wesizwe

ANNUAL FINANCIAL STATEMENTS **2021**

Committed to **zero** harm, to our **people** and the **environment**

Contents

Prepared by

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

Feedback

For any questions or to provide feedback on this report, please contact Wesizwe – **info@wesizwe.com**

About Wesizwe

Wesizwe Platinum Ltd (Wesizwe) is a platinum group metals (PGMs) mining company listed on the Johannesburg Stock Exchange (JSE). Our flagship project, the Bakubung Platinum Mine (BPM, the mine), is located in the Bushveld Complex, near Rustenburg in North West Province, South Africa.

vision

Our vision is to grow into a significant multi-commodity mining company, focused on strategic metals, with sound fundamentals to sustainably meet demand.

mission

With zero harm top of mind, we are steadily progressing towards creating a sustainable mining entity that will deliver sustained value over the next 30 to 35 years.

We are committed to the socioeconomic development of communities in which we operate.

values

- Zero harm to people and the environment
- Ownership, accountability and responsibility
- Trust, openness and transparency
- Perseverance and tenacity
- Ethical behaviour based on integrity and honesty
- Respecting diversity and inclusion
- Dignity, respect and fairness
- Caring

Salient Features

US$130 million
shareholder's loans raised
(US$50 million short term)

R1.8 billion
direct investment in property, plant and equipment

R994 million
forex loss on loans denominated in foreign currency

R626 million
finance expense incurred during 2021

1.51 cents
basic loss per share

Chief Executive Officer and Financial Director's responsibility statement

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

(a) The Annual Financial Statements set out on pages 14 to 60, fairly present in all material respects the financial position, financial performance and cash flows of Wesizwe Platinum Limited in terms of IFRS;

(b) No facts have been omitted or untrue statement made that would make the Annual Financial Statements false or misleading;

(c) 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 Wesizwe Platinum Limited; and

(d) 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 Report on Corporate Governance™ for South Africa, 2016* (King IV). Where we are not satisfied, we have disclosed to the Audit and Risk 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

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Directors' responsibility and approval

for the year ended 31 December 2021

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 statement of financial position as at 31 December 2021, statement 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), International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and the requirements of the Companies Act, as well as the 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 10 March 2022 and signed by:

Dawn Mokhobo
Chairperson

Jianguo Liu
Financial Director

Certificate by the Company Secretary

for the year ended 31 December 2021

In terms of section 88(2)(e) of the Companies Act, as amended, I certify that the Group has lodged with the Commissioner 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.

Azeyech Consulting Services Proprietary Limited
Company Secretary

10 March 2022

Report of the Audit and Risk Committee

for the year ended 31 December 2021

Introduction

The Audit and Risk Committee (the committee) is pleased to present its report in terms of the Companies Act and the JSE Listings Requirements for the financial year ended 31 December 2021. 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 2021 Integrated Annual Report (2021 IAR).

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 members who have the necessary skills and experience to fulfil the duties of the committee. The committee comprised the following members:
- Victor Mabuza (Independent Non-executive Director and Chair);
- Lincoln Ngculu (Independent Non-executive Director); and
- 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 10 May 2022. The profiles of the members, including their qualifications, can be viewed in the 2021 IAR.

Frequency and attendance of meetings

The committee met three times during the year.

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 2021 IAR;
- 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;
- 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 Financial 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 2021 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.

Internal auditor

The committee has satisfied itself that the internal auditor, Mazars Advisory Proprietary Limited (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(g)(i) 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 Financial 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 to recommend acceptance of the conclusion to the Board.

Financial statements

The committee has reviewed the AFS of the Group and Company for the year ended 31 December 2021 and is satisfied that they comply with IFRS and the Companies Act. Areas of judgement were discussed to confirm accounting estimates.

Risk management

The Board has assigned oversight of the Company's risk management function to the committee. 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.

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.

Report of the Audit and Risk Committee continued

for the year ended 31 December 2021

Technology governance and information technology (IT)

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 information and communications technology (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 programme will continue in 2022.

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 2021.

The committee reviewed the Company's strategic risks for the reporting period and felt that the prior period's strategic risks were still the key strategic risks that the Company needed to focus on. However, due to the intensifying Covid-19 and lockdown challenges during the 2021 financial year, the committee took a decision to hold a strategic risk assessment session, to ensure that the Company was consistently identifying and evaluating its strategic risks under a fluid and challenging Covid-19 pandemic environment. The exercise was completed in Q1 of 2021. The exercise resulted in a number of new strategic risks which the committee will be monitoring, reviewing and evaluating during the year ending 31 December 2022.

Additional focus areas for 2022

- Mine production management;
- Materials management review;
- Financial discipline review;
- Life of mine planning and monitoring – review;
- Legal and regulatory compliance;
- Revenue management;
- Combined assurance;
- Enterprise risk management;
- Technology and IT governance; and
- King IV Code implementation.

Victor Mabuza
Chairman

10 March 2022

Directors' report

for the year ended 31 December 2021

The Directors have pleasure in submitting their report on the AFS of Wesizwe Platinum Limited and the Group for the year ended 31 December 2021.

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 PGMs mine at its Bakubung Minerals Proprietary Limited (Bakubung) operation, also known as BPM, which is owned by Wesizwe, firmly positioning the Group as a significant mid-tier precious metals producer.

There have been no material changes to the nature of the Group's business from the prior year.

Review of financial results and activities

The consolidated AFS have been prepared in accordance with IFRS and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year.

Results of the Group for the year under review

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

The loss before tax for the year under review was R42.1 million (2020: R52.8 million profit). These results take into account administration expenses amounting to R37.4 million (2020: R75.4 million), finance income amounting to R48.4 million (2020: finance income R229.2 million) and finance expense amounting to R53.1 million (2020: finance expense R101.1 million) as presented in the statement of profit or loss and other comprehensive income.

Results of wholly owned subsidiaries for the year under review

- Bakubung Minerals Proprietary Limited (Bakubung) made a loss after tax of R20.5 million (2020: R43.7 million profit).
- Africa Wide Mineral Prospecting and Exploration Proprietary Limited (Africa Wide) made a profit after tax and other comprehensive income of R17.6 million (2020: R3.7 million profit).
- Vaviscan Proprietary Limited (Vaviscan) had no activity for the year under review (2020: Rnil).
- Wesizwe Properties Proprietary Limited (Wesizwe Properties) made a profit after tax of R0.5 million (2020: R0.4 million).
- Gabonewe Housing Estate Proprietary Limited (Gabonewe) made a loss after tax of R1.6 million (2020: R2.0 million).

Directorate

Directors and changes in Board of Directors

The details of the current Directors are provided in the 2021 IAR.

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 Lincoln Ngculu, Victor Mabuza and Sun Pingan.

Directors' remuneration

Refer to the remuneration report in note 32 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.

Stated capital

There have been no changes to the authorised or issued share capital during the year under review.

Further details of the authorised and issued stated capital are set out in note 13 to the financial statements.

Directors' report continued

for the year ended 31 December 2021

Special resolutions

The remuneration payable to Non-executive Directors was approved at the AGM that was held on 7 May 2021 effective until the next AGM, which will be held on 10 May 2022.

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.

Events after the reporting period

The directors are not aware of any material event that occurred after the reporting date and up to the date of this report.

Funding and going concern

Funding of BPM

The project funding of 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 instalments" only commence after six years from the date of the first drawdown. The instalments commence as relatively small amounts, being 0.077% of the outstanding balance at the payment date of the first instalment, which increases with every consecutive repayment to a pre-final instalment of 8.5% of the outstanding balance on the payment date of the second last instalment. The final instalment 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 had been drawdown.

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 has 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 R374.1 million (2020: R899.4 million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The Group's current liabilities at the reporting date, which includes shareholder's loans of R1 470.0 million, exceed the current assets by R784.8 million.

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.

The ability of the Group and Company to continue as a going concern is dependent on the support of the majority shareholder and the majority shareholder not calling on the current shareholder's loans. The shareholder has supported the shortfall to date and has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan going forward. Management has also considered its ability to obtain additional funding in the form of a new consortium bank loan and other factors in its ability to continue operating in the foreseeable future.

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

Auditors

SNG Grant Thornton continued in office as auditors for the Company and its subsidiaries for 2021.

The shareholders will be requested to reappoint SNG Grant Thornton as the independent external auditors of the Group and to confirm Mr Muhammad Joosub as the designated lead audit partner for the 2022 financial year at the AGM.

Company Secretary

The Company Secretary is Azeyech Consulting Services Proprietary Limited.

Annual General Meeting

The notice convening the AGM to be held on 10 May 2022, together with a shareholder proxy form, and the notes explaining the various resolutions to be considered at that meeting is enclosed with the 2021 IAR.

Covid-19

The Group has navigated and continues to effectively manage the Covid-19 pandemic challenge. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the Board is confident that the responses are adequate and the crisis is being continuously monitored to assess the impact on the Group and Company.

Approval of Annual Financial Statements

The AFS set out on pages 14 to 60, which have been prepared on the going concern basis, were approved by the Board of Directors on 10 March 2022.

Dawn Mokhobo
Chairperson

10 March 2022

Independent auditor's report

for the year ended 31 December 2021

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 14 to 60, which comprise the Group and Company statements of financial position as at 31 December 2021, 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 2021, 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 37 in the consolidated and separate financial statements, which indicates that the group's current liabilities exceeded current assets by R784.8 million. As stated in Note 37, these events or conditions, along with other matters as set forth in Note 37, 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.

Impairment of mine development assets
Refer to Note 1.7 (i), 3.3 and 4 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
Included in Property, plant and equipment is mine development assets amounting to R 14 989 million, relating to the Company's subsidiary, Bakubung Minerals (Pty) Ltd. 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. Due to the significant judgment applied by management, the valuation of the mine development assets is considered a key audit matter.	Our audit procedures included, amongst others: 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 practice and through enquiry with our experts. 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. 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.. 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.

Valuation of investment in subsidiaries and loans and receivables from subsidiaries
Refer to note 3.5, 7 and 34 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
The Company's investment in subsidiaries and loans and receivables from subsidiaries represents more than 95% of the Company's total assets as at 31 December 2021. 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. 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	Our audit procedures included, amongst others: 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. We assessed the reasonability of the Expected Credit Losses assessment methodology and calculation and recalculated the impairment loss.

Independent auditor's report continued

for the year ended 31 December 2021

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 2021, 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 2021". 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 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 4 years.

