



NKWE PLATINUM LIMITED

**HALF YEARLY REPORT FOR THE PERIOD ENDED
31 DECEMBER 2013**

Nkwe Platinum Limited

Financial Report

for the Half-Year Ended 31 December 2013

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CORPORATE DIRECTORY

Directors

Maredi Mphahlele - Managing Director
Peter Landau - Executive Director
Sharif Pandor - Non-Executive Director
Mokganyetsi Sithole - Non-Executive Director
Zhilin (Abraham) Li - Non-Executive Director
(appointed 17 December 2013)
Mxoleli Nkuhlu - Non-Executive Director
(resigned 18 December 2013)

Company Secretary

Peter Landau
Mokganyetsi Sithole

Australian Office

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1 Havelock Street
West Perth, WA 6005

South African Office

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Harrowdene Office Park
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Republic of South Africa

Registered Office

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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

Home Stock Exchange

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

ASX Code: NKP
US OTC: NKWEY

Website

www.nkweplatinum.com

Nkwe Platinum Limited

Director's Report

Review of Operations

Corporate

In April 2013, the Company formed a strategic partnership with Zijin Mining Group, ("Zijin"), in respect of the development of the Company's South African PGM assets and in particular the flagship Garatau Mining Project.

Key terms of the Strategic Partnership include:

- Zijin, through its wholly-owned subsidiary Jin Jiang Mining Limited ("Jin Jiang"), to invest AUD\$20 million in Nkwe by a placement of 3 year convertible bonds which, subject to adjustment for certain events, are convertible (after 12 months) into 200 million Nkwe shares at a conversion price of A\$0.10 per share, split across two tranches.
- Zijin will be granted exclusive rights to participate in mining projects in respect of Nkwe's mining tenements, including a right of first refusal to finance project development and receive the offtake supply on the basis of financing the development of Nkwe's projects;
- During the project financing decision period (capped at 18 months) Zijin will, in certain circumstances and subject to South African regulatory approvals, be granted a right of first refusal to acquire Genorah's shares in NKWE and Genorah's interest in the mining tenements forming part of NKWE's portfolio; and
- Zijin to have one nominee appointed to the board of directors of Nkwe as an executive director (with one current Nkwe director to resign).

The Strategic Partnership Agreement will allow Nkwe to fulfill its key goal of developing its world class PGM assets, and in particular the Garatau PGM Project, and becoming a significant producer of platinum group metals.

During the period, the first tranche of \$7m was received with A\$5,489,236 of these funds being used to refinance the current security package relating to the Genorah loan – refer note 6. As part of this refinancing, Zijin will hold security over Genorah's shares in Nkwe until completion of the Final Tranche. The remaining funds is used for the Company's working capital requirements. Genorah and Zijin entered into a sales transaction whereby Zijin will purchase 145,880,907 ordinary shares in Nkwe from Genorah for a total purchase price of A\$18,364,518 and upon completion of the transaction, the outstanding loan of \$5,489,236 will be paid back to Nkwe directly by Zijin. The balance of \$13m is to be received upon the satisfaction of the required conditions precedent, which is expected to be on or before 31 March 2014.

Following the receipt of the Zijin funding, the Company will look to expedite the commencement of development of the Company's Garatau Project in partnership with Zijin in line with the optimised BFS performed by DRA in the prior year as summarised below.

In addition, upon completion of the first tranche, the Company completed a share placement of 19,000,000 fully paid ordinary shares (at an issue price of 10 cents per share) to Jin Jiang.

In keeping with the Company's strategic partnership with Zijin, funds raised through the Share Placement will be used to accelerate the Company's activities towards development of the Company's Garatau Project.

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.

Nkwe Platinum Limited

Director's Report

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) **
MEASURED				
Merensky Reef	42.7	1.20	4.40	5.9
UG2 Reef	48.1	1.20	5.35	8.3
Total Measured	90.7			14.2
INFERRED				
Merensky Reef	27.0	1.20	4.40	3.8
UG2 Reef	30.5	1.20	5.35	5.2
Total Inferred	57.5			9.1
TOTAL				
TOTAL	148.2	1.20	4.90	23.3

* 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.

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.

