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**NKWE PLATINUM LIMITED
ANNUAL REPORT 2014**

Nkwe Platinum Limited

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Consolidated Financial Statements For the Financial Year ended 30 June 2014

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Nkwe Platinum Limited

Company Particulars

| | | |
|------------------------------------|---|---|
| Directors | Sharif Pandor Zhilin (Abraham) Li – appointed 17 December 2013 Maredi Mphahlele Peter Landau Mokganyetsi Sithole Robin Wang (Wang Chao) – appointed 5 May 2014 Mxoleli Nkuhlu – resigned 18 December 2013 | (Non-Executive Chairman) (Managing Director) (Executive Director) (Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) |
| Company Secretary | Peter Landau Mokganyetsi Sithole | |
| Registered Office (Bermuda) | Clarendon House 2 Church Street Hamilton HM 11, Bermuda | |
| Australian Office | Ground Floor 1 Havelock Street West Perth WA 6005, Australia | |
| South African Office | 1 st Floor, Building 3 Harrowdene Office Park 128 Western Services Road Woodmead, Johannesburg 2191 Republic of South Africa | |
| Share Registry (Bermuda) | Codan Services Ltd Clarendon House, 2 Church Street Hamilton HM 11, Bermuda | |
| Share Registry (Australia) | Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth WA 6000, Australia | |
| Auditors | Ernst & Young Ernst & Young Building 11 Mounts Bay Road Perth WA 6000 Australia | |
| Lawyers (Bermuda) | Conyers Dill & Pearman Clarendon House, 2 Church Street Hamilton HM 11, Bermuda | |
| Lawyers (Australia) | Steinepreis & Paganin Level 4, Next Building 16 Milligan Street Perth WA 6000, Australia | |
| Lawyers (South Africa) | Werksmans Attorneys 155 – 5 th Street Sandton, Johannesburg, 2196 Republic of South Africa | |
| Stock Exchange Listings | Australian Stock Exchange (NKP) | |

Nkwe Platinum Limited

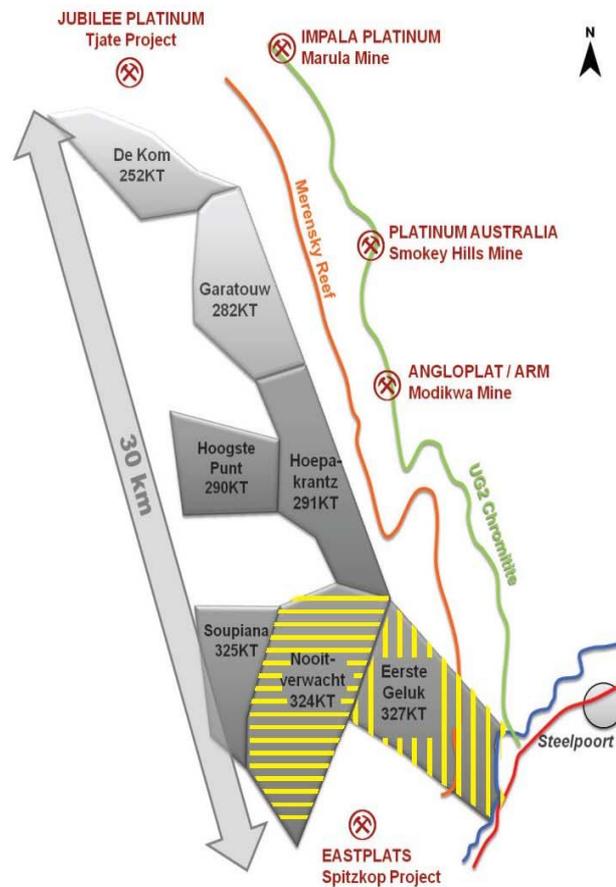
Managing Director's Report

Set out below is a report on the operations and activities of the Consolidated Entity ("Nkwe" or "the Group") during the last financial year and recent developments up to the date of this report.

STRATEGY

Nkwe's strategy is to create a fully integrated platinum mining company on the Bushveld Complex in South Africa, and become among the top four vertically integrated platinum producing companies in the world. Nkwe intends to achieve this through the development of its flagship Garatau Project which has a current resource base of 60.5Moz 3PGM+Au (of which 10.14 Moz is in the Measured category), and a targeted resource base well in excess of 100Moz 3PGM+Au.

Currently the Group is fully compliant with the equity and ownership components of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry.



Nkwe Platinum Limited

Managing Director's Report

STRATEGIC PARTNERSHIP WITH ZIJIN MINING GROUP

The Company has 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"), invested AUD\$20 million in Nkwe by a placement of 3 year convertible bonds convertible into 200 million Nkwe shares at a conversion price of A\$0.10 per share;
- Zijin 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; and
- 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.

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 year, Jin Jiang converted the convertible notes into Nkwe shares which expedited the previous debt to equity timelines with Jin Jiang and provides Nkwe with a strong balance sheet as it moves into the key project development phase.

MINING RIGHT GRANTED

During the 2010/11 year the Department of Mineral Resources South Africa ("DMR") granted the Mining Right in respect of three farms controlled by Nkwe on the eastern limb of the Bushveld Complex, being Garatau, De Kom and Hoepakranz. The granting of the Mining Right is of great significance as:

- It is a major milestone in the Company's development and transformation from an explorer, with current Mineral Resource of **60.4 Moz 3PGE+Au (JORC compliant)** – **10.14 Moz Measured**, to becoming one of the world's largest platinum group metal producers; and
- Confirms the Company's title it has over the three farms.

The further significance of the granting of the Mining Right is that, based on legal advice received, it confirms the legal tenure of the Company over the three farms.

The Mining Right application was submitted in 2010. The award of the Mining Right required the DMR to undertake an extensive examination of the process, commencing with historic tenure achieved by the initial issue of the Prospecting Right, exhaustive consultation with communities, detailed examination of the mining plan, review of the environmental plan and significantly the Social and Labour Plan for the future advancement of the local communities. All hurdles were comprehensively met by Nkwe and Genorah in its application.

DISPUTE SETTLEMENT

Nkwe has previously reported DMR sponsored negotiations with Anglo Platinum Ltd ("APL") and African Rainbow Minerals ("ARM") to resolve a long standing dispute as to tenure across 9 farms including the 3 farms subject to the Mining Right. The Company has maintained that the dispute was resolved by agreement between the parties in 2008 (as publically announced by all parties) but has pursued negotiations in good faith and in deference to efforts by the DMR to negotiate a quick and 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. The PAJA (Administrative Justice Act) review proceedings instigated by Anglo Platinum Limited and the Modikwa Joint Venture are ongoing and will be defended in the event that a settlement cannot be reached.

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

Nkwe Platinum Limited

Managing Director's Report

OPERATIONS

The Group has a diversified Platinum Group Metals ("PGM") portfolio located in the Eastern and Western Bushveld of South Africa as summarised below. Most of the work completed and funds expended during the past year focused on the Group's flagship projects: Garatau and Tubatse.

Garatau Project

The Garatau Project consists of three contiguous properties Garatouw 282KT, Hoepakrantz 291KT and De Kom 252KT, which is the focus of the Group's current mine construction project. These farms are bounded to the north by the Marula Mine of Impala Platinum and to the south by Anglo Platinum's Modikwa Mine. The Department of Mineral Resources of South Africa has issued a Mining Right for the Garatau Project.

The total Mineral Resource estimated to date for the Garatau Project amounts to 40 Moz 3PGE+Au. The De Kom property has an undrilled potential to contribute an additional 14 million ounces to extend the life of mine at Garatau considerably.

Garatau Project – Mineral Resource Statement

| GARATOUW 282KT | | | | |
|--------------------------|--|-------------------------|--------------------------------------|----------------------------------|
| | Tonnage (Mt) | Mining cut (m) * | Estimated 4E Bulk Grade (g/t) | 4E Metal Content (Moz) ** |
| MEASURED | | | | |
| Merensky Reef | 26.419 | 2.20 | 3.41 | 2.90 |
| UG2 Reef | 19.139 | 1.10 | 5.42 | 3.33 |
| TOTAL MEASURED | 45.558 | | 4.25 | 6.23 |
| INDICATED | | | | |
| Merensky Reef | 46.440 | 2.20 | 3.20 | 4.78 |
| UG2 Reef | 18.758 | 1.10 | 5.13 | 3.09 |
| TOTAL INDICATED | 65.198 | | 3.76 | 7.87 |
| INFERRED | | | | |
| Merensky Reef | 31.874 | 2.20 | 3.10 | 3.18 |
| UG2 Reef | 26.210 | 1.10 | 5.36 | 4.51 |
| TOTAL INFERRED | 58.084 | | 4.12 | 7.69 |
| GARATOUW TOTAL | | | | |
| All Categories | 168.84 | | 4.02 | 21.8 |
| HOEPAKRANTZ 291KT | | | | |
| | Tonnage after Geological Loss (M) | Mining cut (m) * | Estimated 4E Bulk Grade (g/t) | 4E Metal Content (Moz) ** |
| MEASURED | | | | |
| UG2 Reef | 21.666 | 1.10 | 5.62 | 3.91 |
| INDICATED | | | | |
| Merensky Reef | 19.219 | 1.10 | 3.33 | 2.05 |
| INFERRED | | | | |
| Merensky Reef | 34.819 | 1.10 | 3.33 | 3.73 |
| UG2 Reef | 39.258 | 1.10 | 5.63 | 7.08 |
| TOTAL INFERRED | 74.077 | | 4.55 | 10.81 |
| HOEPAKRANTZ TOTAL | | | | |
| All Categories | 114.96 | | 4.55 | 16.8 |
| DE KOM 252KT | | | | |
| | Tonnage after Geological Loss (M) | Mining cut (m) * | Estimated 4E Bulk Grade (g/t) | 4E Metal Content (Moz) ** |
| INFERRED | | | | |
| Merensky Reef | 4.834 | 1.20 | 3.33 | 0.52 |
| UG2 Reef | 5.449 | 1.20 | 5.01 | 0.88 |
| DE KOM TOTAL | | | | |
| INFERRED | 10.28 | | 4.22 | 1.4 |

Nkwe Platinum Limited

Managing Director's Report

* 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 UG2 and Merensky Reefs dip consistently at shallow angles of between 8 and 10 degrees, which is amenable to mechanised mining methods. The Merensky Reef mineral resource commences from a depth of 350m below surface, with the UG2 horizon located an additional 330m below the Merensky Reef.

With the strategic relationship built with Zijin, an Engineering Technical team from Zijin visited the Garatau project and discussed with DRA Projects (the Project Engineers on Garatau) additional value engineering on the project, with a specific focus on improving construction timelines and efficiencies.

Nkwe believes that the strategy to design a mechanised mine is proving to be prescient since recently there has been general acknowledgement in the industry that large-scale mechanisation is not an option but rather a necessity due to its robust economics and operating efficiencies.

An Early Works Program (“EWP”) to prepare the project for full scale mine construction to start has been designed in conjunction with DRA Projects. In preparation for the commencement of the EWP, the following activities are being finalised:

- Water use license
- Environmental authorisations
- Main EPCM contract
- Block plan (surface layout)

It is envisaged that the EWP will commence in the first quarter of 2015. During the EWP the following activities will be undertaken:

- Finalise water supply for construction
- Finalise power supply for construction
- Bulk earthworks (access road, terraces & box-cut)
- Trackless workshop on surface

Tubatse Project

The Tubatse project consists of two contiguous properties Nooitverwacht 324KT and Eerste Geluk 327KT. These farms are an extension south of the Garatau Project, and are located down-dip to the adjacent Modikwa platinum mine of Anglo Platinum.

Nkwe has completed a total of 54 boreholes totaling in excess of 44,300m of core on the Tubatse Project, resulting in a substantial Mineral Resource being delineated, which was upgraded subsequent to year end, as detailed below.

