Nkwe Platinum Limited

ARBN 105 979 646

and its controlled entities

Financial report for year ended

31 December 2016

Corporate directory

Board of Directors

Dr Qixue Fang	Non-Executive Chairman
Dr Tielong Tan	Managing Director
Mr Richard Jones	Non-Executive Director
Mr Chao Wang (Robin)	Non-Executive Director

Company Secretary
Mr Keith Bowker

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Auditors
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The Ernst & Young Building
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Perth, Western Australia 6000

ASX Code
NKP

Contents

Directors' report

The directors of Nkwe Platinum Limited ("Nkwe" or "the Company") submit herewith the financial report of Nkwe Platinum Limited and its subsidiaries ("the Group") for the year ended 31 December 2016.

Information about the directors

The names of the company's directors in office during or since the end of the financial period were:

Name	Particulars
Dr Qixue Fang	Non-Executive Chairman, joined the Board in October 2015. Dr Fang is a highly experienced senior metallurgist and is the Executive Director and Vice President of Zijin Mining Group Co. Ltd. Dr Fang holds senior positions within the Standard Bank group of companies, including serving as Managing Director, Head of Mining and Metals/Investment Banking/China; Vice Chairman, Head of Mining and Metals Coverage Asia of Standard Bank Plc, Hong Kong branch; member of Asia Exco, Manco of Standard Advisory (China) Limited and the Vice Chairman and Head of Mining and Metals Coverage Asia of Standard Advisory Asia.
Dr Tielong Tan (Appointed 2 May 2016)	Managing Director, joined the Board in May 2016. Dr. Tan is a senior geologist with over 30 years' experience in mining, investment, and management. Prior to joining NKWE, Dr. Tan worked with AngloGold Ashanti Beijing Representative Office as the General Manager/Managing Director for Gansu Longxin Minerals Co., Ltd, a joint venture between AngloGold and No. 213 Geological Team of Gansu Provincial Nuclear Geological Bureau. Before that, he accumulated extensive experience as a field geologist with Jiangxi Geological Team and the Chief Geologist with Jiangxi Gold Bureau. He also worked as the Vice President of Beijing Rare & Precious Metal Exchange Co., Ltd. Dr. Tan holds a Master Degree and a PHD Degree in Prospecting and Exploration of Mineral Resources from China University of Geosciences (Wuhan).
Mr Richard Jones	Non-Executive Director, joined the Board in November 2015. Mr Jones is a solicitor with over 15 years' experience in both in-house and private practice capacities. Mr Jones completed his law degree from the University of Western Australia and is admitted to the Supreme Court of Western Australia and the High Court of Australia. He has worked for an international law firm as well as for one of the world's largest mining companies.
Mr Chao Wang (Robin)	Non-Executive Director, joined the Board in May 2014. Mr Wang has worked at Zijin Mining Group in various roles since 2006 and is currently Legal Counsel, Deputy General Manager of Zijin's Overseas Development Division.
Mr Zhilin Li (Abraham) (Resigned 2 May 2016)	Mr Zhilin Li, the previous Managing Director joined the Board in December 2013. Mr Li has over 26 years' experience in mining and investment activities. As a former General Manager at Zijin Mining Group, he took charge of the identification and evaluation of merger and acquisition opportunities relating to overseas mineral investments, as well as co-ordinated and managed Zijin's overseas operational projects. Mr Li resigned on 2 May 2016.

Principal activities

The Group's principal activities in the course of the financial year were the acquisition, exploration and development of platinum group and associated base metal projects. There has been no significant change in the nature of these activities.

Changes in state of affairs

During the financial period, there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Future developments

The Group's strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of platinum group and associated base metal projects.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors have not recommended the payment of a dividend in respect of the financial period.

Directors' and officers' insurance

During the financial period, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary and all executive officers of the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by its auditors.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial period and the number of meetings attended by each director (while they were a director or committee member). During the financial period, 2 board meeting was held.

Directors	Held	Attended
Qixue Fang	2	2
Tielong Tan	2	2
Richard Jones	2	2
Chao Wang (Robin)	2	2
Zhilin Li (Abraham)	-	-

Directors' shareholdings

The directors (or a related body corporate as at the date of this report) did not have any interest in shares and options in shares of the Company.

Operating and financial review

Operating results

The consolidated loss of the Group for the year ended 31 December 2016, after providing for income tax, amounted to $870,987 (the consolidated loss of the Group for the 6 months ended 31 December 2015: $24,328,166). Further discussions on the Group's operations is provided below:

Board Changes

Dr Tielong Tan was appointed as Managing Director and Chief Executive Officer of Nkwe Platinum Limited, effective 2 May 2016. This followed the resignation of Mr Zhilin Li (Abraham) as Managing Director of the Company on the same day.

Dr Tan was previously appointed Deputy General Manager of Overseas Development Department of Zijin Mining Group in 2013. He was in charge of coordinating and supervising Zijin's overseas operations.

Settlement of Court Proceedings: International Petroleum Limited (IPL)

The court proceedings between Nkwe Platinum Limited and International Petroleum Limited (IPL) have been settled on the basis that each party has agreed to its claim against the other being dismissed, with no order as to costs. Under the settlement agreement, Nkwe Platinum paid $280,000 to IPL being full and final settlement. In return Nkwe acquired IPL's 10% interest (including any beneficial interest) in the Mining Rights in Hoepakrantz 291KT. This means the company's beneficial ownership of the Hoepakrantz 291KT Mining Right has increased to 74% from 64% with the other 26% held by Genorah Resources (Pty) Limited SA.

Garatouw project overview

In 2016, Nkwe Platinum Limited continued to advance preparation for mining activities at the Garatouw project. The Garatouw Project consists of three contiguous properties Garatouw 282KT, Hoepakrantz 291KT and De Kom 252KT in Limpopo Province, South Africa, which are the focus of the Group's current mine construction project (Figure 1 below). The Company's independently estimated Mineral Resource base is unchanged at 43.69million ounces (Moz) of 3 PGE + Au (20.51 Moz from Hoepakrantz, 21.78 Moz from Garatouw and 1.40 Moz from De Kom). A summary of the Garatouw Mineral Resource Statement is given in Table 1 below.

The Garatouw project is a premium project with a total of ~21 Moz of Merensky reef resource, which is one of the largest remaining Merensky reef resource owned outside of the major platinum mining companies. The Merensky reef is well sought after in the industry mainly because it is much easier to process metallurgically and in the Garatouw mining area it has the added advantage that it is wide, averaging 2.2 m, making it amenable to mechanized mining methods which are much cheaper compared to the traditional conventional narrow reef orebodies which have formed the backbone of traditional major platinum mining companies. Further, it is well known that major players are abandoning narrow reef conventional mining in favour of exploiting the wide reef mechanized mines such as the Garatouw Merensky project supporting the premium nature of the Garatouw asset.

A technical feasibility and commercial viability of extracting these mineral resources has been demonstrated by the delivered definitive feasibility study. The Garatouw Project is ready to commence mining as the critical mining regulatory authorisations such as the Mining Right and Environmental Authorisations are all in place.

There are no exploration activities currently taking place.