Muhammad Joosub
Director

Registered Auditor

10 March 2022

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

Statement of financial position

as at 31 December 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Assets					
Non-current assets					
Property, plant and equipment	4	**15 277 600**	11 786 909	**4 175**	4 394
Intangible assets	5	**1 461**	–	**–**	–
Investments in subsidiaries	6	**–**	–	**147 806**	9 802
Loans to subsidiaries	7	**–**	–	**10 900 284**	10 274 853
Other financial assets	8	**54 256**	22 692	**–**	–
Restricted cash	11	**94 460**	–	**27 000**	–
		15 427 777	11 809 601	**11 079 265**	10 289 049
Current assets					
Inventories	9	**763 886**	483 407	**–**	–
Loans to subsidiaries	7	**–**	–	**4 037 636**	1 945 805
Other receivables	10	**89 891**	437 838	**8 896**	5 906
Restricted cash	11	**–**	81 028	**–**	27 000
Cash and cash equivalents	12	**374 148**	899 406	**144 440**	147 173
		1 227 925	1 901 679	**4 190 972**	2 125 884
Total assets		**16 655 702**	13 711 280	**15 270 237**	12 414 933
Equity and liabilities					
Equity					
Stated capital	13	**3 425 544**	3 425 544	**3 425 544**	3 425 544
Shareholder's contributions	14	**138 004**	–	**138 004**	–
Mark-to-market reserves		**34 971**	10 477	**–**	–
Accumulated loss		**(376 383)**	(351 863)	**(979 751)**	(983 695)
		3 222 136	3 084 158	**2 583 797**	2 441 849
Liabilities					
Non-current Liabilities					
Shareholder's loans	15	**1 185 682**	–	**1 185 682**	–
Interest-bearing borrowings	16	**9 725 797**	9 292 583	**9 725 797**	9 292 583
Lease liability	17	**7 645**	7 655	**–**	–
Deferred tax liability	18	**398 646**	409 278	**–**	–
Mine closure and environmental rehabilitation obligation	19	**94 643**	42 242	**–**	–
Cash-settled share-based payment liability	20	**8 427**	5 943	**8 427**	5 943
		11 420 840	9 757 701	**10 919 906**	9 298 526
Current liabilities					
Trade and other payables	21	**264 081**	204 360	**15 806**	8 062
Loans from subsidiaries	7	**–**	–	**2 426**	1 674
Shareholder's loans	15	**1 469 900**	599 110	**1 469 900**	599 110
Interest-bearing borrowings	16	**278 402**	65 712	**278 402**	65 712
Lease liability	17	**10**	9	**–**	–
Taxation	26	**333**	230	**–**	–
		2 012 726	869 421	**1 766 534**	674 558
Total liabilities		**13 433 566**	10 627 122	**12 686 440**	9 973 084
Total equity and liabilities		**16 655 702**	13 711 280	**15 270 237**	12 414 933

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Revenue	22	**—**	—	**28 993**	28 642
Other income		**—**	188	**—**	—
Administration expenses	23	**(37 428)**	(75 444)	**(53 467)**	(69 179)
Net operating costs		**(37 428)**	(75 256)	**(24 474)**	(40 537)
Finance income	24	**48 431**	229 206	**1 640 238**	1 150 319
Finance expense	24	**(53 141)**	(101 121)	**(1 611 820)**	(1 096 722)
(Loss)/profit before taxation		**(42 138)**	52 829	**3 944**	13 060
Income tax expense	25	**17 618**	(1 047)	**—**	(3 026)
(Loss)/profit for the year		**(24 520)**	51 782	**3 944**	10 034
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on fair value movements of equity instrument at (FVOCI)	8	**31 564**	5 470	**—**	—
Income tax relating to fair value movements of equity instrument	25	**(7 070)**	(1 225)	**—**	—
Total items that will not be reclassified to profit or loss		**24 494**	4 245	**—**	—
Other comprehensive income for the year net of taxation		**24 494**	4 245	**—**	—
Total comprehensive (loss)/income for the year		**(26)**	56 027	**3 944**	10 034
Earnings per share					
Per share information					
Basic (loss)/earnings per share (cents)	28	**(1.51)**	3.18		
Diluted (loss)/earnings per share (cents)	28	**(1.51)**	3.18		

Statement of changes in equity

for the year ended 31 December 2021

GROUP	Stated capital R'000	Shareholder's contributions R'000	Mark-to-market reserves R'000	Accumulated loss R'000	Total equity R'000
Balance at 1 January 2020	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
Loss for the year	–	–	–	(24 520)	(24 520)
Other comprehensive income	–	–	24 494	–	24 494
Total comprehensive loss for the year	–	–	24 494	(24 520)	(26)
Shareholder's contribution during the year	–	138 004	–	–	138 004
Balance at 31 December 2021	3 425 544	138 004	34 971	(376 383)	3 222 136
Note	13	14			

COMPANY	Stated capital R'000	Shareholder's contributions R'000	Mark-to-market reserves R'000	Accumulated loss R'000	Total equity R'000
Balance at 1 January 2020	3 425 544	–	–	(993 729)	2 431 815
Profit for the year	–	–	–	10 034	10 034
Total comprehensive income for the year	–	–	–	10 034	10 034
Balance at 31 December 2020	3 425 544	–	–	(983 695)	2 441 849
Profit for the year	–	–	–	3 944	3 944
Total comprehensive income for the year	–	–	–	3 944	3 944
Shareholder's contribution during the year	–	138 004	–	–	138 004
Balance at 31 December 2021	3 425 544	138 004	–	(979 751)	2 583 797
Note	13	14			

Statement of cash flows

for the year ended 31 December 2021

		GROUP		COMPANY	
	Notes	2021 R'000	2020 Restated* R'000	2021 R'000	2020 R'000
Cash flows from operating activities					
Cash (utilised in)/generated from operations	27	**(11 869)**	(658 166)	**(59 010)**	258 646
Finance income received		**3 893**	90 863	**1 647**	19 080
Finance cost paid		**(1 471)**	(1 472)	**(356 482)**	(535 113)
Taxation received	26	**209**	227	**–**	–
Taxation paid	26	**(191)**	(3 483)	**–**	(3 026)
Cash utilised in operating activities		**(9 429)**	(572 031)	**(413 845)**	(260 413)
Cash flows from investing activities					
Acquisition of property, plant and equipment	27	**(1 776 385)**	(877 197)	**–**	–
Finance cost paid capitalised	16	**(362 516)**	(535 113)	**–**	–
Purchase of intangible assets	5	**(1 828)**	–	**–**	–
Proceeds from repayment of loans to subsidiaries		**–**	–	**126 366**	665
Loans advanced to subsidiaries		**–**	–	**(1 340 163)**	(1 191 973)
Net cash outflow from investing activities		**(2 140 729)**	(1 412 310)	**(1 213 797)**	(1 191 308)
Cash flows from financing activities					
Interest-bearing borrowings raised	16	**–**	181 943	**–**	181 943
Interest-bearing borrowings repaid	16	**(338 029)**	(80 105)	**(338 029)**	(80 105)
Shareholder's loan raised	15	**1 928 039**	599 175	**1 928 039**	599 175
Repayment of lease liability		**(9)**	(7)	**–**	–
Net cash inflow from financing activities		**1 590 001**	701 006	**1 590 010**	701 013
Net decrease in cash and cash equivalents		**(560 157)**	(1 283 335)	**(37 632)**	(750 708)
Cash at the beginning of the year		**899 406**	2 127 557	**147 173**	842 697
Exchange gains on cash and cash equivalents		**34 899**	55 184	**34 899**	55 184
Cash and cash equivalents at the end of the year	12	**374 148**	899 406	**144 440**	147 173

* *Refer to note 39.*

Notes to the financial statements

for the year ended 31 December 2021

Reporting entity

Wesizwe is a company domiciled in the Republic of South Africa. The Group AFS on 31 December 2021 comprise the Company and its subsidiaries (together referred to as "the Group"). The ordinary shares of the Company are listed on the JSE. Wesizwe, through its wholly owned subsidiary Bakubung, is engaged in the development of its mine, located on the western limb of the Bushveld complex.

Basis of preparation of financial results

Statement of compliance

The Group AFS and Company AFS are prepared in accordance with IFRS, IFRIC interpretations issued, the South African Institute of Chartered Accountants 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 2021 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 judgements are based on historical experience, current and expected future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3: Judgements by Directors and management.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these AFS are set out below.

1.1 Basis of consolidation

The Group AFS consolidate those of Wesizwe and all of its subsidiaries as at 31 December 2021. 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.

1. Significant accounting policies continued

1.2 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 generated as yet.

1.3 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.

1.4 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 1.7.

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

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

Notes to the financial statements continued

for the year ended 31 December 2021

1. Significant accounting policies continued

1.4 Property, plant and equipment continued

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

1.5 Intangible assets

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

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

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

1.6 Financial instruments

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; 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.

The Group classifies financial liabilities at amortised cost.

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.

At initial recognition, the Group measures interest-bearing borrowings, shareholder's loans and loans from subsidiaries at fair value less transaction costs, if any.

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 payments of principal and interest solely 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 statement 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 are recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group subsequently measures interest-bearing borrowings, shareholder's loans and loans from subsidiaries at amortised cost using the effective interest method.

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.

1. Significant accounting policies continued

1.6 Financial instruments continued

Impairment of financial assets

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 ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- Financial assets 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).

"Twelve-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second category.

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

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.

1.7 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.

Notes to the financial statements continued

for the year ended 31 December 2021

1. Significant accounting policies continued

1.8 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.

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

1.9 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 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.

1.10 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 five-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.

Revenue in the Company's financial statements 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 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.

1. Significant accounting policies continued

1.11 Finance income and finance expenses

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.

Finance expenses

Finance expenses 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.

1.12 Inventories

Inventory comprises 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.

1.13 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 should be restricted to such that total capitalised borrowing costs are in the range between:

- Interest incurred at the contractual rate (translated into the entity's functional currency);
- Interest that would have been incurred on a borrowing with identical terms in the entity's functional currency (local market-related rate had the loan been issued locally); and
- Borrowing costs are reduced by the income earned on funds not utilised.

Refer to note 4 for additional disclosure.

1.14 Leases

At lease commencement date, the Group recognises a ROU asset and a lease liability on the balance sheet. The ROU 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 ROU assets on a straight-line basis from the lease commencement date to the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

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; and
- 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.

Notes to the financial statements continued

for the year ended 31 December 2021

1. Significant accounting policies continued

1.14 Leases continued

(i) Measurement and recognition of leases as a lessee

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 Company'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 remeasured 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 ROU asset, or profit or loss if the ROU 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 ROU 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 statement of financial position, ROU assets have been included in property, plant and equipment and lease liabilities have been disclosed separately in the statement of financial position.

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

On the statement 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.

1.15 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.

1.16 Employee benefits

Short-term employee benefits

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

Deferred bonus plan (DBP)

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 remeasured 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.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The Group adopted the amendment for the first time in the 2021 AFS. The impact of the amendment is not material.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes on the basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The Group adopted the amendment for the first time in the 2021 AFS. The impact of the amendment is not material.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The Group adopted the amendment for the first time in the 2021 AFS. The impact of the amendment is not material.

Covid-19-Related Rent Concessions – Amendment to IFRS 16

The Covid-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it was not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payment affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

The Group adopted the amendment for the first time in the 2021 AFS. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods:

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's AFS. The standard's impact will be reasonably estimated closer to its effective date.

Notes to the financial statements continued

for the year ended 31 December 2021

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The standard will unlikely have a material impact on the classification of debt and other financial liabilities and changes to accounting policies.

