




wesizwe

❖ **Condensed
Consolidated
Interim Financial
Statements for
the period ended
30 June 2024**

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Prepared by

The interim financial statements have been prepared by Titus Khiba (Financial Manager) under the supervision of Julia Matabane CA(SA) (General Manager Finance) and the Financial Director, Jianguo Liu. The financial statements have been Independently Reviewed 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 Corporate Affairs – info@wesizwe.com.

About Wesizwe

Wesizwe Platinum Limited (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 Igneous 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

Our mission is to become a sustainable mid-tier producer of high-value PGMs that have long-term demand.

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



R1 574 million

shareholder's loans raised



R496 million

direct investment
in property, plant and equipment



R172 million

forex gain on loans
denominated in foreign currency



R974 million

finance expense
incurred during 2024



7.36 cents

basic earnings per share

Condensed Consolidated Interim Financial Statements

Condensed consolidated statement of financial position

at 30 June 2024

	Notes	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	24 048 267	20 991 179	22 551 969
Intangible assets		2 498	3 338	3 103
Other financial assets	8	9 451	43 340	9 503
Restricted cash	9	118 311	118 311	118 311
		24 178 527	21 156 168	22 682 886
Current assets				
Inventories	10	1 433 172	1 426 008	1 430 194
Other receivables		88 321	33 654	83 914
Cash and cash equivalents		105 558	126 795	109 581
		1 627 051	1 586 457	1 623 689
Total assets		25 805 578	22 742 625	24 306 575
EQUITY AND LIABILITIES				
Equity				
Capital and reserves				
Stated capital		3 425 544	3 425 544	3 425 544
Shareholder's contributions	11	1 095 981	517 717	1 008 703
Mark-to-market reserves		34 561	26 412	34 613
Accumulated loss		(415 920)	(1 481 083)	(535 683)
		4 140 166	2 488 590	3 933 177
Liabilities				
Non-current liabilities				
Deferred tax liability		418 873	389 921	381 384
Interest-bearing borrowings	12	6 963 246	8 650 107	7 135 666
Shareholder's loans	13	9 775 620	2 345 613	7 641 650
Mine closure and environmental rehabilitation obligation	14	93 327	71 158	44 153
Lease liability		7 616	7 631	7 616
Cash-settled share-based payment liability		—	4 613	—
		17 258 682	11 469 043	15 210 469
Current liabilities				
Trade and other payables		226 871	359 568	159 326
Interest-bearing borrowings	12	1 128 836	1 693 722	1 852 467
Shareholder's loans	13	2 941 805	6 625 257	3 017 378
Cash-settled share-based payment liability		4 000	—	2 962
Taxation payable	17	105 209	106 438	130 781
Lease liability		9	7	15
		4 406 730	8 784 992	5 162 929
Total liabilities		21 665 412	20 254 035	20 373 398
Total equity and liabilities		25 805 578	22 742 625	24 306 575

Condensed consolidated statement of profit or loss and other comprehensive income

for the period ended 30 June 2024

	Notes	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Operations				
Other Income		—	41 880	3 117
Administration expenses	15	(35 054)	(4 129)	(27 829)
Net operating (costs)/income		(35 054)	37 751	(24 712)
Finance income and expense				
Finance income	16	179 774	15 152	31 171
Finance expense	16	(5 648)	(1 014 520)	(18 669)
Net finance income/(expense)		174 126	(999 368)	12 502
Profit/(loss) before tax		139 072	(961 617)	(12 210)
Income tax expense	17	(19 309)	(8 983)	(12 990)
Profit/(loss) for the period		119 763	(970 600)	(25 200)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Loss on fair value movements of equity instruments at FVOCI	8	(52)	(13 894)	(13 431)
Income tax relating to fair value movements of equity instruments on FVOCI	17	—	3 001	10 739
Total other comprehensive loss		(52)	(10 893)	(2 692)
Total comprehensive income/(loss) for the period		119 711	(981 493)	(27 892)
Earnings/(loss) per share				
Headline earnings/(loss) per share (cents)	18	7.36	(59.63)	(1.36)
Basic and diluted earnings/(loss) per share (cents)	18	7.36	(59.63)	(1.55)

