

# REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2014

## Highlights

- 550,787 fatality free shifts were achieved up to the end June 2014 on the Bakubung Project.
- The main shaft reached a depth of 581m and the vent shaft a depth of 693m by the end of the interim reporting period.
- First production level (69 Level) development was initiated on the Vent shaft.
- First drawdown on the US\$650 million project loan from China Development Bank (CDB) took place in January 2014 and the short term loans from CDB were repaid. Cash on hand as of 30 June 2014 is R375 million.
- Findings of the Bakubung Platinum Mine Optimisation study where approved by the Board of Directors ("the Board") on the 14 March 2014. The findings have been implemented in terms of the mine development plan and are expected to deliver meaningful efficiencies and optimised productivity.
- Definitive concentrator plant study (DFS) was concluded during the interim period under review. Value engineering and optimising of process flow sheet options are currently being evaluated. Wesizwe is also evaluating an option to purchase a second hand plant from an existing industry player which may deliver significant capital savings to the project.
- Services projects are on track and progressing well.
- Phase 1 Eskom Power supply of 20MVA sufficient for the full development of the project is in place.
- Infrastructure for the Phase 2 Eskom Power supply of 60MVA is in construction and long lead time items have been ordered.
- All required Pilanesberg South Water Supply Scheme projects are in their implementation / construction phase, which will ensure sufficient water to the project for commissioning and steady-state operation.
- Housing project feasibility study is underway on housing projects in the immediate proximity to the project. This initiative will include partnering with the local community and possible housing units purchased from other industry players.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6 3 598 472	2 766 929	3 241 329
Available-for-sale financial asset	-	21 670	-
Investment in equity-accounted investee	7 920 926	920 283	920 750
Restricted Cash	8 161 641	-	80 670
<b>Current assets</b>	<b>407 725</b>	<b>2 185 142</b>	<b>800 044</b>
Other receivables	28 164	32 141	11 606
Taxation receivable	4 363	13 788	2 557
Restricted cash	8 611	95 189	34 458
Cash and cash equivalents	374 587	2 044 024	751 423
<b>TOTAL ASSETS</b>	<b>5 088 764</b>	<b>5 894 024</b>	<b>5 042 793</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	9 3 425 544	3 425 544	3 425 544
Share-based payment reserve	-	472 179	-
Available-for-sale financial asset reserve	-	3 811	-
Retained Earnings / (Accumulated loss)	195 107	(358 668)	198 886
<b>Non-current liabilities</b>	<b>1 345 688</b>	<b>298 645</b>	<b>293 684</b>
Deferred tax liability	264 865	265 987	264 289
Interest-bearing borrowings	1 047 526	-	-
Mine closure and environmental rehabilitation obligation	14 33 297	32 658	29 395
<b>Current liabilities</b>	<b>122 425</b>	<b>2 052 513</b>	<b>1 124 679</b>
Interest-bearing borrowings	20 841	1 974 839	1 049 552
Trade and other payables	101 584	75 752	73 104
Taxation payable	-	1 922	2 023
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5 088 764</b>	<b>5 894 024</b>	<b>5 042 793</b>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Note	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
Administration expenditure	(82 765)	(45 762)	(87 290)
Project related expenses capitalised	67 998	17 546	53 691
Share of profit of equity-accounted investee (net of tax)	7 176	768	1 235
Loss on scrapping of property, plant and equipment	-	-	(18)
Profit on sale of property, plant and equipment	-	70	70
<b>Net operating costs</b>	<b>(14 591)</b>	<b>(27 378)</b>	<b>(32 312)</b>
Finance income	28 059	28 977	77 970
Foreign exchange loss	(5 380)	(83 351)	(144 890)
Finance expense	(29 733)	(13 723)	(42 050)
Finance costs capitalised	18 448	-	127 865
Available-for-sale financial asset reclassified to profit or loss	-	-	1 651
Profit on disposal of available-for-sale financial asset	-	-	412
<b>Net financial income / (expense)</b>	<b>11 398</b>	<b>(68 097)</b>	<b>20 958</b>
<b>Loss before tax</b>	<b>(3 197)</b>	<b>(95 475)</b>	<b>(11 354)</b>
Income tax (expense) / income	10 (582)	1 089	2 343
<b>Loss for the period</b>	<b>(3 779)</b>	<b>(94 386)</b>	<b>(9 011)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Gain/(loss) on fair value movements of available-for-sale asset	-	1 131	(1 525)
Tax on other comprehensive income	-	(211)	285
Reclassified to profit or loss	-	-	(1 651)
<b>Total other comprehensive income / (loss)</b>	<b>-</b>	<b>920</b>	<b>(2 891)</b>
<b>Total comprehensive loss for the period</b>	<b>(3 779)</b>	<b>(93 466)</b>	<b>(11 902)</b>
Basic (loss) per share (cents)	17 (0.23)	(5.80)	(0.55)
Diluted (loss) per share (cents)	17 (0.23)	(5.80)	(0.55)
Headline (loss) per share (cents)	17 (0.23)	(5.80)	(0.66)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated/ share capital R'000	Share-based payment reserve R'000	Available-for-sale reserves R'000	(Accumulated loss)/ retained earnings R'000	Total R'000
<b>Balance at 1 January 2013</b>	<b>3 425 544</b>	<b>472 179</b>	<b>2 891</b>	<b>(264 282)</b>	<b>3 636 332</b>
Other comprehensive income	-	-	920	-	920
Loss for the period	-	-	-	(94 386)	(94 386)
	-	-	920	(94 386)	(93 466)
<b>Balance at 30 June 2013</b>	<b>3 425 544</b>	<b>472 179</b>	<b>3 811</b>	<b>(358 668)</b>	<b>3 542 866</b>
Other comprehensive income	-	-	(3 811)	-	(3 811)
Profit for the period	-	-	-	85 375	85 375
	-	-	(3 811)	85 375	81 564