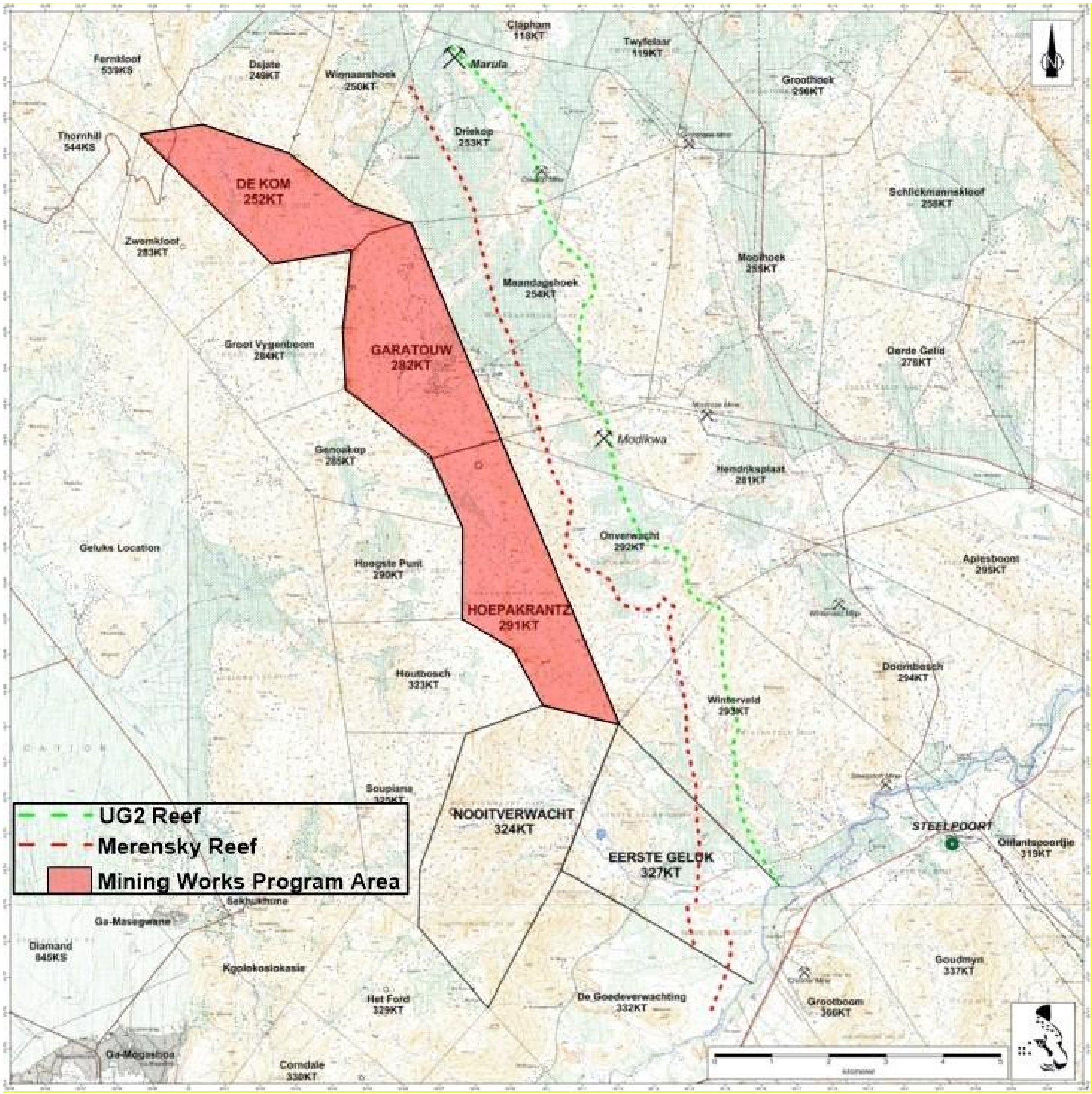

Figure 1: Location map of the Garatouw project.

Table 1: Summary of Mineral Resource Estimates Reported according to JORC Category

GARATOUW 282KT								
CATEGORY	TONNES (M)	REEF WIDTH (m)	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	**4E (g/t)**	**4E (Moz)****
MERESNKY REEF								
MEASURED	26.420	2.31	2.06	1.00	0.23	0.12	**3.41**	2.90
INDICATED	46.440	2.20	1.94	0.94	0.22	0.11	**3.20**	4.78
INFERRED	31.874	2.17	1.88	0.89	0.21	0.11	**3.10**	3.17
Sub-Total	104.734	2.22	1.95	0.94	0.22	0.11	**3.22**	10.85
UG2								
MEASURED	19.139	1.10	2.40	2.42	0.08	0.52	**5.42**	3.33
INDICATED	18.758	1.10	2.30	2.26	0.08	0.50	**5.14**	3.09
INFERRED	26.210	1.10	2.38	2.38	0.08	0.52	**5.36**	4.51
Sub-Total	64.107	1.10	2.36	2.36	0.08	0.51	**5.31**	10.93
Total	168.841							21.78

HOEPAKRANTZ 291KT								
CATEGORY	TONNES (M)	REEF WIDTH (m)	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	**4E (g/t)**	**4E (Moz)****
MERESNKY REEF								
INDICATED	72.787	2.31	1.54	0.72	0.18	0.09	**2.53**	5.92
INFERRED	42.138	2.31	1.60	0.77	0.20	0.09	**2.66**	3.60
Sub-Total	114.925	2.31	1.56	0.74	0.19	0.09	**2.57**	9.52
UG2								
MEASURED	21.666	1.10					**5.62**	3.91
INFERRED	39.258	1.10					**5.63**	7.09
Sub-Total	60.924	1.1						11.00
Total	175.849							20.52

Note: No elemental splits for Hoepakrantz UG2.

De KOM 252KT								
CATEGORY	TONNES (M)	REEF WIDTH (m)*	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	**4E (g/t)**	**4E (Moz)****
MERESNKY REEF								
INFERRED	4.834	1.20	2.01	0.97	0.25	0.10	**3.33**	0.52
Sub-Total	4.834	1.20	2.01	0.97	0.25	0.10	**3.33**	0.52
UG2								
INFERRED	5.449	1.20	2.19	2.27	0.07	0.48	**5.01**	0.88
Sub-Total	5.449	1.20	2.19	2.27	0.07	0.48	**5.01**	0.88
Total	10.283							1.40

***** The widths are intended mining widths, and the estimated resources are thus *mineable* resources, and not *in situ* resources.

****** Geological loss of between 17% and 20% applied to tonnages for recoverable ounces – loss estimates are based on the few disturbances observed in borehole intersections and on geophysical observations.

The Company confirms that it is not aware of any new information or data that materially affects the information included in these original market announcements and that all material assumptions and technical parameters underpinning the ore resource estimate continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Permitting

The company has a Mining Right over the Garatouw Project area, executed in January 2014. On 13 October 2016, the Company announced that it had received correspondence from the South African Department of Mineral Resources (“DMR”) in which a notice of intention to cancel the Mining Right under section 47 of the Mineral and Petroleum Resources Development Act (“MPRDA”) over the farm Garatouw 282KT within the jurisdiction of the Greater Tubatse Local Municipality (“Notice”). In the Notice, it was alleged that the Company failed to meet certain provisions of the MPRDA as well as the terms and conditions of the Mining Right (refer ASX announcement dated 18 October 2016). The Notice required the Company to make a presentation to the DMR as to why the mining right should not be cancelled. This presentation was made to the DMR on 24 November 2016 with the submission of the required documentation under the Notice being made on 30 November 2016. A formal decision is yet to be made by the DMR on the withdrawal of the Notice however, the Company is confident that the Notice will be withdrawn and the Company will continue to retain its 74% interest in the Garatouw 282KT Mining Right.

On 4 December 2015, the Department of Environmental Affairs granted the environmental authorisation for the Garatouw Mine.

Grid power for mine operation will be supplied by the national energy regulator, Eskom. On 29 July 2016, the Company announced that Eskom was granted the Environmental Authorisation by the Department of Environmental Affairs for the Garatouw Grid Power Project. Eskom is currently busy with land acquisition and surveys for the 132kV lines and substation. Thereafter, a Budget Quotation will be prepared and submitted to the Company. Grid power from ESKOM will not affect the start-up of the Garatouw Grid Power Project. Construction power will be supplied by diesel generators with a capacity of 5MVA which would be more than sufficient.

The record of decision on the water use licence by the Department of Water and Sanitation is pending.

Government and Community Relations

Government and host communities are among our most important stakeholder groups and our relationship with them has a direct impact on the sustainability of our operations. The Company’s management is constantly in direct and indirect engagements with Tribal Council and Development Forum members of the three host communities as their actual buy-in and participation is vital. The Company continues to work towards community consultation objectives to build a strong support base for the Garatouw project.

COMPETENT PERSONS STATEMENTS

The mineral resources have been prepared and compiled under the guidance of Competent Persons who are registered with the Natural Sciences Institute of South Africa (SACNASP), to comply with the South African Mineral Resources Code (SAMREC) and the Joint Ore Reserves Committee Code (JORC Code). Each of the consultants have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they undertook to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' The SACNASP is officially recognised on a reciprocal basis by the Australasian Institute of Mining and Metallurgy (AusIMM).