Condensed Consolidated Interim Financial Statements continued

Condensed consolidated statement of changes in equity

for the period ended 30 June 2024

	Stated capital R'000	Mark-to-market reserves R'000	Shareholder's contribution R'000	Accumulated loss R'000	Total R'000
Balance at 1 January 2023	3 425 544	37 305	422 748	(510 483)	3 375 114
Loss for the period	—	—	—	(970 600)	(970 600)
Other comprehensive income	—	(10 893)	—	—	(10 893)
Shareholder's contribution	—	—	94 969	—	94 969
Balance at 30 June 2023	3 425 544	26 412	517 717	(1 481 083)	2 488 590
Profit for the period	—	—	—	945 400	945 400
Other comprehensive income	—	8 201	—	—	8 201
Shareholder's contribution	—	—	490 986	—	490 986
Balance at 31 December 2023	3 425 544	34 613	1 008 703	(535 683)	3 933 177
Profit for the period	—	—	—	119 763	119 763
Other comprehensive income	—	(52)	—	—	(52)
Shareholder's contribution	—	—	87 278	—	87 278
Balance at 30 June 2024	3 425 544	34 561	1 095 981	(415 920)	4 140 166

Condensed consolidated statement of cash flows

for the period ended 30 June 2024

	Notes	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Cash flows from operating activities				
Cash generated from/(utilised in) operations	19	55 125	(145 954)	(316 039)
Interest income received		7 206	6 758	16 829
Finance cost paid		(824)	(733)	(1 494)
Income tax paid	17	(14 394)	(6 069)	(11 903)
Income tax received	17	—	—	424
Net cash generated from/(utilised in) operations		47 113	(145 998)	(312 183)
Cash flows from investing activities				
Acquisition of property, plant and equipment	19	(496 293)	(794 329)	(1 364 482)
Finance cost paid capitalised	12	(376 227)	(448 743)	(890 233)
Acquisition of intangible assets		(1 214)	(1 011)	(2 227)
Net cash outflow from investing activities		(873 734)	(1 244 083)	(2 256 942)
Cash flows from financing activities				
Interest-bearing borrowings repaid	12	(748 036)	—	(933 910)
Shareholder's loans raised	13	1 574 173	1 291 381	3 380 684
Repayment of lease liability		(6)	(5)	(12)
Net cash inflow from financing activities		826 131	1 291 376	2 446 762
Net decrease in cash and cash equivalents		(490)	(98 705)	(122 363)
Effect of foreign exchange rate fluctuation on cash held		(3 533)	1 165	7 609
Cash at the beginning of the period		109 581	224 335	224 335
Cash and cash equivalents at the end of the period		105 558	126 795	109 581

Notes to the condensed consolidated interim financial statements

for the period ended 30 June 2024

1. Reporting entity

Wesizwe Platinum Limited (Wesizwe or the Company) is a company domiciled in the Republic of South Africa. The condensed consolidated interim financial statements (interim financial statements) of the Company as at 30 June 2024 comprise the Company and its subsidiaries (together referred to as the Group). The annual financial statements (AFS) of the Group for the year ended 31 December 2023 are available at www.wesizwe.co.za.

2. Basis of preparation

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and contain information required by International Accounting Standards (IAS) 34 Interim Financial Reporting, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act 71 of 2008, as amended, as well as the Johannesburg Stock Exchange (JSE) Listings Requirements. The interim financial statements do not include all the notes typically included in annual financial statements. Accordingly, these financial statements should be read in conjunction with the AFS for the year ended 31 December 2023 and any public announcements made during the interim reporting period.

The interim financial statements have been prepared on the historical cost basis with the exception of certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are also prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Directors of Wesizwe take full responsibility for the preparation of the interim financial statements.