The Mineral Resource comprises some 20.4 million ounces of 3PGM+Au at an average grade of 6.5g/t, from 103 million tonnes of mineralised material, as detailed below.

Tubatse Project – Eerste Geluk and Nooitverwacht – Inferred Mineral Resource Statement (August 2009)

| | Tonnage after Geological Loss (M) | Width (m) * | Estimated 4E Bulked Grade (g/t) | 4E Metal Content (Moz) |
|-----------------|---|----------------|------------------------------------|---------------------------|
| INFERRED | | | | |
| UG2 Reef | 48.09 | 0.68 | 8.17 | 12.62 |
| Merensky Reef | 54.49 | 1.22 | 5.03 | 7.75 |
| TOTAL | | | | |
| TOTAL | 102.58 | | 6.50 | 20.37 |

* The widths on Eerste Geluk and Nooitverwacht are based on geological considerations.

The Measured and Inferred Resource includes both the Merensky and UG2 horizons across the three farms Eerste Geluk, Nooitverwacht and Hoepakrantz comprising the shallower part of the Tubatse Project. No resource has yet been estimated over Soupiana and Hoogstepunt farms, although they are expected to host the same mineralisation, albeit at increased depth.

Nkwe Platinum Limited

Managing Director's Report

The Tubatse resource commences from near surface to a depth of no more than 1,100m for the UG2, with the Merensky commencing from surface to a depth of no more than 700m below surface.

** During the 2010/2011 year the Company's two farms in its Tubatse Project, Eerste Geluk 327KT and Nootverwacht 324KT, (in which Nkwe has a 64% interest), were subject to a Constitutional Court decision whereby the Court set aside the current prospecting right for the 2 farms back to the Department of Mineral Resources ("DMR").

Pilanesberg Project

The project consists of two properties, Ruighoek and Rooderand which are advanced stage exploration projects.

Nkwe has an undivided 54% share on various portions of Ruighoek (under the old Mining Act) which lies directly to the west of the Pilanesberg National Park, covering an area of over 2,500 hectares. Nkwe has previously secured the consent to prospect on Ruighoek from the private holders of undivided shares of the mineral rights. An application for a Prospecting Right is currently being processed by the Department of Minerals and Energy ("DME").

Rooderand is located on the north-western rim of the Pilanesberg National Park and exploration success during 2006 increased the JORC compliant Mineral Resource to 36.7m Mt @ 3.8 g/t for 4.5Moz (3PGE+Au), geologically discounted. A new order prospecting right has been issued on this project.

In early 2011, the Company entered into a farm-in agreement with ASX Listed Realm Resources Limited (ASX: RRL) ("Realm") whereby Realm will earn a 51% interest in the prospecting rights for platinum group metals ("PGM's"), gold, silver, nickel, copper and cobalt in respect to the Rooderand prospect by spending \$2 million in expenditure over a two year period, in conjunction with the issue of 5m ordinary fully paid shares in Realm.

Subsequently 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 which would see, Realm, Nkwe and Chrometco establish a stand-alone Company focused on advancing PGM and Chrome assets in South Africa.

Under the agreement, Nkwe would receive a total of 45 million shares in Chrometco in two tranches – effectively holding a 16% stake in Chrometco. During the year, 10 million shares were due to be issued to the Company following approval of the transaction by the Chrometco shareholders which occurred in November 2012. The Company is still to receive these 10 million shares however the value of these shares are recorded within receivables. The remaining 35 million shares are due to be received following the satisfaction of a number of condition 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, which has not yet been achieved to the date of this report.

Corporate

During the 2010/11 year the prospecting rights on the Company's two farms in its Tubatse Project, Eerste Geluk 327KT and Nootverwacht 324KT, were set aside to the DMR, and an impairment loss of \$25,536,774 was recognized during this year on these two farms, however the Group will look at the potential reversal of the impairment expense as at the date any legal proceedings have been exhausted to the benefit of Nkwe and its interests in the farms. Legal proceedings are ongoing, however key parties involved in the proceedings have commenced negotiations with a view of finding a commercial settlement to benefit all stakeholders.

MINERAL & PETROLEUM RESOURCES DEVELOPMENT ACT ("MPRDA")

The prevailing legislation that applies to Nkwe's prospecting rights is the MPRDA, which came into effect on 1 May 2004. In repealing the previous minerals law legislation (the Minerals Act of 1991), the MPRDA substantially altered the manner in which mineral rights are owned, held, prospected for and exploited in South Africa. Under the previous legislation, mineral rights were capable of private ownership. The MPRDA provides that all mineral rights vest in the custodianship of the State. The State is consequently empowered to issue the right to prospect or exploit mineral rights, subject to the relevant applicant for those rights meeting certain requirements.

To implement this fundamental alteration of the mineral rights regime, the MPRDA provides for a transitional period during which mineral rights or certain interests in mineral rights held under the previous legislation ("Old Order Rights") may be preserved by converting those Old Order Rights to the new form of rights contemplated under the MPRDA ("New Order Rights"). The status of Nkwe's rights is set out on page 62.

Nkwe Platinum Limited

Managing Director's Report

CONCLUSION

Nkwe has a world class PGM Project in the Bushveld Complex of South Africa and is poised to become a PGM developer (cum producer). In what has once again been a trying year for the Company, I believe that following the formation of the strategic relationship with the Zijin Mining Group Nkwe is well placed to partner with this recognized leader in the global mining sphere and become a unique mine to market PGM producer in the coming years. I would like to thank shareholders for their patience during the past year in trying times but am extremely confident that the value creation path is now secure with Zijin as Nkwe realizes its key objective of becoming a leading PGM producer.



Abraham Li
Managing Director

Nkwe Platinum Limited

Mineral Resources and Reserves

The Group's mineral resources are quoted in compliance with the Australasian Code for the Reporting of Mineral Resources and Reserves (Joint Ore Reserves Committee Code). By definition, a mineral resource is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

The Company's PGM resources are quoted with grade values based on either 3PGE + Au (Pt, Pd, Rh and Au), with all resources quoted adjusted for geological losses.

Garatau Project – Mineral Resource Statement

| GARATOUW 282KT | | | | |
|--------------------------|--|-----------------------------|--|--------------------------------------|
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| MEASURED | | | | |
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| TOTAL INDICATED | 65.198 | | 3.76 | 7.87 |
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| Merensky Reef | 19.219 | 1.10 | 3.33 | 2.05 |
| INFERRED | | | | |
| Merensky Reef | 34.819 | 1.10 | 3.33 | 3.73 |
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| TOTAL INFERRED | 74.077 | | 4.55 | 10.81 |
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| All Categories | 114.96 | | 4.55 | 16.8 |
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| Merensky Reef | 4.834 | 1.20 | 3.33 | 0.52 |
| UG2 Reef | 5.449 | 1.20 | 5.01 | 0.88 |
| DE KOM TOTAL | | | | |
| INFERRED | 10.28 | | 4.22 | 1.4 |

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Nkwe Platinum Limited

Mineral Resources and Reserves

Tubatse Project – Eerste Geluk and Nooitverwacht – Inferred Mineral Resource Statement (August 2009)

| | Tonnage after Geological Loss (M) | Width (m) * | Estimated 4E Bulked Grade (g/t) | 4E Metal Content (Moz) |
|-----------------|-----------------------------------|-------------|---------------------------------|------------------------|
| INFERRED | | | | |
| UG2 Reef | 48.09 | 0.68 | 8.17 | 12.62 |
| Merensky Reef | 54.49 | 1.22 | 5.03 | 7.75 |
| TOTAL | | | | |
| TOTAL | 102.58 | | 6.50 | 20.37 |

* The widths on Eerste Geluk and Nooitverwacht are based on geological considerations.

** Interests in farms subject to third party appeal lodged as referred to above in the Directors Report.

Rooderand Mineral Project

| Mineralisation | Inclined Area (sq. m) | True Width (m) | Bulked Width (m) | Bulked SG | Tonnage before Geological Loss (M) | Geological Loss | Tonnage after Geological Loss (M) | Estimated 3PGE+Au Bulked Grade (g/t) | 3PGE+Au Metal Content (Moz) |
|------------------------------|-----------------------|----------------|------------------|-----------|------------------------------------|-----------------|-----------------------------------|--------------------------------------|-----------------------------|
| INDICATED | | | | | | | | | |
| UG2 / Pseudo / Merensky Reef | Included below | N/A | N/A | N/A | 17.0 | 30% | 11.9 | 3.8 | 1.5 |
| INFERRED | | | | | | | | | |
| UG2 / Pseudo / Merensky Reef | 3,530,000 | N/A | N/A | N/A | 35.4 | 30% | 24.8 | 3.8 | 3.0 |

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). The SAMREC Code and the SACNASP are officially recognised on a reciprocal basis by the Australasian Institute of Mining and Metallurgy (AusIMM).

The disclosed Target mineralisation of +100Moz 3PGM + Au referred to in the Managing Director's Report (page 4) is conceptual in nature and is not a mineral resource or ore reserve. It is based on a projection beyond current knowledge based on the surface outcrop and the high level of continuity of these types of resources in the Bushveld Complex of South Africa. At this stage however, it is not certain whether further exploration will in fact result in the discovery of additional mineral resources.

The following Competent Persons with the appropriate qualifications and experience have been involved in the reporting of the 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:

| | |
|------------------|--|
| Rooderand: | N Bleeker |
| Tubatse Project: | N Denner |
| Garatau Project: | C Lemmer (Hoepakrantz property) |
| | K Lomberg (Garatouw property UG2, De Kom property) |
| | D Subramani (Garatouw property Merensky Reef) |

Nkwe Platinum Limited

Mineral Resources and Reserves

Nico Bleeker was previously employed by the Company and is a member of the South African Council for Natural Scientific Professions at the time of estimating these resources.

Nico Denner is employed by Gemecs, 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.

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.

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.

All of the above have sufficient experience with the style of mineralisation and type of deposit under consideration and to the activity which is undertaking to be qualified as a Competent Person as defined in the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Nkwe Platinum Limited

Director's Report

The Directors of Nkwe Platinum Ltd submit herewith the financial report of the Company for the financial period 1 July 2013 to 30 June 2014. The financial report is prepared in accordance with the Bermudian Companies Act 1981.

The names and particulars of the Directors and Officers of the Company during or since the end of the financial period are:

| <i>Name</i> | <i>Position</i> | <i>Date of appointment</i> | <i>Date of resignation</i> |
|-------------|------------------------|----------------------------|----------------------------|
| Z Li | Managing Director * | 17 December 2013 | |
| M Mphahlele | Executive Director | 1 June 2006 | |
| P Landau | Executive Director | 14 September 2006 | |
| S Pandor | Non-Executive Chairman | 14 September 2006 | |
| S Sithole | Non-Executive Director | 19 November 2009 | |
| R Wang | Non-Executive Director | 5 May 2014 | |
| M Nkuhlu | Non-Executive Director | 1 June 2006 | 18 December 2013 |

* Mr Li was appointed as a nominee director for Ziin Mining Group following the completion of Tranche 1 of the convertible bond financing with Zijin on 17 December 2013, and on 5 May 2014 following the completion of Tranche 2 of the convertible bond financing with Zijin, replaced Mr Mphahlele as Managing Director.

Zhilin (Abraham) Li

Managing Director

Mr Li has over 25 years' experience in mining and investment activities, and joined Zijin in 2007. As General Manager of the International Department of the Group, Mr Li takes charge of the identification and evaluation of merger and acquisition opportunities relating to overseas mineral investments, as well as co-ordinating and managing Zijin's overseas operational projects.

