



w e s i z w e

Towards a Sustainable Future

Annual Financial Statements 2020

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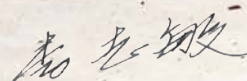
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The financial statements have been prepared under the supervision of the Finance Director, Mr Jianguo Liu. The financial statements have been audited in compliance with the requirements of the Companies Act 71 of 2008, as amended.

Chief Executive Officer and Financial Director responsibility statement

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 1 to 52, fairly present in all material respects the financial position, financial performance and cash flows of Wesizwe Platinum Limited in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Wesizwe Platinum Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Wesizwe Platinum Limited; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



Zhimin Li
Chief Executive Officer



Jianguo Liu
Financial Director

Directors' responsibility and approval of the Annual Financial Statements

for the year ended 31 December 2020

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements ("AFS") and Company AFS of Wesizwe Platinum Limited ("Wesizwe", "the Company" or "Group" depending on context), comprising the statements of financial position as at 31 December 2020, 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 71 of 2008, as amended ("Companies Act"), as well as the Johannesburg Stock Exchange ("JSE") Listings Requirements. In addition, the Directors are responsible for preparing the Directors' report.

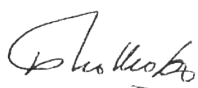
The Directors are also responsible for such internal controls as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk 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 AFS and Company AFS are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND COMPANY ANNUAL FINANCIAL STATEMENTS

The Group AFS and Company AFS of Wesizwe Platinum Limited, as identified in the first paragraph, were approved by the Board of Directors on 23 March 2021 and signed by



Dawn Mokhobo
Authorised director



Jianguo Liu
Authorised director

Certificate by the company secretary

for the year ended 31 December 2020

In terms of Section 88(2)(e) of the Companies Act 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

23 March 2021

Report of the Audit and Risk Committee

for the year ended 31 December 2020

INTRODUCTION

The Audit and Risk Committee ("the Committee") is pleased to present its report in terms of the Companies Act 71 of 2008, as amended, ("Companies Act") and the Johannesburg Stock Exchange ("JSE") Listings Requirements for the financial year ended 31 December 2020. The Committee conducted its work in accordance with the written terms of reference as approved by the Board, information about which is recorded in the corporate governance section of the 2020 Integrated Annual Report ("2020 IR").

The Committee is an independent statutory committee appointed by the shareholders. The Committee executes all statutory duties in terms of Section 94 of the Companies Act in addition to those that are delegated by the Board.

COMPOSITION

The composition of the Committee remained unchanged for the period under review and comprised of members who have the necessary skills and experience to fulfil the duties of the Committee. The Committee comprised the following members:

- Mr Victor Mabuza (Independent Non-executive Director and Chair)
- Mr Lincoln 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 ("AGM") to be held on 7 May 2021. The profiles of the members, including their qualifications, can be viewed in the 2020 IR.

FREQUENCY AND ATTENDANCE OF MEETINGS

The committee met five times during the year, of which one meeting was convened on a special basis.

DUTIES ASSIGNED BY THE BOARD

The Committee has overseen financial and integrated reporting, the effectiveness of the risk management process, and policies and internal controls with reference to the findings of both the internal and external auditors. 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. In delivering this mandate, the Committee performed the following key strategic initiatives:

- Considered and recommended the approval of the financial statements by the Board;
- Reviewed and approved trading updates communicated to the market;
- Reviewed and recommended Board approval of the 2020 IR;
- Reviewed management's assessment of going concern;

- Assessed the suitability of the current audit firm and designated partner, in compliance with the JSE Listings Requirements and took into account other relevant legislation;
- Ensured 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;
- Recommended and nominated the external auditor for appointment by the shareholders;
- Recommended Board approval of external audit fees and terms of engagement of the external auditor;
- Approved the external audit plan for the financial year and received feedback from the external auditor at the financial year-end meeting;
- Ensured the independence of the internal audit function and that it had the necessary resources, standing and authority within the organisation to enable it to fulfil its duties as per the requirements of the King IV codes and recommended practices (King IV Codes);
- Approved the risk-based internal audit plan for the financial year and quarterly internal audit feedback;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems, and processes management;
- Reviewed and assessed the effectiveness and independence of both internal and external auditors and was satisfied with the independence of the audit services rendered; and
- Reviewed the expertise and qualifications of the Finance Director.

The Committee has approved a policy on the use of external auditors for non-audit services. The principle of the policy is to ensure that on an annual basis, non-audit service fees do not exceed 30% of the Company's audit fees on an aggregated basis and that the Committee should pre-approve any non-audit services to be provided by the external auditor. There were no non-audit services rendered during the year.

EXTERNAL AUDITOR

The Committee nominated and recommended the appointment of the external auditor, SizweNtsalubaGobodo Grant Thornton Inc. ("SNG Grant Thornton") to the shareholders in compliance with the Companies Act and the JSE Listings Requirements and the appointment of Muhammad Joosub as designated auditor for the 2020 financial year.

The Committee has 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 SNG Grant Thornton was independent of the Company, which includes consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

Report of the Audit and Risk Committee continued

for the year ended 31 December 2020

INTERNAL AUDITOR

The Committee has satisfied itself that the internal auditor, Mazars Advisory (Pty) Ltd ("Mazars") is 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 Mazars has access to the Committee, primarily through its Chair.

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.

EXPERTISE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

In compliance with paragraph 3.84(h) of the JSE Listings Requirements, the Committee satisfied itself with the appropriateness of the expertise and experience of the financial management team as a whole. The Committee is satisfied with the performance, qualifications, and expertise of the Finance Director.

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.

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 the year-end and the near future. Management had concluded that the Group was a going concern due to the support of the majority shareholder. 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 2020 and is satisfied that they comply with IFRS, the Companies Act and that areas of judgment were discussed to confirm accounting estimates.

RISK MANAGEMENT

The Board has assigned oversight of the Company's risk management function to the Committee. This delegated function comprises strategic and operational risks, which are tabled at each of the Board meetings for discussion. The risk register also acts as a basis on which independent assurance activities are developed.

The Committee did not consider the Company's strategic risks for the reporting period because the risks were not reviewed and assessed. Two strategic risk assessment sessions were held but the exercise was not completed and has been deferred to Q1 of 2021. This is one of the key focus areas for the committee for 2021.

FRAUD PREVENTION

A fraud prevention plan has been implemented and an anonymous tip-off line is functional. Monthly reports are provided by the independent service provider. The monitoring of reports from this service is 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; and
- Ensuring that IT forms an integral part of the Company's risk management.

The Committee reviewed the effectiveness of the Company ICT environment and, given the challenges identified in ICT, the Committee placed emphasis on the improvement of IT governance to align the Company practices with the generally accepted standards. This program will continue in 2021.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The Committee recommended the Group AFS and Company AFS for approval by the Board.

The Committee carried out its work as statutorily required. The Committee has considered the JSE's most recent report back on proactive monitoring of financial statements and where necessary those of previous periods. Appropriate action has been taken to respond to these findings when preparing the AFS for the year ended 31 December 2020.

ADDITIONAL FOCUS AREAS FOR 2021

- King IV Code implementation.
- Combined assurance.
- Enterprise risk management.
- Technology and IT governance.



Victor Thembinkosi Mabuza
Chair

23 March 2021

Directors' report

for the year ended 31 December 2020

The Directors have pleasure in presenting the Group AFS and Company AFS of Wesizwe Platinum Limited for the year ended 31 December 2020.

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 mine at its Bakubung Minerals (Pty) Ltd ("Bakubung") operation, also known as Bakubung Platinum Mine ("BPM"), which is owned by Wesizwe, 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 2020 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 stated 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 Group Limited ("Jinchuan") and China-Africa Development Fund ("CAD") undertook to secure in terms of the subscription agreement, was finalised and the facility agreement was signed in December 2013. 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 drawdown. The installments commence as relatively small amounts, being 0.077% of the outstanding balance at the payment date of the first installment, which increases with every consecutive repayment to a pre-final installment of 8.5% of the outstanding balance on the 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, at the then ruling 'six month LIBOR rate' plus 3.5%. This project funding facility is exclusively available for the purposes of developing the BPM.

As at 31 December 2020, the full facility of US\$650-million has been drawdown. As it is a US\$ loan, the utilisation of such funds was affected by currency fluctuations against the South African Rand. Management with the support of CDB and shareholders, were able to defer the mid-year capital and interest payments to year end. A US\$41-million short term shareholder loan was also obtained to pay the full year's capital and interest

due in December. The delay in capital and interest at half year saw a significant saving in realised forex loss as the Rand was significantly stronger at year-end than mid-year.

The Board is currently considering future funding options; such options will be a function of market conditions closer to the target date and additional funding requirements. In order to address shortfall funding, management have acquired the full commitment from the majority shareholder and made great strides in securing a new consortium bank loan with a number of major banks in China, which will restructure the overall financial capital funding of the Company and support the final outputs towards production.

Going concern

The Group's cash resources at the reporting date of R899.4-million (2019: R2 127.6-million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The majority shareholder has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The ability of the Group to continue as a going concern is dependent on the support of the majority shareholder. These conditions indicate that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Covid-19 and Lockdown

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. Governments across the world have taken extreme measures to curb the spread of the virus by introducing various forms of social distancing, lockdown regimes and forms of monetary and fiscal stimulus. These measures has impacted on the financial position of individuals, small and medium sized businesses as well as corporates to varying degrees.

The Group has been proactive in managing staff health risks through an early risk awareness campaign, cancellation of large gatherings, social distancing, the introduction of hand sanitisers, implementation of work from home practices, where practical, as well as a comprehensive staff wellness monitoring and support programme. Costs relating to new suppliers and services associated with these measures amounted to R11.5-million.

The national lockdown and new regulations impacted negatively on the original 2020 production

Directors' report continued

for the year ended 31 December 2020

plan and delayed the development of the mine. Management have however taken comprehensive measures to advance the mine construction and achieved the targets of the new adjusted working plan in 2020.

Although the number of new coronavirus infections is still climbing around the world, the availability of Covid-19 vaccines and more global solidarity strengthening across the world, we believe that the year of 2021 is looking significantly better.

FINANCIAL RESULTS

Results of the Group for the year

The Group will not earn revenue from mining activities until such time as the BPM is brought into production.

The profit before tax for the year under review was R52.8-million (2019: R146.4-million profit). These results take into account administration expenses amounting to R75.4-million (2019: R65.6-million), finance income amounting to R229.2-million (2019: finance income R307.7-million) and finance expense amounting to R101.1-million (2019: finance expense R95.7-million) as presented in the statements of profit or loss and other comprehensive income.