3. Material accounting policies

The material accounting policies used by the Group are in terms of IFRS and consistent with those applied in the previous period. The Group did not early adopt any new, revised or amended accounting standards.

4. Judgements by Directors and Management

4.1 Development expenditure

Development activities commence after the commercial viability and technical feasibility of the project are established. Judgement is applied by management in determining when a project is commercially viable and technically feasible.

The Group considers the following items as pre-requisites prior to concluding on commercial viability:

- All requisite regulatory approvals from government departments in South Africa have been received and are not subject to realistic legal challenges;
- The necessary funding to engage in the construction and development of the project as well as general working capital until the project is cash generative;
- Compliant resource proving the quantity and quality of the project as well as a detailed Mine Plan reflecting that the mine can be developed and will deliver the required return rates; and
- The appropriate skills and resources to develop and operate the project.

In determining the expenses that should be capitalised in relation to the development of the qualifying asset, development expenditure, including indirect costs, is capitalised to the extent that the amounts incurred are directly attributable to the development activities and are necessary to bring the BPM to commercial production. Any judgements may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to profit or loss.

4.2 Estimates

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

4. Judgements by Directors and Management continued

4.2 Estimates continued

The significant unobservable inputs in the determination of the recoverable amount of the Bakubung Platinum Mine are:

	Six months ended 30 June 2024 Reviewed	Six months ended 30 June 2023 Reviewed	Year ended 31 December 2023 Audited
US\$ exchange rate (ZAR) short term	17.89 – 18.21	16.54 – 17.38	17.65 – 18.22
US\$ exchange rate (ZAR) long term	18.30	16.86	18.18
Pt price (US\$/oz) short term	994 – 1 540	997 – 1 442	1 032 – 1 632
Pt price (US\$/oz) long term	1 565	1 546	1 685
Pd price (US\$/oz) short term	826 – 1 045	815 – 1 442	832 – 1 124
Pd price (US\$/oz) long term	803	757	787
Rh price (US\$/oz) short term	4 675 – 8 846	7 044 – 7 780	4 931 – 8 713
Rh price (US\$/oz) long term	6 673	6 244	6 739
Au price (US\$/oz) short term	2 081 – 2 381	1 623 – 1 927	1 676 – 2 110
Au price (US\$/oz) long term	1 959	1 526	1 675
Weighted average cost of capital (%) (Real)	10.19	9.97	10.19

In determining the future cash flows, management reviewed all the key variables and sources of estimation.

In preparing the interim financial results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation are based on the same principles as those that applied to the AFS for the year ended 31 December 2023, except as listed above.

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

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

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

5. New standards and interpretations

5.1 Standards and interpretations effective and adopted in the current period

The following standards, amendments to standards and interpretations became effective for the financial year beginning on or after 1 January 2024. The Group adopted these standards in the current period and they did not have a material impact on its interim financial statements.

New accounting standards or amendments	Effective date	Impact
Amendment to IAS 1 – Non-current liabilities with covenants and Amendment to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024	The amendment did not have an impact
Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024	The amendment did not have an impact

5.2 Standards and interpretations not yet effective in the current period

The following new standards, amendments to standards and interpretations have been issued, but are not effective during the period ended 30 June 2024. The Group has not yet adopted these new standards that are relevant to its operations:

New accounting standards or amendments	Effective date	Impact
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026	The Group will assess the impact
IFRS 18 – Presentation and disclosure in financial statements	1 January 2027	The Group will assess the impact

Condensed Consolidated Interim Financial Statements continued

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 June 2024

6. Report of the independent auditor

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been reviewed by SNG Grant Thornton Inc., who expressed a disclaimer of review conclusion. Note 26 states that the ability of the Group 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, however, the directors have not been able to provide them with agreements from the shareholder committing funding for the foreseeable future. Consequently, they were unable to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern basis of accounting. The auditor's report does not necessarily report on all of the information contained in these financial statements. Shareholders are therefore advised that, to obtain a full understanding of the nature of the auditor's engagement, the report is available for inspection at the Company's registered address or they can obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

7. Property, plant and equipment

During the period under review, an amount of R1 511.5 million (June 2023: R2 219.5 million) was capitalised to construction work-in-progress as part of the activities to develop the mine and related construction activities.