Definition of accounting estimates – Amendments to IAS 8

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group's AFS. The standard will unlikely have a material impact on the recognition of accounting estimates.

Classification of Liabilities as Current or Non-current – Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The standard will unlikely have a material impact on the classification of debt and other financial liabilities and changes to accounting policies.

Presentation of Financial Statements – Amendments to IAS 1

Amendments to IAS 1, Presentation of Financial Statements, clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

The effective date of the Group is for years beginning on or after 1 January 2022.

The standard will unlikely have an impact on the Group's financial results. While the Company has intergroup loans, this clarity does not impact the accounting treatment of any existing loan agreements.

Annual improvement to IFRS 2018 to 2020 – Amendments to IFRS 9

The amendment concerns fees in the "10%" test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the Group is for years beginning on or after 1 January 2022.

The standard will unlikely have a material impact on the classification of the Group's liabilities.

3. Judgements by Directors and management

3.1 Determination of mineral resource estimates

The Group estimates its mineral resources based on information compiled by Competent Persons on behalf of management. 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 depreciation and amortisation rates, asset carrying values and provisions for mine closure and environmental rehabilitation costs.

3.2 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 19.

3.3 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 2020. 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 2021

3. Judgements by Directors and management continued

3.3 Review of asset carrying values and impairment continued

The following economic parameters were assumed for Bakubung:

	2021	2020
US$ exchange rate (ZAR) short term	**14.76 — 15.10**	15.01 — 15.69
US$ exchange rate (ZAR) long term	**15.61**	15.94
Pt price (US$/oz) short term	**1 088 — 1 345**	991 — 1 133
Pt price (US$/oz) long term	**1 262**	1 177
Pd price (US$/oz) short term	**1 162 — 2 142**	1 481 — 2 213
Pd price (US$/oz) long term	**1 073**	1 297
Rh price (US$/oz) short term	**8 435 — 16 880**	7 957 — 12 657
Rh price (US$/oz) long term	**8 183**	8 716
Au price (US$/oz) short term	**1 428 — 1 698**	1 375 — 1 893
Au price (US$/oz) long term	**1 370**	1 347
Weighted average cost of capital (%) (real)	**10.49**	10.84

- If all assumptions remain unchanged, a 10% decrease in the basket price of commodities will result in no impairment;
- If all assumptions remain unchanged, a 10% decrease in the United States dollar to the South African rand will result in no impairment; and
- If all assumptions remain unchanged, a 10% increase in the WACC will result in no impairment.

3.4 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 7.83% (2020: 6.66%). Consequently, the risk premium is 8.50% (2020: 8.50%). Based on the foregoing, management concluded that the rate of prime plus 8.50% (2020: 8.50%) is a reasonable market-related interest rate for the cost of loan funding for Bakubung. Refer to note 24.

3.5 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. Refer to note 34.

3.6 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.

3.7 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.

3. Judgements by Directors and management continued

3.8 Shareholder's contribution

If a shareholder makes a loan to the investment company at below-market rates and sets repayment terms, the difference between the actual interest rate charged and market-related interest is a part of the investment the shareholder made in the investment company. Due to this, Wesizwe has recognised an equity contribution during the current financial year. This is consistent with the principles set out in the Conceptual Framework, which defines income as "increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants". If a loan is made by a shareholder to an entity on favourable terms, the substance of the transaction is that the entity has received a contribution from the shareholder to the extent that the cash advanced exceeds the fair value of the entity's financial liability. Under the Framework this contribution is not income. Refer note 14.

4. Property, plant and equipment

	2021 Cost R'000	2021 Accumulated depreciation and impairment losses R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accumulated depreciation and impairment losses R'000	2020 Carrying value R'000
GROUP						
Land and buildings	**59 254**	**(13 537)**	**45 717**	58 598	(11 600)	46 998
Plant and equipment	**2 334 295**	**–**	**2 334 295**	2 239 628	–	2 239 628
Furniture and fittings	**3 830**	**(3 780)**	**50**	3 824	(3 682)	142
Vehicles	**7 340**	**(5 931)**	**1 409**	6 586	(5 583)	1 003
Office equipment	**2 226**	**(2 094)**	**132**	2 112	(2 076)	36
Computer equipment	**28 238**	**(20 474)**	**7 764**	24 091	(17 436)	6 655
Other office fittings	**13 073**	**(11 919)**	**1 154**	11 971	(11 545)	426
Technical equipment	**24 363**	**(16 871)**	**7 492**	14 823	(8 250)	6 573
Mining rights	**1 057 729**	**–**	**1 057 729**	1 057 729	–	1 057 729
Buildings under construction	**216 847**	**–**	**216 847**	152 889	–	152 889
Mine development assets	**11 597 760**	**–**	**11 597 760**	8 267 320	–	8 267 320
Right-of-use asset	**8 028**	**(777)**	**7 251**	8 028	(518)	7 510
Total	**15 352 983**	**(75 383)**	**15 277 600**	11 847 599	(60 690)	11 786 909
COMPANY						
Land and buildings	**6 868**	**(2 703)**	**4 165**	6 868	(2 494)	4 374
Furniture and fittings	**1 533**	**(1 533)**	**–**	1 533	(1 533)	–
Office equipment	**401**	**(399)**	**2**	401	(399)	2
Computer equipment	**1 538**	**(1 530)**	**8**	1 538	(1 520)	18
Other office fittings	**548**	**(548)**	**–**	548	(548)	–
Total	**10 888**	**(6 713)**	**4 175**	10 888	(6 494)	4 394

Notes to the financial statements continued

for the year ended 31 December 2021

4. Property, plant and equipment continued

GROUP – 2021 Reconciliation of cost	Opening balance R'000	Additions R'000	Total R'000
Land and buildings	58 598	656	59 254
Plant and equipment	2 239 628	94 667	2 334 295
Furniture and fittings	3 824	6	3 830
Vehicles	6 586	754	7 340
Office equipment	2 112	114	2 226
Computer equipment	24 091	4 147	28 238
Other office fittings	11 971	1 102	13 073
Technical equipment	14 823	9 540	24 363
Mining rights	1 057 729	–	1 057 729
Buildings under construction	152 889	63 958	216 847
Mine development assets	8 267 320	3 330 440	11 597 760
Right-of-use asset	8 028	–	8 028
Total	**11 847 599**	**3 505 384**	**15 352 983**

GROUP – 2021 Reconciliation of accumulated depreciation and impairment loss	Opening balance R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Land and buildings	(11 600)	(1 406)	(531)	(13 537)
Furniture and fittings	(3 682)	(98)	–	(3 780)
Vehicles	(5 583)	(348)	–	(5 931)
Office equipment	(2 076)	(18)	–	(2 094)
Computer equipment	(17 436)	(3 038)	–	(20 474)
Other office fittings	(11 545)	(374)	–	(11 919)
Technical equipment	(8 250)	(8 621)	–	(16 871)
Right-of-use asset	(518)	(259)	–	(777)
Total	**(60 690)**	**(14 162)**	**(531)**	**(75 383)**

4. Property, plant and equipment continued

GROUP – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Land and buildings	46 998	656	(1 406)	(531)	45 717
Plant and equipment	2 239 628	94 667	–	–	2 334 295
Furniture and fittings	142	6	(98)	–	50
Vehicles	1 003	754	(348)	–	1 409
Office equipment	36	114	(18)	–	132
Computer equipment	6 655	4 147	(3 038)	–	7 764
Other office fittings	426	1 102	(374)	–	1 154
Technical equipment	6 573	9 540	(8 621)	–	7 492
Mining rights	1 057 729	–	–	–	1 057 729
Buildings under construction	152 889	63 958	–	–	216 847
Mine development assets	8 267 320	3 330 440	–	–	11 597 760
Right-of-use asset	7 510	–	(259)	–	7 251
Total	**11 786 909**	**3 505 384**	**(14 162)**	**(531)**	**15 277 600**

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

Notes to the financial statements continued

for the year ended 31 December 2021

4. Property, plant and equipment continued

GROUP – 2020 Reconciliation of accumulated depreciation	Opening balance R'000	Depreciation R'000	Total R'000
Land and buildings	(10 006)	(1 594)	(11 600)
Furniture and fittings	(3 578)	(104)	(3 682)
Vehicles	(5 132)	(451)	(5 583)
Office equipment	(2 032)	(44)	(2 076)
Computer equipment	(15 820)	(1 616)	(17 436)
Other office fittings	(10 072)	(1 473)	(11 545)
Technical equipment	(4 800)	(3 450)	(8 250)
Right-of-use asset	(259)	(259)	(518)
Total	(51 699)	(8 991)	(60 690)

GROUP – 2020 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	48 020	572	(1 594)	46 998
Plant and equipment	2 204 442	35 186	–	2 239 628
Furniture and fittings	246	–	(104)	142
Vehicles	321	1 133	(451)	1 003
Office equipment	45	35	(44)	36
Computer equipment	1 126	7 145	(1 616)	6 655
Other office fittings	1 899	–	(1 473)	426
Technical equipment	6 747	3 276	(3 450)	6 573
Mining rights	1 057 729	–	–	1 057 729
Buildings under construction	125 517	27 372	–	152 889
Mine development assets	6 492 328	1 774 992	–	8 267 320
Right-of-use asset	7 769	–	(259)	7 510
Total	9 946 189	1 849 711	(8 991)	11 786 909

4. Property, plant and equipment continued

COMPANY – 2021 Reconciliation of cost	Opening balance R'000	Additions R'000	Total R'000
Land and buildings	6 868	–	6 868
Furniture and fittings	1 533	–	1 533
Office equipment	401	–	401
Computer equipment	1 538	–	1 538
Other office fittings	548	–	548
Total	10 888	–	10 888

COMPANY – 2021 Reconciliation of accumulated depreciation	Opening balance R'000	Depreciation R'000	Total R'000
Land and buildings	(2 494)	(209)	(2 703)
Furniture and fittings	(1 533)	–	(1 533)
Office equipment	(399)	–	(399)
Computer equipment	(1 520)	(10)	(1 530)
Other office fittings	(548)	–	(548)
Total	(6 494)	(219)	(6 713)

COMPANY – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	4 374	–	(209)	4 165
Office equipment	2	–	–	2
Computer equipment	18	–	(10)	8
Total	4 394	–	(219)	4 175

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

Notes to the financial statements continued

for the year ended 31 December 2021

4. Property, plant and equipment continued

COMPANY – 2020 Reconciliation of accumulated depreciation	Opening balance R'000	Depreciation R'000	Total R'000
Land and buildings	(2 286)	(208)	(2 494)
Furniture and fittings	(1 533)	–	(1 533)
Office equipment	(399)	–	(399)
Computer equipment	(1 510)	(10)	(1 520)
Other office fittings	(548)	–	(548)
Total	(6 276)	(218)	(6 494)

COMPANY – 2020 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land and buildings	4 582	–	(208)	4 374
Office equipment	2	–	–	2
Computer equipment	28	–	(10)	18
Total	4 612	–	(218)	4 394

All property, plant and equipment are owned by the Group except for the ROU asset. The Group holds full title of the 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 holding company's 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.

