sustainability undertakings with the Bakubung-Ba-Ratheo community and ensuring that approved community development programmes adjacent to other Company properties are honoured.

#### *technical matters*

Critical elements of the Charter include overseeing the meeting of statutory and regulatory compliance on the Company's properties and current activities and the future development of a mine. Its principal function is to assist the board in discharging its responsibility towards the management of operational risk. This risk management programme involves identifying operational, business and environmental risks, and ensuring the process of risk management is undertaken by evaluating the adopted risk policies and practices and their continuous implementation. It includes pro-active management against the occurrence of risk events and the probable impact of: physical, operational and environmental risks, material losses, operational continuity and disaster recovery, human resource management, due diligence and compliance risks. The committee is also responsible for the development of a black employment equity plan and a procurement programme in compliance with the Mining Charter.

#### **directors' fees**

Full details of the directors' remuneration is reflected in the directors' report.

#### **annual financial statements**

The directors are required by the Companies Act to prepare annual financial statements that fairly present the state of affairs of the Company and Group, and results of its operations. The external auditors are responsible for independently expressing an opinion based on their audit.

The directors' responsibility statement and approval of the annual financial statements, and report of the independent auditors are to be found on pages 128 to 131.

Details of the various accounting policies adopted by Wesizwe are to be found in notes to the annual financial statements.

#### **communications and control of price sensitive information**

The company communicates with institutional and private investors when required. Communication is on the basis of promptness, relevance, transparency, and substance over form, having regard to statutory, regulatory, and other directives prohibiting the dissemination of unpublished and price sensitive information by the Company and its officers.

The board has approved a policy on dealings in securities and this document has been sent to all directors and employees of the Company. This policy relates to trading in the Company's securities and in particular to closed periods, being those periods during which persons that possess price sensitive information may not trade in the Company's shares. These periods commence 15 calendar days prior to the reporting accounting date for provisional annual reports, interim reports and drilling results, and extend to the day beyond the publication of the document in the press. Prohibited periods apply when dealing is restricted during price sensitive periods when major transactions are being negotiated and a public announcement is imminent.

The Company maintains a website that contains up-to-date information at [www.wesizwe.com](http://www.wesizwe.com)

About 20 km of relay cables were laid for the 3D geoseismic survey.





Since October 2004, 155 boreholes have been drilled.





annual financial statements  
for the year ended  
31 december 2007

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directors' responsibility and approval  
of the annual financial statements  
for the year ended 31 december 2007

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and separate annual company financial statements of Wesizwe Platinum Limited, comprising the balance sheets at 31 December 2007, the income statements, the statements of changes in equity, cash flow statements for the year then ended, the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the supplementary schedules included in these financial statements.

The directors' have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements of Wesizwe Platinum Limited are fairly presented in accordance with the applicable financial reporting framework.



*approval of group annual financial statements and annual financial statements*

The Group annual financial statements and annual financial statements of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the board of directors on 09 May 2008 and are signed on their behalf by



*RG Rainey*  
(Acting Chairman)



*MH Solomon*  
(Chief Executive Officer)

*secretary's certificate*

I, the undersigned, in my capacity as company secretary, do hereby confirm in terms of the Companies Act No. 61 of 1973 (as amended) in South Africa that for the year ended 31 December 2007, Wesizwe Platinum Limited has lodged with the Registrar of Companies all such returns as required by a public company in terms of this Act and that all such returns are true, correct and up-to-date.



*Routledge Modise Attorneys.*

09 May 2008

## independent auditor's report

*to the members of wesizwe platinum limited*

*report on the financial statements*

We have audited the Group annual financial statements and the separate annual company financial statements of Wesizwe Platinum Limited, which comprise the balance sheets at 31 December 2007, the income statements, the statements of changes in equity, cash flow statements for the year then ended, the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report as set out on pages 132 to 180.

*directors' responsibility for the financial statements*

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*opinion*

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Wesizwe Platinum Limited at 31 December 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

*KPMG Inc.*

Registered Auditors



Per J Erasmus

Chartered Accountant (SA)

Registered Auditor

Director

09 May 2008

Parktown, Johannesburg

report of the directors  
for the year ended 31 december 2007

The directors have pleasure in presenting the Group and Company annual financial statements for Wesizwe Platinum Limited (Wesizwe or the Company) for the year ended 31 December 2007.

*nature of business*

Wesizwe is a public company incorporated in the Republic of South Africa and its ordinary shares are listed on the JSE Limited (JSE) under the Platinum and Precious Metals sector. Its principal interest is the development of platinum rights held by its wholly-owned subsidiaries, Bakubung Minerals (Proprietary) Limited (Bakubung Minerals) and Africa Wide Mineral Prospecting and Exploration (Proprietary) Limited (Africa Wide).

*funding and going concern*

As neither Wesizwe nor the Group is as yet a cash generating entity, its exploration programme up to bankable feasibility has mainly been funded by equity. The construction phase of the project is expected to be funded by way of a combination of equity and debt finance. Following the completion of the Bankable Feasibility Study (BFS) on the Pilanesberg Project, a consortium of South African banks has now been mandated to arrange this finance. The banks (Deutsche Securities (SA) (Proprietary) Limited, ABSA Capital, a division of Absa Bank Limited, and the Development Bank of Southern Africa Limited) will provide a project debt and equity package and will assist with the equity offering for the equity portion of the financing. The directors and management of Wesizwe will determine the appropriate debt equity ratio for the project finance. The total estimated cost of the project is R5,6 billion.

There are 28 611 128 shares under the control of the directors. We anticipate continued market support in light of the support provided by investors to date, the very satisfactory liquidity trading of the Company's shares and the favourable results of the BFS.

The directors are of the opinion the cash resources at the date of this report amounting to R223,0 million, as well as the potential cash that can be derived from the issue of the 28 611 128 shares under the control of the directors, and the finance package currently being arranged, gives the Group and Company sufficient cash and financing resources to fund its activities for the next 12 months.

Main shaft markers (bottom left), vent shaft position (right rig) with Impala 20 shaft in the background. The shaft will be similar to Impala 20.



report of the directors (cont.)

**share capital**

*authorised share capital*

The authorised share capital was increased during the year. At 31 December 2007 the authorised share capital comprised:

	2007 R	2006 R
1 000 000 000 (2006: 500 000 000) ordinary shares of 0,001 cents	10 000	5 000

The authorised share capital of the Company of R5 000 divided into 500 000 000 ordinary par value shares of 0,001 cents each was increased to R10 000 divided into 1 000 000 000 ordinary par value shares of 0,001 cents each, by the creation of 500 000 000 ordinary par value shares of 0,001 cents each. The reason for the increase in authorised share capital was to enable the Company to implement the proposed acquisition of Africa Wide.

Date	Price per share (cents)	2007 shares issued	Total shares issued
Opening balance at 1 January 2007			399 239 152
2007			
31 January	336	28 168 372	
14 September	1 048	57 421 643	
2 May	336	30 000 000	
14 September	750	20 000 000	
18 September	750	20 000 000	155 590 015
Balance at 31 December 2007			554 829 167

On 22 April 2008, 660 678 shares were issued to employees under the Long Term Incentive Plan.



report of the directors (cont.)

*issued share capital*

A summary of the issues made during the year under review are reflected on the previous page.

*unissued share capital*

In terms of an ordinary resolution passed at the Company's last annual general meeting of shareholders held on 16 August 2007, 15% of the Company's unissued share capital was placed under the control of the directors until the next annual general meeting of shareholders. Shareholders' approval will be sought at the next annual general meeting for the continued placing of 15% of unissued share capital under the control of directors.

*shareholder spread*

Pursuant to the JSE Listing Requirements, the following is an analysis of shareholders beneficially holding, directly or indirectly, in excess of five percent of the ordinary share capital of the Company and non-public shareholders of the Company at 31 December 2007.

	Number of shares held	% of issued equity
Major beneficial shareholders		
Bakubung-Ba-Ratheo Community	117 480 000	21,2
Vunani Capital (Pty) Ltd	30 000 000	5,4
Africa Wide Investment Holding (Pty) Ltd	57 421 643	10,3
Directors	27 195 738	4,9
Non-public shareholders	232 097 381	41,8
Public shareholders	322 732 236	58,2
Total issued share capital	554 829 167	100,0

As at 31 December 2007, 50,77% of the issued share capital of the Company was owned by historically disadvantaged persons.

There were 4 802 public shareholders holding the ordinary shares of the Company at 31 December 2007.

report of the directors (cont.)

*activities*

During the year ended 31 December 2007 and up to the date of this report the Company completed both the Pre-Feasibility Study (PFS) and a BFS for the Frischgewaagd-Ledig Complex of the Pilanesberg Project. Details of the exploration activities on the Pilanesberg Project are reflected in the Exploration and Mineral Resources Sections on pages 33 to 61 of the annual report. The construction phase of the project is expected to commence during the third quarter of 2008.