Nkwe Platinum Limited

Director's Report

Table 2 – Hoepakrantz – Mineral Resource

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

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

Rooderand Project

During the prior 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, Nkwe and Jin Jiang entered into a deed of variation to allow Jin Jiang to immediately convert the total convertible notes (of \$20,000,000) into 200,000,000 ordinary shares in Nkwe subject to regulatory confirmations, which allows Nkwe to expedite the previous debt to equity timelines with Jin Jiang.

Signed in accordance with a resolution of the directors.



M Mphahlele
Managing Director

14 March 2014

Nkwe Platinum Limited

Directors' Declaration

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 2013 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

14 March 2014

Nkwe Platinum Limited

Consolidated Statement of Comprehensive Income as at 31 December 2013

		Half-year ended 31 Dec 2013 A\$	Half-year ended 31 Dec 2012 A\$
Interest revenue		825	2,262
Other income		19,721	-
Exploration expenses		(345,748)	(609,815)
Administration and corporate expenses	4	(1,924,808)	(1,172,145)
Marketing expenses		(18,836)	(18,014)
Foreign currency exchange (loss)/gain		(1,521)	45
Revaluation of listed shares in receivables	5	(70,426)	-
Loss on disposal of prospect, rights and exploration assets	5	-	(132,433)
Impairment of prospects, rights and exploration assets	5	(86,885)	(698,611)
Revaluation of non-current assets classified as held for sale	6	(267,349)	(194,693)
Loss on disposal of assets held for trading	7	-	(182,643)
Loss before finance costs		(2,695,027)	(3,006,046)
Finance costs	9	(26,849)	(218)
Loss before income tax		(2,721,876)	(3,006,264)
Income tax benefit / expense		-	-
Loss after income tax		(2,721,876)	(3,006,264)
Net Loss for the period		(2,721,876)	(3,006,264)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation – Owners of the parent		(2,980,793)	(4,510,269)
<i>Items not reclassified subsequently to profit or loss</i>			
Foreign currency translation – Non-controlling interest		(1,277,483)	(1,932,972)
Other comprehensive loss for the period, net of tax		(4,258,276)	(6,443,241)
Total comprehensive loss for the period		(6,980,152)	(9,449,505)
Net Loss for the period is attributable to:			
Non-controlling interest		(303,343)	(437,771)
Owners of the parent		(2,418,533)	(2,568,493)
		(2,721,876)	(3,006,264)
Total comprehensive Loss is attributable to:			
Non-controlling interest		(1,580,826)	(2,370,743)
Owners of the parent		(5,399,326)	(7,078,762)
		(6,980,152)	(9,449,505)
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic loss (cents per share)		(0.40)	(0.38)
Diluted loss (cents per share)		(0.40)	(0.38)

Nkwe Platinum Limited

Consolidated Statement of Financial Position as at 31 December 2013

		31 Dec 2013 A\$	30 Jun 2013 A\$
Assets			
Non-current assets			
Prospects, rights and exploration assets	5	141,043,101	145,048,670
Property, plant and equipment		118,308	142,743
Other assets		537,790	555,319
		<u>141,699,199</u>	<u>145,746,732</u>
Current assets			
Cash and cash equivalents		1,120,670	78,742
Receivables		493,604	517,660
Loan to related party	6	7,498,871	1,899,384
Prepayments		215,933	54,761
		<u>9,329,078</u>	<u>2,550,547</u>
Non-current assets classified as held for sale	7	392,896	660,245
Total assets		<u>151,421,173</u>	<u>148,957,524</u>
Equity			
Equity attributable to equity holders of the parent			
Share capital	8	276,695,097	274,795,097
Equity reserve		36,018,855	35,577,011
Option reserve		4,814,623	4,814,623
Foreign currency translation reserve		(50,785,663)	(47,804,870)
Accumulated losses		(97,232,793)	(94,814,260)
Parent interests		<u>169,510,119</u>	<u>172,567,601</u>
Non-controlling interests		(28,667,994)	(27,087,168)
Total equity		<u>140,842,125</u>	<u>145,480,433</u>
Liabilities			
Non-current liabilities			
Provision for rehabilitation		535,099	552,538
Convertible loan	9	6,310,959	-
		<u>6,846,058</u>	<u>552,538</u>
Current liabilities			
Trade and other payables		3,313,763	2,597,664
Provisions		419,227	326,889
		<u>3,732,990</u>	<u>2,924,553</u>
Total liabilities		<u>10,579,048</u>	<u>3,477,091</u>
Total equity and liabilities		<u>151,421,173</u>	<u>148,957,524</u>

