wesizwe

UNLOCKING GROWTH

FINANCIAL STATEMENTS 2016

wesizwe

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The financial statements have been prepared under the supervision of the Finance Director, Mr Jianke Gao prior to his resignation, and subsequently signed off by the newly appointed Acting Finance Director, Mr Zhimin Li. The financial statements have been audited in compliance with the requirements of the Companies Act of South Africa.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the group annual financial statements and company annual financial statements of Wesizwe Platinum Limited ("Wesizwe", "the company" or "group" depending on context), comprising the statements of financial position at 31 December 2016, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa ("Companies Act"). In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group financial statements and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and company annual financial statements of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the board of directors on 24 March 2017 and signed by

Dawn Mokhobo
Authorised director

Zhimin Li
Authorised director

CERTIFICATE BY THE COMPANY SECRETARY

In terms of Section 88(2)(e) of the South African Companies Act 2008, as amended, and Companies Regulations, 2011, I certify that, to the best of my knowledge and belief, the company has submitted to the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Vasta Mhlongo
Company secretary

24 March 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

INTRODUCTION

The audit and risk committee ("the committee") is pleased to present its report in terms of the Companies Act and the JSE Listings Requirements for the financial year ended 31 December 2016. The committee has conducted its work in accordance with the written terms of reference approved by the board, information about which is recorded in the corporate governance section of the integrated report.

COMPOSITION

The composition of the committee remained unchanged during 2016. The committee comprised the following members, who have the necessary skills and experience to fulfil the duties of the committee:

– Mr Victor Mabuza (Independent non-executive director and chairperson)
– Mr James Ngculu (Independent non-executive director)
– Ms Dawn Mokhobo (Independent non-executive director)

The appointment of all members of the committee is subject to the shareholders' approval at the next annual general meeting to be held on Thursday, 04 May 2017. The profiles of the members including their qualifications can be viewed in the integrated report.

FREQUENCY AND ATTENDANCE OF MEETINGS

During the year under review, four meetings were held and the attendance of the meetings can be viewed in the corporate governance section of the integrated report.

STATUTORY DUTIES

The committee is satisfied that it has performed the statutory requirements for an audit & risk committee as set out in the Companies Act as well as the functions set out in the terms of reference and that it has therefore complied with its legal, regulatory or other responsibilities as may be assigned by the board. The committee reports to both the board and the shareholders.

External auditor

The committee nominated and recommended the appointment of the external auditor, KPMG Inc. to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Shaun van den Boogaard as designated auditor for the 2016 financial year.

The committee satisfied itself that the audit firm and designated auditor are accredited and appear on the JSE List of Accredited Auditors. The committee further satisfied itself that KPMG Inc. was independent of the company, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors. The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees.

The committee has the following responsibilities for external audit:

Recommends the appointment of external auditor and oversees the external audit process and in this regard the committee must:

- nominate the external auditor for appointment by the shareholders;
- approve the annual audit fee and terms of engagement of the external auditor;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
- ensure that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor;
- review the quality and effectiveness of the external audit process; and
- consider whether the audit firm and where appropriate the individual auditor that will be responsible for performing the functions of auditor are accredited as such on the JSE List of Accredited Auditors and their advisors as required by the JSE Listings Requirements.

REPORT OF THE AUDIT AND RISK COMMITTEE

continued

Internal auditor

The committee has satisfied itself that the internal auditor, Grant Thornton PS Advisory (Pty) Ltd was independent of the company, which includes consideration of compliance with criteria relating to the Institute of Internal Auditors. The internal audit plan was approved and they have access to the committee, primarily through its chairperson.

The committee has the following responsibilities for internal audit:

- the appointment, performance assessment and/or dismissal of the internal auditor;
- to approve the internal audit charter and the internal audit plan; and
- to ensure that the internal audit function is subject to an independent quality review as and when the committee determines appropriate.

Internal financial control

Nothing has come to the attention of the committee that caused it to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

DUTIES ASSIGNED BY THE BOARD

The committee oversees the preparation of the company's integrated report and the reporting process, including the system of internal financial control. During the year under review, the committee met with the external auditor without management being present. The committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

EXPERTISE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee has reviewed the current performance and future requirements for the financial management of the company and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. In compliance with paragraph 3.84(h) of the JSE Listings Requirements, the committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole. The committee has reviewed the performance, qualifications and expertise of the Acting Finance Director, Mr Jianke Gao prior to his resignation, and the newly appointed Acting Finance Director, Mr Zhimin Li through a formal evaluation process and confirms his suitability for appointment as finance director in terms of the JSE Listings Requirements.

GOING CONCERN

The committee reviewed the documents prepared by management in which they assessed the going concern status of the company and its subsidiaries at year-end and the foreseeable future. Management had concluded that group was a going concern. The committee resolved and recommended acceptance of the conclusion to the board.

FINANCIAL STATEMENTS

The committee has reviewed the financial statements of the group and company for the year ended 31 December 2016 and is satisfied that they comply with IFRS, the Companies Act and that areas of judgement were discussed to confirm accounting estimates.

RISK MANAGEMENT

The board has assigned oversight of the company's risk management function to the committee and the risk register, consisting of strategic, operational and IT risks is tabled at each meeting for discussion. The risk register also acts as a basis on which independent assurance activities were developed.

FRAUD PREVENTION

A fraud prevention plan has been implemented and an anonymous tip-off line is now functional. Monthly reports are provided by the independent service provider. The monitoring of reports from this service will be shared between this committee and the Social and Ethics committee.

INFORMATION TECHNOLOGY GOVERNANCE

The committee is responsible for:

- obtaining independent assurance on the effectiveness of the IT internal controls;
- overseeing the value delivery on IT and monitoring the return on investments on significant IT projects;
- ensuring that IT forms an integral part of the company's risk management;

The IT steering committee submits reports on a quarterly basis to this committee on IT governance and management.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The committee recommended the group annual financial statements and company annual financial statements for approval by the board.

Victor Mabuza
Chairman – audit and risk committee

DIRECTORS' REPORT
for the year ended 31 December 2016

The directors have pleasure in presenting the group annual financial statements and company annual financial statements for Wesizwe Platinum Limited for the year ended 31 December 2016.

NATURE OF BUSINESS

Wesizwe Platinum Limited is a public company incorporated in the Republic of South Africa and its shares are listed on the JSE.

The group's main strategic project is to build and operate South Africa's next platinum group metals ("PGM") mine at its Bakubung Platinum Mine ("BPM"), which is owned by Bakubung Minerals (Pty) Ltd, firmly positioning the group as a significant mid-tier precious metals producer.

CAPITAL

Authorised and issued stated capital

The authorised and issued stated capital as at 31 December 2016 was 2 000 000 000 ordinary no par value shares, and 1 627 827 058 ordinary no par value shares, respectively.

No ordinary shares were issued during the year under review.

Further details of the authorised and issued share capital are set out in note 11 to the financial statements.

FUNDING AND GOING CONCERN

Funding of BPM

The project funding of United States Dollars ("US$") 650 million from China Development Bank ("CDB"), that Jinchuan and China-Africa Development ("CAD") Fund undertook to secure in terms of the subscription agreement, was finalised and the facility agreement was signed in December 2013. The first drawdown from this facility, in the amount of US$100 million, was made in January 2014. A second drawdown of US$100 million was made in August 2014. The first drawdown was utilised to repay the last outstanding US$100 million from the previously utilised short-term facilities. A third drawdown of US$100 million was made in July 2015. The term of this loan is 15 years from the date of the first drawdown i.e. from January 2014. Capital repayments in "six monthly installments" only commence after 6 years from the date of the first draw down. The installments commence as relatively small amounts being 0.077% of the outstanding balance at payment date of the first installment, which increases with every consecutive repayment to a pre-final installment of 8.5% of the outstanding balance at payment date of the second last installment. The final installment will be equal to the balance outstanding on the final payment date. The variable interest rate is determined every six months, in advance, as the then ruling "six month LIBOR rate" plus 3.5%. This project funding facility is exclusively available for the purposes of developing the BPM and based on current budgets will cover the funding requirements up to fourth quarter of 2018. The board is currently considering funding options post fourth quarter of 2018; such options will be a function of market conditions closer to the target date and additional funding requirements.

Going concern

The group's available cash resources of R455.5 million (2015: R1 398.8 million), as reflected in the statement of financial position, as well as the facilities with CDB are sufficient to conduct operations and proceed with the project development up to fourth quarter of 2018. Refer to note 24.

FINANCIAL RESULTS

Results of the group for the year

The Wesizwe group will not earn revenue from mining activities until such time as the BPM, and the mine being developed in Maseve, of which the Wesizwe group holds a 17.1% shareholding, are brought into production.

The profit before tax for the year under review was R454.2 million (2015: loss of R756.1 million). These results take into account operational costs amounting to R20.7 million (2015: R29.9 million) and net financial income amounting to R593.5 million (2015: net financial expense of R593.2 million) as presented in detail in the statements of profit or loss and other comprehensive income.

Results of wholly-owned subsidiary companies

Bakubung Minerals (Pty) Ltd ("Bakubung") made a profit after tax of R556.3 million for the year under review (2015: loss after tax of R623.1 million). Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide") made a loss after tax of R105.8 million for the year under review (2015: R108.9 million). Vaviscan (Pty) Ltd has incurred a loss of R0.04 million (2015: R0.04 million) for the year under review. Wesizwe Properties (Pty) Ltd ("Wesizwe Properties") has incurred a loss after tax of R0.8 million (2015: R0.3 million) for the year under review. Gabonewe Housing Estate (Pty) Limited has incurred a profit after tax of R0.03 million for the year under review.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings that may have an influence on the group's rights to explore or mine. However, the directors are aware of a dispute with one the group's contractors, refer to Note 27.

DIRECTORATE

Directors and changes in directors

The details of the current directors are provided in the integrated report.

In accordance with clause 5.1.8 of the company's memorandum of incorporation ("MOI") one-third of the non-executive directors shall retire at each annual general meeting on a rotational basis as determined in the said clause. Retiring directors are eligible for re-election. In terms of the company's MOI, new directors may hold office until the next annual general meeting at which they are required to retire and offer themselves up for re-election.

The directors retiring and seeking re-election at the annual general meeting are Ms Dawn Mokhobo and Mr Dexin Chen.

Directors' remuneration

Refer to the remuneration report on page 47 of the financial statements.

Directors' interest in contracts

During the financial year no material contracts were entered into in which directors and prescribed officers of the company had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

Directors are required to inform the board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflicting interest. A conflict of interest policy was implemented to govern this conflicting interest, if applicable.

SPECIAL RESOLUTIONS

The remuneration payable to non-executive directors was approved at the annual general meeting that was held on 4 May 2016 effective until the next annual general meeting, which will be held on Thursday, 04 May 2017.

The board of directors of the group is to be authorised in terms of section 45(3)9(a)(ii) of the Companies Act, as general approval to authorise the group to provide any direct or indirect financial assistance to any related or inter-related companies of the group on the terms and conditions and for the amounts that the board of directors may determine.