Maredi Mphahlele

Executive Director

Maredi holds a BSc (Engineering) in Mineral Resource Management and a Diploma in Mine Surveying from the University of the Witwatersrand. He has considerable experience in the fields of mining, project finance, manufacturing / engineering and Community development. He has worked for large Corporates such as De Beers and Industrial Development Corporation of South Africa. Maredi sits on Boards of various engineering and trading companies. Maredi is also a director of Genorah Resources (Pty) Ltd and Blue Nightingale Trading 709 (Pty) Ltd.

Peter Landau

Executive Director

Mr Landau is the founding director of Okap Ventures Pty Ltd and Komodo Capital Pty Ltd, internationally focussed project management, corporate advisory and venture capital firms based in Western Australia and London. Mr Landau is a former corporate lawyer and corporate advisor and has over 17 years' experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX and AIM listed and unlisted companies. Mr Landau has project managed a significant number of oil and gas and mining exploration and development transactions around the world including capital raisings, M & A, joint ventures and finance structures. Mr Landau is a Director of a number of ASX listed companies with particular focus on mining, oil and gas exploration and development in Australia and Africa, including:

| | |
|----------------------------------|--|
| Range Resources Limited | from 8 November 2005 to 13 June 2014 |
| Continental Coal Limited | from 10 December 2002 to 14 May 2013, reappointed 13 February 2014 |
| Black Mountain Resources Limited | from 23 August 2011 |
| Paynes Find Gold Limited | from 11 January 2012 to 4 October 2013 |
| Eclipse Uranium Limited | from 19 March 2013 to 7 October 2013 |
| AusAmerican Mining Limited | from 1 August 2013 |
| Citation Resources Limited | from 7 February 2014 |

Nkwe Platinum Limited

Director's Report

Sharif Pandor

Non-Executive Chairman

Mr Pandor (DSE in secondary Education, University of Botswana) has community development experience spanning more than 20 years and serves on the boards of several mining and industrial companies. He is a CEO of Ikamva Investments Holdings, a company with interests in mining, property development and manufacturing. Sharif is also chairman of Genorah Resources and a director of Blue Nightingale Trading 709 (Pty) Ltd. Genorah has substantial PGM and chrome interests and Blue Nightingale has significant interests in PGM's and uranium.

Mokganyetsi "Staff" Sithole

Non-Executive Director

Ms Sithole is an experienced executive with senior level experience across private and public organisations spanning 15 years. Her education qualifications include a Masters in Education. Staff is a founding and current shareholder of South African Women in Mining ("SAWIMI") and extensively involved in women's affairs throughout South Africa. Ms Sithole's work experience covers a broad spectrum of industry including Information Technology, Human Resources, Television Broadcasting and Education. Ms Sithole is also a director of Genorah Resources. Genorah has substantial PGM and chrome interests.

Robin Wang

Non-Executive Director

Mr Robin Wang has worked at Zijin Mining Group Co., Ltd in various roles since 2006, and is currently Legal Counsel, Deputy General Manager of Zijin's Overseas Development Division. Mr Wang graduated from Anhui University (China) in 2003 with a Bachelor of Arts degree, and Xiamen University (China) in 2006 with a Master of Law degree.

Principal Activities

The consolidated entity's principal activities in the course of the financial period 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 year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Future Developments

The consolidated entity's strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of platinum group and associated base metal projects. Nkwe is focused on its significant PGM projects on the eastern limb (Tubatse and Garatau Projects) of the Bushveld Complex. The Board is currently assessing various options to unlock value on its remaining PGM assets.

Dividends

The consolidated entity anticipates that for the foreseeable future earnings generated by Nkwe Platinum Ltd and its controlled entities, if any, will not be distributed to shareholders as dividends but will be retained for the development of the Company. The Directors will consider an appropriate dividend policy once the consolidated entity is generating an operating profit. No dividends were declared or paid during the current financial year (2013: Nil)

Nkwe Platinum Limited

Director's Report

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director).

| Directors | Board of Directors | |
|-------------|--------------------|----------|
| | Held | Attended |
| Z Li | 1 | 1 |
| M Mphahlele | 2 | 2 |
| P Landau | 2 | 2 |
| S Pandor | 2 | 1 |
| M Sithole | 2 | 2 |
| R Wang | - | - |
| M Nkuhlu | 1 | 1 |

Directors' and Officers' Share and Option Holdings

The following table sets out each present Director's and Officer's relevant interest in shares and options of the Company as at the date of this report.

| Directors and Executives | Number of Shares Held | Number of Options Held |
|--------------------------|-----------------------|------------------------|
| Z Li | - | - |
| M Mphahlele * | - | - |
| P Landau | 665,000 | - |
| S Pandor * | - | - |
| M Sithole * | - | - |
| R Wang | - | - |
| | | |
| Total | 665,000 | - |

* Genorah Resources (Pty) Limited hold 347m shares in trust. M Mphahlele, S Pandor and M Sithole are directors and have beneficial interest in Genorah.

Directors' and Officers' Insurance

The parent entity has entered into a contract insuring against liability of current Directors of the Company and Officers, being the Company Secretary. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Nkwe Platinum Limited

Director's Report

Directors' and Executives' Remuneration⁺

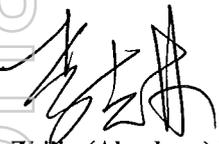
The following table discloses the total remuneration of the Directors and Officers of the Company for the financial period:

| Director | Short-term Benefits | | | Post Employment Benefits | Share-based Payments | Total A\$ |
|--------------------------------------|---------------------|-----------------------------------|------------------|--------------------------|----------------------|-----------|
| | Salary and Fees A\$ | Eligible Termination Payments A\$ | Non-monetary A\$ | Superannuation A\$ | Options Expense A\$ | |
| Z Li (appointed 17 December 2013) | 132,124 | - | - | - | - | 132,124 |
| M Mphahlele | 300,000 | - | - | - | - | 300,000 |
| P Landau | 360,000 * | - | - | - | - | 360,000 * |
| S Pandor | 55,000 | - | - | - | - | 55,000 |
| M Sithole | 55,000 | - | - | - | - | 55,000 |
| R Wang (appointed 5 May 2014) | 6,000 | - | - | - | - | 6,000 |
| M Nkuhlu (resigned 18 December 2013) | 27,498 | - | - | - | - | 27,498 |
| | 935,622 | - | - | - | - | 935,622 |

+ Refer to Note 14 for payments to related parties.

* Noting that in the prior year, only \$120,000 had been accrued for Mr Landau of the total fees owing of \$240,000. Therefore, within the amount above, \$120,000 relates to the prior period

Signed in accordance with a resolution of the Directors, on behalf of the Directors



Zhilin (Abraham) Li
Managing Director

Date
30 September 2014

Nkwe Platinum Limited

Corporate Governance

The Board of Directors is responsible for the overall strategy, governance and performance of the Group. The Company is an exploration company whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialisation of platinum group and associated base metal projects in the Republic of South Africa. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, Nkwe is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where Nkwe has not followed a recommendation, this has been identified and an explanation for the departure has been given. Further details can be found on the Company's website.

| | BEST PRACTICE RECOMMENDATION | COMMENT |
|-----|---|---|
| 1. | Lay solid foundations for management and oversight | |
| 1.1 | Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. | Satisfied. Refer the Corporate Governance section on the Company website. |
| 1.2 | Companies should disclose the process for evaluation the performance of senior executives. | Not satisfied. The Company has not yet established formal performance review measures for key executives given the size and stage of the Company's operations. |
| 1.3 | Provide the information indicated in <i>Guide to Reporting on Principle 1</i> . | Satisfied. Refer to Director's report and the Corporate Governance section on the Company website. |
| 2. | Structure the board to add value | |
| 2.1 | A majority of the board should be independent directors. | Satisfied. Non-executive Chairman, S Pandor is not considered independent non-executive directors as he is a director of Blue Nightingale Trading 709 (Pty) Ltd. which has a 30% interest in Nkwe SA, a subsidiary of the Company. However, the Board believes that it is able to exercise independence and judgement and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by effectively exercising independence and discharging their duties, rather than on meeting the independence test in the guidelines. |
| 2.2 | The chairperson should be an independent director. | Not satisfied. Refer 2.1 |
| 2.3 | The roles of chairperson and chief executive officer should not be exercised by the same individual. | Satisfied |
| 2.4 | The board should establish a nomination committee. | Not satisfied. The Board considers that given the current size of the board, this function is efficiently achieved with full Board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage. |
| 2.5 | Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives. | Not satisfied. The Company has not yet established formal performance review measures for key executives nor has it established a nomination committee given the size and stage of the Company's operations. The full Board will review the performance of key executives. |
| 2.6 | Provide the information indicated in <i>Guide to Reporting on Principle 2</i> . | Satisfied. Refer to Director's report and the Corporate Governance section on the Company website. In addition, The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board. |

Nkwe Platinum Limited

Corporate Governance

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| | | |
|-----------|--|--|
| 3. | Promote ethical and responsible decision-making | |
| 3.1 | Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) the practices necessary to maintain confidence in the company's integrity; and (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | Satisfied. Refer the Corporate Governance section on the Company website. |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them. . | Satisfied. The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The Company has established a Diversity Policy. Refer to the Corporate Governance section on the Company website. |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them | Not satisfied. Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis. |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. | Satisfied. There are currently two women in senior positions including Staff Sithole on the board, plus the chief geologist in South Africa. |
| 3.5 | Provide the information indicated in <i>Guide to Reporting on Principle 3</i> . | Satisfied. Refer the Corporate Governance section on the Company website. |
| 4. | Safeguard integrity in financial reporting | |
| 4.1 | The board should establish an audit committee. | Not Satisfied. The Directors believe that it would not increase efficiency or effectiveness to have a separate audit committee, and that audit matters are of such significance that they should be considered by the full Board. The Board may call on outside consultants if it requires assistance in this area. |
| 4.2 | Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members. | Not satisfied. Refer 4.1. |
| 4.3 | The audit committee should have a formal charter. | Not satisfied. Refer 4.1 |
| 4.4 | Provide the information indicated in <i>Guide to Reporting on Principle 4</i> . | Satisfied. Refer to Director's report. |
| 5. | Make timely and balanced disclosure | |
| 5.1 | Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | Satisfied. Continuous disclosure policy is available on the Company website. |
| 5.2 | Provide the information indicated in <i>Guide to Reporting on Principle 5</i> . | Satisfied. Refer 5.1 |

Nkwe Platinum Limited

Corporate Governance

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| | | |
|-----------|--|---|
| 6. | <i>Respect the rights of shareholders</i> | |
| 6.1 | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy. | Satisfied. Communications with Shareholders policy is available on the Company website |
| 6.2 | Provide the information indicated in <i>Guide to Reporting on Principle 6</i> . | Satisfied. Refer to the Company website. |
| 7. | <i>Recognise and manage risk</i> | |
| 7.1 | The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | Satisfied. Risk management program is available on the Company website. |
| 7.2 | Design and implement the risk management and internal control system to manage the company's material business risks and report on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. | Satisfied. Refer 7.1 & 7.3 |
| 7.3 | The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | Due to the size and scale of its operations, the Company does not have a designated CEO or CFO. The roles are performed by the Board as a whole. |
| 7.4 | Provide the information indicated in <i>Guide to Reporting on Principle 7</i> . | 7.1 Satisfied 7.3 Not currently applicable. |
| 8. | <i>Remunerate fairly and responsibly</i> | |
| 8.1 | The board should establish a remuneration committee. | Not satisfied. The Board considered this recommendation and formed the view that it would not increase efficiency or effectiveness to have a separate committee, and that remuneration matters are of such significance that they should be considered by the full Board. The Board may call on outside consultants if it requires assistance in this area. |
| 8.2 | Clearly distinguish the structure of non-executive directors' remuneration from that of executives. | Details of executive and non-executive remuneration are outlined in the Directors' report. |
| 8.3 | Provide the information indicated in <i>Guide to Reporting on Principle 8</i> . | Satisfied. The Company has incorporated all information as required. |