	Property, plant and equipment R'000	Right-of-use asset R'000	Construction work-in- progress R'000	Mining rights R'000	Total R'000
30 June 2024					
Balance at 31 December 2023	78 109	6 733	21 409 398	1 057 729	22 551 969
Acquisitions during the period	3 122	—	1 511 526	—	1 514 648
Depreciation/amortisation	(18 221)	(129)	—	—	(18 350)
Closing balance	63 010	6 604	22 920 924	1 057 729	24 048 267

	Property, plant and equipment R'000	Right-of-use asset R'000	Construction work-in- progress R'000	Mining rights R'000	Total R'000
30 June 2023					
Balance at 31 December 2022	80 874	6 992	17 637 129	1 057 729	18 782 724
Acquisitions during the period	7 746	—	2 219 498	—	2 227 244
Depreciation/amortisation	(18 660)	(129)	—	—	(18 789)
Closing balance	69 960	6 863	19 856 627	1 057 729	20 991 179

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

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

8. Other financial assets

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Listed equity securities – Royal Bafokeng Platinum Limited			
Opening balance	–	57 234	57 234
Loss on disposal of financial asset	–	–	(3 066)
Disposal of financial asset	–	–	(41 187)
Loss on fair value movement	–	(13 894)	(12 981)
Closing balance	–	43 340	–
Listed equity securities – Impala Platinum Limited Holdings			
Opening balance	9 503	–	–
Acquisition of financial asset	–	–	9 953
Loss on fair value movement	(52)	–	(450)
Closing balance	9 451	–	9 503

Investment in the listed equity in Royal Bafokeng Platinum Limited was disposed of as a result of the delisting of the company following its acquisition by Impala Platinum Holdings Limited.

Fair value of these shares has 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 Impala Platinum Holdings Limited are listed on the JSE, and the Group is satisfied that there is an active market. Transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

9. Restricted cash

Restricted cash covers the following guarantees:

R118.3 million (June 2023: R118.3 million) in favour of the Department of Mineral Resources and Energy (DMRE) R73.5 million (2023: R73.5 million) for rehabilitation obligation and Eskom for connection guarantees, R44.8 million (2023: R44.8 million)

10. Inventories

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Run of mine	1 345 627	1 316 472	1 329 248
Stores and materials	87 545	109 536	100 946
Total	1 433 172	1 426 008	1 430 194

Run of mine (ROM)

While BPM is not yet in production, the 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.

Condensed Consolidated Interim Financial Statements continued

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 June 2024

11. Shareholder's contributions

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Opening balance	1 008 703	422 748	422 748
Gain on initial recognition of shareholder's loans	87 278	94 969	370 866
Modification gain	—	—	215 089
Closing balance	1 095 981	517 717	1 008 703

The Group recognises its shareholder's loans initially at fair value.

The fair market rate was determined as the present value of the estimated future contractual cash flows. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group; this is calculated based on credit spreads that take into account the level of indebtedness and the interest coverage ratio of the borrower.

The difference between the contract price and fair value at initial recognition is recognised to equity as shareholder's contribution.

12. Interest-bearing borrowings

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Held at amortised cost			
China Development Bank	8 092 082	10 343 829	8 988 133
Reconciliation of China Development Bank loan			
Opening balance	8 988 133	9 449 707	9 449 707
Interest accrued	270 253	320 473	621 661
Interest payment	(376 227)	(448 743)	(890 233)
Loan repayment	(748 036)	—	(933 910)
Realised foreign exchange (gain)/loss	(3 532)	8 178	4 938
Unrealised foreign exchange (gain)/loss	(38 509)	1 014 214	735 970
Closing balance	8 092 082	10 343 829	8 988 133
Split between non-current and current portions			
Non-current liabilities	6 963 246	8 650 107	7 135 666
Current liabilities	1 128 836	1 693 722	1 852 467
Total	8 092 082	10 343 829	8 988 133

The Group secured and utilised a US\$650 million loan. The variable interest rate on the facility is determined every six months in advance. This loan is payable at the end of 2028.