ANNUAL GENERAL MEETING

The notice convening the annual general meeting to be held on Thursday, 04 May 2017 together with a shareholder proxy form, and the notes explaining the various resolutions to be considered at that meeting is enclosed with the annual integrated report.

Dawn Mokhobo
(Chairman)
on behalf of the board of directors

24 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WESIZWE PLATINUM LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Wesizwe Platinum Limited (the group and company) set out on pages 12 to 49, which comprise the statements of financial position at 31 December 2016, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Wesizwe Platinum Limited at 31 December 2016, 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 the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of available-for-sale financial assets	
Refer to note 1.f.i, 2.4, 4 and 22 to the financial statements	
This key audit matter is applicable to the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
Included in the consolidated financial statements is an available for sale financial asset amounting to R510 900 000, relating to the Company's Subsidiary, Africa Wide Mineral Prospecting and Exploration (Pty) Ltd. The fair value of the available-for-sale financial asset is determined at each reporting date. The fair value of the Investment in Maseve 11 Proprietary Limited is not traded in an active market and is determined by using valuation techniques. The discounted cash flow model to determine the fair value of the available-for-sale financial asset is complex and certain key inputs specifically commodity price and foreign exchange rate forecasts are subject to volatility and require significant estimation and judgement. Due to the significant judgment applied by management, the valuation of the available for sale financial asset is considered a key audit matter.	Our audit procedures included amongst others: – We obtained a third party confirmation of the latest budget approved by the Board of Directors of Maseve Investments 11 Proprietary Limited to determine the accuracy of the budget used in the discounted cash flow model. We agreed the total mineral reserves included in this budget to the published mineral reserve statement of the underlying entity. – We used our own KPMG Valuation Specialists to assist us in assessing the integrity of the discounted cash flow model and challenged the discount rate applied by the Group used in this model. For key inputs to the model we critically assessed their reasonableness by reference to calculated average commodity price and exchange rate forecasts using third party analyst reports. – We also assessed whether the Group's disclosures around the significant unobservable inputs used in the fair value measurement reflected the key inputs in the discounted cash flow model.

Valuation of mine development assets

Refer to note 1(g)(i), 2.3 and 3 to the financial statements

This key audit matter is applicable to the consolidated financial statements

The key audit matter	**How the matter was addressed in our audit**
Included in Property, plant and equipment is plant and equipment and mine development assets amounting to R6 303 820 000, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd. These assets relate to the BPM project and management apply significant judgement in determining the valuation of these mine development assets. The discounted cash flow model to determine the recoverable amount of the mine development asset is complex and certain key inputs specifically, commodity price and foreign exchange rate forecasts are subject to volatility and require significant estimation and judgement. Due to the significant judgment applied by management, the valuation of the mine development assets is considered a key audit matter.	We tested the accuracy of the budget used in the discounted cash flow model by focusing on changes since the previous reporting period to corroborate key capital investments and operational construction costs with reference to the project plan approved by the directors of the Company on 8 December 2016. We used our own KPMG Valuation Specialists to assist us in assessing the integrity of the discounted cash flow model and challenged the discount rate applied by the Group used in this model. For key inputs to the model we critically assessed their reasonableness by reference to calculated average commodity price and exchange rate forecasts using third party analyst reports. We also assessed whether the Group's disclosures around the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the mine development assets.

Valuation of investment in subsidiaries and loans and receivables from subsidiaries

Refer to note 1(a)(i), 2.4, 2.5 and 5 to the financial statements

This key audit matter is applicable to the separate financial statements

The key audit matter	**How the matter was addressed in our audit**
The Company's investment in subsidiaries and loans and receivables from subsidiaries accounted for 99.9% of the Company's total assets as at 31 December 2016. The Company's two main subsidiaries are Bakubung Minerals (Pty) Ltd and Africa Wide Mineral Prospecting and Exploration (Pty) Ltd. Due to the impairment indicators relating to the available for sale financial asset relating to the Africa Wide Mineral Prospecting and Exploration (Pty) Ltd subsidiary and the mine development assets relating to Bakubung Minerals (Pty) Ltd, management have applied significant judgement in their impairment testing of the Investment in subsidiaries and loans and receivables at year end. The discounted cash flow model to determine the recoverable amounts of these two subsidiaries for both the investment in subsidiaries and loans and receivables, are complex and certain key inputs specifically commodity price and foreign exchange rate forecasts are subject to volatility and require significant estimation and judgement. Due to the significant judgment applied by management in determine the recoverable amount, the valuation of the investment in subsidiaries and the loans and receivables is considered a key audit matter.	We recalculated the recoverable amounts of the investment in subsidiaries and the loans receivable from subsidiaries with reference to the net asset value of each subsidiary using the fair value of assets less the fair value of liabilities. We compared the carrying amount of the investment in subsidiaries and loans receivable from subsidiaries to the recoverable amount and recalculated the impairment loss to determine whether, the carrying amount exceeds the recoverable amount. We also assessed whether the Company's disclosure about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of investment in subsidiaries and loans receivable from subsidiaries.

INDEPENDENT AUDITOR'S REPORT continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the company secretary as required by the Companies Act of South Africa, the Directors' Responsibility Statement and the Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Wesizwe Platinum Limited for 13 years.

KPMG Inc.
Registered Auditor

Per S van den Boogaard
Chartered Accountant (SA)
Registered Auditor
Director

30 March 2017

Corner of The Hillside and Klarinet Streets, Lynwood, 0081

STATEMENTS OF FINANCIAL POSITION

at 31 December 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**6 389 880**	5 395 023	**5 235**	5 513
Available-for-sale financial asset	4	**510 900**	628 000	**–**	–
Investment in subsidiaries	5	**–**	–	**326 139**	444 019
Intangible assets	6	**3 601**	5 871	**–**	–
Restricted cash	7	**78 657**	134 641	**–**	–
Loans receivable from subsidiaries	5	**–**	–	**5 356 344**	5 311 083
Total non-current assets		**6 983 038**	6 163 535	**5 687 718**	5 760 615
Current assets					
Other receivables	9	**56 723**	32 269	**465**	1 223
Taxation	15	**–**	4 916	**–**	4 916
Loans receivable from subsidiaries	5	**–**	–	**878 632**	1 391 842
Restricted cash	7	**84 000**	27 000	**27 000**	27 000
Cash and cash equivalents	10	**455 452**	1 398 823	**382 774**	454 457
Total current assets		**596 175**	1 463 008	**1 288 871**	1 879 438
Total assets		**7 579 213**	7 626 543	**6 976 589**	7 640 053
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Available-for-sale financial asset reserve		**–**	–	**–**	–
Accumulated loss		**(318 419)**	(621 103)	**(459 522)**	(350 512)
Total equity		**3 107 125**	2 804 441	**2 966 022**	3 075 032
Non-current liabilities					
Deferred tax liability	8	**302 135**	157 763	**–**	–
Interest-bearing borrowings	12	**3 996 061**	4 548 772	**3 996 061**	4 548 772
Mine closure and environmental rehabilitation obligation	13	**53 889**	16 620	**–**	–
Cash-settled share-based payment liability	28	**5 946**	3 540	**5 946**	3 540
Total non-current liabilities		**4 358 031**	4 726 695	**4 002 007**	4 552 312
Current liabilities					
Trade and other payables	14	**112 499**	95 407	**6 958**	12 551
Loans payable to subsidiaries	5	**–**	–	**44**	158
Taxation	15	**1 558**	–	**1 558**	–
Current liabilities		**114 057**	95 407	**8 560**	12 709
Total equity and liabilities		**7 579 213**	7 626 543	**6 976 589**	7 640 053

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
	Notes	**R'000**	R'000	**R'000**	R'000
Operations					
Revenue	16	**–**	–	**86 393**	1 310 035
Administration expenses	17	**(214 179)**	(216 224)	**(435 424)**	(111 699)
Project related expenses capitalised		**193 519**	186 300	**–**	–
		(20 660)	(29 924)	**(349 031)**	1 198 336
Impairment of investment in subsidiary company	5	**–**	–	**(117 880)**	(160 773)
Loss on scrapping of property, plant and equipment		**(1 497)**	(13)	**–**	–
Net operating costs		**(22 157)**	(29 937)	**(466 911)**	1 037 563
Impairment of available–for–sale financial asset reclassified from other comprehensive income	4	**(117 100)**	(133 000)	**–**	–
Financial income/(expense)					
Finance income	18	**76 493**	83 153	**36 731**	30 204
Finance expense	18	**(208 692)**	(142 889)	**(207 080)**	(139 732)
Foreign exchange gain/(loss)	18	**535 373**	(1 087 759)	**535 431**	(1 087 734)
Finance costs capitalised	18	**190 332**	554 311	**–**	–
Net finance income/(expense)		**593 506**	(593 184)	**365 082**	(1 197 262)
Profit/(Loss) before tax		**454 249**	(756 121)	**(101 829)**	(159 699)
Income tax (expense)/income	15	**(151 565)**	199 336	**(7 181)**	–
Profit/(loss) for the year		**302 684**	(556 785)	**(109 010)**	(159 699)
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Loss on fair value movements of available–for–sale asset	4	**(117 100)**	(160 700)	**–**	–
Tax on other comprehensive income	15	**11 463**	29 967	**–**	–
Reclassification of available–for–sale financial asset to profit or loss	4	**117 100**	133 000	**–**	–
Related tax		**(11 463)**	(24 848)	**–**	–
Total other comprehensive (loss)		**–**	(22 581)	**–**	–
Total comprehensive income/loss for the year		**302 684**	(579 366)	**(109 010)**	(159 699)
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share (cents)	19	**18.59**	(34.20)		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2016

GROUP	Stated 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
Total comprehensive loss for the year	–	(22 581)	(556 785)	(579 366)
Loss for the year	–	–	(556 785)	(556 785)
Other comprehensive loss	–	(22 581)	–	(22 581)
Balance at 31 December 2015	3 425 544	–	(621 103)	2 804 441
Total comprehensive income for the year	**–**	**–**	**302 684**	**302 684**
Profit for the year	**–**	**–**	**302 684**	**302 684**
Balance at 31 December 2016	**3 425 544**	**–**	**(318 419)**	**3 107 125**

COMPANY	Stated Capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2015	3 425 544	(190 813)	3 234 73
Total comprehensive loss for the year	–	(159 699)	(159 699)
Loss for the year	–	(159 699)	(159 699)
Balance at 31 December 2015	3 425 544	(350 512)	3 075 032
Total comprehensive loss for the year	**–**	**(109 010)**	**(109 010)**
Loss for the year	**–**	**(109 010)**	**(109 010)**
Balance at 31 December 2016	**3 425 544**	**(459 522)**	**2 966 022**

