Nkwe Platinum Limited

ARBN 105 979 646

and its controlled entities

Annual report for financial year ended

31 December 2017

Corporate directory

Board of Directors

Dr Qixue Fang	Non-Executive Chairman
Dr Tielong Tan	Managing Director/Chief Executive Officer
Mr Richard Jones	Non-Executive Director
Mr Shunjin Zhang	Non-Executive Director
Mr Richard O'Shannassy	Non-Executive Director
Mr Neville Bergin	Non-Executive Director

Company Secretary
Mr Keith Bowker

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Share Registry (Australia)
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Share Registry (Bermuda)
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Hamilton HM 11, Bermuda

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Perth, Western Australia 6000

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ASX Limited
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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 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names and particulars of the Company's directors in office during or since the end of the financial year are:

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	Managing Director, joined the board in May 2016. Dr. Tan is a senior geologist with over 31 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 16 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.
Dr Chaoyang Que	Non-Executive Director, joined the board in November 2017. Dr Que is currently acting as the general manager of department of overseas operations of Zijin Mining Group Ltd. Dr Que has worked as Chairman and deputy general manager in Tong Ling (Zijin) Mining for 5 years. He has also been the general manager of Southwest (Zijin) Mining Co. Ltd and Northwest (Zijin) Mining Co. Ltd. Dr Que resigned subsequent to the year end.
Mr Chao Wang (Robin)	Non-Executive Director, joined the board in May 2014 and resigned in November 2017. 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 Shunjin Zhang	Non-Executive Director, joined the board subsequent to the year end. Mr Zhang is a Senior Geologist and has over 30 years' experience in the mining industry. Mr Zhang joined Zijin Mining Group in 2009 and was General Manager in the Geological Exploration Department and is currently the General Manager of the Investment Department.

Information about the directors (cont'd)

Name	Particulars
Mr Richard O'Shannassy	Non-Executive Director, joined the board subsequent to the year end. Mr O'Shannassy has over 35 years' experience as a Commercial Lawyer and has his own legal practice since 1992. Mr O'Shannassy has experience with numerous ASX listed companies both as independent non-executive director and General Counsel. In the past 3 years immediately before the end of the financial year, Mr O'Shannassy was a director of Avenira Limited (ASX: AEV) from 2007 to March 2016 and Brierty Limited (ASX: BYL) from 2011 to February 2018 (BYL was delisted from the ASX on 16 Feb 2018).
Mr Neville Bergin	Non-Executive Director, joined the board subsequent to the year end. Mr Bergin is a Mining Engineer with extensive experience in project management. Mr Bergin has worked in Australia, UK and New Zealand in both underground and open pit mines. Mr Bergin is currently a non-executive director of Metal Tiger Plc, an AIM listed resource investment company.

The above-named directors held office during the whole of the financial year and since the end of the financial year except for:

- Mr Chao Wang (Robin) – resigned 1 November 2017
- Dr Chaoyang Que – appointed 1 November 2017, resigned 29 March 2018
- Mr Shunjin Zhang – appointed 29 March 2018
- Mr Richard O'Shannassy – appointed 29 March 2018
- Mr Neville Bergin – appointed 29 March 2018

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

On 19 March 2018, the Group received an indicative non-binding proposal from Zijin Mining Group Co., Ltd ("Zijin") to acquire 100% of the issued shares in the Company which it does not already own for cash consideration of A$0.08 per share.

On 29 March 2018, the Group announced the appointment of Messrs Shunjin Zhang, Richard O'Shannassy and Neville Bergin as Non-Executive Directors. Dr Chaoyang Que resigned as a Non-Executive Director on the same day.

Other than the above, 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 (2016: nil).

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 year, 1 board meeting was held.

Directors	Held	Attended
Qixue Fang	1	1
Tielong Tan	1	1
Richard Jones	1	1
Chaoyang Que	-	-
Chao Wang (Robin)	-	-

The board of directors also approved 1 circular resolution during the year ended 31 December 2017 which were signed by all directors of the Company.

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 2017, after providing for income tax, amounted to $1,752,116 (2016: loss of $870,987). Further discussions on the Group's operations is provided below:

Board Changes

Dr Chaoyang Que was appointed as Non-Executive Director of Nkwe Platinum Limited on 1 November 2017. This followed the resignation of Mr Chao Wang (Robin) as Non-Executive Director of the Company on the same day. Dr Que resigned on 29 March 2018.

On 29 March 2018, Messrs Shunjin Zhang, Richard O'Shannassy and Neville Bergin were appointed as Non-Executive Directors following the resignation of Dr Chaoyang Que.

Reinstatement to official quotation on the Australian Securities Exchange

The securities of Nkwe Platinum Ltd were suspended from quotation since 18 October 2016.