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.

The effective interest rate of the CDB loan has been calculated at 5.47% (2020: 6.37%) 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 2021 have been capitalised to the cost of the asset. R1 567.0 million interest was capitalised during 2021 (2020: R1 001.0 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.

The ROU asset constitutes the mine surface lease of land on which the mine is situated and where the mining and processing activities take place.

Impairment of building

The Directors have reviewed the carrying amount of the building in order to determine whether there is any indication of impairment. At year end, the carrying amount was higher than the recoverable amount and an impairment was recognised in the statement of profit or loss. The increase in available office space for rent is the main driver for the decrease in the recoverable amount. The recoverable amount is the fair value less disposal cost. The disposal cost is considered negligible.

The effective date of the valuation was Friday, 09 April 2021. The valuation was performed by an independent valuer, Mr John Cloete (Reg. No 5327) of Reality Arena. Reality Arena is not connected to the Company and have recent experience in location and category of the building being valued. Between the date of valuation and 31 December 2021 there were no factors that would significantly change the revalued amount.

The recoverable amount of the building was based on an open-market value income.

A combination of the following methodologies were applied to the building:
- Income capitalisation rate approach;
- Comparable sales approach; and
- Market value approach.

5. Intangible assets

GROUP	2021 Cost R'000	2021 Accumulated amortisation R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accumulated amortisation R'000	2020 Carrying value R'000
Computer software	**1 828**	**(367)**	**1 461**	8 520	(8 520)	–

GROUP – 2021 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	**–**	**1 828**	**(367)**	**1 461**

GROUP – 2020 Reconciliation of carrying value	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	570	–	(570)	–

6. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of company	Issued capital 2021	Issued capital 2020	% holding 2021	% holding 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
Bakubung Minerals Proprietary Limited	**1 000**	1 000	**100**	100	**9 802**	9 802
Bakubung Minerals Proprietary Limited***	**–**	–	**–**	–	**138 004**	–
Wesizwe Properties Proprietary Limited*	**1**	1	**100**	100	**–**	–
Africa Wide Mineral Prospecting and Exploration Proprietary Limited*	**121**	121	**100**	100	**–**	–
Gabonewe Housing Estate Proprietary Limited*	**1**	1	**100**	100	**–**	–
Vaviscan Proprietary Limited**	**100**	100	**100**	100	**–**	–
Total					**147 806**	9 802

* *Wesizwe Platinum Limited holds a R1 investment in each of Wesizwe Properties Proprietary Limited and Gabonewe Housing Estate Proprietary Limited and holds a R121 investment in Africa Wide Mineral Prospecting and Exploration Proprietary Limited.*

** *Vaviscan Proprietary Limited is a wholly owned subsidiary of Bakubung Minerals Proprietary Limited. The Company is held specifically for the farm Zwartkoppies which is to be utilised in a community project.*

*** *An equity investment has been recognised as a result of the below-market interest loan received from Jinchuan Group (Hong Kong) Resources Holdings Limited and passed "back-to-back" on to Bakubung Minerals Proprietary Limited. Refer to note 14.*

Notes to the financial statements continued

for the year ended 31 December 2021

7. Loans to/(from) subsidiaries

	COMPANY 2021 R'000	2020 R'000
Loans to subsidiaries		
Non-current		
Bakubung Minerals Proprietary Limited[(1)]	**1 913 040**	1 913 040
Bakubung Minerals Proprietary Limited[(2)]	**7 532 802**	8 165 251
Bakubung Minerals Proprietary Limited[(3)]	**1 185 682**	–
Africa Wide Mineral Prospecting and Exploration Proprietary Limited[(1)]	**18 260**	11 500
Gabonewe Housing Estate Proprietary Limited[(1)]	**224 464**	159 026
Wesizwe Properties Proprietary Limited[(1)]	**26 036**	26 036
Current		
Bakubung Minerals Proprietary Limited[(4)]	**4 037 222**	1 945 441
Gabonewe Housing Estate Proprietary Limited[(4)]	**227**	227
Wesizwe Properties Proprietary Limited[(4)]	**187**	137
Total loans to subsidiaries	**14 937 920**	12 220 658
Loans from subsidiaries		
Current		
Wesizwe Properties Proprietary Limited[(4)]	**(2 426)**	(1 674)
Net loans to subsidiaries	**14 935 494**	12 218 984
Split between non-current and current portions		
Non-current assets	**10 900 284**	10 274 853
Current assets	**4 037 636**	1 945 805
Total	**14 937 920**	12 220 658
Current liabilities	**(2 426)**	(1 674)
Total	**14 935 494**	12 218 984

(1) *Shareholder loans are payable on demand, subject to the subordination referred to herein, and bear no interest. These loans have been subordinated in favour of external creditors. Wesizwe has no intention to recall the loans to subsidiaries within the next 12 months.*

(2) *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 16.*

(3) *The loan is payable on the same terms and bears interest on the same terms as the shareholder's loan 2 from Jinchuan Group (Hong Kong) Resources Limited and includes all foreign exchange differences related to the loan with Jinchuan Group (Hong Kong) Resources Limited. Refer to note 15.*

(4) *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.

8. Other financial assets

	GROUP	
	2021 R'000	2020 R'000
Listed equity securities*		
Opening balance	**22 692**	17 222
Gain on fair value adjustments	**31 564**	5 470
Closing balance	**54 256**	22 692

* *During the 2018 financial year, Royal Bafokeng Platinum Limited (RBPlat) and Platinum Group Metals South Africa Proprietary Limited concluded a transaction of sale in which RBPlat acquired Maseve Investments 11 Proprietary Limited (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 RBPlat acquisition. Africa Wide received an issue of RBPlat 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 process for litigious relief in 2018. This process was still ongoing in the 2021 financial year.*

Equity instruments at fair value through other comprehensive income

Investment in equity is measured at fair value in the statement of financial position. Fair values of the listed shares have been calculated by reference to quoted bid prices in active markets at the reporting date and are categorised within level 1 of the fair value hierarchy. The shares in RBPlat 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.

9. Inventories

	GROUP	
	2021 R'000	2020 R'000
Run of Mine	**663 195**	430 701
Stores and materials	**100 691**	52 706
Total	**763 886**	483 407

While 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.

Notes to the financial statements continued

for the year ended 31 December 2021

10. Other receivables

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Financial instruments:				
Other receivables	**1 783**	671	**553**	736
Non-financial instruments:				
Value added tax receivable	**45 190**	55 725	**8 343**	5 170
Prepayments	**42 918**	381 442	**–**	–
Total trade and other receivables	**89 891**	437 838	**8 896**	5 906
Financial instrument and non-financial instrument components of other receivables				
At amortised cost	**1 783**	671	**553**	736
Non-financial instruments	**88 108**	437 167	**8 343**	5 170
Total	**89 891**	437 838	**8 896**	5 906

11. Restricted cash

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Eskom – connection guarantees	**44 828**	44 828	**–**	–
Department of Mineral Resources and Energy – rehabilitation obligation	**49 632**	36 200	**27 000**	27 000
Total	**94 460**	81 028	**27 000**	27 000
Split between non-current and current portions				
Non-current assets	**94 460**	–	**27 000**	–
Current assets	**–**	81 028	**–**	27 000
Total	**94 460**	81 028	**27 000**	27 000

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

Management's intention was to replace the restricted cash guarantees with insurance guarantees. The final contractual prices quoted for insurance guarantees was significantly higher than initially quoted. Management has decided to rather maintain the existing restricted cash guarantees as the most cost effective option and this has resulted in restricted cash being reclassified from current to non-current assets during the current financial year.

12. Cash and cash equivalents

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Interest accrued	**71**	258	**1**	1
Bank balances	**332 182**	10 507	**127 529**	1 618
Short-term deposits	**41 895**	888 641	**16 910**	145 554
Total	**374 148**	899 406	**144 440**	147 173

13. Stated capital

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Authorised shares				
2 000 000 000 no par value shares				
(2020: 2 000 000 000 no par value shares)				
Issued shares				
1 627 827 058 no par value shares	**3 425 544**	3 425 544	**3 425 544**	3 425 544

14. Shareholder's contributions

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Below-market interest rate shareholder's loan	**138 004**	—	**138 004**	—

An equity injection has been recognised as a result of the below-market interest rate loan of fixed 5% received from shareholder Jinchuan Group (Hong Kong) Resources Holdings Limited. A market-related interest rate of 11.8% was determined by using the "three-month LIBOR" rate plus a premium for US$ inflation of 2.4%, a South African risk premium of 5.75% and a Group-specific risk premium of 3.5%.

15. Shareholder's loans

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Jinchuan Group (Hong Kong) Resources Holdings Limited				
Shareholder's loan 1[(1)]	**673 783**	599 110	**673 783**	599 110
Shareholder's loan 2[(2)]	**1 185 682**	—	**1 185 682**	—
Shareholder's loan 3[(3)]	**796 117**	—	**796 117**	—
Total shareholder's loans	**2 655 582**	599 110	**2 655 582**	599 110
Reconciliation of shareholder's loans				
Opening balance	**599 110**	—	**599 110**	—
Drawdown	**1 928 039**	599 175	**1 928 039**	599 175
Interest accrued	**88 212**	—	**88 212**	—
Unrealised foreign exchange loss/(gain)	**178 225**	(65)	**178 225**	(65)
Transfer to shareholder's contributions	**(138 004)**	—	**(138 004)**	—
Closing balance	**2 655 582**	599 110	**2 655 582**	599 110
Split between non-current and current portions				
Non-current liabilities	**1 185 682**	—	**1 185 682**	—
Current liabilities	**1 469 900**	599 110	**1 469 900**	599 110
Total	**2 655 582**	599 110	**2 655 582**	599 110

(1) *The Group secured a US$41 million loan in December 2020. The interest rate is accrued quarterly in advance at the ruling "six-month" LIBOR rate" plus 3.5%. The interest and capital are payable by 30 June 2022.*

(2) *The Group secured a US$80 million loan in June 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down. Interest is payable quarterly and the capital is payable by 30 May 2023. A portion of the loan has been recognised as an equity injection as a result of the interest rate from a related party being below-market rates. Refer note 14.*

(3) *The Group secured a US$50 million loan in December 2021. The interest rate is accrued quarterly in arrears at 5% of the amount drawn down and the capital is payable by 30 June 2022.*

Notes to the financial statements continued

for the year ended 31 December 2021

16. Interest-bearing borrowings

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Held at amortised cost				
China Development Bank	10 004 199	9 358 295	10 004 199	9 358 295
Reconciliation of China Development Bank loan				
Opening balance	9 358 295	8 790 699	9 358 295	8 790 699
Drawdown	–	181 943	–	181 943
Interest accrued	529 375	699 058	529 375	699 058
Interest payment	(362 516)	(535 113)	(362 516)	(535 113)
Loan repayment	(338 029)	(80 105)	(338 029)	(80 105)
Realised foreign exchange loss/(gain)	6 033	(12 747)	6 033	(12 747)
Unrealised foreign exchange loss	811 041	314 560	811 041	314 560
Closing balance	10 004 199	9 358 295	10 004 199	9 358 295
Split between non-current and current portions				
Non-current liabilities	9 725 797	9 292 583	9 725 797	9 292 583
Current liabilities	278 402	65 712	278 402	65 712
Total	10 004 199	9 358 295	10 004 199	9 358 295

The Group has secured and utilised a US$650 million loan. Refer to note 4 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 during the financial year ended December 2020, as scheduled, with the final payment planned in 2028.