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash receipts from customers		**–**	–	**–**	–
Cash paid to suppliers and employees		**(8 915)**	(9 104)	**(22 831)**	(23 014)
Cash utilised in operations	20	**(8 915)**	(9 104)	**(22 831)**	(23 014)
Finance income received		**72 682**	33 601	**41 277**	28 076
Finance cost paid		**(17 267)**	(86 825)	**(224 344)**	(226 398)
Taxation paid	15	**(5 636)**	(3 109)	**(5 623)**	(3 109)
Taxation received	15	**4 916**	2 556	**4 916**	2 556
Cash generated from/(utilised) in operating activities		**45 780**	(62 881)	**(206 605)**	(221 889)
Cash flows from investing activities					
Acquisition of property, plant and equipment as a result of increase in operations	20	**(975 200)**	(859 811)	**–**	–
Acquisition of intangible assets	6		(693)	**–**	–
Increase in amounts owed by group companies		**–**	–	**(47 287)**	(1 084 570)
Decrease in amounts owed by group companies		**–**	–	**186 868**	–
(Decrease)/Increase in amounts owed to group companies		**–**	–	**(114)**	127
Net cash outflow from investing activities		**(975 200)**	(860 504)	**139 467**	(1 084 443)
Cash flows from financing activities					
Interest-bearing borrowings raised	12		1 238 500	**–**	1 238 500
Net cash inflow from financing activities		**–**	1 238 500	**–**	1 238 500
Net (decrease)/increase in cash and cash equivalents		**(929 420)**	315 115	**(67 138)**	(67 832)
Cash at beginning of year		**1 544 788**	1 229 673	**475 853**	543 685
Cash at end of year		**615 368**	1 544 788	**408 715**	475 853
Cash at end of year comprises:					
Cash balances	10	**455 452**	1 398 823	**382 774**	454 457
Less: Interest accrued	10	**(2 741)**	(15 676)	**(1 059)**	(5 604)
Cash and cash equivalents		**452 711**	1 383 147	**381 715**	448 853
Restricted cash	7	**162 657**	161 641	**27 000**	27 000
Cash at end of year		**615 368**	1 544 788	**408 715**	475 853

Notes to the financial statements

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Reporting entity

Wesizwe Platinum Limited is a company domiciled in the Republic of South Africa. The group financial statements at 31 December 2016 comprise the company and its subsidiaries (together referred to as the group). The ordinary shares of the company are listed on the JSE. Wesizwe, through its wholly-owned subsidiary Bakubung is engaged in the development of its mine, located on the western limb of the Bushveld complex.

Basis of preparation of financial results

Statement of compliance

The group financial statements and company financial statements are prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa as well as the Johannesburg Stock Exchange (JSE) listing requirements.

Basis of measurement

The group financial statements and company financial statements for the year ended 31 December 2016 have been prepared on the historical cost basis except for available-for-sale financial assets measured at fair value.

Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency. All information presented in South African Rand has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in terms of IFRS requires management to use 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.

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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 2: Judgements by Directors and Management.

Change in accounting policies

There were no changes in accounting policies during the year under review.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date on which control commences until the date on which control ceases.

Subsidiaries are measured at cost, less any accumulated impairment losses, in the financial statements of the company.

(ii) Loss of control

When the group loses control over a subsidiary or an associate, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1. ACCOUNTING POLICIES (continued)

(b) Segment reporting

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. All operating segments' operating results are reviewed regularly by the group's CEO (who is the Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

No segment reporting has been produced as the group is conducting construction activities in one geological location which represents its only business activity with no revenue yet.

(c) Stated 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.

(d) Property, plant and equipment

Property, plant and equipment are initially measured at cost. 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing 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 are reviewed annually and adjusted if appropriate. The recognition of costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management.

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%
Furniture and fittings	20.00%
Office equipment	20.00%
Other office fittings	25.00%
Technical equipment	20.00%
Land	Not depreciated
Buildings	4.00%
Plant and equipment	5.00% – 33.33%

No significant components have been identified for the asset categories above. Profit or loss on disposal is recognised in profit or loss and is calculated as the difference between the proceeds and the carrying value.

(e) Intangible assets

Software that is acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimate useful lives, and is recognised in profit or loss. Amortisation on software for the current and comparative period is provided on a straight-line basis over the estimated useful life of the asset at a rate of 33.33% per annum.

1. ACCOUNTING POLICIES (continued)

(f) Financial instruments

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

(i) Financial assets

The group's financial assets are loans receivable from subsidiaries, other receivables, cash and cash equivalents and available-for-sale financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses (see impairment policy below), are recognised in other comprehensive income and presented in the available-for-sale reserve in equity.

Loans and other receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans receivable from subsidiaries and other receivables.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

(ii) Financial liabilities

The group's financial liabilities are loans payable to subsidiaries, trade and other payables and an interest-bearing borrowing. These liabilities are initially recognised at fair value plus any directly attributable costs. Subsequently these instruments are measured as follows:

Loans and Trade and other payables

Loans and all trade and other payables are measured at amortised cost, using the effective interest method.

Interest-bearing borrowing

The interest-bearing borrowing is measured at amortised cost using the effective interest method.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(g) Impairment

(i) Property, plant and equipment

At each reporting date, the group reviews the carrying amount of its property, plant and equipment 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.

The 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. Impairment losses are recognized in profit or loss. Impairment losses in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

1. ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

(i) Property, plant and equipment

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. An impairment loss in respect of goodwill is not reversed.

(ii) Financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

Loans and receivables

An allowance for impairment of other receivables and loans is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the asset. Significant financial difficulties on the part of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting the allowance amount. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

Available-for-sale financial asset

Impairment losses on available-for-sale financial assets are recognised when the accumulated fair value losses are significant or prolonged by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the group considers a decline of 20% to be 'significant' and a period of nine months to be 'prolonged'. However, in specific circumstances a smaller decline or a shorter period may be appropriate. Subsequent declines in fair value are recognised immediately in the profit or loss.

(h) 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.

(i) 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 reporting 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 a pre-tax rate that reflects the current market assessments of the time value of money and the risk specifics of the liability.

(i) Mine closure and environmental rehabilitation obligation

This long-term provision results from environmental disturbances associated with the group's mining operations. This cost will arise from rectifying damage caused during the construction of the mine. Estimated long-term environmental and decommissioning obligations, comprising pollution control, rehabilitation and mine closure are based on the group Environmental Management Plans, in compliance with current environmental and regulatory requirements.

Notes to the financial statements
for the year ended 31 December 2016

1. ACCOUNTING POLICIES (continued)

(i) Provisions (continued)

(i) Mine closure and environmental rehabilitation obligation (continued)

Provision is made for the present value of the decommissioning and environmental cost at the end of the mine's life. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the decommissioning and environmental provision due to the passage of time is recognised as a finance expense in profit or loss. The increase due to an additional environmental disturbance is recognised in property, plant and equipment.

(j) Income tax

Income tax comprises current and deferred tax.

(i) 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 reporting date, and any adjustments of tax payable for previous periods. Current tax is recognised in profit or loss, or items recognized directly in equity or in other comprehensive income.

(ii) Deferred taxation

Deferred taxation is provided at enacted or substantively enacted rates 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 carrying amount. This excludes those amounts relating to goodwill which is not deductible for taxation purposes, and to the extent that it relates to the initial recognition of assets or liabilities which affect neither accounting nor taxable profit or loss in a transaction that is not a business combination, and differences relating to investments in subsidiaries, to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are not recognised unless it is probable that future taxable profits will be available in the foreseeable future 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.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and taxable entity.

(k) Revenue

In the company's financial statements revenue derived from rendering management services to subsidiary companies is recognised at the fair value of the consideration received or receivable after deducting value added tax. Revenue also comprises of the on-charge of qualifying borrowing costs.

(l) 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 rate applicable.

(m) Finance costs

Finance costs consist of interest expense which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable as well as the unwinding discount on the provisions.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. The group has elected to capitalise foreign exchange losses that are directly attributable to borrowing costs incurred for the acquisition, construction or production of a qualifying asset.

Foreign exchange differences have been included in the capitalised borrowing costs to the extent that they represent an adjustment to the interest rate. Therefore, foreign exchange differences to be capitalised are restricted to such that total capitalised borrowing costs are in the range between:

– interest incurred at the contractual rate (translated into the subsidiaries' functional currency)
– interest that would have been incurred on a borrowing with identical terms in the subsidiaries' functional currency (local market related rate had the loan been issued locally).

1. ACCOUNTING POLICIES (continued)

(o) Leases

Assets held under leases which transfer substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases are classified as operating leases and are not recognised in the statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(p) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences are generally recognised in profit or loss.

(q) Employee benefits

Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Deferred bonus plan ("DBP") cash-settled share-based payment liability

The fair value of the amount payable to employees in respect of DBP, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employee renders the required service. The liability is re-measured at each reporting date and at settlement date based on the fair value of the DBP. Any changes in the liability are recognised in profit or loss.

(r) Government grants

The group recognises an unconditional government grant related to infrastructure assets as a deduction in arriving at the carrying amount of the infrastructure asset.

NEW STANDARDS AND AMENDMENTS AND INTERPRETATIONS UNDER IFRS

Impact of standards not yet adopted

At the reporting date, the following new and/or revised accounting standards were in issue but not yet effective:

Effective for the financial year commencing 1 January 2018

- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 9 *Financial Instruments*

Effective for the financial year commencing I January 2019

- IFRS 16 *Leases*

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IFRS 15 *Revenue from Contracts with Customers* – effective date: 1 January 2018

The amendments relate to the recognition and measurement of revenue from contracts with customers. The amendments are not applicable to the Group as the Group will not be generating any external revenue by the time the new standard will be adopted.

IFRS 9 *Financial Instruments* – effective date: 1 January 2018

The amendments relate to the classification and measurement of financial assets and add requirements for the credit loss model for impairment. The amendments are not applicable to the Group as the Group will not be generating any external revenue by the time the new standard will be adopted.

IFRS 16 *Leases* – effective date: 1 January 2019

The amendments relate to the classification and measurement of leases by incorporating a single lease accounting model and all leases being accounted for on the balance sheet. They are no material leases with external parties or between the company and its subsidiaries and as such there will be no material impact to the financial results or disclosures to the Group.

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT

2.1 Determination of mineral resource estimates

The group estimates its mineral resources based on information compiled by Competent Persons. Reserves determined in this way will be used in the calculation of depreciation, amortisation and impairment charges, and for forecasting the timing of the payment of mine closure and environmental rehabilitation obligation. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for mine closure and environmental rehabilitation costs.

2.2 Mine closure and environmental rehabilitation obligation

Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Management estimates the expected total expenditure for the rehabilitation and remediation of negative environmental impacts at closure at the end of the life of the mine. The amount recorded for the mine closure and environmental rehabilitation obligation requires management to make estimates, assumptions and judgements relating to the future. These estimates are based on engineering studies of the work that is required by current environmental legislation. These estimates include the rate at which costs may inflate, life of mine estimates and discount rates. Refer to note 13.

2.3 Review of asset carrying values and impairment

In accordance with our accounting policies, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production, commodity prices, reserves, operating costs, closure and rehabilitation costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss. Refer to the table of the major economic variables and the related notes below.

The most significant review relates to the carrying value of the property, plant and equipment that relates to the BPM project. The fair value for these projects was determined by using the cash flow approach. The cash flow approach relies on the "fair value less costs to dispose" principle and requires determination of the present value of future cash flows over the useful life of the asset. The asset is valued using the free cash flow capitalisation, i.e. the discounted cash flow ("DCF") methodology and the weighted average cost of capital of the group as the discount rate.