The South African Department of Mineral Resources (Department) issued the Company with a notice of intention to cancel the mining right over the farm Garatouw 282KT (Notice) within the jurisdiction of the Greater Tubatse Local Municipality on the grounds that it has failed to meet certain provisions of section 47 of the *Mineral and Petroleum Resources Development Act.* Since then, the Company worked closely with the Department to address and resolve the issues raised in the Notice. On 16 November 2017, the Minister of Mineral Resources lifted the Notice and trading of the Company's securities resumed on 17 November 2017.

On 17 November 2017, the Company was reinstated to official quotation on the Australian Securities Exchange (ASX) following an announcement regarding the status of the Company's mining right over farm Garatouw 282KT.

Garatouw project overview

The Company owns 74% of a Mining Right over the Garatouw Project in the Steelpoort district. The Garatouw Project consists of three contiguous tenements which are Portion 1 and Remaining Extent of Garatouw 282KT, Hoepakrantz 291KT and De Kom 252KT, located approximately 20 kilometres to the northwest of Steelpoort town and approximately 300km east-northeast of Johannesburg (Figure 1). 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 year.

The Garatouw Project is at a pre-development stage and a Definitive Feasibility Study (DFS) was completed on the project in 2011 and optimised in 2011/2012 demonstrating the technical feasibility and commercial viability of extracting the mineral resources on Garatouw farm. The De Kom and Hoepakrantz farms are at an early exploration stage. The critical mining regulatory authorisations such as the Mining Right and Environmental Authorisations and Water Use License ("**WUL"**) have all been granted by relevant Government Departments.

The Nkwe assets are located in the Eastern Limb of the Bushveld Igneous Complex (**"BIC"**). The eastern limb forms part of three layered mafic-ultramafic arcuate limbs, namely the northern, western and eastern limbs, which together form an ellipse in plan. The BC comprises a set of interconnected intrusives that crystallised to form the layered mafic and ultramafic units known as the Rustenburg Layered Suite (**"RLS"),** the granites of the Lebowa Granite Suite (**"LGS"**) and the felsic extrusive of the Rashoop Granophyre Suite (**"RGS"**). The mafic RLS consists of remarkably consistent layering that can be connected over the extent of the BIC and can be divided into a number of units, namely the Upper Zone, Main Zone, Critical Zone, Lower Zone and Marginal Zone. The Critical Zone is host to a number of reefs that typically contain platinum, palladium, rhodium, gold, chromium, vanadium and nickel mineralisation.