The following Competent Persons with the appropriate qualifications and experience have been involved in the reporting of the mineral resources and have given their consent to the inclusion in this report of the matters based on their information in the form and context in which it appears:
K Lomberg (Garatouw farm UG2, De Kom property)
D Subramani (Garatouw farm Merensky Reef)
C Lemmer (Hoepakrantz farm UG2).
D MacGregor and Theodore Pegram (Hoepakrantz farm Merensky Reef).

Desmond Subramani is employed by Caracal Creek International Consulting, a consultant to the Company and is a member of the South African Council for Natural Scientific Professions at the time of estimating these resources.

Dr Carina Lemmer is employed as a consultant of Geological and Geostatistical Services, a consultant to the Company and is a member of the South African Council for Natural Scientific Professions at the time of estimating these resources.

Duncan MacGregor is employed by Theo Pegram & Associates (Pty) Ltd as a consultant to the Company and is a member of the South African Council for Natural Scientific Professions and the Australasian Institute of Mining and Metallurgy.

Kenneth Lomberg is employed as a consultant of Coffey Mining, a consultant to the Company and is a member of the South African Council for Natural Scientific Professions at the time of estimating these resources.

Theodore Pegram is employed by Theo Pegram & Associates (Pty) Ltd, a founding member of the Company and is a member of the South African Council for Natural Scientific Professions, the Geological Society of South Africa and the Australasian Institute of mining and Metallurgy.

The Company confirms that it is not aware of any new information or data that materially affects the information included in these original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Remuneration of key management personnel

For the twelve months ended 31 December 2016

	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other $	Superannuation $	Options $	Total $
Q Fang	36,000	-	-	-	36,000
T Tan[1]	112,000	-	-	-	112,000
R Jones	36,000	-	-	-	36,000
C Wang	36,000	-	-	-	36,000
Z Li[2]	100,000	-	-	-	100,000
	320,000	**-**	**-**	**-**	**320,000**

[1] Appointed 2 May 2016

[2] Resigned 2 May 2016

For the six months ended 31 December 2015

	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other $	Superannuation $	Options $	Total $
Q Fang[1]	9,000	-	-	-	9,000
Z Li	150,000	-	-	-	150,000
R Jones[2]	6,000	-	-	-	6,000
C Wang	18,000	-	-	-	18,000
D Chen[3]	12,000	-	-	-	12,000
S Pandor[4, 5]	7,800	-	-	-	7,800
M Mphahlele[4]	60,000	-	-	-	60,000
M Sithole[4]	9,000	-	-	-	9,000
	271,800	**-**	**-**	**-**	**271,800**

[1] Appointed 7 October 2015

[2] Appointed 1 November 2015

[3] Resigned 1 November 2015

[4] Resigned 7 October 2015

[5] Mr Pandor's fees are paid in South African Rand. The amounts have been converted to Australian dollars based on exchange rates prevailing at the end of each month

This directors' report is signed in accordance with a resolution of directors.

On behalf of the directors

Dr Tielong Tan

Managing Director

Perth, 31 March 2017

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Independent auditor's report to the shareholders of NKWE Platinum Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of NKWE Platinum Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the consolidated financial report presents fairly, in all material respects, the financial position of the Group as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Without qualifying our opinion, we draw attention to Note 3 Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Emphasis of matter – Material uncertainty related to the carrying value of prospects, rights and exploration assets

As detailed in Note 8 to the financial report, the Group has prospects, rights and exploration assets of $104,459,003 which is comprised wholly of the Group's Garatouw Project. The recoverability of this asset is dependent upon, amongst other matters, the continued right to tenure. The Company received a notice from the South African Department of Mineral Resources ("DMR") of its intention to cancel the Garatouw mining right ("mining right") as a result of the Company's failure to comply with certain provisions of the Mineral and Petroleum Resources Development Act and the terms of the mining right. As required by the notice, the Company has responded to the DMR as to why they believe the mining right should not be cancelled. A presentation was made to the DMR on 24 November 2016 with the required documentation under the notice being submitted on 30 November 2016. The right to tenure continues whilst the outcome of the Company's presentation to the DMR is determined. As at the date of this opinion no determination in respect to the notice to cancel the mining right has occurred.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of prospects, rights and exploration assets

Why significant	How our audit addressed the key audit matter
(i) The carrying value of prospects, rights and exploration assets at 31 December 2016 comprises the Group's Garatouw Project. This is considered to be a key audit matter as the recoverability of the carrying value of prospects, rights and exploration assets is subjective, being based on the Group's ability, and intention, to continue to explore the asset and maintain tenure. The carrying value may also be impacted by the results of exploration work indicating that the mineral reserves may not be commercially viable for extraction. The Group engaged an independent valuation expert to determine the recoverable amount of the Garatouw Project at 31 December 2016. Based on the independent expert's valuation report, the recoverable amount was determined to be the same as the carrying value and accordingly the Group did not recognise any impairment charge or impairment reversals for the year ended 31 December 2016 as detailed in Note 8 to the financial report. (ii) The Group holds a mining right over the Garatouw Project for a 29 year period expiring 21 January 2044. On 11 October 2016, the South African Department of Mineral Resources ("DMR") issued the Group with a notice indicating its intention to cancel the mining right due to failure by the Group to comply certain provisions of the Mineral and Petroleum Resources Development Act and the terms of the mining right. The notice required the Group to make a presentation to the DMR as to why the mining right should not be cancelled. This presentation was made to the DMR on 24 November 2016 with the submission of the required documentation under the notice being made on 30 November 2016. This matter is disclosed in Note 8 to the financial report.	(i) We involved our valuation specialists to assess the valuation report provided by the Group's independent valuation expert including assessing: ► The independence, objectivity and capability of the expert used by the Group ► The methodology and valuation method adopted ► The assumptions applied by the Group's independent valuer providing the report as detailed in Note 8. We also considered the adequacy of the Group's disclosures with respect to the degree of estimation involved in the determination of the recoverable amount. (ii) We assessed the documentation submitted to the DMR addressing the concerns raised by the DMR in their notice. As a formal decision is yet to be made by the DMR on the withdrawal of the notice, an Emphasis of Matter paragraph has been included in our auditor's report to highlight the significant uncertainty over the withdrawal of the notice and its impact on the Group's ownership of the Garatouw Project. We have assessed the disclosures made in the financial report in relation to this matter.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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.

Directors' responsibilities for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 entity'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 in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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.

The engagement partner on the audit resulting in this independent auditor's report is V L Hoang.

Ernst & Young

Ernst & Young
Perth
31 March 2017

Directors' declaration

The directors declare that:

(a) subject to the achievement of matters set out in note 3.3, in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached consolidated financial statements and notes thereto are in compliance with International Financial Reporting Standards and presents fairly the financial position of the Group as at 31 December 2016 and of its performance for the year ended 31 December 2016.

Signed in accordance with a resolution of the directors

On behalf of the directors

Dr Tielong Tan

Managing Director

Perth, 31 March 2017

Consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2016

	Note	Consolidated 12 months ended 31 Dec 2016 $	 6 months ended 31 Dec 2015 $
Continuing operations			
Interest revenue		108,166	94,809
Other income		461,350	-
Administration and corporate expenses	6	(1,438,582)	(827,228)
Foreign currency exchange (loss)/gain		(1,842)	-
Fair value loss on available for sale financial assets		-	(137,565)
Impairment of prospects, rights and exploration assets	8	-	(23,458,072)
Loss before finance costs		**(870,906)**	**(24,328,056)**
Finance costs		(81)	(110)
Loss before income tax		**(870,987)**	**(24,328,166)**
Income tax expense	7	-	-
Loss for the year/period		**(870,987)**	**(24,328,166)**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on available for sale financial assets		901,057	-
Foreign currency translation		11,880,244	(23,814,793)
Other comprehensive income/(loss) for the year/period, net of tax		**12,781,301**	**(23,814,793)**
Total comprehensive income/(loss) for the year/period		**11,910,314**	**(48,142,959)**
Loss for the period attributable to:			
Owners of Nkwe Platinum Limited		(698,613)	(24,229,744)
Non-controlling interests		(172,374)	(98,422)
		(870,987)	**(24,328,166)**
Total comprehensive income/(loss) attributable to:			
Owners of Nkwe Platinum Limited		11,812,371	(48,044,537)
Non-controlling interests		97,943	(98,422)
		11,910,314	**(48,142,959)**
Loss per share attributable to the ordinary equity holders of the parent:			
Basic and diluted (cents per share)	12	(0.08)	(2.70)

Notes to the consolidated financial statements are included on pages 19 to 56.

