



## **Nkwe Platinum Limited**

**ARBN 105 979 646**

**and its controlled entities**

**Interim report for the half-year ended**

**30 June 2017**

# Corporate directory

## Board of Directors

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

## Company Secretary

Mr Keith Bowker

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Tel: +61 8 9481 8858  
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## Registered Office (Bermuda)

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## Share Registry (Australia)

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth, Western Australia 6000  
Tel: +61 8 9323 2000  
Fax: +61 8 9323 2033

## Share Registry (Bermuda)

Codan Services Ltd  
Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

## Auditors

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth, Western Australia 6000

## Home Stock Exchange

ASX Limited  
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152-158 St Georges Terrace  
Perth, Western Australia 6000

## ASX Code

NKP

# Half year report for the half-year ended 30 June 2017

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## Directors' report

The directors of Nkwe Platinum Limited ("Nkwe" or "the Company") submit herewith the interim financial report of Nkwe Platinum Limited and its subsidiaries ("the Group") for the half-year ended 30 June 2017.

### Names of Directors

The names of the company's directors in office during the half-year and until the date of this report are as follows.

Dr Tielong Tan  
Dr Qixue Fang  
Mr Chao Wang (Robin)  
Mr Richard Jones

### Review of operations

The loss of the Group for the half-year ended 30 June 2017, after providing for income tax, amounted to \$773,615 compared to a loss of \$559,688 for the half-year ended 30 June 2016. Please refer to Note 1 (c) to the interim financial statements which set out matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including significant conditions and events, and management's plans. The company's securities remain on voluntary suspension due to Department of Mineral Resources ("DMR") notice of intention to cancel the Mining Right under section 47 of the Mineral and Petroleum Resources Development Act ("MPRDA"). Through numerous engagements with the DMR on this matter, the company has complied with DMR's conditions. The company now awaits DMR's administrative processes to conclude before the setting aside of the notice. Further discussions on the Group's operations are provided below:

### Garatau Project

The company owns 74% of a Mining Right over the Garatau Project. The Garatau Project consists of three contiguous tenements Garatouw 282KT, Hoepakrantz 291KT and De Kom 252KT, located in the Eastern Limb of the Bushveld Complex, approximately 20 kilometres to the northwest of Steelpoort town, in an established mining district with extensive existing infrastructure. No mining tenements or beneficial percentage interests in farm-in or farm-out agreements were acquired or disposed of during the quarter.

To date the project has an independently estimated total resource of 43.69 million ounces (Moz) of 3 PGE + Au (20.52 Moz from Hoepakrantz, 21.78 Moz from Garatouw and 1.40 Moz from De Kom). A summary of the Garatau Mineral Resource Statement is given in Table 1 below.

A technical feasibility and commercial viability of extracting these mineral resources has been demonstrated by the delivered definitive feasibility study. The critical mining regulatory authorisations such as the Mining Right and Environmental Authorisations are all in place except for the Water Use Licence ("WUL") which is pending.

The Company is busy with certain upfront preparations before commencement of project execution. These preparatory works constitute the Company's Early Works Programme ("EWP"). Further, the company is working on an operational readiness plan to prepare the Company and the operational unit for safe and optimal production output during the transition from engineering and design to capital project implementation.

There are no exploration or mining activities currently taking place.

### **Permitting**

The Company has a Mining Right over the Garatau Project, executed in January 2014. The Mining Right was granted before the introduction of a ‘one environmental system’ which seeks to streamline environmental authorisation processes. This meant that besides the Mining Right, the company required further authorisations from various government departments, including the Department of Environmental Affairs and Department of Water and Sanitation.

On 4th December 2015, the Department of Environmental Affairs granted the Environmental Authorisation for the Garatau Mine.

The record of decision on the water use licence (WUL) by the Department of Water and Sanitation is pending. The Company is awaiting the Department’s administrative process to be completed before the record of decision is granted. The granting of the record of decision for the WUL will complete the list of regulatory approvals required before any mine construction could “legally” commence.