Results of wholly-owned subsidiary companies

Bakubung made a profit after tax of R43.7-million for the year under review (2019: R151.4-million profit). Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide") made a profit after tax of R3.7-million for the year under review (2019: R6.0-million profit). Vaviscan (Pty) Ltd had no activity for the year under review (2019: R0.0-million). Wesizwe Properties (Pty) Ltd ("Wesizwe Properties") made a profit after tax of R0.4-million for the year under review (2019: R0.2-million). Gabonewe Housing Estate (Pty) Ltd ("Gabonewe") made a loss after tax of R2.0-million for the year under review (2019: R0.08-million).

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.

DIRECTORATE

Directors and changes in directors

The details of the current Directors are provided in the 2020 IR.

In accordance with clause 5.1.4 of the Company's Memorandum of Incorporation ("MOI"), directors appointed during the year must be confirmed by shareholders at the AGM following such appointment.

In accordance with clause 5.1.8 of the Company's MOI, one-third of the Non-executive Directors shall retire at each AGM on a rotational basis as determined in the said clause. Retiring Directors are eligible for re-election. The Directors retiring and seeking re-election at the AGM are Ms Dawn Mokhobo and Mr Pengfei Li.

Directors' remuneration

Refer to the remuneration report in note 26.3 of the AFS.

Directors' interest in contracts

There is a conflict of interest policy in place. 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.

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.

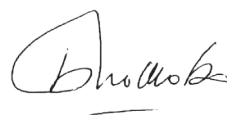
SPECIAL RESOLUTIONS

The remuneration payable to Non-executive Directors was approved at the AGM that was held on 31 July 2020 effective until the next AGM, which will be held on 7 May 2021.

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 AGM to be held on 7 May 2021, together with a shareholder proxy form, and the notes explaining the various resolutions to be considered at that meeting is enclosed with the 2020 IR.



Dawn Mokhobo
Chair

on behalf of the Board of Directors
23 March 2021

Independent auditor's report

for the year ended 31 December 2020

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 set out on pages 10 to 52, which comprise the Group and Company statements of financial position as at 31 December 2020, and the Group and Company statements of profit or loss and other comprehensive income, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and notes to the Group and Company 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 ("the Company") and its subsidiaries (together "the Group") as at 31 December 2020, and its consolidated and separate financial performance and its 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 Financial Statements section of our report. We are independent of the group 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 27 in the consolidated and separate financial statements, which indicates the Group's cash resources at the reporting date amounting to R899.4-million (2019: R2 127.6-million) are not sufficient, based on current budgets, to conduct operations and complete the development of the Bakubung Mine Project. As stated in Note 27, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report continued

for the year ended 31 December 2020

Impairment of mine development assets

Refer to note 1 (g) (i), 2.3 and 3 of 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
<p>Included in Property, plant and equipment is mine development assets amounting to R8 267 million, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd.</p> <p>These assets relate to the Bakubung Platinum Mine (BPM) project which was still under construction at reporting date, and management applied significant judgement in determining whether these assets are impaired. Management uses a discounted cash flow model to determine the recoverable amounts, which is complex and certain key inputs, specifically commodity price and foreign exchange rate forecasts are subject to volatility.</p> <p>Due to the significant judgment applied by management, the valuation of the mine development assets is considered a key audit matter.</p>	<p>Our audit procedures included, amongst others:</p> <p>We tested the mathematical accuracy of the discounted cash flow model. We also considered the appropriateness of the model applied by management by comparing it with market practise and through enquiry with our experts.</p> <p>Critically evaluating the cash flows 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.</p> <p>Test reasonability of the discount rate applied by the Group in the finance model. Critically evaluated key inputs used in the model for reasonableness by reference to external data including a basket of third-party commodity price and foreign exchange rate forecasts.</p> <p>We evaluated 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.</p>

Valuation of investment in subsidiaries and loans and receivables from subsidiaries

Refer to note 2.5, 5, and 25.6 of 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
<p>The Company's investment in subsidiaries and loans and receivables from subsidiaries represents 98% of the Company's total assets as at 31 December 2020.</p> <p>The Company's main subsidiary is Bakubung Minerals (Pty) Ltd. Due to the impairment indicators relating to the mine development assets of 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.</p> <p>Due to the significant judgement applied by management in calculating the recoverable amount, the valuation of the investment in subsidiaries and the loans and receivables is considered a key audit matter.</p>	<p>Our audit procedures included, amongst others:</p> <p>We evaluated 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 their assets less the fair value of their liabilities.</p> <p>We assessed the reasonability of the Expected Credit Losses assessment methodology and calculation and recalculated the impairment loss.</p>

Independent auditor's report continued

for the year ended 31 December 2020

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Wesizwe Platinum Limited Annual Financial Statements", for the year ended 31 December 2020, which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the administrative information set-out on the inside back cover and in the document titled "Wesizwe Platinum Limited Integrated Report 2020". The other information does not include the consolidated or the separate financial statements and our auditor's reports 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 scepticism 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

Independent auditor's report continued

for the year ended 31 December 2020

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; and
- 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, actions taken to eliminate threats or safeguards applied.

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 SNG Grant Thornton Inc. has been the auditor of Wesizwe Platinum Limited for 3 years.



Muhammad Joosub

Director

Registered Auditor

23 March 2021

SizweNtsalubaGobodo Grant Thornton Inc.

20 Morris Street East
Woodmead, 2191

Statements of financial position

as at 31 December 2020

	Notes	GROUP		COMPANY	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	11 786 909	9 946 189	4 394	4 612
Other financial assets	4	22 692	17 222	-	-
Investment in subsidiaries	5	-	-	9 802	9 802
Intangible assets	6	-	570	-	-
Loans receivable from subsidiaries	5	-	-	10 274 853	10 121 268
Total non-current assets		11 809 601	9 963 981	10 289 049	10 135 682
Current assets					
Inventories	7	483 407	120 796	-	-
Other receivables	8	437 838	179 836	5 906	4 888
Loans receivable from subsidiaries	5	-	-	1 945 805	227 176
Restricted cash	9	81 028	81 028	27 000	27 000
Cash and cash equivalents	10	899 406	2 127 557	147 173	842 697
Total current assets		1 901 679	2 509 217	2 125 884	1 101 761
Total assets		13 711 280	12 473 198	12 414 933	11 237 443
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	3 425 544	3 425 544	3 425 544	3 425 544
Marked-to-market reserves		10 477	6 232	-	-
Accumulated loss		(351 863)	(403 645)	(983 695)	(993 729)
Total equity		3 084 158	3 028 131	2 441 849	2 431 815
Non-current liabilities					
Deferred tax liability	12	409 278	390 081	-	-
Lease liability	13	7 655	7 664	-	-
Interest-bearing borrowings	14	9 292 583	8 776 645	9 292 583	8 776 645
Mine closure and environmental rehabilitation obligation	16	42 242	47 361	-	-
Cash-settled share-based payment liability	31	5 943	6 037	5 943	6 037
Total non-current liabilities		9 757 701	9 227 788	9 298 526	8 782 682
Current liabilities					
Lease liability	13	9	7	-	-
Interest-bearing borrowings	14	65 712	14 054	65 712	14 054
Shareholder's loan	15	599 110	-	599 110	-
Trade and other payables	17	204 360	182 807	8 062	7 884
Loans payable to subsidiaries	5	-	-	1 674	1 008
Taxation	18	230	20 411	-	-
Total current liabilities		869 421	217 279	674 558	22 946
Total liabilities		10 627 122	9 445 067	9 973 084	8 805 628
Total equity and liabilities		13 711 280	12 473 198	12 414 933	11 237 443

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2020

	Notes	GROUP		COMPANY	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
Operations					
Revenue	19	-	-	28 642	31 269
Administration expenses	20	(75 444)	(65 638)	(69 179)	(67 485)
		(75 444)	(65 638)	(40 537)	(36 216)
Other income		188	-	-	-
Net operating costs		(75 256)	(65 638)	(40 537)	(36 216)
Finance income and expense					
Finance income	21	229 206	307 677	1 150 319	504 509
Finance expense	21	(101 121)	(95 664)	(1 096 722)	(493 705)
Net finance income		128 085	212 013	53 597	10 804
Profit/(loss) before tax		52 829	146 375	13 060	(25 412)
Income tax expense	18	(1 047)	(49 572)	(3 026)	(882)
Profit/(loss) for the year		51 782	96 803	10 034	(26 294)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain on fair value movements of equity instrument at FVOCI	4	5 470	8 031	-	-
Income tax relating to fair value movements of equity instrument	18	(1 225)	(1 799)	-	-
Total other comprehensive income		4 245	6 232	-	-
Total comprehensive income/(loss) for the year		56 027	103 035	10 034	(26 294)
Earnings per share					
Basic and diluted earnings per share (cents)	22	3.18	Restated* 5.95		

* Refer to note 22

Statements of changes in equity

for the year ended 31 December 2020

GROUP	Stated capital R'000	Reserves R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2019	3 425 544	–	(500 448)	2 925 096
Profit for the year	–	–	96 803	96 803
Other comprehensive income	–	6 232	–	6 232
Total comprehensive income for the year	–	6 232	96 803	103 035
Balance at 31 December 2019	3 425 544	6 232	(403 645)	3 028 131
Profit for the year	–	–	51 782	51 782
Other comprehensive income	–	4 245	–	4 245
Total comprehensive income for the year	–	4 245	51 782	56 027
Balance at 31 December 2020	3 425 544	10 477	(351 863)	3 084 158

COMPANY	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2019	3 425 544	(967 435)	2 458 109
Total comprehensive loss for the year	–	(26 294)	(26 294)
	–	(26 294)	(26 294)
Balance at 31 December 2019	3 425 544	(993 729)	2 431 815
Total comprehensive profit for the year	–	10 034	10 034
	–	10 034	10 034
Balance at 31 December 2020	3 425 544	(983 695)	2 441 849

Statements of cash flows

for the year ended 31 December 2020

	Notes	GROUP		COMPANY	
		2020	2019	2020	2019
		R'000	Restated* R'000	R'000	Restated* R'000
Cash (utilised)/generated from operations	23	(506 861)	(162 046)	258 646	416 629
Finance income received		90 863	15 874	19 080	16 597
Finance cost paid		(1 472)	(1 474)	(535 113)	(482 716)
Taxation received	18	227	-	-	-
Taxation paid	18	(3 483)	(538)	(3 026)	(538)
Cash utilised in operating activities		(420 726)	(148 184)	(260 413)	(50 028)
Cash flows from investing activities					
Acquisition of property, plant and equipment	23	(1 028 502)	(621 126)	-	(32)
Finance cost paid capitalised	14	(535 113)	(482 716)	-	-
Loans advanced to group companies		-	-	(1 191 973)	(2 411 131)
Proceeds from repayment of loans from group companies		-	-	665	77 534
Net cash outflow from investing activities		(1 563 615)	(1 103 842)	(1 191 308)	(2 333 629)
Cash flows from financing activities					
Interest-bearing borrowings raised	14	181 943	2 815 607	181 943	2 815 607
Interest-bearing borrowings repaid	14	(80 105)	-	(80 105)	-
Shareholder's loan raised	15	599 175	-	599 175	-
Repayment of lease liability		(7)	(5)	-	-
Net cash inflow from financing activities		701 006	2 815 602	701 013	2 815 607
Net (decrease)/increase in cash and cash equivalents		(1 283 335)	1 563 576	(750 708)	431 950
Exchange gains/(losses) on cash and cash equivalents	21	55 184	(18 487)	55 184	(18 487)
Cash at beginning of year		2 127 557	582 468	842 697	429 234
Cash and cash equivalents		899 406	2 127 557	147 173	842 697

* Refer to note 32

Notes to the financial statements

for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Reporting entity

Wesizwe is a company domiciled in the Republic of South Africa. The Group AFS on 31 December 2020 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.