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 2013

	Share Capital	Other Reserves	Option Reserve	Translation Reserve	Accumulated Losses	Attributable to Equity Holders of the Parent	Non- Controlling Interest	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Balance at 1 July 12	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)
Total comprehensive income/(loss) for the period	-	-	-	(4,510,269)	(2,568,493)	(7,078,762)	(2,370,743)	(9,449,505)
Equity transactions								
Shares issued during the period	-	-	-	-	-	-	-	-
Issue expenses for the period	-	-	-	-	-	-	-	-
Balance at 31 December 12	274,619,247	35,577,011	-	(45,361,991)	(91,272,933)	173,561,334	(25,598,798)	147,962,536
Balance at 1 July 13	274,795,097	35,577,011	4,814,623	(47,804,870)	(94,814,260)	172,567,601	(27,087,168)	145,480,433
Loss for the period	-	-	-	-	(2,418,533)	(2,418,533)	(303,343)	(2,721,876)
Other comprehensive loss	-	-	-	(2,980,793)	-	(2,980,793)	(1,277,483)	(4,258,276)
Total comprehensive income/(loss) for the period	-	-	-	(2,980,793)	(2,418,533)	(5,399,326)	(1,580,826)	(6,980,152)
Equity transactions								
Value of conversion rights on convertible notes	9	458,018	-	-	-	458,018	-	458,018
Shares issued during the period	1,900,000	-	-	-	-	1,900,000	-	1,900,000
Issue expenses for the period	9	(16,174)	-	-	-	(16,174)	-	(16,174)
Balance at 31 December 13	276,695,097	36,018,855	4,814,623	(50,785,663)	(97,232,793)	169,510,119	(28,667,994)	140,842,125

Nkwe Platinum Limited

Consolidated Statement of Cash Flows for the half-year ended 31 December 2013

	Half-year ended 31 Dec 2013 A\$ Inflows/(Outflows)	Half-year ended 31 Dec 2012 A\$ Inflows/(Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(1,273,795)	(344,232)
Exploration expenditure	(345,748)	(402,941)
Interest received	825	2,262
Interest and other costs of finance paid	-	(218)
Net cash used in operating activities	(1,618,718)	(745,129)
Cash flows from investing activities		
Payments for prospects, rights and exploration	(302,748)	(38,418)
Payments for property, plant and equipment	(6,618)	-
Proceeds from the sale of investments	-	273,968
Net cash provided by/(used in) investing activities	(309,366)	235,550
Cash flows from financing activities		
Proceeds from issue of equity securities	1,900,000	-
Proceeds from convertible notes (i)	1,519,567	-
Repayment of borrowings	(185,000)	-
Issue costs associated with the convertible note	(247,197)	-
Net cash provided by financing activities	2,987,370	-
Net (decrease) / increase in cash and cash equivalents	1,059,286	(509,579)
Cash and cash equivalents at the beginning of the half-year	78,742	505,417
Effects of exchange rate changes on cash and cash equivalents	(17,358)	17,889
Cash and cash equivalents at the end of the half-year	1,120,670	13,727

(i) Of the \$7,000,000 proceeds from the first tranche of the convertible note, \$5,489,236 was sent directly to Genorah to refinance the current security package relating to the Genorah loan (refer note 6) with the balance being received by Nkwe.

Nkwe Platinum Limited

Notes to the Financial Statements

1. Accounting Policies

Basis of Preparation

This general purpose condensed financial report of the Group, which comprises the Company, Nkwe Platinum Ltd, and the entities it controlled at 31 December 2013 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 2013 and considered together with any public announcements made by Nkwe Platinum Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report is presented in Australian Dollars.

New and amending Accounting Standards and Interpretations

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2013, other than as detailed below.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective from 1 July 2013.

