

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2018

## Highlights

- SizweNtsalubaGobodo Grant Thornton Inc. have been appointed as external auditors of the Wesizwe Platinum Limited group, replacing
- The BPM project remains viable, an impairment assessment was done and the project continues to yield promising future prospects.
- The flat development and construction contractor for 69 and 72 levels commenced with preparations for production and construction. The first blast was achieved on the 10 th of August 2018.
- Tender proposals for the 77 and 81 levels flat development and construction are currently being adjudicated.
- The commissioning of the hoisting system as well as conveyor belts CV 002 on 77 level and CV001 on surface has been completed.
- The Company continues to review the life of mine plan. Revision 6.2 is currently applicable after approval by the Board. Approval was essential due to operational as well as strategic delays in the full implementation of Rev 6.1. The new revision is a response to deferred works in line with cash preservation measures that were implemented. Focus was placed on critical Phase 1 work in order to preserve cash. Under revision 6.2, plan peak production date shifts from June 2022 to April 2023.
- The Company completed the construction of civil and electrical services for the Gabonewe Housing Estate, an integrated community and employee future residential estate.
- The Company continues to deliver of its current SLP program, with the focus on its community water delivery project.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
ASSETS				
Non-current assets		8 130 889	7 413 248	7 512 870
Property, plant and equipment	5	8 046 342	6 974 025	7 454 753
Intangible assets		1 139	2 466	1 709
Available-for-sale financial asset	6	10 564	331 100	10 564
Restricted cash	7 [	72 844	105 657	45 844
Current assets		927 835	758 233	466 707
Other receivables	ſ	94 424	69 051	51 244
Inventories	- 1	9 338	10 258	-
Taxation receivable	- 1	344		293
Restricted cash	7		57 000	27 000
Cash and cash equivalents	Į	823 730	621 924	388 170
TOTAL ASSETS		9 058 725	8 171 481	7 979 577
EQUITY AND LIABILITIES				
Capital and reserves		2 997 940	3 126 168	3 012 923
Stated capital	8	3 425 544	3 425 544	3 425 544
Accumulated loss	l	(427 604)	(299 376)	(412 621)
Non-current liabilities		6 002 751	4 936 346	4 868 607
Deferred tax liability	ſ	206 400	322 612	379 867
Interest-bearing borrowings		5 733 976	4 550 522	4 426 426
Mine closure and environmental rehabilitation obligation	13	60 313	56 239	58 691
Deferred bonus plan provision	Į	2 062	6 973	3 623
Current liabilities		58 034	108 967	98 047
Trade and other payables	ſ	58 034	108 668	98 047
Taxation	Į		299	-
TOTAL EQUITY AND LIABILITIES		9 058 725	8 171 481	7 979 577

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AN	ID LOSS AND OTI	HER COMPREHEN	SIVE INCOME
Note	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
Administration expenditure	(132 661)	(174 440)	(346 192)
Project related expenses capitalised	122 367	168 525	335 974
Profit on sale of property, Plant and equipment		-	1 803
Loss on scrapping of property, plant and equipment	-	(5)	(5)
Net operating costs	(10 294)	(5 920)	(8 420)
Impairment of available-for-sale financial asset reclassified from other comprehensive income		(179 800)	(500 336)
Finance income	10 256	29 754	48 859
Finance expense	(127 604)	(120 443)	(249 127)
Net foreign exchange (loss)/gain	(496 464)	210 736	460 990
Finance costs capitalised	435 655	106 937	232 955
Net finance (loss)/income	(178 156)	226 984	493 677
Profit/(loss) before tax	(188 450)	41 264	(15 079)
Income tax 9	173 467	(22 221)	(79 123)
Profit/(loss) for the period	(14 983)	19 043	(94 202)
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 6	-	(179 800)	(500 336)
Tax on other comprehensive income	-	40 275	56 613
Reclassification of available-for-sale financial asset to profit or loss	-	179 800	500 336
Related tax	-	(40 275)	(56 613)
Total other comprehensive income	-	-	
Total comprehensive income/(loss) for the period	(14 983)	19 043	(94 202)
Basic and diluted earnings/(loss) per share (cents) 16	(0.92)	1.17	(5.79)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		(Accum- ulated loss)/	Total
	Stated/ share capital R'000	R'000	R'000
Balance at 1 January 2017	3 425 544	(318 419)	3 107 125
Profit for the period	-	19 043	19 043
	-	19 043	19 043
Balance at 30 June 2017	3 425 544	(299 376)	3 126 168
Loss for the period	-	(113 245)	(113 245)
	-	(113 245)	(113 245)
Balance at 31 December 2017	3 425 544	(412 621)	3 102 923
Loss for the period	-	(14 983)	(14 983)
	-	(14 983)	(14 983)
Balance at 30 June 2018	3 425 544	(427 604)	2 997 940