*mineral rights*

Through its wholly-owned subsidiary, Bakubung Minerals, Wesizwe has seven prospecting rights in the Pilanesberg area. Of these, five are converted old order to new order rights while two are new order rights. In addition, Bakubung Minerals has four other new order prospecting rights registered under the North West office of the Department of Minerals and Energy (DME). Of these, two have been granted closure and one is awaiting the granting of closure. Wesizwe Platinum Limited has one new order prospecting right in the Mpumalanga Province and it also has an agreement with Gemini Pumps (Pty) Ltd where Gemini has ceded to Wesizwe its converted prospecting right in the Pilanesberg area.

**Group 2007**

*converted old order prospecting rights*

Region	Farm	Portion	Status	Date of conversion	Expiry date	Registration date
NW	Ledig 909 JQ	Former 2 and 3	Mining Right application Submitted 29-06-2007	01-10-2005	30-09-2010	30-10-2006 481/2006 PR
NW	Zandriverspoort 210 JP	Former 1, 2, 4 and 5	Converted (Protocol 337)	22-10-2005	21-10-2010	03-04-2007 438/20071 PR
NW	Frischgewaagd 96 JQ	Portion 11	Mining Right application Submitted 29-06-2007	23-03-2006	22-03-2011	17-01-2007 84/2007 PR

report of the directors (cont.)

*converted old order prospecting rights (cont.)*

Region	Farm	Portion	Status	Date of conversion	Expiry date	Registration date
NW	Mimosa 81 JQ	Portion of remainder	Mining Right application Submitted 29-06-2007	06-12-2005	05-12-2010	14-02-2006 No. 76/2006 PR
NW	Ledig 909 JQ	Former 1, 4, 5 and 6	Mining Right application Submitted 29-06-2007	22-10-2005	21-10-2010	03-07-2006 259/2006 PR

*new order prospecting rights*

Region	Farm	Portion	Status	Date permit granted	Expiry date	Registration date
NW	Frischgewaagd 96 JQ	Portions 3 and 4	Mining Right application 29-06-2007	01-10-2005	30-09-2010	21-04-2006 194/2006 PR
NW	Mahobieskraal 211 JP Zandrivierspoort 210 JP	Portions 3 and 5	Granted, notarially executed. Cession to Wesizwe granted 20-07-2007	23-01-2007	22-01-2012	09-05-2007 512/2007 PR
NW	Frischgewaagd 96 JQ	Portion 1	Mining Right application 29-06-2007	26-08-2006	25-08-2008	19-09-2006 No 381/2006 PR
MP	Grootkop 185 JS Doornpoort 171 JS Buffelsvlei 170 JS Rooikraal 188 JS Diepkloof 186 JS Roodewaal 193 JS Nicolton 192 JS	Whole farm	Granted, notarially executed	08-12-2006	07-12-2011	09-03-2007 No 321/2007 PR

report of the directors (cont.)

*new order prospecting rights (cont.)*

Region	Farm	Portion	Status	Date permit granted	Expiry date	Registration date
NW	Oskraal 248 JQ Kameelfontein 257 JR Sjambok Zijn Oude Kraal 258 JR	Whole farm	Granted, notarially executed 15-03-2007 Protocol 299	07-03-2007	06-03-2012	Lodged but not yet registered – MTO
NW	Zandfontein 112 JP	Whole farm	Application for closure granted on 16-07-2007	23-03-2006	22-03-2011	17-01-2007 86/2007 PR
NW	Grootfontein 225 JP	Whole farm	Application for closure granted on 16-07-2007	23-03-2006	22-03-2011	17-01-2007 81/2007 PR
NW	Palmietfontein 227 JQ	Whole farm	Application for closure granted on 16-07-2007	28-03-2006	25-08-2011	17-01-2007 83/2007 PR

**Company 2007**

*new order prospecting rights*

Region	Farm	Portion	Status	Date permit granted	Expiry date	Registration date
MP	Grootkop 185 JS Doornpoort 171 JS Buffelsvlei 170 JS Rooikraal 188 JS Diepkloof 186 JS Roodewaal 193 JS Nicolton 192 JS	Whole farm	Granted, notarially executed	08-12-2006	07-12-2011	09-03-2007 No 321/2007 PR
NW	Mahobieskraal 211 JP Zandrivierspoort 210 JP	Portions 3 and 5	Granted, notarially executed. Cession to Wesizwe granted on 20-07-2007	23-01-2007	22-01-2012	09-05-2007 512/2007 PR

## report of the directors (cont.)

### *financial results*

#### *results for the year*

As an exploration and development focused entity, Wesizwe did not earn any revenue from exploration activities during the year under review and is not forecasting any revenue from exploration activities until a mine is brought into production on the Frischgewaagd-Ledig Complex of the Pilanesberg Project.

The Group made a net loss for the year of R90,8 million (compared to a loss of R19,5 million for 2006) comprising administration expenses of R108,7 million, which includes depreciation of R0,4 million, and share-based payment expenses of R62,2 million, bonus for past services rendered of R17,9 million and other administrative overheads of R28,1 million, offset by net finance income of R17,9 million.

The R62,2 million share-based payment expense comprises of:

- Issue of 30 million shares valued at R54,3 million to Vunani Capital (Pty) Limited (refer note 9 of notes to annual financial statements).
- Issue of 832 379 shares under the Long Term Incentive Plan to employees valued at R7,9 million (refer note 9 of notes to annual financial statements).

Refer note 11 for details of the bonus expenditure of R18,0 million, mentioned above.

#### *capital expenditure*

Capital expenditure for the year includes: intangible exploration and evaluation expenses capitalised at R102,1 million (2006: R38,5 million); long-lead items of plant and equipment R28,8 million (2006: Nil); tangible exploration and evaluation assets (engineering and drawings) R43,5 million (2006: Nil); and other property, plant and equipment items R6,9 million (2006: R0,6 million).

The increase in the loss for the year and capital expenditure primarily reflects the acceleration of the Company's very aggressive exploration programme of the core asset, the Frischgewaagd-Ledig Complex. This has resulted in a significant upgrading of the Company's resource inventory during the financial year, the completion of the 3D geoseismic survey and the completion of the BFS, all of which were high expenditure items.

### *acquisition of a subsidiary*

On 14 September 2007, Wesizwe acquired all the issued share capital of Africa Wide for R611 million (including capitalised expenses of R10 million). The purchase price was settled by issue of 57,4 million new Wesizwe shares on 13 September 2007.

report of the directors (cont.)

*dividends*

No dividend was declared during the year ended 31 December 2007 (2006: Nil).

*segmental analysis of annual results*

No segmental report has been prepared as the Company is conducting exploration activities in one geological location, which represents only one business activity.

*results of wholly-owned subsidiary companies*

Bakubung Minerals (Proprietary) Limited, incurred a loss of R4,08 million for the year under review (2006: R0,7 million). Africa Wide Mineral Prospecting and Exploration (Proprietary) Limited, incurred a loss of R Nil for the three and a half months to 31 December 2007, as all expenses have been capitalised as per Group policy regarding exploration and evaluation activities.

*capital commitments*

There is no capital commitment as at 31 December 2007. (2006: R35,4 million for 3D geoseismic survey.)

*litigation*

At the date of this report, there were no legal or arbitration proceedings, pending or threatened, of which the directors are aware.

*subsequent events*

On 13 March 2008, in addition to the 832 379 shares awarded under the Long Term Incentive Plan mentioned above, the Company awarded a bonus equivalent to 399 999 shares for past services rendered payable in three annual installments commencing 31 October 2008. On 22 April 2008, 660 679 shares of the 832 379 shares were issued to employees.

On 31 March 2008 the Company published the results of its BFS on the Pilanesberg Project. The results indicate an economically viable platinum mine of 230 000 tonnes per month producing an average of 350 000 ounces PGE(4) per annum during steady state, with Life Of Mine of 35 years and estimated capital cost of approximately R5,6 billion. Based on the BFS results, the directors of Wesizwe have approved the construction phase of the mine.



report of the directors (cont.)

*directorate*

*composition of the board of directors*

On 18 December 2007 Mrs TE Skweyiya resigned as chairperson. A non-executive director, Mr RG Rainey, was appointed acting chairman of the board on 19 December 2007. The composition of the board at 31 December 2007 and at the date of this report is reflected below.

	Appointed	Resigned
TE Skweyiya, Mrs (Chairperson)*	2 January 2004	18 December 2007
RG Rainey (Acting Chairman) <sup>xx</sup>	29 November 2006	
MH Solomon (Chief Executive Officer) <sup>#</sup>	1 October 2004	
WM Eksteen <sup>xx</sup>	1 September 2004	
L Maloney, Mrs*	2 January 2004	
EM Monnakgotla*	6 May 2005	
DJ Phologane*	6 May 2005	
JC Williams*	30 September 2003	

<sup>#</sup> Executive <sup>\*</sup>Non-executive <sup>xx</sup>Independent non-executive

In accordance with the Company's articles of association one third of the previously elected directors are to retire by rotation at the annual general meetings of shareholders. The directors retiring and seeking re-election at the annual general meeting are Mrs L Maloney and Messrs RG Rainey and JC Williams. The Company has extended the contract of Mr MH Solomon, the Chief Executive Officer, commencing on 1 October 2007 for a further three year period. It is subject to one month notice and benefits payable on early termination would be subject to negotiation with the board. A consultancy agreement has been entered into with Mr WM Eksteen for the provision of mining technical expertise at a monthly fee of R25 000. In addition to this, a 12 month fixed term contract has been entered into with Mr DJ Phologane commencing on 1 June 2007 at a monthly fee of R32 000 which was increased to R51 000 in October 2007. There are no other service agreements with directors.

