



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED 30 JUNE 2014

(Unaudited)

(Expressed in Canadian Dollars unless otherwise stated)

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Financial Position

As at 30 June 2014

(Unaudited - Expressed in Canadian Dollars, unless otherwise stated)

		<b>Audited</b>	
	<b>Note</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	644,894,298	651,178,482
Capital work-in-progress	7	31,978,811	27,296,481
Intangible assets		306,582	326,350
Mineral property interests	8	5,836,486	7,612,443
Goodwill		8,776,080	8,845,940
Platinum producers' environmental trust		3,490,894	3,292,979
Other non-current assets		537	540
<b>Total non-current assets</b>		<b>695,283,688</b>	<b>698,553,215</b>
<b>Current assets</b>			
Inventories		2,691,828	373,698
Trade and other receivables		29,668,956	33,782,099
Cash and cash equivalents		11,827,223	40,655,103
Restricted cash		47,492	265,293
<b>Total current assets</b>		<b>44,235,499</b>	<b>75,076,193</b>
<b>Total assets</b>		<b>739,519,187</b>	<b>773,629,408</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9	309,659,583	71,967,083
Treasury shares	9	(4,991,726)	(4,991,726)
Convertible preference shares		-	162,910,000
Foreign currency translation reserve		(10,691,443)	(10,119,860)
Share-based payment reserve		25,776,280	25,794,650
Accumulated loss		(76,523,219)	(64,673,717)
<b>Total equity attributable to equity holders of the Company</b>		<b>243,229,475</b>	<b>180,886,430</b>
Non-controlling interest		196,054,333	198,227,542
<b>Total equity</b>		<b>439,283,808</b>	<b>379,113,972</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	10	118,131,182	110,320,221
Finance lease obligation		240,659	-
Deferred taxation		120,420,482	124,519,382
Provisions		11,466,026	11,100,511
<b>Total non-current liabilities</b>		<b>250,258,349</b>	<b>245,940,114</b>
<b>Current liabilities</b>			
Trade and other payables		48,911,272	71,878,955
Short-term portion of finance lease obligation		349,541	-
Short-term portion of loans and borrowings	10	716,217	76,696,367
<b>Total current liabilities</b>		<b>49,977,030</b>	<b>148,575,322</b>
<b>Total liabilities</b>		<b>300,235,379</b>	<b>394,515,436</b>
<b>Total equity and liabilities</b>		<b>739,519,187</b>	<b>773,629,408</b>

Approved by the Board of Directors on 14 August 2014

/s/ Harold Motaung

/s/ Fikile De Buck

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Comprehensive Loss

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>Note</u>	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
		2014	2013	2014	2013
Revenue		<b>58,559,742</b>	48,427,522	<b>112,390,681</b>	93,508,250
Cost of sales		<b>(65,740,005)</b>	(54,136,228)	<b>(126,706,190)</b>	(107,565,155)
<b>Gross loss</b>		<b>(7,180,263)</b>	(5,708,706)	<b>(14,315,509)</b>	(14,056,905)
Administrative expenses		<b>(2,307,887)</b>	(6,146,445)	<b>(5,672,904)</b>	(10,236,999)
Other income		<b>5,523</b>	(45,856)	<b>13,001</b>	99,235
Fair value gain and AG8 adjustments on loans and borrowings		<b>146,175</b>	8,820,313	<b>538,033</b>	29,447,667
<b>Operating (loss)/profit</b>		<b>(9,336,452)</b>	(3,080,694)	<b>(19,437,379)</b>	5,252,998
Finance income		<b>70,757</b>	81,036	<b>152,363</b>	189,756
Finance expense		<b>(4,335,373)</b>	(14,747,586)	<b>(8,316,525)</b>	(28,973,868)
<b>Net finance expense</b>		<b>(4,264,616)</b>	(14,666,550)	<b>(8,164,162)</b>	(28,784,112)
<b>Loss before income tax</b>		<b>(13,601,068)</b>	(17,747,244)	<b>(27,601,541)</b>	(23,531,114)
Income tax		<b>1,637,571</b>	4,492,573	<b>2,822,074</b>	5,651,580
<b>Loss for the period</b>		<b>(11,963,497)</b>	(13,254,671)	<b>(24,779,467)</b>	(17,879,534)
<b>Other comprehensive loss</b>					
Foreign currency translation differences for foreign operations		<b>(19,519,225)</b>	(6,916,031)	<b>(2,313,475)</b>	(17,892,775)
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(19,519,225)</b>	(6,916,031)	<b>(2,313,475)</b>	(17,892,775)
<b>Total comprehensive loss for the period</b>		<b>(31,482,722)</b>	(20,170,702)	<b>(27,092,942)</b>	(35,772,309)
<b>Loss attributable to:</b>					
Owners of the Company		<b>(6,972,847)</b>	(9,290,962)	<b>(11,849,502)</b>	(15,455,496)
Non-controlling interest		<b>(4,990,650)</b>	(3,963,709)	<b>(12,929,965)</b>	(2,424,038)
<b>Loss for the period</b>		<b>(11,963,497)</b>	(13,254,671)	<b>(24,779,467)</b>	(17,879,534)
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		<b>(17,793,939)</b>	(8,100,515)	<b>(12,439,454)</b>	(12,789,869)
Non-controlling interest		<b>(13,688,783)</b>	(12,070,187)	<b>(14,653,487)</b>	(22,982,440)
<b>Total comprehensive loss for the period</b>		<b>(31,482,722)</b>	(20,170,702)	<b>(27,092,941)</b>	(35,772,309)

