

CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 30 June 2021

Highlights

- Additional US\$80 million raised to fund the project
- Construction of the Processing Plant is underway
- R1 billion capitalised as part of the construction activities and development of the mine
- Construction of the initial 144 units of the housing project nearing completion

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment	12 911 768	11 422 636	11 809 601
Intangible assets	12 794 408	11 406 223	11 786 909
Other financial assets	905	285	–
Restricted cash	35 427	12 047	22 692
Deferred tax asset	81 028	–	–
	–	4 081	–
Current assets	1 987 386	2 238 166	1 901 679
Other receivables	243 288	139 995	437 838
Inventories	705 889	223 163	483 407
Restricted cash	–	81 028	81 028
Cash and cash equivalents	1 038 209	1 793 980	899 406
Total assets	14 899 154	13 660 802	13 711 280
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	3 476 554	2 016 542	3 084 158
Mark to market reserves	3 425 544	3 425 544	3 425 544
Shareholder's contribution	20 359	2 217	10 477
Accumulated loss	138 004	–	–
	(107 353)	(1 411 219)	(351 863)
Non-current liabilities	10 112 451	11 365 145	9 257 701
Deferred tax liability	409 493	–	409 278
Interest-bearing borrowings	8 444 125	11 310 335	9 292 583
Shareholder's loans	1 006 077	–	–
Mine closure and environmental rehabilitation obligation	39 595	40 473	42 242
Lease liability	7 649	8 399	7 655
Cash-settled share-based payment liability	5 712	5 938	5 943
Current liabilities	1 309 949	279 115	869 421
Trade and other payables	214 344	157 730	204 360
Interest-bearing borrowings	499 910	86 372	65 712
Shareholder's loans	595 544	–	599 110
Taxation payable	141	35 006	230
Lease liability	10	7	9
Total liabilities	11 422 600	11 644 260	10 627 122
Total equity and liabilities	14 899 154	13 660 802	13 711 280

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Operations			
Administration expenditure	(10 367)	(15 279)	(75 444)
Other income	–	–	188
Net operating costs	(10 367)	(15 279)	(75 256)
Finance income and expenses			
Finance income	258 714	182 332	229 206
Finance expense	(6 527)	(1 552 782)	(101 121)
Net finance income/(expense)	252 187	(1 370 450)	128 085
Profit/(loss) before tax	241 820	(1 385 729)	52 829
Income tax income/(expense)	2 690	378 155	(1 047)
Profit/(loss) for the period	244 510	(1 007 574)	51 782
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain/(loss) on fair value movements of equity instrument at FVOCI	12 735	(5 175)	5 470
Income tax relating to fair value movements of equity instrument	(2 853)	1 160	(1 225)
Total other comprehensive income/(loss)	9 882	(4 015)	4 245
Total comprehensive income/(loss) for the period	254 392	(1 011 589)	56 027
Basic and diluted earnings/(loss) per share (cents)	15.02	(61.90)*	3.18

* Restated. Refer to note 18.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Mark to market Reserves R'000	Shareholder's contribution* R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2020	3 425 544	6 232	–	(403 645)	3 028 131
Loss for the period	–	–	–	(1 007 574)	(1 007 574)
Other comprehensive loss	–	(4 015)	–	–	(4 015)
Balance at 30 June 2020	3 425 544	2 217	–	(1 411 219)	2 016 542
Profit for the period	–	–	–	1 059 356	1 059 356
Other comprehensive income	–	8 260	–	–	8 260
Balance at 31 December 2020	3 425 544	10 477	–	(351 863)	3 084 158
Profit for the period	–	–	–	244 510	244 510
Other comprehensive income	–	9 882	–	–	9 882
Shareholder's contribution	–	–	138 004	–	138 004
Balance at 30 June 2021	3 425 544	20 359	138 004	(107 353)	3 476 554

