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

ABRIDGED GROUP FINANCIAL STATEMENTS FOR WESIZWE PLATINUM LIMITED FOR YEAR ENDED 31 DECEMBER 2019, PUBLISHING OF INTEGRATED ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING.

Shareholders are hereby advised that the integrated annual report was published today electronically due to the Company operating within the mechanisms available during the Covid-19 restrictions. The integrated annual report, which incorporates the notice of annual general meeting to be held at Holiday Inn Sandton, 123 Rivonia Road, Sandton, Johannesburg on Friday, 10 July 2020 at 09h00. The integrated report will also be available on the company's website at www.wesizwe.com. The date on which shareholders must be recorded as such in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 03 July 2020 (record date) with the last day to trade being Tuesday, 30 June 2020.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Property, plant and equipment	5	9 946 189	8 858 102
Intangible assets		570	1 139
Other financial assets	6	17 222	9 191
Restricted cash	7	-	44 828
Non-current assets		**9 963 981**	**8 913 260**
Other receivables		179 836	72 817
Inventories		120 796	14 872
Taxation	9	-	280
Restricted cash	7	81 028	36 200
Cash and cash equivalents		2 127 557	582 468
Current assets		**2 509 217**	**706 637**
Total assets		**12 473 198**	**9 619 897**
EQUITY AND LIABILITIES			
Stated capital	8	3 425 544	3 425 544
Market to market reserves		6 232	-
Accumulated loss		(403 645)	(500 448)
Capital and reserves		**3 028 131**	**2 925 096**
Deferred tax liability	9	390 081	359 939
Interest-bearing borrowings	13	8 776 645	6 193 998
Lease Liability		7 664	-
Mine closure and environmental rehabilitation obligation		47 361	40 472
Cash-settled share-based payment liability		6 037	3 184
Non-current liabilities		**9 227 788**	**6 597 593**
Interest-bearing borrowings	13	14 054	-
Lease Liability		7	-
Taxation	9	20 411	-
Trade and other payables		182 807	97 208
Current liabilities		**217 279**	**97 208**
Total liabilities		**9 445 067**	**6 694 801**
Total equity and liabilities		**12 473 198**	**9 619 897**

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	2019	2018 Re-presented*
	R'000	**R'000**
Operations		
Administration expenses	(65 638)	(20 359)
	(65 638)	(20 359)
Loss on disposal of financial asset	-	(2 234)
Net operating costs	**(65 638)**	**(22 593)**
Finance income and expenses		
Finance income	307 677	29 618
Finance expense	(95 664)	(115 578)
Net finance income/(expense)	**212 013**	**(85 960)**
Profit/(loss) before tax	**146 375**	**(108 553)**
Income tax (expense)/income	(49 572)	19 865
Profit/(loss) for the year	**96 803**	**(88 688)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gain on fair value movements of equity instrument at FVOCI	8 031	861
Income tax relating to fair value movements of equity instrument	(1 799)	-
Total other comprehensive income	**6 232**	**861**
Total comprehensive income/(loss) for the year	**103 035**	**(87 827)**
Earnings/(loss) per share		
Basic earnings/(loss) per share (cents)	**6.33**	**(5.40)**
Diluted earnings/(loss) per share (cents)	**6.33**	**(5.40)**

*Refer to note 20

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Stated Capital R'000	Reserves R'000	(Accumulated loss) R'000	Total R'000
Balance at 1 January 2018	**3 425 544**	**-**	**(412 621)**	**3 012 923**
Loss for the year	-	-	(88 688)	(88 688)
Other comprehensive income	-	861	-	861
Transfers	-	(861)	861	-
Total comprehensive loss for the year	**-**	**-**	**(87 827)**	**(87 827)**
Balance at 31 December 2018	**3 425 544**		**(500 448)**	**2 925 096**
Profit for the year	-	-	96 803	96 803
Other comprehensive income	-	6 232	-	6 232
Total comprehensive income for the year	**-**	**6 232**	**96 803**	**103 035**
Balance at 31 December 2019	**3 425 544**	**6 232**	**(403 645)**	**3 028 131**