Nkwe Platinum Limited

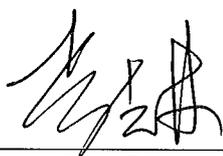
Directors' Declaration

The Directors declare that:

- (a) the attached consolidated financial statements and notes thereto comply with International Financial Reporting Standards;
- (b) the attached consolidated financial statements and notes thereto give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the year ended on that date; and
- (c) subject to the matters discussed in Note 1, 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



Z (Abraham) Li
Managing Director



M Mphahlele
Executive Director

30 September 2014
Date

30 September 2014
Date

Nkwe Platinum Limited

Consolidated Statement of Comprehensive Income for the year ended 30 June 2014

| | Note | 2014 A\$ 12 months | 2013 A\$ 12 months |
|--|------|--------------------------|--------------------------|
| Interest Revenue | 2 | 10,364 | 5,008 |
| Other income | 2 | 155,733 | 7,174 |
| Exploration expenses | 6 | (842,408) | (1,770,654) |
| Administration and corporate expenses | | (6,172,132) | (2,631,277) |
| Impairment of exploration expense | 6 | (86,885) | (1,578,973) |
| Impairment of non-current assets held for sale | 10 | (35,126) | (313,221) |
| Marketing expenses | | - | (40,505) |
| Loss on disposal of listed investments | | - | (182,643) |
| Loss on disposal of prospects, rights and exploration assets | | - | (313,265) |
| Revaluation of financial instrument | | (10,036) | (30,772) |
| Foreign exchange gain | | 1,831 | 113 |
| Reversal of rehabilitation provision | | 552,538 | - |
| Loss from continuing operations before finance costs | | (6,426,121) | (6,849,015) |
| Finance and borrowing costs | | (588,494) | (139,997) |
| Loss before income tax | | (7,014,615) | (6,989,012) |
| Income tax (expense) / credit | 22 | - | - |
| Loss after income tax | | (7,014,615) | (6,989,012) |
| Net Loss for the year | | (7,014,615) | (6,989,012) |
| Other Comprehensive income / (loss) | | | |
| <i>Amounts that may subsequently be reclassified to profit or loss</i> | | | |
| Foreign Currency translation | | (13,095,266) | (9,933,069) |
| Other comprehensive income / (loss) for the year, net of tax | | (13,095,266) | (9,933,069) |
| Total comprehensive income / (loss) for the year | | (20,109,881) | (16,922,081) |
| Net Loss for the year is attributable to: | | | |
| Non-controlling interest | | (244,845) | (879,192) |
| Owners of the parent | | (6,769,770) | (6,109,820) |
| | | (7,014,615) | (6,989,012) |
| Total Comprehensive Loss is attributable to: | | | |
| Non-controlling interest | | (4,173,425) | (3,859,113) |
| Owners of the parent | | (15,936,456) | (13,062,968) |
| | | (20,109,881) | (16,922,081) |
| Earnings per share attributable to the ordinary equity holders of the parent: | | | |
| Basic loss (cents per share) | 12 | (0.94) | (0.91) |
| Diluted loss (cents per share) | 12 | (0.94) | (0.91) |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Nkwe Platinum Limited

Consolidated Statement of Financial Position as at 30 June 2014

| | Note | 30 June 2014 A\$ | 30 June 2013 A\$ |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Prospects, rights and exploration assets | 6 | 133,186,235 | 145,048,670 |
| Property, plant and equipment | 7 | 78,476 | 142,743 |
| Other non-current assets | | 502,325 | 555,319 |
| | | <u>133,767,036</u> | <u>145,746,732</u> |
| Current assets | | | |
| Cash and cash equivalents | 17(a) | 5,140,702 | 78,742 |
| Receivables | 8 | 9,152,760 | 2,417,044 |
| Prepayments | | 46,174 | 54,761 |
| Listed investments | 9 | - | - |
| | | <u>14,339,636</u> | <u>2,550,547</u> |
| Non-current assets classified as held for sale | 10 | 562,018 | 660,245 |
| | | <u>14,901,654</u> | <u>3,210,792</u> |
| Total assets | | <u>148,668,690</u> | <u>148,957,524</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 11(a) | 77,488,679 | 75,091,662 |
| Share Premium | 11(d) | 218,371,245 | 199,859,940 |
| Equity reserve | 11(b) | 35,577,011 | 35,577,011 |
| Option reserve | 11(c) | 5,493,529 | 4,814,623 |
| Foreign currency translation reserve | | (56,971,556) | (47,804,870) |
| Accumulated losses | 13 | (101,740,535) | (94,970,765) |
| Parent interests | | <u>178,218,373</u> | <u>172,567,601</u> |
| Non-controlling interests | | (31,260,593) | (27,087,168) |
| Total equity | | <u>146,957,780</u> | <u>145,480,433</u> |
| Non-current liabilities | | | |
| Provision for rehabilitation | 24 | - | 552,538 |
| | | <u>-</u> | <u>552,538</u> |
| Current liabilities | | | |
| Provisions | 24 | 195,380 | 188,268 |
| Provision for income tax | 22 | - | 138,621 |
| Trade and other payables | 25 | 1,515,530 | 2,597,664 |
| | | <u>1,710,910</u> | <u>2,924,553</u> |
| Total liabilities | | <u>1,710,910</u> | <u>3,477,091</u> |
| Total equity and liabilities | | <u>148,668,690</u> | <u>148,957,524</u> |

Signed on behalf of the Directors:



Z (Abraham) Li



M Mphahlele

The above Consolidated Statement of financial position should be read in conjunction with the accompanying notes.

Nkwe Platinum Limited

Consolidated Statement of Changes in Equity For the Financial Year Ended 30 June 2014

| | Note | Share Capital A\$ | Share Premium A\$ | Equity Reserves A\$ | Option Reserves A\$ | Translation Reserve A\$ | Accumulated Loss A\$ | Attributable to Equity Holders of Parent A\$ | Non- controlling interest A\$ | Total A\$ |
|---|------|-------------------------|-------------------------|---------------------------|---------------------------|-------------------------------|----------------------------|---|--|--------------|
| Balance at 1 July 2012 | | 74,759,307 | 199,859,940 | 35,577,011 | - | (40,851,722) | (88,704,440) | 180,640,096 | (23,228,055) | 157,412,041 |
| Net loss for the period | | - | - | - | - | - | (6,109,820) | (6,109,820) | (879,192) | (6,989,012) |
| Other Comprehensive Loss | | - | - | - | - | (6,953,148) | - | (6,953,148) | (2,979,921) | (9,933,069) |
| Total Comprehensive Loss for the period | | - | - | - | - | (6,953,148) | (6,109,820) | (13,062,968) | (3,859,113) | (16,922,081) |
| Equity transactions | | | | | | | | | | |
| Shares issued during the period | | 332,355 | - | - | - | - | (156,505) | 175,850 | - | 175,850 |
| Placement with institutions and sophisticated investors | | - | - | - | 4,994,192 | - | - | 4,994,192 | - | 4,994,192 |
| Issue expenses for the period | | - | - | - | (179,569) | - | - | (179,569) | - | (179,569) |
| Balance at 30 June 2013 | | 75,091,662 | 199,859,940 | 35,577,011 | 4,814,623 | (47,804,870) | (94,970,765) | 172,567,601 | (27,087,168) | 145,480,433 |
| Net loss for the period | | - | - | - | - | - | (6,769,770) | (6,769,770) | (244,845) | (7,014,615) |
| Other Comprehensive Loss | | - | - | - | - | (9,166,686) | - | (9,166,686) | (3,928,580) | (13,095,266) |
| Total Comprehensive Loss for the period | | - | - | - | - | (9,166,686) | (6,769,770) | (15,936,456) | (4,173,425) | (20,109,881) |
| Equity transactions | | | | | | | | | | |
| Value of conversion rights on convertible notes | | - | - | 458,018 | - | - | - | 458,018 | - | 458,018 |
| Conversion of convertible note | 11 | 2,184,108 | 16,824,214 | (458,018) | - | - | - | 18,550,304 | - | 18,550,304 |
| Placement with institutions and sophisticated investors | 11 | 212,909 | 1,687,091 | - | - | - | - | 1,900,000 | - | 1,900,000 |
| Issue of options | | - | - | 678,906 | - | - | - | 678,906 | - | 678,906 |
| Balance at 30 June 2014 | | 77,488,679 | 218,371,245 | 36,225,917 | 4,814,623 | (56,971,556) | (101,740,535) | 178,218,373 | (31,260,593) | 146,957,780 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Nkwe Platinum Limited

Consolidated Statement of Cash Flows for the Financial Year Ended 30 June 2014

| | 30 June 2014 | 30 June 2013 |
|---|-------------------|--------------|
| Note | A\$ | A\$ |
| Cash flows from operating activities | | |
| Cash paid to suppliers and employees | (7,157,378) | (2,083,095) |
| Exploration expenditure | (842,408) | (1,770,654) |
| Interest received | 10,364 | 5,008 |
| Interest and other costs of finance paid | (330,894) | (139,996) |
| | <hr/> | <hr/> |
| Net cash used in operating activities | 17(b) (8,320,316) | (3,988,737) |
| Cash flows from investing activities | | |
| Payments for prospects, rights and exploration | (1,069,050) | (1,052,562) |
| Payments for property, plant and equipment | (49,603) | (25,902) |
| Proceeds from sale of investments | - | 273,968 |
| Loan to related party | (5,489,235) | - |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (6,607,888) | (804,496) |
| Cash flow from financing activities | | |
| Proceeds from issues of equity securities | 1,900,000 | 4,994,192 |
| Payment for equity issue costs | - | (179,569) |
| Proceeds from borrowings | 21,598,313 | 288,626 |
| Repayment of borrowings | (1,904,000) | (754,582) |
| Payment of costs relating to the convertible note | (1,249,275) | - |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | 20,345,038 | 4,348,667 |
| | <hr/> | <hr/> |
| Net increase/(decrease) in cash and cash equivalents | 5,416,834 | (444,566) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the beginning of the financial year | 78,742 | 505,417 |
| | <hr/> | <hr/> |
| Effects of exchange rate fluctuations on cash and cash equivalents | (354,872) | 17,891 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 17(a) 5,140,704 | 78,742 |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies

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 4.

The financial statements are presented in Australian dollars (A\$). 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 domiciled in Bermuda.

As at the date of reporting, Nkwe Platinum Ltd is a listed public company on the ASX (NKP).

The financial report has been prepared on the basis of historical cost, except for certain financial assets and assets held for sale which are measured at fair value.

The financial statements were authorised for issue by the directors on 30 September 2014.

Comparatives

Comparative information has been restated to reflect the share premium account separately from share capital in accordance with the requirements of the Bermudian Companies Act 1981.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after income tax of \$7,014,615 for the year ended 30 June 2014 (2013: net loss after income tax of \$6,989,012) and had a net cash outflow from operating and investing activities of \$14,928,204 (2013: \$4,793,233). As at 30 June 2014 the Group had cash and cash equivalents of \$5,140,702 (2013: \$78,742) and a working capital surplus of \$13,190,745 (2013: deficit \$286,239). As detailed in Note 11, the consolidated entity raised capital of \$20.1 million during the financial year. The group cashflow forecast through to September 2015 reflects that the Group will have sufficient working capital to meet its current committed and planned expenditure over this period on the basis a portion of the moneys loaned to Genorah Resources (Pty) Ltd ("Genorah") are received, which is in turn is dependent upon the satisfaction of certain conditions set out in the sale transaction between Jin Jiang Mining Limited and Genorah.

Should the above conditions not be achieved and the monies are not received from Genorah Resources (Pty) Ltd the Group will need to either reduce its current planned expenditure or seek alternative forms of funding.