*directors' emoluments*

The directors' remuneration paid by the Company for the year ended 31 December 2007:

	Fees	Management, consulting	Salaries	Expense allowance	Bonus	Total 2007	Total 2006
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TE Skweyiya, Mrs <sup>^</sup>	240	-	-	-	-	240	490
MH Solomon <sup>#</sup>	-	-	2 487	8	1 795	4 290	2 200

report of the directors (cont.)

directors' emoluments (cont.)

	Fees	Management, consulting	Salaries	Expense allowance	Bonus	Total 2007	Total 2006
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DN Campbell <sup>†</sup>	–	–	–	–	–	–	300
WM Eksteen <sup>†</sup>	302	300	–	72	–	674	428
L Maloney, Mrs <sup>*</sup>	112	–	–	–	–	112	98
EM Monnagotla <sup>*</sup>	111	–	–	–	–	111	58
DJ Phologane <sup>*</sup>	178	447	–	–	–	625	115
JC Williams <sup>*</sup>	186	–	–	–	–	186	131
RG Rainey <sup>†</sup>	231	–	–	–	–	231	7
<b>Total</b>	<b>1 360</b>	<b>747</b>	<b>2 487</b>	<b>80</b>	<b>1 795</b>	<b>6 469</b>	<b>3 827</b>

<sup>#</sup> Executive <sup>\*</sup>Non-executive <sup>†</sup>Independent non-executive <sup>^</sup>resigned on 18 December 2007  
No director's remuneration was paid by subsidiary companies.

On 12 December 2007 the board of directors approved an end of contract bonus of R14,8 million to be awarded to Mr MH Solomon (CEO), in terms of his original contract signed in October 2004. MH Solomon has volunteered to spread the payment of this bonus over the three year period of his renewed contract to minimise negative impact on cash flow for the company.

directors' fees

At the annual general meeting of shareholders held on 16 August 2007, members of the Company agreed that the board of directors determine the remuneration payable to members of the board for the ensuing year.

The following remuneration structure for non-executive directors was approved by members at the annual general meeting of shareholders held on 8 September 2006.

	Chairman	Directors
Annual fees payable monthly in arrears	R240 000	R80 000
Attendance fees, per meeting, payable quarterly in arrears	R20 000	R9 000

The directors, at their meeting of 13 June 2006, approved the remuneration and nomination committee's recommendation that the following meeting attendance fees be paid to board committee members from the date of approval.

report of the directors (cont.)

Committee	Chairman	Member
Audit and risk	R10 000	R7 500
Finance and investment	R8 000	R5 750
Remuneration and nominations	R8 000	R5 750
Technical	R10 000	R7 500

*interest of directors in shares of the Company*

The direct, indirect and deemed interest of the directors of the Company, after due enquiry in this regard, in the issued share capital of the Company as at the date of this report was as follows:

2007 Ordinary Share	Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
TE Skweyiya, Mrs*	-	-	26 150 000	-
MH Solomon	-	-	5 250 000	-
WM Eksteen	1 750 000	-	-	-
L Maloney, Mrs	12 250 000	-	-	-
JC Williams	-	-	7 945 738	-
	14 000 000	-	39 345 738	-

\*resigned 18 December 2007

2006 Ordinary Share	Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
TE Skweyiya, Mrs	-	-	26 150 000	-
MH Solomon	-	-	5 250 000	-
WM Eksteen	1 750 000	-	-	-
L Maloney, Mrs	12 250 000	-	-	-
JC Williams	-	-	7 945 738	-
	14 000 000	-	39 345 738	-

During the year under review, the shareholders approved a long term incentive plan and a share appreciation rights scheme for executive directors and key employees of Wesizwe. At the date of writing this report no shares have been granted to directors under the two schemes.

report of the directors (cont.)

*directors' interest in contracts*

Other than the related party transactions described in note 19 to the annual financial statements, there were no contracts awarded during or at the end of the financial year in which the directors of the Company were materially interested.

*special resolutions*

On 6 July 2007 at a general meeting of shareholders, a special resolution was passed increasing the authorised share capital of the Company to R10 000 divided into 1 000 000 000 ordinary par value shares of 0,001 cents each by the creation of 500 000 000 ordinary par value shares of 0,001 cents each.

*related party transactions*

Mr JC Williams, a non-executive director has the ability to exercise significant influence over certain companies in making financial decisions and transactions which might relate to the Company. These companies are accordingly recorded as related party entities. Details of the related party transactions by these companies insofar as they relate to Wesizwe are set out in note 19 to the annual financial statements.

*auditor*

In accordance with section 270 (2) of the Companies Act, KPMG Inc. will continue in office as auditors of the Company.

*sponsor*

Investec Bank Limited.

*secretary*

Mr RH Phillips resigned as secretary on 31 January 2007 and was succeeded by Routledge Modise Attorneys who were appointed with effect from 30 April 2007.

report of the directors (cont.)

*business address and registered office*

Unit 13, 2nd Floor  
3 Melrose Boulevard  
Melrose Arch  
Johannesburg  
2076

*postal address*

Private Bag X16  
Northlands  
2116

*registration number*

The Company is incorporated in the Republic of South Africa, registration number 2003/020161/06 and ISIN: ZAE000075859.

*transfer secretaries*

Computershare Investor Services (Proprietary) Limited  
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*annual general meeting*

The notice convening the Annual General Meeting to be held on 12 August 2008, together with a shareholder proxy form and the notes explaining the various resolutions to be considered at that meeting, is enclosed with this annual report.

report of the directors (cont.)

*forward looking statements*

Certain statements included in this report constitute “forward looking statements” that are not profit forecasts or estimates in any way, as defined by JSE Listings Requirements. Such forward looking statements do however involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by those forward looking statements. Wesizwe is subject to the effect of changes in platinum group metals prices, currency and the risks involved in mining and exploration operations.



*RG Rainey*

(Acting Chairman)

on behalf of the board of directors

09 May 2008



Two of the three vibroseis trucks used during the 3D survey. The trucks are used to thump the ground using a massive baseplate, and the 'shaking' action generates controlled seismic vibrations at a specific frequency. Geophones then record the reflection of the seismic waves off the dominant geological structure.



balance sheets  
at 31 december

	Notes	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
<b>assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	36 207 362	559 591	5 791 081	410 598
Tangible exploration and evaluation assets	3	43 453 367	-	-	-
Intangible exploration and evaluation assets	3	210 226 022	108 152 139	1 212 261	-
Environmental deposits	4	436 382	436 382	-	-
Investment in equity accounted investee	22	659 849 021	-	-	-
Investment in subsidiaries	5			621 798 062	9 801 900
<b>Current assets</b>					
Loans receivable from subsidiaries	5	-	-	347 812 545	96 415 629
Other receivables	6	37 911 283	3 797 428	780 364	954 078
Cash and cash equivalents	16.1	247 497 770	60 167 984	246 810 164	60 159 929
<b>TOTAL ASSETS</b>		<b>1 235 581 207</b>	<b>173 113 524</b>	<b>1 224 204 477</b>	<b>167 742 134</b>
<b>equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	7	5 548	3 992	5 548	3 992
Share premium	8	1 285 034 693	201 624 098	1 285 034 693	201 624 098
Share-based payment reserve	9	62 929 355	730 000	62 929 355	730 000
Retained earnings		(147 807 182)	(57 000 463)	(147 807 182)	(57 000 463)
<b>Long-term liabilities</b>					
Other long-term liabilities	11	11 825 280	-	11 825 280	-
<b>Current liabilities</b>					
Trade and other payables	12	23 593 513	9 352 644	12 216 783	3 981 254
Current portion of interest bearing borrowings	10	-	18 403 253	-	18 403 253
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 235 581 207</b>	<b>173 113 524</b>	<b>1 224 204 477</b>	<b>167 742 134</b>

income statements  
for the year ended 31 December

	Notes	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
<b>revenue</b>		-	-	12 536 696	3 269 600
Administration expenditure		(108 720 525)	(20 939 101)	(117 173 844)	(23 520 685)
Loss on sale of non-current assets		-	(470)	-	(470)
Impairment of loan to subsidiary		-	-	(4 083 117)	(688 016)
<b>Loss from operations</b>	13	(108 720 525)	(20 939 571)	(108 720 265)	(20 939 571)
Net finance income / (expense)	14	17 913 806	1 437 389	17 913 546	1 437 389
Share of profit of equity accounted investee		-	-	-	-
<b>Loss before taxation</b>		(90 806 719)	(19 502 182)	(90 806 719)	(19 502 182)
Income tax expense	15	-	-	-	-
<b>Loss for the year</b>		(90 806 719)	(19 502 182)	(90 806 719)	(19 502 182)
<b>Loss per share</b>					
Basic loss per share (cents)	18	(19,17)	(5,29)		
Diluted loss per share (cents)	18	(19,17)	(5,29)		