Consolidated statement of financial position as at 31 December 2016

	Note	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Non-current assets			
Prospects, rights and exploration assets	8	104,459,003	92,183,406
Plant and equipment	9	28,881	45,284
Other non-current assets		495,523	440,959
Available for sale financial asset	10	1,470,150	475,740
Total non-current assets		**106,453,557**	**93,145,389**
Current assets			
Cash and cash equivalents	24	5,820,021	7,848,474
Receivables	11	251,134	241,216
Prepayments		30,363	83,363
Total current assets		**6,101,518**	**8,173,053**
Total assets		**112,555,075**	**101,318,442**
Equity			
Equity attributable to equity holders of the parent			
Share capital	13	77,492,393	77,488,679
Share premium	14	218,371,245	218,371,245
Equity reserve	14	36,255,917	36,255,917
Option reserve	14	4,814,623	4,814,623
Fair value reserve	14	630,740	-
Foreign currency translation reserve	14	(82,141,690)	(94,021,934)
Accumulated losses	26	(133,192,906)	(132,494,293)
Parent interests		122,230,322	110,414,237
Non-controlling interests		(9,992,647)	(10,090,590)
Total equity		**112,237,675**	**100,323,647**
Current liabilities			
Trade and other payables	16	270,660	801,932
Provisions	15	46,740	192,863
Total current liabilities		**317,400**	**994,795**
Total equity and liabilities		**112,555,075**	**101,318,442**

Notes to the consolidated financial statements are included on pages 19 to 56.

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital $	Share Premium $	Other reserves $	Option reserves $	Fair value reserve $	Translation reserve $	Accumulated losses $	Attributable to equity holders of the Parent $	Non-controlling interests $	Total $
Balance at 1 January 2016	**77,488,679**	**218,371,245**	**36,255,917**	**4,814,623**	**-**	**(94,021,934)**	**(132,494,293)**	**110,414,237**	**(10,090,590)**	**100,323,647**
Income/(Loss) for the period	-	-	-	-	-	-	(698,613)	(698,613)	(172,374)	(870,987)
Other comprehensive income, net of tax	-	-	-	-	630,740	11,880,244	-	12,510,984	270,317	12,781,301
Total comprehensive loss for the period	-	-	-	-	630,740	11,880,244	(698,613)	11,812,371	97,943	11,910,314
Proceeds from issue of shares	3,714	-	-	-	-	-	-	3,714	-	3,714
Balance at 31 December 2016	**77,492,393**	**218,371,245**	**36,255,917**	**4,814,623**	**630,740**	**(82,141,690)**	**(133,192,906)**	**122,230,322**	**(9,992,647)**	**112,237,675**

Notes to the consolidated financial statements are included on pages 19 to 56.

Consolidated statement of changes in equity

For the period ended 31 December 2015

	Share capital $	Share Premium $	Other reserves $	Option reserves $	Translation reserve $	Accumulated losses $	Attributable to equity holders of the Parent $	Non-controlling interests $	Total $
Balance at 1 July 2015	**77,488,679**	**218,371,245**	**36,255,917**	**4,814,623**	**(70,207,141)**	**(108,264,549)**	**158,458,774**	**(9,992,168)**	**148,466,606**
Income/(Loss) for the period	-	-	-	-	-	(24,229,744)	(24,229,744)	(98,422)	(24,328,166)
Other comprehensive income, net of tax	-	-	-	-	(23,814,793)	-	(23,814,793)	-	(23,814,793)
Total comprehensive loss for the period	-	-	-	-	(23,814,793)	(24,229,744)	(48,044,537)	(98,422)	(48,142,959)
Balance at 31 December 2015	**77,488,679**	**218,371,245**	**36,255,917**	**4,814,623**	**(94,021,934)**	**(132,494,293)**	**110,414,237**	**(10,090,590)**	**100,323,647**

Notes to the consolidated financial statements are included on pages 19 to 56.

Consolidated statement of cash flows for the year ended 31 December 2016

	Note	Consolidated 12 months ended 31 Dec 2016 $	Consolidated 6 months ended 31 Dec 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,594,422)	(1,204,394)
Interest received		108,166	94,809
Interest and other costs of finance paid		(81)	(110)
Net cash used in operating activities	24	(1,486,337)	(1,109,695)
Cash flows from investing activities			
Payments for prospects, rights and exploration		(870,386)	(353,992)
Payments for plant and equipment		(2,560)	(1,230)
Cash proceeds received from related parties		-	8,629,286
Net cash (used in)/ provided by investing activities		(872,946)	8,274,064
Cash flows from financing activities			
Proceeds from exercise of options		3,715	-
Net cash provided by financing activities		3,715	-
Net (decrease)/ increase in cash and cash equivalents		**(2,355,568)**	**7,164,369**
Cash and cash equivalents at the beginning of the year / period		7,848,474	797,829
Effects of exchange rate fluctuations on cash and cash equivalents		327,115	(113,724)
Cash and cash equivalents at the end of the year / period	24	**5,820,021**	**7,848,474**

Notes to the consolidated financial statements are included on pages 19 to 56.

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

1. General information

Nkwe Platinum Limited ("the Company") is incorporated in Bermuda as an exempt company and is subject to the Bermudian Companies Act 1981 as amended from time to time. The Company is listed on the Australian Securities Exchange (ASX) and is domiciled in Bermuda. These consolidated financial statements comprise the Company and its controlled entities (collectively "the Group").

The Group's principal activities in the course of the financial year were the acquisition, exploration and development of platinum group and associated base metal projects. There has been no significant change in the nature of these activities.

The addresses of its registered offices and principal place of business are disclosed in the corporate directory to the financial report.

2. Application of new and revised Accounting Standards

New and revised Accounting Standards effective 1 January 2016

For the year ended 31 December 2016, the directors have reviewed all of the new and reviewed Standards and Interpretations issued by the International Accounting Standards Board that are relevant to the Group and effective for the current reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group's policies

Accounting standards and interpretations issued but not yet effective

The following standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group at 31 December 2016 and the Group is in the process of assessing the impact of these standards. Based on the work performed to date, the Group does not expect any material impact on its future financial statements.

Standard	Title	Summary	Application date of standard	Application date for Group

IFRS 15	***Revenue from Contracts with Customers***	IFRS 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards IAS 11 *Construction Contracts*, IAS 18 *Revenue.* IFRS 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2018	1 January 2018

IFRS 16	Leases	The key features of IFRS 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • IFRS 16 contains disclosure requirements for lessees. Lessor accounting • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes: • IAS 17 Leases; • IFRIC 4 Determining whether an Arrangement contains a Lease; • SIC-15 Operating Leases—Incentives; and • SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.	1 January 2019	1 January 2019

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

<table>
<tr><td>IFRS 9</td><td>Financial Instruments</td><td>IFRS 9 (December 2014) is a new standard which replaces IAS 39.

This new version supersedes IFRS 9 issued in December 2009 (as amended) and IFRS 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement IFRS 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of IAS 39. There are also some changes made in relation to financial liabilities The main changes are described below.

Financial assets

• Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
• Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
• Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by IFRS 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</td><td>1 January 2018</td><td>1 January 2018</td></tr>
</table>

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

		Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. *Impairment* The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. *Hedge accounting* Amendments to IFRS 9 (December 2009 & 2010 editions) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.		

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

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements were authorised for issue by the directors on 31 March 2017.