In determining the future cash flows, management reviewed all the key variables and sources of estimation and, except as listed below, were based on the same principles as those that applied to the consolidated financial statements for the year ended 31 December 2015. Management engaged the services of various professional research and forecasting experts, including that of SFA Oxford Limited regarding projections of supply, demand and real prices for internationally traded commodities and Oxford Economics regarding general economic outlook and specifically South African interest, exchange and inflation rates.

Management concurred with the expert opinions regarding the longer term positive outlook and improvement in the prices by the time that the BPM starts producing saleable production.

On this basis the recoverable amount exceeds the Net Asset Value ("NAV") of the relevant mining assets and management is of the opinion that the assets of the group are not impaired.

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT (continued)

2.3 Review of asset carrying values and impairment (continued)

The following economic parameters (real terms) were assumed for Bakubung:

	2016	2015
US$ exchange rate (ZAR) up to 2021/2025	**13.10 – 14.21**	13.10 – 16.30
US$ exchange rate (ZAR) long-term	**14.64**	14.85
Pt price (US$/oz) up to 2021/2025	**978 – 1 236**	843 – 1 514
Pt price (US$/oz) long-term	**1 326**	1 526
Pd price (US$/oz) up to 2021/2025	**711 – 930**	566 – 1 043
Pd price (US$/oz) long-term	**981**	1 046
Rh price (US$/oz) up to 2021/2025	**767 – 898**	739 – 2 239
Rh price (US$/oz) long-term	**1 227**	3 069
Au price (US$/oz) up to 2021/2025	**1 234 – 1 226**	1 125
Au price (US$/oz) long-term	**1 309**	1 125
Pre-tax Discount rate (%) (Real)	**14.80**	11.79

A 10% decrease in the Rand value of the commodity basket price will result in an impairment loss of approximately R559 million.

2.4 Measurement of fair values

A number of the group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

The fair value of financial instruments that are not traded in an active market (the investment in Maseve) is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. 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 the weighted average cost of capital of Maseve. The significant unobservable inputs are:

	2016	2015
US$ exchange rate (ZAR) up to 2021/2025	**13.10 – 14.21**	13.10 – 16.30
US$ exchange rate (ZAR) long-term	**14.64**	14.85
Pt price (US$/oz) up to 2021/2025	**978 – 1 236**	843 – 1 514
Pt price (US$/oz) long-term	**1 326**	1 526
Pd price (US$/oz) up to 2021/2025	**711 – 930**	566 – 1 043
Pd price (US$/oz) long-term	**981**	1 046
Rh price (US$/oz) up to 2021/2025	**767 – 898**	739 – 2 239
Rh price (US$/oz) long-term	**1 227**	3 069
Au price (US$/oz) up to 2021/2025	**1 234 – 1 226**	1 125
Au price (US$/oz) long-term	**1 309**	1 125
Pre-tax Discount rate (%) (Real)	**13.30**	14.94

2.5 Local market related interest rate

Wesizwe in discussions with various banks and financial institutions concluded that obtaining a loan in the current and previous prevailing market conditions with the same terms as the US$650million CDB loan is not achievable in South Africa. Since Bakubung is a start-up operation any funding would inevitably be viewed as equity and demand equity rates of return. Confirmed by an independent valuation, the nominal cost of equity for a start-up company similar to BPM is 18.4%. The appropriate long-term risk free rate is currently 9.3%. Consequently, the risk premium is 9.1%. Based on the foregoing, management concluded that rate of prime plus 8.5% is a reasonable market related interest rate for the cost of loan funding for the BPM.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2016 COST	Opening Balance R'000	Additions R'000	Scrapping R'000	Closing Balance R'000
Land and buildings	56 249	388	–	56 637
Vehicles	5 127	723	–	5 850
Computer equipment	9 873	1 004	(20)	10 857
Furniture and fittings	3 252	59	–	3 311
Office equipment	1 992	77	–	2 069
Other office fittings	6 833	4 118	–	10 951
Technical equipment	584	3 697	–	4 281
Plant and equipment	1 526 409	316 567	–	1 842 976
Mine development assets	3 801 966	658 878	–	4 460 844
Buildings under construction	–	18 161		18 161
Total	5 412 285	1 003 672	(20)	6 415 937

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Scrapping R'000	Closing Balance R'000
Land and buildings	3 728	1 550	–	5 278
Vehicles	1 881	1 112	–	2 993
Computer equipment	5 933	2 708	(3)	8 638
Furniture and fittings	2 807	195	–	3 002
Office equipment	868	325	–	1 193
Other office fittings	1 834	2 066	–	3 900
Technical equipment	211	842	–	1 053
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Total	17 262	8 798	(3)	26 057

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Scrapping R'000	Closing Balance R'000
Land and buildings	52 521	388	(1 550)	–	51 359
Vehicles	3 246	723	(1 112)	–	2 857
Computer equipment	3 940	1 004	(2 708)	(17)	2 219
Furniture and fittings	445	59	(195)	–	309
Office equipment	1 124	77	(325)	–	876
Other office fittings	4 999	4 118	(2 066)	–	7 051
Technical equipment	373	3 697	(842)	–	3 228
Plant and equipment	1 526 409	316 567	–	–	1 842 976
Mine development assets	3 801 966	658 878	–	–	4 460 844
Buildings under construction	–	18 161	–	–	18 161
Total	5 395 023	1 003 672	(8 798)	(17)	6 389 880

3. PROPERTY, PLANT AND EQUIPMENT (continued)

All property, plant and equipment are owned by group entities. Wesizwe holds full title of the land and buildings. The title deeds of all owned buildings are available for inspection at our registered office.

Bakubung has encumbered all its assets in favour of a South African Special Purpose Vehicle ("Security SPV") that holds the security for the benefit of the lender, CDB, and the guarantor Jinchuan. Wesizwe and Bakubung have agreed to jointly and severally indemnify the Security SPV harmless in respect of claims and losses which the Security SPV may suffer by reason or in consequence of the Security SPV having issued the Debt Guarantees. This Security SPV is a wholly owned subsidiary of a trust of which the beneficiaries are the lender and the guarantor. Wesizwe and/or Bakubung do not have any interest, no managerial influence nor are they trustees of the Security SPV.

There has been no impairment or impairment reversals.

Plant and equipment and mine development assets are currently not being depreciated as the mine is not yet in production.

The effective interest rate of the CDB loans has been calculated at 4.35% (2015: 39.48%) for the year taking into account all foreign exchange differences and finance costs incurred. Therefore, only borrowing costs incurred on the loan for the year ended 31 December 2016 have been capitalised to the cost of the asset.

The group received two government grants. The first grant of R10.0 million from the Department of Trade and Industry was offset against Mine Development Assets, a second grant of R9.5 million from Social Housing Regulatory Authority was offset against Buildings under construction in line with the accounting policy for government grants.

GROUP 2015 **COST**	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Land and buildings	49 087	7 162	–	56 249
Vehicles	4 078	1 130	(81)	5 127
Computer equipment	8 977	1 097	(201)	9 873
Furniture and fittings	3 168	108	(24)	3 252
Office equipment	1 050	950	(8)	1 992
Other office fittings	3 721	3 203	(91)	6 833
Technical equipment	362	222	–	584
Plant and equipment	1 238 380	288 029	–	1 526 409
Mine development assets	2 822 820	979 146	–	3 801 966
Buildings under construction	–	–	–	–
Total	4 131 643	1 281 047	(405)	5 412 285

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	2 253	1 475	–	3 728
Vehicles	1 035	924	(78)	1 881
Computer equipment	3 667	2 457	(191)	5 933
Furniture and fittings	2 620	211	(24)	2 807
Office equipment	530	346	(8)	868
Other office fittings	1 230	695	(91)	1 834
Technical equipment	132	79	–	211
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Total	11 467	6 187	(392)	17 262

GROUP 2015 CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
3. PROPERTY, PLANT AND EQUIPMENT (continued)					
Land and buildings	46 834	7 162	(1 475)	–	52 521
Vehicles	3 043	1 130	(924)	(3)	3 246
Computer equipment	5 310	1 097	(2 457)	(10)	3 940
Furniture and fittings	548	108	(211)	–	445
Office equipment	520	950	(346)	–	1 124
Other office fittings	2 491	3 203	(695)	–	4 999
Technical equipment	230	222	(79)	–	373
Plant and equipment	1 238 380	288 029	–	–	1 526 409
Mine development assets	2 822 820	979 146	–	–	3 801 966
Buildings under construction	–	–	–	–	–
Total	4 120 176	1 281 047	(6 187)	(13)	5 395 023

COMPANY 2016 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Balance Closing R'000
Land and buildings	**6 868**	**–**	**–**	**6 868**
Computer equipment	**1 506**	**–**	**–**	**1 506**
Furniture and fittings	**1 533**	**–**	**–**	**1 533**
Office equipment	**401**	**–**	**–**	**401**
Other office fittings	**548**	**–**	**–**	**548**
Total	**10 856**	**–**	**–**	**10 856**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	**1 454**	**208**	**–**	**1 662**
Computer equipment	**1 495**	**9**	**–**	**1 504**
Furniture and fittings	**1 504**	**16**	**–**	**1 520**
Office equipment	**374**	**13**	**–**	**387**
Other office fittings	**515**	**33**	**–**	**548**
Total	**5 342**	**279**	**–**	**5 621**

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	**5 414**	**–**	**(208)**	**–**	**5 206**
Computer equipment	**11**	**–**	**(9)**	**–**	**2**
Furniture and fittings	**29**	**–**	**(16)**	**–**	**13**
Office equipment	**27**	**–**	**(13)**	**–**	**14**
Other office fittings	**33**	**–**	**(33)**	**–**	**–**
Total	**5 514**	**–**	**(279)**	**–**	**5 235**

All property, plant and equipment are owned by the company and the title deeds for the properties are available for inspection at our registered office.

COMPANY 2015 COST	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings	6 868	–	–	6 868
Computer equipment	1 612	–	(106)	1 506
Furniture and fittings	1 555	–	(22)	1 533
Office equipment	409	–	(8)	401
Other office fittings	548	–	–	548
Total	10 992	–	(136)	10 856

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening Balance R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	1 246	208	–	1 454
Computer equipment	1 489	112	(106)	1 495
Furniture and fittings	1 506	20	(22)	1 504
Office equipment	368	14	(8)	374
Other office fittings	479	36	–	515
Total	5 088	390	(136)	5 342

CARRYING VALUE	Opening Balance R'000	Additions R'000	Depreciation R'000	Disposals R'000	Closing Balance R'000
Land and buildings	5 622	–	(208)	–	5 414
Computer equipment	123	–	(112)	–	11
Furniture and fittings	49	–	(20)	–	29
Office equipment	41	–	(14)	–	27
Other office fittings	69	–	(36)	–	33
Total	5 904	–	(390)	–	5 514

	GROUP 2016 R'000	2015 R'000	COMPANY 2016 R'000	2015 R'000
4. AVAILABLE-FOR-SALE FINANCIAL ASSET				
Unlisted equity securities:				
Opening Balance	**628 000**	788 700		
Fair value adjustments	**(117 100)**	(160 700)	**–**	–
Closing balance	**510 900**	628 000	**–**	–
The fair value is within level 3 of the fair value hierarchy (see note 22).				
Impairment losses recognised:				
Other Comprehensive Income				
Loss on fair value movements of available-for-sale asset	**(117 100)**	(160 700)	**–**	–
Gain on fair value movements of available-for-sale asset in prior year	**–**	27 700	**–**	–
Transfer to profit or loss	**117 100**	133 000	**–**	–
Net amount recognised in OCI before tax effect	**–**	–	**–**	–
Recognised in profit and loss				
Impairment of available-for-sale financial asset transfer from other comprehensive income	**(117 100)**	(133 000)	**–**	–
Net amount recognised in profit and loss before tax effect	**(117 100)**	(133 000)	**–**	–

The fair value loss has been transferred as an impairment loss to the Statement of Profit and Loss as the fair value loss is prolonged as the group does not expect commodity prices to recover in the near future.