Refer to note 35 for the fair value of borrowings.

17. Lease liability

	GROUP	
	2021 R'000	2020 R'000
Opening balance	7 664	7 671
Interest expense	1 470	1 472
Lease payments	(1 479)	(1 479)
Closing balance	7 655	7 664
Split between non-current and current portions		
Non-current liabilities	7 645	7 655
Current liabilities	10	9
Total	7 655	7 664

17. Lease liability continued

Maturity analysis

The lease liability is secured by the related underlying assets. The discounted maturity analysis of the lease liability at 31 December 2021 is as follows:

	Within 1 year R'000	Between 1 – 5 years R'000	More than 5 years R'000	Total R'000
GROUP – 2021				
Lease payments	**1 479**	**7 393**	**32 901**	**41 773**
Finance charges	**(1 469)**	**(7 302)**	**(25 347)**	**(34 118)**
	10	**91**	**7 554**	**7 655**
GROUP – 2020				
Lease payments	1 479	5 915	35 858	43 252
Finance charges	(1 470)	(5 860)	(28 258)	(35 588)
	9	55	7 600	7 664

18. Deferred tax liability

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Recognised in profit or loss				
Property, plant and equipment	**(3 922 452)**	(2 953 772)	**–**	–
Prepayments	**(12 017)**	(106 804)	**–**	–
Recognised directly in equity			**–**	
Other financial assets	**(10 095)**	(3 024)	**–**	–
Acquisition of mineral rights in Bakubung	**(285 251)**	(285 251)	**–**	–
Total deferred tax liability	**(4 229 815)**	(3 348 851)	**–**	–
Deferred tax asset				
Unredeemed exploration expenditure	**1 191**	1 191	**–**	–
IFRS 16 adjustments	**113**	43	**–**	–
Unredeemed mining capex	**3 803 365**	2 926 511	**–**	–
Provisions	**26 500**	11 828	**–**	–
Total deferred tax asset	**3 831 169**	2 939 573	**–**	–
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:				
Deferred tax liability	**(4 229 815)**	(3 348 851)	**–**	–
Deferred tax asset	**3 831 169**	2 939 573	**–**	–
Total net deferred tax liability	**(398 646)**	(409 278)	**–**	–
Reconciliation of deferred tax asset/(liability)				
Opening balance	**(409 278)**	(390 081)	**–**	–
Temporary difference on property, plant and equipment	**(968 680)**	(536 038)	**–**	–
Temporary difference on other financial assets	**(7 070)**	(1 225)	**–**	–
Temporary difference on provisions	**14 672**	(1 433)	**–**	–
Temporary difference on prepayments	**94 787**	(66 214)	**–**	–
Increase in lease liability	**69**	(28)	**–**	–
Movement in unredeemed mining capex	**876 854**	585 741	**–**	–
Closing balance	**(398 646)**	(409 278)	**–**	–
Unrecognised deferred tax asset				
Deductible temporary differences not recognised as deferred tax assets	**–**	–	**(3 463)**	(3 097)

The Group has unredeemed capital expenditure of R13 580.0 million (2020: R10 448.1 million) and unredeemed exploration expenditure of R4.3 million (2020: R4.3 million) for the year ended 31 December 2021. The unredeemed capital expenditure may be set off against future taxable income.

Notes to the financial statements continued

for the year ended 31 December 2021

19. Mine closure and environmental rehabilitation obligation

	GROUP	
	2021 R'000	2020 R'000
Opening balance	**42 242**	47 361
Discounting of rehabilitation and closure provision	**6 845**	3 907
Obligation recognised/(reduced)	**45 556**	(9 026)
Closing balance	**94 643**	42 242

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 reassessed 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 R49.6 million (2020: R36.2 million) is held with a financial institution. Refer note 11. 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 7.83% (2020: 6.66%) and the appropriate escalation rate is 6.15% (2020: 2.53%). The current cost rehabilitation estimate is R149.1 million (2020: R137.9 million).

20. 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 third, fourth and fifth 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;
- If the time performance condition is not met, the rights to the cash-settled bonus will be forfeited; and
- The Remuneration Committee approved the vesting of the shares in 2021 and 2020.

	GROUP		COMPANY	
	2021 Number of shares	2020 Number of shares	**2021 Number of shares**	2020 Number of shares
Reconciliation of nominal shares				
Opening balance	**24 996 067**	20 107 485	**24 996 067**	20 107 485
Number of nominal shares granted	**2 762 930**	7 667 644	**2 762 930**	7 667 644
Number of nominal shares which have vested	**(6 914 030)**	(2 779 062)	**(6 914 030)**	(2 779 062)
Closing balance	**20 844 967**	24 996 067	**20 844 967**	24 996 067

The number of participants at 31 December 2021 are two (2020: four).

20. Cash-settled share-based payment liability continued

Parameters considered during the valuation of the deferred bonus plan:

Valuation date	31 December 2021
Fair value of share price at valuation date	R1.12
Vesting period	Three to five years
Type of settlement	Cash
Strike price	Rnil
Volatility*	41.96%
Risk-free rate	7.83%
Option pricing model	Black-Scholes Model

* *Calculated as standard deviation of the entity's share price for the past three years.*

During the year ended 31 December 2021, the Company recognised an increase in liability of R2.5 million (2020: R0.09 million reduction). This is as a result of the increase in share price from December 2020 to 31 December 2021.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Non-current liability				
Opening balance	**5 943**	6 037	**5 943**	6 037
Cash-settled share-based liability realised	**2 484**	(94)	**2 484**	(94)
Closing balance	**8 427**	5 943	**8 427**	5 943

21. Trade and other payables

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Financial instruments:				
Trade payables	**88 171**	144 030	**4 531**	2 269
Capital expenditure payables	**134 377**	17 932	**–**	–
Non-financial instruments:				
Leave pay accrual	**17 204**	14 568	**3 297**	4 530
Bonus accrual	**19 443**	20 104	**7 745**	8 009
Salary accrual	**4 338**	7 431	**233**	(6 746)
Value added tax payable	**548**	295	**–**	–
Total trade and other payables	**264 081**	204 360	**15 806**	8 062
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	**222 548**	161 962	**4 531**	2 269
Non-financial instruments	**41 533**	42 398	**11 275**	5 793
Total	**264 081**	204 360	**15 806**	8 062

22. Revenue

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Disaggregation of revenue from contracts with customers				
Rendering of services				
Management fees received	**–**	–	**28 993**	28 642

Notes to the financial statements continued

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23. Administration expenses

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Administration expenses include:				
Internal and external auditors' remuneration	**5 009**	3 986	**5 009**	3 772
Depreciation	**14 162**	8 991	**219**	218
Amortisation	**367**	570	**–**	–
Directors' fees – short-term benefits	**12 147**	11 704	**12 147**	11 704
Deferred bonus plan expenses	**2 484**	(94)	**2 484**	(94)
Employee costs – short-term benefits	**151 999**	144 430	**22 252**	25 755
Short-term lease – buildings	**197**	166	**654**	579
Short-term lease – equipment	**26 386**	11 379	**–**	–
Legal fees	**11 661**	2 834	**1 756**	2 083
Statutory publications, corporate identity, and investor relations	**2 625**	2 099	**1 046**	802
Travel and accommodation	**3 651**	2 424	**39**	478
Consulting fees	**21 411**	13 039	**4 883**	1 740
Outsourced services	**304 257**	254 980	**855**	922
Security	**10 883**	11 554	**–**	–
Electricity and water	**62 651**	45 418	**–**	–
Communication costs	**3 816**	2 022	**795**	14
Municipal rates and services	**265**	231	**–**	–
Licence fees	**4 462**	4 065	**–**	–
Maintenance expenditure	**273 485**	167 922	**–**	25
Stock write off	**6 361**	1 178	**–**	–
Other administration expenses	**152 921**	82 426	**1 328**	21 181
Project expenses capitalised	**(1 033 772)**	(695 880)	**–**	–
Total	**37 428**	75 444	**53 467**	69 179

24. Finance income and finance expense

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Finance income from financial assets measured at amortised cost:				
Finance income from subsidiaries	**–**	–	**1 603 692**	980 138
Finance income from financial institutions				
Interest earned on cash balances	**13 461**	77 847	**1 646**	19 078
Interest accrued on cash balances	**71**	258	**1**	2
Total	**13 532**	78 105	**1 605 339**	999 218
Foreign exchange gains				
Realised gain on conversion of loan denominated in foreign currency	**–**	12 747	**–**	12 747
Realised gain on conversion of bank account denominated in foreign currency	**34 899**	55 184	**34 899**	55 184
Realised gain on payment of interest accruals denominated in foreign currency	**–**	83 170	**–**	83 170
Total	**34 899**	151 101	**34 899**	151 101
Total finance income	**48 431**	229 206	**1 640 238**	1 150 319
Finance expense				
Finance expense for borrowings at amortised cost	**617 587**	699 058	**617 587**	699 058
Lease liability finance costs	**1 470**	1 471	**–**	–
Finance costs other	**4**	3	**–**	–
Time value of money adjustment to rehabilitation obligation	**6 845**	3 907	**–**	–
Total	**625 906**	704 439	**617 587**	699 058
Foreign exchange losses				
Realised loss on conversion of loan denominated in foreign currency	**6 033**	–	**6 033**	–
Unrealised loss on conversion of interest accruals denominated in foreign currency	**6 323**	–	**6 323**	–
Unrealised loss on conversion of loan denominated in foreign currency	**981 877**	397 664	**981 877**	397 664
Total	**994 233**	397 664	**994 233**	397 664
Finance costs capitalised*				
Interest income	**3 243**	69 104	**–**	–
Finance expense	**(617 587)**	(699 058)	**–**	–
Net foreign exchange losses	**(952 654)**	(371 028)	**–**	–
Net finance costs capitalised	**(1 566 998)**	(1 000 982)	**–**	–
Total finance expense	**53 141**	101 121	**1 611 820**	1 096 722

* *Finance costs capitalised are costs directly related to the loans in notes 15 and 16.*

