

15 March 2013

Company Advisor  
Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade Perth  
PERTH WA 6000

**Via E-lodgment**

Please find attached the Company's Half Yearly Report for the period ended 31 December 2012.

Yours faithfully



**Peter Landau**  
Executive Director

**For further information please contact:**

Maredi Mphahlele  
Managing Director  
Tel: +27 11 445 2162/3/7  
Em: [mmphahlele@nkweplatinum.co.za](mailto:mmphahlele@nkweplatinum.co.za)

David Tasker  
National Director, Investor Relations  
Professional Public Relations  
Tel: +61 8 9388 0944  
Em: [David.Tasker@ppr.com.au](mailto:David.Tasker@ppr.com.au)

Peter Landau  
Executive Director  
Tel: +61 8 9488 5220  
Em: [plandau@nkweplatinum.com](mailto:plandau@nkweplatinum.com)

**AUSTRALIAN OFFICE**  
Ground Floor, 1 Havelock Street  
West Perth WA 6005  
Australia

PO Box 684  
West Perth WA 6872  
Australia

Tel: +61 (0)8 9488 5220  
Fax: +61 (0)8 9324 2400

**NKWE PLATINUM LIMITED**  
ARBN 105 979 646

**REGISTERED OFFICE**  
Clarendon House  
2 Church Street  
Hamilton HM11

PO Box HM666  
Hamilton HMCX  
BERMUDA

**NKWE PLATINUM LIMITED**  
Bermuda Regn Number 32747

Web: [www.nkweplatinum.com](http://www.nkweplatinum.com)



# **NKWE PLATINUM LIMITED**

**HALF YEARLY REPORT FOR THE PERIOD ENDED  
31 DECEMBER 2012**

# Nkwe Platinum Limited

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## Financial Report for the Half-Year Ended 31 December 2012

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### **CORPORATE DIRECTORY**

#### **Directors**

Maredi Mphahlele - Managing Director  
Peter Landau - Executive Director  
Sharif Pandor - Non-Executive Director  
Mxoleli Nkuhlu - Non-Executive Director  
Mokganyetsi Sithole - Non-Executive Director

#### **Company Secretary**

Peter Landau  
Mokganyetsi Sithole

#### **Australian Office**

Ground Floor, 1 Havelock Street  
West Perth, WA 6005  
Tel: +61 8 9488 5220  
Fax: +61 8 9324 2400

#### **South African Office**

No. 6 Eastern Services Road  
IMS Park  
Sandton, Johannesburg 2148  
Republic of South Africa  
Tel: +27 11 445 2161  
Fax: +27 11 445 2166

#### **Registered Office**

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

#### **Auditors**

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

#### **Share Registry**

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

#### **Home Stock Exchange**

Australian Stock Exchange Limited  
Level 2, Exchange Plaza  
2 The Esplanade  
Perth WA 6000, Australia

ASX Code: NKP  
US OTCQX: NKWEY

#### **Website**

[www.nkweplatinum.com](http://www.nkweplatinum.com)

# Nkwe Platinum Limited

## Director's Report

### Review of Operations

#### Corporate

During the period, the Company provided an update in respect of the security lending agreement involving Genorah Resources and its majority shareholding in the company, advising that the term sheet entered into by Nkwe, Genorah and Gleneagles Securities, as previously announced, has lapsed.

Genorah Resources paid back the outstanding loan (circa \$2.8m) to Gleneagles Securities through a refinancing with Farling Ventures Limited, an investment vehicle of Luxembourg based fund, African Minerals Exploration and Development Fund ("AMED"). The financing enabled Genorah and Nkwe to continue negotiations with a strong strategic partner with significant depth and experience in mining finance.

#### **Dispute Settlement**

Nkwe has previously reported DMR supported negotiations with Anglo Platinum Ltd ("APL") and African Rainbow Minerals ("ARM") to resolve a long standing dispute as to tenure. The Company has maintained that the dispute was resolved by agreement between the parties in 2008 but has pursued negotiations in good faith and in deference to efforts by the DMR to negotiate an equitable resolution. It is the intention of Nkwe and Genorah to continue to negotiate in good faith and attempt to resolve the final settlement issues outstanding.

Nkwe still maintains that the legal tenure of the three farms cannot be abrogated and has received legal advice confirming this view.