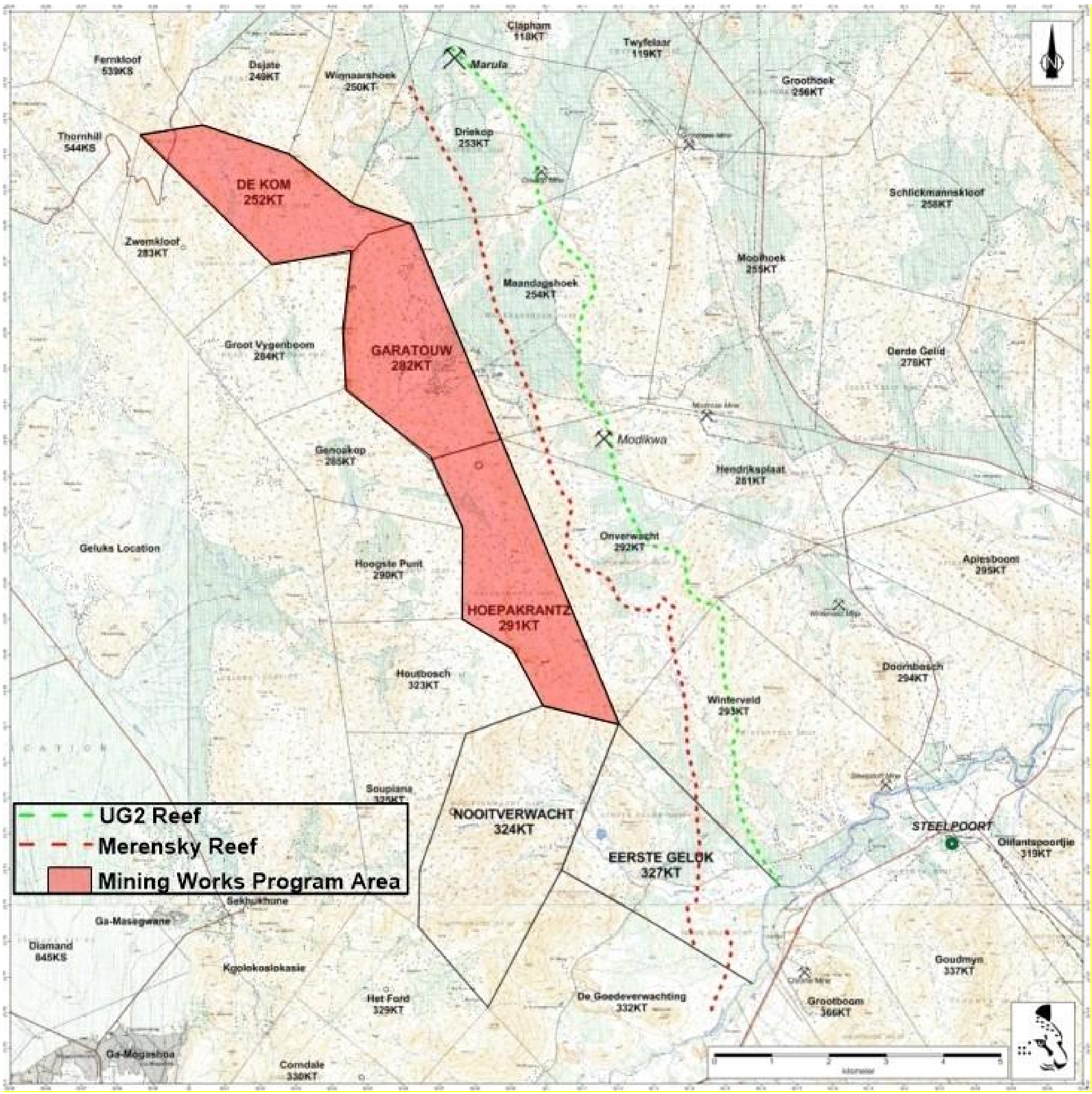

Figure 1: Locality map of the Garatouw Project

The target reefs for the Nkwe assets are the Merensky Reef and the UG2 Reef, where the extraction of platinum group elements (**"PGEs"**) is planned. Normal Eastern Limb BIC stratigraphy is present at the Nkwe Assets. The UG1, UG2 and Merensky Reefs outcrop to the east of the project area and dip towards the west at a shallow angle of approximately 11^0 underneath the project area. Dip varies between 6^0 and 15^0.

The Mineral Resources have been estimated by a number of different experts as the project evolved. Each estimate has been completed by a Competent Person and are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012) as required by the Australian Securities Exchange (ASX) and are also SAMREC (South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves) complaint. The definitions for Exploration Results, Mineral Resources and Mineral/ Ore Reserves for both the SAMREC and JORC Codes are governed by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO Code). To date the Garatau Project has an independently estimated total resource of 43.69 million 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 Garatau Mineral Resource is summarised in Table 1.

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 has finalised 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.

Table 1: Summary of Mineral Resource Estimates Reported according to JORC Category as at 31 December 2017

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.

Mineral Tenure

The Company has a Mining Right over the Garatau Project area, granted in February 2012 and executed in January 2014 and is valid for chrome ore, cobalt, copper ore, nickel ore, gold and platinum group metals.

The Section 47 Notice of the Mineral and Petroleum Resources Development Act (ACT 28 of 2002) (as amended through act 49 of 2008) ("**MPRDA**") served on the Company by the Department of Mineral Resources (**DMR**) on 13 October 2016 was set aside by the Minister of Mineral Resources on 10 November 2017. This was a significant milestone as it reaffirmed the Company's Mining Right over its tenements and paved the way for the reinstatement of its fully quoted securities on the ASX. The Company's securities were reinstated on 17 November 2017.

Environmental Authorisations

On 4 December 2015, the Department of Environmental Affairs granted the environmental authorisation for the Mine.
An approved Integrated Water Use Licence from the Department of Water and Sanitation in terms of the National Water Act was granted on 12 October 2017.

Securing Bulk Services

Grid power for mine operation will be supplied by the national energy regulator, Eskom. Eskom was granted the Environmental Authorisation by the Department of Environmental Affairs (DEA) for the Garatau Grid Power Project on 18 May 2016. The surveying process for the Garatau Grid Power Project has been completed. The Company is awaiting a Budget Quotation (BQ) from Eskom which is expected during the first quarter of 2018. 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.

An application has been made to the relevant authorities for bulk industrial water that will be required by the mine. Industrial and potable water for mining operations will be sourced from the Mooihoek Water Treatment Works, operated by Lepeile Northern Water Board.

Social Capital

The Company understands and believes in the need for strong social capital not only as a resource in community development, but also a vital prerequisite for capital project development and sustainable operation of the mine. Government and host communities are among our most important stakeholder groups. Due to the unyielding senior leadership commitment to value creation and sustainability throughout the business, the Company's management is constantly in direct and indirect engagements with various stakeholders. These include Government, Tribal Council and Development forum members of the three host communities, amongst others. The engagements are on the basis of principles and values such as goodwill, trust, solidarity, general reciprocity and civic engagement. Through these principles and values, the engagements are aimed at closing the relational and information disconnect between the Company and its stakeholders as a result of trust deficits and perception gaps especially between mining companies and local communities marking the mining industry.

The Company is cognisant of its obligation in sharing the value that will be created by its flagship Garatau Project once it's in operation, thus ensuring the promotion and advancement of social and economic welfare of our host communities and fulfilling one of the objectives of the MPRDA. To this end, the Company is progressing well with implementing all its Social and Labour Plan ("**SLP**") commitments that can be executed before mining operations commence. This ensures legislative and regulatory compliance with the Mining Charter targets and a social licence to develop the project and operate the mine in a sustainable manner.