	Percentage shareholding	Subsidiary Issued Capital 2016
5. INVESTMENT IN SUBSIDIARIES		
Bakubung Minerals (Pty) Ltd	**100**	**1 000**
Wesizwe Properties (Pty) Ltd	**100**	**1**
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd	**100**	**121**
Gabonewe Housing Estate	**100**	**1**
Indirectly held: Vaviscan (Pty) Ltd[2]	**100**	**100**

	COMPANY 2016 R'000	2015 R'000
5. INVESTMENT IN SUBSIDIARIES (continued)		
Wesizwe investment in:		
Bakubung Minerals (Pty) Ltd	**9 802**	9 802
Wesizwe Properties (Pty) Ltd[3]	**–**	–
Gabonewe Housing Estate (Pty) Ltd[3]	**–**	–
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd[6]		
– Cost	**669 621**	669 621
– Accumulated impairment	**(353 284)**	(353 284)
– Carrying amount	**316 337**	434 217
Sub total	**326 139**	444 019
Shareholder loans:		
Non-current		
Bakubung Minerals (Pty) Ltd[1]	**1 743 401**	1 713 735
Bakubung Minerals (Pty) Ltd[4]	**3 374 460**	3 374 460
Wesizwe Properties (Pty) Ltd[1]	**26 420**	28 446
Gabonewe Housing Estate	**17 500**	–
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd[1]	**194 563**	194 442
	5 356 344	5 311 083
Current		
Bakubung Minerals (Pty) Ltd[5]	**878 624**	1 391 814
Wesizwe Properties (Pty) Ltd[5]	**8**	28
	878 632	1 391 842
Sub Total	**6 234 976**	6 702 925
Loans payable to subsidiaries:		
Wesizwe Properties (Pty) Ltd[5]	**(44)**	(158)
Sub-total	**(44)**	(158)
Total	**6 561 071**	7 146 786

[1] *Shareholder loans are payable on demand, subject to the subordination referred to herein, and bear no interest. These loans have been subordinated in favour of external creditors.*
[2] *Vaviscan (Pty) Ltd is a wholly-owned subsidiary of Bakubung Minerals (Pty) Ltd. The company is held specifically for the farm Zwartkoppies which is to be utilised in a community project.*
[3] *Wesizwe Platinum Limited holds a R1 investment each in Wesizwe Properties (Pty) Ltd and Gabonewe Housing Estate (Pty) Ltd.*
[4] *The shareholder loan is payable on the same terms as the loan with CDB and bears interest on the same terms as the loan with CDB and includes all foreign exchange differences related to the loan with CDB. Refer to note 13.*
[5] *The loans are short-terms loans payable on normal credit terms.*
[6] *The recoverable amount of the investment was calculated with reference to the fair value of the investment in Maseve. The impairment loss was as a result of the recoverable amount (fair value of Maseve) decreasing due to a fair value loss. Refer to notes 2.4, 4 and 22.1.*

Wesizwe has undertaken not to reduce its shareholding in Bakubung Minerals, Africa Wide and Wesizwe Properties and to provide the necessary financial support to meet their obligations as and when they become due until such time as the assets of the three companies exceed their liabilities.

Wesizwe has subordinated its loan to Bakubung Minerals, Africa Wide and Wesizwe Properties in favour of other creditors for as long as the liabilities of Bakubung Minerals, Africa Wide and Wesizwe Properties exceed their assets.

Notes to the financial statements continued

for the year ended 31 December 2016

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
6. INTANGIBLE ASSETS				
Cost				
Opening balance	**8 520**	7 827	**–**	–
Additions	**–**	693	**–**	–
Closing balance	**8 520**	8 520	**–**	–
Accumulated amortisation				
Opening balance	**2 649**	379	**–**	–
Amortisation	**2 270**	2 270	**–**	–
Closing balance	**4 919**	2 649	**–**	–
Carrying amount	**3 601**	5 871	**–**	–

Intangible assets comprise of software that has been acquired by the group.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
7. RESTRICTED CASH				
Non–current				
Department of Mineral Resources	**1 016**			
Eskom – Connection guarantees	**77 641**	77 641	**–**	–
Aveng Mining Ltd – Performance payment guarantee	**–**	57 000	**–**	–
Total Non–current	**78 657**	134 641	**–**	–
Current				
Department of Mineral Resources – Rehabilitation obligation	**27 000**	27 000	**27 000**	27 000
Aveng Mining Ltd – Performance payment guarantee	**57 000**	–	**–**	–
Total current	**84 000**	27 000	**27 000**	27 000
Total restricted cash	**162 657**	161 641	**27 000**	27 000

Call and short term deposits have been encumbered as a result of guarantees issued to certain service providers.

8. DEFERRED TAXATION

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Deferred taxation liability				
Opening balance	**157 763**	362 218	**–**	–
Current year charges	**144 372**	(204 455)	**–**	–
Property, plant and equipment	**272 819**	354 893	**–**	–
Available–for–sale financial asset	**(11 463)**	(29 967)	**–**	–
Unredeemed mining capex	**(106 549)**	(535 819)	**–**	–
Provisions	**(10 435)**	6 438	**–**	–
Closing balance	**302 135**	157 763	**–**	–
Deferred tax assets and liabilities are attributable to the following items:				
Deferred tax liabilities				
Recognised in profit or loss:				
Property, plant and equipment	**1 478 020**	1 205 201	**–**	–
Available–for–sale financial asset reserve	**56 613**	68 076	**–**	–
Recognised directly in equity:				
Acquisition of mineral rights in Bakubung	**285 251**	285 251	**–**	–
Available–for–sale financial asset reserve	**–**	–	**–**	–
	1 819 884	1 558 528	**–**	–
Deferred tax assets				
Recognised in profit or loss:				
Unredeemed exploration expenditure	**(1 191)**	(1 191)	**–**	–
Unredeemed mining capex	**(1 501 469)**	(1 394 920)	**–**	–
Provisions	**(15 089)**	(4 654)	**–**	–
	(1 517 749)	(1 400 765)	**–**	–
Total	**302 135**	157 763	**–**	–

	COMPANY 2016 R'000	COMPANY 2015 R'000
Unrecognised deferred tax asset		
Provisions	**(3 415)**	(2 087)
	(3 415)	(2 087)

The company has a deferred tax asset of R3.4 million (2015: R2.1 million) which has not been raised due to the uncertainty of the asset being realised. Amounts that have been recognised are assumed to be recovered at a rate of 28%. Losses still in doubt have not been recognised because a trend of profitability is not yet fully established. No deferred tax assets have been raised for any of the other group companies due to the uncertainty of the asset being realised.

Notes to the financial statements continued

for the year ended 31 December 2016

		GROUP		COMPANY	
		2016	2015	**2016**	2015
		R'000	R'000	**R'000**	R'000
9.	**OTHER RECEIVABLES**				
	Value Added Tax receivable	**54 932**	28 927	**–**	–
	Other receivables	**1 394**	3 342	**465**	1 223
	Prepayments	**397**	-	**–**	–
	Total	**56 723**	32 269	**465**	1 223
10.	**CASH AND CASH EQUIVALENTS**				
	Bank balances	**28 336**	66 654	**15 291**	9 185
	Call and short-term deposits	**424 375**	1 316 493	**366 424**	439 668
		452 711	1 383 147	**381 715**	448 853
	Interest accrued	**2 741**	15 676	**1 059**	5 604
	Total	**455 452**	1 398 823	**382 774**	454 457
11.	**STATED CAPITAL**				
	Stated Capital				
	Authorised				
	2 000 000 000 no par value shares				
	(2015: 2 000 000 000 no par value shares)				
	Issued				
	1 627 827 058 no par value shares				
	(2015: 1 627 827 058 no par value shares)	**3 425 544**	3 425 544	**3 425 544**	3 425 544
12.	**INTEREST BEARING BORROWINGS**				
	Non-current				
	Opening balance	**4 548 772**	2 310 114	**4 548 772**	2 310 114
	China Development Bank - drawdown	**–**	1 238 500	**–**	1 238 500
	Interest accrued	**207 080**	132 731	**207 080**	132 731
	China Development Bank - interest repayment	**(224 343)**	(219 453)	**(224 343)**	(219 453)
	Realised foreign exchange loss	**11 439**	(18 261)	**11 439**	(18 261)
	Unrealised foreign exchange loss	**(546 887)**	1 105 141	**(546 887)**	1 105 141
	Closing balance	**3 996 061**	4 548 772	**3 996 061**	4 548 772

The group has a secured US$300 million loan (2015: US$300 million) with a carrying amount of R3 996.1 million at 31 December 2016 (2015: R4 548.8 million). Refer to note 3 regarding the security for the loan. The total facility amounts to US$650 million. The interest rate on the facility is determined six monthly in advance as the six month LIBOR rate plus 3.5%. The term of the loan is 15 years and no capital repayments are due during the first six years. Repayments in semi-annual instalments over the last nine years of the facility commence at an amount equal to 0.077% of the outstanding balance at the end of the sixth year, after which every instalment increase until the second last payment amounts to 8.5% of the initial outstanding amount. The last instalment repays the total balance. The interest expense is payable bi-annually. A facility fee amounting to 0.5% of the unutilised balance is payable annually. The interest expense and facility fee is included in the effective interest rate calculation.

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
13. MINE CLOSURE AND ENVIRONMENTAL REHABILITATION OBLIGATION				
Opening balance	**16 620**	39 618	**–**	–
Obligation recognized/(obligation reduced)	**35 662**	(26 152)	**–**	–
Charged to interest expenses	**1 607**	3 154	**–**	–
Closing balance	**53 889**	16 620	**–**	–

This long-term obligation reflects the net present value of closure, restoration and environmental rehabilitation (which includes the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) cost. The annual changes can be ascribed to additional disturbances caused during the year and changes in the escalation and discount rates. This estimate is based on the current cost estimate and escalated to the future planned closure date and then discounted at an appropriate rate. The current estimates are based on environmental plans in accordance with current technology, environmental and regulatory requirements and the measurements of an independent professional surveyor. The discount rate is based on a pre-tax risk-free rate available in the current market.