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
Cash flows (utilised)/generated by operating activities	(99 609)	(54 124)	19 143
Finance income	11 191	17 235	39 300
Finance expense	(1)	(2)	(377)
Taxation paid	(53)	(3 003)	(3 245)
Taxation received	-	-	3
Cash (utilised)/generated in operations	(88 472)	(39 894)	54 824
Cash flows utilised by investing activities			
Acquisition of property, plant and equipment	(315 323)	(576 032)	(1 101 882)
Net cash outflow from investing activities	(315 323)	(576 032)	(1 101 882)
Cash flows from financing activities			
Interest-bearing borrowings raised	840 290	781 034	891 769
Net cash inflow from financing activities	840 290	781 034	891 769
Net increase/(decrease) in cash and cash equivalents	436 495	165 108	(155 289)
Cash and cash equivalents at the beginning of the period	460 079	615 368	615 368
Cash and cash equivalents at the end of the period	896 574	780 476	460 079
Cash at end of the period comprises:			
Cash balances	823 730	621 924	388 170
Less: Interest accrued	-	(4 105)	(935)
Cash and cash equivalents	823 730	617 819	387 235
Restricted cash	72 844	162 657	72 844
Cash at the end of the period	896 574	780 476	460 079

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

ed in the Republic of South Africa. The condensed consolidated interim financial infor of the Company as at 30 June 2018 comprises the Company and its subsidiaries (together referred to as the "Group"). The solidated financial statements of the Group for the year ended 31 December 2017 are available at www.wesizwe.com

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard,(IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual

The preparation of the interim financial information requires management to make judgements, estimates and assump that affect the application of accounting policies and the reported amounts of assets and liabilities, as well as income and nse. Actual results may differ from these estimate

The significant unobservable inputs are

	ended 30 June 2018 Reviewed	31 December 2017 Audited
US\$ exchange rate (ZAR) up to 2025/2021	13.23 - 14.97	13.64 - 14.21
US\$ exchange rate (ZAR) long-term	15.87	14.64
Pt price (US\$/oz) up to 2025/2021	1 059 - 1 191	1 011 - 1 048
Pt price (US\$/oz) long-term	1 353	1 383
Pd price (US\$/oz) up to 2025/2021	1 097 - 1 340	923 - 925
Pd price (US\$/oz) long-term	1 138	925
Rh price (US\$/oz) up to 2025/2021	1 931 – 1 995	1 030 - 1 054
Rh price (US\$/oz) long-term	1 584	1 030
Au price (US\$/oz) up to 2025/2021	1 138 – 1 302	1 200 - 1268
Au price (US\$/oz) long-term	1 296	1 200
Weighted Average Cost of Capital (%) (Real)	11.11	11.22

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 2017.

The Group's cash resources at the reporting date of R824 million (June 2017: R622 million) together with the available drawdown facility from the loan funding secured from China Development Bank ("CDB") are sufficient, based on cure budgets, to conduct operations and develop the Bakubung Platinum Mine Project ("BPM") up to the fourth quarter of 201

## 5. Property, plant and equipment

During the period under review an amount of R596 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
Opening balance	68 099	6 328 925	1 057 729	7 454 753
Acquisitions during the period	658	595 136	-	595 794
Disposals		-	-	
Depreciation	(4 199)	(6)		(4 205)
Closing balance	64 558	6 924 055	1 057 729	8 046 342

additions have been made in respect of mineral rights during the period under review

# 6. Available-for-sale financial asset

	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
Opening balance	10 564	510 900	510 900
Impairment/fair value adjustment	-	(179 800)	(500 336)
Closing balance	10 564	331 100	10 564

## 7. Restricted cash ers the following guarantees

Non-current:

R44.8 million (December 2017: R44.8 million) in favour of Eskom for phase 1 and phase 2 bulk power supply to the

BPM; allion (December 2017: R1 million non-current and R27 million current) in favour of the Department of Mineral Resources for environmental obligation.