At the beginning of 2024, the Group completed its transition from "six months US dollar London Inter-Bank Offered Rate (LIBOR)" plus 3.5% margin to the "daily Secured Overnight Financing Rate (SOFR)" plus 0.42826% plus 2.9% margin. The other terms of the loan remain unchanged.

The amendment to the terms of the interest rate did not require a modification, as the net present value of the cash flows under the SOFR rate discounted at the original effective interest rate (EIR) was not substantial.

13. Shareholder's loans

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Jinchuan Group (Hong Kong) Resources Holdings Limited			
Reconciliation of shareholder's loans			
Opening balance	10 659 028	6 737 889	6 737 889
Shareholder's loan – drawdown	1 574 173	1 291 381	3 380 684
Interest accrued	701 179	294 562	664 175
Unrealised foreign exchange (gain)/loss	(129 677)	768 125	462 235
Modification gain	–	(26 118)	–
Transfer to shareholder's contribution	(87 278)	(94 969)	(585 955)
Closing balance	12 717 425	8 970 870	10 659 028
Split between non-current and current portions			
Non-current liabilities	9 775 620	2 345 613	7 641 650
Current liabilities	2 941 805	6 625 257	3 017 378
Total	12 717 425	8 970 870	10 659 028

During the six-month period ended 30 June 2024, the Group secured three additional shareholder's loans; being loans 19, 20 and 21. The interest rates on all three loans are accrued every six months in arrears at 6.5% of the amount drawn down. The interest and capital are payable by 30 November 2027.

Fair value gain on initial recognition of these shareholder's loans has been recognised as capital contribution (refer note 11).

14. Mine closure and environmental rehabilitation obligation

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Opening balance	44 153	79 642	79 642
Discounting of rehabilitation and closure provision	1 874	3 411	6 602
Obligation increased/(decreased)	47 300	(11 895)	(35 908)
Excess of provision for decommissioning asset	–	–	(6 183)
Closing balance	93 327	71 158	44 153

Condensed Consolidated Interim Financial Statements continued

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 June 2024

14. Mine closure and environmental rehabilitation obligation continued

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

At the time of establishing the provision, a corresponding asset is 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 useful lives.

As required by the Department of Mineral Resources, a deposit of R73.5 million (2023: R73.5 million) is held with a financial institution (refer note 9). This investment had been ceded as security in favour of the guarantees which the bank issued on behalf of the Group.

For purposes of calculating the provision, management has assumed an inflation rate representative of the future cash flows of 5.27% (2023: 5.98%), which is the Consumer Price Index. The discount rate regarded as an appropriate long-term risk-free rate is 5.13% (2023: 8.67%). The current cost of rehabilitation estimate is R89.1 million (2023: R86.8 million).

The increase in the obligation is primarily due to the change in using a long-term risk-free rate that is in line with the revised remaining life of mine of 34 years.