The weighted number of shares for calculating diluted earnings per share is 473 594 696 (2006: 368 754 699). The increase in shares is a result of 832 379 shares to be issued in terms of the Long Term Incentive Plan. The increase in shares has an anti-dilutive effect and thus the diluted loss per share is calculated at 19,17 cents, not taking into account these shares.

statements of changes in equity  
for the year ended 31 december

	Share capital	Share premium	Share-based payment reserve	Accumulated loss	Total
	R	R	R	R	R
<b>group and company</b>					
Balance at 1 January 2006	3 564	102 029 602	730 000	(37 498 281)	65 264 885
Issue of share capital	428	102 393 232	-	-	102 393 660
Share issue expenses written-off	-	(2 798 736)	-	-	(2 798 736)
Loss for the year	-	-	-	(19 502 182)	(19 502 182)
<b>Balance at 31 December 2006</b>	<b>3 992</b>	<b>201 624 098</b>	<b>730 000</b>	<b>(57 000 463)</b>	<b>145 357 627</b>
Issue of share capital	1 556	1 097 223 981	-	-	1 097 225 537
Share issue expenses written-off	-	(13 813 386)	-	-	(13 813 386)
Share-based expense	-	-	62 199 355	-	62 199 355
Loss for the year	-	-	-	(90 806 719)	(90 806 719)
<b>Balance at 31 December 2007</b>	<b>5 548</b>	<b>1 285 034 693</b>	<b>62 929 355</b>	<b>(147 807 182)</b>	<b>1 200 162 414</b>

cash flow statements  
for the year ended 31 december

Notes	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Cash flows utilised by operating activities				
Cash utilised by operations	16	(53 992 359)	(16 103 904)	(21 806 790)
Finance cost	14	(5 990)	(875 688)	(5 990)
			(21 812 780)	(21 281 147)
			(5 990)	(875 688)
<b>Net cash outflow from operating activities</b>				
	(53 998 349)	(16 979 592)	(21 812 780)	(22 156 835)
<b>Cash flows utilised by investing activities</b>				
Acquisition of property, plant and equipment as a result of development activities	(36 224 288)	(399 784)	(5 776 963)	(244 821)
Acquisition of tangible exploration and evaluation assets as a result of increasing operations	(43 453 367)	-	-	-
Expenditure on intangible exploration and evaluation assets as a result of increasing operations	(102 073 883)	(38 514 524)	(1 212 261)	-
Increase in environmental deposits as a result of increasing operations	-	(90 000)	-	-
Increase in investment equity accounted investee	(47 852 865)	-	-	-
Acquisition of Africa Wide loan accounts	-	-	(4 083 123)	-
Increase in amounts owed by group companies	-	-	(251 396 916)	(33 590 299)
Acquisition of subsidiary, net of cash	(10 217 337)	-	(10 217 337)	-
Proceeds on disposal of property, plant and equipment	-	5 884	-	5 884
Investment income	14	17 919 796	17 919 536	2 313 077
<b>Net cash (outflow)/inflow from investing activities</b>				
	(221 901 944)	(36 685 347)	(254 767 064)	(31 516 159)
Cash flows from financing activities				
Proceeds from share issues	481 633 332	99 594 924	481 633 332	99 594 924
Increase/(decrease) in current portion of interest bearing liabilities	(18 403 253)	90 646	(18 403 253)	90 646
<b>Net cash inflow from financing activities</b>				
	463 230 079	99 685 570	463 230 079	99 685 570
<b>Net increase in cash and cash equivalents</b>				
	187 329 786	46 020 631	186 650 235	46 012 576
Cash and cash equivalents at the beginning of the year				
	60 167 984	14 147 353	60 159 929	14 147 353
Cash and cash equivalents at the end of the year				
16.1	247 497 770	60 167 984	246 810 164	60 159 929

notes to the annual financial statements  
for the year ended 31 december 2007

**1. accounting policies**

*reporting entity*

Wesizwe Platinum Limited (the Company) is a company domiciled in the Republic of South Africa. The consolidated financial statements of the Company as at 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group).

*basis of preparation*

*statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

*basis of measurement*

The financial information for the year ended 31 December 2007 has been prepared on the historical cost basis, except where fair value accounting is applied, and is in accordance with the recognition and measurement criteria of the IFRS and its interpretations adopted by the IASB and in a manner required by the Companies Act No. 61 of 1973 in South Africa prior to its amendment by the Corporate Laws Amendments Act.

*functional and presentation currency*

These consolidated financial statements are presented in South African Rand (ZAR), which is the Company's functional currency.

*use of estimates and judgments*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 the following notes:

- Note 9: Share-based payment reserve
- Note 21.1: Environmental deposits
- Note 21.2: Consideration of impairment of assets
- Note 22: Business combinations

#### *significant accounting policies*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

#### *basis of consolidation*

The consolidated financial statements reflect the financial results of the Group after the elimination of inter-group transactions and balances. The financial results of all subsidiaries are consolidated into Group results from date of acquiring control to date of loss of control.

#### *subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity to the exclusion of all others, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences or up to the effective date of disposal, at which date control ceases.

#### *transactions eliminated on consolidation*

Inter-group balances and any unrealised gains and losses or income and expenses arising from inter-group transactions are eliminated in preparing consolidated financial statements.

#### *equity accounted investee*

An equity accounted investee is an entity in which the Group has an equity interest and over which it has the ability to exercise significant influence 'but not control' over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of voting power of another entity. Associates are accounted for using the equity method and are initially measured at cost. The Group's investment includes goodwill identified on acquisition, net of any impairment losses.



*segment reporting*

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

*share 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.

*property, plant and equipment*

Property, plant and equipment is initially measured at cost. Subsequently it is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation methods and useful lives, as well as residual values, if not insignificant, are assessed annually. 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%
Computer software	50,00%
Furniture and fittings	20,00%
Office equipment	20,00%
Other office fittings	25,00%
Leasehold improvements	Term of lease
Land	Not depreciated

No significant components have been identified. Profit and loss on disposal are recognised in the income statement.

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. All other costs are recognised in the income statement as an expense as and when incurred.

#### *tangible and intangible exploration and evaluation assets*

Exploration and evaluation costs, including the costs of acquiring licenses, acquisition of rights to explore and geographical studies are capitalised as exploration and evaluation assets (E&E assets) on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible E&E assets according to the nature of the assets acquired. When a licence is relinquished or a project is abandoned, the related costs are recognised in the income statement. E&E assets are assessed for impairment on an annual basis.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and probable reserves are determined to exist. Upon determination of proven resources, E&E assets are first tested for impairment and then reclassified from E&E assets to a separate category within tangible assets. Expenditure incurred related to unsuccessful studies is recognised in the income statement as incurred.

Tangible and intangible exploration and evaluation assets will be amortised only when production commences, on a unit of production basis.

At the date of a subsidiary undertaking or an equity investee undertaking, fair values are attributable to the acquired identifiable assets, liabilities and contingent liabilities. Goodwill, which represents the difference between the fair value of the purchase consideration and the acquired interest in the fair value of assets, is subject to annual impairment testing.

#### *environmental deposits*

Subsequent to initial recognition, environmental deposits are measured at cost.

#### *financial instruments*

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

#### *financial assets*

The Group's principal financial assets are loans receivable, trade and other receivables and cash and cash equivalents.

#### *loans and other receivables*

Loans and other receivables held by the Group are subsequently measured at amortised cost less accumulated impairment losses.

#### *cash and cash equivalents*

Subsequent to initial recognition, cash and cash equivalents are measured at fair value. For cash flow statement purposes, bank overdrafts are offset against bank and cash balances. Cash and cash equivalents comprise cash on hand and deposits held on call with banks.

#### *borrowing costs*

Borrowing costs that are directly attributable to qualifying assets (including property, plant and equipment and E&E assets) are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use or sale. Capitalisation continues up to the date that the assets are substantially complete. Capitalisation is suspended during extended periods in which active development is interrupted.

#### *impairment*

##### *impairment of financial and non-financial assets*

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

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. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed

the carrying amount that would have been determined had no impairment been recognised for the asset (or CGU) in prior years. A reversal of impairment is recognised as income immediately.

#### *impairment of intangible assets*

Impairment reviews for intangible exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- Unexpected geological occurrences that render the resource uneconomic
- Title to the asset is compromised
- Variations in metal prices that render the project uneconomic
- Variations in the currency of operation.

#### *new standards and amendments in the year*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007 and have not been applied in preparing these consolidated financial statements:

- Revised IAS 1 – Presentation of Financial Statements: The revised statement requires presentation of all non-owners change in equity as follows:
  - In a single statement of comprehensive income (which includes income statement line items) or
  - In a statement of comprehensive income (which includes only non-owners equity changes).

The statement is effective for periods commencing on or after 1 January 2009. Implementation of the revised statement is not expected to have a material impact on the Group's results.

- Revised IAS 23 – Borrowing Costs: The statement requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of the asset. Other borrowing costs are recognised as an expense. Currently the Group has elected to capitalise all borrowing costs to the cost of the asset, therefore, the change will have no impact.
- IAS 27 – Consolidated and Separate Financial Statements: The amendments relate mainly to the accounting for changes in the non-controlling (minority) interest in a subsidiary and the loss of control in a subsidiary. Effective date is for period commencing on or after 1 July 2009. Implementation of this standard is not expected to have a material impact on the Group's results, assets and liabilities.