### Operations

#### **Optimised BFS – Garatau Project**

In mid-2012, the Company released to the market a Definitive Feasibility Study ("DFS") of its Garatau project which was prepared by DRA Mining Consultants ("DRA"). The document detailed what may be described as a 'cut to fit' Platinum Group Metals ("PGM") mining project designed to optimise mining and development costs and bringing into production the PGM reserves on the Garatau farm.

The DRA optimised BFS concentrates on Garatau and only takes into account the mining of the Merensky Reef. Unlike the original BFS conducted by TWP, the updated BFS does not take into account the value of the underlying UG2 reef or the adjacent Farm De-Kom which forms part of the project. If included, the values would significantly increase the NPV and IRR of the Project.

The major advantage of the optimised model of solely mining the Merensky Reef is that it reduces capital and operating costs and brings the mine to a steady state production much earlier than was originally envisaged which then reduces the cost of mining and production dramatically.

Of greatest significance is the preservation of the UG2 as a significant extension to the mines life or in fact as a large mining project in its own right.

The highlights of the revised BFS conducted by DRA are:

Project's Net Present Value <sup>^</sup>	R6.88 billion (AUD\$728m)
Discount rate	8% Real
IRR	17.1%* (excludes UG2 Value)
Funding Required	R6.35 billion (AUD\$641m)
Payback on Capital	10 Years
Life of Mine only Meresky Reef	17 years
Only Above Level of Refrigeration	
Steady state production	3.6 MTY
Steady state production ounces	290,000pa @ 3 gpt and 82% recovery
First production	3.5 years
Total Operating Cost	U\$63 / t and U\$780 / Oz

# Nkwe Platinum Limited

## Director's Report

PGM Forecasts drawn from 7 independent sources      4PGE basket US\$1,336 per ounce (including US\$1,601 for Pt)

*\*Note: the NPV does not include the UG2 Reef on the Garatau Project or the farms Hoepakrantz and De Kom which has a JORC Resource of 35moz which would add significant more value to the NPV*

*\*Current Rand Exchange Rate @ 8.326*

Major positive changes from original BFS:

- Reduction in capital requirement due to upfront early cash flow;
- Reduction in ramp up time by 3 years;
- Payback period improved by 5 years;
- Original capital estimates reduced by R3.6 billion;
- Decision to Mine Merensky Reef exclusively and only above level of refrigeration with later access to UG2 orebody (additional 20+ years of mining);
- Change to bord and pillar mining;
- Mining cut changed From 1.1 meters to 2.2 meters for more ounces and higher NPV;
- Decision to initially mine and process to concentrate and then on-sell to processors; and
- 13.5moz of current measured (8.3m) and inferred (5.2m) resource from UG2 reef not part of NPV or IRR

### Garatau Project

To date the Garatau Project has a Measured Mineral Resource of 14.2Moz 3PGE+Au and an Inferred Mineral Resource of 9.1Moz 3PGE+Au across the two properties, Garatouw and De Kom.

A summary of the Garatau Resource Statement is included in Table 1.

**Table 1** – Garatau Project – Mineral Resource

	Tonnage after Geological Loss (M)	Mining cut (m) *	Estimated 4E Bulk Grade (g/t)	4E Metal Content (Moz) **
<b>MEASURED</b>				
Merensky Reef	42.7	1.20	4.40	5.9
UG2 Reef	48.1	1.20	5.35	8.3
<b>Total Measured</b>	<b>90.7</b>			<b>14.2</b>
<b>INFERRED</b>				
Merensky Reef	27.0	1.20	4.40	3.8
UG2 Reef	30.5	1.20	5.35	5.2
<b>Total Inferred</b>	<b>57.5</b>			<b>9.1</b>
<b>TOTAL</b>				
<b>TOTAL</b>	<b>148.2</b>	<b>1.20</b>	<b>4.90</b>	<b>23.3</b>

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

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

# Nkwe Platinum Limited

## Director's Report

### Tubatse Project

To date the Hoepakrantz Farm on the Company's Tubatse Project has a total resource of 16.8 Moz resource with an average grade of 4.55g/t (3PGE+Au) from 115Mt (after 20% geological loss) comprising:

- Measured Resource on the UG2 Reef of 3.9Moz at 5.62g/t (3PGE+Au) from 21.7Mt
- Indicated Resource on the Merensky Reef of 2.1Moz at 3.33g/t (3PGE+Au) from 19.2Mt
- Inferred Resource on the UG2 Reef of 7.1Moz at 5.63g/t (3PGE+Au) from 39.3Mt.
- Inferred Resource on the Merensky Reef of 3.7Moz at 3.33g/t (3PGE+Au) from 98.7Mt

Whilst the updated resource statement on the Hoepakrantz farm resulted in a 16% decrease in the total resource on Hoepakrantz to 16.8 Moz (3PGE+Au), the Company is extremely pleased in significantly upgrading the confidence of the resource from solely inferred with a maiden measured and indicated resource (after geological losses and utilising a 1.1m mining cut) of 6.0 Moz (3PGE+Au) as set out below.