# 8. Stated capital

	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
Authorised 2 000 000 000 no par value ordinary shares (2017: 2 000 000 000 no par value ordinary shares)			
<b>Issued</b> 1 627 827 058 no par value ordinary shares (2017: 1 627 827 058 no par value ordinary shares)	3 425 544	3 425 544	3 425 544

# 9. Taxation

	Six months ended 30 June 2018 Reviewed R'000	Six months ended 30 June 2017 Reviewed R'000	Year ended 31 December 2017 Audited R'000
Current year - normal taxation	-	(1 745)	(1 391)
Current year - deferred taxation	173 467	(20 476)	(77 732)
Total	173 467	(22 221)	(79 123)
Reconciliation of effective tax rate	%	%	%
Standard tax rate	28.0	28.0	28.0
Non-deductible expenses		1.1	(8.2)
Deferred tax asset not raised		0.4	(450.6)
Fair value gain/loss on available-for-sale financial asset at CGT rate in the subsidiary		24.4	(93.9)
Change in CGT inclusion rate in the subsidiary	64.0	-	-
Effective rate	92.0	53.9	(524.7)

The condensed consolidated interim financial statements for the six months ended 30 June 2018 have been reviewed by SizweNtsalubaGobodo Grant Thornton Inc., who expressed an unmodified review conclusion. The auditor's report doe not necessarily report on all of the information contained in these financial results. 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.

## 11. Segment reporting

rting has been produced as the group is conducting construction activities in one geological location which represents it's only business activity with no revenue yet.

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

There were no changes to the mineral resources for the six months ended 30 June 2018

## 13. Mine closure and environmental rehabilitation obligation

The change in the obligation is due to the time value of money adjustment for the period of R1.6 million being reco

## 14. Subsequent events

No material events have occurred after the reporting period and up to the date of this report that required further disclos in these financial results.

15. Commitments
At 30 June 2018 the Group had commitments to the value of R385 million (December 2017: R356.5 million). This amount includes capital commitments amounting to R382 million

## 16. Earnings/(loss) per share

	Six months ended 30 June 2018 Reviewed	Six months ended 30 June 2017 Reviewed	Year ended 31 December 2017 Audited
The basis of calculation of basic earnings/(loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	(14 983 004)	19 043 281	(94 202 401)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Basic earnings/(loss) share (cents)	(0.92)	1.17	(5.79)
The basis of calculation of diluted earnings/ (loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	(14 983 004)	19 043 281	(94 202 401)
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Diluted earnings/(loss) per share (cents)	(0.92)	1.17	(5.79)
The basis of calculation of headline earnings/(loss) per share is:			
Attributable earnings/(loss) to ordinary shareholders (Rand)	(14 983 004)	19 043 281	(94 202 401)
Adjustments:	-	139 528 148	442 429 125
Loss on scrapping of property, plant and equipment	-	3 348	3 348
Loss on fair value adjustment of available-for-sale financial asset net of tax	-	139 524 800	443 723 625
Headline earnings/(loss) (Rand)	(14 983 004)	158 571 429	348 226 724
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058	1 627 827 058
Headline and diluted headline earnings per share (cents)	(0.92)	9.74	21.39

# Financial overview As the Group is currently in development phase of the BPM.

The loss for the six months under review is R14.983 million (compared to a profit of R19.0 million for the same period in 2017) as set out in the condensed consolidated statement of profit and loss and other comprehensive income.