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 23 March 2021.

Basis of preparation of financial results

Statement of compliance

The Group AFS and Company AFS are prepared in accordance with IFRS, 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 as well as the JSE Listings Requirements.

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Basis of measurement

The Group AFS and Company AFS for the year ended 31 December 2020 have been prepared on the historical cost basis except other financial assets recognised at fair value through other comprehensive income.

Functional and presentation currency

These financial statements are presented in South African Rand ("ZAR"), which is the Group's functional currency. Unless specified otherwise, all information presented in ZAR 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 judgments 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.

Information about significant areas of estimation, uncertainty and critical judgments 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.

Significant accounting policies

There were no changes in accounting policies during the year under review other than the adoption of new standards as detailed below.

a. Basis of consolidation

The Group AFS consolidate those of Wesizwe and all of its subsidiaries as at 31 December 2020. All subsidiaries have a reporting date of 31 December.

(i) Subsidiaries

Subsidiaries are entities controlled by Wesizwe. 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 AFS 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 AFS of the Company.

(ii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains and losses arising from intra-Group transactions, are eliminated on consolidation.

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant 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. 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.

Capitalised expenditure includes costs directly related to exploration and evaluation activities, including materials and fuel used, surveying costs, drilling costs and payments made to contractors. General and administrative costs are capitalised as an asset only to the extent that those costs can be related directly to operational activities. Exploration and evaluation expenditure that has been capitalised has been reclassified to property, plant and equipment, as the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Development expenditure incurred by or on behalf of the Group comprises costs directly attributable to the construction of a mine, related infrastructure and capitalised borrowings. No depreciation is recognised in respect of development assets. Development assets are recognised at cost and are assessed for impairment if facts and circumstances indicate that an impairment may exist. Refer to note 1g.

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 over the estimated useful lives of the assets at the following rates:

Item of property, plant and equipment	Depreciation method	Depreciation rate per annum
Vehicles	Straight line	20.00%
Computer equipment	Straight line	33.33%
Furniture and fittings	Straight line	20.00%
Office equipment	Straight line	20.00%
Other office fittings	Straight line	25.00%
Technical equipment	Straight line	20.00%
Buildings	Straight line	4.00%
Right-of-use assets	Period of the lease	
Land	Not depreciated	
Mine development assets*	Unit of production	
Mining rights*	Unit of production	
Plant and equipment*	Unit of production	

* Depreciated using the units-of-production method based on the estimated proved and probable mineral reserves.

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

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

e. *Intangible assets*

Software that is acquired by the Group and has 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 estimated 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.

f. *Financial instruments*

(i) **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) **Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVOCI");
- those to be measured subsequently at fair value through profit or loss ("FVPL"); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(iii) **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statements of profit or loss and other comprehensive income.

The Group subsequently measures all equity investments at fair value. For FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments is recognised in profit or loss as other income when the Group's right to receive payments is established.

(iv) **Impairment of financial instruments**

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

f. *Financial instruments* continued

(iv) Impairment of financial instruments continued

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(v) 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.

g. *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is objective evidence that a non-financial asset is impaired. A non-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.

(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 of 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 recognised in profit or loss.

h. *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 continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

h. 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 decommissioning and environmental provision due to the passage of time is recognised as a finance expense in profit or loss. The increase or decrease due to an additional environmental disturbance is recognised in property, plant, and equipment.

i. 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 recognised 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.

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. In providing for deferred taxation, the Group takes into account any unredeemed capital expenditure on the development of the mine. The unredeemed capital expenditure may be set-off against future taxable income and treatment permissible per the Income tax Act.

j. Revenue

The Group currently does not generate revenue as the BPM mine is still being developed. When the Group starts generating revenue, to determine whether to recognise revenue, the Group will follow a 5-step process as follows:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

In the Company's financial statements revenue is derived from rendering management services to subsidiary companies. There are no formal contracts entered into between the companies for the management fees charged. The arrangement between the companies is considered to be a contract given that the terms have been agreed orally and are implied in the Group's customary business practices. Management fees consist primarily of salaries of shared personnel charged to the companies based on percentages depending on the staff member applicable. The performance obligations are therefore the services rendered by the employee and revenue is recognised over time. The main customer is Bakubung.

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

k. Finance income

Finance income consists of interest income which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

l. 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.

m. Inventory

Inventory comprises of Run of Mine ("ROM") and stores and materials.

(i) ROM inventories

Costs incurred in the production process are appropriately accumulated as stockpiles. The average cost of normal production includes total costs incurred on mining.

(ii) Stores and materials

Stores and materials are valued at the lower of cost or net realisable value, on a weighted average basis. Obsolete, redundant and slow-moving stores are identified and written down to net realisable value which is the estimated selling price in the ordinary course of business, less selling expenses.

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); and
- Interest that would have been incurred on borrowing with identical terms in the subsidiaries' functional currency (the local market-related rate had the loan been issued locally).

o. Leases

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

(i) Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

Basis of preparation of financial results continued

Significant accounting policies continued

o. Leases continued

(i) Measurement and recognition of leases as a lessee continued

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of variable payments based on an index or rate, payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statements of financial position, right-of-use assets have been included in property, plant and equipment and the lease liability have been disclosed separately in the statement of financial position.

On the statements of profit or loss and other comprehensive income interest expense on the lease liability is included in finance costs.

On the statements of cash flows the principal and interest portion of the lease payments are presented as Repayment of the lease liability and Finance cost paid respectively.

p. Foreign currency

Transactions in foreign currencies are translated to the functional currency of the 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

(i) 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 the 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.

(ii) Deferred bonus plan ("DBP")

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 the settlement date based on the fair value of the DBP. Any changes in the liability are recognised in profit or loss.

r. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and are measured at amortised cost which is deemed to be fair value due to its short-term maturity.

Notes to the financial statements continued

for the year ended 31 December 2020

1. ACCOUNTING POLICIES continued

New standards and amendments and interpretations under IFRS

Impact of standards adopted

At the reporting date, the following new and/or revised accounting standards were in issue:

Effective for the financial year commencing 1 January 2020

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

IAS 1 Presentation of Financial Statements – Disclosure Initiative – effective date: 1 January 2020

The amendments to the standard clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

The standard did not have a material impact on the Group's financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure Initiative – effective date: 1 January 2020

The amendments to the standard clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The standard did not have a material impact on the Group's financial statements.

Amendments to references to Conceptual Framework – effective date: 1 January 2020

The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements.

The standard did not have a material impact on the Group's financial statements.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments – effective date: 1 January 2020

The amendments to IFRS 9 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs") on hedge accounting.

- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform.

In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The standard did not have a material impact on the Group's financial statements.

Impact of standards not yet adopted

Effective for the financial year commencing on or after 1 January 2021.

IFRS 10 Consolidated Financial Statements – effective date: Deferred until further notice

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment addressing an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The standard is not expected to have a material impact on the Group's financial statements.

IAS 1 Presentation of Financial Statements – Disclosure Initiative – effective date: 1 January 2021

The amendments to the standard clarify how to classify debt and other liabilities as current or non-current.

The standard is not expected to have a material impact on the Group's financial statements.

IAS 28 Investments in Associates and Joint Ventures – effective date: Deferred until further notice

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment addressing an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The standard is not expected to have a material impact on the Group's financial statements.

Notes to the financial statements continued

for the year ended 31 December 2020

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 in 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 judgments 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, the life of mine estimates and discount rates. Refer to note 16.

2.3 Review of asset carrying values and impairment

In accordance with our accounting policies, each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the 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.

The most significant review relates to the carrying value of the property, plant, and equipment that relates to the BPM. The recoverable amount for this project was determined by using the cash flow approach. The cash flow approach 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 ("WACC") of the Group as the discount rate.

In determining the future cash flows, management reviewed all the key variables and sources of estimation which were based on the same principles as those that applied to the consolidated financial statements for the year ended 31 December 2019. 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 the 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 carrying amount of the relevant mining assets and management is of the opinion that the assets of the Group are not impaired.

Notes to the financial statements continued

for the year ended 31 December 2020

2. JUDGEMENTS BY DIRECTORS AND MANAGEMENT continued

2.3 Review of asset carrying values and impairment continued

The following economic parameters were assumed for Bakubung:

	2020	2019
US\$ exchange rate (ZAR) up to 2021/2025	15.01 – 15.69	14.73 – 14.96
US\$ exchange rate (ZAR) long-term	15.94	14.99
Pt price (US\$/oz) up to 2021/2025	991 – 1 133	962 – 1 009
Pt price (US\$/oz) long-term	1 177	1 071
Pd price (US\$/oz) up to 2021/2025	1 481 – 2 213	1 219 – 1 734
Pd price (US\$/oz) long-term	1 297	1 414
Rh price (US\$/oz) up to 2021/2025	7 957 – 12 657	4 115 – 4 365
Rh price (US\$/oz) long-term	8 716	6 626
Au price (US\$/oz) up to 2021/2025	1 375 – 1 893	1 308 – 1 476
Au price (US\$/oz) long-term	1 347	1 300
Weighted Average Cost of Capital (%) (Real)	10.84	10.84

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

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

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

2.4 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\$650-million 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 Bakubung is 15.50%. The appropriate long-term risk-free rate is currently 6.66%. Consequently, the risk premium is 8.5%. Based on the foregoing, management concluded that the rate of prime plus 8.50% is a reasonable market-related interest rate for the cost of loan funding for Bakubung.