- IFRS 2 – Share-Based Payment: Vesting Conditions and Cancellation. The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and “non-vesting”. Effective date is for period commencing on or after 1 January 2009. Implementation of this statement is not expected to have a material impact on the Group’s results, assets and liabilities.
- IFRS 3 – The standard introduces various terminology and scope changes. In addition, the statement states that:
  - the acquirer can elect to measure any non-controlling (minority) interest on acquisition of subsidiary, on a transaction by transaction basis, at either:
    - the fair value as determined at the acquisition date, or
    - the proportionate interest of the non-controlling interest in the fair value of the identifiable assets and liabilities of the acquiree.

The standard applies to all business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The impact that this statement will have on implementation cannot be accurately determined.

- IFRS 8 – In terms of this IFRS, segment reporting will be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the financial statements. Implementation of this standard is not expected to have an impact on the Group’s results.
- IFRIC 11 – Group and Treasury Share Transaction: this interpretation addresses how to apply IFRS 2 (Share-based Payment) to share-based payment arrangements involving an equity’s own equity instruments or equity instruments of another entity in the same group. Effective date is for period commencing on or after 1 January 2009. As the Group accounts for the share-based payment transaction of its own equity instruments as equity-settled, the implementation of this interpretation will have no impact on the Group’s results.
- IFRIC 12 and 13 is not relevant to the Group and as such have no impact.

#### *financial liabilities*

The Group’s principal financial liabilities are interest bearing borrowings and trade and other payables.

#### *interest bearing borrowings*

Interest bearing borrowings are measured at amortised cost using the effective interest method.

*trade and other payables*

All trade and other payables are measured at amortised cost.

*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.

*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 balance sheet 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 pre-tax discount rate that reflects the current market assessments of the time value of money and the risk specifics of the liability.

*income tax*

Income tax comprises current and deferred tax.

*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 balance sheet date, and any adjustments of tax payable for previous periods. Current tax is recognised in profit and loss except to the extent that it relates to equity.

*deferred taxation*

Deferred taxation is provided at enacted or substantively enacted rates using the balance sheet method 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 balance sheet carrying amount. This excludes those amounts relating to goodwill which is not deductible for taxation purposes, and to the extent that it relates to initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries, to the extent that they will not reverse in the foreseeable future. Deferred tax assets are not raised unless it is probable that future taxable profits will be available 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.

#### *revenue*

Revenue derived from the rendering of services is recognised at fair value of consideration received or receivable after deducting value added tax. A sale is recognised when the services have been rendered.

#### *finance income*

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

#### *finance costs*

Finance expenses relate to interest bearing loans and borrowings which are recognised in the income statement using the effective interest method.

#### *operating leases*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

#### *share-based payments*

The Group issues equity-settled share-based instruments to settle certain transactions in shares and not cash. Equity-settled share-based payments are measured at the fair value of the service provided. If the fair value of the service cannot be determined, the share-based payment is measured at the fair value of the equity instrument at the date of the grant.

The cost of providing equity-settled and cash-settled share-based payments to employees is charged to the income statement over the vesting period of the related share options or share allocations. The cost is based on the fair value of the options or shares allocated and the number of awards expected to vest. The fair value of each option or share is determined using a Black-Scholes option pricing model. Market related performance conditions are reflected in the fair value of the share. Non-market related performance conditions are allowed for using a separate assumption about the number of awards expected to vest. The final charge made reflects the numbers actually vested on the basis that market conditions are met.

#### *earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.



## 2. property, plant and equipment

### Group - 2007

Cost	Opening balance R	Additions R	Disposals R	Closing balance R
Owned:				
Land	-	1 677 440	-	1 677 440
Plant	-	28 766 838	-	28 766 838
Vehicles	-	388 955	-	388 955
Computer equipment	430 491	926 514	-	1 357 005
Furniture and fittings	294 926	1 020 372	-	1 315 298
Office equipment	57 302	433 863	-	491 165
Other office fittings	27 644	91 183	-	118 827
Leasehold improvements	-	2 919 123	-	2 919 123
<b>Total</b>	<b>810 363</b>	<b>36 224 288</b>	<b>-</b>	<b>37 034 651</b>

### Accumulated depreciation and impairment losses

	Opening balance R	Depreciation R	Disposals R	Closing balance R
Owned:				
Land	-	-	-	-
Plant	-	-	-	-
Vehicles	-	72 392	-	72 392
Computer equipment	175 102	264 770	-	439 872
Furniture and fittings	58 196	112 043	-	170 239
Office equipment	16 395	44 650	-	61 045
Other office fittings	1 079	19 598	-	20 677
Leasehold improvements	-	63 065	-	63 065
<b>Total</b>	<b>250 772</b>	<b>576 518</b>	<b>-</b>	<b>827 290</b>

### Carrying value

	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Owned:					
Land	-	1 677 441	-	-	1 677 441
Plant	-	28 766 838	-	-	28 766 838
Vehicles	-	388 955	-	(72 392)	316 563
Computer equipment	255 389	926 514	-	(264 770)	917 133
Furniture and fittings	236 730	1 020 372	-	(112 043)	1 145 059
Office equipment	40 907	433 863	-	(44 650)	430 120
Other office fittings	26 565	91 183	-	(19 598)	98 150
Leasehold improvements	-	2 919 123	-	(63 065)	2 856 058
<b>Total</b>	<b>559 591</b>	<b>36 224 289</b>	<b>-</b>	<b>(576 518)</b>	<b>36 207 362</b>

No property, plant and equipment are encumbered

2. property, plant and equipment (cont.)

Company - 2007

Cost	Opening balance R	Additions R	Disposals R	Closing balance R
Owned:				
Land	-	1 677 440	-	1 677 440
Plant	-	-	-	-
Vehicles	-	-	-	-
Computer equipment	357 418	637 057	-	994 475
Furniture and fittings	240 680	910 860	-	1 151 540
Office equipment	57 302	424 083	-	481 385
Other office fittings	-	-	-	-
Leasehold improvements	-	2 127 523	-	2 127 523
<b>Total</b>	<b>655 400</b>	<b>5 776 963</b>	<b>-</b>	<b>6 432 363</b>

Accumulated depreciation  
and impairment losses

	Opening balance R	Depreciation R	Disposals R	Closing balance R
Owned:				
Land	-	-	-	-
Plant	-	-	-	-
Vehicles	-	-	-	-
Computer equipment	171 675	207 835	-	379 510
Furniture and fittings	56 732	86 034	-	142 766
Office equipment	16 395	43 513	-	59 908
Other office fittings	-	-	-	-
Leasehold improvements	-	59 098	-	59 098
<b>Total</b>	<b>244 802</b>	<b>396 480</b>	<b>-</b>	<b>641 282</b>

Carrying value

	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Owned:					
Land	-	1 677 440	-	-	1 677 440
Plant	-	-	-	-	-
Vehicles	-	-	-	-	-
Computer equipment	185 743	637 057	-	(207 835)	614 965
Furniture and fittings	183 948	910 860	-	(86 034)	1 008 775
Office equipment	40 907	424 083	-	(43 513)	421 476
Other office fittings	-	-	-	-	-
Leasehold improvements	-	2 127 523	-	(59 098)	2 068 425
<b>Total</b>	<b>410 598</b>	<b>5 776 963</b>	<b>-</b>	<b>(396 480)</b>	<b>5 791 081</b>

No property, plant and equipment are encumbered

2. property, plant and equipment (cont.)

**Group - 2006**

Cost	Opening balance R	Additions R	Disposals R	Closing balance R
Owned:				
Computer equipment	187 646	250 045	(7 200)	430 491
Furniture and fittings	188 878	106 048	-	294 926
Office Equipment	41 255	16 047	-	57 302
Other office fittings	-	27 644	-	27 644
<b>Total</b>	<b>417 779</b>	<b>399 784</b>	<b>(7 200)</b>	<b>810 363</b>

Accumulated depreciation and impairment losses	Opening balance R	Depreciation R	Disposals R	Closing balance R
Owned:				
Computer equipment	66 959	108 990	(847)	175 102
Furniture and fittings	13 013	45 183	-	58 196
Office Equipment	4 719	11 676	-	16 395
Other office fittings	-	1 079	-	1 079
<b>Total</b>	<b>84 691</b>	<b>166 928</b>	<b>(847)</b>	<b>250 772</b>

Carrying value	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Owned:					
Computer equipment	120 687	250 045	(6 353)	(108 990)	255 389
Furniture and fittings	175 865	106 048	-	(45 183)	236 730
Office equipment	36 536	16 047	-	(11 676)	40 907
Other office fittings	-	27 644	-	(1 079)	26 565
<b>Total</b>	<b>333 088</b>	<b>399 784</b>	<b>(6 353)</b>	<b>(166 928)</b>	<b>559 591</b>

*No property, plant and equipment are encumbered*

2. property, plant and equipment (cont.)