At the time of establishing the provision, a corresponding asset is recognized that will be depreciated over the future life of the asset to which it relates. The provision is re-assessed on an annual basis for changes in cost estimates, discount rates and useful lives.

As required by the Department of Mineral Resources, a deposit of R28.0 million (2015: R27.0 million) is held with a financial institution (refer note 7). This investment had been ceded as security in favour of the guarantees which the bank issued on behalf of the Group. The guarantees have been provided to the Department of Mineral Resources for the mine closure and environmental rehabilitation.

The discount rate regarded as an appropriate long-term risk-free rate is 8.9% (2015: 9.67%) and the appropriate escalation rate is 6.9% (2015: 4.3%). The current cost rehabilitation estimate is R97.8 million (2015: R87.1 million).

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
14. TRADE AND OTHER PAYABLES				
Trade payables	**29 146**	755	**498**	1 833
Capital expenditure payables	**76 744**	83 934	**–**	–
Leave pay accrual	**5 133**	3 524	**5 133**	3 524
Value Added Tax payable	**1 229**	6 946	**1 080**	6 946
Salary accrual	**247**	248	**247**	248
Total	**112 499**	95 407	**6 958**	12 551

15. INCOME TAX (EXPENSE)/INCOME

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
South African company tax	**(7 193)**	–	**(7 181)**	–
Current year	**(7 193)**	–	**(7 181)**	–
Deferred tax	**(144 372)**	199 336	**–**	–
Temporary differences	**(144 372)**	199 336	**–**	–
Total	**(151 565)**	199 336	**(7 181)**	–
Current year – deferred taxation	**11 463**	29 967	**–**	–
Tax on other comprehensive income	**11 463**	29 967	**–**	–

The group has unredeemed capital expenditure of R5 362.4 million (2015: R4 981.9 million) and unredeemed exploration expenditure of R4.3 million (2015: R4.3 million) for the year ended 31 December 2016. The unredeemed capital expenditure may be set-off against future taxable income.

	GROUP 2016 %	GROUP 2015 %	COMPANY 2016 %	COMPANY 2015 %
Reconciliation of effective tax rate				
Standard tax rate	**28.0**	28.0	**28.0**	28.0
Non-deductible expenses	**(6.9)**	(0.3)	**(1.4)**	(29.4)
Deferred tax asset not raised	**7.6**	–	**(33.7)**	–
Deferred tax asset utilised	**–**	0.3	**–**	1.4
Fair value loss/(gain) on available-for-sale financial asset at CGT rate in the subsidiary	**4.7**	(1.6)	**–**	–
Effective rate	**33.4**	26.4	**(7.1)**	–

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Taxation paid				
Balances receivable at beginning of year	**(4 916)**	(4 363)	**(4 916)**	(4 363)
Profit or loss charge	**7 193**	–	**7 181**	–
Taxation refund received	**4 916**	2 556	**4 916**	2 556
Taxation paid	**(5 635)**	(3 109)	**(5 623)**	(3 109)
Balance payable/(receivable) at end of year	**1 558**	(4 916)	**1 558**	(4 916)

16. REVENUE

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Revenue comprises of:				
– Management fees	**–**	–	**86 393**	83 580
– On-charge of borrowing costs	**–**	–	**–**	1 226 455
Total	**–**	–	**86 393**	1 310 035

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
17. ADMINISTRATION EXPENSES				
Administration expenses include:				
Internal and external auditor's remuneration	**3 786**	4 516	**2 994**	3 696
Depreciation	**8 798**	6 187	**278**	391
Amortisation	**2 270**	2 270	**–**	–
Directors fees – short term benefits	**10 118**	11 189	**10 118**	11 189
Directors fees – DBP (note 28)	**341**	1 322	**341**	1 322
Employee costs – short term benefits	**79 540**	79 894	**79 516**	79 755
Employee costs – DBP (note 28)	**2 066**	2 218	**2 066**	2 218
Operating lease – buildings	**199**	297	**506**	596
On-charge refund of borrowing costs	**–**	–	**328 367**	–
Legal fees	**7 160**	9 177	**2 667**	4 640
Statutory publications, corporate identity and investor relations	**2 909**	2 787	**1 844**	2 036
Travel and accommodation	**1 760**	2 277	**842**	1 545
Technical consulting fees	**42 598**	48 176	**4 923**	3 877
Security costs	**11 961**	11 149		–
Electricity and water	**22 522**	22 209		–
Communication costs	**3 779**	1 962	**696**	537
Municipal rates and services	**286**	(237)		–
Licence fees	**3 482**	3 159		1
Maintenance expenditure	**4 727**	2 285		–
Other administration expenses/(refunds)	**5 877**	5 387	**266**	(104)
Total	**214 179**	216 224	**435 424**	111 699
18. NET FINANCE INCOME AND NET FOREIGN EXCHANGE LOSS				
Finance income				
Interest earned on cash balances	**73 752**	67 477	**35 672**	24 600
Interest accrued on cash balances	**2 741**	15 676	**1 059**	5 604
Total finance income	**76 493**	83 153	**36 731**	30 204
Finance expense				
Interest on loan denominated in foreign currency	**(207 080)**	(139 576)	**(207 080)**	(139 576)
Finance costs for the year	**(5)**	(159)	**–**	(156)
Time value of money adjustment to rehabilitation obligation	**(1 607)**	(3 154)	**–**	–
Total finance expense	**(208 692)**	(142 889)	**(207 080)**	(139 732)
Net finance expense	**(132 199)**	(59 736)	**(170 349)**	(109 528)
Foreign exchange gain				
Realised gain on conversion of US$100 million to Rands	**–**	9 020	**–**	9 020
Realised gain on payment of interest accruals denominated in foreign currency	**–**	9 241	**–**	9 241
Unrealised gain on conversion of loan denominated in foreign currency	**546 887**	–	**546 887**	–
Total foreign exchange gains	**546 887**	18 261	**546 887**	18 261

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
18. NET FINANCE INCOME AND NET FOREIGN EXCHANGE LOSS (continued)				
Foreign exchange losses				
Realised loss on suppliers payments	**(75)**	(879)	**(17)**	(854)
Realised loss on payment of interest accruals denominated in foreign currency	**(11 439)**	–	**(11 439)**	–
Unrealised loss on conversion of loan denominated in foreign currency	**–**	(1 105 141)	**–**	(1 105 141)
Total foreign exchange losses	**(11 514)**	(1 106 020)	**(11 456)**	(1 105 995)
Net foreign exchange gains/(losses)	**535 373**	(1 087 759)	**535 431**	(1 087 734)
Net finance costs capitalised*				
Interest income	**(16 748)**	(37 636)	**–**	–
Interest expense	**207 080**	139 575	**–**	–
Net foreign exchange losses	**–**	452 372	**–**	–
Net finance costs capitalised	**190 332**	554 311	**–**	–

* *The net finance costs capitalised are those that directly relate to the loan only.*

	Group 2016	Group 2015
19. EARNINGS/(LOSS) PER SHARE		
The basis of calculation of basic earnings/(loss) per share is:		
Attributable profit/(loss) to ordinary shareholders (rand)	**302 683 874**	(556 784 945)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Basic earnings/(loss) per share (cents)	**18.59**	(34.20)
The basis of calculation of diluted earnings/(loss) per share is:		
Attributable profit/(loss) to ordinary shareholders (rand)	**302 683 874**	(556 784 945)
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted earnings/(loss) per share (cents)	**18.59**	(34.20)

	Group 2016 Gross	Group 2016 Net	Group 2015 Gross	Group 2015 Net
The basis of calculation of headline earnings/(loss) and diluted headline earnings/(loss) per share is:				
Profit/(loss) attributable to ordinary shareholders (rand)		**302 683 874**		(556 784 945)
Adjustment for:		**106 715 352**		108 160 935
Loss on scrapping of property, plant and equipment	**1 497 534**	**1 078 224**	12 931	9 311
Reclassification of gains or losses upon impairment of available-for-sale financial asset	**117 100 000**	**105 637 128**	133 000 000	108 151 624
Headline earnings/(loss)	**–**	**409 399 226**	–	(448 624 010)
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline earnings/(loss) per share (cents)		**25.15**		(27.56)

20. NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Reconciliation of loss for the year to cash flows from operating activities				
Loss before tax:	**454 250**	(756 121)	**(101 829)**	(159 699)
Finance income	**(59 747)**	(45 516)	**(36 731)**	(30 204)
Finance expense	**11 443**	3 258	**–**	102
Foreign exchange (gain)/loss	**(546 887)**	652 770	**–**	–
Adjustments for:				
– Depreciation	**8 798**	6 187	**278**	391
– Amortisation	**2 270**	2 270	**–**	–
– Impairment of investment in subsidiary	**–**	–	**117 879**	160 772
– Impairment of available-for-sale financial asset reclassified from other comprehensive income	**117 100**	133 000	**–**	–
– Scrapping loss of property, plant and equipment	**17**	13	**–**	–
– Time value of money adjustment to rehabilitation obligation	**1 607**	–	**–**	–
– Deferred Bonus Plan cash-settled share-based payment liability	**2 407**	3 540	**2 407**	3 540
Loss before working capital changes	**(8 743)**	(599)	**(17 996)**	(25 098)
Changes in working capital	**(172)**	(8 505)	**(4 835)**	2 084
Increase in other receivables	**(24 454)**	(6 357)	**758**	(216)
Increase/(decrease) in trade and other payables	**24 282**	(2 148)	**(5 593)**	2 300
Cash utilised in operations	**(8 915)**	(9 104)	**(22 831)**	(23 014)
Reconciliation of the acquisition of property, plant and equipment				
Additions per property, plant and equipment note 3	**1 003 672**	1 281 047	**–**	–
(Increase)/decrease in decommissioning asset	**(35 662)**	26 152	**–**	–
Change in capital expenditure payables	**7 190**	(13 278)	**–**	–
Unrealised foreign exchange differences capitalised	**–**	(434 110)	**–**	–
Acquisition of property, plant and equipment	**975 200**	859 811	**–**	–

Notes to the financial statements continued

for the year ended 31 December 2016

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
21. COMMITMENTS				
21.1 Commitments at reporting date but not recognised in the financial statements are as follows:				
Commitments due within:				
– Next 12 months:	**399 095**	465 017	**1 330**	897
Operating expenses	**1 645**	939	**1 330**	897
Project capital commitments	**397 450**	464 078	**–**	–
– Next 13 to 24 months:				
Project capital commitments	**–**	259 238	**–**	–
– Next 25 to 36 months:				
Project capital commitments	**–**	38 889	**–**	–
Total commitments				
Operating expenses	**1 645**	939	**1 330**	897
Project capital commitments	**397 450**	762 205	**–**	–
Total	**399 095**	763 144	**1 330**	897

Project capital commitments comprise the aggregate of the outstanding portion of contracts awarded to various contractors and suppliers for the development of the BPM. There are no other commitments that had been authorised but not contracted for.

