



REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2016

Highlights

- Commenced with Main shaft commissioning and 9 900m of pipes installed by the end of the reporting period.
- Completed the Phase 1 Main Shaft Headgear changeover to permanent functionality.
- Main Shaft steel installation commenced with 41 sets installed or 280m below sub bank.
- Connected the two shafts on 81L and 82L and left few metres of plugs for ventilation control.
- Temporary ore handling system commissioned between 77L and 81L.
- The bulk sampling test work programme has been completed and the findings will be included in the process design criteria with the intention to reduce capital and operational cost.
- Cash on hand as of 30 June 2016 is R984 million.
- Ordered first fleet of Yellow Metal equipment 2x LHDs and 2x Rigs for multi-level development.
- Housing subsidy from SHRA approved and Phase 1 housing project approved by the Board.
- Investigated and implemented business strategy and project capital deferral exercises in response to the prevailing market conditions.
- Continued with various Social Labour Plan (SLP) projects as per 2016 work plan.
- Phase 2 power supply program with Eskom is on track to be commissioned in November 2016.
- The water programme for permanent supply well underway with completion of the 50ML reservoir scheduled in October 2016.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	6 396 455	5 441 573	6 163 535
Intangible assets	5 828 182	4 644 680	5 395 023
Available-for-sale financial asset	4 782	7 252	5 871
Restricted cash	428 850	628 000	628 000
8	134 641	161 641	134 641
Current assets	1 049 340	1 463 381	1 463 008
Other receivables	35 489	58 351	32 269
Taxation receivable	3 097	6 676	4 916
Restricted cash	27 000	5 700	27 000
Cash and cash equivalents	983 754	623 654	1 398 823
TOTAL ASSETS	7 445 795	6 135 954	7 626 543
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	2 803 803	3 257 780	2 804 441
9	3 425 544	3 425 544	3 425 544
Available-for-sale financial asset reserve	-	(108 152)	-
Accumulated loss	(621 741)	(59 612)	(621 103)
Non-current liabilities	4 550 489	2 740 334	4 726 695
Deferred tax liability	193 126	334 238	157 763
Interest-bearing borrowings	4 303 897	2 364 931	4 548 772
Mine closure and environmental rehabilitation obligation	14	46 850	16 620
Provision	6 616	-	3 540
Current liabilities	91 503	137 840	95 407
Trade and other payables	91 503	137 840	95 407
TOTAL EQUITY AND LIABILITIES	7 445 795	6 135 954	7 626 543

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Note	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
Administration expenditure	(109 147)	(100 125)	(216 224)
Project related expenses capitalised	95 904	84 919	186 300
Loss on scrapping of property, plant and equipment	-	-	(13)
Net operating costs	(13 243)	(15 206)	(29 937)
Impairment of available-for-sale financial asset reclassified from other comprehensive income	-	-	(133 000)
Impairment of available-for-sale financial asset	(199 150)	-	-
Finance income	42 764	32 080	83 153
Finance expense	(108 573)	(49 495)	(142 889)
Net foreign exchange gain/(loss)	222 294	(134 867)	(1 087 759)
Finance costs capitalised	93 801	174 978	554 311
Net finance income	250 286	22 696	(593 184)
Profit/(loss) before tax	37 893	7 490	(756 121)
Income tax (expense)/income	10	(38 531)	(2 784)
(Loss)/profit for the period	(638)	4 706	(556 785)
Other comprehensive income items that are or may be reclassified subsequently to profit or loss			
Loss on fair value movements of available-for-sale financial asset	7	-	(160 700)
Tax on other comprehensive income	-	29 967	29 967
Reclassification of available-for-sale financial asset to profit or loss	-	-	133 000
Related tax	-	-	(24 848)
Total other comprehensive income	-	(130 733)	(22 581)
Total comprehensive (loss)/income for the period	(638)	(126 027)	(579 366)
Basic and diluted (loss)/earnings per share (cents)	17	(0.04)	0.29