15. Administration expenses

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Administration expenses include:			
Internal auditor's remuneration	1 502	1 548	3 077
External auditor's remuneration	1 894	2 764	3 353
Depreciation	18 350	18 789	37 731
Amortisation	1 820	1 072	2 521
Directors' fees – short-term benefits	3 823	4 166	8 290
Deferred bonus plan expenses	–	–	(1 651)
Employee costs – short-term benefits	162 046	168 178	353 355
Employee costs – DBP	1 037	–	–
Operating lease – equipment	8 640	15 487	24 812
Legal fees	5 834	1 764	7 148
Statutory publications, corporate identity and investor relations	947	2 670	3 197
Travel and accommodation	905	593	1 316
Consulting fees	5 800	4 772	9 472
Outsourced services	79 352	323 899	446 372
Security costs	46 372	20 542	12 440
Electricity and water	47 748	47 163	98 344
Communication costs	835	881	1 774
Municipal rates and services	153	94	302
Licence fees	1 664	7 324	10 093
Maintenance expenditure	31 904	73 426	111 090
Stock write off	11 648	(1 956)	(556)
Other administration expenses	51 110	103 808	165 858
	483 384	796 984	1 298 338
Project expenses capitalised	(448 330)	(792 855)	(1 270 509)
Total	35 054	4 129	27 829
Other income includes:			
Penalties – income tax	–	(15 762)	–
Modification gain	–	(26 118)	–
Change in estimate of mine closure obligation	–	–	(6 183)
Loss on disposal of financial asset	–	–	3 066
Total	–	(41 880)	(3 117)

16. Finance income and finance expense

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Finance income from financial institutions			
Interest earned on cash balances	7 206	6 758	16 822
Interest accrued on cash balances	3	146	7
Total	7 209	6 904	16 829
Foreign exchange gains			
Realised gain on conversion of bank account	–	1 165	–
Realised gain on conversion of interest accruals	3 533	–	–
Unrealised gain on conversion of loan balances	169 032	7 083	7 609
Total	172 565	8 248	7 609
Dividends			
Dividends income	–	–	6 733
Total	–	–	6 733
Total finance income	179 774	15 152	31 171
Finance expense			
Finance expense for borrowings at amortised cost:	971 431	615 035	1 285 836
Finance costs other	91	19	28
Lease liability finance costs	732	733	1 466
Time value of money adjustment to rehabilitation obligation	1 874	3 411	6 602
Total	974 128	619 198	1 293 932
Foreign exchange losses			
Realised loss on conversion of interest accruals	–	–	4 938
Realised loss on payment of interest	1 726	8 177	–
Unrealised loss on conversion of interest accruals	849	–	2 869
Unrealised loss on conversion of loan balances	–	1 783 504	1 195 335
Total	2 575	1 791 681	1 203 142
Net finance costs capitalised			
Interest income	376	498	2 963
Interest expense	(971 431)	(615 035)	(1 285 836)
Net foreign exchange losses	–	(781 822)	(1 195 532)
Net finance costs capitalised	(971 055)	(1 396 359)	(2 478 405)
Total finance expense	5 648	1 014 520	18 669

Condensed Consolidated Interim Financial Statements continued

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 June 2024

17. Taxation

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Major components of the tax expense			
Current			
Company tax – current year	1 628	3 582	3 992
Company tax – prior years	(19 808)	368	4 744
	(18 180)	3 950	8 736
Deferred			
Originating and reversing temporary differences	37 489	5 033	4 254
	37 489	5 033	4 254
	19 309	8 983	12 990
Tax on other comprehensive income			
Deferred taxation	–	(3 001)	(10 739)
	–	(3 001)	(10 739)
Reconciliation of effective tax rate			
	%	%	%
Standard tax rate	27.0	27.0	27.0
Disallowed legal expenses	1.1	–	(7.7)
Disallowed consulting fees	0.1	(0.1)	(3.9)
Disallowed sponsor fees	0.1	–	(0.7)
Disallowed interest and penalties	0.4	(0.1)	(14.6)
Disallowed SARS interest	1.4	0.4	(20.3)
Deferred tax asset not raised	36.2	(0.2)	(136.8)
Mine development expenditure	(38.3)	(27.9)	63.2
Over provisioning prior years	(14.2)	–	(38.9)
Assessed loss utilised	–	–	26.1
Effective rate	13.8	(0.9)	(106.6)
Taxation payable			
Opening balance	(130 781)	(124 319)	(124 319)
Current tax for the year recognised in profit or loss	18 180	(3 950)	(8 736)
Taxation paid	14 394	6 069	11 903
Interest	(7 002)	–	(9 205)
Penalties	–	15 762	–
Taxation received	–	–	(424)
Closing balance	(105 209)	(106 438)	(130 781)