**Table 2 – Hoepakrantz – Mineral Resource**

	Tonnage after 20% Geological Loss (M)	Mining cut (m)	Estimated 4E Bulk Grade (g/t)	4E Metal Content (Moz)
<b>MEASURED</b>				
UG2 Reef	21.7	1.10	5.62	3.9
<b>Total Measured</b>	<b>21.7</b>			<b>3.9</b>
<b>INDICATED</b>				
Merensky Reef	19.2	1.10	3.33	2.1
<b>Total Indicated</b>	<b>19.2</b>			<b>2.1</b>
<b>INFERRED</b>				
UG2 Reef	39.3	1.10	5.63	7.1
Merensky Reef	34.8	1.10	3.33	3.7
<b>Total Inferred</b>	<b>74.1</b>			<b>10.8</b>
<b>TOTAL</b>				
<b>TOTAL</b>	<b>115.0</b>	<b>1.10</b>	<b>4.55</b>	<b>16.8</b>

\* Merensky Reef intersects at 300m on the shallower Eastern boundary of Hoepakrantz, UG2 at 600m.

### Rooderand Project

During the period, the Company reached agreement with Realm Resources Ltd ("Realm") and JSE Listed Chrometco Ltd ("Chrometco") (JSE: CMO) to alter the agreement that Nkwe had with Realm with respect to the Company's Rooderand prospect.

Under the agreement, Nkwe would receive a total of 45 million shares in Chrometco in two tranches – effectively holding a 16% stake in Chrometco. The first tranche was satisfied following the approval at the Chrometco shareholders meeting resulting in the first tranche of 10 million shares in Chrometco being satisfied. The final 35 million shares is due upon the satisfaction of a number of conditions precedent which includes the renewal of the prospecting right and a Section 102 Consent of the Mineral and Petroleum Resources Development Act application being granted to Chrometco.

### Subsequent to Period End

Subsequent to period end the Company announced that, AMED, Genorah and Nkwe are finalizing a transaction whereby Nkwe will be recapitalised. Although final details are still being concluded, the end goal of the transaction will see AMED become a significant shareholder in Genorah and, through that position, enable Genorah to recapitalise Nkwe. If for whatever reason the drawdown is not concluded alternative financing arrangements are being negotiated.

On 11 February 2013, the Company announced that it would undertake a non-renounceable entitlement issue to raise approximately A\$3m by way of the issue of 149,206,172 options (A\$0.10, 31 March 2016). Shareholders will be entitled to acquire 2 new listed options for every 9 existing Nkwe shares held at the

# Nkwe Platinum Limited

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## Director's Report

record date (being six business days after the relevant prospectus document is lodged), at an issue price of A\$0.02 per option. Former option holders (\$0.35, 31 August 2011), will be entitled to participate in a priority shortfall allocation to acquire 1 new option for every 2 expired options held as at 31 August 2011. The Company will ensure that former option holders have the ability to receive new options on the 1 for 2 basis set out above.

The entitlement issue will be fully underwritten by Komodo Capital Pty Ltd (AFSL: 344234) (a Company associated with director Peter Landau). Approximately A\$800,000 in short term debt financing was secured into Nkwe which will be converted as rights entitlement or shortfall / placement allocation of new options upon completion of the entitlement issue.

Signed in accordance with a resolution of the directors.