3.2 Basis of preparation

The financial statements of the Group, which comprises the Company, Nkwe Platinum Ltd, and the entities it controlled at year end or from time to time during the financial period, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). A list of the controlled entities is disclosed in note 17.

The financial statements are presented in Australian dollars. The Company is listed on the Australian Stock Exchange and has raised funds in Australia. The Company was incorporated in Bermuda as an exempt company and it is subject to the Bermudian Companies Act 1981 as amended from time to time. The Company is not subject to the Australian Corporations Act 2001. The company is domiciled in Bermuda.

As at the date of reporting, Nkwe Platinum Ltd is a listed public company on the Australian Securities Exchange (ASX) with ticker code NKP.

The financial report has been prepared on the basis of historical cost, except for assets held for sale and available for sale financial assets which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The Company had changed in financial year end from 30 June to 31 December in prior periods and therefore, the comparative information disclosed in the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows is for a six month period ended 31 December 2015.

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

3.3 Going concern basis

The Group had cash outflows from operating and investing activities of $2,359,283 for the year ended 31 December 2016. The Group had cash and cash equivalents at 31 December 2016 of $5,820,021.

The Group's cash flow forecast reflects that the Group will need to raise funds in the next 12 months to enable it to meet its working capital requirements and planned expenditure (including the committed expenditure for its social and labour plan) for its Garatouw Project. The Directors are currently reviewing a range of financing options which may include the further issue of new equity. The Directors are reasonably satisfied they will be able to obtain additional funding as required and thus it is appropriate to prepare the financial statements on a going concern basis.

Should the Group not be able to obtain additional funding as required, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries as at 31 December 2016. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holdings of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income

Interest income is recorded using the effective interest rate, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts though the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Leasing

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

3.7 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

3.8 Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3.9 Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

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

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

3.11 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

- Computer equipment 3 – 7 years
- Office furniture and fittings 3 – 20 years
- Motor vehicles 5 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised

3.12 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair values less costs to dispose (FVLCD) and value in use. The FVLCD for each CGU is determined based on the net present value of the future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the asset (based on the most recent life of mine plans), including any expansion projects, and its eventual disposal, using assumptions a market participant may take into account. These cash flows were discounted using a real post-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the asset. The determination of FVLCD is a Level 3 valuation technique.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is classified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

3.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group of entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.16 Goods and services tax and Value added taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except:

i. where the amount of GST or VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST or VAT.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.17 Prospects, rights and exploration assets

Mining assets comprise exploration costs, mining plant and equipment and mineral properties. Exploration costs on mineral exploration prospects are accumulated separately for each area of interest (an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proven to contain such a deposit) and are carried forward on the following basis:

i. each area of interest is considered separately when deciding whether and to what extent to carry forward or write-off exploration costs.

ii. rights to prospect in the area of interest are current, provided that such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

iii. the carrying values of mineral exploration prospects are reviewed by directors where results of exploration of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful developments and exploitation of the area of interest or by its sale. Expenditure in excess of this estimate is written-off to profit or loss in the period in which the review occurs.

iv. at each reporting date, management assesses whether there is any indication that exploration and evaluation expenditure carried forward may be impaired. If any such impairment exists, the carrying amount is written-down to the higher of fair value less costs to sell and value in use in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources.*

v. when these mining assets enter the production stage, these assets will be amortised on a life of mine basis.

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

3.18 Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3.19 Share-based payments

Share-based payments are accounted for in terms of IFRS 2. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments made to employees are expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest. Share-based payments relating to the issue of equity instruments are recognised directly in equity.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Fair value in relation to non-employees is determined by measuring the value of goods or services received by the Company at market price. If the fair value of the goods or services received cannot be estimated reliably, fair value is measured according to the fair value of equity instruments granted by use of the Black Scholes model. The expected life used in the model has been adjusted based on management’s best estimate for the effects of volatility, exercise restrictions and discounting.

3.20 Comparatives

Certain comparatives have been reclassified to conform with the current year’s presentation.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Exploration and evaluation expenditure

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided certain conditions listed in note 3.17 are met. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. These calculations and reviews require the use of assumptions and judgement. Refer to Note 8 for further details

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a Black Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black Scholes model, taking into account the terms and conditions upon which the instruments were granted.

Functional currency

The functional currency for the parent entity, each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Income tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. No deferred tax asset has been recognised on tax losses carried forward.

Provision for uncertain legal exposures

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

5. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group only has one segment being, mineral exploration in South Africa. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

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

6. Administration and corporate expenses

	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Directors fees	320,000	264,000
Corporate management	452,635	264,498
Other expenses	665,947	298,730
	1,438,582	827,228

7. Income taxes

Income tax recognised in profit or loss	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Current tax	-	-
Deferred tax	-	-
	-	-

Taxation for each jurisdiction is calculated at the rate prevailing in the respective jurisdictions as follows:

- Bermuda (domestic) 0% (2015: 0%)
- South Africa 28% (2015: 28%)
- Australia 28.5% (2015: 30%)

The income tax expense for the period can be reconciled to the accounting loss as follows:

	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Loss before tax from continuing operations	(870,987)	(24,328,166)
Income tax expense calculated at 0% (2015: 0%)	-	-
Effect of different tax rates of group entities operating in a different jurisdiction	160,883	1,739,480
Effect of expenses that are not assessable / deductible in determining taxable loss	-	7,346,552
Deferred tax assets not brought to account	(160,883)	(9,086,032)
	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Company satisfying the requirements imposed by the regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Company in realising the benefit.

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

8. Prospects, rights and exploration assets

	31 Dec 2016 $	31 Dec 2015 $
Opening balance	92,183,406	138,610,247
Exploration costs capitalised	870,386	353,992
Prospects and rights impaired	-	(23,458,072)
Effect of exchange rate variance	11,405,211	(23,322,761)
Closing balance	104,459,003	92,183,406

The carrying value of prospects, rights and exploration assets at 31 December 2016 & 31 December 2015 comprises the Group's Garatouw Project. At 31 December 2015, the Group performed an impairment assessment of the prospects, rights and exploration assets and recognised an impairment loss of $23,458,072. The Group performed a similar assessment at 31 December 2016 and determined that the carrying value is approximately the same as the recoverable amount and therefore no further impairment charge or impairment reversal is required. Refer to below for the method adopted by the Group to determine the recoverable amount of prospects, rights and exploration assets.

<u>Recoverability of Garatouw Project at 31 December 2016</u>

The fair value less cost to dispose ("FVLCD") of the Group's Garatouw Project at 31 December 2016 was determined by an external independent third party valuer engaged by the Group and was based on comparable market transactions. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Mineral resources/reserves information is derived from the latest mineral resource estimates on the three farms under the Garatouw project as prepared by competent persons engaged by the Group. Valuation multiple is subjective in nature and was determined by the independent third party valuer in light of historical transactions and taking into consideration other factors including location of mineral deposits, the classified mineral resources and the quality thereof, infrastructure and logistics and timing of potential exploitation. Any change in these estimates could impact the FVLCD of the underlying CGU.

The fair value methodology adopted by the external independent third party is categorised as Level 3 in the fair value hierarchy.

<u>Recoverability of Garatouw Project at 31 December 2015</u>

The FVLCD of the Garatouw Project at 31 December 2015 was determined based on present valuing future cash flows. The future recoverability of the Group's Garatouw Project was dependent on a number of key factors including; platinum and palladium price, discount rates used in determining the estimated discounted cash flows of CGUs, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations). The costs to dispose had been estimated by management based on prevailing market conditions. Impairment is recognised when the carrying amount of the CGU exceeds its estimated recoverable amount.

Fair value was estimated based on discounted cash flows using market based commodity price and exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the definitive feasibility studies completed in prior years updated for changes in macro-economic inputs since then. Consideration was also given to recent comparable transactions and the market value of the Company's securities. The fair value methodology adopted was categorised as Level 3 in the fair value hierarchy.

Significant judgements and assumptions were required in making estimates of the fair value. This was particularly so in the assessment of long life assets. CGU valuations are subject to variability in key assumptions including, but not limited to, long-term platinum and palladium prices, currency exchange rates, discount rates, production assumptions and operating costs. A change in one or more of the assumptions used to estimate fair value could reduce or increase a CGU's fair value.