Administration expenses of R132.7 million (June 2017: R174.4 million) include the following:

- Depreciation and amortisation R4.8 million (June 2017: R6.0 million);
  Professional fees R2.3 9 million (June 2017: R5.7 million);
  Directors' expenses R5.7 million (June 2017: R4.8 million);
  Salaries and payroll related expenses R7.1.5 million (June 2017: R6.7 million);
  Salaries and payroll related expenses R7.1.5 million (June 2017: R6.7 million);
  Marketing expenses and investor relations R0.3 million (June 2017: R0.8 million):
  Electricity and water R2.1.4 million (June 2017: R1.3 million);
  Consumables utilised R1.4 million (June 2017: R1.3 million);
  Other administrative overheads R3.7 million (June 2017: R1.1.2 million).

During the six months under review, the administration expenses decreased by 23.9% compared to the corresponding period in 2017 as a result of cost measures put in place.

The basic loss per share for the period was 0.92 cents per share (2017: 1.17 cents earnings per share for the same period). The headline loss per share was 0.92 cents per share (2017: 9.74 earnings cents per share for the same period).

- 1.1 These interim financial statements were prepared by Titus Khiba (Financial Accountant) and the preparation was supervised by Mr Feng Tao (Financial Director).
- 1.2 The directors take full responsibility for the preparation of the report and that the financial information has been correctly extracted from the underlying interim financial statements.

## 2. Project funding

As previously reported, Wesizwe concluded and signed all Project Financing Agreements for the US\$650 million loan facility with CDB. As at the 30th of June 2018, drawdowns amounting to \$428.8 million have occurred.

3. Project update - Bakubung Platinum Mine Delivery of the concentrator plant conveyors commenced and construction of the plant is expected to commence in the first quarter of 2019.

# 3.1 Concentrator plant

3.2. Services
Approval for the appointment of the Engineering and Design consultant was finalized, the consultants are focusing on delivering designs, which are critical to the commissioning of essential services, and systems i.e. rock handling systems, water and compressed air systems.

The recommendation for the process plant EPC was approved and contract negotiations have started

Zero injuries were reported during the period under review. The project received eight (8) visits from the Department of Mineral Resources (DMR); one (1) Section 55 order was issued.

# 3.4. Bulk power supply All installed transforme transmission from either

3.5 Bulk water Supply Bulk water supply has been commissioned and the mine has connected to the pipeline from Mafenya Reservoir. The new off-take agreement has not been finalised between the mine and Magalies Water. This is preceded by the project account closeout, which is under review by Magalies Water.

3.6. Human resources
The Company successfully concluded the 2018 wage settlement with its recognized union, the National Union of Mineworkers.

Disciplinary incidents have stabilised and on average two disciplinary cases are held per month, this is below industry average for the sector and for the size of the operation.

The average attrition rate for core and critical employees for the period is 0.92%. This indicates stable working conditions for core staff within a turbulent and unstable platinum mining industry.

Environmental monitoring is in compliance for 2018; Surface and Ground water quality are within the limits as stipulated in the Water Use licence. Air Quality results are within the Industrial and Residential limits prescribed by the National Ambient Air Quality Standards.

Environmental Management monitoring is ongoing in terms of waste recycling, environmental inspection and Biodiversity management. Actions and Environmental risks continue to be monitored.

# Dividends No dividends were declared in the current period.

- Ms Xiaoyin Zhou resigned effective 31 January 2018
   Mr Indresen Pillay appointed effective 07 February 2018
   Mr Pingan Sun appointed effective 07 February 2018
   Mr Indresen Pillay resigned effective 31 July 2018

# Johannesburg 28 September 2018

By order of the board: **Dawn Mokhobo** (Chairman)

Zhimin Li (Chief Executive Officer)

# Wesizwe Platinum Limited

(Incorporated in the Republic of South Africa), (Registration number. 2003/020161/06), JSE code: WEZ ISIN: ZAE000075859. (the "Company" or "the Group" or "Wesizwe")

Directors: DNM Mokhobo (Chairman)\* Z li (Chief Executive Officer)" F Tao (Financial Director) P Li\*", LV Ngculu\*, TV Mabuza\*, P Sun\*", F Qiao\*" \*Non Executive "Chinese

# Transfer Secretaries:

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