## Transactions with owners recorded directly in equity

Transfer of share-based payment reserve to retained earnings	(472 179)	-	472 179	-
	(472 179)	-	472 179	-
<b>Balance at 31 December 2013</b>	<b>3 425 544</b>	<b>-</b>	<b>198 886</b>	<b>3 624 430</b>
Other comprehensive income	-	-	-	-
Loss for the period	-	-	(3 779)	(3 779)
<b>Balance at 30 June 2014</b>	<b>3 425 544</b>	<b>-</b>	<b>195 107</b>	<b>3 620 651</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
Cash flows utilised by operating activities	(26 460)	(15 985)	(19 734)
Finance income	12 141	29 449	19 731
Finance expense	-	(13 030)	(666)
Taxation paid	(3 908)	(2 557)	(2 557)
Taxation received	-	-	13 408
<b>Cash (utilised) / generated in operations</b>	<b>(18 227)</b>	<b>(2 123)</b>	<b>10 182</b>
Cash flows utilised by investing activities			
Acquisition of property, plant and equipment	(314 282)	(372 686)	(829 673)
Available-for-sale investment contributions	-	(1 629)	(2 744)
Available-for-sale investment receipts	-	-	20 162
<b>Net cash outflow from investing activities</b>	<b>(314 282)</b>	<b>(374 315)</b>	<b>(812 255)</b>
Cash flows from financing activities			
Interest-bearing borrowings raised	1 066 250	1 022 460	1 022 460
Interest-bearing borrowings repaid	(1 063 000)	-	(847 250)
<b>Net cash inflow from financing activities</b>	<b>3 250</b>	<b>1 022 460</b>	<b>175 210</b>
Net (decrease) / increase in cash and cash equivalents	(329 259)	646 022	(626 863)
Cash and cash equivalents at the beginning of the period	865 149	1 492 012	1 492 012
<b>Cash and cash equivalents at the end of the period</b>	<b>535 890</b>	<b>2 138 034</b>	<b>865 149</b>
Cash at end of year comprises:			
Cash balances	374 587	2 044 024	751 423
Less: Interest accrued	(949)	(1 179)	(1 402)
<b>Cash and cash equivalents</b>	<b>373 638</b>	<b>2 042 845</b>	<b>750 021</b>
Restricted cash	162 252	95 189	115 128
<b>Cash at the end of the period</b>	<b>535 890</b>	<b>2 138 034</b>	<b>865 149</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

- Reporting entity**  
Wesizwe is a company domiciled in the Republic of South Africa. The condensed consolidated interim financial information of the Company as at 30 June 2014 comprises the Company, its subsidiaries and the Group's interest in its equity-accounted investee (together referred to as the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2013 are available upon request from the Company's registered office at Wesizwe House, Devcon Park, 9 Autumn Road, Rivonia Ext 3, 2128 or at www.wesizwe.com.
- Statement of compliance**  
The condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, No. 71 of 2008 and the Listings Requirements of the JSE Limited. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013. The condensed consolidated interim financial information was approved by the Board on 3 September 2014. The financial statements have been prepared under the supervision of the Finance Director, Mr W Ma.
- Significant accounting policies**  
The accounting policies applied by the Group in the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2013.
- Estimates**  
The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, as well as income and expense. Actual results may differ from these estimates.  
  