Competent Persons Statement

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.

Corporate Governance

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.nkweplatinum.com and on the ASX platform (ASX ticker code: NKP). The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Remuneration of key management personnel

For the twelve months ended 31 December 2017

2017	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other $	Superannuation $	Options $	Total $
Qixue Fang	36,000	-	-	-	36,000
Tielong Tan	168,000	96,333	-	-	264,333
Richard Jones	36,000	-	-	-	36,000
Chaoyang Que[1]	6,000	-	-	-	6,000
Chao Wang[2]	30,000	-	-	-	30,000
Total	**276,000**	**96,333**	**-**	**-**	**372,333**

[1] Appointed 1 November 2017, resigned subsequent to the year end

[2] Resigned 1 November 2017

For the twelve months ended 31 December 2016

2016	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other $	Superannuation $	Options $	Total $
Qixue Fang	36,000	-	-	-	36,000
Tielong Tan[1]	112,000	-	-	-	112,000
Richard Jones	36,000	-	-	-	36,000
Chao Wang	36,000	-	-	-	36,000
Zhilin Li[2]	100,000	-	-	-	100,000
Total	**320,000**	**-**	**-**	**-**	**320,000**

[1] Appointed 2 May 2016

[2] Resigned 2 May 2016

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

On behalf of the directors

谭铁龙

Dr Tielong Tan

Managing Director

Perth, 29 March 2018

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Independent auditor's report to the members 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 (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other 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 2017, 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

We draw attention to Note 3.3 Going concern basis in the financial report. The matters set forth in Note 3.3 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional 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 matter 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.

Carrying value of prospects, rights and exploration assets

Why significant	How our audit addressed the key audit matter

The carrying value of prospects, rights and exploration assets at 31 December 2017 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.
 	
As detailed in Note 8, the Group engaged an independent valuation expert to determine the recoverable amount of the Garatouw Project at 31 December 2017. Based on the independent expert's valuation report, the recoverable amount was determined to be approximately 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 2017.
	In performing our audit procedures, we:
	
	• Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies
	• Considered the Group's intention to carry out significant exploration and evaluation activities in the relevant exploration area which included assessing whether the Group's cash-flow forecasts provided for expenditure for planned exploration and evaluation activities, and enquiring with senior management and Directors as to the intentions and strategy of the Group
	• Considered the Group's assessment of whether the commercial viability of extracting mineral resources had been demonstrated and whether it was appropriate to continue to classify the capitalised expenditure for the area of interest as an exploration and evaluation asset
	• 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
	    • Reviewed the comparable transactions included in their assessment.
	• Considered the adequacy of the Group's disclosures.

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 2017, 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.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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.

Ernst & Young

Ernst & Young
Perth
29 March 2018

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 2017 and of its performance for the year ended 31 December 2017.

Signed in accordance with a resolution of the directors

On behalf of the directors

Dr Tielong Tan

Managing Director

Perth, 29 March 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

		Consolidated	
	Note	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
Continuing operations			
Interest revenue		103,753	108,166
Other income		532	461,350
Administration and corporate expenses	6	(1,840,977)	(1,438,582)
Foreign currency exchange loss		(724)	(1,840)
Loss before finance costs		**(1,737,416)**	**(870,906)**
Finance costs		(14,700)	(81)
Loss before income tax		**(1,752,116)**	**(870,987)**
Income tax expense	7	-	-
Loss for the year		**(1,752,116)**	**(870,987)**
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value (loss)/gain on available for sale financial assets		(927,830)	901,057
Exchange differences on translation of foreign operations		4,901,976	11,880,244
Other comprehensive income for the year, net of tax		**3,974,146**	**12,781,301**
Total comprehensive income for the year		**2,222,030**	**11,910,314**
Loss for the period attributable to:			
Owners of Nkwe Platinum Limited		(1,527,161)	(698,613)
Non-controlling interests		(224,955)	(172,374)
		(1,752,116)	**(870,987)**
Total comprehensive income attributable to:			
Owners of Nkwe Platinum Limited		2,725,333	11,812,371
Non-controlling interests		(503,303)	97,943
		2,222,030	**11,910,314**
Loss per share attributable to the ordinary equity holders of the parent:			
Basic and diluted (cents per share)	12	(0.17)	(0.08)

Notes to the consolidated financial statements are included on pages 21 to 55.