22. FINANCIAL INSTRUMENTS

22.1 Financial risk management

The group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk (currency risk, interest rate risk and other equity price risk)

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

22. FINANCIAL INSTRUMENTS (continued)

	Note	Loans and receivables R'000	Available-for-sale R'000	Total R'000
Group 2016				
Financial assets				
Cash and cash equivalents	10	**455 452**	**–**	**455 452**
Restricted cash (non-current)	7	**78 657**	**–**	**78 657**
Restricted cash (current)	7	**84 000**	**–**	**84 000**
Other receivables	9	**1 394**	**–**	**1 394**
Available-for-sale financial asset	4	**–**	**510 900**	**510 900**
		619 503	**510 900**	**1 130 403**
Group 2015				
Financial assets				
Cash and cash equivalents	10	1 398 823	–	1 398 823
Restricted cash (non-current)	7	134 641	–	134 641
Restricted cash (current)	7	27 000	–	27 000
Other receivables	9	3 342	–	3 342
Available-for-sale financial asset	4	–	628 000	628 000
		1 563 806	628 000	2 191 806

	Note	Other financial liabilities R'000	Total R'000
Group 2016			
Financial liabilities			
Trade payables	14	**(111 270)**	**(111 270)**
Interest-bearing borrowings	12	**(3 996 601)**	**(3 996 601)**
		(4 107 871)	**(4 107 871)**
Group 2015			
Financial liabilities			
Trade payables	14	(92 000)	(92 000)
Interest-bearing borrowings	12	(4 548 772)	(4 548 772)
		(4 640 772)	(4 640 772)

22. FINANCIAL INSTRUMENTS (continued)

22.1 Financial risk management (continued)

	Note	Loans and receivables R'000	Total R'000
Company 2016			
Financial assets			
Cash and cash equivalents	10	**382 774**	**382 774**
Restricted cash	7	**27 000**	**27 000**
Other receivables	9	**465**	**465**
Loans receivable from subsidiaries (non-current)	5	**5 356 344**	**5 356 344**
Loans receivable from subsidiaries (current)	5	**878 632**	**878 632**
		6 645 215	**6 645 215**
Company 2015			
Financial assets			
Cash and cash equivalents	10	454 457	454 457
Restricted cash	7	27 000	27 000
Other receivables	9	1 223	1 223
Loans receivable from subsidiaries (non-current)	5	5 311 083	5 311 083
Loans receivable from subsidiaries (current)	5	1 391 842	1 391 842
		7 185 605	7 185 605

	Note	Other financial liabilities R'000	Total R'000
Company 2016			
Financial liabilities			
Trade payables	14	**(5 878)**	**(5 878)**
Interest-bearing borrowings	12	**(3 996 061)**	**(3 996 061)**
Loans payable to subsidiaries	5	**(44)**	**(44)**
		(4 001 983)	**(4 001 983)**
Company 2015			
Financial liabilities			
Trade payables	14	(9 145)	(9 145)
Interest-bearing borrowings	12	(4 548 772)	(4 548 772)
Loans payable to subsidiaries	5	(158)	(158)
		(4 558 075)	(4 558 075)

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 committee which 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 by management 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.

22. FINANCIAL INSTRUMENTS (continued)

22.1 Financial risk management (continued)

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. The group's counterparty exposure arises from investments in money market instruments, and the risk is limited by dealing with reputable financial institutions.

Receivables and cash

The group has exposure to receivables of R1.4 million (2015: R3.3 million). This relates to other receivables. The group has exposure to cash and cash equivalents of R455.5 million (2015: R1 398.8 million) and restricted cash of R162.7 million (2015: R161.6 million).

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". Cash and cash equivalents and restricted cash for the group are invested with the following institutions at 31 December 2016.

	Group	
	2016	2015
Investments:	**R'million**	R'million
Bank of China	**314.5**	1 073.0
China Construction Bank	**1.4**	96.7
Investec	**180.3**	185.7
Standard Bank	**118.0**	205.2
First National Bank	**4.0**	–

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 manage this risk is to ensure, as far as possible, that it will always have sufficient cash resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group will continue developing the mine while significant revenue from operations is only expected from 2019 onwards. Consequently, the Group is projecting negative cash flows, before funding, until about 2020. The repayment terms of the US$ 650 million funding facility is favourable and will only commence in 2020.

Various funding options for the balance required from 2018 onwards are being considered and will be pursued nearer the time that it is required.

Market risk

Market risk is the risk of changes in foreign currency rates and interest rates which can 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.

At the current stage of the project development, management is focussed on the currency rate risks relating to US$ denominated loans and the imported content of the project. Various mitigating options have been identified with the assistance of specialists and will be implemented when required. Once the repayments of the loan commence and company begins to earn US$ denominated revenue, it will provide a natural hedge and losses on the restatement of the US$ loan should be met with improved net rand income if the rand weakens, and vice versa if the rand strengthens.

Interest rate risk

The group manages its interest rate risk by entering into prime-linked investments.

The primary goal of the group's investment strategy is to maximise investment returns on temporary surplus cash Management is assisted by external advisors in this regard. Management assessed the market risk as low.

22. FINANCIAL INSTRUMENTS (continued)

22.1 Financial risk management (continued)

Interest rate sensitivity analysis

A decrease of 50 basis points in interest rates will decrease equity and profit or loss by R6.1 million (2015: R13.6 million on a 100 basis points on interest increase). An increase of 50 basis points would have the equal but opposite effect. This analysis assumes all other variables remain constant.

A decrease of 50 basis points on the interest rates on the interest bearing borrowings will increase equity and profit or loss by R22.4 million (2015: R32.5 million on a 100 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R22.5 million (2015: R16.2 million on a 100 basis points increase). This analysis assumes all other variables remain constant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The group is exposed to currency risk on borrowings that are denominated in United States Dollars in the 2016 financial year.

The carrying amounts of the group's foreign currency-denominated monetary assets and liabilities at reporting date are as follows:

	US dollar US$'000	ZAR R'000
Group 2016		
Financial liabilities:		
Interest-bearing borrowings	**(291 675)**	**(3 996 061)**
Company 2016		
Financial liabilities:		
Interest-bearing borrowings	**(291 675)**	**(3 996 061)**

Exchange rates at year end	2016	2015
ZAR/US$	**13.7004**	15.5293

Exchange rate sensitivity analysis

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R399.6 million (2015: R454.9 million) on the interest-bearing borrowings. A strengthening of 10% in the exchange rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

Other market price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position as an available-for sale financial asset at fair value. The group is exposed price risks due to the various inputs used for the discounted cash flows method (refer to note 2.4).

A 10% increase or decrease in either the US$ exchange rate or the platinum price will result in the following increases/(decreases) to the carrying amount of R501.9 million which will (increase)/decrease equity and profit or loss. This analysis assumes all other variables remain constant:

	2016 R'million	2015 R'million
10% increase in the US$ exchange rate	**233.8**	211.5
10% decrease in the US$ exchange rate	**(235.8)**	(214.4)
10% increase in the platinum price	**147.7**	137.6
10% decrease in the platinum price	**(148.0)**	(139.6)

22.2 FINANCIAL INSTRUMENTS

Remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments, are as follows:

	Note	Contractual interest rate %	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group 2016								
Trade payables	14		**(111 270)**	**(111 270)**	**–**	**–**	**–**	**–**
Interest-bearing borrowings	12	**5.23**	**(5 674 649)**	**(111 508)**	**(111 839)**	**(223 677)**	**(664 989)**	**(4 562 636)**
			(5 785 919)	**(222 778)**	**(111 839)**	**(223 677)**	**(664 989)**	**(4 562 636)**
Group 2015								
Trade payables	14	–	(88 461)	(88 461)	–	–	–	–
Interest-bearing borrowings	12	4.09	(6 317 141)	(131 354)	(102 268)	(226 343)	(821 937)	(5 035 239)
			(6 405 602)	(219 815)	(102 268)	(226 343)	(821 937)	(5 035 239)

	Note	Contractual interest rate %	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Company 2016								
Trade payables	14		**(5 878)**	**(5 878)**				
Interest-bearing borrowings	12	**5.23**	**(5 674 649)**	**(111 508)**	**(111 839)**	**(223 677)**	**(664 989)**	**(4 562 636)**
			(5 680 527)	**(117 386)**	**(111 839)**	**(223 677)**	**(664 989)**	**(4 562 636)**
Company 2015								
Trade payables	14	–	(5 605)	(5 605)	–	–	–	–
Interest-bearing borrowings	12	4.09	(6 317 141)	(131 354)	(102 268)	(226 343)	(821 937)	(5 035 239)
			(6 322 746)	(136 959)	(102 268)	(226 343)	(821 937)	(5 035 239)

22.3 FAIR VALUES

The fair values together with the carrying amounts shown in the balance are as follows:

	Note	**Group 2016** Carrying amount R'000	**Group 2016** Fair value R'000	Group 2015 Carrying amount R'000	Group 2015 Fair value R'000
Cash and cash equivalents	12	**455 452**	**455 452**	1 398 823	1 398 823
Restricted cash (non-current)	7	**78 657**	**78 657**	134 641	134 641
Restricted cash (current)	7	**84 000**	**84 000**	27 000	27 000
Other receivables	9	**1 394**	**1 394**	3 342	3 342
Available-for-sale financial asset	4	**510 900**	**510 900**	628 000	628 000
Trade payables	14	**(111 270)**	**(111 270)**	(88 461)	(88 461)
Interest-bearing borrowing	12	**(3 996 061)**	**(3 996 061)**	(4 548 772)	(4 548 772)
		(2 976 928)	**(2 976 928)**	(2 445 427)	(2 445 427)

The fair values of the long term borrowings are at market interest rates and therefore the fair values approximate the carrying amounts.

	Note	Company 2016 Carrying amount R'000	Company 2016 Fair value R'000	Company 2015 Carrying amount R'000	Company 2015 Fair value R'000
22. FINANCIAL INSTRUMENTS (continued)					
22.3 FAIR VALUES (continued)					
Cash and cash equivalents	10	**382 774**	**382 774**	454 457	454 457
Restricted cash	7	**27 000**	**27 000**	27 000	27 000
Other receivables	9	**465**	**465**	1 223	1 223
Loans receivable from subsidiaries (non-current)	5	**5 356 344**	**4 071 800**	5 311 083	4 044 669
Loans receivable from subsidiaries (current)	5	**878 632**	**878 632**	1 391 842	1 391 842
Trade payables	14	**(5 878)**	**(5 878)**	(5 605)	(5 605)
Interest-bearing borrowing	12	**(3 996 061)**	**(3 996 061)**	(4 548 772)	(4 548 772)
Loans payable to subsidiaries	5	**(44)**	**(44)**	(158)	(158)
		2 643 232	**1 358 688**	2 631 070	1 364 656

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities.

Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs.

Level 3 – fair value is determined on inputs not based on observable market data.

There were no transfers between levels 1 and 2 during the year.

Cash and restricted cash, which although carried at amortised cost subsequent to initial recognition will equal the amount receivable from the third party financial institutions, thus fair value.

The fair value of other receivables, trade payables and the current interest-bearing borrowing is carried at amortised cost which approximates carrying amounts as the amounts will be received or settled in the short term.