2.5 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

2.6 Revenue

Company revenue comprises management fees charged to Group companies for services. The timing of the satisfaction of the performance obligation has been deemed to be 'over time' given that the customer simultaneously receives and consumes the benefits provided by the company's employee. No other significant areas of judgment or estimation uncertainty arose in accounting for revenue for the Company.

2.7 Mine development asset

The Group capitalises expenditure incurred in the development of the mine that is directly attributable to the mining activity. Judgement is required to distinguish those expenditures that could be considered general administrative costs.

2.8 Deferred tax asset

Significant estimates are made to determine the value of deferred tax assets and judgements made as to the possibility that these assets will be utilised and offset against future taxable profits. The judgements made include views on the business climate and various projections as to future income and expenses. Given the level of uncertainty surrounding the projections of future taxable income, management have taken the view that it would be inappropriate to recognise a deferred tax asset.

Notes to the financial statements continued

for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2020 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	58 026	572	–	58 598
Vehicles	5 453	1 133	–	6 586
Computer equipment	16 946	7 145	–	24 091
Furniture and fittings	3 824	–	–	3 824
Office equipment	2 077	35	–	2 112
Other office fittings	11 971	–	–	11 971
Technical equipment	11 547	3 276	–	14 823
Plant and equipment	2 204 442	35 186	–	2 239 628
Mine development assets	6 492 328	1 774 992	–	8 267 320
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	125 517	27 372	–	152 889
Right-of-use asset	8 028	–	–	8 028
Total	9 997 888	1 849 711	–	11 847 599

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	10 006	1 594	–	11 600
Vehicles	5 132	451	–	5 583
Computer equipment	15 820	1 616	–	17 436
Furniture and fittings	3 578	104	–	3 682
Office equipment	2 032	44	–	2 076
Other office fittings	10 072	1 473	–	11 545
Technical equipment	4 800	3 450	–	8 250
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Mining rights	–	–	–	–
Buildings under construction	–	–	–	–
Right-of-use asset	259	259	–	518
Total	51 699	8 991	–	60 690

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	48 020	572	(1 594)	46 998
Vehicles	321	1 133	(451)	1 003
Computer equipment	1 126	7 145	(1 616)	6 655
Furniture and fittings	246	–	(104)	142
Office equipment	45	35	(44)	36
Other office fittings	1 899	–	(1 473)	426
Technical equipment	6 747	3 276	(3 450)	6 573
Plant and equipment	2 204 442	35 186	–	2 239 628
Mine development assets	6 492 328	1 774 992	–	8 267 320
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	125 517	27 372	–	152 889
Right-of-use asset	7 769	–	(259)	7 510
Total	9 946 189	1 849 711	(8 991)	11 786 909

Notes to the financial statements continued

for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT continued

All property, plant and equipment are owned by Group entities. The Group holds the 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 have been no impairment or impairment reversals.

The effective interest rate of the CDB loan has been calculated at 6.37% (2019: 5.25%) 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 2020 have been capitalised to the cost of the asset.

R1 001.0-million interest was capitalised during 2020 (2019: R402.8-million) which is included in additions to the mine development assets.

The mining rights are shown separately from other mine development assets. They arose historically from payments made during the exploration and evaluation phase and, consistent with the Group's accounting policy, were transferred to property, plant and equipment once commercial viability had been achieved for the mine to enter into development.

Mine development assets, mining rights and all plant and equipment associated with mine development assets, are not being depreciated as the mine is not yet in production.

GROUP 2019 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	57 836	190	–	58 026
Vehicles	5 453	–	–	5 453
Computer equipment	16 529	417	–	16 946
Furniture and fittings	3 824	–	–	3 824
Office equipment	2 077	–	–	2 077
Other office fittings	11 758	213	–	11 971
Technical equipment	6 711	4 836	–	11 547
Plant and equipment	2 194 231	10 211	–	2 204 442
Mine development assets	5 423 094	1 069 234	–	6 492 328
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	122 418	3 099	–	125 517
Right-of-use asset	–	8 028	–	8 028
Total	8 901 660	1 096 228	–	9 997 888

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	8 415	1 591	–	10 006
Vehicles	4 514	618	–	5 132
Computer equipment	13 968	1 852	–	15 820
Furniture and fittings	3 452	126	–	3 578
Office equipment	1 818	214	–	2 032
Other office fittings	8 105	1 967	–	10 072
Technical equipment	3 286	1 514	–	4 800
Plant and equipment	–	–	–	–
Mine development assets	–	–	–	–
Mining rights	–	–	–	–
Buildings under construction	–	–	–	–
Right-of-use asset	–	259	–	259
Total	43 558	8 141	–	51 699

Notes to the financial statements continued

for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT continued

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	49 421	190	(1 591)	48 020
Vehicles	939	–	(618)	321
Computer equipment	2 561	417	(1 852)	1 126
Furniture and fittings	372	–	(126)	246
Office equipment	259	–	(214)	45
Other office fittings	3 653	213	(1 967)	1 899
Technical equipment	3 425	4 836	(1 514)	6 747
Plant and equipment	2 194 231	10 211	–	2 204 442
Mine development assets	5 423 094	1 069 234	–	6 492 328
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	122 418	3 099	–	125 517
Right-of-use asset	–	8 028	(259)	7 769
Total	8 858 102	1 096 228	(8 141)	9 946 189

COMPANY 2020 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	6 868	–	–	6 868
Computer equipment	1 538	–	–	1 538
Furniture and fittings	1 533	–	–	1 533
Office equipment	401	–	–	401
Other office fittings	548	–	–	548
Total	10 888	–	–	10 888

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	2 286	208	–	2 494
Computer equipment	1 510	10	–	1 520
Furniture and fittings	1 533	–	–	1 533
Office equipment	399	–	–	399
Other office fittings	548	–	–	548
Total	6 276	218	–	6 494

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	4 582	–	(208)	4 374
Computer equipment	28	–	(10)	18
Furniture and fittings	–	–	–	–
Office equipment	2	–	–	2
Other office fittings	–	–	–	–
Total	4 612	–	(218)	4 394

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.

Notes to the financial statements continued

for the year ended 31 December 2020

3. PROPERTY, PLANT AND EQUIPMENT continued

COMPANY 2019 COST	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings	6 868	–	–	6 868
Computer equipment	1 506	32	–	1 538
Furniture and fittings	1 533	–	–	1 533
Office equipment	401	–	–	401
Other office fittings	548	–	–	548
Total	10 856	32	–	10 888

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Land and buildings	2 078	208	–	2 286
Computer equipment	1 506	4	–	1 510
Furniture and fittings	1 533	–	–	1 533
Office equipment	399	–	–	399
Other office fittings	548	–	–	548
Total	6 064	212	–	6 276

CARRYING VALUE	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Land and buildings	4 790	–	(208)	4 582
Computer equipment	–	32	(4)	28
Furniture and fittings	–	–	–	–
Office equipment	2	–	–	2
Other office fittings	–	–	–	–
Total	4 792	32	(212)	4 612

4. OTHER FINANCIAL ASSETS

	GROUP	
	2020	2019
	R'000	R'000
Listed equity securities:*		
Opening Balance	17 222	9 191
Gain on fair value adjustments	5 470	8 031
Closing balance	22 692	17 222

* Royal Bafokeng Platinum Limited ("RBPlats") and Platinum Group Metals South Africa (Pty) Ltd concluded a transaction of sale in which RBPlats acquired Maseve Investments 11 (Pty) Ltd ("Maseve"), a concentrator plant and surface rights in respect of the immovable property owned by Maseve. Africa Wide, a subsidiary of Wesizwe owned 17.1% of Maseve and other assets forming part of the RBPlats acquisition. Africa Wide received an issue of RBPlats shares as proceeds of sale for its 17.1% of the assets acquired. Wesizwe and Africa Wide disputed the validity of the transaction concluded and commenced with a processes for litigious relief in 2018. This process was still ongoing in the 2020 financial year.

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

The current investment in equities is not held for trading and the Group has elected to irrevocably designate at FVOCI.

Notes to the financial statements continued

for the year ended 31 December 2020

5. INVESTMENT/LOANS IN SUBSIDIARIES

	Percentage shareholding	Subsidiary issued capital 2020
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 (Pty) Ltd	100	1
Indirectly held : Vaviscan (Pty) Ltd**	100	100

** 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.

	COMPANY	
	2020 R'000	2019 R'000
Wesizwe investment in:		
Bakubung Minerals (Pty) Ltd	9 802	9 802
Wesizwe Properties (Pty) Ltd [^]	-	-
Gabonewe Housing Estate (Pty) Ltd [^]	-	-
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd [^]		
Sub Total	9 802	9 802
Loans receivable from subsidiaries:		
Non-current		
Bakubung Minerals (Pty) Ltd*	1 913 040	1 913 040
Bakubung Minerals (Pty) Ltd [@]	8 165 251	8 047 720
Wesizwe Properties (Pty) Ltd*	26 036	25 581
Gabonewe Housing Estate (Pty) Ltd*	159 026	124 014
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*	11 500	10 913
	10 274 853	10 121 268
Current		
Bakubung Minerals (Pty) Ltd [#]	1 945 441	226 820
Gabonewe Housing Estate (Pty) Ltd [#]	227	227
Wesizwe Properties (Pty) Ltd [#]	137	129
	1 945 805	227 176
Sub Total	12 220 658	10 348 444
Loans payable to subsidiaries:		
Wesizwe Properties (Pty) Ltd [#]	(1 674)	(1 008)
Sub total	(1 674)	(1 008)
Total	12 228 786	10 357 238

[^] Wesizwe Platinum Limited holds a R1 investment in each of Wesizwe Properties (Pty) Ltd and Gabonewe Housing Estate (Pty) Ltd and holds a R121 investment in Africa Wide Mineral Prospecting and Exploration (Pty) Ltd.

* 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. Wesizwe has no intention to recall the loans to subsidiaries within the next 12 months.

[@] The loan is payable on the same terms 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 14.

[#] The loans are short-term loans payable on normal credit terms.

Wesizwe has undertaken not to reduce its shareholding in Bakubung, Africa Wide, Wesizwe Properties and Gabonewe 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 companies exceed their liabilities.