**M Mphahlele**  
Managing Director

15 March 2013

# Nkwe Platinum Limited

## Directors' Declaration

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### Directors' Declaration

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

In the opinion of the Directors:

- a) The financial statements and notes of the consolidated entity:
  - i. give a true and fair view of the financial position as at 31 December 2012 and the performance of the consolidated entity for the half-year ended on that date; and
  - ii. comply with International Accounting Standards IAS 34; and
- b) subject to the matters disclosed in Note 2 to the financial statements, in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



**M Mphahlele**  
Managing Director

15 March 2013

# Nkwe Platinum Limited

## Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2012

	Half-year ended 31 Dec 2012 A\$	Half-year ended 31 Dec 2011 A\$
Interest revenue	2,262	7,049
Other income	-	17,474
Exploration expenses	(609,815)	(946,892)
Administration and corporate expenses	4 (1,172,145)	(1,344,908)
Marketing expenses	(18,014)	(24,729)
Foreign currency exchange gain/(loss)	45	10,851
Impairment on non-current assets classified as held for sale	6 (194,693)	(526,416)
Loss on disposal of prospect, rights and exploration assets	5 (132,433)	-
Loss on disposal of assets held for trading	7 (182,643)	(601,601)
Impairment of prospects, rights and exploration assets	5 (698,611)	(1,947,829)
<b>Loss from continuing operations before finance costs</b>	<b>(3,006,046)</b>	<b>(5,357,001)</b>
Finance costs	(218)	(123,236)
<b>Loss before income tax</b>	<b>(3,006,264)</b>	<b>(5,480,237)</b>
Income tax benefit / expense	-	-
<b>Loss after income tax</b>	<b>(3,006,264)</b>	<b>(5,480,237)</b>
<b>Net Loss for the period</b>	<b>(3,006,264)</b>	<b>(5,480,237)</b>
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(6,443,241)	(21,338,725)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(6,443,241)</b>	<b>(21,338,725)</b>
<b>Total comprehensive loss for the period</b>	<b>(9,449,505)</b>	<b>(26,818,962)</b>
<b>Net Loss for the period is attributable to:</b>		
Non-controlling interest	(437,771)	(134,884)
Owners of the parent	(2,568,493)	(5,345,353)
	<b>(3,006,264)</b>	<b>(5,480,237)</b>
<b>Total comprehensive Loss is attributable to:</b>		
Non-controlling interest	(2,370,743)	(6,536,502)
Owners of the parent	(7,078,762)	(20,282,460)
	<b>(9,449,505)</b>	<b>(26,818,962)</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent:</b>		
Basic loss (cents per share)	(0.38)	(0.88)
Diluted loss (cents per share)	(0.38)	(0.88)

# Nkwe Platinum Limited

## Consolidated Statement of Financial Position as at 31 December 2012

		31 Dec 2012 A\$	30 Jun 2012 A\$
<b>Assets</b>			
<b>Non-current assets</b>			
Prospects, rights and exploration assets	5	149,998,843	157,916,103
Property, plant and equipment		139,337	161,910
Other assets		569,545	595,603
		150,707,725	158,673,616
<b>Current assets</b>			
Cash and cash equivalents		13,727	505,417
Receivables		2,102,017	2,024,811
Prepayments		101,630	43,218
Assets held for trading	7	-	456,611
		2,217,374	3,030,057
Non-current assets classified as held for sale	6	778,773	-
		153,703,872	161,703,673
<b>Total assets</b>			
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	8	274,619,247	274,619,247
Equity reserve		35,577,011	35,577,011
Foreign currency translation reserve		(45,361,991)	(40,851,722)
Accumulated losses		(91,272,933)	(88,704,440)
<b>Parent interests</b>		173,561,334	180,640,096
<b>Non-controlling interests</b>		(25,598,798)	(23,228,055)
		147,962,536	157,412,041
<b>Total equity</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for rehabilitation		566,693	592,676
		566,693	592,676
<b>Current liabilities</b>			
Trade and other payables		4,911,155	3,505,726
Provisions		263,488	193,230
		5,174,643	3,698,956
		5,741,336	4,291,632
<b>Total liabilities</b>			
		153,703,872	161,703,673
<b>Total equity and liabilities</b>			

Signed on behalf of the Directors:



\_\_\_\_\_  
M.W. Mphahlele



\_\_\_\_\_  
P.N. Landau

# Nkwe Platinum Limited

## Consolidated Statement of Changes in Equity for the half-year ended on 31 December 2012

	Share Capital	Other Reserves	Translation Reserve	Accumulated Losses	Attributable to Equity Holders of the Parent	Non Controlling Interest	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$
<b>Balance at 1 July 11</b>	266,835,199	35,577,011	(24,801,526)	(80,755,852)	196,854,832	(14,856,417)	181,998,415
Loss for the period	-	-	-	(5,345,353)	(5,345,353)	(134,884)	(5,480,237)
Other comprehensive loss	-	-	(14,937,107)	-	(14,937,107)	(6,401,618)	(21,338,725)
<b>Total comprehensive income/(loss) for the period</b>	-	-	(14,937,107)	(5,345,353)	(20,282,460)	(6,536,502)	(26,818,962)
<b>Equity transactions</b>							
Shares issued during the period	-	25,000	-	-	25,000	-	25,000
Issue expenses for the period	-	-	-	-	-	-	-
<b>Balance at 31 December 11</b>	266,835,199	35,602,011	(39,738,633)	(86,101,205)	176,597,372	(21,392,919)	155,204,453
<b>Balance at 1 July 12</b>	274,619,247	35,577,011	(40,851,722)	(88,704,440)	180,640,096	(23,228,055)	157,412,041
Loss for the period	-	-	-	(2,568,493)	(2,568,493)	(437,771)	(3,006,264)
Other comprehensive loss	-	-	(4,510,269)	-	(4,510,269)	(1,932,972)	(6,443,241)
<b>Total comprehensive income/(loss) for the period</b>	-	-	(4,510,269)	(2,568,493)	(7,078,762)	(2,370,743)	(9,449,505)
<b>Equity transactions</b>							
Shares issued during the period	-	-	-	-	-	-	-
Issue expenses for the period	-	-	-	-	-	-	-
<b>Balance at 31 December 12</b>	274,619,247	35,577,011	(45,361,991)	(91,272,933)	173,561,334	(25,598,798)	147,962,536

# Nkwe Platinum Limited

## Consolidated Statement of Cash Flows for the half-year ended 31 December 2012

	Half-year ended 31 Dec 2012 A\$ Inflows/(Outflows)	Half-year ended 31 Dec 2011 A\$ Inflows/(Outflows)
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(344,232)	(1,182,564)
Exploration expenditure	(402,941)	(946,892)
Interest received	2,262	7,049
Interest and other costs of finance paid	(218)	(116)
Net cash used in operating activities	(745,129)	(2,122,523)
<b>Cash flows from investing activities</b>		
Payments for prospects, rights and exploration	(38,418)	(429,819)
Payments for property, plant and equipment	-	(213,868)
Proceeds from the sale of investments	273,968	1,510,566
Net cash provided by/(used in) investing activities	235,550	866,879
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	238,000
Net cash provided by financing activities	-	238,000
<b>Net (decrease) / increase in cash and cash equivalents</b>	(509,579)	(1,017,644)
<b>Cash and cash equivalents at the beginning of the half-year</b>	505,417	1,210,798
Effects of exchange rate changes on cash and cash equivalents	17,889	-
<b>Cash and cash equivalents at the end of the half-year</b>	13,727	193,154

# Nkwe Platinum Limited

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## Notes to the Financial Statements

### 1. Accounting Policies

#### Basis of Preparation

This general purpose financial report of the Group, which comprises the Company, Nkwe Platinum Ltd, and the entities it controlled at 31 December 2012 or from time to time during the half-year then ended, has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Nkwe Platinum Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The financial report is presented in Australian Dollars.

#### New and amending Accounting Standards and Interpretations

From 1 July 2012 the Group has adopted all the Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012.

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

### 2. Going Concern

The Group has net current liabilities of \$2,178,496 as at 31 December 2012 (30 June 2012: net current liabilities of \$668,899), incurred a net decrease in cash and cash equivalents for the six month period ended 31 December 2012 of \$509,579 (six months ended 31 December 2011: a net decrease of \$1,017,644) and incurred a net loss after income tax of \$3,006,264 for the six months ended 31 December 2012 (six months ended 31 December 2011, loss of \$5,480,237). Further, the Group will require additional funds to meet its forecast expenditure for a period of not less than twelve months from the date of this report.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is therefore dependent on a number of factors, including obtaining additional funding as and when required.

The financial report has been prepared on a going concern basis. In arriving at this position the directors are satisfied the Group will have access to, sufficient cash as and when required to enable it to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

In forming this view the directors have taken into consideration the following:

- The group continues to work on options with interested parties to negotiate an entry into the Nkwe projects, or to provide additional working capital to the Group.
- Subsequent to period end the group has announced a non-renounceable fully underwritten entitlement issue to raise approximately A\$3 million.
- Approximately \$800,000 in short term debt financing has been received by the Group subsequent to period end. The debt will be converted as rights entitlement or shortfall / placement allocation of new options upon completion of the entitlement issue.
- A number of the Group creditors have undertaken to not seek repayment of their liabilities until the Group has sufficient working capital to do so.