Consolidated statement of financial position as at 31 December 2017

		Consolidated	
	Note	31 Dec 2017 $	31 Dec 2016 $
Current assets			
Cash and cash equivalents	24	3,183,594	5,820,021
Receivables	11	76,912	251,134
Prepayments		58,460	30,363
Total current assets		**3,318,966**	**6,101,518**
Non-current assets			
Prospects, rights and exploration assets	8	110,315,969	104,459,003
Property, plant and equipment	9	19,168	28,881
Other non-current assets		518,192	495,523
Available for sale financial asset	10	698,821	1,470,150
Total non-current assets		**111,552,150**	**106,453,557**
Total assets		**114,871,116**	**112,555,075**
Current liabilities			
Trade and other payables	16	357,359	270,660
Provisions	15	54,051	46,740
Total current liabilities		**411,410**	**317,400**
Total liabilities		**411,410**	**317,400**
Net assets		**114,459,706**	**112,237,675**
Equity			
Equity attributable to equity holders of the parent			
Share capital	13	77,492,393	77,492,393
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	(18,742)	630,740
Foreign currency translation reserve	14	(77,239,714)	(82,141,690)
Accumulated losses	26	(134,720,067)	(133,192,906)
Parent interests		124,955,655	122,230,322
Non-controlling interests		(10,495,949)	(9,992,647)
Total equity		**114,459,706**	**112,237,675**

Notes to the consolidated financial statements are included on pages 21 to 55.

Consolidated statement of changes in equity

For the year ended 31 December 2017

	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 2017	**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**
Loss for the year	-	-	-	-	-	-	(1,527,161)	(1,527,161)	(224,955)	(1,752,116)
Other comprehensive income/(loss), net of tax	-	-	-	-	(649,482)	4,901,976	-	4,252,494	(278,347)	3,974,147
Total comprehensive income/(loss) for the year	-	-	-	-	(649,482)	4,901,976	(1,527,161)	2,725,333	(503,302)	2,222,031
Balance at 31 December 2017	**77,492,393**	**218,371,245**	**36,255,917**	**4,814,623**	**(18,742)**	**(77,239,714)**	**(134,720,067)**	**124,955,655**	**(10,495,949)**	**114,459,706**

Notes to the consolidated financial statements are included on pages 21 to 55.

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**
Loss for the year	-	-	-	-	-	-	(698,613)	(698,613)	(172,374)	(870,987)
Other comprehensive income/(loss), net of tax	-	-	-	-	630,740	11,880,244	-	12,510,984	270,317	12,781,301
Total comprehensive income/ (loss) for the year	-	-	-	-	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 21 to 55.

Consolidated statement of cash flows for the year ended 31 December 2017

		Consolidated	
	Note	Year ended 31 Dec 2017 $	Year ended 31 Dec 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,591,655)	(1,594,422)
Interest received		103,753	108,166
Interest and other costs of finance paid		-	(81)
Net cash used in operating activities	24	(1,487,902)	(1,486,337)
Cash flows from investing activities			
Payments for prospects, rights and exploration	8	(1,033,602)	(870,386)
Payments for plant and equipment	9	(11,200)	(2,560)
Net cash used in investing activities		(1,044,802)	(872,946)
Cash flows from financing activities			
Proceeds from exercise of options		-	3,715
Net cash provided by financing activities		-	3,715
Net decrease in cash and cash equivalents		**(2,532,704)**	**(2,355,568)**
Cash and cash equivalents at the beginning of the year		5,820,021	7,848,474
Effects of exchange rate fluctuations on cash and cash equivalents		(103,723)	327,115
Cash and cash equivalents at the end of the year	24	**3,183,594**	**5,820,021**

Notes to the consolidated financial statements are included on pages 21 to 55.

Notes to the consolidated financial statements for the year ended 31 December 2017

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 a for profit entity, 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

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2017.

There was 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 was required.

New and revised Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standard	Application date for Group	Detail
IFRS 9 – Financial Instruments	1 January 2018	A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 139 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and de-recognition. The Group currently records the gains and losses of the available for sale financial assets through the Other Comprehensive Income (OCI). Based on the Group's IFRS 9 impact assessment, the Group will likely continue to apply the option of presenting the fair value changes through OCI. Therefore, the application of IFRS 9 will not have a significant impact on the recognition and measurement of financial instruments.

Standard	Application date for Group	Detail
IFRS 15 – Revenue from Contracts with Customers	1 January 2018	IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. As the group does not generate any revenue, the new standard is not expected to significantly impact revenue recognition.
IFRS 16 – Leases	1 July 2019	IFRS 16 provides a new lessee accounting model which requires a lessee 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. The Group has yet to fully assess the impact on the Group's financial results when it is first adopted for the year ended 30 June 2020.

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 29 March 2018.

Notes to the consolidated financial statements for the year ended 31 December 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 year, 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 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.

3.3 Going concern basis

The Group had cash outflows from operating activities of $1,487,902 for the year ended 31 December 2017. The Group had cash and cash equivalents of $3,183,594 at 31 December 2017.

The Group's cash flow forecast reflects that the Group will need to raise funds in the quarter ending 30 June 2018 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.

Notes to the consolidated financial statements for the year ended 31 December 2017

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 2017. 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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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 2017

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 the year ended 31 December 2017

3.15 Financial instruments 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 2017

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. 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.

Refer to note 3.12 for impairment policy.