**Company - 2006**

Cost	Opening balance	Additions	Disposals	Closing balance
	R	R	R	R
Owned:				
Computer equipment	187 646	176 972	(7 200)	357 418
Furniture and fittings	188 878	51 802	-	240 680
Office equipment	41 255	16 047	-	57 302
Other office fittings	-	-	-	-
<b>Total</b>	<b>417 779</b>	<b>244 821</b>	<b>(7 200)</b>	<b>655 400</b>

Accumulated depreciation and impairment losses

	Opening balance	Depreciation	Disposals	Closing balance
	R	R	R	R
Owned:				
Computer equipment	66 959	105 563	847	171 675
Furniture and fittings	13 013	43 719	-	56 732
Office equipment	4 719	11 676	-	16 395
Other office fittings	-	-	-	-
<b>Total</b>	<b>84 691</b>	<b>160 958</b>	<b>847</b>	<b>244 802</b>

Carrying value

	Opening balance	Additions	Disposals	Depreciation	Closing balance
	R	R	R	R	R
Owned:					
Computer equipment	120 687	176 972	(6 353)	(105 563)	185 743
Furniture and fittings	175 865	51 802	-	(43 719)	183 948
Office equipment	36 536	16 047	-	(11 676)	40 907
Other office fittings	-	-	-	-	-
<b>Total</b>	<b>333 088</b>	<b>244 821</b>	<b>(6 353)</b>	<b>(160 958)</b>	<b>410 598</b>

No property, plant and equipment are encumbered

**3. tangible and intangible exploration and evaluation assets**

**Group - 2007**

Cost	Opening balance	Additions	Impairment	Closing balance
	R	R	R	R
Tangible exploration and evaluation asset	-	43 453 367	-	43 453 367
Intangible exploration and evaluation asset	108 152 139	102 073 883	-	210 226 022
<b>Total</b>	<b>108 152 139</b>	<b>145 527 250</b>	<b>-</b>	<b>253 679 389</b>

3. tangible and intangible exploration and evaluation assets (cont.)

**Group - 2007 (cont.)**

Carrying value	Opening balance R	Additions R	Impairment R	Amortisation R	Closing balance R
Tangible exploration and evaluation asset	-	43 453 367	-	-	43 453 367
Intangible exploration and evaluation asset	108 152 139	102 073 883	-	-	210 226 022
<b>Total</b>	<b>108 152 139</b>	<b>145 527 250</b>	<b>-</b>	<b>-</b>	<b>253 679 389</b>

**Company - 2007**

Cost	Opening balance R	Additions R	Closing balance R
Tangible exploration and evaluation asset	-	-	-
Intangible exploration and evaluation asset	-	1 212 261	1 212 261
<b>Total</b>	<b>-</b>	<b>1 212 261</b>	<b>1 212 261</b>

**Group - 2006**

Cost	Opening balance R	Additions R	Impairment R	Closing balance R
Intangible exploration and evaluation asset	70 244 159	38 514 524	(606 544)	108 152 139
<b>Total</b>	<b>70 244 159</b>	<b>38 514 524</b>	<b>(606 544)</b>	<b>108 152 139</b>

Carrying value	Opening balance R	Additions R	Impairment R	Amortisation R	Closing balance R
Intangible exploration and evaluation asset	70 244 159	38 514 524	(606 544)	-	108 152 139
<b>Total</b>	<b>70 244 159</b>	<b>38 514 524</b>	<b>(606 544)</b>	<b>-</b>	<b>108 152 139</b>

- *Tangible and intangible exploration and evaluation assets will be amortised only when production commences, on the unit of production method.*
- *A register of all prospecting permits is maintained at the registered office of the Company.*
- *Assessment of impairment indicators of intangible exploration and evaluation assets is set out in note 21.2 of the notes to the annual financial statements.*

#### 4. environmental deposits

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Environmental deposits	436 382	436 382	-	-

#### 5. investment in subsidiaries

	Company 2007 R	Company 2006 R
<i>Investments</i>		
Bakubung Minerals (Proprietary) Limited	9 801 900	9 801 900
Africa Wide Mineral Prospecting and Exploration (Prop) Limited	611 996 612	-
<b>Sub Total</b>	<b>621 798 062</b>	<b>9 801 900</b>
<i>Shareholder loans</i>		
- Bakubung Minerals	317 598 946	109 951 772
- Impairment of shareholder's loan	(17 619 260)	(13 536 143)
Africa Wide Mineral Prospecting and Exploration (Prop) Limited	47 832 859	-
<b>Sub total</b>	<b>347 812 545</b>	<b>96 415 629</b>
<b>Total</b>	<b>969 610 607</b>	<b>106 217 529</b>

*Shareholders' loans are payable on demand and bear no interest.*

#### 6. other receivables

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Value added tax refunds	25 906 915	3 107 528	670 003	266 278
Other*	12 004 368	689 900	110 361	687 800
<b>Total</b>	<b>37 911 283</b>	<b>3 797 428</b>	<b>780 364</b>	<b>954 078</b>

*\*Recovery of 3D seismic expenditure from Anglo Platinum and Platinum Group Metals*

## 7. share capital

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
<i>Authorised</i>				
1 000 000 000 ordinary shares of R0,00001 each (2006: 500 000 000 ordinary shares of R0,00001 each)	10 000	5 000	10 000	5 000
<i>Issued</i>				
554 829 167 ordinary shares of R0,00001 each (2006: 399 239 152 ordinary shares of R0,00001 each)	5 548	-	5 548	-
	-	3 992	-	3 992

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company issued 155 590 015 ordinary shares during the year under review at the following strike prices:

Date issued	Number of shares issued for acquisition of subsidiary	Number of shares issued for cash	Price per share (cents)
January		28 168 372	336
May		30 000 000	336
September	57 421 643	-	1 048
September		40 000 000	750
<b>Total</b>	<b>57 421 643</b>	<b>98 168 372</b>	

The share issue price was determined by applying a 10% discount to the weighted average traded price on the JSE of those shares over the 30 business days prior to the date the price of the issue was determined or agreed by the directors.

None of the above shares were issued to directors or their families during the year under review. There are 28 611 128 unissued ordinary shares under the control of the directors until the next annual general meeting.

## 8. share premium

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Premium on ordinary shares	1 314 616 975	217 392 994	1 314 616 975	217 392 994
Less: share issue and related expenditure	(29 582 282)	(15 768 896)	(29 582 282)	(15 768 896)
<b>Total</b>	<b>1 285 034 693</b>	<b>201 624 098</b>	<b>1 285 034 693</b>	<b>201 624 098</b>



## 9. share-based payment reserve

	Company 2007 R	Company 2006 R
Opening balance	730 000	730 000
Movement during the year	62 199 355	-
Closing balance	62 929 355	730 000

The share-based payment reserve relates to the expenses incurred by the Company for the services provided by third parties and equity-settled share-based payment awarded to employees.

### 9.1 share-based payment transactions

The following share-based payment transactions occurred during the 2007 financial year.

	Group 2007 R	Company 2007 R
Share issue to Vunani	54 300 000	54 300 000
Long Term Incentive Plan	7 899 355	7 899 355
Closing balance	62 199 355	62 199 355

- R54 300 000 relates to an IFRS 2 adjustment for the specific issue for cash of 30 million shares to Vunani Capital (Pty) Limited ("Vunani"), a black-owned financial institution. On 8 February 2007, a mutual shared understanding of the terms and conditions of the issue was reached. The strike price for the issue was set at R3,36. This was determined by applying 10% discount to the 30 day Volume Weighted Trade Average Price as at 30 November 2006 when initial discussion with Vunani was held. The price was agreed to by the board of directors of Wesizwe on 29 November 2006. The difference between fair value at the grant date and the strike price of R3,36 represents a share-based payment expense. The closing price on 8 February 2007, which represents the fair value of the Wesizwe share was R5,17. Wesizwe and Vunani had a planned understanding of the terms and conditions of the transaction on 8 February 2007.
- R7 899 355 represents the Wesizwe Long Term Incentive Plan (LTIP) that was approved at the annual general meeting held on 16 August 2007. See note 19.2 of notes to the annual financial statements.

## 10. interest bearing borrowings

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Ledig Minerale Regte 909 JQ (Proprietary) Limited	-	18 403 253	-	18 403 253
Current portion of loans and borrowings	-	18 403 253 (18 403 253)	-	18 403 253 (18 403 253)
<b>Total</b>	-	-	-	-

The Ledig Minerale Regte 909 JQ loan was unsecured and interest was charged at 18% per annum. During January 2007, R18,4 million was repaid to Ledig Minerale Regte 909 JQ (Proprietary) Limited, which arose from the purchase of mineral rights in 2004.

Wesizwe's Articles of Association provide that the directors may borrow for the purposes of the Company such amounts as they see fit. Currently, the Company has no borrowings.

## 11. other long term liabilities

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Bonus accrual	17 929 090	-	17 929 090	-
Short term portion	(6 103 810)	-	(6 103 810)	-
<b>Total</b>	11 825 280	-	11 825 280	-

The bonus accrual comprises of R14,8 million bonus awarded to Mr MH Solomon (refer directors report for details) and R3,2 million awarded to a senior manager for past services rendered. The R3,2 million will be paid in the next financial year.