Should the Group be unable to materially achieve the matters set out above or complete any other alternative forms of fund raisings there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and 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.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) *Financial Instruments*

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

Loans and receivables including loan notes are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

Trade payables

Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Direct issue costs are the costs that are incurred in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Convertible note

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.

Loans and borrowings

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.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(c) 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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income as profit and loss.

(d) Foreign Currency

Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise, except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in the statement of comprehensive income on disposal of the net investment.

Foreign Currency Translations

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. 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

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(e) 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:

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

The net amount of GST and VAT 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 and VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Taxation

The tax currently payable is based on taxable profit (loss) for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets are only recognised when it is considered probable that there will be sufficient future taxable profits against which they 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(g) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group 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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(h) *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 greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately

(i) *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.
- (iii) 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.
- (iv) When these mining assets enter the production stage, these assets will be amortised on a life of mine basis.

(j) *Non-current Assets Held for Sale*

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(k) *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.

(l) *Revenue recognition*

Interest revenue is recognised on an accrual basis using the effective interest method.

(m) *Share-based payments*

The Group issues equity-settled payments to certain directors, executives, employees and consultants. 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.

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 the 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.

(n) *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

(o) *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 consolidated entity in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(p) Provisions

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related assets are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of operation.

(q) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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 formula, taking into account the terms and conditions upon which the instruments were granted.

Value of investments

The Group has decided to classify investments in listed and unlisted securities as “held-for-trading” investments and movements in fair value are recognised directly in statement of comprehensive income. The fair value of listed shares has been determined by reference to published price quotations in an active market.

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 1(i) 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.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

(r) Adoption of new and revised standards

All new and amended Accounting Standards relevant to the operations of the Group have been adopted from 1 July 2013, including:

- IAS 19 Employee Benefits (Revised 2011)
- IFRS 10 Consolidated Financial Statements, IFRS 127 Separate Financial Statements
- IFRS 11 Joint Arrangements, IFRS 128 Investments in Associates and joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The nature and the impact of each new standard/amendment is described below

IAS 19 (Revised 2011) Employee Benefits

The revised standard changes the definition of short term employee benefit. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The change in distinction between short-term and other long-term employee benefits did not have a significant impact on the Group.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IFRS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements

IFRS 11 replaces IFRS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 11 had no impact on the Group as the Group has no joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities

IAS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

Additional disclosures required by IFRS 12 have been included in Note 5.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

1. Summary of Accounting Policies (continued)

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures.

Additional disclosure requirements are detailed in Note 1 to the financial statements.

(s) *Accounting Standards and Interpretations issued but not yet effected*

| Reference | Title | Summary | Application date of standard | Application date for Group |
|---------------------------------|--|---|------------------------------|----------------------------|
| IAS 132 | Financial Instruments: Presentation | Address inconsistencies identified in applying some of the offsetting criteria of IFRS 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. | 1 January 2014 | 1 July 2014 |
| IAS 136 | Recoverable Amount Disclosures for Non-Financial Assets | Amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. | 1 January 2014 | 1 July 2014 |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) | IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | 1 January 2016 | 1 July 2016 |
| IFRS 9 | Financial Instruments | On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IFRS 39 and includes a logical model for classification and measurement, a | 1 January 2018 | 1 July 2018 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| Reference | Title | Summary | Application date of standard | Application date for Group |
|-----------|-------|--|------------------------------|----------------------------|
| | | <p>single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.</p> <p>IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>The IFRS is yet to issue the final version of IFRS 9. A revised version of IFRS 9 (IFRS 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>IFRS 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of IFRS 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on | | |

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Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| Reference | Title | Summary | Application date of standard | Application date for Group |
|-----------|-------|---|------------------------------|----------------------------|
| | | <p>different bases.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of IFRS 9, introduced by IFRS 2009-11 and superseded by IFRS 2010-7, IFRS 2010-10 and IFRS 2014-1 – Part E.</p> | | |

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Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| Reference | Title | Summary | Application date of standard | Application date for Group |
|-----------|---------------------------------------|--|------------------------------|----------------------------|
| IFRS 15 | Revenue from Contracts with Customers | <p>IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.</p> <p>IFRS 15 supersedes:</p> <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p> | 1 January 2017 | 1 July 2017 |

The impact of the above new and revised standards has not yet been determined.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|---------------------|---------------------|
| 2. Revenue and other income | | |
| An analysis of the group's revenue and income for the year is as follows: | | |
| Revenue | | |
| Interest income | 10,364 | 5,008 |
| | 10,364 | 5,008 |

| | | |
|---------------------|---------|-------|
| Other Income | | |
| Other income | 155,733 | 7,174 |
| | 155,733 | 7,174 |

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|---------------------|---------------------|
| 3. Expenses | | |
| Loss from operations before income tax includes the following items of expense: | | |
| Operating lease rental expenses: | | |
| Lease payments | 98,636 | 78,969 |
| Depreciation of non-current assets: | | |
| Property, plant and equipment | 126,646 | 43,839 |
| Foreign exchange (gain) / loss | 1,831 | (113) |
| Staff costs (includes non-executive directors): | | |
| Salaries, wages and director fees | 1,576,847 | 1,023,577 |

4. Controlled Entities

| Name of subsidiary | Place of incorporation and operation | Proportion of ownership interest | Proportion of voting power | Proportion of ownership interest | Proportion of voting power |
|--|--------------------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | | 2014 | 2014 | 2013 | 2013 |
| | | % | % | % | % |
| Parent Entity | | | | | |
| Nkwe Platinum Ltd | Bermuda | | | | |
| Controlled Entities | | | | | |
| Nkwe Platinum (South Africa) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (De Wildt) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (De Wildt - 2) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Bokfontein) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| 8 Mile Investments 226 (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Rooderand) (Pty) Ltd * | South Africa | 70% | 70% | 70% | 70% |
| 8 Mile Investments 213 (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Management) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Ruighoek) (Pty) Ltd | South Africa | 67% | 67% | 67% | 67% |
| Ruighoek Platinum (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Tinderbox) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (East) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Platinum (Northam) (Pty) Ltd | South Africa | 70% | 70% | 70% | 70% |
| Nkwe Eastern Limb (Pty) Ltd | South Africa | 100% | 100% | 100% | 100% |
| Nkwe Platinum (Australia) Pty Ltd | Australia | 100% | 100% | 100% | 100% |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

4. Controlled Entities (continued)

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

* Subject to sale and purchase agreements with Realm Resources Limited and Chrometco Limited as disclosed in Note 8

5. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

| Name | Country of incorporation and operation/Place of business | 30 June 2014 % | 30 June 2013 % |
|--|--|-------------------|-------------------|
| Nkwe Platinum (South Africa) (Pty) Ltd | South Africa | 30% | 30% |

| Accumulated balances of material non-controlling interest | 30 June 2014 A\$ | 30 June 2013 A\$ |
|--|---------------------|---------------------|
| Nkwe Platinum (South Africa) (Pty) Ltd | 39,606,036 | 41,503,619 |
| Profit/(Loss) allocated to material non-controlling interest: | | |
| Nkwe Platinum (South Africa) (Pty) Ltd | (229,002) | (785,226) |

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations

| Summarised statement of profit or loss for 2014 | Nkwe Platinum (South Africa) (Pty) Ltd A\$ |
|---|---|
| Revenue | 156,650 |
| Reversal of rehabilitation provision | 522,538 |
| Administrative expenses | (675,741) |
| Exploration expenses | (752,408) |
| Impairment | (35,126) |
| Finance costs | (9,254) |
| Loss before tax | (763,341) |
| Income tax | - |
| Loss for the year from continuing operations | (763,341) |
| Total comprehensive income | (763,341) |
| Attributable to non-controlling interests | (229,002) |

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Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

5. Material party-owned subsidiaries (continued)

Summarised statement of profit or loss for 2013

| | Nkwe Platinum (South Africa) (Pty) Ltd A\$ |
|--|---|
| Revenue | 10,229 |
| Loss on sale | (495,908) |
| Administrative expenses | (307,463) |
| Exploration expenses | (908,996) |
| Impairment | (911,134) |
| Finance costs | (4,146) |
| Profit before tax | (2,617,419) |
| Income tax | - |
| Profit for the year from continuing operations | (2,617,419) |
| Total comprehensive income | (2,617,419) |
| Attributable to non-controlling interests | (785,226) |

Summarised statement of financial position as at 30 June 2014

| | Nkwe Platinum (South Africa) (Pty) Ltd A\$ |
|---|---|
| Cash and cash equivalents (current) | 5,135,085 |
| Trade and other receivables (current) | 3,520,094 |
| Prospects, rights and exploration assets and other non-current financial assets (non-current) | 123,947,389 |
| Trade and other payables (current) | (582,448) |
| Interest-bearing loans and borrowings (non-current) | - |
| Total equity | 123,020,120 |
| Attributable to: | |
| Equity holders of parent | 92,414,085 |
| Non-controlling interest | 39,606,036 |
| | 123,020,120 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

5. Material party-owned subsidiaries (continued)

| Summarised statement of financial position as at 30 June 2013 | <u>Nkwe Platinum (South Africa) (Pty) Ltd A\$</u> |
|---|---|
| Cash and cash equivalents (current) | 8,642 |
| Trade and other receivables (current) | 3,977,541 |
| Prospects, rights and exploration assets and other non-current financial assets (non-current) | 135,684,686 |
| Trade and other payables (current) | (1,325,472) |
| Interest-bearing loans and borrowings (non-current) | - |
| Total equity | <u>138,345,397</u> |
| Attributable to: | |
| Equity holders of parent | 96,841,778 |
| Non-controlling interest | 41,503,619 |
| | <u>138,345,397</u> |

6. Prospects, Rights and Exploration Assets

| | <u>30 June 2014 A\$</u> | <u>30 June 2013 A\$</u> |
|--|-----------------------------|-----------------------------|
| Cost | | |
| Opening balance | 145,048,670 | 157,916,103 |
| Exploration costs capitalised | 966,845 | 843,245 |
| Prospects and rights impaired (i) | (86,885) | (1,578,973) |
| Transfer to assets classified as held for sale (ii) | - | (973,466) |
| Disposal of prospects, rights and exploration assets | - | (540,881) |
| Reversal of previously capitalised exploration expenditure | - | (711,129) |
| Effect of exchange rate variance | (12,742,395) | (9,906,229) |
| Closing balance | <u>133,186,235</u> | <u>145,048,670</u> |

Amortisation is not currently being charged pending the commencement of production. Accordingly the carrying values are equivalent to cost.

Exploration expense in the statement of comprehensive income of \$842,408 (2013: \$1,770,654) consists of expenditure that did not meet the capitalisation criteria as set out in note 1.

The directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure is neither budgeted nor planned the area of interest has been written down to its fair value less costs to sell. In determining fair value less costs to sell (by using a market comparison approach) the directors had regard to the best evidence of what a willing participant would pay in an arm's length transaction. Where no such evidence was available, areas of interest were impaired to nil pending the outcome of any future farm out arrangement. The Company will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

Nkwe has previously reported DMR sponsored negotiations with Anglo Platinum Ltd ("APL") and African Rainbow Minerals ("ARM") to resolve a long standing dispute as to tenure across 9 farms including the 3 farms subject to the Mining Right. The Company has maintained that the dispute was resolved by agreement between the parties in 2008 (as publically announced by all parties) but has pursued negotiations in good faith and in deference to efforts by the DMR to negotiate a quick and 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 Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

6. Prospects, Rights and Exploration Assets (continued)

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

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

- (i) During the current year the Group recognized an impairment expense of \$86,885 (2013: \$1,578,973) The impairment expense in the prior year related to the Rooderand asset which was recorded at the value of the Chrometco shares receivable as at the transaction date, before being transferred to assets held for sale.
- (ii) During the prior year, 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 year end, these shares had not yet been received; hence the fair value of these 10 million shares of is reflected in receivables – refer Note 8.