* Refer to note 9.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Cash generated from/(utilised in) operations	11 371	(44 011)	(506 861)
Finance income received	13 764	3 719	90 863
Finance cost paid	(735)	(2)	(1 472)
Taxation received	–	–	227
Taxation paid	–	(252)	(3 483)
Cash generated from/(utilised in) operating activities	24 400	(40 546)	(420 726)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(785 957)	(544 322)	(1 028 502)
Finance cost paid capitalised	(177 808)	–	(535 113)
Acquisition of intangible assets	(958)	–	–
Net cash outflow from investing activities	(964 723)	(544 322)	(1 563 615)
Cash flows from financing activities			
Interest-bearing borrowings raised	–	169 196	181 943
Interest-bearing borrowings repaid	(64 190)	(7 042)	(80 105)
Shareholder's loan raised	1 144 970	–	599 175
Repayment of lease liability	(9)	–	(7)
Net cash inflow from financing activities	1 080 771	162 154	701 006
Net increase/(decrease) in cash and cash equivalents	140 448	(422 714)	(1 283 335)
Exchange (losses)/gains on cash and cash equivalents	(1 645)	89 137	55 184
Cash at beginning of the period	899 406	2 127 557	2 127 557
Cash and cash equivalents	1 038 209	1 793 980	899 406

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

- Reporting entity**
Wesizwe Platinum Limited ("the Company") is a company domiciled in the Republic of South Africa. The condensed consolidated interim financial results ("Interim financial results") of the Company as at 30 June 2021 comprises the Company and its subsidiaries (together referred to as the "Group"). The Annual Financial Statements ("AFS") of the Group for the year ended 31 December 2020 are available at www.wesizwe.co.za.
- Basis of preparation**
The interim financial results are prepared in accordance with International Financial Reporting Standards ("IFRS"), (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008, as amended, as well as the Johannesburg Stock Exchange ("JSE") Listings Requirements. The accounting policies applied in the preparation of these interim financial results are in terms of IFRS and are consistent with those applied in the AFS.
- Estimates**
The preparation of the interim financial results requires management to make judgements, estimates and assumptions that may materially affect the reported amounts of assets and liabilities, as well as income and expenses. These estimates and judgements are based on historical experience, current and expected future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
The significant unobservable inputs in determination of the recoverable amount of the Bakubung Platinum Mine are:

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed	Reviewed	Audited
US\$ exchange rate (ZAR) – 2021/2025	14.45 – 14.79	15.61 – 16.16	15.01 – 15.69
US\$ exchange rate (ZAR) long-term	15.22	15.70	15.94
Pt price (US\$/oz) – 2021/2025	1 158 – 1 246	913 – 1 141	991 – 1 133
Pt price (US\$/oz) long-term	1 244	1 199	1 177
Pd price (US\$/oz) – 2021/2025	1 348 – 2 660	1 418 – 1 907	1 481 – 2 213
Pd price (US\$/oz) long-term	1 038	1 287	1 297
Rh price (US\$/oz) – 2021/2025	9 254 – 23 107	4 115 – 4 365	7 957 – 12 657
Rh price (US\$/oz) long-term	7 968	6 626	6 716
Au price (US\$/oz) – 2021/2025	1 369 – 1 776	1 368 – 1 728	1 375 – 1 893
Au price (US\$/oz) long-term	1 366	1 368	1 347
Weighted Average Cost of Capital (%) (Real)	10.84	10.84	10.84

In determining the future cash flows, management reviewed all the key variables and sources of estimation. In preparing the interim financial results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation are based on the same principles as those that applied to the AFS for the year ended 31 December 2020, except as listed above and market-related interest rate used in the valuation of shareholder's contribution relating to shareholder's loan 2 (refer to note 9).

If all assumptions remain unchanged, a 10% decrease in the basket price of commodities would result in no impairment being recognised.

If all assumptions remain unchanged, a 10% decrease in the United States Dollar to the South African Rand would result in no impairment.

If all assumptions remain unchanged, a 10% increase in the weighted average cost of capital would result in no impairment.

4. Going concern

The Group's cash resources of the reporting date of R1 038.2 million (June 2020: R1 794.0 million) are sufficient, based on current budgets, to conduct operations and develop the BPM Project up to the end of the year.

The ability of the Group to continue as a going concern thereafter is dependent on a number of factors. The most significant of these is the support of the majority shareholder. This condition indicates that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business. The majority shareholder has, however, provided a letter of comfort supporting any shortfall in funding and guaranteed repayment of the China Development Bank loan.

COVID-19 did not have a material impact on the going concern assumption as the mine is still in the development phase.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

5. Property, plant and equipment

During the period under review an amount of R1 002.5 million (June 2020: R1 447.4 million) was capitalised to Construction work-in-progress as part of the activities to develop the mine and related construction activities.