Notes to the financial statements continued

for the year ended 31 December 2021

25. Taxation

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Major components of the tax (income) expense				
Current				
Local income tax – current period	**85**	(16 925)	**–**	3 026
Deferred				
Originating and reversing temporary differences	**(17 703)**	17 972	**–**	–
	(17 618)	1 047	**–**	3 026
Tax on other comprehensive income				
Deferred tax	**(7 070)**	(1 225)	**–**	–
Reconciliation of effective tax rate	**%**	%	**%**	%
Applicable tax rate	**28.0**	28.0	**28.0**	28.0
Disallowed overseas travel	**(0.1)**	0.1	**–**	0.5
Disallowed legal expenses	**(5.7)**	1.5	**12.5**	4.5
Disallowed consulting fees	**(3.3)**	5.1	**34.7**	3.4
Disallowed donations	**(0.1)**	9.0	**0.2**	35.7
Disallowed sponsor fees	**–**	0.3	**0.5**	1.2
Disallowed interest	**–**	2.1	**–**	–
Deferred tax asset not raised	**(0.7)**	0.4	**7.4**	–
Mining development expenditure deducted	**16.3**	(13.0)	**–**	–
Prior year assessed loss utilised	**–**	(12.0)	**–**	(52.0)
Under/(over) provision in prior years	**7.4**	(19.5)	**(83.3)**	–
Effective tax rate	**41.8**	2.0	**–**	21.3

26. Taxation payable

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Opening balance	**(230)**	(20 411)	**–**	–
South African company tax – current tax for the year recognised in profit or loss	**(85)**	16 925	**–**	(3 026)
Taxation paid	**191**	3 483	**–**	3 026
Taxation received	**(209)**	(227)	**–**	–
Closing balance	**(333)**	(230)	**–**	–

27. Notes to the statement of cash flows

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash (utilised in)/generated from operations				
(Loss)/profit before taxation	**(42 138)**	52 829	**3 944**	13 060
Adjustments for:				
Depreciation	**14 162**	8 991	**219**	218
Amortisation	**367**	570	**–**	–
Foreign exchange (loss)/gain	**5 350**	(136 011)	**–**	–
Interest income	**(10 218)**	(8 743)	**(1 647)**	(19 080)
Finance expense	**4**	3	**–**	–
Impairment of property, plant and equipment	**531**	–	**–**	–
Non-cash intercompany recoveries	**–**	–	**(68 764)**	265 382
Time value of money adjustment to rehabilitation obligation	**6 845**	3 907	**–**	–
Deferred bonus plan	**2 484**	(94)	**2 484**	(94)
Changes in working capital:				
Inventories	**(280 479)**	(362 611)	**–**	–
Other receivables	**347 947**	(258 002)	**(2 990)**	(1 018)
Trade and other payables	**(56 724)**	40 995	**7 744**	178
Cash (utilised in)/generated from operations	**(11 869)**	(658 166)	**(59 010)**	258 646
Reconciliation of the acquisition of property, plant and equipment				
Additions per property, plant and equipment (note 4)	**3 505 384**	1 849 711	**–**	–
(Increase)/decrease in decommissioning asset	**(45 556)**	9 026	**–**	–
Change in capital expenditure payables	**(116 445)**	19 442	**–**	–
Unrealised foreign exchange differences capitalised	**(952 654)**	(371 028)	**–**	–
Finance cost capitalised	**(614 344)**	(629 954)	**–**	–
Acquisition of property, plant and equipment	**1 776 385**	877 197	**–**	–

28. Earnings per share

	GROUP	
	2021 R'000	2020 R'000
Basic earnings per share		
Basic earnings per share is determined by dividing profit/(loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
The basis of calculation of basic (loss)/earnings per share is:		
Attributable (loss)/earnings to ordinary shareholders (R'000)	**(24 520)**	51 782
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Basic (loss)/earnings per share (cents)	**(1.51)**	3.18

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28. Earnings per share continued

Diluted earnings per share

In the determination of diluted earnings per share, profit/(loss) attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

	GROUP 2021 R'000	2020 R'000
The basis of calculation of diluted (loss)/earnings per share is:		
Attributable (loss)/earnings to ordinary shareholders (R'000)	**(24 520)**	51 782
Weighted average number of ordinary shares in issue (shares)	**1 627 827 058**	1 627 827 058
Diluted (loss)/earnings per share (cents)	**(1.51)**	3.18

	Gross 2021	Net of tax 2021	Gross 2020	Net of tax 2020
Headline earnings and diluted headline earnings per share				
The basis of calculation of headline (loss)/earnings and diluted headline (loss)/earnings per share is:				
Attributable (loss)/earnings to ordinary shareholders (R'000)		**(24 520)**		51 782
Adjustment for:				
Profit on disposal of property, plant and equipment	**–**	**–**	(188)	(146)
Impairment of property, plant and equipment	**531**	**382**	–	–
Headline (loss)/earnings		**(24 138)**		51 636
Weighted average number of ordinary shares in issue (shares)		**1 627 827 058**		1 627 827 058
Headline (loss)/earnings per share (cents)		**(1.48)**		3.17
Diluted headline (loss)/earnings per share (cents)		**(1.48)**		3.17

29. Commitments

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Commitments not recognised in the financial statements:				
Commitments due within: Next 12 months				
Operating expenses	**4 170**	1 099	**2 341**	1 020
Project capital commitments	**957 011**	942 190	**–**	–
Total	**961 181**	943 289	**2 341**	1 020
Next 13 to 24 months				
Project capital commitments	**5 820**	16 835	**–**	–
Next 25 to 36 months				
Project capital commitments	**–**	5 820	**–**	–
Total	**967 001**	965 944	**2 341**	1 020
Total commitments				
Operating expenses	**4 170**	1 099	**2 341**	1 020
Project capital commitments	**962 831**	964 845	**–**	–
Total	**967 001**	965 944	**2 341**	1 020

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.

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. Related parties

Relationships

Subsidiaries

Africa Wide Mineral Prospecting and Exploration Proprietary Limited
Bakubung Minerals Proprietary Limited
Gabonewe Housing Estate Proprietary Limited
Vaviscan Proprietary Limited
Wesizwe Properties Proprietary Limited

Shareholder with significant influence

Jinchuan Group (Hong Kong) Resources Holdings Limited

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Related party balances				
Loan accounts – owing by related parties				
Africa Wide Mineral Prospecting and Exploration Proprietary Limited	**–**	–	**18 260**	11 500
Bakubung Minerals Proprietary Limited	**–**	–	**14 668 746**	12 023 732
Gabonewe Housing Estate Proprietary Limited	**–**	–	**224 691**	159 253
Wesizwe Properties Proprietary Limited	**–**	–	**26 223**	26 173
Total	**–**	–	**14 937 920**	12 220 658

Notes to the financial statements continued

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31. Related parties continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Loan accounts – owing to related parties				
Wesizwe Properties Proprietary Limited	**–**	–	**2 426**	1 674
Jinchuan Group (Hong Kong) Resources Holdings Limited	**2 655 582**	599 110	**2 655 582**	599 110
Total	**2 655 582**	599 110	**2 658 008**	600 784
For the terms relating to these loans refer to notes 7 and 15.				
Related party transactions				
Interest accrued/(expensed) from related parties				
Bakubung Minerals Proprietary Limited	**–**	–	**1 603 692**	980 138
Jinchuan Group (Hong Kong) Resources Holdings Limited	**(88 212)**	–	**(88 212)**	–
Total	**(88 212)**	–	**1 515 480**	980 138
Rental charges paid to related parties				
Wesizwe Properties Proprietary Limited	**–**	–	**752**	666
Management fees charged to related parties				
Bakubung Minerals Proprietary Limited	**–**	–	**28 993**	28 642
Cost recovery charges charged to related party				
Wesizwe Properties Proprietary Limited	**–**	–	**49**	8

Transactions with key management have been disclosed in note 32.

32. Directors and prescribed officers' emoluments

Service contracts of Directors

Director	Designation	Office	Changes
Dawn Mokhobo	Independent Non-executive	Chairperson	
Zhimin Li	Executive	Chief Executive Officer	
Jianguo Liu	Executive	Financial Director	
Victor Mabuza	Independent Non-executive		
Lincoln Ngculu	Independent Non-executive		
Sun Pingan	Non-executive		
Pengfei Li	Non-executive		
Huigao Guo	Non-executive		Resigned 7 May 2021
Fugui Qiao	Non-executive		Appointed 7 May 2021

32. Directors and prescribed officers' emoluments continued

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:

	2021 Direct ordinary shares	2020 Indirect ordinary shares	2021 Direct ordinary shares	2020 Indirect ordinary shares
Name				
Lincoln Ngculu	—	5 795 888	—	5 795 888
Jacob Mothomogolo[(1)]	517	—	517	—
Hamlet Morule[(2)]	500 000	—	735 000	—
Basetsana Ramaboa	183 748	—	183 748	—
Total	684 265	5 795 888	919 265	5 795 888

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

(1) *Jacob Mothomogolo has resigned effective October 2021.*

(2) *Hamlet Morule has resigned effective May 2021.*

Remuneration paid to Directors and prescribed officers

Non-executive Directors	Directors' fees R'000	Attendance fees R'000	Total R'000
2021			
Dawn Mokhobo	344	1 222	1 566
Victor Mabuza	144	786	930
Lincoln Ngculu	145	854	999
Total	633	2 862	3 495
2020			
Dawn Mokhobo	337	1 127	1 464
Victor Mabuza	141	791	932
Lincoln Ngculu	141	857	998
Total	619	2 775	3 394

Executive Directors	Number of months	Salaries R'000	Bonuses R'000	Deferred bonus plan R'000	Total R'000
2021					
Zhimin Li	12	3 615	789	452	4 856
Jianguo Liu*	12	4 200	—	—	4 200
Total		7 815	789	452	9 056
2020					
Zhimin Li	12	3 586	1 067	—	4 653
Feng Tao*	3	850	—	—	850
Jianguo Liu*	9	2 550	—	—	2 550
Total		6 986	1 067	—	8 053

* *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 2021

32. Directors and prescribed officers' emoluments continued

Remuneration for key management

	Number of months	Salaries R'000	Bonuses R'000	Deferred bonus plan R'000	Total R'000
2021					
Basetsana Ramaboa	**12**	**2 350**	**462**	**470**	**3 282**
Vasta Mhlongo[(1)]	**9**	**2 092**	**437**	**—**	**2 529**
Jacob Mothomogolo[(2)]	**10**	**3 403**	**653**	**806**	**4 862**
Hamlet Morule[(3)]	**5**	**1 494**	**495**	**540**	**2 529**
Total		**9 339**	**2 047**	**1 816**	**13 202**
2020					
Basetsana Ramaboa	12	2 331	511	312	3 154
Vasta Mhlongo	12	2 208	520	—	2 728
Jacob Mothomogolo	12	3 073	865	524	4 462
Hamlet Morule	12	2 494	589	357	3 440
Total		10 106	2 485	1 193	13 784

(1) *Vasta Mhlongo has resigned effective September 2021.*
(2) *Jacob Mothomogolo has resigned effective October 2021.*
(3) *Hamlet Morule has resigned effective May 2021.*