## 12. trade and other payables

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Leave pay accrual	865 152	519 751	865 152	519 751
Trade payables	16 624 551	8 832 893	5 247 821	8 832 893
Bonus accrual (refer note 11)	6 103 810	-	6 103 810	-
<b>Total</b>	23 593 513	9 352 644	12 216 783	9 352 644

### 13. loss from operations

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
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The following items have been charged in arriving at the loss before taxation:

#### Expenses

Accounting fees	242 630	145 537	242 630	145 537
Advisors	7 141 000	4 784 256	7 141 000	4 784 256
Auditors' remuneration	995 463	540 992	995 463	540 992
- audit fees (current year)	417 213	260 992	417 213	260 992
- audit fees (under provision prior year)	256 200	180 000	256 200	180 000
- expenses	-	3 000	-	3 000
- other services	322 050	97 000	322 050	97 000
Corporate social investment expenditure	4 137 866	180 641	72 058	178 349
Depreciation of property, plant and equipment	576 518	166 928	396 480	160 958
Employee costs	27 849 344	3 864 590	27 849 344	3 855 268
Legal fees and secretaries fees	1 160 238	406 170	1 160 238	406 170
Operating lease: buildings	926 533	843 629	926 533	843 629
Operating lease: vehicles	-	170 563	-	170 563
Travel and accommodation	2 142 022	1 726 858	2 136 493	1 713 547
Share-based payment expense	62 199 355	-	62 199 355	-
Corporate affairs and public relations	5 551 318	1 732 377	5 551 318	1 732 377

#### 13.1 directors' emoluments

Directors' emoluments have been disclosed in the directors' report.

### 14. net finance income

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Interest earned on cash balances	17 919 796	2 313 077	17 919 536	2 313 077
Total finance expense	(5 990)	(875 688)	(5 990)	(875 688)
Finance charges for the year	(5 990)	(3 966 334)	(5 990)	(3 966 334)
- capitalise to intangible and evaluation assets	-	3 090 646	-	3 090 646
Net finance income	17 913 806	1 437 389	17 913 546	1 437 389

## 15. income tax expense

No provision for South Africa normal taxation has been made. The Group and Company have an estimated tax loss of R35,7 million and R33,6 million respectively (2006: Group and Company R15 million) for the year ended 31 December 2007, which may be deductible from future taxable income.

### *unredeemed capital expenditure*

The Group has unredeemed capital expenditure of R235,7 million (2006: R61 million) for the year ended 31 December 2007. The unredeemed capital expenditure may be set-off against future taxable income.

### *deferred tax*

Unrecognised deferred tax assets.

No deferred tax assets have been recognised, in the year under review and prior years. Deferred tax assets may be recognised once a decision to mine has been made.

## 16. notes to the cash flow statement

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Reconciliation of loss for the year to cash used by operations:				
Loss from operations	(108 720 526)	(20 939 571)	(108 720 265)	(20 939 571)
Adjustments for:				
- depreciation	576 518	166 928	396 480	160 958
- impairment of loan to subsidiary			4 083 117	688 016
- movement in provision	-	335 506	-	335 506
- share-based payment	62 199 355	-	62 199 355	-
- impairment to exploration and evaluation asset	-	606 544	-	-
- loss on disposal of property, plant and equipment	-	470	-	470
- movement in long term liability	11 825 280	-	11 825 280	-
Operating loss before working capital changes	(34 119 372)	(19 830 123)	(30 216 033)	(19 754 621)
Changes in working capital	(19 872 987)	3 726 219	8 409 243	(1 526 526)
(Increase)/decrease in other receivables	(34 113 855)	356 580	173 714	141 782
Increase/(decrease) in trade and other payables	14 240 868	3 369 639	8 235 529	(1 668 308)
Cash utilised by operations	(53 992 359)	(16 103 904)	(21 806 790)	(21 281 147)

## 16.1 cash and cash equivalents

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Cash and cash equivalents				
Bank balances	7 493 555	1 414 106	6 805 949	1 414 106
Call and short term deposits*	240 004 215	58 753 878	240 004 215	58 745 823
Total	247 497 770	60 167 984	246 810 164	60 159 929

\*During the year under review the Company issued a guarantee of R21,4 million in favour of Eskom. The guarantee is secured by cash placed on deposit. The guarantee is a security for Eskom to acquire long-lead items for the provision of power to the Company's Pilanesburg Project.

## 17. financial instruments

### 17.1 financial risk management

The Group has limited exposure to the following risks:

#### overview

- Credit risk
- Liquidity risk
- Market risk

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

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 management committee. The committee 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 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, and arises principally from the Group's investment activities.

#### other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each class of receivable. The Group has a debtor of R37,9 million relating to VAT receivable from SARS of R25,9 million and cost recovery of R12 million from Anglo Platinum Limited on 31 December 2007.

### 17.1 financial risk management (cont.)

When necessary, the Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Currently, this is not necessary as the money due from SARS has been received after year end.

#### *investments*

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least "A". Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. Total exposure on 31 December 2007 is R247,5 million.

#### *guarantees*

The Group's policy is to provide financial guarantees secured by way of cash. At 31 December 2007 a guarantee was issued to Eskom for provision of power to the Group's Pilanesberg Project. (2006: none.)

#### *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 managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. (Refer directors' report for going concern assessment).

The Group uses budgetary control costing which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing and financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group has various options of raising additional funding.

#### *market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will 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.

Interest rate risk: The Group manages its interest rate risk by entering into prime-linked borrowings or fixed interest borrowings.

Other market price risk: Funds are placed at a number of South African domiciled banking institutions with an "A" credit rating. Funds are invested over periods that match our forecast cash flow requirements.

The primary goal of the Group's investment strategy is to maximise investment returns on temporary surplus cash arising from the issuing of shares for cash. Management is assisted by external advisors in this regard. Management assessed the market risk as low. No capital equipment is purchased in foreign currency.

#### *capital management*

The Board's policy is to maintain a strong BEE capital base so as to maintain investor, creditor and market confidence and to sustain future development of business. The Board of Directors monitors the demographic spread of shareholders closely.

At present, employees hold R7,8 million of ordinary share capital as part of a Long Term Incentive Plan.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

17.2 financial instruments

Effective interest rates and price analysis are as follows:

Group 2007

	Note	Effective interest rate	Total R	6 months or less R	6-12 months R	1-2 years R	2-5 years R	more than 5 years R
Cash and cash equivalents	16.1	10,87%	247 497 770	247 497 770	-	-	-	-
Other receivables	6	-	37 911 283	37 911 283	-	-	-	-
Trade and other payables		-	(23 593 513)	(23 593 513)	-	-	-	-
Other long term liabilities		-	(11 825 280)	-	-	(5 912 640)	(5 912 640)	-
<b>Total</b>			<b>249 990 260</b>	<b>261 815 540</b>		<b>(5 912 640)</b>	<b>(5 912 640)</b>	

Group 2006

	Note	Effective interest rate	Total R	6 months or less R	6-12 months R	1-2 years R	2-5 years R	more than 5 years R
Cash and cash equivalents	16.1	8.3%	60 167 984	60 167 984	-	-	-	-
Unsecured loan due to Ledig Minerale Regte 909JQ (Proprietary) Limited	10	18,0%	(18 403 253)	(18 403 253)	-	-	-	-
Other receivables	6	-	3 797 428	504 148	3 293 280	-	-	-
Trade and other payables		-	(9 352 644)	(9 352 644)	-	-	-	-
<b>Total</b>			<b>(36 209 515)</b>	<b>(32 916 225)</b>	<b>3 293 280</b>			

17.3 fair values

The fair values of all financial instruments are identical to the carrying amounts reflected in the balance sheet.

The fair values together with the carrying amounts shown in the balance are on the next page.



17.3 fair values (cont.)

	Note	Group 2007		Group 2006	
		Carrying amount R	fair value R	Carrying amount R	fair value R
Cash and cash equivalents	16.1	247 497 770	247 497 770	60 167 984	60 167 984
Other receivables	6	37 911 283	37 911 283	3 797 428	3 797 428
Interest bearing borrowings	10	-	-	(18 403 253)	(18 403 253)
Trade and other payables		(23 593 513)	(23 593 513)	(9 352 644)	(9 352 644)
Other long term liabilities		(11 825 280)	(11 825 280)		
Unrecognised gains / (losses)			-		-
		249 990 260	249 990 260	36 209 515	36 209 515

- Fair value of cash and cash equivalents is equal to carrying amounts.
- Fair value of other receivables and other payables is equal to carrying amounts as the amounts will be settled in the short term and the effect of discounting is immaterial.

17.4 sensitivity analysis

The Group does not have any foreign exchange and derivative contracts outstanding at year end. Interest bearing borrowings were settled in full during the year under review. An increase of 50 basis points on interest on the cash balance at year end will increase interest income by R271 445.

17.5 classifications

Other receivables, interest bearing borrowings and trade and other payables are carried at amortised cost.