New and revised standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

- (i) IFRS 10 Consolidated Financial Statements;
- (ii) IFRS 12 Disclosure of Interest in Other Entities;
- (iii) IFRS 13 Fair Value Measurement; and
- (iv) IAS 119 Employee Benefits (2011).

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New accounting policy adopted

The Group adopted the following new accounting policy, in recognition of the convertible notes that were issued during the period.

Interest Bearing Loans and Borrowings

The component of the convertible notes which exhibit characteristics of a borrowing is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note and this amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption.

The increase in the liability due to the passage of time is recognised as a fiancé cost. The remainder of the proceeds of the convertible note is the equity component, which is allocated to share capital that is recognised and included in shareholders equity. The carrying amount of the reserve is not re-measured in subsequent years.

Nkwe Platinum Limited

Notes to the Financial Statements

1. Accounting Policies

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees based on the establishments of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

2. Going Concern

The Group has net current assets of \$5,596,088 as at 31 December 2013 (30 June 2013: net current liabilities of \$374,006), and incurred a net loss after income tax of \$2,721,876 for the six months ended 31 December 2013 (six months ended 31 December 2012, loss of \$3,006,264). The Group's cash position at 10 March 2014 was \$265,000.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is 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 has executed a convertible note agreement with Zijin Mining Group in the amount of \$20m split into two tranches. The first tranche of \$7m was received during the six months with the balance of \$13m to be received upon the satisfaction of the required conditions precedent, which is expected to be on or before 31 March 2014.
- 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.
- One of the Group's creditors has undertaken to provide the Group with financial support to enable it to continue to meet its debts as and when they fall due until the Group has sufficient working capital to do so.

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.

Nkwe Platinum Limited

Notes to the Financial Statements

4. Administration and Corporate Expenses

	31 December 2013 A\$	31 December 2012 A\$
Directors' fees	(352,494)	(292,494)
Corporate management	(420,000)	(255,339)
Other	(1,152,314)	(624,312)
	(1,924,808)	(1,172,145)

5. Prospects, Rights and Exploration Assets

	31 December 2013 A\$	30 June 2013 A\$
Opening balance	145,048,670	157,916,103
Prospects and rights impaired	(86,885)	(1,578,973)
Exploration costs capitalised	286,609	843,245
Transfer to assets held for sale (i)	-	(973,466)
Disposal of prospects, rights and exploration assets	-	(540,881)
Reversal of previously capitalised exploration expenditure	-	(711,129)
Effect of exchange variance	(4,205,293)	(9,906,229)
	141,043,101	145,048,670
Closing balance		

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

(i) In 2012, 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.

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. At 31 December 2013 these shares had not yet been received, hence the fair value of these shares are included in trade and other receivables – See note 10.

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 to reflect the value of the 35m shares as at the date of Chrometco shareholder approval was obtained – refer note 7.

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.

Nkwe Platinum Limited

Notes to the Financial Statements

6. Loan to Related Party

	31 December 2013 A\$	30 June 2013 A\$
Net short term loan receivable from related party (i)	2,009,635	1,899,384
Loan receivable from related party (ii)	5,489,236	-
	7,498,871	1,899,384

(i) Short term loan owing from Genorah that is non-interest bearing with no fixed repayment terms.

(ii) Genorah and Zijin entered into a sales transaction whereby Zijin will purchase 145,880,907 ordinary shares in Nkwe from Genorah for a total purchase price of A\$18,364,518. Proceeds from the First Tranche of the convertible note issue to Zijin during the period of A\$5,489,236 was paid to Genorah, and used to refinance the current security package relating to the Genorah loan. As part of this refinancing, Zijin holds security over Genorah's shares in Nkwe until completion of the Final Tranche of the convertible notes issue. The outstanding loan of \$5,489,236 is repayable to Nkwe directly by Zijin on completion of the share purchase transaction subject to conditions precedent being satisfied, expected to be on or before 30 June 2014.

7. Non-current assets classified as held for sale

	31 December 2013 A\$	30 June 2013 A\$
Mineral project area held for sale	392,896	660,245

During the prior 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.

The value above, represents the fair value of the consideration receivable, being 35m shares in Chrometco at their share price as at 31 December 2013.