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Note	2019 R'000	2018 R'000
Cash flows from operating activities			
Cash paid to suppliers and employees		(180 533)	(51 312)
Cash utilised in operations		**(180 533)**	**(51 312)**
Finance income received		15 874	19 636
Finance cost paid		(1 474)	-
Taxation paid		(538)	(53)
Cash utilised in operating activities		**(166 671)**	**(31 729)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1 103 842)	(767 748)
Restricted cash increased		-	(8 184)
Net cash outflow from investing activities		**(1 103 842)**	**(775 932)**
Cash flows from financing activities			
Interest-bearing borrowings raised	13	2 815 607	1 001 959
Repayment of lease liability		(5)	-
Net cash inflow from financing activities		**2 815 602**	**1 001 959**
Net increase in cash and cash equivalents		**1 545 089**	**194 298**
Cash at beginning of year		582 468	388 170
Cash and cash equivalents		**2 127 557**	**582 468**

1. Reporting entity

Wesizwe Platinum Limited ("Wesizwe" or the "Company") is a company domiciled in the Republic of South Africa. The abridged consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The audited consolidated financial statements of the group for the year ended 31 December 2019 are available at www.wesizwe.com.

2. Statement of compliance

These abridged consolidated financial statements ("abridged report") are prepared in accordance with International Financial Reporting Standards("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008, as amended as well as the Johannesburg Stock Exchange ("JSE") Listings Requirements. The report is prepared in accordance with IFRS, IAS 34 – Interim Reporting.

These abridged financial statements have been extracted from the complete set of financial statements, but is itself not audited, on which the auditors, SizweNtsalubaGobodo Grant Thornton Inc., have expressed an unqualified audit opinion. A copy of the auditor's report is available for inspection at the company's registered office.

The financial statements have been prepared under the supervision of the Finance Director, Mr. Feng Tao.

The directors of Wesizwe take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying audited annual financial statements.

3. Accounting policies

The accounting policies used to prepare this report are in terms of IFRS and are consistent with those used in the previous annual financial statements except for the adoption of new standard, IFRS 16 'Leases'. The adoption of the new standard has not had a material impact on the financial statements of the Group other than increased disclosure.

4. Estimates

The preparation of financial statements in terms of IFRS requires management to use estimates and assumptions that may materially affect the reported amounts of assets and liabilities, as well as income and expenses. These estimates and judgements are based on historical experience, current and expected future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

5. Property, plant and equipment

	Mine Assets R'000	Other R'000	Total R'000
Balance at 1 January 2018	**6 224 098**	**1 230 655**	**7 454 753**
Additions	1 393 227	18 411	1 411 638
Disposals	-	-	-
Depreciation	-	(8 289)	(8 289)
Balance at 1 January 2019	**7 617 325**	**1 240 777**	**8 858 102**
Additions	1 079 445	16 783	1 096 228
Disposals	-	-	-
Depreciation	-	(8 141)	(8 141)
Balance at 31 December 2019	**8 696 770**	**1 249 419**	**9 946 189**

6. Other financial assets

	2019 R'000	2018 R'000
Unlisted equity securities*		
Opening Balance	-	10 564
Disposal of financial asset	-	(8 330)
Loss on disposal of financial asset	-	(2 234)
Closing Balance	-	-
Listed equity securities*		
Opening Balance	9 191	-
Acquisition of financial asset	-	8 330
Gain on fair value adjustment	8 031	861
Closing Balance	**17 222**	**9 191**

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

* RBPlats and Platinum Group Metals South Africa (Pty) Ltd concluded a transaction of sale in which RBPlats acquired Maseve Investments 11 (Pty) Ltd ("Maseve"), a concentrator plant and surface rights in respect of the immovable property owned by Maseve. Africa Wide Mineral Prospecting and Exploration (Pty) Ltd ("Africa Wide"), a subsidiary of Wesizwe owned 17.1% of Maseve and other assets forming part of the RBPlats acquisition. Africa Wide received an issue of RBPlats shares as proceeds of sale for its 17.1% of the assets acquired. Wesizwe and Africa Wide dispute the validity of the transaction concluded and have commenced with processes for litigious relief in 2018. This process was still ongoing in the 2019 financial year.

7. Restricted cash

	2019 R'000	2018 R'000
Non-Current		
Eskom — Connection guarantees	-	44 828
Total non-current	**-**	**44 828**
Current		
Eskom – Connection guarantees	44 828	-
Department of Mineral Resources and Energy – rehabilitation obligation	36 200	36 200
Total current	**81 028**	**36 200**
Total restricted cash	**81 028**	**81 028**

Call deposits have been encumbered as a result of guarantees issued to certain service providers. Management is in advanced stages of replacing Department of Mineral Resources and Energy, and Eskom restricted cash guarantees with insurance guarantees.