Except as described below, in preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation are consistent with those that applied to the consolidated financial statements for the year ended 31 December 2013.  
  
During the six months ended 30 June 2014 management reassessed its estimates in respect of:  
  - The investment in Maseve (note 7); and
  - Mine closure and environmental rehabilitation obligation.
- Going concern**  
The group's cash resources at the reporting date of R375 million (June 2013: R2.0 billion) together with the available drawdown facility from the loan funding secured from CDB are sufficient, based on current budgets, to conduct operations and develop the Bakubung Mine Project up to the first quarter of 2017.
- Property, plant and equipment**  
During the period under review an amount of R358.5 million was capitalised to property, plant and equipment as part of the activities to develop the mine and related construction activities.  
  
At the reporting date, property, plant and equipment consisted of the following categories of assets:  
  

	Property, plant and equipment R'000	Construction Work-in-progress R'000	Mineral Rights R'000	Total R'000
Opening balance	46 387	2 137 213	1 057 729	3 241 329
Acquisitions during the period	5 881	352 578	-	358 459
Disposals	-	-	-	-
Depreciation	(1 316)	-	-	(1 316)
<b>Closing balance</b>	<b>50 952</b>	<b>2 489 791</b>	<b>1 057 729</b>	<b>3 598 472</b>

  
No additions have been made in respect of mineral rights during the period under review.
- Investment in equity-accounted investee**  
  

	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
Opening balance	920 750	919 515	919 515
Share of profit of equity-accounted investee	176	768	1 235
<b>Closing balance</b>	<b>920 926</b>	<b>920 283</b>	<b>920 750</b>

  
The investment refers to the Group's 21.3% (30 June 2013 and 31 December 2013: 22.5%) investment in Maseve Investments 11 (Pty) Ltd ("Maseve") as at 30 June 2014.
- Restricted cash**  
Non-current:  
  - R77.6 million (June 2013: R10.3 million current) in favour of Eskom for phase 1 and phase 2 bulk power supply to the Bakubung Platinum Mine Project; and
  - R57 million (June 2013: R57 million current) guaranteed to Aveng Mining Ltd for the mine shaft sinking project.
Current:  
  - R27 million (June 2013: R27 million current) in favour of the DMR on issue of the mining licence;
  - R0.6 million (June 2013: R0.9 million) guaranteed to the landlord for the operating lease agreement;
- Stated capital**  
  

	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
<b>Authorised</b>	<b>2 000 000 000</b>	<b>2 000 000 000</b>	<b>2 000 000 000</b>
Issued	3 425 544	3 425 544	3 425 544
- Taxation**  
  

	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
Current year - normal taxation	(6)	-	430
Current year - deferred taxation	(576)	1 089	1 913
<b>Total</b>	<b>(582)</b>	<b>1 089</b>	<b>2 343</b>

  

	%	%	%
Reconciliation of effective tax rate			
Standard tax rate	28.0	(28.0)	28.0
Non-taxable income	-	-	10.5
Non-deductible expenses	(20.7)	1.3	(6.5)
Deferred tax asset not raised	(26.8)	26.9	(19.8)
Deferred tax asset reversed	-	-	(3.5)
Share of profit of equity-accounted investee	1.5	(1.1)	3.0
Prior year deferred tax asset not raised	-	(0.2)	-
CGT rate on disposal of available-for-sale financial asset	-	-	1.7
Under-provision prior year	(0.2)	-	7.2
<b>Effective rate</b>	<b>(18.2)</b>	<b>(1.1)</b>	<b>20.6</b>
- Review Report**  
The condensed consolidated statement of financial position at 30 June 2014 and related condensed consolidated statement of profit and loss and other comprehensive income, changes in equity and cash flows for the period have been reviewed by KPMG Inc. Their unqualified review opinion is available for inspection at the Company's registered office.
- Segment reporting**  
No segmental report has been produced as the Group is conducting activities in one geological location which represents its only business activity.  
  