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

33. Financial instruments and risk management

Categories of financial instruments

Financial assets	Note	FVOCI R'000	Amortised cost R'000	Total R'000
GROUP – 2021				
Investments at fair value	8	**54 256**	**—**	**54 256**
Other receivables*	10	**—**	**1 783**	**1 783**
Cash and cash equivalents	12	**—**	**374 148**	**374 148**
Restricted cash	11	**—**	**94 460**	**94 460**
Total		**54 256**	**470 391**	**524 647**
GROUP – 2020				
Investments at fair value	8	22 692	—	22 692
Other receivables*	10	—	671	671
Cash and cash equivalents	12	—	899 406	899 406
Restricted cash	11	—	81 028	81 028
Total		22 692	981 105	1 003 797

* *Excludes VAT and prepayments.*

33. Financial instruments and risk management continued

Financial assets	Note	Amortised cost R'000	Total R'000
COMPANY – 2021			
Loans to subsidiaries	7	**14 937 920**	**14 937 920**
Other receivables*	10	**553**	**553**
Cash and cash equivalents	12	**144 440**	**144 440**
Restricted cash	11	**27 000**	**27 000**
Total		**15 109 913**	**15 109 913**
Company – 2020			
Loans to subsidiaries	7	12 220 658	12 220 658
Other receivables*	10	736	736
Cash and cash equivalents	12	147 173	147 173
Restricted cash	11	27 000	27 000
Total		12 395 567	12 395 567

* *Excludes VAT and prepayments.*

Financial liabilities	Note	Amortised cost R'000	Total R'000
GROUP – 2021			
Trade and other payables*	21	**222 548**	**222 548**
Shareholder's loans	15	**2 655 582**	**2 655 582**
Interest-bearing borrowings	16	**10 004 199**	**10 004 199**
Lease liability	17	**7 655**	**7 655**
Total		**12 889 984**	**12 889 984**
GROUP – 2020			
Trade and other payables*	21	161 962	161 962
Shareholder's loans	15	599 110	599 110
Interest-bearing borrowings	16	9 358 295	9 358 295
Lease liability	17	7 664	7 664
Total		10 127 031	10 127 031
COMPANY – 2021			
Trade and other payables*	21	**4 531**	**4 531**
Loans from subsidiaries	7	**2 426**	**2 426**
Shareholder's loans	15	**2 655 582**	**2 655 582**
Interest-bearing borrowings	16	**10 004 199**	**10 004 199**
Total		**12 666 738**	**12 666 738**
COMPANY – 2020			
Trade and other payables*	21	2 269	2 269
Loans from subsidiaries	7	1 674	1 674
Shareholder's loans	15	599 110	599 110
Interest-bearing borrowings	16	9 358 295	9 358 295
Total		9 961 348	9 961 348

* *Excludes VAT and employee cost accruals.*

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33. Financial instruments and risk management continued

Financial risk management

Overview

This note presents information about the Group's exposure to financial instruments and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Group is exposed to the following risks from its use of financial instruments:

- Capital risk;
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and 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.

Capital risk

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 393% (2020: 323%). 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$830 million. The Group is managing the capital of the Group to ensure that neither of these loan covenants are defaulted on.

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.

(i) Other receivables, cash and cash equivalents and loans to subsidiaries

The Group and Company have exposure to other receivables of R89.9 million and R8.9 million respectively (2020: R437.8 million and R5.9 million respectively). The Group and Company have exposure to cash and cash equivalents of R374.1 million and R144.4 million respectively (2020: R899.4 million and R147.2 million respectively). The Group and Company have exposure to restricted cash of R94.5 million and R27.0 million respectively (2020: R81.0 million and R27.0 million respectively). The Company has exposure to loans to subsidiaries of R14 938 million (2020: R12 221 million). Refer to note 34 with respect to the impairment of loans to subsidiaries. The credit risk has been assessed as insignificant.

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 2021:

Institution	CREDIT RATING 2021	CREDIT RATING 2020	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Bank of China	A	A	**18 786**	18 289	**12 730**	12 347
China Construction Bank	A	A	**194**	810 794	**66**	127 070
China Development Bank	A+	A+	**3 803**	—	**3 803**	—
Investec	AA+	AA+	**94 868**	94 913	**27 117**	32 950
Standard Bank	AA+	AA+	**350 063**	55 544	**127 724**	1 806
First National Bank	AA+	AA+	**894**	894	**—**	—
Total			**468 608**	980 434	**171 440**	174 173

33. Financial instruments and risk management continued

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 2022 onwards.

Various funding options for the balance required from 2022 onwards are being considered.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Note	Interest rate %	6 months or less R'000	6 to 12 months R'000	1 to 2 years R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
GROUP – 2021								
Shareholder's loan[1]	15	**5.41**	**688 170**	**–**	**–**	**–**	**–**	**688 170**
Shareholder's loan[2]	15	**11.80**	**157 590**	**95 436**	**1 298 441**	**–**	**–**	**1 551 467**
Shareholder's loan[3]	15	**5.00**	**796 117**	**–**	**–**	**–**	**–**	**796 117**
Interest-bearing borrowings[4]	16	**5.47**	**278 402**	**1 066 426**	**2 359 263**	**5 350 614**	**2 956 315**	**12 011 020**
Trade and other payables[5]	21		**222 548**	**–**	**–**	**–**	**–**	**222 548**
Total			**2 142 827**	**1 161 862**	**3 657 704**	**5 350 614**	**2 956 315**	**15 269 322**
GROUP – 2020								
Shareholder's loan[1]	15	5.41	16 269	617 053	–	–	–	633 322
Interest-bearing borrowings[4]	16	6.37	487 207	437 667	2 676 169	4 889 890	3 418 084	11 909 017
Trade and other payables[5]	21		161 962	–	–	–	–	161 962
Total			665 438	1 054 720	2 676 169	4 889 890	3 418 084	12 704 301
COMPANY – 2021								
Shareholder's loan[1]	15	**5.41**	**688 170**	**–**	**–**	**–**	**–**	**688 170**
Shareholder's loan[2]	15	**11.80**	**157 590**	**95 436**	**1 298 441**	**–**	**–**	**1 551 467**
Shareholder's loan[3]	15	**5.00**	**796 117**	**–**	**–**	**–**	**–**	**796 117**
Interest-bearing borrowings[4]	16	**5.47**	**278 402**	**1 066 426**	**2 359 263**	**5 350 614**	**2 956 315**	**12 011 020**
Trade and other payables[5]	21		**4 531**	**–**	**–**	**–**	**–**	**4 531**
Total			**1 924 810**	**1 161 862**	**3 657 704**	**5 350 614**	**2 956 315**	**15 051 305**
COMPANY – 2020								
Shareholder's loan[1]	15	5.41	16 269	617 053	–	–	–	633 322
Interest-bearing borrowings[4]	16	6.37	487 207	437 667	2 676 169	4 889 890	3 418 084	11 909 017
Trade and other payables[5]	21		2 269	–	–	–	–	2 269
Total			505 745	1 054 720	2 676 169	4 889 890	3 418 084	12 544 608

(1) *Shareholder's loan of US$41 million – interest calculated at contractual interest rate.*
(2) *Shareholder's loan of US$80 million – interest calculated at prevailing market interest rate.*
(3) *Shareholder's loan of US$50 million – interest calculated at contractual interest rate.*
(4) *CDB loan of US$650 million – interest calculated at effective interest rate.*
(5) *Excludes VAT and employee cost accruals.*

Refer to note 17 for contractual maturities relating to lease liability.

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33. Financial instruments and risk management continued

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 focused 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 rand strengthens.

Interest rate risk

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

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

(i) Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

A decrease of 50 basis points in interest rates on favourable bank balances, including restricted cash of R468.6 million (2020: R980.4 million) for the Group will decrease equity and profit or loss by R2.0 million (2020: R4.9 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 R171.4 million (2020: R174.2 million) for the Company will decrease equity and profit or loss by R0.2 million (2020: R1.2 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 variable interest rate borrowings will increase equity and profit or loss by R49.9 million (2020: R56.2 million on a 50 basis points decrease). An increase of 50 basis points will decrease equity and profit or loss by R50.1 million (2020: R56.7 million on a 50 basis points increase). This analysis assumes all other variables remain constant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rate. The Group is exposed to currency risk on borrowings 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	2021 US dollar exposure: US$'000	2020 Converted exposure R'000	2021 US dollar exposure: US$'000	2020 Converted exposure R'000
Financial assets				
Bank account denominated in foreign currency	239	3 803	8 431	123 545
Financial liabilities				
Shareholder's loans	176 540	2 655 582	40 886	599 110
Interest-bearing borrowings	628 312	10 004 199	638 649	9 358 295

Exchange rates at year end	2021	2020
ZAR/US$	15.922	14.653

33. Financial instruments and risk management continued

Currency risk continued

(i) Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

A weakening of 10% in the foreign exchange rate will decrease equity and profit or loss by R1 345.9 million (2020: R983.4 million) on the foreign cash balances, interest-bearing borrowings and shareholder's loans. 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 statement of financial position as a FVOCI financial asset.

34. Impairment of financial assets

Loans receivable from subsidiaries

The Company has material loans receivable from subsidiaries. Refer to note 7.

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 forward-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 provision	Category definition	Basis for recognition of expected credit loss
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 ECLs 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 recognised would be based on 12-month expected losses. The expected credit loss calculated for this loan was found to be insignificant.

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34. Impairment of financial assets continued

Loans receivable from subsidiaries continued

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

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 ECLs from these loans would be immaterial.

Other financial instruments

The Group and Company have restricted cash and cash and cash equivalents. Immaterial ECLs were estimated for these balances.

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

35. Fair value information

		GROUP 2021		GROUP 2020	
	Notes	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	12	**374 148**	**374 148**	899 406	899 406
Restricted cash	11	**94 460**	**94 460**	81 028	81 028
Other receivables*	10	**1 783**	**1 783**	671	671
Investment in equity asset	8	**54 256**	**54 256**	22 692	22 692
Trade and other payables*	21	**(222 548)**	**(222 548)**	(161 962)	(161 962)
Shareholder's loans	15	**(2 655 582)**	**(2 655 582)**	(599 110)	(599 110)
Interest-bearing borrowings	16	**(10 004 199)**	**(10 317 195)**	(9 358 295)	(9 638 134)
Total		**(12 357 682)**	**(12 670 678)**	(9 115 570)	(9 395 409)

* *Excludes VAT, prepayments and employee cost accruals.*

		COMPANY 2021		COMPANY 2020	
	Notes	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Cash and cash equivalents	12	**144 440**	**144 440**	147 173	147 173
Restricted cash	11	**27 000**	**27 000**	27 000	27 000
Other receivables*	10	**553**	**553**	736	736
Loans to subsidiaries (non-current)	7	**10 900 284**	**9 900 465**	10 274 853	9 300 562
Loans to subsidiaries (current)	7	**4 037 636**	**4 037 636**	1 945 805	1 945 805
Trade and other payables*	21	**(4 531)**	**(4 531)**	(2 269)	(2 269)
Shareholder's loans	15	**(2 655 582)**	**(2 655 582)**	(599 110)	(599 110)
Interest-bearing borrowings	16	**(10 004 199)**	**(10 317 195)**	(9 358 295)	(9 638 134)
Loans from subsidiaries	7	**(2 426)**	**(2 426)**	(1 674)	(1 674)
Total		**2 443 175**	**1 130 360**	2 434 219	1 180 089

* *Excludes VAT, prepayments and employee cost accruals.*

35. Fair value information continued

Fair value hierarchy

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 future cash flows at the prime lending rate for six to 20 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 are 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 16.