8. Stated capital

	2019 R'000	2018 R'000
Authorised		
2 000 000 000 no par value ordinary shares	-	-
Issued		
1 627 827 058 no par value ordinary shares	**3 425 544**	**3 425 544**

9. Taxation

9.1 Income tax payable/(receivable)

	2019 R'000	2018 R'000
Balance at the beginning of the year	(280)	(293)
Profit or loss charge	21 229	66
Taxation paid	(538)	(53)
Balance at the end of the year	**20 411**	**(280)**

9.2 Deferred tax

	2019 R'000	2018 R'000
Deferred tax liability		
Balance at the beginning of the year	359 939	379 867
Current year charges	30 142	(19 928)
Property, plant and equipment	264 407	401 169
Other financial assets	1 799	-
Prepayment	40 590	-
Unredeemed mining capex	(274 654)	(426 198)
IFRS 16 adjustment	(71)	-
Provisions	(1 929)	5 101
Balance at the end of the year	**390 081**	**359 939**

10. Mine closure and environmental rehabilitation obligation

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

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

As required by the Department of Mineral Resources and Energy, a deposit of R36.2 million (2018: R36.2 million) is held with a financial institution. 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 8.25% (2018: 8.98%) and the appropriate escalation rate is 4.81% (2018: 5.45%). The current cost rehabilitation estimate is R128.9 million (2018: R116.1 million).

11. Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. No segment reporting has been produced as the group is conducting construction activities in one geological location which represents its only business activity with no revenue yet.

12. Subsequent events

As a result of Covid-19 and the lockdown announced by the honorable President of South Africa taking effect midnight 26 March, our BPM project was put into care and maintenance for the lockdown period. In line with IAS 10 'Events after the reporting period', forward looking assumptions and values were reassessed. Although Covid-19 is a non-adjusting event, management still undertook the exercise of calculating the recoverable amount of mine assets using updated commodity prices and is pleased to report that the recoverable amount still exceeded the carrying amount and no impairment would be required.

13. Interest-bearing borrowings

	2019 R'000	2018 R'000
Opening balance	6 193 998	4 426 426
China Development Bank – drawdown	2 815 607	1 001 959
Interest accrued	475 218	298 486
China Development Bank – interest repayment	(482 716)	(343 905)
Realised foreign exchange (gain)/loss	(43 926)	24 734
Unrealised foreign exchange (gain)/loss	(167 482)	786 298
Closing balance	**8 790 699**	**6 193 998**
Non-current	8 776 645	6 193 998
Current	14 054	-
Closing balance	**8 790 699**	**6 193 998**

The group has a secured US$650 million loan facility of which US$637 million has been used with a carrying amount of R8 791 million at 31 December 2019 (2018: R6 194 million). The interest rate on the facility is determined six monthly in advance as the six-month LIBOR rate plus 3.5%. The term of the loan is 15 years and no capital repayments are due during the first six years. Repayments in semi-annual instalments over the last nine years of the facility commence at an amount equal 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. A facility fee amounting to 0.5% of the unutilized balance is payable annually. The interest expense is payable bi-annually. The interest expense and facility fee is included in the effective interest rate calculation. Instalment payments are scheduled to start in 2020.

14. Fair Values

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

		Group 2019		Group 2018	
	Notes	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Cash and cash equivalents		2 127 557	2 127 557	582 468	582 468
Restricted cash (non-current)	7	-	-	44 828	44 828
Restricted cash (current)	7	81 028	81 028	36 200	36 200
Other receivables		2 934	2 934	1 431	1 431
Investment in equity asset	6	17 222	17 222	9 191	9 191
Trade and other payables*		(182 535)	(182 535)	(97 208)	(97 208)
Interest-bearing borrowing	13	(8 790 699)	(8 996 354)	(6 193 998)	(6 288 311)
		(6 744 493)	**(6 950 148)**	**(5 617 088)**	**(5 711 401)**

* excludes VAT

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 interest-bearing borrowing is carried at amortised cost which approximates carrying amounts as the amounts will be received or settled in the short term.

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

The long-term interest-bearing borrowing is measured at amortised cost using the effective interest method. The fair value of long-term borrowings is calculated at contractual interest rates at year-end.

Equity securities are measured at fair value using level 1 values obtained directly from the Johannesburg Stock Exchange.