The final 35 million shares is due upon 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 has transferred the costs associated with the Rooderand assets from Prospects, Rights and Exploration Assets to Non-current Assets Classified as Held for Sale – refer note 10.

Nkwe has previously reported DMR sponsored negotiations with Anglo Platinum Limited and African Rainbow Minerals Limited to resolve a long standing dispute as to tenure over the farms Hoepakrantz, Garatau and De Kom. Nkwe maintains that legal tenure of the three farms cannot be abrogated and has received legal advice confirming this view.

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Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

7. Property, Plant and Equipment

| | Computer Equipment A\$ | Furniture & Fittings A\$ | Motor Vehicles A\$ | Total A\$ |
|---------------------------------|------------------------------|--------------------------------|--------------------------|--------------|
| <i>Cost</i> | | | | |
| As at 30 June 2012 | 60,791 | 229,446 | 124,783 | 415,020 |
| Additions | 10,950 | 14,952 | - | 25,902 |
| Disposals | - | - | - | - |
| Exchange difference | (3,580) | (4,002) | (5,871) | (13,453) |
| As at 30 June 2013 | 68,161 | 240,396 | 118,912 | 427,469 |
| Additions | 7,632 | 2,066 | 56,578 | 66,276 |
| Disposals | - | (895) | - | (895) |
| Exchange difference | (5,756) | (6,694) | (7,724) | (20,174) |
| As at 30 June 2014 | 70,037 | 234,873 | 167,766 | 472,676 |
| <i>Accumulated depreciation</i> | | | | |
| As at 30 June 2012 | 50,497 | 77,830 | 124,783 | 253,110 |
| Depreciation expense | 5,864 | 37,975 | - | 43,839 |
| Disposals | - | - | - | - |
| Exchange difference | (2,882) | (3,470) | (5,871) | (12,223) |
| As at 30 June 2013 | 53,479 | 112,335 | 118,912 | 284,726 |
| Depreciation expense | 6,955 | 118,748 | 943 | 126,646 |
| Disposals | - | - | - | - |
| Exchange difference | (4,353) | (5,095) | (7,724) | (17,172) |
| As at 30 June 2014 | 56,081 | 225,988 | 112,131 | 394,200 |
| <i>Carrying amount</i> | | | | |
| Balance as at 30 June 2013 | 14,682 | 128,061 | - | 142,743 |
| Balance as at 30 June 2014 | 13,956 | 8,885 | 55,635 | 78,746 |

8. Receivables

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|--|---------------------|---------------------|
| Loan receivable from related parties (refer note 15) | 3,499,685 | 1,899,383 |
| Short term loan to related party (refer note 15) | 5,489,236 | - |
| Chrometco shares receivable (refer note 6(ii)) | 160,576 | 188,642 |
| Other current receivables (i) | 3,263 | 329,019 |
| | 9,152,760 | 2,417,044 |

- (i) During the current and prior year other current receivables comprised prepayments and other receivables. No receivables are past due or impaired at 30 June 2014 (2013: nil)

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| 9. Assets Held for Trading | 30 June 2014 A\$ | 30 June 2013 A\$ |
|----------------------------|---------------------|---------------------|
| Opening balance | - | 456,611 |
| Impairment expense | - | - |
| Disposal | - | (273,968) |
| Loss on disposal | - | (182,643) |
| Listed investments | - | - |

Previously the Company received 5 million Realm Resources shares following the execution of the farm-in agreement with Realm with respect to the Rooderand prospect. These shares and remaining ones were sold during the prior 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.

| 10. Non-current Assets Held for Sale | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|---------------------|---------------------|
| Opening balance | 660,245 | - |
| Transfer from prospects, rights and exploration | - | 973,466 |
| Impairment of assets held for sale | (35,126) | (313,221) |
| Foreign exchange movement | (63,101) | - |
| Mineral project area held for sale | 562,018 | 660,245 |

During the prior year, 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 year end, these shares had not yet been received.– refer Note 8.

The final 35 million shares is due upon 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 has transferred the costs associated with the Rooderand assets from Prospects, Rights and Exploration Assets to Non-current Assets Classified as Held for Sale. The fair value of the asset held to sale has been determined with referenced to the fair value of the 35 million shares receivable from Chrometco.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

11. Capital and Reserves

| 30 June 2014 | 30 June 2013 |
|--------------|--------------|
| A\$ | A\$ |

(a) Share Capital

896,333,973 (30 June 2013: 674,757,973) authorised and issued fully paid ordinary shares with a par value of US\$0.01 (2013: US\$0.10)

| | |
|------------|------------|
| 77,488,679 | 75,091,662 |
|------------|------------|

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Nkwe has an authorised share capital of 10,000 million shares at a par value of US\$0.01 per share.

On 23 July 2013, the Company held a General Meeting whereby shareholders approved the increase of authorised capital from 1,000 million shares to 10,000 million shares of a par value of US\$0.01 per share.

| | No. | A\$ |
|--|-------------|------------|
| <i>Fully Paid Ordinary Shares Issued - Current Year</i> | | |
| Balance at 1 July 2013 | 674,757,973 | 75,091,662 |
| Conversion of convertible note facility and interest (i) | 202,576,000 | 2,184,108 |
| Placement to sophisticated investors (ii) | 19,000,000 | 212,909 |
| | 896,333,973 | 77,488,679 |

(i) During the year, the Company converted the full A\$20m convertible note facility with Zijin Ming Group's subsidiary, Jia Jiang Mining at \$0.10 along with accrued interest of \$257,000 at \$0.10, resulting in 202,576,000 ordinary shares being issued.

(ii) During the year, the Company issued 19,000,000 ordinary shares to Jia Jiang Mining at \$0.10

| | No. | A\$ |
|---|-------------|------------|
| <i>Fully Paid Ordinary Shares Issued - Prior Year</i> | | |
| Balance at 1 July 2012 | 671,427,773 | 74,759,307 |
| Placement to consultants (i) | 3,330,200 | 332,355 |
| | 674,757,973 | 75,091,662 |

(i) During the 2013 year, the Company remunerated consultants for the provision of corporate and technical advisory services in fully paid ordinary shares in lieu of cash settlement.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

11. Capital and Reserves (continued)

| (b) Equity Reserves | 30 June 2014 A\$ | 30 June 2013 A\$ |
|----------------------------------|-----------------------------|-----------------------------|
| (i) BEE credentials | 19,690,253 | 19,690,253 |
| (ii) Share based payment reserve | 16,565,664 | 15,886,758 |
| | <u>36,255,917</u> | <u>35,577,011</u> |

- (i) The reserve in respect of the BEE credentials 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 credentials was subsequently fully impaired.
- (ii) 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.

| | 2014 | | 2013 | |
|----------------------------------|-------------|------------|-------------|------------|
| | No. | \$ | No. | \$ |
| Opening balance | - | 15,886,758 | - | 15,886,758 |
| Options issued during the period | 19,130,413 | 678,906 | - | - |
| Closing balance | 19,130,413 | 16,565,664 | - | 15,886,758 |

| Issue Description | Number of Options | Exercise Price | Expiry Date | Volatility | Risk-free Interest Rate | Footnote Reference |
|--------------------------------|-------------------|----------------|---------------|------------|-------------------------|--------------------|
| Balance 30 June 2013 | - | | | | | |
| Issued during the period | 19,107,113 | \$0.10 | 31 March 2016 | n/a | n/a | n/a |
| Balance at 30 June 2014 | 19,107,113 | | | | | |

| Grant Date | Number of Instruments | Market Valuation | Value of Issued Options A\$ | Vesting Conditions | Expiry Date | Contractual life of options |
|---------------|-----------------------|------------------|--------------------------------|----------------------|-------------|-----------------------------|
| 19 Sept 2013 | 23,300 | \$0.052/option | 1,211 | Vested upon granting | 31 Mar 2016 | 2.0 years |
| 29 April 2014 | 3,000,000 | \$0.038/ option | 114,000 | Vested upon granting | 31 Mar 2016 | 2.0 years |
| 12 May 2014 | 27,113 | \$0.033/ option | 895 | Vested upon granting | 31 Mar 2016 | 2.0 years |
| 16 May 2014 | 16,080,000 | \$0.035/option | 562,800 | Vested upon granting | 31 Mar 2016 | 2.0 years |
| | <u>19,130,413</u> | | <u>678,906</u> | | | |

Inputs

The fair value of the options issued was based on the market value of the listed options at grant date.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

11. Capital and Reserves (continued)

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|----------------------------|---------------------|---------------------|
| (c) Option Reserves | | |
| (ii) Options reserve | 4,814,623 | 4,814,623 |
| | 4,814,623 | 4,814,623 |

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

| | 2014 | | 2013 | |
|------------------------------------|--------------------------------|-------------|--------------------------------|-------------|
| | Weighted Avg Exercise Price | No. | Weighted Avg Exercise Price | No. |
| Opening balance | \$0.10 | 249,709,615 | - | - |
| Options issued during the period | - | - | \$0.10 | 249,709,615 |
| Closing balance | \$0.10 | 249,709,615 | \$0.10 | 249,709,615 |
| Exercisable at the end of the year | \$0.10 | 249,709,615 | \$0.10 | 249,709,615 |

Details of share options to 30 June 2013 are as follows:

| Issue Description | Number of Options | Exercise Price | Expiry Date | Volatility | Risk-free Interest Rate | Footnote Reference |
|--------------------------------|----------------------|-------------------|----------------|------------|----------------------------|-----------------------|
| Balance 30 June 2012 | - | | | | | |
| Issued during the period | 249,709,615 | \$0.10 | 31 March 2016 | n/a | n/a | n/a |
| Balance at 30 June 2013 | 249,709,615 | | | | | |
| Issued during the period | - | - | n/a | n/a | n/a | n/a |
| Balance at 30 June 2014 | 249,709,615 | | | | | |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

11. Capital and Reserves (continued)

| (d) Share Premium Reserve | 30 June 2014 | 30 June 2013 |
|----------------------------------|---------------------|---------------------|
| | A\$ | A\$ |
| Balance at beginning of year | 199,859,940 | 199,859,940 |
| Premium on shares issued | 18,511,305 | - |
| | <u>218,371,245</u> | <u>199,859,940</u> |

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

(e) Foreign currency reserve

The reserve issued to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

12. Earnings Per Share

| | 30 June 2014 | 30 June 2013 |
|------------------------|---------------------|---------------------|
| | cents | cents |
| Basic loss per share | (0.94) | (0.91) |
| Diluted loss per share | (0.94) | (0.91) |

In the current and prior years the Company's potential ordinary shares were not considered dilutive as the Company was in a loss position.