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated/share capital R'000	Available-for-sale reserves R'000	(Accumulated loss)/ R'000	Total R'000
Balance at 1 January 2015	3 425 544	22 581	(64 318)	3 383 807
Other comprehensive income	-	(130 733)	-	(130 733)
Profit for the period	-	-	4 706	4 706
-	-	(130 733)	4 706	(126 027)
Balance at 30 June 2015	3 425 544	(108 152)	(59 612)	3 257 780
Other comprehensive income	-	108 152	-	108 152
Loss for the period	-	-	(561 491)	(561 491)
-	-	108 152	(561 491)	(453 339)
Balance at 31 December 2015	3 425 544	-	(621 103)	2 804 441
Loss for the period	-	-	(638)	(638)
-	-	-	(638)	(638)
Balance at 30 June 2016	3 425 544	-	(621 741)	2 803 803

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Note	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
Cash flows utilised by operating activities			
Finance income	(10 622)	(45 675)	(9 104)
Finance expense	35 569	21 840	33 601
Taxation paid	(2)	(158)	(86 825)
Taxation received	(3 156)	(3 203)	(3 109)
1 806	62	2 556	
Cash generated/(utilised) in operations	23 595	(27 134)	(62 881)
Cash flows generated by investing activities			
Acquisition of property, plant and equipment	(431 829)	(392 842)	(859 811)
Acquisition of intangible assets	(46)	(939)	(639)
Net cash outflow from investing activities	(431 875)	(393 781)	(860 504)
Cash flows from financing activities			
Interest-bearing borrowings raised	-	-	1 238 500
Payment of transaction cost	-	(24 300)	-
Net cash inflow from financing activities	-	(24 300)	1 238 500
Net (decrease)/increase in cash and cash equivalents	(408 280)	(445 215)	315 115
Cash and cash equivalents at the beginning of the period	1 544 788	1 229 673	1 229 673
Cash and cash equivalents at the end of the period	1 136 508	784 458	1 544 788
Cash at end of year comprises:			
Cash balances	983 754	623 654	1 398 823
Less: Interest accrued	(8 887)	(6 537)	(15 676)
Cash and cash equivalents	974 867	617 117	1 383 147
Restricted cash	161 641	167 341	161 641
Cash at the end of the period	1 136 508	784 458	1 544 788

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

1. 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 2016 comprises the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2015 are available at www.wesizwe.com.

2. Statement of compliance

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IAS) 34 *Interim Financial Reporting*, 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. The condensed consolidated interim financial statements were approved by the Board on 23 September 2016. The financial statements have been prepared by Ms. J Speckman, CA(SA) under the supervision of Mr Gao as the acting Finance Director.

3. Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

4. 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 2015.

5. Going concern

The Group's cash resources at the reporting date of R984 million (June 2015: R624 million) together with the available drawdown facility from the loan funding secured from China Development Bank ("CDB") are sufficient, based on current budgets, to conduct operations and develop the Bakubung Platinum Mine Project ("BPM") up to the first quarter of 2018.

6. Property, plant and equipment

During the period under review an amount of R437 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	66 647	4 270 647	1 057 729	5 395 023
Acquisitions during the period	6 157	430 768	-	436 925
Depreciation	(3 766)	-	-	(3 766)
Closing balance	69 038	4 701 415	1 057 729	5 828 182

No additions have been made in respect of mineral rights during the period under review.

7. Available-for-sale financial asset

	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
Opening balance	628 000	788 700	788 700
Impairment/fair value adjustment	(199 150)	(160 700)	(160 700)
Closing balance	428 850	628 000	628 000

The group currently holds 17.1% of Maseve Investments 11 (Pty) Ltd ("Maseve"). The available-for-sale financial asset is classified as a level 3 fair value as the fair value is determined on inputs not based on observable market data. The fair value of the unlisted equity securities are based on the discounted cash flows method. The valuation model considers the present value of estimated future cash flows, discounted using a risk-adjusted discount rate.

The significant unobservable inputs are:

	Six months ended June 2016 Reviewed	Year ended December 2015 Audited
US\$ exchange rate (ZAR) up to 2020/2025	13.61 – 15.17	13.10 – 16.30
US\$ exchange rate (ZAR) long-term	13.93	14.85
Pt price (US\$/oz) up to 2020/2025	1 017 – 1 216	843 – 1 514
Pt price (US\$/oz) long-term	1 488	1 526
Pd price (US\$/oz) up to 2020/2025	598 – 694	566 – 1 043
Pd price (US\$/oz) long-term	738	1 046
Rh price (US\$/oz) up to 2020/2025	718 – 1 164	739 – 2 239
Rh price (US\$/oz) long-term	1 339	3 069
Au price (US\$/oz) up to 2020/2025	1 186 – 1 316	1 125
Au price (US\$/oz) long-term	1 211	1 125
Pre-tax Discount rate/Weighted Average Cost of Capital (%) (Real)	15.08 – 15.82	14.94