The Company previously announced on 13 October 2016, 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). During the period, the Company continued to engage with DMR and on 13 June 2017, the Company announced that the DMR was satisfied with the Company’s submission and the Company is now awaiting the final decision by the Honourable Minister of Mineral Resources.

### **Bulk Services**

Power for shaft sinking and mine operation will be supplied by the national energy regulator, Eskom. Subsequent to the granting of the Environmental Authorisation to Eskom by DEA for the Garatau Grid Power Project on 18 May 2016, Eskom is currently busy with the lands and rights, and surveying processes. Once completed, a budget quote will then be issued to the Company after Eskom’s own internal approval processes. The budget quote from Eskom is expected during the course of 2017. Grid power from ESKOM will not affect the start-up of the Garatau Project. Construction power will be supplied by diesel generators with a capacity of 5MVA which would be more than sufficient for decline development and associated activities.

Bulk industrial and portable water supply to the project will be sourced from Lepelle Northern Water Board, a state-owned Water Service Provider.

**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)**
<b>MERESNKY REEF</b>								
MEASURED	26.420	2.31	2.06	1.00	0.23	0.12	<b>3.41</b>	2.90
INDICATED	46.440	2.20	1.94	0.94	0.22	0.11	<b>3.20</b>	4.78
INFERRED	31.874	2.17	1.88	0.89	0.21	0.11	<b>3.10</b>	3.17
Sub-Total	104.734	2.22	1.95	0.94	0.22	0.11	<b>3.22</b>	10.85
<b>UG2</b>								
MEASURED	19.139	1.10	2.40	2.42	0.08	0.52	<b>5.42</b>	3.33
INDICATED	18.758	1.10	2.30	2.26	0.08	0.50	<b>5.14</b>	3.09
INFERRED	26.210	1.10	2.38	2.38	0.08	0.52	<b>5.36</b>	4.51
Sub-Total	64.107	1.10	2.36	2.36	0.08	0.51	<b>5.31</b>	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)**
<b>MERESNKY REEF</b>								
INDICATED	72.787	2.31	1.54	0.72	0.18	0.09	<b>2.53</b>	5.92
INFERRED	42.138	2.31	1.60	0.77	0.20	0.09	<b>2.66</b>	3.60
Sub-Total	<b>114.925</b>	2.31	1.56	0.74	0.19	0.09	<b>2.57</b>	9.52
<b>UG2</b>								
MEASURED	21.666	1.10					<b>5.62</b>	3.91
INFERRED	39.258	1.10					<b>5.63</b>	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)**
<b>MERESNKY REEF</b>								
INFERRED	4.834	1.20	2.01	0.97	0.25	0.10	<b>3.33</b>	0.52
Sub-Total	4.834	1.20	2.01	0.97	0.25	0.10	<b>3.33</b>	0.52
<b>UG2</b>								
INFERRED	5.449	1.20	2.19	2.27	0.07	0.48	<b>5.01</b>	0.88
Sub-Total	5.449	1.20	2.19	2.27	0.07	0.48	<b>5.01</b>	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 information on above resource estimates was first reported by the Company in the December 2014 quarterly and subsequently in a market release dated 20<sup>th</sup> January 2016 to comply with ASX Listing Rule 5.21 and JORC 2012 requirements. 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.

### Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-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 in future financial years.

On behalf of the Board



**Dr Tielong Tan**

**Managing Director**

13 September 2017  
Perth, Western Australia

**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 Lomborg (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 Lomborg 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.

# Independent Auditor's Review Report to the members of Nkwe Platinum Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Nkwe Platinum Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nkwe Platinum Limited and the entities it controlled during the half-year does not:

- a) Present fairly the consolidated entity's financial position as at 30 June 2017 and its financial performance and cash flows for the half-year ended on that date; and
- b) Comply with International Accounting Standard 34 *Interim Financial Reporting*.

### Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to Note 1 (c) 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 4 to the financial report, the Group has prospects, rights and exploration assets of \$105,453,586 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") on 11 October 2016 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. On 13 June 2017, the Company announced that the DMR was satisfied with the Company's submission and the Company is now awaiting the final decision by the Honourable Minister of Mineral Resources. The right to tenure continues whilst the final decision by the Honourable Minister of Mineral Resources is determined. As at the date of this opinion no determination in respect to the notice to cancel the mining right has occurred.

## Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report does not present fairly the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complies with International Accounting Standard 34 *Interim Financial Reporting*. As the auditor of NKWE Platinum Limited and the entities it controlled during the half-year, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the international professional ethical pronouncements.



Ernst & Young  
Perth  
13 September 2017

## Directors' declaration

In accordance with a resolution of the directors of Nkwe Platinum Limited, I state that:

In the opinion of the directors:

- a) the financial statements and notes, as set out on pages 8 to 16, are in accordance with the International Accounting Standard IAS 34: *Interim Financial Reporting* and presents fairly the financial position of the Group as at 30 June 2017 and of its performance for the half-year ended 30 June 2017; and
- b) subject to the achievement of the matters described in Note 1 (c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Dr Tielong Tan**

**Managing Director**

13 September 2017

Perth, Western Australia

## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2017

	Note	Consolidated	
		Half-year ended	
		30 June 2017	30 June 2016
		\$	\$
<b>Continuing operations</b>			
Other income		71,002	236,945
Administration and corporate expenses	3	(844,627)	(795,017)
Foreign currency exchange gain/(loss)		10	(1,616)
<b>Loss before income tax</b>		<b>(773,615)</b>	<b>(559,688)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(773,615)</b>	<b>(559,688)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value loss on available for sale financial assets		(553,027)	-
Exchange differences on translation of foreign operations		608,047	2,954,103
<b>Other comprehensive income for the period, net of tax</b>		<b>55,020</b>	<b>2,954,103</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(718,594)</b>	<b>2,394,415</b>
<b>Loss for the period attributable to:</b>			
Owners of Nkwe Platinum Limited		(672,072)	(471,571)
Non-controlling interests		(101,543)	(88,117)
		<b>(773,615)</b>	<b>(559,688)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of Nkwe Platinum Limited		(451,143)	2,482,532
Non-controlling interests		(267,451)	(88,117)
		<b>(718,594)</b>	<b>2,394,415</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent:</b>			
Basic and diluted (cents per share)		(0.07)	(0.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated statement of financial position as at 30 June 2017

	Note	Consolidated	
		30 Jun 2017 \$	31 Dec 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		4,655,325	5,820,021
Receivables		314,260	251,134
Prepayments		30,536	30,363
<b>Total current assets</b>		<b>5,000,121</b>	<b>6,101,518</b>
<b>Non-current assets</b>			
Prospects, rights and exploration assets	4	105,453,586	104,459,003
Property, plant and equipment		28,356	28,881
Other non-current assets		498,502	495,523
Available for sale financial asset		896,337	1,470,150
<b>Total non-current assets</b>		<b>106,876,781</b>	<b>106,453,557</b>
<b>Total assets</b>		<b>111,876,902</b>	<b>112,555,075</b>
<b>Current liabilities</b>			
Trade and other payables		310,945	270,660
Provisions		46,877	46,740
<b>Total current liabilities</b>		<b>357,822</b>	<b>317,400</b>
<b>Total liabilities</b>		<b>357,822</b>	<b>317,400</b>
<b>Net assets</b>		<b>111,519,080</b>	<b>112,237,675</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	6	77,492,393	77,492,393
Share premium		218,371,245	218,371,245
Equity reserve		36,255,917	36,255,917
Option reserve		4,814,623	4,814,623
Fair Value Reserve		243,621	630,740
Foreign currency translation reserve		(81,533,643)	(82,141,690)
Accumulated losses		(133,864,978)	(133,192,906)
Parent interests		121,779,178	122,230,322
Non-controlling interests		(10,260,098)	(9,992,647)
<b>Total equity</b>		<b>111,519,080</b>	<b>112,237,675</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity for the half year ended 30 June 2017