**ATLATSA RESOURCES CORPORATION**

Condensed Consolidated Interim Statements of Changes in Equity

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

Attributable to equity holders of the Company

	Share Capital	Treasury Shares	Convertible preference shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated loss	Total	Non-controlling interest	Total
<b>For the period ended 30 June 2013</b>									
Balance at 1 January 2013	71,967,083	(4,991,726)	162,910,000	(9,797,657)	25,285,851	(264,166,155)	(18,792,604)	224,049,827	205,257,223
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	(15,455,496)	(15,455,496)	(2,424,038)	(17,879,534)
Loss for the period	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income/(loss)</b>	-	-	-	2,846,307	(180,680)	-	2,665,627	(20,558,402)	(17,892,775)
Foreign currency translation differences	-	-	-	2,846,307	(180,680)	-	2,665,627	(20,558,402)	(17,892,775)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	2,846,307	(180,680)	(15,455,496)	(12,789,869)	(22,982,440)	(35,772,309)
<b>Transactions with owners, recorded directly in equity</b>									
Contributions by and distributions to owners	-	-	-	-	331,410	-	331,410	-	331,410
Share-based payment transactions	-	-	-	-	331,410	-	331,410	-	331,410
<b>Total contributions by and distributions to owners</b>	-	-	-	-	331,410	-	331,410	-	331,410
Balance at 30 June 2013	71,967,083	(4,991,726)	162,910,000	(6,951,350)	25,436,581	(279,621,651)	(31,251,063)	201,067,387	169,816,324
<b>For the period ended 30 June 2014</b>									
Balance at 1 January 2014	71,967,083	(4,991,726)	162,910,000	(10,119,860)	25,794,650	(64,673,717)	180,886,430	198,227,542	379,113,972
Issue of Shares	74,782,500	-	-	-	-	-	74,782,500	-	74,782,500
Acquisition of shares in Bokoni Platinum Holdings (Pty Ltd)	-	-	-	-	-	-	-	12,480,278	12,480,278
Conversion of Convertible Preference shares	162,910,000	-	(162,910,000)	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(11,849,502)	(11,849,502)	(12,929,965)	(24,779,467)
Loss for the period	-	-	-	-	-	(11,849,502)	(11,849,502)	(12,929,965)	(24,779,467)
<b>Other comprehensive loss</b>	-	-	-	(571,583)	(18,370)	-	(589,953)	(1,723,522)	(2,313,475)
Foreign currency translation differences	-	-	-	(571,583)	(18,370)	-	(589,953)	(1,723,522)	(2,313,475)
<b>Total comprehensive loss for the period</b>	-	-	-	(571,583)	(18,370)	(11,849,502)	(12,439,455)	(14,653,487)	(27,092,942)
<b>Transactions with owners, recorded directly in equity</b>									
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014	309,659,583	(4,991,726)	-	(10,691,443)	25,776,280	(76,523,219)	243,229,475	196,054,333	439,283,808

**ATLATSA RESOURCES CORPORATION**  
Condensed Consolidated Interim Statements of Cash Flows  
For the periods ended 30 June 2014  
(Unaudited - Expressed in Canadian Dollars)

	<u>Note</u>	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
		2014	2013	2014	2013
<b>Cash flows from operating activities</b>					
Cash generated/(utilised) by operations	11	5,766,244	(4,603,204)	(21,332,097)	(32,006,160)
Interest received		43,976	53,080	100,584	132,752
Interest paid		-	-	(332,764)	(3,190)
Taxation paid		-	-	(355,454)	-
<b>Cash generated/(utilised) by operating activities</b>		<b>5,816,520</b>	<b>(4,550,124)</b>	<b>(21,913,431)</b>	<b>(31,876,598)</b>
<b>Cash flows from investing activities</b>					
Acquisition of capital-work-in-progress	7	(9,771,040)	(13,182,546)	(20,984,160)	(25,173,349)
Acquisition of property, plant and equipment	6	-	-	(1,343)	-
Proceeds on disposal of property, plant and equipment		-	215,280	4,100	215,280
Investment in environmental trusts		(91,049)	(109,211)	(180,513)	(222,863)
<b>Cash utilised by investing activities</b>		<b>(9,862,089)</b>	<b>(13,076,477)</b>	<b>(21,161,916)</b>	<b>(25,180,932)</b>
<b>Cash flows from financing activities</b>					
Long term borrowings raised – New Senior Debt Facility		55,204	-	6,287,119	-
Long term borrowings raised – Shareholder loan		53,039	-	6,040,566	-
Long term borrowings raised – Working Capital Facility		555,625	-	1,387,025	-
Proceeds on issue of Atlatsa Shares		-	-	74,782,500	-
Long term borrowings repaid – New Senior Debt Facility		-	-	(74,782,500)	-
Long term borrowings raised – Finance Lease		590,200	-	590,200	-
Long term borrowing raised – Consolidated Facility		-	13,048,894	-	54,777,846
Repayment of other loans		(161,754)	(171,250)	(330,751)	(349,421)
<b>Cash generated from financing activities</b>		<b>1,092,314</b>	<b>12,877,644</b>	<b>13,974,159</b>	<b>54,428,425</b>
<b>Effect of foreign currency translation</b>		<b>(63,615)</b>	<b>(362,557)</b>	<b>279,607</b>	<b>(1,236,901)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,023,170)</b>	<b>(5,111,514)</b>	<b>(28,827,881)</b>	<b>(3,866,006)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>14,850,392</b>	<b>15,826,394</b>	<b>40,655,103</b>	<b>14,580,886</b>
<b>Cash and cash equivalents, end of period</b>		<b>11,827,222</b>	<b>10,714,880</b>	<b>11,827,222</b>	<b>10,714,880</b>