Notes to the financial statements continued

for the year ended 31 December 2020

6. INTANGIBLE ASSETS

	GROUP	
	2020 R'000	2019 R'000
Cost		
Opening balance	8 520	8 520
Additions	-	-
Closing balance	8 520	8 520
Accumulated amortisation		
Opening balance	(7 950)	(7 381)
Amortisation	(570)	(569)
Closing balance	(8 520)	(7 950)
Carrying amount	-	570
Intangible assets are comprised of software that has been acquired by the Group.		
7. INVENTORIES		
Run of Mine	430 701	86 166
Stores and materials	52 706	34 630
Total	483 407	120 796

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

8. OTHER RECEIVABLES

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Value Added Tax receivable	55 725	31 963	5 170	3 440
Other receivables	671	2 934	736	1 120
Prepayments	381 442	144 939	-	328
Total	437 838	179 836	5 906	4 888
9. RESTRICTED CASH				
Eskom – connection guarantees	44 828	44 828	-	-
Department of Mineral Resources and Energy – rehabilitation obligation	36 200	36 200	27 000	27 000
Total	81 028	81 028	27 000	27 000

Call deposits have been encumbered as a result of guarantees issued to certain service providers. Management is in advanced stages of replacing the Department of Mineral Resources and Energy, and Eskom restricted cash guarantees with insurance guarantees. Due to unforeseen circumstances in 2020, the call deposits have yet to be replaced with insurance guarantees which is expected to happen in 2021.

Notes to the financial statements continued

for the year ended 31 December 2020

10. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Bank balances	10 507	29 146	1 618	7 633
Call and short-term deposits	888 641	2 098 245	145 554	835 063
	899 148	2 127 391	147 172	842 696
Interest accrued	258	166	1	1
Total	899 406	2 127 557	147 173	842 697

11. STATED CAPITAL

Stated Capital

Authorised

2 000 000 000 no par value shares
(2019: 2 000 000 000 no par value shares)

Issued

1 627 827 058 no par value shares
(2019: 1 627 827 058 no par value shares)

	3 425 544	3 425 544	3 425 544	3 425 544
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12. DEFERRED TAXATION

Deferred tax liability

Opening balance	390 081	359 939	-	-
Current year charges	19 197	30 142	-	-
Property, plant and equipment	536 038	264 407	-	-
Other financial assets	1 225	1 799	-	-
Prepayments	66 214	40 590	-	-
Unredeemed mining capex	(585 741)	(274 654)	-	-
Lease liability	28	(71)	-	-
Provisions	1 433	(1 929)	-	-
Closing balance	409 278	390 081	-	-

Deferred tax liability is attributable to the following items:

Deferred tax liabilities

Recognised in profit or loss:

Property, plant and equipment	2 953 772	2 417 734	-	-
Prepayments	106 804	40 590	-	-

Recognised directly in equity:

Other financial assets	3 024	1 799	-	-
Acquisition of mineral rights in Bakubung	285 251	285 251	-	-
	3 348 851	2 745 374	-	-

Deferred tax assets

Recognised in profit or loss:

Unredeemed exploration expenditure	(1 191)	(1 191)	-	-
IFRS 16 adjustments	(43)	(71)	-	-
Unredeemed mining capex	(2 926 511)	(2 340 770)	-	-
Provisions	(11 828)	(13 261)	-	-
	(2 939 573)	(2 355 293)	-	-

Total	409 278	390 081	-	-
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Unrecognised deferred tax asset

Deductible temporary differences	-	-	(3 097)	(2 844)
Closing balance	-	-	(3 097)	(2 844)

The Group has unredeemed capital expenditure of R10 448.1-million (2019: R8 355.8-million) and unredeemed exploration expenditure of R4.3-million (2019: R4.3-million) for the year ended 31 December 2020. The unredeemed capital expenditure may be set-off against future taxable income.

Notes to the financial statements continued

for the year ended 31 December 2020

13. LEASE LIABILITY

	GROUP	
	2020 R'000	2019 R'000
Opening Balance	7 671	–
Impact of adopting IFRS 16 on 1 January 2019 'New leases and modifications'	–	7 676
Repayment of lease liability	(1 479)	(1 479)
Interest charge	1 472	1 474
Closing Balance	7 664	7 671
Non-current	7 655	7 664
Current	9	7
Closing Balance	7 664	7 671

The lease liability is secured by the related underlying assets. The discounted maturity analysis of the lease liability at 31 December 2020 is as follows:

Maturity analysis

	Total R'000	Within 1 year R'000	Between 1 – 5 years R'000	More than 5 years R'000
Group 2020				
Lease payments	43 252	1 479	5 915	35 858
Finance charges	(35 588)	(1 470)	(5 860)	(28 258)
	7 664	9	55	7 600
Group 2019				
Lease payments	44 731	1 479	4 437	38 815
Finance charges	(37 060)	(1 472)	(4 406)	(31 182)
	7 671	7	31	7 633

14. INTEREST-BEARING BORROWINGS

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
China Development Bank				
Opening balance	8 790 699	6 193 998	8 790 699	6 193 998
Drawdown	181 943	2 815 607	181 943	2 815 607
Interest accrued	699 058	475 218	699 058	475 218
Interest repayment	(535 113)	(482 716)	(535 113)	(482 716)
Loan repayment	(80 105)	–	(80 105)	–
Realised foreign exchange gain	(12 747)	(43 926)	(12 747)	(43 926)
Unrealised foreign exchange loss/(gain)	314 560	(167 482)	314 560	(167 482)
Closing balance	9 358 295	8 790 699	9 358 295	8 790 699
Non-current	9 292 583	8 776 645	9 292 583	8 776 645
Current	65 712	14 054	65 712	14 054
Closing Balance	9 358 295	8 790 699	9 358 295	8 790 699

The Group has secured and utilized a US\$650-million loan. Refer to note 3 regarding the security for the loan. The variable interest rate is determined every six months, in advance, at the ruling 'six month LIBOR rate' plus 3.5%. The term of the loan is 15 years from the date of the first drawdown, i.e. January 2014. No capital repayments were due during the first six years. Repayments in semi-annual instalments over the last nine years of the loan commence at an amount equal to 0.077% of the outstanding balance at the end of the sixth year, after which every instalment increases 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. The interest expense is included in the effective interest rate calculation. Instalment payments started in 2020, as scheduled, with the final payment in 2028.

Notes to the financial statements continued

for the year ended 31 December 2020

15. SHAREHOLDER'S LOAN

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Jinchuan Group (Hong Kong) Resources Holdings Limited				
Opening balance	-	-	-	-
Shareholder's loan – drawdown	599 175	-	599 175	-
Unrealised foreign exchange gain	(65)	-	(65)	-
Closing balance	599 110	-	599 110	-

The Group has secured a US\$41-million loan. The interest rate is determined quarterly in advance at the ruling 'six month LIBOR rate' plus 3.5%. The interest is payable quarterly and the capital payable at the end of 12 months.

16. MINE CLOSURE AND ENVIRONMENTAL REHABILITATION OBLIGATION

	GROUP	
	2020	2019
	R'000	R'000
Opening balance	47 361	40 472
Obligation (reduced)/recognised	(9 026)	3 255
Charged to interest expenses	3 907	3 634
Closing balance	42 242	47 361

This long-term obligation reflects the net present value of closure, restoration, and environmental rehabilitation costs, (including the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) of which cashflows is expended at the end of life of the mine. 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.

At the time of establishing the provision, a corresponding asset is recognised 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 escalation rates.

As required by the Department of Mineral Resources and Energy, a deposit of R36.2-million (2019: R36.2-million) is held with a financial institution. Refer note 9. This investment has 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 and Energy for the mine closure and environmental rehabilitation.

The discount rate regarded as an appropriate long-term risk-free rate is 6.66% (2019: 8.25%) and the appropriate escalation rate is 2.53% (2019: 4.81%). The current cost rehabilitation estimate is R137.9-million (2019: R128.9-million).

Notes to the financial statements continued

for the year ended 31 December 2020

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Trade payables	144 030	111 394	2 269	3 116
Capital expenditure payables	17 932	37 374	-	-
Leave pay accrual	14 568	10 171	4 530	3 593
Bonus accrual	20 104	19 443	8 009	7 745
Value Added Tax payable	295	272	-	27
Salary accrual	7 431	4 153	(6 746)	(6 597)
Total	204 360	182 807	8 062	7 884

18. INCOME TAX

South African company tax	16 925	(21 229)	(3 026)	(882)
Current year	16 925	(21 229)	(3 026)	(882)
Deferred tax	(17 972)	(28 343)	-	-
Temporary differences	(17 972)	(28 343)	-	-
Income tax expense	(1 047)	(49 572)	(3 026)	(882)
Deferred tax	(1 225)	(1 799)	-	-
Tax on other comprehensive income	(1 225)	(1 799)	-	-

	GROUP		COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Reconciliation of effective tax rate				
Standard tax rate	28.0	28.0	28.0	28.0
Disallowed overseas travel	0.1	0.2	0.5	1.1
Disallowed legal expenses	1.5	0.5	4.5	2.8
Disallowed consulting fees	5.1	0.2	3.4	4.4
Disallowed donations	9.0	-	35.7	-
Disallowed penalties	-	0.1	-	0.1
Disallowed sponsor fees	0.3	0.1	1.2	0.5
Disallowed interest	2.1	0.7	-	-
Deferred tax asset not raised	0.4	14.9	1.9	(41.5)
Deferred tax asset utilised	(13.0)	(11.4)	-	4.6
Utilised assessed loss	(12.0)	-	(52.0)	-
(Over)/under provision in prior years	(19.5)	0.6	-	3.5
Effective rate	2.0	33.9	23.2	3.5

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Taxation				
Balance payable/(receivable) at the beginning of the year	20 411	(280)	-	(344)
South African company tax	(16 925)	21 229	3 026	882
Taxation paid	(3 483)	(538)	(3 026)	(538)
Taxation received	227	-	-	-
Balance payable at the end of year	230	20 411	-	-

Notes to the financial statements continued

for the year ended 31 December 2020

19. REVENUE

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Revenue comprises of:				
Management fees	-	-	28 642	31 269
Total	-	-	28 642	31 269