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

In determining the fair value of the Garatouw Project at 31 December 2015, future cash flows were discounted using rates based on the Group's estimated weighted average cost of capital.

Any variation in the key assumptions used to determine fair value would have resulted in a change of the assessed fair value and the resultant impairment loss recognised at 31 December 2015.

Key Assumptions

The table below summarises the key assumptions used in determining the FVLCD of the Garatouw Project at 31 December 2015:

Construction period	5 years
First production	2021
Total expansion capital funding (including initial costs to develop the mine) (real)	Approximately $686 million
Discount rate % (post tax real)	13.6%
Mine life	30 years
Annual tonnes milled	3.6 million tonnes p.a.
Operating production cost (real)	ZAR 783/tonne
Selling price - platinum (long term real)	US$1,300/oz
Selling price - palladium (long term real)	US$850/oz
Platinum recoveries	88.7%
Palladium recoveries	85.1%
Long term exchange rate between ZAR: US$	ZAR14.62:US$1
Long term South Africa income tax rate	28%

Sensitivity Analysis

Any variation in the key assumptions used to determine FVLCD at 31 December 2015 would have resulted in a change of the assessed FVLCD. If the variation in assumption had a negative or positive impact on the FVLCD, it could indicate a requirement for additional impairment or reversal of impairments adjustment booked for the year ended 31 December 2015.

It is estimated that changes in the key assumptions would have the following approximate impact on the fair value of Garatouw Project:

	Impact on Impairment / (Reversal) for changes in key assumptions at 31 December 2015	
	Increase	Decrease
	$	$
2.5% change in platinum and Palladium price	(15,870,000)	15,870,000
1.0% change in discount rate	33,670,000	(22,416,000)

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

It must be noted that each of the sensitivities above assumed that the specific assumption moved in isolation, while all other assumptions were held constant. In reality, a change in one of the aforementioned assumptions is usually accompanied with a change in another assumption, which may have an offsetting impact. Action is also usually taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Ownership of exploration projects

Nkwe Platinum Limited has previously reported DMR sponsored negotiations with Anglo Platinum Ltd ("APL") and African Rainbow Minerals ("ARM") to resolve a long standing dispute as to tenure across 9 farms including the 3 farms subject to the Mining Right. The Company has maintained that the dispute was resolved by agreement between the parties in 2008 (as publicly announced by all parties) but has pursued negotiations in good faith and in addition to efforts by the DMR to negotiate a quick and equitable resolution. It is the intention of Nkwe Platinum Limited and Genorah to continue to negotiate in good faith and attempt to resolve the final settlement issues outstanding.

The PAJA (Administrative Justice Act) review proceedings instigated by Anglo Platinum Limited and the Modikwa Joint Venture are ongoing and will be defended in the event that a settlement cannot be reached.

Nkwe Platinum Limited maintains that the legal tenure of the 3 farms cannot be abrogated and has received legal advice confirming this view.

Garatouw mining license

On 13 October 2016, the Company announced that it had received correspondence from the South African Department of Mineral Resources ("DMR") in which a notice of intention to cancel the Mining Right under section 47 of the Mineral and Petroleum Resources Development Act ("MPRDA") over the farm Garatouw 282KT within the jurisdiction of the Greater Tubatse Local Municipality ("Notice"). In the Notice, it was alleged that the Company failed to meet certain provisions of the MPRDA as well as the terms and conditions of the Mining Right (refer ASX announcement dated 18 October 2016). The Notice required the Company to make a presentation to the DMR as to why the mining right should not be cancelled. This presentation was made to the DMR on 24 November 2016 with the submission of the required documentation under the Notice being made on 30 November 2016. A formal decision is yet to be made by the DMR on the withdrawal of the Notice however, the Company is confident that the Notice will be withdrawn and the Company will continue to retain its 74% interest in the Garatouw 282KT Mining Right. Should an adverse decision be made by the DMR, an impairment would be required over the full carrying amount of the capitalised prospects, rights and exploration assets.

Recoverability of the carrying amount of prospects, rights and exploration assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals or the sale of the respective areas of interest.

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

9. Plant and equipment

	31 Dec 2016 $	31 Dec 2015 $
Carrying amounts of:		
Computer equipment	1,663	9,110
Furniture and fittings	-	2,235
Motor vehicles	27,218	33,939
	28,881	45,284

	Computer equipment $	Furniture & fittings $	Motor vehicles $	Total $
Cost				
Balance at 1 July 2015	79,112	255,539	175,311	509,962
Additions	1,230	-	-	1,230
Exchange difference	2,284	838	(2,534)	588
Balance at 31 December 2015	82,626	256,377	172,777	511,780
Exchange difference	8,275	(47,916)	(44,865)	(84,506)
Balance at 31 December 2016	90,901	208,461	127,912	427,274
Accumulated depreciation				
Balance at 1 July 2015	66,516	249,986	128,412	444,914
Depreciation expense	2,554	1,947	4,251	8,752
Exchange difference	4,446	2,209	6,175	12,830
Balance at 31 December 2015	73,516	254,142	138,838	466,496
Depreciation expense	7,515	3,664	7,784	18,963
Exchange difference	8,207	(49,345)	(45,928)	(87,066)
Balance at 31 December 2016	89,238	208,461	100,694	398,393
Carrying amount				
Balance as at 31 December 2015	9,110	2,235	33,939	45,284
Balance as at 31 December 2016	1,663	-	27,218	28,881

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

10. Available for sale financial asset

	31 Dec 2016 $	31 Dec 2015 $
Balance at beginning of the year	475,740	557,550
Fair value movement	901,057	(137,565)
Foreign exchange movement	93,353	55,755
Balance at end of the year	1,470,150	475,740

During 2014, the Company reached an agreement with Realm and JSE listed Chrometco Ltd (JSE: CMO) ("Chrometco") to alter the agreement that Nkwe Platinum Limited had with Realm with respect to the Company's Rooderand prospect. Under the agreement, Nkwe would receive a total of 45 million shares in Chrometco in two tranches – effectively holding a 16% stake in Chrometco. As such, the Company has transferred the costs associated with the Rooderand assets from Prospects, rights and exploration assets to non-current assets classified as held for sale.

In September 2015, Chrometco advised that it has received a letter from the Department of Mineral Resources granting consent in terms of section 102 of the Mineral and Petroleum Resources Development Act No 28 of 2002 to include PGMs, base and other metals to the existing mining right for Chrometco over the remainder portion of Rooderand. This was a major milestone towards the completion of the sale. The transaction was settled on 9 November 2015.

The shares in Chrometco are reflected as available for sale financial assets and measured at the market value of the shares as quoted on the balance date

11. Receivables

	31 Dec 2016 $	31 Dec 2015 $
Other current receivables	251,134	241,216
	251,134	241,216

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

12. Loss per share

	12 months to 31 Dec 2016 cents per share	6 months to 31 Dec 2015 cents per share
Basic and diluted loss per share (cents per share)	(0.08)	(2.70)

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Loss for the year attributable to owners of the Company	(698,613)	(24,229,744)

	31 Dec 2016 No.	31 Dec 2015 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	896,351,418	896,333,973

At 31 December 2016, there were nil options outstanding on issue (2015: 268,840,028). These options are considered anti-dilutive given the loss position of the Group and thus have not been included in the calculation of diluted EPS.

13. Share capital

	31 Dec 2016 $	31 Dec 2015 $
896,371,120 fully paid ordinary shares (31 Dec 2015: 896,333,973)	77,492,393	77,488,679

Movement in fully paid ordinary shares

	31 Dec 2016		31 Dec 2015	
	No.	**$**	**No.**	**$**
Opening balance	896,333,973	77,488,679	896,333,973	77,488,679
Exercise of options	37,147	3,714	-	-
Closing balance	896,371,120	77,492,393	896,333,973	77,488,679

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

14. Share premium and reserves

	31 Dec 2016 $	31 Dec 2015 $
Share premium		
Opening balance	218,371,245	218,371,245
Movement during the year/period	-	-
Closing balance	218,371,245	218,371,245

The share premium is used to record the premium arising on the issue of shares calculated as the difference between the issue price and the par value.