Notes to the consolidated financial statements for the year ended 31 December 2017

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 Comparative figures

Comparative figures have been adjusted to conform to the changes in the presentation of the current financial year where required by accounting standards.

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 2017

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.

Reserves and resources

The Group estimates its resources and reserves in accordance with the South African Mineral Resources Code (SAMREC) and the Joint Ore Reserves Committee Code (JORC Code). The information on the mineral resources and reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code.

There are numerous uncertainties inherent in estimating the resources and reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. During the year, there were no changes in the mineral resources and reserves.

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 2017

6. Administration and corporate expenses

	2017 $	2016 $
Directors fees	372,333	320,000
Corporate management	688,141	452,635
Other expenses	780,503	665,947
	1,840,977	1,438,582

7. Income taxes

Income tax recognised in profit or loss	2017 $	2016 $
Current tax	-	-
Deferred tax	-	-
	-	-

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

- Bermuda (domestic) 0% (2016: 0%)
- South Africa 28% (2016: 28%)
- Australia 27.5% (2016: 28.5%)

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

	2017 $	2016 $
Loss before tax from continuing operations	(1,752,116)	(870,987)
Income tax expense calculated at 0% (2016: 0%)	-	-
Effect of different tax rates of group entities operating in a different jurisdiction	209,957	160,883
Effect of expenses that are not assessable / deductible in determining taxable loss	(10,874)	-
Deferred tax assets not brought to account	(199,083)	(160,883)
	-	-

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 2017

8. Prospects, rights and exploration assets

	2017 $	2016 $
Opening balance	104,459,003	92,183,406
Exploration costs capitalised	1,033,602	870,386
Effect of exchange rate variance	4,823,364	11,405,211
Closing balance	110,315,969	104,459,003

The carrying value of prospects, rights and exploration assets at 31 December 2017 and 31 December 2016 comprises the Group's Garatouw Project, which consists of the three tenements as set up in the below table. The Group performed an impairment assessment of its prospects, rights and exploration assets at 31 December 2017 and determined that the carrying value is approximately the same as the recoverable amount and therefore no impairment charge or impairment reversal of previously recognised impairment loss was required. Refer to below explanation 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 2017

The fair value less cost to dispose ("FVLCD") of the Group's Garatouw Project at 31 December 2017 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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2017

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.

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.

If the reserves/resources decreased by 10%, there would be an impairment loss of $11,031,597.

If the adopted valuation multiple decreased by 10%, there would be an impairment loss of $11,031,597.

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

<u>Ownership of exploration projects</u>

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 had 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. Review proceedings have been instituted by APL and ARM. ARM's application for an order interdicting the DMR from accepting or granting any applications for prospecting rights, mining rights or any other rights, permits or permissions under the MPRDA in respect of minerals on or under the relevant properties pending the final outcome of the review proceedings, was dismissed last year. At this stage, the review proceedings are still continuing despite the fact that the Judge indicated in the interdict proceedings that in her view, APL and ARM had no prospects of success in reviewing the decision to grant the mining right.

Notes to the consolidated financial statements for the year ended 31 December 2017

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 16 November 2017, the Company announced that the DMR and the Minister of Mineral Resources had lifted the Notice and that it is no longer applicable.

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 2017

9. Plant and equipment

Carrying amounts of:	2017 $	2016 $
Computer equipment	2,379	1,663
Furniture and fittings	-	-
Motor vehicles	16,789	27,218
	19,168	28,881

	Computer equipment $	Furniture & fittings $	Motor vehicles $	Total $
Cost				
Balance at 1 Jan 2016	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
Additions	11,200	-	-	11,200
Write-offs	(122,788)	-	-	(122,788)
Exchange difference	48,910	(42,251)	5,851	12,510
Balance at 31 December 2017	28,223	166,210	133,763	328,196
Accumulated depreciation				
Balance at 1 Jan 2016	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
Depreciation expense	1,411	82	8,192	9,685
Write-offs	(46,808)	-	-	(46,808)
Exchange difference	(17,997)	(42,333)	8,088	(52,242)
Balance at 31 December 2017	25,844	166,210	116,974	309,028
Carrying amount				
Balance as at 31 December 2016	1,663	-	27,218	28,881
Balance as at 31 December 2017	2,379	-	16,789	19,168

Notes to the consolidated financial statements for the year ended 31 December 2017

10. Available for sale financial asset

	2017 $	2016 $
Balance at beginning of the year	1,470,150	475,740
Fair value movement	(927,830)	901,057
Foreign exchange movement	156,501	93,353
Balance at end of the year	698,821	1,470,150

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 (Level 1 fair value).

11. Receivables

	2017 $	2016 $
Other current receivables	76,912	251,134

None of the trade and other receivables are past due at the reporting date. Due to the short-term nature of the receivables, the carrying value is assumed to approximate their fair value.