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

36. 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.

37. Going concern

The Group's cash resources at the reporting date of R374.1 million (2020: R899.4 million) are not sufficient, based on current budgets, to conduct operations and complete the development of the BPM Project. The Group's current liabilities at the reporting date, which includes shareholder's loans of R1 470.0 million, exceed the current assets by R784.8 million.

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.

The ability of the Group and Company to continue as a going concern is dependent on the support of the majority shareholder and the majority shareholder not calling on the current shareholder's loans. The shareholder has supported the shortfall to date and has provided a letter of comfort supporting any shortfall and guaranteed repayment of the CDB loan going forward. Management has also considered its ability to obtain additional funding in the form of a new consortium bank loan and other factors in its ability to continue operating in the foreseeable future. Management has made certain judgements in considering whether the planned mitigating actions are sufficient to conclude that the going concern assumption is appropriate.

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

38. Covid-19

The Group has navigated and continues to effectively manage the Covid-19 pandemic challenge. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the Board is confident that the responses are adequate and the crisis is being continuously monitored to assess the impact on the Group and Company.

Notes to the financial statements continued

for the year ended 31 December 2021

39. Restatement

Restatement of accrued interest in acquisition of property, plant and equipment

In prior year results, unpaid finance costs accrued and capitalised in accordance with IAS 23 "Borrowing Costs" was presented as part of "acquisition of property, plant and equipment" in the statement of cash flows for the Group.

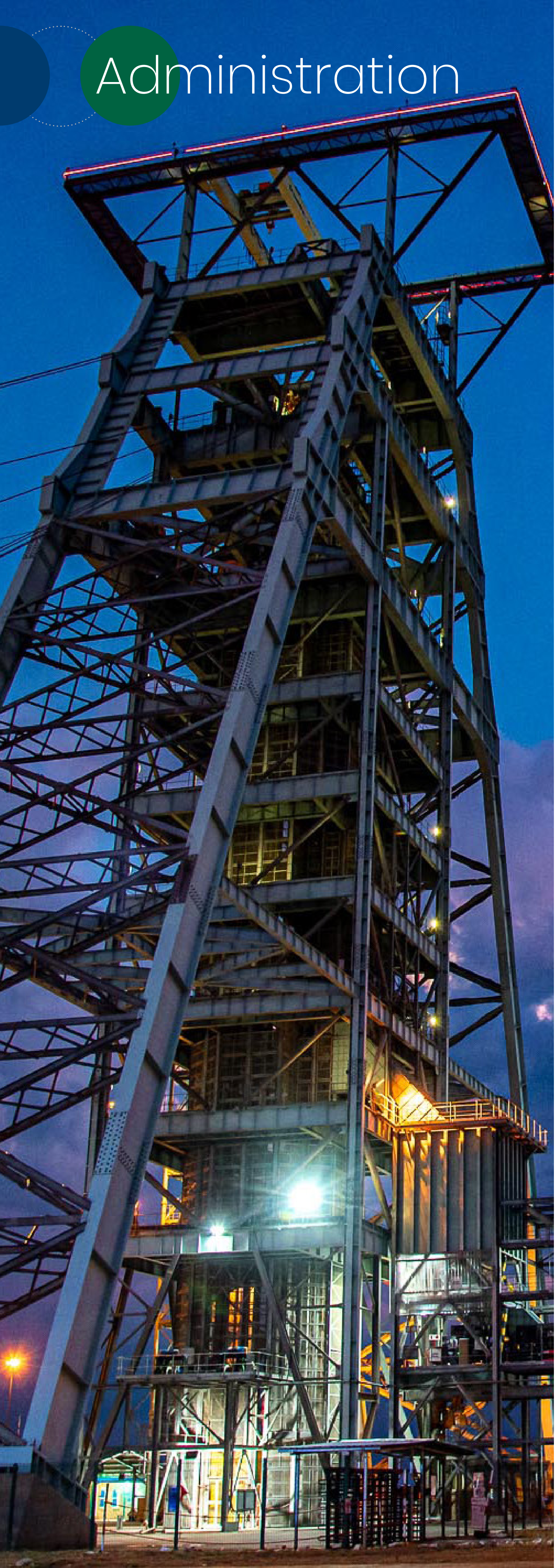
To correct the error, the line item "acquisition of property, plant and equipment" has been adjusted by the unpaid finance costs accrued, to correctly reflect only such amounts paid in the reporting period. The total amount of interest paid during each of the reporting periods is presented in the statement of cash flows as either those not eligible for capitalisation expensed in profit or loss, or those capitalised as part of property, plant and equipment.

This restatement has no impact on the statement of financial position and the statement of profit or loss and other comprehensive income of the Group and does not affect the Company statements.

GROUP 2020	As previously reported R'000	Restatement R'000	Restated R'000
Cash flows from operating activities			
Cash utilised in operations	(506 861)	(151 305)(i)	(658 166)
Finance income received	90 863	–	90 863
Finance cost paid	(1 472)	–	(1 472)
Taxation received	227	–	227
Taxation paid	(3 483)	–	(3 483)
Cash utilised in operating activities	(420 726)	(151 305)(i)	(572 031)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1 028 502)	151 305(i)	(899 197)
Finance cost paid capitalised	(535 113)	–	(535 113)
Net cash outflow from investing activities	(1 563 615)	151 305(i)	(1 412 310)
Cash flows from financing activities			
Interest-bearing borrowings raised	181 943	–	181 943
Interest-bearing borrowings repaid	(80 105)	–	(80 105)
Shareholder's loan raised	599 175	–	599 175
Repayment of lease liability	(7)	–	(7)
Net cash inflow from investing activities	701 006	–	701 006
Net decrease in cash and cash equivalents	(1 283 335)	–	(1 283 335)
Cash at the beginning of the period	2 127 557	–	2 127 557
Exchange losses on cash and cash equivalents	55 184	–	55 184
Cash and cash equivalents at the end of the year	899 406	–	899 406

(i) *Refer to commentary above.*

Administration



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East Woodmead
Sandton, 2191
South Africa

Directors

DNM Mokhobo (Chairman)*
Z Li (Chief Executive Officer)#
J Liu (Financial Director)#
LV Ngculu*
TV Mabuza*
S Pingan*#
P Li*#
F Qiao*#

(Non-executive, # Chinese)*

Company Secretary

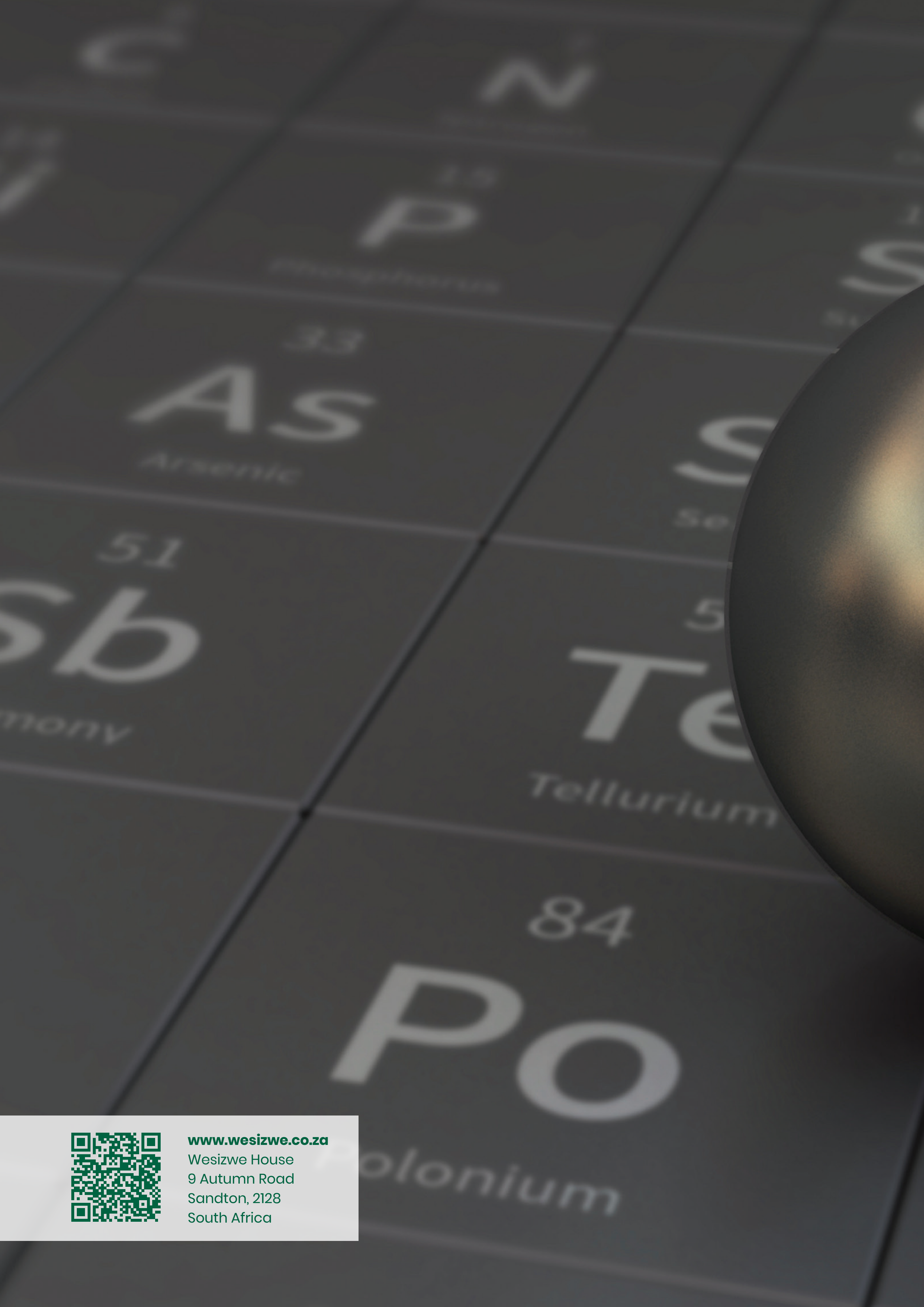
Azeyech Consulting Services Proprietary Limited
The Shere 287 Lombardy, 0054 South Africa

Transfer Secretaries

The Cape Town Stock Exchange
Attention: CTSE Registry
5th Floor, 68 Albert Road
Woodstock, Cape Town, 7925 South Africa

Level of assurance

The financial statements have been prepared under the supervision of the Financial Director, Jianguo Liu. The financial statements have been audited in compliance with the requirements of the Companies Act.



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