A 10% increase/(decrease) in either the US\$ exchange rate or the platinum price will result in the following increases/(decreases) to the carrying amount of R428.85 million:

	Six months ended June 2016 Reviewed R'000	Year ended December 2015 Audited R'000
10% increase in the US\$ exchange rate	111 800	211 500
10% decrease in the US\$ exchange rate	(115 500)	(214 400)
10% increase in the platinum price	78 450	137 600
10% decrease in the platinum price	(79 550)	(139 600)

8. Restricted cash

Restricted cash covers the following guarantees:
Non-current:
• R77.6 million (December 2015: R77.6 million) in favour of Eskom for phase 1 and phase 2 bulk power supply to the BPM;
• R57 million (December 2015: R57 million) guaranteed to Aveng Mining Ltd for the mine shaft sinking project;
Current:
• R27 million (December 2015: R27 million current) in favour of the Department of Mineral Resources for environmental obligation.

9. Stated capital

	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
Authorised	2 000 000 000	2 000 000 000	2 000 000 000
no par value ordinary shares (2015: 2 000 000 000 no par value ordinary shares)	-	-	-
Issued	1 627 827 058	1 627 827 058	1 627 827 058
no par value ordinary shares (2015: 1 627 827 058 no par value ordinary shares)	3 425 544	3 425 544	3 425 544

10. Taxation

	Six months ended June 2016 Reviewed R'000	Six months ended June 2015 Reviewed R'000	Year ended December 2015 Audited R'000
Current year - normal taxation	(3 168)	(796)	-
Current year - deferred taxation	(35 363)	(1 988)	199 336
Total	(38 531)	(2 784)	199 336
Reconciliation of effective tax rate	%	%	%
Standard tax rate	28.0	28.0	28.0
Non-deductible expenses	4.9	8.0	(0.3)
Deferred tax asset not raised	0.4	1.2	-
Deferred tax asset reversed	-	-	0.3
Fair value gain/loss on available-for-sale financial asset at CGT rate in the subsidiary	29.4	-	(1.6)
Change in CGT inclusion rate in the subsidiary	39.0	-	-
Effective rate	101.7	37.2	26.4

11. Review report

These interim condensed consolidated financial statements for the period ended at 30 June 2016 have been reviewed by KPMG Inc, who expressed an unmodified review conclusion.

The auditor's review report does not necessarily report on all of the information contained in these condensed financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

12. 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.

13. Mineral resources

There were no changes to the mineral resources for the six months ended 30 June 2016.

14. Mine closure and environmental rehabilitation obligation

The change in the obligation is due to an increase in the current cost rehabilitation of R3.6 million. The remainder of the additional obligation recognised resulted from an increase in the inflation rate, a decrease in the discount rate and additional finance costs of R0.8 million.

15. Subsequent events

The Group has concluded an amicable agreement with the shaft sinker contractor for an early termination, after an agreed handover period which ends in May 2017 when Phase 1 Main Shaft commissioning will be completed. The Group is satisfied that this termination will have no significant adverse effect in the Group's operations.

16. Commitments

At 30 June 2016 the Group had commitments to the value of R746 million (December 2015: R763 million). This amount includes the commitment in respect of the shaft sinking agreement, which amounts to R431 million (58% of the total commitments). This amount will be incurred over the next 2 years until June 2018, and payments are to be made on physical progress.

17. (Loss)/earnings per share

	Six months ended June 2016 Reviewed	Six months ended June 2015 Reviewed	Year ended December 2015 Audited
The basis of calculation of basic (loss)/earnings per share is:			
Attributable (loss)/earnings to ordinary shareholders (Rand)	(637 639)	4 706 456	(556 784 945)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Basic (loss)/earnings share (cents)	(0.04)	0.29	(34.20)
The basis of calculation of diluted (loss)/earnings per share is:			
Attributable (loss)/earnings to ordinary shareholders (Rand)	(637 639)	4 706 456	(556 784 945)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Diluted (loss)/earnings per share (cents)	(0.04)	0.29	(34.20)
The basis of calculation of headline earnings/(loss) per share is:			
Attributable (loss)/earnings to ordinary shareholders (Rand)	(637 639)	4 706	