Notes to the consolidated financial statements for the year ended 31 December 2017

12. Loss per share

	2017 cents per share	2016 cents per share
Basic and diluted loss per share (cents per share)	(0.17)	(0.08)

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:

	2017 $	2016 $
Loss for the year attributable to owners of the Company	(1,527,161)	(698,613)

	2017 No.	2016 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	896,371,120	896,351,418

At 31 December 2017, there were nil options outstanding on issue (2016: nil).

13. Share capital

	2017 $	2016 $
896,371,120 fully paid ordinary shares (31 Dec 2016: 896,371,120)	77,492,393	77,492,393

Movement in fully paid ordinary shares

	31 Dec 2017		31 Dec 2016	
	No.	$	No.	$
Opening balance	896,371,120	77,492,393	896,333,973	77,488,679
Exercise of options (i)	-	-	37,147	3,714
Closing balance	896,371,120	77,492,393	896,371,120	77,492,393

(i) Exercise of listed options at $0.10 each in April 2016.

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

	2017 $	2016 $
Share premium		
Opening balance	218,371,245	218,371,245
Movement during the year	-	-
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 2017

14. Share premium and reserves (cont'd)

Option reserves	2017 $	2016 $
Opening balance	4,814,623	4,814,623
Movement during the year	-	-
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 year
The following table reconciles options outstanding at the beginning and the end of the year:

	31 Dec 2017		31 Dec 2016	
	Number of options No.	Weighted average exercise price $	Number of options No.	Weighted average exercise price $
Opening balance	-	-	268,840,028	0.10
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(37,147)	0.10
Expired during the year	-	-	(268,802,881)	0.10
Closing balance	-	-	-	-
Exercisable at end of the year	-	-	-	-

Equity reserves	2017 $	2016 $
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	2017 $	2016 $
Opening balance	16,565,664	16,565,664
Fair value of share-based payments issued during the year	-	-
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 (2016: nil).

Notes to the consolidated financial statements for the year ended 31 December 2017

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

	2017 $	2016 $
Employee benefits	54,051	46,740

16. Trade and other payables

	2017 $	2016 $
Trade and other payables	37,831	43,547
Accrued expenses	319,528	227,113
	357,359	270,660

Notes to the consolidated financial statements for the year ended 31 December 2017

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		**2017**	**2016**
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%
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%

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.

Notes to the consolidated financial statements for the year ended 31 December 2017

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

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

Name	Country of incorporation/Place of business	2017	2016
Nkwe Platinum (South Africa) (Pty) Ltd	South Africa	30%	30%

Name	Profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	31 Dec 2017 $	31 Dec 2016 $	31 Dec 2017 $	31 Dec 2016 $
Nkwe Platinum (South Africa) (Pty) Ltd	(224,955)	(172,374)	(10,495,950)	(9,992,647)

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 2017** $	**31 Dec 2016** $
Current assets	1,798,081	2,074,987
Non-current assets	111,269,787	106,173,570
Current liabilities	(184,308)	(89,300)
Non-current liabilities	(150,634,346)	(143,567,804)
Net deficiency attributable to owners of the Company	(27,254,836)	(25,415,900)
Non-controlling interests	(10,495,950)	(9,992,647)

	31 Dec 2017 $	**31 Dec 2016** $
Revenue	35,672	59,846
Administrative expenses	(334,165)	(212,835)
Other expenses	(451,355)	(421,591)
Loss for the year	(749,848)	(574,580)
Loss attributable to non-controlling interests	(224,955)	(172,374)
Other comprehensive (loss)/income	(927,830)	901,057
Other comprehensive (loss)/income attributable to non-controlling interests	(278,347)	270,317

Notes to the consolidated financial statements for the year ended 31 December 2017

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

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	3,183,594	5,820,021
Trade and other receivables	76,912	251,134
Available for sale assets	698,821	1,470,150
	3,959,327	7,541,305
Financial liabilities		
Trade and other payables	357,359	270,660
	357,359	270,660

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

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.

Notes to the consolidated financial statements for year ended 31 December 2017

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.

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 Chrometco's share price on the Group's pre-tax loss for the year. The analysis is based on the assumption that the share price had increased/decreased by 10% (2016: 10%) with all other variables held constant.

	Impact on comprehensive income (decrease)/increase	
	31 Dec 2017	**31 Dec 2016**
	$	**$**
Increase by 10%	(69,882)	(147,015)
Decrease by 10%	69,882	147,015

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 year ended 31 December 2017 would increase/decrease by $31,836 (2016: $ 58,200).

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 2017

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:

	2017 $	2016 $
Cash and cash equivalents	3,183,594	5,820,021
Receivables	76,912	251,134
	3,260,506	6,071,155

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 $
2017					
Trade and other payables	357,359	357,359	-	-	357,359
2016					
Trade and other payables	270,660	270,660	-	-	270,660

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 2017

19. Key management personnel

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

	2017 $	2016 $
Short-term employee benefits	372,333	320,000

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 10.

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.