	Share capital	Share Premium	Other reserve	Option reserves	Fair Value reserve	Translation reserve	Accumulated losses	Attributable to equity holders of the Parent	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	<b>77,488,679</b>	<b>218,371,245</b>	<b>36,255,917</b>	<b>4,814,623</b>	-	<b>(94,021,934)</b>	<b>(132,494,293)</b>	<b>110,414,237</b>	<b>(10,090,590)</b>	<b>100,323,647</b>
Loss for the period	-	-	-	-	-	-	(471,571)	(471,571)	(88,117)	(559,688)
Other comprehensive income	-	-	-	-	-	2,954,103	-	2,954,103	-	2,954,103
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	<b>2,954,103</b>	<b>(471,571)</b>	<b>2,482,532</b>	<b>(88,117)</b>	<b>2,394,415</b>
Issue of share on exercise of options	3,714	-	-	-	-	-	-	3,714	-	3,714
<b>Balance at 30 June 2016</b>	<b>77,492,393</b>	<b>218,371,245</b>	<b>36,255,917</b>	<b>4,814,623</b>	-	<b>(91,067,831)</b>	<b>(132,965,864)</b>	<b>112,900,483</b>	<b>(10,178,707)</b>	<b>102,721,776</b>
<b>Balance at 1 January 2017</b>	<b>77,492,393</b>	<b>218,371,245</b>	<b>36,255,917</b>	<b>4,814,623</b>	<b>630,740</b>	<b>(82,141,690)</b>	<b>(133,192,906)</b>	<b>122,230,322</b>	<b>(9,992,647)</b>	<b>112,237,675</b>
Loss for the period	-	-	-	-	-	-	(672,072)	(672,072)	(101,543)	(773,615)
Other comprehensive income	-	-	-	-	(387,119)	608,047	-	220,928	(165,908)	55,020
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	<b>(387,119)</b>	<b>608,047</b>	<b>(672,072)</b>	<b>(451,144)</b>	<b>(267,451)</b>	<b>(718,595)</b>
<b>Balance at 30 June 2017</b>	<b>77,492,393</b>	<b>218,371,245</b>	<b>36,255,917</b>	<b>4,814,623</b>	<b>243,621</b>	<b>(81,533,643)</b>	<b>(133,864,978)</b>	<b>121,779,178</b>	<b>(10,260,098)</b>	<b>111,519,080</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows for the half year ended 30 June 2017

	Note	Consolidated	
		Half-year ended	
		30 June 2017	30 June 2016
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(865,970)	(783,702)
Interest received		71,002	61,803
Interest and other costs of finance paid		(14)	-
Net cash used in operating activities		(794,982)	(721,899)
<b>Cash flows from investing activities</b>			
Payments for prospects, rights and exploration		(370,037)	(554,367)
Payments for property, plant and equipment		-	(12,300)
Net cash used used in investing activities		(370,037)	(566,667)
<b>Cash flows from financing activities</b>			
Proceeds from exercise of options		-	3,714
Net cash provided by financing activities		-	3,714
<b>Net decrease in cash and cash equivalents</b>		<b>(1,165,019)</b>	<b>(1,284,852)</b>
Cash and cash equivalents at the beginning of the period		5,820,021	7,848,474
Effects of exchange rate fluctuations on cash and cash equivalents		323	(69,510)
<b>Cash and cash equivalents at the end of the period</b>		<b>4,655,325</b>	<b>6,494,112</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements for the half year ended 30 June 2017

## 1. Basis of preparation and accounting policies

The consolidated interim financial statements of the Group, which comprises the Company, Nkwe Platinum Limited and its controlled entities at half-year end or from time to time during the half-year. The Company is listed on the Australian Securities Exchange (ASX). 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 domiciled in Bermuda.

### (a) Statement of compliance

This general purpose condensed financial report for the half-year ended 30 June 2017 has been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year condensed financial report should be read in conjunction with the audited financial report of Nkwe Platinum Limited for the year ended 31 December 2016. It is also recommended that the half-year financial report be considered together with any public announcements made by the company and its controlled entities during the half-year ended 30 June 2017 in accordance with the Group's continuous disclosure obligations.

The half-year financial report was authorised for issue by the directors on 13 September 2017.

### (b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, modified, where applicable by the measurement at fair value of selected financial assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 31 December 2016, except for the impact of the Standards and Interpretations described below.

#### Significant accounting judgements and key estimates

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial report for the year ended 31 December 2016.