# Nkwe Platinum Limited

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## Notes to the Financial Statements

### 2. Going Concern (continued)

Should the Group not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

### 3. Segment Information

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

### 4. Administration and Corporate Expenses

	31 December 2012 A\$	31 December 2011 A\$
Directors' fees	(292,494)	(250,413)
Corporate management	(255,339)	(420,000)
Other	(624,312)	(674,495)
	(1,172,145)	(1,344,908)

### 5. Prospects, Rights and Exploration Assets

	31 December 2012 A\$	30 June 2012 A\$
Opening balance	157,916,103	178,638,168
Prospects and rights impaired	(698,611)	(1,768,498)
Exploration costs capitalised	527,508	4,444,450
Transfer to assets held for sale	(973,466)	-
Disposal of prospects, rights and exploration assets	(360,049)	(207,576)
Effect of exchange variance	(6,412,642)	(23,190,441)
	149,998,843	157,916,103

Prospects, Rights and Exploration Assets have been capitalised at cost.

An impairment loss was recognised during the year ended 30 June 2012 of \$1,768,498 on two of the Group's farms in the Tubatse Project, Eerste Geluk 327KT and Nooitverwacht 324KT, because of the uncertainties related to the ownership of the rights following the decision by the Constitutional Court of South Africa to set aside the current prospecting rights for these 2 farms.

The Group is confident they will be returned the rights on these farms following agreements with Genorah and will then consider the potential reversal of the impairment expense as at that date.

During the current period, the Company reached agreement with Realm and JSE Listed Chrometco Ltd (JSE: CMO) to alter the agreement that Nkwe had with Realm with respect to the Company's Rooderand prospect.

# Nkwe Platinum Limited

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## Notes to the Financial Statements

### 5. Prospects, Rights and Exploration Assets (continued)

Under the agreement, Nkwe would receive a total of 45 million shares in Chrometco in two tranches – effectively holding a 16% stake in Chrometco. The first tranche was satisfied following the approval at the Chrometco shareholders meeting resulting in the first tranche of 10 million shares in Chrometco being satisfied and Nkwe transferring its geological data to Chrometco.

The final 35 million shares is due upon the satisfaction of a number of conditions precedent which includes the renewal of the prospecting right and a Section 102 Consent of the Mineral and Petroleum Resources Development Act application being granted to Chrometco.

As such, the Company transferred the costs associated with the Rooderand asset from Prospects, Rights and Exploration Assets to Non-current Assets Classified as Held for Sale after impairing the Rooderand asset by \$698,611 to reflect the value of the 35m shares as at the date of Chrometco shareholder approval was obtained – refer note 6.

The ultimate recoupment of costs carried forward for prospects, rights and exploration is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

### 6. Non-current assets classified as held for sale

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>A\$</b>	<b>A\$</b>
Mineral project area held for sale	778,773	-

During the period, the Company reached agreement with Realm and JSE Listed Chrometco Ltd (JSE: CMO) to alter the agreement that Nkwe had with Realm with respect to the Company's Rooderand prospect – refer note 5.

At period end, the first tranche of 10 million shares had not yet been received, hence the fair value of these shares of \$227,617 has been recorded within receivables. The fair value of the remaining 35 million shares is reflected above. The value of the 45 million shares reflected in receivables and above, represents the value of the shares in Chrometco at their share price as at 31 December 2012.

### 7. Assets held for trading

	<b>31 December 2012</b>	<b>30 June 2012</b>
	<b>A\$</b>	<b>A\$</b>
Listed assets held for trading	-	456,611

During the prior period, the Company received 5 million Realm shares following the execution of the farm-in agreement with Realm in respect to the Rooderand prospect. These 5 million shares were sold during the period realising net proceeds of \$273,968, with a loss on disposal of \$182,643 when compared to the value of the shares recorded at 30 June 2012.

# Nkwe Platinum Limited

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## Notes to the Financial Statements

### 8. Issuance of Equity Securities

#### Ordinary Fully Paid Shares

The Company has on issue 671,427,773 (30 June 2012: 671,427,773) ordinary fully paid shares.