Loans received from subsidiaries are carried at amortised cost. Valuation method – Level 2: Fair value is determined at discounting the carrying amount at the prime lending rate for nine to thirteen years depending on the expected payback of the loan.

Available-for-sale financial assets are measured at fair value. Valuation method – Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Refer to Note 2.4 for valuation technique and inputs used in the fair value measurement.

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balance to the closing balances for Level 3 fair values:

	GROUP 2016 R'000	GROUP 2015 R'000
Equity securities available-for-sale		
Opening balance	**628 000**	788 700
Loss included in OCI and transferred to profit and loss		
Fair value adjustments	**(117 100)**	(160 700)
Closing balance	**510 900**	628 000

22.4 CAPITAL MANAGEMENT

The board defines capital as equity issued to shareholders. There were no changes in the capital management strategies from the prior year. There are no external imposed capital requirements. The group's interest bearing debt-equity ratio is currently 128.6% (2015: 162.2%). The company has loan covenants in that the net worth of the group will not be less than 2 billion Rands and that the financial indebtedness of the group shall not exceed US$700 million. The group is managing the capital of the group to ensure that neither of these loan covenants are defaulted on.

23. RELATED PARTIES

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

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
23.1 Transactions with subsidiaries				
Non-Current Assets				
Bakubung Minerals*				
Opening balance	**–**	–	**1 713 735**	1 682 756
Loan advanced	**–**	–	**29 666**	30 980
Closing balance	**–**	–	**1 743 401**	1 713 735
Bakubung Minerals**				
Opening balance	**–**	–	**3 374 460**	2 135 960
Loan advanced	**–**	–	**–**	1 238 500
Closing balance	**–**	–	**3 374 460**	3 374 460
Wesizwe Properties*				
Opening balance	**–**	–	**28 446**	26 399
Loan (repaid)/advanced	**–**	–	**(2 026)**	2 047
Closing balance	**–**	–	**26 420**	28 446
Africa Wide*				
Opening balance	**–**	–	**194 442**	193 710
Loan advanced	**–**	–	**121**	732
Closing balance	**–**	–	**194 563**	194 442
Bakubung Minerals***				
Opening balance	**–**	–	**1 391 814**	353 046
Management fees	**–**	–	**86 394**	95 634
On-charge of qualifying borrowing costs	**–**	–	**(328 367)**	1 229 858
Payments received	**–**	–	**(271 217)**	(286 724)
Closing balance	**–**	–	**878 624**	1 391 814
Wesizwe Properties***				
Opening balance	**–**	–	**28**	28
Cost Recovery	**–**	–	**138**	195
Payments received	**–**	–	**(158)**	(195)
Closing balance	**–**	–	**8**	28
Current Liabilities				
Wesizwe Properties***				
Opening balance	**–**	–	**(158)**	(31)
Rental charges	**–**	–	**(624)**	(406)
On-charge of costs			**–**	(124)
Payments made	**–**	–	**738**	403
Closing balance	**–**	–	**(44)**	(158)

* *Inter-group loans are interest free and have no fixed repayment terms. Management fees were charged at arm's length.*

** *The shareholder loan is payable on the same terms as the loan with CDB and bears interest on the same terms as the loan with CDB.*

*** *Management fees were charged at arm's length. The borrowing costs are payable as the borrowing costs become due to CDB. The loans are payable on normal credit terms.*

	GROUP		COMPANY	
	2016	2015	**2016**	2015
	R'000	R'000	**R'000**	R'000
23. RELATED PARTIES (continued)				
23.2 Transactions with key management				
Salaries and bonuses	**25 095**	30 857	**25 095**	30 857
Total	**25 095**	30 857	**25 095**	30 857

Key management consists of executive directors and selected members of the executive committee.

Service contracts of directors

Name	Executive/Non-executive Director	Position
Dawn Mokhobo	Independent Non-executive Director	Chairman
Dexin Chen	Non-executive Director	Deputy Chairman
Lincoln Ngculu	Independent Non-executive Director	
Wenliang Ma	Executive Director	Financial Director (resigned 15 September 2016)
Jianke Gao	Executive Director	Chief Executive Officer (resigned 14 February 2017)
Zhimin Li	Executive Director	Chief Executive Officer (appointed 15 February 2017)
Victor Mabuza	Independent Non-executive Director	
Kenny Mokoka	Non-executive Director	
Pengfei Li	Non-executive Director	
Xiaoyin Zhou	Non-executive Director	

Interest of directors and prescribed officers in shares of the company

The beneficial interest of the directors and prescribed officers of the company in the issued share capital of the company as at the date of this report is as follows:

2016	Direct Ordinary Shares	Indirect Ordinary Shares
James Ngculu	**–**	**5 795 888**
Jacob Mothomogolo	**80 517**	**–**
Hamlet Morule	**735 000**	**–**
Basetsana Ramaboa	**183 748**	**–**
	999 265	**5 795 888**

There have been no changes between the end of the financial year end and date of approval of AFS.

2015		
Mike Eksteen	5 000 000	–
James Ngculu	–	5 795 888
Jacob Mothomogolo	177 041	–
Paul Smith	213 000	–
Hamlet Morule	245 280	–
	5 635 321	5 795 888

Remuneration paid to directors and prescribed officers.

23. RELATED PARTIES (continued)

23.2 Transactions with key management (continued)

Remuneration for executive directors

Name	No of months	**2016** Salaries R'000	**2016** Bonuses R'000	**2016** DBP R'000	**2016** Total R'000	2015 Salaries R'000	2015 Bonuses R'000	2015 DBP R'000	2015 Total R'000
Jianke Gao	12	**3 440**	**1 042**	**787**	**5 269**	3 401	1 145	876	5 422
Wenliang Ma	9	**1 481**	**623**	**–**	**2 104**	2 358	736	446	3 540

Name	**2016** Directors Fees R'000	**2016** Attendance fees R'000	**2016** Total R'000	2015 Directors Fees R'000	2015 Attendance fees R'000	2015 Other (travel) R'000	2015 Total R'000
Dawn Mokhobo	**321**	**1 069**	**1 390**	321	497	11	829
Dexin Chen	**–**	**–**	**–**	82	60	–	142
Mike Eksteen	**–**	**–**	**–**	78	309	2	389
Jikang Li	**–**	**–**	**–**	82	69	–	151
James Ngculu	**134**	**831**	**965**	134	732	–	866
Liliang Teng	**–**	**–**	**–**	9	–	–	9
Victor Mabuza	**134**	**828**	**962**	140	813	–	953
Kenny Mokoka	**109**	**210**	**319**	109	142	–	251

Name	No of months	**2016** Salaries R'000	**2016** Bonuses R'000	**2016** DBP R'000	**2016** Total R'000	2015 Salaries R'000	2015 Bonuses R'000	2015 DBP R'000	2015 Total R'000
Jacob Mothomogolo	12	**2 617**	**700**	**438**	**3 755**	2 543	766	486	3 795
Kgomotso Tshaka	12	**2 143**	**505**	**302**	**2 950**	2 138	541	331	3 010
Hamlet Morule	12	**2 054**	**495**	**288**	**2 837**	2 065	516	314	2 895
Basetsana Ramaboa	12	**1 897**	**421**	**194**	**2 512**	1 863	482	176	2 521
Paul Smith		**–**	**–**	**–**	**–**	2 912	896	–	3 808
Vasta Mhlongo	12	**1 513**	**306**	**–**	**1 819**	1 511	304	–	1 815
Eddie Mohlabi	12	**2 749**	**651**	**448**	**3 848**	2 730	823	498	4 051

All remuneration, excepting DBP (which represents long term benefits which are not paid out in the current year), paid to directors and prescribed officers represents short-term benefits.

24. GOING CONCERN

The group's cash resources at the reporting date of R455.5 million (2015: R1 398.8 million) 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 up to fourth quarter of 2018. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

25. EVENTS AFTER REPORTING DATE

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

26. DIVIDENDS

The group has never declared nor paid dividends. The group has no intention of paying dividends in the immediate future as it anticipates that all available funds will be invested to finance its business.

27. CONTINGENT LIABILITY

The group is currently in dispute with one if its contractors and should the negotiated settlement be against the group a claim of R1.5 million is the estimated settlement amount against the group.

28. DEFERRED BONUS PLAN (CASH-SETTLED SHARE-BASED PAYMENT LIABILITY)

During July 2016, the Wesizwe board, on recommendation of the remuneration committee approved the implementation of a deferred bonus plan ("DBP"). The purpose of the plan is to attract, retain, motivate and reward executives and senior managers who are able to influence the performance of Wesizwe on a basis which aligns their interest with those of the company's shareholders. Under the DBP, the participants of the company and its subsidiaries will be offered annually:

- A deferred bonus linked in value to, and matching according to prescribed ratio(s), the value of the actual cash bonus earned and paid out to an individual as the result of the prior year performance;
- The prescribed ratio(s) are to be driven by a balanced reward strategy pay mix which favours short term and long term incentive rewards similarly;
- The value of the deferred bonus award will be linked to the Wesizwe Platinum Limited share price at the time of the award and a "nominal" number of share units will be calculated at this time for each participant;
- Vesting will occur in equal thirds by the number of share units on the 3rd, 4th and 5th anniversaries of their award;
- On vesting, the value of the cash bonus accruing to a participant will be this "nominal" number of share units multiplied by the Wesizwe Platinum Limited share price on vesting date;
- The vesting period(s) are time based and will have no other performance conditions linked to the vesting;
- For the first award, a "main performance condition" for the vesting period 2015 to 2017 is the achievement of the first ore production during the second quarter of 2017;
- If the time performance condition is not met, the rights to the cash-settled bonus will be forfeited.

The first cycle of the vesting period will be in 2017 based on 2016 performance and assessment of whether the main performance condition relating to ore production has been met.

	2016	2015
Reconciliation of nominal shares		
Opening balance	**16 612 113**	–
Number of nominal shares granted (2014 year)	**9 289 314**	9 289 314
Number of nominal shares granted (2015 year)	**7 322 799**	7 322 799
Number of nominal shares granted (2016 year)	**9 705 186**	–
Number of nominal shares forfeited	**(2 081 547)**	–
Number of nominal shares which have vested	**–**	–
Closing balance	**24 235 752**	16 612 113

The number of participants at 31 December 2016 amount to 8.

Valuation date	31 December 2016
Fair value of share price at valuation date	R 0.76
Vesting period	3 – 5 years
Type of settlement	Cash
Strike Price	R 0.00
Volatility	21% (calculated as standard deviation of the entity's share price for the past 3 years)
Risk free rate	8.93%
Option Pricing Model	Black-Scholes Model

28. DEFERRED BONUS PLAN (CASH-SETTLED SHARE-BASED PAYMENT LIABILITY) (continued)

During the year ended 31 December 2016, Wesizwe recognised an expense of R2.4 million (2015: R3.5 million) relating to the cash settled deferred bonus plan which is equal to the movement in the total liability recognised as at year end.

	2016 R'000	2015 R'000
Non-current liability		
Opening balance	**3 540**	–
Cash-settled share-based liability raised	**2 406**	3 540
Closing balance	**5 946**	3 540

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