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

14. Share premium and reserves (cont'd)

Option reserves	31 Dec 2016 $	31 Dec 2015 $
Opening balance	4,814,623	4,814,623
Movement during the year/period	-	-
Closing balance	4,814,623	4,814,623

The option reserve is used to record the proceeds received on issue of options to investors as part of the capital raising.

Movements in option during the period

The following table reconciles options outstanding at the beginning and the end of the year:

	12 months to 31 Dec 2016		6 months to 31 Dec 2015	
	Number of options No.	Weighted average exercise price $	Number of options No.	Weighted average exercise price $
Opening balance	268,840,028	0.10	268,840,028	0.10
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	(37,147)	0.10	-	-
Expired during the period	(268,802,881)	0.10	-	-
Closing balance	**-**	**-**	**268,840,028**	**0.10**
Exercisable at end of the period	**-**	**-**	**268,840,028**	**0.10**

Equity reserves	31 Dec 2016 $	31 Dec 2015 $
BEE credentials reserve	19,690,253	19,690,253
Share based payment reserves (i)	16,565,664	16,565,664
	36,255,917	36,255,917

The BEE credentials reserve relates to the issue of shares in 2006 for the purposes of obtaining a sufficient black economic empowerment shareholding in the Company, so as to be compliant with mining legislation in South Africa. The related asset in respect of the BEE credential was subsequently fully impaired.

(i) Share based payment reserve	31 Dec 2016 $	31 Dec 2015 $
Opening balance	16,565,664	16,565,664
Fair value of share based payments issued during the year/period	-	-
Closing balance	16,565,664	16,565,664

The share based payment reserve is used to recognise the value of equity benefits provided to directors as part of their remuneration and consultants as part of their compensation for services.

No options were share based payment transaction in the current financial year (31 December 2015: nil).

Fair value reserve

The fair value reserve Is used to record the fair value movement on the available for sale financial assets.

Foreign currency reserve

The foreign currency reserve is used to recognise exchange difference arising from translation of financial statements of foreign operations to Australian dollars.

15. Provisions

	31 Dec 2016 $	31 Dec 2015 $
Employee benefits	46,740	192,863

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

16. Trade and other payables

	31 Dec 2016 $	31 Dec 2015 $
Trade and other payables	43,547	483,314
Accrued expenses	227,113	318,618
	270,660	801,932

17. Subsidiaries

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
Parent entity		**31 Dec 2016**	**31 Dec 2015**
Nkwe Platinum Limited	Bermuda	n/a	n/a
Subsidiaries			
Nkwe Platinum (South Africa) (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (De Wildt) (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (De Wildt-2) (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (Bokfontein) (Pty) Ltd	South Africa	70%	70%
8 Mile Investments 226 (Pty) Ltd	South Africa	70%	70%
8 Mile Investments 213 (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (Management) (Pty) (Ltd)	South Africa	70%	70%
Nkwe Platinum (Ruighoek) (Pty) Ltd	South Africa	67%	67%
Ruighoek Platinum (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (Tinderbox) (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (East) (Pty) Ltd	South Africa	70%	70%
Nkwe Platinum (Northam) (Pty) Ltd	South Africa	70%	70%
Nkwe Eastern Limb (Pty) Ltd	South Africa	100%	100%
Nkwe Platinum (Australia) Pty Ltd [(i)]	Australia	-	100%

[(i)] Nkwe Platinum (Australia) Pty Ltd was deregistered on 15 February 2016. Nkwe Platinum (Australia) Pty Ltd was dormant and did not have any significant assets or liabilities.

The principal activities of the South African subsidiaries are the acquisition, exploration, development and commercialisation of platinum group and associated base metal projects in the Republic of South Africa. The principal activity of Nkwe Platinum (Australia) Pty Ltd was to provide corporate, consultancy and administration services to the Group.

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

17.1 Details of non-wholly owned subsidiaries that have material non-controlling interests

Proportion of equity interest and voting rights held by non-controlling interests:

Name	Country of incorporation/Place of business	31 Dec 2016	31 Dec 2015
Nkwe Platinum (South Africa) (Pty) Ltd	South Africa	30%	30%

Name	Profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Nkwe Platinum (South Africa) (Pty) Ltd	(172,374)	(98,422)	(9,992,647)	(10,090,590)

Summarised financial information in respect of the subsidiary is provided below. The summarised financial information below represents amounts before intragroup eliminations.

Nkwe Platinum (South Africa) (Pty) Ltd	**31 Dec 2016** $	**31 Dec 2015** $
Current assets	2,074,987	2,936,671
Non-current assets	106,173,570	99,967,875
Current liabilities	(89,300)	(129,241)
Non-current liabilities	(143,567,804)	(127,752,237)
Equity attributable to owners of the Company	(25,415,900)	(14,886,342)
Non-controlling interests	(9,992,647)	(10,090,590)

	12 months to 31 Dec 2016 $	**6 months to 31 Dec 2015** $
Revenue	59,846	94,216
Administrative expenses	(212,835)	(284,614)
Other expenses	(421,591)	(138,116)
Profit/(loss) for the year from continuing operations	(574,580)	(328,514)
Profit/(loss) attributable to non-controlling interests	(172,374)	(98,422)

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

18. Financial instruments

Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

Categories of financial instruments

	31 Dec 2016 $	31 Dec 2015 $
Financial assets		
Cash and cash equivalents	5,820,021	7,848,474
Trade and other receivables	251,134	241,216
Available for sale assets	1,470,150	475,740
	7,541,305	8,565,430
Financial liabilities		
Trade and other payables	270,660	801,932
	270,660	801,932

The fair value of the above financial instruments approximates their carrying values. The fair value of the available for sale financial assets was determined based on the quoted price at the balance date (level 1 fair value).

Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, which optimising the return.

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

Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position as available for sale. The Group is not exposed to commodity price risk.

The following table provides a summary of the impact of increase/decrease of the Chrometco share price on the Group's pre-tax loss for the period. The analysis is based on the assumption that the share price had increased/decreased by 10% (31 December 2015: 10%) with all other variables held constant.

	Impact on comprehensive income (decrease)/increase	
	12 months to 31 Dec 2016	**6 months to 31 Dec 2015**
	$	**$**
Increase by 10%	(147,015)	(52,851)
Decrease by 10%	147,015	52,851

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents) which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Group, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the 12 months ended 31 December 2016 would increase/decrease by $58,200 (31 December 2015: $ 78,485).

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

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

Exposure to credit risk

The carrying value of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	31 Dec 2016 $	31 Dec 2015 $
Cash and cash equivalents	5,820,021	7,848,474
Receivables	251,134	241,216
	6,071,155	8,089,690

Liquidity risk management

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

		Contractual cash flows			
	Carrying Amount $	Less than 1 month $	1-3 months $	3-12 months $	Total contractual cash flows $
31 Dec 2016					
Trade and other payables	270,660	270,660	-	-	270,660
31 Dec 2015					
Trade and other payables	801,932	801,932	-	-	801,932

Foreign currency risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The exposure at year-end is not material. The Group has not entered into any derivative financial instrument to hedge such transactions.

The parent's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Commodity price risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

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

19. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Short-term employee benefits	320,000	271,800

Short-term employee benefits

The compensation of each member of the key management personnel of the Group is set out in the remuneration table on page 8.

20. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration table contained in the directors' report and note 19.

	12 months to 31 Dec 2016 $	6 months to 31 Dec 2015 $
Exploration camp rental expenses paid to Brown Pebble Investment Pty Ltd, a company in which Mr. Mphahele has an interest	-	61,532

Directors' equity holdings

Ordinary shares	12 months to 31 Dec 2016	6 months to 31 Dec 2015
Opening balance	-	-
Closing balance	-	-

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

Other related party transactions

Okap Parties Settlement

In or about 3 September 2014, the Company executed a Settlement and Release Deed ("Settlement Deed") with Okap Ventures Pty Ltd, Komodo Capital Pty Ltd, Doull Holdings Pty Ltd and Peter Neil Landau (collectively "Okap Parties").