18. Earnings per share

	Six months ended 30 June 2024 Reviewed		Six months ended 30 June 2023 Reviewed		Year ended 31 December 2023 Audited	
The basis of calculation of basic earnings/(loss) per share is:						
Attributable profit/(loss) to ordinary shareholders (R'000)	119 763		(970 600)		(25 200)	
Weighted average number of ordinary shares in issue (shares)	1 627 827 058		1 627 827 058		1 627 827 058	
Basic earnings/(loss) per share (cents)	7.36		(59.63)		(1.55)	
The basis of calculation of diluted earnings/(loss) per share is:						
Attributable profit/(loss) to ordinary shareholders (R'000)	119 763		(970 600)		(25 200)	
Weighted average number of ordinary shares in issue (shares)	1 627 827 058		1 627 827 058		1 627 827 058	
Diluted earnings/(loss) per share (cents)	7.36		(59.63)		(1.55)	
	Gross	Net	Gross	Net	Gross	Net
The basis of calculation of headline earnings/(loss) per share is:						
Attributable profit/(loss) to ordinary shareholders (R'000)	119 763		(970 600)		(25 200)	
Adjustment for:						
Loss on disposal of financial asset (R'000)	-		-		3 066	
Headline earnings/(loss) per share (R'000)	119 763		(970 600)		(22 134)	
Weighted average number of ordinary shares in issue (shares)	1 627 827 058		1 627 827 058		1 627 827 058	
Headline earnings/(loss) per share (cents)	7.36		(59.63)		(1.36)	

Condensed Consolidated Interim Financial Statements continued

Notes to the condensed consolidated interim financial statements continued

for the period ended 30 June 2024

19. Cash generated from/(utilised in) operations

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Profit/(loss) before taxation	139 072	(961 617)	(12 210)
Finance income	(7 209)	(6 758)	(16 829)
Finance expense	91	19	28
Foreign exchange (gain)/loss	(167 763)	981 924	2 967
Adjustments for:			
Time value of money adjustment to rehabilitation obligation	1 874	3 411	6 602
Depreciation	18 350	18 789	37 731
Amortisation	1 821	1 072	2 521
Penalties and interest	6 958	(15 762)	9 184
Lease liability finance costs	732	733	1 466
Loss on disposal of financial asset	—	—	3 066
Change in estimate of environmental rehabilitation recognised in profit or loss	—	—	(6 183)
Deferred bonus plan	1 038	—	(1 651)
Operating loss before working capital changes	(5 036)	21 811	26 692
Changes in working capital	60 161	(167 765)	(342 731)
Other receivables	(4 408)	64 568	45 540
Inventories	(2 977)	(304 922)	(309 108)
Trade and other payables	67 546	72 588	(79 163)
Cash generated from/(utilised in) operations	55 125	(145 954)	(316 039)
Reconciliation of the acquisition of property, plant and equipment			
Additions per PPE note 7	1 514 648	2 227 244	3 806 976
(Increase)/decrease in decommissioning asset	(47 300)	11 895	35 909
Change in capital expenditure payables	—	(48 451)	—
Finance expense capitalised	(971 055)	(614 537)	(1 282 871)
Unrealised foreign exchange differences capitalised	—	(781 822)	(1 195 532)
Acquisition of property, plant and equipment	496 293	794 329	1 364 482

20. Related party transactions

	Six months ended 30 June 2024 Reviewed R'000	Six months ended 30 June 2023 Reviewed R'000	Year ended 31 December 2023 Audited R'000
Shareholder with significant influence			
Jinchuan Group (Hong Kong) Resources Holdings Limited			
Loans advanced from related parties	1 574 173	1 291 381	3 380 684
Interest accrued from related party	(701 179)	(294 562)	(664 175)
Shareholder's contribution	87 278	94 969	585 955

21. Commitments

At 30 June 2024, the Group had commitments to the value of R237.5 million (June 2023: R417.0 million). This includes capital commitments amounting to R237.3 million (June 2023: R416.6 million).