Basic Earnings per Share

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

| | | |
|--|-------------|-------------|
| Loss (A\$) | (6,769,770) | (6,109,820) |
| Weighted average number of ordinary shares | 717,480,055 | 671,634,519 |

Diluted Earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are:

| | | |
|--|-------------|-------------|
| Loss (A\$) | (6,769,770) | (6,109,820) |
| Weighted average number of ordinary shares and potential ordinary shares | 717,480,055 | 671,634,519 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

There are 268,840,028 share options (2013: 249,709,615) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

| 13. Accumulated Losses | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|-----------------------------------|-----------------------------------|
| Balance at beginning of the year | (94,970,765) | (88,704,440) |
| Net loss attributable to members of the parent entity | (6,769,770) | (6,109,820) |
| Other transfers | - | (156,505) |
| Balance at end of the year | (101,740,535) | (94,970,765) |

| 14. Directors' and Executives' Remuneration | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|-----------------------------------|-----------------------------------|
| The remuneration of Directors and other members of key management during the period was as follows: | | |
| Short-term benefits | 935,622 | 585,000 |
| | 935,622 | 585,000 |

In the prior year, only \$120,000 had been accrued for Mr Landau of the total fees owing of \$240,000. Therefore, within the amount above, \$120,000 relates to the prior period

| 15. Related Party Disclosures | | |
|--|---------------------|---------------------|
| (a) <i>Equity Interests In Related Parties</i> | | |
| Equity Interests in Controlled Entities | | |
| Details of the percentage of ordinary shares held in controlled entities are disclosed in note 5. | | |
| | 30 June 2014 | 30 June 2013 |
| | No. | No. |
| (b) <i>Directors' Equity Holdings</i> | | |
| Ordinary Shares | | |
| Opening balance | 665,000 | 665,000 |
| Purchased during the year by directors and their director-related entities (2014: N/A / 2013: N/A) | - | - |
| Held by directors and their director-related entities | 665,000 | 665,000 |
| | 30 June 2014 | 30 June 2013 |
| | No. | No. |
| Other Equity Instruments – Share Options | | |
| Opening balance | - | - |
| Options issued during the year | - | - |
| Held by directors and their director-related entities | - | - |

All options held carry no voting rights and attract no dividends.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

15. Related Party Disclosures (continued)

| | 30 June 2014 | 30 June 2013 |
|---|--------------|--------------|
| | \$A | \$A |
| <i>(c) Other Related Party Transactions</i> | | |
| Key Management Personnel | | |
| Consulting fees paid to Okap Ventures Pty Ltd (“Okap”), a company in which Mr Landau is a director, for the provision of corporate advisory, capital raising, investor relations, CFO and financial management services, ASX/ASIC compliance, company secretarial and associated services. Okap also provides office facilities in both London and Perth. | 990,000 | 840,000 |
| Exploration camp rental expense paid to Brown Pebble Investments (Pty) Ltd, a company in which Mr Mphahlele has an indirect interest | 110,790 | 96,834 |
| Consultancy fees paid to Nunobytes (Pty) Ltd, a company in which S Sithole is a director. | 9,715 | - |

During the course of the year the Company recouped expenses of A\$556,933 from Genorah Resources (Pty) Ltd, a Company in which Mr Mphahlele, Mr Pandor and Ms Sithole are directors and shareholders. At 30 June 2014 an amount of A\$157,089 was outstanding from Genorah in respect of these expenses. The amount outstanding is unsecured and will be settled in cash. No expenses have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

(c) Receivable from Related Parties

(i) Included in receivables are amounts receivable from related parties of \$3,499,685. This comprises of short term loan receivable from related parties being, Genorah and Okap of \$2,249,685 and \$1,253,263 respectively. The amounts outstanding at 30 June 2014 are unsecured, non-interest bearing with no fixed repayment terms. The loan receivable from Okap has been settled subsequent to year end.

(ii) In addition, proceeds from the First Tranche of the convertible note issue to Zijin during the year 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 certain conditions precedent being satisfied. The receivable is unsecured, non-interest bearing with no fixed repayment terms.

16. Events after the Reporting Date

There were no material events after reporting date.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

17. Notes to the Consolidated Cash Flow Statement

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|--|---------------------|---------------------|
| (a) <i>Reconciliation of Cash</i> | | |
| <p>For the purposes of the consolidated cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the consolidated cash flow statement is reconciled to the related items in the statement of financial position as follows:</p> | | |
| Cash and cash equivalents | 5,140,702 | 78,742 |

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|---------------------|---------------------|
| (b) <i>Reconciliation of Loss After Tax to Net Cash Flows From Operating Activities</i> | | |
| Loss from ordinary activities after income tax | (7,014,615) | (6,989,012) |
| Depreciation and amortisation | 126,646 | 43,839 |
| Net loss on disposal of prospects, rights and exploration expense assets | - | 313,265 |
| Reversal of rehabilitation provision | (552,538) | |
| Net loss on disposal of listed assets | - | 182,643 |
| Unrealised foreign exchange loss / (gain) | (1,831) | (113) |
| Share-based payments | 678,906 | 175,850 |
| Movement in tax balance | - | - |
| Impairment of prospects, rights and exploration expense | 86,885 | 1,578,973 |
| Impairment of assets held for sale | 35,126 | 313,221 |
| Revaluation of listed investments and receivables | 10,036 | 30,772 |
| Changes in net assets and liabilities | | |
| (Increase) / decrease in current receivables | 177,224 | 1,744,493 |
| Increase / (decrease) in current payables | (1,866,155) | (1,382,668) |
| Net cash used in operating activities | (8,320,316) | (3,988,737) |

(c) *Non-cash transactions*

- (i) The Company remunerated consultants and settled borrowing costs through the issue of 19,130,413 listed options in lieu of cash settlement of \$678,906.
- (ii) Zijin converted the full convertible bond and accrued interest during the year to the amount of \$20,257,600, including the settlement of \$257,600 in interest

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

18. Segment Reporting

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.

The geographical location of the Group's Non-Current Assets are:

| 2014 | South Africa | Australia |
|--------------------|--------------|-----------|
| Non-current assets | 133,767,036 | - |
| 2013 | | |
| Non-current assets | 145,746,732 | - |

19. Financial Risk Management

(a) Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Group does not carry financial instruments at fair value on its statement of financial position as at 30 June 2014.

(c) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values. The Directors consider that the carrying amount of trade and other receivables approximates their fair value, due to the short term nature of financial assets and financial liabilities, carrying amounts approximate fair value.

(d) Credit Risk

Credit risk refers to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity has significant credit risk exposure to Genorah Resources (Pty) Ltd. Refer to Note 8 and 15 for further details.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

19. Financial Risk Management (continued)

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

Trade and other receivables as at the reporting date mainly comprise short term loans to be refunded to the Group.

The Group trades only with recognised credit worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that no bad debts have been recognised. There are no significant concentrations of credit risk within the Group and cash and cash equivalents are spread amongst leading South African and Australian banks.

There were no allowances for impairment at 30 June 2014 (30 June 2013: nil).

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:

| | 30 June 2014 | 30 June 2013 |
|---------------------------|---------------------|---------------------|
| | A\$ | A\$ |
| Cash and cash equivalents | 5,140,704 | 78,742 |
| Loans and receivables | 9,152,760 | 2,417,044 |
| | <u>14,293,464</u> | <u>2,495,786</u> |

Impairment Losses

None of the Group's receivables are past due (2013: nil).

(e) 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.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

As detailed in Note 1, the Group cash flow forecast through to September 2015 reflects that the Group will have sufficient working capital to meet its current committed and planned expenditure over this period on the basis a portion of the moneys loaned to Genorah Resources (Pty) Ltd ("Genorah") are received, which is in turn dependent upon the conditions set out in the sale transaction between Jin Jiang Mining Limited.

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

19. Financial Risk Management (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| 2014 | Carrying amount A\$ | Contractual cash flows A\$ | 6 months or less A\$ | 6 - 12 months A\$ | 1 - 2 years A\$ | 2 - 5 years A\$ |
|------------------------------|------------------------|-------------------------------|-------------------------|----------------------|--------------------|--------------------|
| <u>Financial liabilities</u> | | | | | | |
| Trade and other payables | 747,973 | 747,973 | 747,973 | - | - | - |
| Sundry payables and accruals | 767,556 | 767,556 | 767,556 | - | - | - |
| 2013 | Carrying amount A\$ | Contractual cash flows A\$ | 6 months or less A\$ | 6 - 12 months A\$ | 1 - 2 years A\$ | 2 - 5 years A\$ |
| Trade and other payables | 1,464,042 | 1,464,042 | 1,464,042 | - | - | - |
| Sundry payables and accruals | 1,133,622 | 1,133,622 | 1,133,622 | - | - | - |

(f) 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, while optimising the return.

Equity price risk

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

The Chrometco shares receivable (refer note 8) are valued at the share price of Chrometco Limited at year end, with the assets held for trading in the prior year being valued at the share price of Realm Resources Limited at year end.

The table below summarises the impact of increases/decreases of the Chrometco share price on the consolidated entity's post tax profit for the year and on equity. The analysis is based on the assumption that the share price had increased/decreased by 10% (2013: 10%) with all other variables held constant.

| | Impact on post-tax loss | | Impact on Equity | |
|-----------------------------|-------------------------|--------|------------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$ | \$ | \$ | \$ |
| Chrometco shares receivable | 72,259 | 84,889 | - | - |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

19. Financial Risk Management (continued)

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 Group's exposure to currency to currency risk at balance sheet date was negligible.

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.

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 use derivatives to mitigate these exposures.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

| | 30 June 2014 | 30 June 2013 |
|----------------------------------|---------------------|---------------------|
| | A\$ | A\$ |
| Variable rate instruments | | |
| Financial assets – cash | 5,140,702 | 78,742 |
| | 5,140,702 | 78,742 |

Fair value sensitivity analysis for fixed rate investments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase / (decrease) by 10% in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. 10% is management's assessment of the possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

| | Profit or loss/equity A\$ |
|---------------------------|--|
| 30 June 2014 | |
| Variable rate instruments | 1,036 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

30 June 2013

| | |
|---------------------------|-----|
| Variable rate instruments | 501 |
|---------------------------|-----|

19. Financial Risk Management (continued)

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.

(g) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. Capital managed by the group consists of shareholders equity of \$146,957,780 (2013: \$145,480,433).

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

20. Fair Value Disclosures

All assets and liabilities for which fair value is disclosed in the financial statements is categorised within the fair value hierarchy, disclosed below, based on the lowest level that is significant to the fair value measured as a whole.

- 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).

The table below provides the fair value measurement hierarchy of the Group's assets and liabilities.

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|----------------|----------------|---------------|----------------|
| 2014 | | | | |
| Assets recorded at fair value | | | | |
| Chrometco shares receivable | 160,576 | - | - | 160,576 |
| Non-current asset classified as held for sale | - | 562,012 | - | 562,012 |
| | 160,576 | 562,012 | - | 722,588 |

The fair value of the Chrometco share receivable has been determined based on the quoted Chrometco Ltd (JSE AltX: CMO) market bid at the end of the reporting period (Note 6, 8 & 9). The quoted market price used for financial assets held by the consolidate entity is the current bid price.

The fair value of the asset held for sale has been based on the market value of the consideration receivable (see note 10). The consideration is sensitive to changes in the share price of Chrometco Ltd (see note 19f)

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

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

21. Commitments and Contingencies

Nkwe Platinum (South Africa) (Pty) Ltd entered into an operating lease agreement during the year following the relocation to new office facilities at 1st Floor, Building 3, Harrowdene Office Park, 128 Western Services Road Woodmead, Johannesburg 2191, Republic of South Africa. Nkwe Platinum Ltd is guarantor for this lease.

| | 30 June 2014 \$A | 30 June 2013 \$A |
|--|---------------------|---------------------|
| Operating leases (non-cancellable) | | |
| Not later than 1 year | 77,644 | 78,583 |
| Later than 1 year but not later than 5 years | 250,500 | 362,819 |
| After 5 years | - | - |
| | 328,144 | 441,402 |

22. Income Tax Expense

| | 30 June 2014 A\$ 12 months | 30 June 2013 A\$ 12 months |
|---------------------------------------|----------------------------------|----------------------------------|
| Current tax: | | |
| Australian | 2,651 | - |
| Australia – prior year adjustment | - | - |
| South African – prior year adjustment | - | - |
| | 2,651 | - |

Taxation for each jurisdiction is calculated at the rates prevailing in the respective jurisdictions as follow:

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

The charge for the period can be reconciled to the loss per the statement of comprehensive income as follows:

| | 30 June 2014 A\$ 12 months | 30 June 2013 A\$ 12 months |
|--|----------------------------------|----------------------------------|
| Loss before tax | (7,014,615) | (6,989,012) |
| Tax expense / benefit at an income tax rate of 30% | (2,104,385) | (2,096,703) |
| Effect of different tax rates of group entities operating in a different jurisdictions | 1,862,373 | 1,217,437 |
| Tax effect of expenses that are not deductible in determining taxable income | 21,239 | 190,471 |
| Tax effect of proposed sale (Rooderand) | 575,886 | - |
| Tax losses utilised not previously recognised | (107,193) | - |
| Deferred tax assets not brought to account | (247,920) | 688,795 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

| | | |
|-------------------------------|---|---|
| Income tax expense / (credit) | - | - |
|-------------------------------|---|---|