20. ADMINISTRATION EXPENSES

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Administration expenses include:				
Internal and external auditors' remuneration	3 986	2 827	3 772	2 827
Depreciation	8 991	8 141	218	212
Amortisation	570	569	-	-
Directors fees – short term benefits	11 704	12 626	11 704	12 563
Deferred bonus plan expenses	(94)	2 853	(94)	2 853
Employee costs – short term benefits	144 430	160 381	25 755	36 555
Short-term lease – buildings	166	243	579	587
Short-term lease – equipment	11 379	11 695	-	-
Legal fees	2 834	2 865	2 083	2 583
Statutory publications, corporate identity, and investor relations	2 099	1 947	802	1 319
Travel and accommodation	2 424	2 129	478	1 945
Consulting fees	13 039	13 549	1 740	3 999
Outsourced services	254 980	72 902	922	1 015
Security costs	11 554	10 291	-	-
Electricity and water	45 418	35 474	-	-
Communication costs	2 022	2 023	14	39
Municipal rates and services	231	337	-	-
Licence fees	4 065	3 717	-	-
Maintenance expenditure	167 922	27 392	25	81
Stock write off	1 178	22 029	-	-
Other administration expenses	82 426	46 814	21 181	907
Project expenses capitalised	(695 880)	(375 166)	-	-
Total	75 444	65 638	69 179	67 485

Notes to the financial statements continued

for the year ended 31 December 2020

21. FINANCE INCOME AND FINANCE EXPENSE

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Finance income from financial assets measured at amortised cost:				
Finance income from subsidiaries	-	-	980 138	268 473
Finance income from financial institutions				
Interest earned on cash balances	77 847	87 963	19 078	16 487
Interest accrued on cash balances	258	166	2	1
Total	78 105	88 129	19 080	16 488
Foreign exchange gains				
Realised gain on conversion of loan denominated in foreign currency	12 747	43 926	12 747	43 926
Realised gain on payment of interest accruals denominated in foreign currency	83 170	8 139	83 170	8 139
Unrealised gain on conversion of interest accruals denominated in foreign currency	-	308	-	308
Realised gain on conversion of bank account denominated in foreign currency	55 184	-	55 184	-
Unrealised gain on conversion of loan denominated in foreign currency	-	167 175	-	167 175
Total	151 101	219 548	151 101	219 548
Total finance income	229 206	307 677	1 150 319	504 509
Finance expense				
Finance expense for borrowings at amortised cost	(699 058)	(475 218)	(699 058)	(475 218)
Finance costs other	(3)	(3)	-	-
Lease liability finance costs	(1 471)	(1 104)	-	-
Time value of money adjustment to rehabilitation obligation	(3 907)	(3 634)	-	-
Total	(704 439)	(479 959)	(699 058)	(475 218)
Foreign exchange losses				
Realised loss on conversion of bank account denominated in foreign currency	-	(18 487)	-	(18 487)
Unrealised loss on conversion of loan denominated in foreign currency	(397 664)	-	(397 664)	-
Total	(397 664)	(18 487)	(397 664)	(18 487)
Finance costs capitalised*				
Interest income	(69 104)	(72 436)	-	-
Interest expense	699 058	475 218	-	-
Net foreign exchange losses	371 028	-	-	-
Net finance costs capitalised	1 000 982	402 782	-	-
Total Finance Expense	(101 121)	(95 664)	(1 096 722)	(493 705)

* Finance costs capitalised are costs directly related to the loan in note 14 – Interest-bearing borrowings.

Notes to the financial statements continued

for the year ended 31 December 2020

22. EARNINGS PER SHARE

	GROUP	
	2020	2019 Restated*
The basis of calculation of basic earnings per share is:		
Attributable earnings to ordinary shareholders (rand)	51 781 858	96 802 424
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058
Basic earnings per share (cents)	3.18	5.95
The basis of calculation of diluted earnings per share is:		
Attributable earnings to ordinary shareholders (rand)	51 781 858	96 802 424
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058
Diluted earnings per share (cents)	3.18	5.95

	2020		2019	
	Gross	Net	Gross	Net
The basis of calculation of headline earnings and diluted headline earnings per share is:				
Earnings attributable to ordinary shareholders (rand)		51 781 858		96 802 424
Adjustment for:		(145 517)		-
Other income	(187 522)	(145 517)		-
Headline earnings		51 636 341		96 802 424
Weighted average number of ordinary shares in issue (shares)		1 627 827 058		1 627 827 058
Headline earnings per share (cents)		3.17		5.95

* The prior year basic and diluted earnings per share has been restated to not include the other comprehensive income fair value adjustment that was erroneously included within the calculation. The correction results in the basic earnings and diluted earnings per share being 0.38 cents per share lower compared to the 6.33 cents per share as previously reported. Headline earnings and diluted headline earnings per share were not affected.

Notes to the financial statements continued

for the year ended 31 December 2020

23. NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Reconciliation of profit/(loss) before tax to cash (utilised)/generated from operations				
Profit/(loss) before tax:	52 829	146 375	13 060	(25 412)
Finance income	(8 743)	(15 527)	(19 080)	(16 488)
Finance expense – bank	3	4	–	–
Foreign exchange loss/(gain)	28 041	(148 064)	–	–
Non-cash intercompany recoveries/fees	–	–	265 382	453 116
Adjustments for:				
– Depreciation	8 991	8 141	218	212
– Amortisation	570	569	–	–
– Lease liability repayment	–	370	–	–
– Realised foreign exchange gain on loan	(12 747)	(43 926)	–	–
– Time value of money adjustment to rehabilitation obligation	3 907	3 634	–	–
– Deferred bonus plan	(94)	2 853	(94)	2 853
Profit/(loss) before working capital changes	72 757	(45 571)	259 486	414 281
Changes in working capital	(579 618)	(116 475)	(840)	2 348
Increase in other receivables	(258 002)	(107 019)	(1 018)	(2 222)
Increase in inventories	(362 611)	(105 924)	–	–
Increase in trade and other payables	40 995	96 468	178	4 570
Cash (utilised)/generated from operations	(506 861)	(162 046)	258 646	416 629
Reconciliation of the acquisition of property, plant and equipment				
Additions per PPE note 3	1 849 711	1 096 228	–	32
Decrease/(increase) in decommissioning asset	9 026	(3 255)	–	–
Change in capital expenditure payables	19 442	10 869	–	–
Unrealised foreign exchange differences capitalised	(314 564)	–	–	–
Finance cost paid capitalised	(535 113)	(482 716)	–	–
Acquisition of property, plant and equipment	1 028 502	621 126	–	32

Notes to the financial statements continued

for the year ended 31 December 2020

24. COMMITMENTS

Commitments not recognised in the financial statements:

	GROUP		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000
Commitments due within:				
- Next 12 months:	943 289	935 382	1 020	1 118
Operating expenses	1 099	1 182	1 020	1 118
Project capital commitments	942 190	934 200	-	-
- Next 13 to 24 months:				
Project capital commitments	16 835	349 736	-	-
- Next 25 to 36 months:				
Project capital commitments	5 820	-	-	-
Total commitments				
Operating expenses	1 099	1 182	1 020	1 118
Project capital commitments	964 845	1 283 936	-	-
Total	965 944	1 285 118	1 020	1 118

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 have been authorised but not contracted for.

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

	Notes	Amortised cost per IFRS 9 R'000	FVOCI per IFRS 9 R'000	Total R'000
Group 2020				
Financial assets				
Cash and cash equivalents	10	899 406	-	899 406
Restricted cash	9	81 028	-	81 028
Other receivables*	8	671	-	671
Other financial assets	4	-	22 692	22 692
		981 105	22 692	1 003 797
Group 2019				
Financial assets				
Cash and cash equivalents	10	2 127 557	-	2 127 557
Restricted cash	9	81 028	-	81 028
Other receivables*	8	2 934	-	2 934
Other financial assets	4	-	17 222	17 222
		2 211 519	17 222	2 228 741

* Excludes VAT and prepayments

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.1 Categories of financial instruments continued

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Group 2020			
Financial liabilities			
Trade and other payables*	17	161 962	161 962
Shareholder's loan	15	599 110	599 110
Interest-bearing borrowings	14	9 358 295	9 358 295
Lease liability	13	7 664	7 664
		10 127 031	10 127 031
Group 2019			
Financial liabilities			
Trade and other payables*	17	148 768	148 768
Interest-bearing borrowings	14	8 790 699	8 790 699
Lease liability	13	7 671	7 671
		8 947 138	8 947 138

* Excludes VAT and employee costs accruals

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Company 2020			
Financial assets			
Cash and cash equivalents	10	147 173	147 173
Restricted cash	9	27 000	27 000
Other receivables*	8	736	736
Loans receivable from subsidiaries (non-current)	5	10 274 853	10 274 853
Loans receivable from subsidiaries (current)	5	1 945 805	1 945 805
		12 395 567	12 395 567
Company 2019			
Financial assets			
Cash and cash equivalents	10	842 697	842 697
Restricted cash	9	27 000	27 000
Other receivables*	8	1 120	1 120
Loans receivable from subsidiaries (non-current)	5	10 121 268	10 121 268
Loans receivable from subsidiaries (current)	5	227 176	227 176
		11 219 261	11 219 261

* Excludes VAT and prepayments

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.1 Categories of financial instruments continued

	Notes	Amortised cost per IFRS 9 R'000	Total R'000
Company 2020			
Financial liabilities			
Trade and other payables*	17	2 269	2 269
Shareholder's loan	15	599 110	599 110
Interest-bearing borrowings	14	9 358 295	9 358 295
Loans payable to subsidiaries	5	1 674	1 674
		9 961 348	9 961 348
Company 2019			
Financial liabilities			
Trade and other payables*	17	3 116	3 116
Interest-bearing borrowings	14	8 790 699	8 790 699
Loans payable to subsidiaries	5	1 008	1 008
		8 794 823	8 794 823

* Excludes VAT and employee costs accruals

25.2 Financial risk management

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.

The Group is exposed to the following risks:

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

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.

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 and Company has exposure to other receivables of R0.7-million and R0.7-million respectively (2019: R2.9-million and R1.1-million respectively). The Group and Company has exposure to cash and cash equivalents of R899.4-million and R147.2-million respectively (2019: R2 127.6-million and R842.7-million respectively). The Group and Company has exposure to restricted cash of R81.0-million and R27.0-million respectively (2019: R81.0-million and R27.0-million respectively).

Exposure to credit risk is limited by only investing in liquid securities and only with counterparties that have a favourable credit rating. Cash and cash equivalents and restricted cash are invested with the following institutions at 31 December 2020.