The Settlement Deed was expressed to be conditional upon the satisfaction (or waiver) of a number of conditions precedent within certain time frames ("Conditions"). Not all of those Conditions have been satisfied or waived by the Company with the result that the full terms of Settlement Deed have not become operative.

The substance of the Settlement Deed provided for:

(a) the resignation of Peter Landau as a director of the Company upon the earliest of:
   (i) completion of the audit process for the Company's financial accounts for the year ended 30 June 2014;
   (ii) failure of any of the Conditions;
   (iii) a breach of the Settlement Deed by any of the Okap Parties; or
   (iv) settlement taking place under the Settlement Deed.

(b) the agreements and arrangements between the Company and the Okap Parties terminating on settlement taking place under the Settlement Deed;

(c) Payment of $1,250,000 by Okap Parties;

(d) Okap Parties delivering to the Company a draft sale agreement within 15 days of the execution of the Settlement Deed, whereby the Company agrees to acquire 10% legal and beneficial interest in the Hoepakrantz 291KT project for $2,500,000 which was held in trust by Okap Parties;

(e) the Okap Parties releasing and discharging the Company, its related bodies corporate and their respective officers and employees from any claims upon the earliest of:
   (i) failure of any of the Conditions;
   (ii) a breach of the Settlement Deed by any of the Okap Parties; or
   (iii) settlement taking place under the Settlement Deed;

(f) the Company, its related bodies corporate and their respective officers and employees releasing the Okap Parties upon settlement taking place under the Settlement Deed from any claims in respect of a corporate management services agreement and an executive services agreement with the Company.

Mr Landau duly resigned on 1 October 2014 and Okap Parties also ceased to provide corporate, financial and company secretarial services as detailed in the settlement deed. So, by 1 November 2014 the substance of the Settlement Deed, at least in terms of paragraphs (a) and (b) above, had taken place.

The payment of $1,250,000 by Okap Parties was received by the Company in three (3) tranches during the month of September 2014, thereby satisfying paragraph (c) above.

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

On 21 October 2016 the Company announced that it had filed a Writ of Summons in the Supreme Court of Western Australia against Peter Landau, a former director of the Company, and his related entities concerning the breach of a written agreement in relation to the acquisition of an interest in a prospective platinum mining tenement known as Hoepakrantz 291 KT located in the Eastern Limb of the Bushvelt Complex in the Republic of South Africa.

The Company is seeking, among other things, recovery of $2,500,000.

At this stage, it is too early to determine the likely outcome of the proceedings.

21. Commitments for expenditure

Leasing commitments	**31 Dec 2016** $	**31 Dec 2015** $
Leasing arrangements for rental of office space		
Not longer than 1 year	95,923	77,606
Longer than 1 year and not longer than 5 years	24,485	106,240
	120,408	183,846

Exploration commitments	**31 Dec 2016** $	**31 Dec 2015** $
Commitment to the Social Labour Programme		
Not longer than 1 year	1,100,000	-
Longer than 1 year and not longer than 5 years	-	-
	1,100,000	-

22. Contingent liabilities and contingent assets

There are no other significant contingencies at balance date in the current or prior reporting periods.

23. Remuneration of auditors

	12 months to 31 Dec 2016 $	**6 months to 31 Dec 2015** $
Audit and review of financial reports		
Ernst & Young Australia	46,350	28,000
Ernst & Young South Africa	25,500	24,110
	71,850	52,110

24. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	31 Dec 2016 $	**31 Dec 2015** $
Cash and bank balances	5,820,021	7,848,474

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

24. Cash and cash equivalents (cont'd)

Reconciliation of cash flows from operating activities	**12 months to 31 Dec 2016** $	**6 months to 31 Dec 2015** $
Cash flow from operating activities		
Loss for the year	(870,987)	(24,328,166)
Adjustments for:		
Depreciation and amortisation	18,963	8,752
Other income	-	-
Impairment of prospects, rights and exploration assets	-	23,458,072
Impairment of assets held for sale		-
Fair value loss on available for sale financial asset	-	137,565
Movements in working capital:		
Increase/(decrease) in trade and other receivables	(9,918)	106,788
Decrease in prepayments	53,000	-
(Decrease) in current payables	(531,272)	(456,362)
(Decrease) in provisions	(146,123)	(36,344)
Net cash flow used in operating activities	(1,486,337)	(1,109,695)

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

25. Fair value disclosures

As of 1 July 2009, Nkwe Platinum Limited has adopted the amendment to *IFRS 7 – Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b) inputs other than quoted prices included within the level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2016				
Assets				
Available for sale trading assets				
Listed equity securities	1,470,150	-	-	1,470,150
Total assets	**1,470,150**	**-**	**-**	**1,470,150**

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2015				
Assets				
Available for sale financial assets				
Listed equity securities	475,740	-	-	475,740
Total assets	**475,740**	**-**	**-**	**475,740**

The fair value of financial instruments in active markets such as available for sale securities is based on quoted market bids at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The Group does not currently have any financial instruments that are not traded in an active market included in level 2 and 3.

The fair value of the Groups other financial assets and liabilities approximate carrying value.

26. Accumulated losses

	31 Dec 2016 $	**31 Dec 2015** $
Balance at the beginning of the period	(132,494,293)	(108,264,549)
Net loss attributable to members of the parent entity	(698,613)	(24,229,744)
Balance at the end of the period	(133,192,906)	(132,494,293)

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

27. Events after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

ASX Additional Information as at 31 March 2017

Ordinary share capital

896,371,120 fully paid ordinary shares are held by 3,618 individual shareholders.

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Distribution of holders of equity securities

Category	Fully paid ordinary shares
1 – 1,000	242
1,001 – 5,000	939
5,001 – 10,000	693
10,001 – 100,000	1,291
100,001 and over	453
	3,618
Holding less than a marketable parcel	**1,918**

Substantial shareholders

Name	Fully paid ordinary shares	Percentage %
Jin Jiang Mining Limited	531,409,120	59.29

Twenty (20) largest shareholders – Fully paid ordinary shares

Name	Number of Shares Held	% of Issued Capital
Jin Jiang Mining Limited	531,409,120	59.28
Inyanga Consolidated Investments (Pty) Ltd	32,792,446	3.66
Gleneagle Securities Nominees Pty Ltd	15,000,693	1.67
HSBC Custody Nominees (Australia) Limited	12,543,250	1.40
Flourish Super Pty Ltd <Flourish S/F A/C>	8,300,000	0.93
Satori International Pty Ltd <Satori S/F A/C>	6,779,539	0.76
Graceford Holdings Pty Ltd <Graceford Super Fund A/C>	6,706,007	0.75
Mr David Alan Macdougall + Mrs Lina Macdougall <David Macdougall Invest A/C>	6,663,250	0.74
Citicorp Nominees Pty Limited	5,635,256	0.63
J P Morgan Nominees Australia Limited	3,913,949	0.44
Mr Steven Lionel Tate & Mrs Sharlene Norma Tate	3,758,320	0.42
Doull Consolidated Limited	3,000,000	0.33
Grossmill Investments Pty Ltd	2,882,741	0.32
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	2,860,392	0.32
Mr Stephen Charles Stuart Watts <Watts Family A/C>	2,800,000	0.31
HNC Pty Ltd <The Saggers Super Fund A/C>	2,725,829	0.30
Mr Peter Charles Morey & Mrs Valmai Ann Morey <Morey Super Fund A/C>	2,465,540	0.28
Mr Simon Benjamin Fleet	2,420,000	0.27
Mr Yury Lezhnin	2,420,000	0.27
	655,076,332	**73.08**

Schedule of tenements

Location	Project Area	Ownership	Total Hectares (approx.)
Limpopo Province, Republic of South Africa	Garatouw Project (Hoepakrantz 291KT, De Kom 252KT & Garatouw 282KT)	74%	5,312

Nkwe Platinum Ltd is 70% owner of Nkwe Platinum SA Pty Ltd. Nkwe Platinum SA Pty Ltd agreed a BEE transaction with Blue Nightingale Trading 709 (Pty) Ltd so that it will own 30% of the issued capital of Nkwe Platinum SA Pty Ltd and has no direct interest in the Project areas.