8. Issuance of Equity Securities

Ordinary Fully Paid Shares

The Company has on issue 693,757,973 (30 June 2013: 674,757,973) ordinary fully paid shares.

	31 December 2013 A\$	30 June 2013 A\$	31 December 2013 No.	30 June 2013 No.
Balance at the beginning of the period	274,795,097	274,619,247	674,757,973	671,427,773
Placement to consultants (i)	-	175,850	-	3,330,200
Placement to strategic partner (ii)	1,900,000	-	19,000,000	-
	276,695,097	274,795,097	693,757,973	674,757,973

(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 \$1,900,000 relating to a placement to the Company's strategic partner Zijin Mining Group, through Zijin's wholly owned subsidiary, Jin Jiang Mining Limited.

Nkwe Platinum Limited

Notes to the Financial Statements

8. Issuance of Equity Securities (continued)

Options

The Company has on issue nil (30 June 2013: nil) options over un-issued shares.

	31 December 2013	30 June 2013
	No.	No.
Movements in options		
Balance at the beginning of the period	249,709,615	-
Options issued during the period – (\$0.10) (i)	-	249,709,615
	249,709,615	249,709,615
Balance at the end of the period	249,709,615	249,709,615

(i) Expiry 31 March 2016

9. Convertible Note

	31 December 2013	30 June 2013
	A\$	A\$
Balance at the beginning of the period	-	-
Proceeds from the issue of convertible notes	7,000,000	-
Less: costs of convertible note	(247,197)	-
Amount classified as equity (net of issue costs)	(441,844)	-
	6,310,959	-
Balance at the end of the period	6,310,959	-

In December 2013, the Company issued 7,000 convertible notes at a face value of \$1,000 each, realising proceeds of \$7,000,000 as the first tranche of a \$20,000,000 convertible note financing arrangement with Zijin Mining Group, through their wholly owned subsidiary Jin Jiang Mining Limited. The convertible notes are convertible at \$0.10 at the election of the holder after the first anniversary from the date of issue, have a term of three years from the date of issue and attract an interest rate of 10% per annum payable annually with interest to be capitalised, with interest incurred during the period of \$26,849 which is included in trade and other payables.

At the date of recognition, the debt and equity components of the new convertible note were separated according to their fair values. Total proceeds of the issue were allocated to the respective fair values of the equity and debt components with the effect that the discount on the debt component will be amortised into earnings as an interest expense.

The interest and expense recorded on the convertible note reflects an effective interest rate of approximately 15% over the life of the note.

Nkwe Platinum Limited

Notes to the Financial Statements

10. Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities at 31 December 2013 and 31 December 2012 are reasonable approximations of their fair values.

Management assessed that cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following table provides the fair value measurement hierarchy of the Groups assets measured at fair value:

	Quoted prices in active markets (Level 1) \$	Significant observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
31 December 2013				
Assets				
Equity securities receivable (Refer Note 5)	118,216	-	-	118,216
Total assets	118,216	-	-	118,216

	Quoted prices in active markets (Level 1) \$	Significant observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
31 December 2012				
Assets				
Equity securities receivable (Refer Note 5)	227,617	-	-	227,617
Total assets	227,617	-	-	227,617

There have been no transfers between Level 1 and Level 2 during the year.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidations sale.

Fair value of the quoted equity instruments is based on the price quotation at the reporting date.

11. Commitments and Contingencies

Commitments and contingencies are of a similar nature as disclosed as at 30 June 2013.

12. Related Parties

Other than the loan to Genorah (see note 6), related party information is of a similar nature as disclosed at 30 June 2013.

Nkwe Platinum Limited

Notes to the Financial Statements

13. Subsequent Events

Subsequent to period end, Nkwe and Jin Jiang entered into a deed of variation to allow Jin Jiang to immediately convert the total convertible notes (of \$20,000,000) into 200,000,000 ordinary shares in Nkwe subject to regulatory confirmations, which allows Nkwe to expedite the previous debt to equity timelines with Jin Jiang.

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 general purpose financial report, of Nkwe Platinum Limited, which comprises the consolidated statement of financial position as at 31 December 2013, 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 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 2013 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.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



Gavin Buckingham
Partner
Perth
14 March 2014