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.2 Financial risk management continued

Institution	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Bank of China	18 289	389 630	12 347	383 959
China Construction Bank	810 794	1 697 928	127 070	446 331
Investec	94 913	91 068	32 950	31 594
Standard Bank	55 544	29 479	1 806	7 813
First National Bank	894	480	–	–
	980 434	2 208 585	174 173	869 697

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 revenue from operations is only expected from 2021 onwards.

Various funding options for the balance required from 2021 onwards are being considered.

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 in 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 Group begins to earn US\$ denominated revenue, this will provide a natural hedge and losses on the restatement of the US\$ loan should be met with improved net ZAR income if the rand weakens, and vice versa if the ZAR 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.

Interest rate sensitivity analysis

A decrease of 50 basis points in interest rates on favourable bank balances, including restricted cash of R980.4-million (2019: R2 208.6-million) for the Group will decrease equity and profit or loss by R4.9-million (2019: R10.6-million on a 50 basis points on interest decrease). An increase of 50 basis points would have the equal but opposite effect. A decrease of 50 basis points in interest rates on favourable bank balances, including restricted cash of R174.2-million (2019: R869.7-million) for the Company will decrease equity and profit or loss by R1.2-million (2019: R4.2-million on a 50 basis points on interest decrease). 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 R56.2-million (2019: R39.1-million on a 50 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R56.7-million (2019: R39.3-million on a 50 basis points increase). This analysis assumes all other variables remain constant.

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.2 Financial risk management continued

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 and bank accounts that are denominated in US\$.

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

Group and Company	2020	
	US\$ US\$'000	ZAR R'000
Financial assets:		
Bank account denominated in foreign currency	8 431	123 545
Financial liabilities:		
Shareholder's loan	40 886	599 110
Interest-bearing borrowings	638 649	9 358 295
Exchange rates at year end	2020	2019
ZAR/US\$	14.6533	14.0399

Exchange rate sensitivity analysis

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R983.4-million (2019: R1 052.5-million) on the interest-bearing borrowings and shareholder's loan. 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 statements of financial position as a FVOCI financial asset.

The Group is exposed to price risks due to the various inputs used for the DCF method. Refer to note 2.3.

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.3 Contractual maturities

Remaining contractual maturities, including estimated interest payments, are as follows:

	Notes	Effective 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 2020								
Trade and other payables*	17		161 962	161 962	-	-	-	-
Shareholder's loan	15	5.41%	633 322	16 269	617 053	-	-	-
Interest-bearing borrowings	14	6.37%	11 909 017	487 207	437 667	2 676 169	4 889 890	3 418 084
			12 704 301	665 438	1 054 720	2 676 169	4 889 890	3 418 084
Group 2019								
Trade and other payables*	17		148 768	148 768	-	-	-	-
Interest-bearing borrowings	14	6.00%	11 292 446	241 803	192 887	1 346 069	4 464 419	5 047 268
			11 441 214	390 571	192 887	1 346 069	4 464 419	5 047 268
Company 2020								
Trade and other payables*	17		2 269	2 269	-	-	-	-
Shareholder's loan	15	5.41%	633 322	16 269	617 053	-	-	-
Interest-bearing borrowings	14	6.37%	11 909 017	487 207	437 667	2 676 169	4 889 890	3 418 084
			12 544 608	505 745	1 054 720	2 676 169	4 889 890	3 418 084
Company 2019								
Trade and other payables*	17		3 116	3 116	-	-	-	-
Interest-bearing borrowings	14	6.00%	11 292 446	241 803	192 887	1 346 069	4 464 419	5 047 268
			11 295 562	244 919	192 887	1 346 069	4 464 419	5 047 268

* Excludes VAT and employee costs accruals

Refer to note 13 for contractual maturities relating to lease liability.

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.4 Fair values

	Notes	GROUP 2020		GROUP 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
		R'000	R'000	R'000	R'000
Cash and cash equivalents	10	899 406	899 406	2 127 557	2 127 557
Restricted cash	9	81 028	81 028	81 028	81 028
Other receivables*	8	671	671	2 934	2 934
Investment in equity asset	4	22 692	22 692	17 222	17 222
Trade and other payables*	17	(161 962)	(161 962)	(148 768)	(148 768)
Shareholder's loan	15	(599 110)	(599 110)	-	-
Interest-bearing borrowings	14	(9 358 295)	(9 638 134)	(8 790 699)	(8 996 354)
		(9 115 570)	(9 395 409)	(6 710 726)	(6 916 381)

* Excludes VAT, prepayments and employee costs accruals

	Notes	COMPANY 2020		COMPANY 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
		R'000	R'000	R'000	R'000
Cash and cash equivalents	10	147 173	147 173	842 697	842 697
Restricted cash	9	27 000	27 000	27 000	27 000
Other receivables*	8	736	736	1 120	1 120
Loans receivable from subsidiaries (non-current)	5	10 274 853	9 300 562	10 121 268	8 900 069
Loans receivable from subsidiaries (current)	5	1 945 805	1 945 805	227 176	227 176
Trade and other payables*	17	(2 269)	(2 269)	(3 116)	(3 116)
Shareholder's loan	15	(599 110)	(599 110)	-	-
Interest-bearing borrowings	14	(9 358 295)	(9 638 134)	(8 790 699)	(8 996 354)
Loans payable to subsidiaries	5	(1 674)	(1 674)	(1 008)	(1 008)
		2 434 219	1 180 089	2 424 438	997 584

* Excludes VAT, prepayments and employee costs accruals

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 any of the levels 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 portion of interest-bearing borrowings is carried at amortised cost which approximates carrying amounts as the amounts will be received or settled in the short term.

Management established the fair value of loans to subsidiaries using a method consistent with the level 3 hierarchy as unobservable inputs were used. Fair value is determined by discounting the carrying amount at the prime lending rate for six to twenty years depending on the expected payback of the loan. There were no significant interrelationships between inputs identified and the changing of one unobservable input to reflect reasonably possible alternative assumptions would not change the fair value significantly.

The long-term interest-bearing borrowings is measured using level 2 at amortised cost using the effective interest method. The fair value of long-term borrowings is calculated at market related contractual interest rates at year-end. Refer to note 14.

Investment in equity asset is measured at fair value using level 1 values obtained directly from the JSE.

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.5 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 debt-equity ratio is currently 322.9% (2019: 290.3%). The Company has loan covenants in that the net worth of the Group will not be less than R2 billion 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.

25.6 Impairment of financial assets

Loans receivable from subsidiaries

The Company has material loans receivable from subsidiaries. Refer to note 5.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower; and
- significant increases in credit risk on other financial instruments of the same borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a borrower is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

The Company uses three categories for loans, which reflect their credit risk and how the loan loss provision is determined for each of those categories:

Category	Company definition	Basis for recognition of expected credit loss provision
Stage 1 – Performing	Borrowers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2 – Underperforming	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Stage 3 – Nonperforming	Interest and/or principal repayments are 60 days past due	Lifetime expected losses

Over the term of the loans, the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each borrower and adjusts for forward looking macroeconomic data.

The interest-bearing loan receivable from Bakubung is considered to be a performing loan as Bakubung has a low risk of default and strong capacity to meet contractual cash flows. As such, any loss allowance recognized would be based on 12 month expected losses. The expected credit loss calculated for this loan was found to be insignificant.

ECL was calculated using a combination of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as follows:

$$ECL = PD * LGD * EAD$$

Notes to the financial statements continued

for the year ended 31 December 2020

25. FINANCIAL INSTRUMENTS continued

25.6 Impairment of financial assets continued

Loans receivable from subsidiaries continued

Where:

PD represents the likelihood over a specified period that a borrower will not be able to make scheduled payments. A PD of 30.16% was used based on market information adjusted for factors specific to the borrower.

LGD represents the amount of money that the Company would lose on default by the borrower. Considerations included the costs that would be incurred to recover amounts owed as well as the collateral held and the time that would be taken to realise such security. Given that the mine is held as security, the LGD was found to be negligible.

EAD represents the amount by which the Company is exposed to loss, as a result of the default on the loan which our calculation determined to be the carrying value of the loan.

The Company considered impairment for other loans receivable from subsidiaries which are all unsecured, interest-free and repayable on demand. All recovery scenarios indicated that the expected credit losses from these loans would be immaterial.

Other financial instruments

The Group and Company have restricted cash and cash and cash equivalents. Immaterial expected credit losses were estimated for these balances.

For the portion of other receivables that meet the definition of financial instruments under IFRS 9, the expected credit losses are immaterial at both Group and Company level.

26. RELATED PARTIES

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

26.1 Transactions with shareholders

Group and Company	2020 R'000	2019 R'000
Jinchuan Group (Hong Kong) Resources Holdings Limited		
Shareholder's loan		
Opening balance	-	-
Loan advanced	599 110	-
Closing balance	599 110	-

Notes to the financial statements continued

for the year ended 31 December 2020

26. RELATED PARTIES continued

26.2 Transactions with subsidiaries

	COMPANY	
	2020 R'000	2019 R'000
NON-CURRENT ASSETS		
Bakubung Minerals (Pty) Ltd*	1 913 040	1 913 040
Bakubung Minerals (Pty) Ltd**		
Opening balance	8 047 720	5 290 091
Loan advanced	183 243	2 771 683
Transfer to current	(65 712)	(14 054)
Closing balance	8 165 251	8 047 720
Wesizwe Properties (Pty) Ltd*		
Opening balance	25 581	24 190
Loan advanced	455	1 391
Closing balance	26 036	25 581
Gabonewe Housing Estate (Pty) Ltd*		
Opening balance	124 014	119 001
Loan advanced	35 012	5 013
Closing balance	159 026	124 014
Africa Wide Mineral Prospecting and Exploration (Pty) Ltd*		
Opening balance	10 913	10 697
Loan advanced	587	216
Closing balance	11 500	10 913
CURRENT ASSETS		
Bakubung Minerals (Pty) Ltd***		
Opening balance	226 820	827 839
Management fees	28 643	32 795
Transfer from non-current	65 712	14 054
Loan advanced/(repaid)	1 624 266	(647 868)
Closing balance	1 945 441	226 820
Gabonewe Housing Estate (Pty) Ltd*		
Opening balance	227	227
Closing balance	227	227
Wesizwe Properties (Pty) Ltd*		
Opening balance	129	75
Cost recovery	8	54
Closing balance	137	129
CURRENT LIABILITIES		
Wesizwe Properties (Pty) Ltd*		
Opening balance	(1 008)	(393)
Rental charges	(666)	(615)
Closing balance	(1 674)	(1 008)

* Inter-Group loans are interest free and have no fixed repayment terms.