Reconciliation of fair values

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

Equity securities – Classified as FVPL (IFRS 9) (Level 3)	GROUP	
	2019 R'000	2018 R'000
Opening balance	-	10 564
Disposal of financial asset	-	(8 330)
Loss included in OCI and transferred to profit and loss	-	(2 234)
Closing balance	**-**	**-**

Equity securities – Classified as FVOCI (IFRS 9) (Level 1)	GROUP	
	2019 R'000	2018 R'000
Opening balance	**9 191**	-
Acquisition of equity asset	-	8 330
Fair value adjustments	8 031	861
Closing balance	**17 222**	**9 191**

15. Headline earnings per share

The basis of calculation of headline earnings/(loss) and diluted headline earnings/(loss) per share is:

	2019 R	2018 R
Earnings/(loss) attributable to ordinary shareholders (rand)	103 034 868	(87 826 703)
Loss on disposal of other financial asset	-	2 233 627
Gain on adjustment of value in interest in equity financial asset	(6 232 444)	(860 766)
Headline earnings/(loss)	**96 802 424**	**(86 453 842)**
Weighted average number of ordinary shares in issue (shares)	1 627 827 058	1 627 827 058
Headline earnings/(loss) and diluted headline earnings/(loss) per share (cents)	**5.95**	**(5.31)**

16. Capital Commitments

Capital commitments for the next 12 months' amounts to R934.2 million (2018: R576.7 million).

17. Mineral Resources and Reserves

There were no changes to the mineral resources and reserves for the year ended 31 December 2019.

18. Dividends

No dividends were declared for the year ended 31 December 2019.

19. Prospects

The updated feasibility study of the Bakubung project was tested by the auditors for an impairment assessment and still continues to yield very encouraging results.

20. RECLASSIFICATION

Reclassification of finance income and finance expense

In prior years, the line item "finance income from subsidiaries" was presented separately in the statement of profit or loss and other comprehensive income for the company. There is also "finance income from financial institutions" within the same statement for both group and company. As these line items are similar in function, it was decided to improve presentation by aggregating them and, together with foreign exchange gains, present it as "finance income ". Refer note 30 in AFS.

In prior years, the line item "finance cost capitalised" was presented separately in the statement of profit or loss and other comprehensive income for the group. There is also "finance expense" within the same statement for both group and company. As these line items are similar in function, it was decided to improve presentation by aggregating them and, together with foreign exchange losses, present it as "finance expense ".

GROUP 2018

	As previously reported R'000	Reclassification R'000	Re-presented R'000
Operations			
Revenue	-	-	-
Finance income from subsidiaries	-	-	-
Administration expenses	(20 359)	-	(20 359)
	(20 359)	**-**	**(20 359)**
Loss on disposal of financial asset	(2 234)	-	(2 234)
Net operating (costs)/income	**(22 593)**	**-**	**(22 593)**
Other income and other expenses			
Finance income	-	29 618	29 618
Finance income from financial institutions	27 373	(27 373)	-
Finance expense	(301 829)	186 251	(115 578)
Net foreign exchange gain/(loss)	(811 032)	811 032	-
Finance costs capitalised	999 528	(999 528)	-
Net finance income/(expense)	**(85 960)**	**-**	**(85 960)**
Profit/(loss) before tax	**(108 553)**	**-**	**(108 553)**
Income tax (expense)/income	19 865	-	19 865
Profit/(loss) for the year	**(88 688)**	**-**	**(88 688)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on fair value movements of equity instrument at FVOCI	861	-	861
Income tax relating to fair value movements of equity instrument	-	-	-
Total other comprehensive income	861	-	861
Total comprehensive income/(loss) for the year	**(87 827)**	**-**	**(87 827)**

Changes to the Board of Directors

Mr Fugui Qiao resigned from the board with effect from 19 March 2019 and Mr Huigao Guo was appointed to the board as a non-executive director with effect from 1 April 2019. Mr Feng Tao subsequently resigned from the board on 31 March 2020.
By order of the board:

Dawn Mokhobo (Chairman)   Zhimin Li (Chief Executive Officer)

Sponsors: PSG Capital Proprietary Limited

Directors: DNM Mokhobo (Chairman)*, Z Li (Chief Executive Officer) #, F Tao (Finance Director) #, LV Ngculu*, TV Mabuza*, S Pingan*#, L Pengfei*#, H Guo *#
(*Non-Executive, # Chinese)

Company secretary: V Mhlongo
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www.wesizwe.com

30 April 2020
Johannesburg

Sponsor
PSG Capital