Directors' equity holdings

Ordinary shares	**2017**	**2016**
Opening balance	-	-
Closing balance	-	-

Key management personnel

During the year, the Group had advanced a loan of $17,332 (ZAR 162,000) to a director of the Group's subsidiary, Nkwe Platinum S.A (Pty) Ltd. The loan advanced was unsecured, interest with no fixed repayment terms. The loan was fully repaid subsequent to the year end.

Other related party transactions

In May 2017, a subsidiary of Zijin Mining Group Co., Ltd was engaged by the Group to provide engineering consultancy services and review the feasibility studies performed by the Group. The total transaction value is $75,710 (RMB 400,000).

Notes to the consolidated financial statements for the year ended 31 December 2017

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.

On 21 October 2016, the Company 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 prospective platinum mining tenement known as Hoepakrantz 291KT 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. The parties attended mediations on 3 March 2017 and 27 October 2017. The matter is still ongoing and at this stage, it is too early to determine the likely outcome of the proceedings.

Notes to the consolidated financial statements for the year ended 31 December 2017

21. Commitments for expenditure

Leasing commitments	**2017** $	**2016** $
Leasing arrangements for rental of office space		
No longer than one (1) year	171,726	95,923
Longer than one (1) year and not longer than five (5) years	732,309	24,485
	904,035	120,408

Exploration commitments	**2017** $	**2016** $
Commitment to the Social Labour Programme		
No longer than one (1) year	2,820,648	1,726,956
Longer than one (1) year and not longer than five (5) years	-	2,697,255
	2,820,648	4,424,211

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine the appropriateness of carrying value. Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on the exchange rates prevailing as at 31 December 2017.

The commitment to the Social Labour Programme expires in December 2018. Management is currently in negotiations for a new Social Labour Programme for the period 2019 to 2023.

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

Audit and review of financial reports	**2017** $	**2016** $
Ernst & Young Australia	47,998	46,350
Ernst & Young South Africa	26,804	25,500
	74,802	71,850
Other non-audit services provided to the Group	-	-

The auditor of the Group is Ernst & Young.

Notes to the consolidated financial statements for the year ended 31 December 2017

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:

	2017 $	**2016** $
Cash and bank balances	3,183,594	5,820,021

Reconciliation of cash flows from operating activities	**2017** $	**2016** $
Cash flow from operating activities		
Loss for the year	(1,752,116)	(870,987)
Adjustments for:		
Depreciation and amortisation	9,685	18,963
Finance costs	14,396	-
Movements in working capital:		
(Increase)/decrease in trade and other receivables	174,222	(9,918)
(Increase)/decrease in prepayments	(28,099)	53,000
Increase/(decrease) in current payables	86,699	(531,272)
Increase/(decrease) in provisions	7,311	(146,123)
Net cash flow used in operating activities	(1,487,902)	(1,486,337)

Notes to the consolidated financial statements for the year ended 31 December 2017

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 2017				
Assets				
Available for sale trading assets				
Listed equity securities	698,821	-	-	698,821
Total assets				

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

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 Levels 2 and 3.

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

26. Accumulated losses

	31 Dec 2017 $	31 Dec 2016 $
Balance at the beginning of the year	(133,192,906)	(132,494,293)
Net loss attributable to members of the parent entity	(1,527,161)	(698,613)
Balance at the end of the year	(134,720,067)	(133,192,906)

Notes to the consolidated financial statements for the year ended 31 December 2017

27. Events after the reporting period

On 19 March 2018, the Group received an indicative non-binding proposal from Zijin Mining Group Co., Ltd ("Zijin") to acquire 100% of the issued shares in the Company which it does not already own for cash consideration of A$0.08 per share.

On 29 March 2018, the Group announced the appointment of Messrs Shunjin Zhang, Richard O'Shannassy and Neville Bergin as Non-Executive Directors. Dr Chaoyang Que resigned a Non-Executive Director on the same day.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of 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.

28. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 March 2018.

ASX Additional Information as at 28 February 2018

Ordinary share capital

896,371,120 fully paid ordinary shares are held by 3,525 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	917
5,001 – 10,000	667
10,001 – 100,000	1,248
100,001 and over	451
	3,525
Holding less than a marketable parcel	**2,039**

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	59.29
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	12,420,250	1.39
Flourish Super Pty Ltd <Flourish S/F A/C>	7,774,990	0.87
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	5,660,179	0.63
J P Morgan Nominees Australia Limited	3,923,649	0.44
Mr Steven Lionel Tate & Mrs Sharlene Norma Tate	3,758,320	0.42
BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	3,637,848	0.41
Doull Consolidated Limited	3,000,000	0.33
Mr Stephen Charles Stuart Watts <Watts Family A/C>	3,000,000	0.33
Grossmill Investments Pty Ltd	2,882,741	0.32
H N C 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 Yury Lezhnin	2,420,000	0.27
Mr Simon Benjamin Fleet	2,300,000	0.26
Almesh Pty Ltd <Symba Retirement Fund A/C>	2,210,000	0.25
	657,530,401	**73.37**

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%	5,313

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.