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results for the Group as a whole are reviewed regularly by the Group's CEO to make decisions about resources to be allocated and to assess its performance.
- Mineral resources**  
There were no changes to the mineral resources for the six months ended 30 June 2014.
- Mine closure and environmental rehabilitation obligation**  
The change in the obligation is due to an increase in the current cost rehabilitation. The additional obligation recognised is R3.9 million and additional finance costs of R1.2 million were recognised.
- Subsequent events**  
The Maseve Project arbitration has been finalised on 20 August 2014. Refer to the commentary on the Equity Accounted Investee below.
- Commitments**  
At 30 June 2014 the Group had commitments to the value of R1.0 billion. This amount includes the commitment in respect of the shaft sinking agreement, which amounts to R0.8 billion (80% of the total commitments). This amount will be incurred over the next 4 years until June 2018, and payments are to be made on physical progress.
- (Loss) per share**  
  

	Six months ended June 2014 Reviewed R'000	Six months ended June 2013 Reviewed R'000	Year ended December 2013 Audited R'000
The basis of calculation of basic (loss) per share is:			
Attributable (loss) to ordinary shareholders (Rand)	(3 779 364)	(94 385 761)	(9 011 003)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
<b>Basic (loss) per share (cents)</b>	<b>(0.23)</b>	<b>(5.80)</b>	<b>(0.55)</b>
The basis of calculation of diluted (loss) per share is:			
Attributable (loss) to ordinary shareholders (Rand)	(3 779 364)	(94 385 761)	(9 011 003)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
<b>Diluted (loss) per share (cents)</b>	<b>(0.23)</b>	<b>(5.80)</b>	<b>(0.55)</b>
The basis of calculation of headline (loss) per share is:			
Attributable (loss) to ordinary shareholders (Rand)	(3 779 364)	(94 385 761)	(9 011 003)
Adjustments:	-	(70 175)	(1 710 621)
Profit on disposal of property, plant and equipment	-	(70 175)	(50 526)
Profit on disposal of available-for-sale financial asset	-	-	(1 677 609)
Loss on scrapping of property, plant and equipment	-	-	17 514
<b>Headline (loss) (Rand)</b>	<b>(3 779 364)</b>	<b>(94 455 936)</b>	<b>(10 721 624)</b>
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
<b>Headline and diluted headline (loss) per share (cents)</b>	<b>(0.23)</b>	<b>(5.80)</b>	<b>(0.66)</b>

- Contingencies**  
Wesizwe Platinum Limited is defending a claim brought by an advisory firm. Although liability is not admitted, if the defence against the claim is unsuccessful, then commission costs could amount to R29.4 million.

## Commentary

- Financial overview**  
As the Group is currently in development phase of the Bakubung Platinum Mine, it will not earn revenue until 2019, when the concentrator plant is brought into production.  
  
The loss for the six months under review was R0.5 million (compared to a loss of R94.4 million for the same period in 2013) as set out in the condensed consolidated statement of profit and loss and other comprehensive income.

Administration expenses of R82.8 million include the following:

- Depreciation – R1.3 million (June 2013: R0.9 million);
- Professional fees – R27.5 million (June 2013: R5.0 million);
- Directors' expenses – R6.8 million (June 2013: R4.4 million);
- Salaries and payroll related expenses – R34.0 million (June 2013: R22.6 million);
- Marketing expenses and investor relations – R1.6 million (June 2013: R1.1 million);
- Electricity and water – R8.0 million (June 2013: R2.8 million); and
- Other administrative overheads – R3.6 million (June 2013: R8.8 million).

During the six months under review the administration expenses increased by 80.8% compared to the corresponding period in 2013 as a result of the ramp up of the Bakubung Platinum Mine project. The R358.5 million was capitalised to the cost of the mine, included capitalised finance costs and capital project related costs.

The basic loss per share for the period was 0.23 cents per share (2013: 5.80 cents per share for the same period). The headline loss per share was 0.23 cents per share (2013: 5.80 cents per share for the same period).

- Project funding**  
Wesizwe concluded and signed all Project Financing Agreements for the US\$650 million loan facility with CDB at the end of December 2013 and the first drawdown occurred in January 2014.

- Project update – Bakubung Platinum Mine**  
Wesizwe is developing its 100% owned Bakubung Platinum Mine on the northern section of the western limb of the Bushveld Complex in South Africa. The mine is expected to commence ore production early in 2017 and concentrate by 2019. At a steady state, the mine will produce 420,000 oz of 4E platinum group metals.

- Safety and Health**  
As at the end of the reporting period, the project had achieved 550,787 fatality free shifts. The average number of people on site for the period was 685. Unfortunately 9 lost time injuries (LTIs) were reported for the period under review, resulting in a lost time injury frequency rate (LTIFR) for the period of 1.27. Management continues its unwavering focus of improving the safety standards on the project site.

- Bakubung Platinum Mine Optimisation Study</**