**18. loss per share**

	Group 2007 R	Group 2006 R
The basis of calculation of basic and diluted loss per share is based on:		
Attributable loss to ordinary shareholders (rand)	90 806 719	19 502 182
Weighted number of ordinary shares outstanding during the year (shares)	473 594 696	399 239 152
Basic and diluted loss per share (cents)	19,17	5,29
The basis of calculation of headline loss per share is based on:		
Attributable loss to ordinary shareholders (rand)	90 806 719	19 502 182
Headline loss (rand)	90 806 719	19 502 182
Weighted number of ordinary shares outstanding during the year (shares)	473 594 696	399 239 152
Headline loss per share (cents)	19,17	5,29

18. *loss per share (cont).*

Calculation of weighted average number of shares:

Dates of share issues	Description	Number of shares issued	Number of days in issue	Weighted Average Number of shares
01 January 2007	Opening Balance	399 239 152	365	399 239 152
31 January 2007	Shares issued	28 168 372	334	25 775 989
02 May 2007	Shares issued	30 000 000	243	19 972 602
14 September 2007	Shares issued	77 421 643	108	22 908 323
18 September 2007	Shares issued	20 000 000	104	5 698 630
<b>Total</b>				<b>473 594 696</b>

**19. related parties**

Transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

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

*19.1 transactions with entities*

The following transactions were entered into:

Group and Company		2007		2006	
Related party	Transaction type	Transaction amount R	Outstanding amount R	Transaction amount R	Outstanding amount R
Abante Management (Pty) Ltd (common director with significant influence)	Receivable Accounting services	- -	- -	504 148 60 000	504 148* -
Asset Liability Management (Pty) Ltd (common director with significant influence)	Treasury services	380 827	87 267	192 287	70 994
Abante Virtus (Pty) Ltd (common director with significant influence)	Financial advisory service			2 412 936	-
Abante Capital (Pty) Ltd (common director with significant influence)	Loan advanced from and interest	-	-	10 874 127	-

Company	Transaction type	2007		2006	
		Transaction amount R	Outstanding amount R	Transaction amount R	Outstanding amount R
Related party					
Bakubung Minerals (Pty) Ltd (wholly-owned subsidiary)	Loan advanced	207 647 174	317 598 946	33 590 299	109 951 772
	Management fees	12 536 696	-	3 269 600	-
Africa Wide Mineral and Prospecting (Pty) Ltd (wholly-owned subsidiary)	Loan advanced*	47 832 859	47 832 859	-	-

The above transactions were all at arms' length. \* Loans advanced were used to pay for exploration expenditure for the WBJV project.

#### 19.2 transactions with key management.

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
Salaries and bonuses	3 147 490	1 096 000	3 147 490	1 096 000
Long Term Incentive Plan	7 899 355	-	7 899 355	-
<b>Total</b>	<b>11 046 845</b>	<b>1 096 000</b>	<b>11 046 845</b>	<b>1 096 000</b>

Details of the long term incentive plan awards, made during the year under review, are as follows:

	Number of shares	Exercise price of outstanding shares (cents)	Remaining contracted life (years)	Weighted average fair value of shares (ZAR)
Granted during the year	832 379	-	1,15	9,54
Vested during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at 31.12.2007	832 379	-	1,15	9,54
Exercisable at 31.12.2007	-	-	-	-

The fair value of options at grant date was R9.55.

The Long Term Incentive Plan was established by Wesizwe in terms of which selected executive directors and employees of the Company and its subsidiaries will receive a conditional right to receive a cash award, a fixed number of Wesizwe shares subject to certain service and performance-related conditions. For transactions with directors refer to the directors' report. No share was forfeited during the year.

The fair value of LTIP is determined using the Black Scholes option pricing model.

## 20. commitments

Commitments at balance sheet date but not recognised in the financial statements are as follows:

	Group 2007 R	Group 2006 R	Company 2007 R	Company 2006 R
The following commitments are due within the next 12 months:				
Rental of premises*	1 513 044	-	1 513 044	-
Vehicle maintenance lease	248 412	210 647	248 412	210 647
Commitments due within months 13 to 24				
Rental of premises	1 649 218	-	1 649 218	-
Vehicle maintenance lease	41 402	210 647	41 402	210 647
Commitments due within months 25 to 36				
Rental of premises	1 797 648	-	1 797 648	-
Vehicle maintenance lease	-	35 108	-	35 108

\* The Company negotiated a new 5 year lease for its premises in Melrose Arch from 1 October 2007 to 30 September 2012 with an option to renew

## 21. judgements by directors and management

### 21.1 environmental liability

Environmental deposits are placed with the DME for rehabilitation of the land after exploration activities. The amount of the environmental deposits was approved by the DME. The deposits are reviewed annually by the DME, and if necessary, the Company is required to increase the amount of the deposits. Judgment is applied by management in calculating the amounts of the deposits to be submitted to the DME.

The directors and management of Wesizwe evaluated the environmental rehabilitation obligation that may be required in future as a result of exploration activities undertaken. The evaluation was based on the parameters set by the DME. As at 31 December 2007, the directors and management of Wesizwe are satisfied that no obligation exists with regards to future environmental rehabilitation as drilling sites are rehabilitated as and when drilling is completed. The results of the evaluation exercise were verified by an Independent Competent Person.

### 21.2 consideration of impairment of assets

The management of Wesizwe is confident that the assets of the Group are not impaired. The major assets of the Group (intangible exploration and evaluation assets), are believed not to be impaired due to the following reasons:

- The PFS and BFS for the Pilanesberg have been completed and published. The BFS results of the Pilanesberg Project indicate an economically viable mine of 230 000 tons per month with an estimated Life Of Mine of 35 years. The directors of Wesizwe have approved the construction phase of the mine.
- Management's long term metal price projection is favourable.

## 21.2 consideration of impairment of assets (cont.)

- Market conditions for the resources sector have strengthened over the past 3 years.
- Management is confident that Wesizwe will be able to raise the required funding to complete the project.

## 22. investment in equity accounted investee

On 14 September 2007 the Group acquired 100% of Africa Wide for R611 million (including capitalised expenses of R10 217 337 incurred on acquisition) at 10.48 cents. The purchase consideration was settled by issuing 57 421 643 new Wesizwe Platinum Limited shares. The primary asset of Africa Wide is a 26% shareholding in the WBJV. The other parties are Anglo Platinum Limited holding 37% and Platinum Group Metals Limited holding 37%. The effective date of the transaction was 14 September 2007. Since acquisition all exploration and evaluation expenditure has been capitalised in accordance with the Group's accounting policy.

Notwithstanding the 100% acquisition of Africa Wide, the underlying investment in WBJV is accounted for as an investment in equity accounted investee, using the equity method of accounting.

The assets and liabilities of Africa Wide and the fair values attributed to these at acquisition date were as follows. The only asset at the date of acquisition was the equity accounted investee in the WBJV.

	Book value on acquisition	Fair value adjustment	Total
Intangible assets	42 407 033	766 219 073	808 626 106
Trade and other payables	(38 323 916)	-	(38 323 916)
Loan accounts	(4 083 123)	-	(4 083 123)
Equalisation contingent liability*	-	(128 870 577)	(128 870 577)
Total assets and liabilities acquired			637 348 490
Deferred tax liability			(234 501 571)
Goodwill			209 149 237
Consideration at acquisition date settled by share issue			611 996 156
Subsequent expenditure capitalised			47 852 865
<b>Total investment in equity accounted investee</b>			<b>659 849 021</b>

\*Once a bankable feasibility study for the WBJV has been completed the respective deemed capital contribution of each party will be credited based on their contribution of measured, indicated and inferred PGM ounces from the contributing properties comprising the WBJV, determined in accordance with the SAMREC code. The three partners will either make equalisation payments or receive equalisation receipts from other partners so that the percentage holding interest among the three parties in the WBJV remains 37% Anglo Platinum Limited, 37% Platinum Group Metals Limited, 26% Africa Wide. Management estimated

22. *investment in equity accounted investee (cont.)*

that the equalisation liabilities, which represents equalising cash payment to be paid by Africa Wide to the other WBJV partner(s) in future, was R128,8 million as at the effective date of the transaction and recognised as part of the business combination.

Goodwill relates to capital and operational synergistic benefits that will arise as the WBJV properties are next to Wesizwe's core project properties.

23. **investments in subsidiaries**

Name of company	Issued capital 2007	Effective % held directly 2007	Investment at cost 2007	Loan from holding company 2007	Nature of business
Bakubung Minerals (Proprietary) Limited	1 000	100	9 801 900	317 598 946	The acquisition and possession of mineral rights, the use thereof by prospecting exploration, mining and sale of minerals
Africa Wide Mineral Prospecting and Exploration (Proprietary) Limited	120	100	611 996 161	47 832 859	The acquisition and possession of mineral rights, the use thereof by prospecting exploration, mining and sale of minerals

Bakubung Minerals has incurred a loss of R4,08 million for the year under review (2006: R0,7 million). As a result of the loss, the loan from the holding company to the subsidiary has been impaired by R17,6 million (2006: R13,5 million) with losses incurred since inception.

Wesizwe has undertaken to not reduce its shareholding in Bakubung Minerals and to provide the necessary financial support to meet its obligations as and when they become due until such time as the assets of Bakubung Minerals exceed its liabilities. Wesizwe has also subordinated its loan to Bakubung Minerals in favour of other creditors for as long as the liabilities of Bakubung Minerals exceed their assets.

Africa Wide Minerals Properties and Exploration (Proprietary) Limited, incurred a loss of R nil for the three and a half months to 31 December 2007.