# Notes to the consolidated financial statements for the half year ended 30 June 2017

## 1. Basis of preparation and accounting policies (continued)

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2016. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

All new and amended Accounting Standards and Interpretations effective from 1 January 2017 have been adopted. The adoption of these new standards and interpretations had no effect on the financial position or performance of the Group.

### (c) Going concern basis

The Group had cash outflows from operating and investing activities of \$1,165,019 for the half-year ended 30 June 2017. The Group had cash and cash equivalents at 30 June 2017 of \$4,655,325.

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 and planned early works programme) for its Garatouw Project. The Directors are currently reviewing a range of financing options which may include the further issue of new equity. Notwithstanding the Group's current listing suspension status, 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.

## 2. Segment information

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for platinum. All of the Group's activities are interrelated and discrete financial information is reported to the board of directors (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the interim financial statements of the Group as a whole.

## 3. Administration and corporate expenses

	30 Jun 2017	30 Jun 2016
	\$	\$
Directors fees	247,210	182,000
Corporate management and administrative expenses	597,417	613,017
	<b>844,627</b>	<b>795,017</b>

# Notes to the consolidated financial statements for the half year ended 30 June 2017

## 4. Prospects, rights and exploration assets

	30 Jun 2017	31 Dec 2016
	\$	\$
Balance at beginning of the period	104,459,003	92,183,406
Exploration costs capitalised	370,037	870,386
Effect of exchange rate variance	624,546	11,405,211
Balance at end of the period	105,453,586	104,459,003

The carrying value of prospects, rights and exploration assets at 30 June 2017 & 31 December 2016 comprises the Group's Garatouw Project. The Group performed an impairment assessment at 30 June 2017 and concluded that the carrying value of the Garatouw Project is approximately the same as the recoverable amount and therefore no impairment charge or reversal of impairment loss previously booked is required. Refer to below for the method adopted by the Group to determine the recoverable amount of prospects, rights and exploration assets.

### Recoverability of Garatouw Project at 31 December 2016

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 were made in relation to the underlying resources/reserves and the valuation multiple. Mineral resources/reserves information was 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 would have impacted the FVLCD of the underlying CGU.

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

### Recoverability of Garatouw Project at 30 June 2017

The FVLCD of the Group's Garatouw Project at 30 June 2017 was determined by management taking into account the external independent third party valuation completed at 31 December 2016 (as detailed above). As there has been no significant change in the condition of the Garatouw Project (including no new reserves / resources being identified) and nothing to indicate that the valuation multiple used by external independent third party valuer would have changed significantly between 31 December 2016 and 30 June 2017, the Group noted that the carrying value of the Garatouw Project is still within the suggested range by the external independent third party valuer and therefore concluded that no impairment charge or reversal of impairment loss previously booked is required.

The fair value methodology adopted by the Group (taking into account the external independent third party valuation report) at 30 June 2017 is categorised as Level 3 in the fair value hierarchy.

# Notes to the consolidated financial statements for the half year ended 30 June 2017

## 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.

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.

## 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.

On 13 June 2017, the Company announced that the DMR was satisfied with the Company’s submission and the Company is now awaiting the final decision by the Honourable Minister of Mineral Resources.

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 half year ended 30 June 2017

## 5. Financial Instruments

### *Fair Value Measurement*

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. Due to the short term nature of the financial assets and financial liabilities, the carrying value is considered to approximate the fair value.

At 30 June 2017 and 31 December 2016 the Group has no material financial assets and liabilities that are measured at fair value on a recurring basis except for the available for sale financial assets. The fair value methodology to fair value the available for sale financial assets is categorised as Level 1 in the fair value hierarchy.

## 6. Share capital

	30 Jun 2017	31 Dec 2016
	\$	\$
896,371,120 (30 Jun 2016: 896,371,120) authorised and issued fully paid ordinary shares	77,492,393	77,492,393

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

## 7. Commitments and contingencies

Commitments and contingencies are of a similar nature as disclosed as at 31 December 2016. As at 30 June 2017, the Company has no significant commitments.

## 8. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half-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 in future financial years.