	Property, plant and equipment R'000	Right-of-use-asset R'000	Construction work-in-progress R'000	Mining rights R'000	Total R'000
Balance at 31 December 2020	60 411	7 510	10 661 259	1 057 729	11 786 909
Acquisitions during the period	11 454	–	1 002 499	–	1 013 953
Depreciation	(6 325)	(129)	–	–	(6 454)
Closing balance	65 540	7 381	11 663 758	1 057 729	12 794 408

	Property, plant and equipment R'000	Right-of-use-asset R'000	Construction Work-in-progress R'000	Mining Rights R'000	Total R'000
Balance at 31 December 2019	54 869	7 769	8 825 822	1 057 729	9 946 189
Acquisitions during the period	16 520	–	1 447 430	–	1 463 950
Depreciation	(3 787)	(129)	–	–	(3 916)
Closing balance	67 602	7 640	10 273 252	1 057 729	11 406 223

No additions have been made in respect of mining rights during the period under review. The recoverable amount of the Construction work-in-progress is based on the discounted cash flow method. The valuation model considers the present value of estimated future cash flows, discounted using a risk-adjusted discount rate.

The present value of the discounted cash flows is greater than the carrying amount of the Construction work-in-progress, which means that the asset is not impaired.

6. Other financial assets

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Opening balance	22 692	17 222	17 222
Gain/(loss) on fair value adjustments	12 735	(5 175)	5 470
Closing balance	35 427	12 047	22 692

Investment in equity is measured at fair value in the condensed consolidated statement of financial position. Fair values of the listed shares have been calculated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. The shares in Royal Bakubung Platinum Limited are listed on the JSE, and the Group is satisfied that there is an active market. Transactions takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The current investment in equities is not held for trading and the Group has elected to irrevocably designate at fair value through other comprehensive income ("FVOCI").

7. Restricted cash

Restricted cash covers the following guarantees:

Non-current:

- R81 million (December 2020: R81 million current) in favour of the Department of Mineral Resources and Energy for environmental obligation and Eskom for phase 1 and phase 2 bulk power supply to the BPM.
- Management's intention was to replace the restricted cash guarantees with insurance guarantees. The final contractual prices quoted for insurance guarantees was significantly higher than initially quoted. Management has decided to rather maintain the existing restricted cash guarantees as the most cost effective option and this has resulted in restricted cash being reclassified from current to non-current assets.

8. Inventories

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Run of Mine	617 501	142 410	430 701
Stores and materials	88 388	80 753	52 706
Total carrying amount	705 889	223 163	483 407

Whilst BPM is not yet in production, Run of Mine inventory has been accumulated through mine development. The value associated has been calculated on the same basis as if the mine was in production and is related to the cost of extracting tonnage.

9. Shareholder's loans

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Shareholder's loan 1			
Jinchuan Group (Hong Kong) Resources Holdings Limited			
Opening balance	599 110	–	–
Shareholder's loan – drawdown	–	–	599 175
Interest accrued	11 067	–	–
Unrealised foreign exchange gain	(14 633)	–	(65)
Total	595 544	–	599 110
The Group secured a US\$41 million loan in December 2020. The interest rate is accrued quarterly in advance at the ruling six month LIBOR rate plus 3.5%. The interest and capital is payable at the end of 12 months.			
Shareholder's loan 2			
Jinchuan Group (Hong Kong) Resources Holdings Limited			
Opening balance	–	–	–
Shareholder's loan – drawdown	1 144 970	–	–
Transfer to shareholder's contribution	(138 004)	–	–
Unrealised foreign exchange gain	(889)	–	–
Total	1 006 077	–	–
The Group secured a US\$80 million loan in June 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. Interest is payable quarterly and the capital is payable by 30 May 2023. An equity injection is recognised as a result of the interest rate from a related party being below market rates.			
Shareholder's loans			
Non-current	1 006 077	–	–
Current	595 544	–	599 110
Total	1 601 621	–	599 110

	Six months ended 30 June 2021	Six months ended 30 June 2020	Year ended December 2020
	Reviewed R'000	Reviewed R'000	Audited R'000
Finance income from financial institutions			
Interest earned on cash balances	9 885	56 672	77 847
Interest accrued on cash balances	140	66	258
Total	10 025	56 738	78 105
Foreign exchange gains			
Realised gain on conversion of loan denominated in foreign currency	2 107	12 747	12 747
Realised gain on payment of interest accruals denominated in foreign currency	1 632	–	83 170
Unrealised gain on conversion of interest accruals denominated in foreign currency			