22. Income Tax (continued)

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---------------------------------|---------------------|---------------------|
| Provision for income tax | | |
| Provision for income tax | - | 138,621 |
| | - | 138,621 |

23. Deferred Tax

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|-------------------------------------|---------------------|---------------------|
| Deferred tax assets | 8,402,421 | 9,657,635 |
| Deferred tax liabilities | (2,052,301) | (2,471,421) |
| Net deferred tax asset | 6,350,120 | 7,186,214 |
| Deferred tax asset not recognised | (6,350,120) | (7,186,214) |
| Net deferred tax asset | - | - |
| Deferred tax assets | | |
| Tax losses | 8,236,631 | 9,483,529 |
| Provisions | 165,790 | 174,106 |
| Other temporary differences | - | - |
| Closing balance | 8,402,421 | 9,657,635 |
| Deferred tax liabilities | | |
| Prepayments | (9,935) | (8,832) |
| Capitalised exploration expenditure | (2,042,366) | (2,462,589) |
| Closing balance | (2,052,301) | (2,471,421) |

24. Provisions

| | 30 June 2014 A\$ | 30 June 2013 A\$ |
|---|---------------------|---------------------|
| Non-Current Rehabilitation provision | | |
| Opening balance | 552,538 | 592,676 |
| Additions during the period | - | - |
| Effect of exchange rate on opening balance | - | (40,138) |
| Reversal of rehabilitation provision | (552,538) | - |
| Closing balance | - | 552,538 |

Nkwe Platinum Limited

Notes to the Consolidated Financial Statements for the Financial Year Ended 30 June 2014

Current

| | | |
|-------------------|----------------|----------------|
| Employee Benefits | 195,380 | 188,268 |
| | <u>195,380</u> | <u>188,268</u> |

25. Trade and Other Payables

| | 30 June 2014 | 30 June 2013 |
|--------------------------------------|---------------------|---------------------|
| | A\$ | A\$ |
| Trade payables | 747,974 | 1,464,045 |
| Sundry payables and accrued expenses | 767,556 | 1,133,619 |
| | <u>1,515,530</u> | <u>2,597,664</u> |

No interest is charged on trade payables from the date of invoice.

26. Auditor Remuneration

| | 30 June 2014 | 30 June 2013 |
|--|---------------------|---------------------|
| | A\$ | A\$ |
| Fees paid in respect of audit/review of financial reports to Ernst & Young | 161,108 | 135,222 |
| | <u>161,108</u> | <u>135,222</u> |

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Independent audit report to the members of Nkwe Platinum Limited

We have audited the accompanying financial report of Nkwe Platinum Limited and the entities it controlled ("the consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of this financial report in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian and International professional ethical pronouncements.

Auditor's Opinion

In our opinion, the consolidated financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report. 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
Perth
30 September 2014

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Nkwe Platinum Limited

Additional Stock Exchange Information as at 28 October 2014

The Company was admitted to the official list of the Australian Securities Exchange ('ASX') on 22 September 2003. Since listing, the Company has used its cash (and assets in a form readily convertible to cash) in a manner consistent with its business objectives. In accordance with the ASX Listing Rules, the Company is required to disclose the following information which was prepared based on share registry information processed up to 28 October 2014.

1. Ordinary Share Capital

As at 28 October 2014, 896,333,973 fully paid ordinary shares are held by individual shareholders. All issued shares carry one vote per share.

| Ordinary Shares | No. of Holders | No. of Shares |
|--|----------------|--------------------|
| 1 – 1,000 | 262 | 173,692 |
| 1,001 – 5,000 | 1,084 | 3,414,836 |
| 5,001 – 10,000 | 833 | 7,086,919 |
| 10,001 – 100,000 | 1,593 | 59,106,283 |
| 100,001 – and over | 475 | 826,552,243 |
| | 4,247 | 896,333,973 |
| Number holding less than a marketable parcel | 1,522 | 4,637,365 |

2. Substantial Shareholders

| | Fully Paid Ordinary Shares | |
|---|----------------------------|------------|
| | Number | Percentage |
| Ordinary Shareholders | | |
| Jin Jiang Mining Limited | 470,297,156 | 52.47 |
| Gleneagle Securities Nominees Pty Limited | 79,412,664 | 8.86 |

3. Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

4. Statement of Quoted Securities

Listed on the ASX are 896,333,973 Ordinary Fully Paid Shares.

Nkwe Platinum Limited

Additional Stock Exchange Information as at 28 October 2014

5. Twenty Largest Holders of Quoted Equity Securities – Ordinary Shares

| Fully Paid Ordinary Shares | | | |
|----------------------------|--|--------------------|--------------|
| No. | Ordinary Shareholders | Number | Percentage |
| 1 | Jin Jiang Mining Limited | 470,297,156 | 52.47 |
| 2 | Gleneagle Securities Nominees Pty Limited | 79,412,664 | 8.86 |
| 3 | Inyanga Consolidated Investments (Pty) Ltd | 32,792,446 | 3.66 |
| 4 | HSBC Custody Nominees (Australia) Limited | 12,808,866 | 1.43 |
| 5 | Oracle Securities Pty Ltd | 10,000,000 | 1.12 |
| 6 | Celtic Capital Pty Ltd <Celtic Capital No. 2 A/C> | 9,500,000 | 1.06 |
| 7 | Citicorp Nominees Pty Limited | 6,051,594 | 0.68 |
| 8 | Satori International Pty Ltd <Satori S/F A/C> | 4,475,000 | 0.50 |
| 9 | J P Morgan Nominees Australia Limited | 4,166,340 | 0.46 |
| 10 | Graceford Holdings Pty Ltd <Graceford Super Fund A/C> | 3,406,000 | 0.38 |
| 11 | Grossmill Investments Pty Ltd | 3,133,611 | 0.35 |
| 12 | Doull Consolidated Limited | 3,000,000 | 0.33 |
| 13 | Torres Industries Pty Limited | 2,776,822 | 0.31 |
| 14 | HNC Pty Ltd <The Saggars Super Fund A/C> | 2,725,829 | 0.30 |
| 15 | Mr Peter Charles Morey & Mrs Valmai Ann Morey <Morey Super Fund A/C> | 2,465,540 | 0.28 |
| 16 | Menlo Pty Ltd <MGM Superannuation Fund A/C> | 2,220,000 | 0.25 |
| 17 | Almesh Pty Ltd <Symba Retirement Fund A/C> | 2,210,000 | 0.25 |
| 18 | Seven Four Seven Pty Lt <Bluebird Super Fund A/C> | 2,000,000 | 0.22 |
| 19 | Tierra De Suenos SA | 1,996,632 | 0.22 |
| 20 | Surpion Pty Ltd <M W Suhr & Co A/C> | 1,950,000 | 0.22 |
| | TOTAL | 657,388,500 | 73.34 |

6. Options

As at 28 October 2014 there were 268,840,028 options outstanding:

| Listed Options (Exercisable at \$0.10, Expiry 31 March 2016) | No. of Holders | No. of Options |
|--|----------------|--------------------|
| 1 – 1,000 | 159 | 82,486 |
| 1,001 – 5,000 | 306 | 758,090 |
| 5,001 – 10,000 | 113 | 886,593 |
| 10,001 – 100,000 | 329 | 12,695,485 |
| 100,001 – and over | 195 | 254,417,374 |
| | 1,102 | 268,840,028 |
| Number holding less than a marketable parcel | 649 | 2,593,285 |

Nkwe Platinum Limited

Additional Stock Exchange Information as at 28 October 2014

7. Twenty Largest Holders of Quoted Equity Securities – Listed Options (Exercisable at \$0.10, Expiry 31 March 2016)

| Listed Options (Exercisable at \$0.10, Expiry 31 March 2016) | | | |
|--|---|--------------------|--------------|
| No. | Option Holders | Number | Percentage |
| 1 | HSBC Custody Nominees (Australia) Limited – A/C 2 | 87,338,820 | 32.49 |
| 2 | Ms Liyulong Sun | 17,515,460 | 6.52 |
| 3 | Mr David Chen | 10,130,436 | 3.77 |
| 4 | Mrs Gina Clare Fialla | 6,576,403 | 2.45 |
| 5 | Thi Ly Huong Pham | 6,070,000 | 2.26 |
| 6 | B & J Thompson Holdings Pty Ltd | 5,750,000 | 2.14 |
| 7 | Mr Donald Charles Gray & Mrs Robyn Shirley Gray <Robdon Super Fund A/C> | 3,885,285 | 1.45 |
| 8 | Mr Brendan Cluff | 3,350,000 | 1.25 |
| 9 | Mr Ian David Bett | 3,347,223 | 1.25 |
| 10 | UBS Wealth Management Australia Nominees Pty Ltd | 3,075,966 | 1.14 |
| 11 | Mr Joseph Claude Carbone & Mrs Joy Lorraine Carbone <Wild River Super Fund A/C> | 3,000,000 | 1.12 |
| 12 | Mr Glenn Daryl Joseph & Mr Gary Keith Joseph <G & G Joseph Super Fund A/C> | 3,000,000 | 1.12 |
| 13 | Oracle Securities Pty Ltd | 3,000,000 | 1.12 |
| 14 | Mr Michael Lewis Thompson | 2,925,000 | 1.09 |
| 15 | Mr Mark Koussas & Mrs Faye Koussas | 2,450,280 | 0.91 |
| 16 | Jamie Brew Golf Services P/L <Brew Family A/C> | 2,442,545 | 0.91 |
| 17 | Dr Sunitha Panackal | 2,380,273 | 0.89 |
| 18 | HSBC Custody Nominees (Australia) Limited | 2,377,192 | 0.88 |
| 19 | Satori International Pty Ltd <Satori S/F A/C> | 2,235,001 | 0.83 |
| 20 | Almesh Pty Ltd <Symba Retirement Fund A/C> | 2,000,000 | 0.74 |
| | TOTAL | 172,849,884 | 64.29 |

Nkwe Platinum Limited

Additional Stock Exchange Information as at 28 October 2014

Interest in Mining Tenements – Nkwe Platinum (South Africa) Holding Interest

| Project Area | Percentage Interest ¹ | Location of Prospects | Total Hectares (approx.) | Status of Rights |
|-----------------|---|--|--------------------------|--|
| Rooderland * | 100% | North West Province, Republic of South Africa | 535 | New order prospecting right is registered for PGM. |
| Ruighoek | 49% of ~53/100 undivided shares over certain portions | North West Province, Republic of South Africa | 2,587 | Awaiting issue of new prospecting right |
| Garatau Project | 74% | Limpopo Province, Republic of South Africa | 3,300 | New order mining right granted |
| Tubatse Project | 64% | Limpopo Province, Republic of South Africa | 7,200 | New order rights have been granted |
| Total | | | 32,987 | |

¹ Nkwe SA owns 100% of projects however under new *Mineral and Petroleum Resources Development Act 2002* there is a requirement for Black Economic Empowerment ('BEE') participation of 26% for private applications and 51% for state applications (until April 2005 – thereafter 26%). Nkwe SA agreed a BEE transaction with Blue Nightingale Trading 709 (Pty) Ltd ('Blue Nightingale') so that it will own 30% of the expanded issued capital of Nkwe SA. This effectively will give Blue Nightingale a direct interest of 51% over the areas held under the JV, given Blue Nightingale's direct 30% stake in Nkwe SA.

* Subject to sale and purchase agreements Chrometco Limited.

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Nkwe Platinum Limited

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