22. 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.

23. Mineral resources

There were no material changes to the estimated mineral resources and mineral reserves for the six months ended 30 June 2024.

24. Dividends

No dividends were declared in the current period.

25. Events after the reporting period

The Directors are not aware of any material events that have occurred after the reporting period and up to the date of this report that required further disclosure in these financial results.

26. Going concern

The Group's available cash resources at the reporting date of R105.6 million (June 2023: R126.8 million) are insufficient, based on current budgets, to conduct operations and complete the development of the BPM Project until the commencement of production in the third quarter of 2025. The Group's net current liability at the reporting, which include shareholder's loans of R2 941.8 million (June 2023: R6 625.3 million), is R2 779.7 million (June 2023: R7 198.5 million).

These events and conditions create a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern in that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on the support of the majority shareholder Jinchuan (Hong Kong) Resources Limited (JHK) covering future development costs, commitments, CDB loan repayments and the majority shareholder not calling on the current shareholder's loans.

The extent of further funding is dependent on the current updated funding application report for Bakubung Project to achieve Operational Completion as well as approval by the China National Development Reform Committee (NDRC) for JHK to provide such further funding.

As at reporting date, there has been a delay in obtaining the letter of support because JHK and Jinchuan Group are in the process of reviewing the aforementioned application which will be submitted to NDRC to support the approval of further funding required for the Project.

JHK has however indicated its commitment to continue to fund the financial requirements of the Group and since reporting period, the Group has received further funding from JHK of US\$27.9 million to meet its operational cash requirements.

Additionally, JHK has undertaken to extend the settlement dates of loans amounting to US\$156 million (R2 942 million), which are currently due on 31 December 2024, with a further three years to 31 December 2027.

To date, the majority shareholder has invested significant capital in the BPM Project and has undertaken to provide all funding as may be necessary to achieve operational completion per the Shareholder Subscription Agreement.

Based on the above, the directors are satisfied at the date of signing the condensed consolidated interim financial statements that there are reasonable grounds to believe that they will be successful in obtaining the required funding and that the Group will have sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

Commentary

1. Financial overview

The total comprehensive earnings for the six months under review is R119.7 million (compared to comprehensive loss of R981.5 million for the same period in 2023) as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

Total administration expenses are made up of administration expenses of R483.4 million (June 2023: R797.0 million) less capitalised cost of R448.3 million (June 2023: R792.9 million).

Included in administration expenses are:

- Maintenance – R31.9 million (June 2023: R73.4 million)
- Directors' expenses – R3.8 million (June 2023: R4.2 million)
- Salaries and payroll-related expenses – R162.0 million (June 2023: R168.2 million)

The basic earnings per share for the period was 7.36 cents per share (2023: 59.63 cents loss per share for the same period). The headline earnings per share was 7.36 cents per share (2023: 59.63 cents headline loss per share for the same period).

- The interim financial statements have been prepared by Titus Khiba (Financial Manager) under the supervision of Julia Matabane CA(SA) (General Manager Finance) and the Financial Director, Jianguo Liu.
- The Directors take full responsibility for the preparation of the financial statements and that the financial information has been correctly extracted from the underlying interim financial statements.

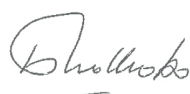
2. Project funding

A further R1 574.1 million was raised since the beginning of 2024 to fund the BPM Project. Refer to note 13.

3. Board changes

Mr Yongxiang Huang was appointed as Non-executive Director of the Board on 07 March 2024. Mr Yu Bai was appointed as an Alternate Non-executive Director of the Board with effect from 1 July 2024. Mr Yongxiang Huang resigned from his position as a Non-executive Director of the Board on 26 August 2024. The Board has commenced a process of identifying a suitable candidate for his replacement.

By order of the Board



Dawn Mokhobo
Chairman

14 October 2024

Johannesburg



Jianguo Liu
Financial Director



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