** The loan is payable on the same terms 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.

Notes to the financial statements continued

for the year ended 31 December 2020

26. RELATED PARTIES continued

26.3 Transactions with key management

Service contracts of Directors

Name	Executive/Non-executive Director	Position
Dawn Mokhobo	Independent Non-Executive Director	Chairman
Zhimin Li	Executive Director	Chief Executive Officer
Feng Tao	Executive Director	Financial Director, Resigned 31 March 2020
Jianguo Liu	Executive Director	Financial Director, Appointed 1 April 2020
Victor Mabuza	Independent Non-Executive Director	
Lincoln Ngculu	Independent Non-Executive Director	
Sun Pingan	Non-Executive Director	
Pengfei Li	Non-Executive Director	
Huigao Guo	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:

Name	2020		2019	
	Direct Ordinary shares	Indirect Ordinary shares	Direct Ordinary shares	Indirect Ordinary shares
Lincoln Ngculu	–	5 795 888	–	5 795 888
Jacob Mothomogolo	517	–	517	–
Hamlet Morule	735 000	–	735 000	–
Basetsana Ramaboa	183 748	–	183 748	–
Total	919 265	5 795 888	919 265	5 795 888

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

Remuneration paid to Directors and prescribed officers

Remuneration for Non-executive Directors

Name	2020			2019		
	Directors Fees	Attendance fees	Total	Directors Fees	Attendance fees	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Dawn Mokhobo	337	1 127	1 464	337	980	1 317
Lincoln Ngculu	141	857	998	141	708	849
Victor Mabuza	141	791	932	141	640	781
Total	619	2 775	3 394	619	2 328	2 947

Remuneration for Executive Directors

Name	No of months	2020				2019			
		Salaries R'000	Bonuses R'000	DBP R'000	Total R'000	Salaries R'000	Bonuses R'000	DBP R'000	Total R'000
Zhimin Li	12	3 586	1 067	–	4 653	3 744	1 032	–	4 776
Feng Tao*	3	850	–	–	850	3 400	–	–	3 400
Jianguo Liu*	9	2 550	–	–	2 550	–	–	–	–
Total		6 986	1 067	–	8 053	7 144	1 032	–	8 176

* Feng Tao and Jianguo Liu are foreign secondees. A Financial Director fee is charged for their services to Wesizwe, as per the Service Level Agreement between Wesizwe and CAD.

Notes to the financial statements continued

for the year ended 31 December 2020

26. RELATED PARTIES continued

26.3 Transactions with key management continued

Remuneration for key management

Name	No of months	2020				2019			
		Salaries R'000	Bonuses R'000	DBP R'000	Total R'000	Salaries R'000	Bonuses R'000	DBP R'000	Total R'000
Basetsana Ramaboa	12	2 331	511	312	3 154	2 307	525	243	3 075
Vasta Mhlongo	12	2 208	520	–	2 728	2 186	516	–	2 702
Jacob Mothomogolo	12	3 073	865	524	4 462	3 042	802	486	4 330
Hamlet Morule	12	2 494	589	357	3 440	2 469	584	328	3 381
Total		10 106	2 485	1 193	13 784	10 004	2 427	1 057	13 488

All remuneration paid to Directors and prescribed officers represents short-term benefits. DBP represents cash-settled vested shares paid.

27. GOING CONCERN

The Group's cash resources at the reporting date of R899.4-million (2019: R2 127.6-million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The majority shareholder has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan.

Based on the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. The ability of the Group to continue as a going concern is dependent on the support of the majority shareholder. These conditions indicate that a material uncertainty exists which may cast significant doubt as to the ability of the Company and its subsidiaries to continue as a going concern in that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

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

28. IMPACT OF THE COVID-19 PANDEMIC

On 11 March 2020, the World Health Organization officially declared the novel coronavirus, Covid-19, a pandemic. Governments across the world have taken extreme measures to curb the spread of the virus by introducing various forms of social distancing, lockdown regimes and forms of monetary and fiscal stimulus. These measures have impacted on the financial position of individuals, small and medium sized businesses as well as corporates to varying degrees.

The Group has been proactive in managing staff health risks through an early risk awareness campaign, cancellation of large gatherings, social distancing, the introduction of hand sanitisers, implementation of work from home practices, where practical, as well as a comprehensive staff wellness monitoring and support programme. Costs relating to new suppliers and services associated with these measures amounted to R11.5-million.

The national lockdown and new regulations impacted negatively of the original 2020 production plan and delayed the development of the mine. Management have however taken comprehensive measures to advance the mine construction and achieved the targets of new adjusted working plan in 2020.

Although the number of new coronavirus infections is still climbing around the world, the availability of Covid-19 vaccines and more global solidarity strengthening across the world, we believe that the year of 2021 is looking significantly better.

29. 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 statements.

Notes to the financial statements continued

for the year ended 31 December 2020

30. 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.

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

During July 2015, the Board, on recommendation of the Remuneration Committee approved the implementation of a 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 the Company 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 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 share price on vesting date;
- The vesting period(s) are time based and will have no other performance conditions linked to the vesting; and
- If the time performance condition is not met, the rights to the cash-settled bonus will be forfeited.

The Remuneration Committee approved the vesting of the shares in 2020.

	2020	2019
Reconciliation of nominal shares		
Opening balance	20 107 485	15 029 510
Number of nominal shares granted (2019 year)	-	7 641 197
Number of nominal shares which have vested (2019 year)	-	(2 563 222)
Number of nominal shares granted (2020 year)	7 667 644	-
Number of nominal shares which have vested (2020 year)	(2 779 062)	-
Closing balance	24 996 067	20 107 485

The number of participants at 31 December 2020 amounts to four.

Valuation date	31 December 2020
Fair value of share price at valuation date	R 0.50
Vesting period	3 – 5 years
Type of settlement	Cash
Strike Price	R0.00
Volatility	12.66% (calculated as standard deviation of the entity's share price for the past 3 years)
Risk free rate	6.66%
Option Pricing Model	Black-Scholes Model

During the year ended 31 December 2020, the Company recognised R0.09-million (2019: R2.9-million expense) relating to a decrease in liability for the cash settled deferred bonus plan. This is as a result of the value of shares vesting being larger than the new shares issued adjusted for the probability of payment.

Non-current liability

	2020	2019
GROUP AND COMPANY	R'000	R'000
Opening balance	6 037	3 184
Cash-settled share-based liability raised	(94)	2 853
Closing balance	5 943	6 037

Notes to the financial statements continued

for the year ended 31 December 2020

32. RECLASSIFICATION

Reclassification of exchange losses on cash and cash equivalents

1. In prior year results, exchange losses on cash and cash equivalents was presented as part of "Cash utilised from operations" in the statement of cash flows for the Group. It was decided to improve presentation by disclosing this line item separately as "exchange losses on cash and cash equivalents". The revised presentation is consistent with IAS 7 requirements "The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flows in order to reconcile cash and cash equivalents at the beginning and the end of the period. This amount is presented separately from cash flows from operating, investing and financing activities."
2. In prior year results, finance costs paid capitalised was presented as part of "Acquisition of property, plant and equipment" in the statement of cash flows for the Group. It was decided to improve presentation by disclosing this line item separately as "finance costs paid capitalised". The revised presentation is consistent with IAS 7 requirements "Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing, or financing activities. The total amount of interest paid during a period is disclosed in the Statement of Cash Flows whether it has been recognised as an expense in profit or loss or capitalised in accordance with IAS 23 *Borrowing Costs*."

GROUP 31 December 2019

	As previously reported R'000	Reclassification R'000	Restated R'000
Cash flows from operating activities			
Cash flows from operating activities	(180 533)	18 487 ¹	(162 046)
Cash utilised in operations	(180 533)	18 487¹	(162 046)
Finance income received	15 874	–	15 874
Finance cost paid	(1 474)	–	(1 474)
Taxation paid	(538)	–	(538)
Cash utilised in operating activities	(166 671)	18 487¹	(148 184)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1 103 842)	482 716 ²	(621 126)
Finance cost paid capitalised	–	(482 716) ²	(482 716)
Net cash outflow from investing activities	(1 103 842)	–	(1 103 842)
Cash flows from financing activities			
Interest-bearing borrowings raised	2 815 607	–	2 815 607
Repayment of lease liability	(5)	–	(5)
Net cash inflow from financing activities	2 815 602	–	2 815 602
Net increase in cash and cash equivalents	1 545 089	18 487¹	1 563 576
Exchange losses on cash and cash equivalents	–	(18 487) ¹	(18 487)
Cash at beginning of the period	582 468	–	582 468
Cash and cash equivalents	2 127 557	–	2 127 557

¹ Please refer to note 1 above.

² Please refer to note 2 above.

Notes to the financial statements continued

for the year ended 31 December 2020

32. RECLASSIFICATION continued

Reclassification of exchange losses on cash and cash equivalents continued

COMPANY 31 December 2019

	As previously reported R'000	Reclassification R'000	Restated R'000
Cash flows from operating activities			
Cash flows from operating activities	398 142	18 487 ¹	416 629
Cash generated in operations	398 142	18 487¹	416 629
Finance income received	16 597	–	16 597
Finance cost paid	(482 716)	–	(482 716)
Taxation paid	(538)	–	(538)
Cash utilised in operating activities	(68 515)	18 487¹	(50 028)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(32)	–	(32)
Loans advanced to group companies	(2 411 131)	–	(2 411 131)
Proceeds from repayment of loans from group companies	77 534	–	77 534
Net cash outflow from investing activities	(2 333 629)	–	(2 333 629)
Cash flows from financing activities			
Interest-bearing borrowings raised	2 815 607	–	2 815 607
Repayment of lease liability	–	–	–
Net cash inflow from financing activities	2 815 607	–	2 815 607
Net increase in cash and cash equivalents	413 463	18 487¹	431 950
Exchange losses on cash and cash equivalents	–	(18 487) ¹	(18 487)
Cash at beginning of the period	429 234	–	429 234
Cash and cash equivalents	842 697	–	842 697

¹ Please refer to note 1 on page 51.

Administration

Corporate office, Registered office and Business address of the Company Secretary:

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South Africa

Sponsor:

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South Africa

Auditors:

SizweNtsalubaGobodo Grant Thornton Inc.
20 Morris Street
East Woodmead
Sandton, 2191
South Africa

Directors:

DNM Mokhobo (Chairman)*
Z Li (Chief Executive Officer)#
J Liu (Finance Director)#
LV Ngculu*
TV Mabuza*
S Pingan*#
P Li*#
H Guo*#

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