Movements in ordinary fully paid shares	31 December 2012 A\$	30 June 2012 A\$	31 December 2012 No.	30 June 2012 No.
Balance at the beginning of the period	274,619,247	266,835,199	671,427,773	623,056,453
Placement to consultants (i)	-	3,238,659	-	32,917,446
Cash proceeds from placement (ii)	-	3,000,000	-	-
Settlement of interest bearing liabilities(iii)	-	1,545,389	-	15,543,874
Less cost of share issues	-	-	-	-
Balance at the end of the period	<u>274,619,247</u>	<u>274,619,247</u>	<u>671,427,773</u>	<u>671,427,773</u>

(i) The Company remunerated consultants for the provision of corporate advisory services in fully paid ordinary shares in lieu of cash settlement. These share based payment transactions have been valued based on the share price at the date the services were rendered. The value of these transactions has been recorded in the Share based payment reserve.

(ii) The Company received cash proceeds of \$3,000,000 relating to a placement to the Company's technical advisors DRA Consulting as noted in (i) above.

(iii) During the prior period the Company settled its interest bearing liability along with accrued interest in fully paid ordinary shares in lieu of cash settlement.

#### Options

The Company has on issue nil (30 June 2012: nil) options over un-issued shares.

	31 December 2012 No.	30 June 2012 No.
<b>Movements in options</b>		
Balance at the beginning of the period	-	68,836,009
Options expired during the period – (\$0.35)	-	(59,489,509)
Options expired during the period – (\$0.50)	-	(9,346,500)
Balance at the end of the period	<u>-</u>	<u>-</u>

### 9. Commitments and Contingencies

During the period ended 31 December 2009, the Company finalised the agreement to purchase International Petroleum Limited's (formerly International Goldfields Limited) ("IGC") 15% interest in the Tubatse Project which saw Nkwe pay an initial amount of \$10m during the period, moving the Company's interest in the Tubatse Project from 59% to 64%.

This agreement was extended until 31 December 2012, and whilst it has expired, negotiations are continuing between IGC and Nkwe with respect to IGC's remaining interest in the Tubatse Project.

### 10. Related Parties

Related party information is of a similar nature as disclosed at 30 June 2012.

# Nkwe Platinum Limited

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## Notes to the Financial Statements

### 11. Subsequent Events

Subsequent to period end the Company announced that, AMED, Genorah and Nkwe are finalizing a transaction whereby Nkwe will be recapitalised. Although final details are still being concluded, the end goal of the transaction will see AMED become a significant shareholder in Genorah and, through that position, enable Genorah to recapitalise Nkwe. If for whatever reason the drawdown is not concluded alternative financing arrangements are being negotiated.

On 11 February, the Company announced that it would undertake a non-renounceable entitlement issue to raise approximately A\$3m by way of the issue of 149,206,172 options (A\$0.10, 31 March 2016). Shareholders will be entitled to acquire 2 new listed options for every 9 existing Nkwe shares held at the record date (being six business days after the relevant prospectus document is lodged), at an issue price of A\$0.02 per option. Former option holders (\$0.35, 31 August 2011), will be entitled to participate in a priority shortfall allocation to acquire 1 new option for every 2 expired options held as at 31 August 2011. The Company will ensure that former option holders have the ability to receive new options on the 1 for 2 basis set out above.

The entitlement issue will be fully underwritten by Komodo Capital Pty Ltd (AFSL: 344234) (a Company associated with director Peter Landau). Approximately A\$800,000 in short term debt financing was secured into Nkwe which will be converted as rights entitlement or shortfall / placement allocation of new options upon completion of the entitlement issue.

Since the end of the half-year, directors are not aware of any matters of circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly; affect the operations of the Group, the results of the operations of the Group, or the state of affairs of the Group in subsequent financial years.

## **Independent review report to the members of NKWE Platinum Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which is a special purpose financial report, of Nkwe Platinum Limited, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the accounting policies used and described in the Notes to the financial statements are consistent with the financial reporting requirements of the International Financial Reporting Standards and are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not presented fairly, in all material respects, in accordance with the accounting policies described in the Notes to the financial statements. As the auditor of Nkwe Platinum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### **Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nkwe Platinum Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 31 December 2012 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies described in the Notes to the financial report.

## Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion above, attention is drawn to the following matter. As a result of the matters described in Note 2 to the financial report, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'G Buckingham'.

G Buckingham  
Partner  
Perth  
15 March 2013