## ATLATSA RESOURCES CORPORATION

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

---

### 1. REPORTING ENTITY

Atlatsa Resources Corporation ("Company" or "Atlatsa") is incorporated in the Province of British Columbia, Canada. The Company had a primary listing on the TSX Venture Exchange ("TSX-V") and has a secondary listing on the New York Stock Exchange ("NYSE MKT") and the JSE Limited ("JSE"). Subsequent to year end, on 5 February 2014, the Group migrated from the TSX Venture Exchange to the Toronto Stock Exchange ("TSX"). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Its principal business activity is the mining and exploration of Platinum Group Metals ("PGM") through its mineral property interests. The Company focuses on mineral property interests located in the Republic of South Africa in the Bushveld Complex. Atlatsa operates in South Africa through its wholly-owned subsidiary, Plateau Resources Proprietary Limited ("Plateau") which owns the Group's various mineral property interests and conducted the Group's business in South Africa.

### 2. GOING CONCERN

Atlatsa incurred a net (loss)/profit for the six months ended 30 June 2014 of (\$24.8 million) ( three months ended 31 March 2014: (\$12.8 million) and fiscal 2013: \$99.9 million) and as of that date its total assets exceeded its total liabilities by \$439.3 (three months ended 31 March 2014: \$467.9 and fiscal 2013: \$379.1 million).

The Company completed a part of Phase Two of its restructuring and recapitalising plan ("Restructure Plan") on 13 December 2013. This included the following transactions between the Company and Rustenburg Platinum Mine Limited ("RPM"), a 100% subsidiary of Anglo American Platinum Limited ("Anglo Platinum"):

- the sale and transfer of the Company's interest in the Boikgantsho Project and the Eastern section of the Ga-Phasha Project to RPM for a net consideration of \$170.9 million (ZAR1,700.0 million);
- the purchase consideration payable for the sale of the Boikgantsho Project was paid to the Company on 13 December 2013, excluding an amount of \$2.9 million (ZAR29.0 million) in respect of the Boikgantsho Project information which is payable on the date of execution of the notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights. The proceeds were used to reduce the outstanding debt to RPM;
- RPM subscribed for additional shares in Bokoni Platinum Holdings Proprietary Limited ("Bokoni Holdco") to the value of \$194.9 million (ZAR1,939.4 million). Bokoni Holdco utilised these funds to repay the debt outstanding between Bokoni Holdco and RPM of \$194.9 million (ZAR1,939.4 million);
- The 2009 Senior Debt Facility was repaid in full and the New Senior Debt Facility between Plateau and RPM as signed on 27 March 2013 was made effective. The amount available under the New Senior Debt Facility was \$231.2 million (ZAR2,300 million) of which \$223.7 million (ZAR 2,225.7 million), including interest was utilised by 31 December 2013.

The net result was the Group's debt was reduced by \$362.8 million (ZAR 3,610.4 million).

In addition, a Working Capital Facility was provided by RPM to fund the Group's administrative and corporate expenses. The restructuring and recapitalising plan was finalised by 31 January 2014 resulting in the amount outstanding under the New Senior Debt Facility being reduced by a further \$74.8 million (ZAR 750 million).

The New Senior Debt Facility is only repayable once the company generates sufficient free cash flow. The delay in the implementation of Phase Two resulted in the additional resources that were made available in terms of the New Senior Debt facility being insufficient to meet the short term cash requirements of Bokoni Platinum Mines Proprietary Limited ("Bokoni Mine"), due to the interest accruing on the available debt facility. The facility was fully drawn by March 2014.

An alternative funding arrangement was entered into with RPM in November 2013, whereby an advance on the Purchase of Concentrate revenue ("Advance") on the concentrate sales made to RPM by Bokoni Mine was provided. The Advance was originally available from 1 November 2013 until 30 November 2014. The agreement with RPM with respect to the Advance provides that RPM may advance funds to Bokoni up to an amount of the lower of 90% of an advance on revenue for the preceding two months and \$36.2 million (ZAR360.0 million), provided that the amount advanced shall not exceed the actual cash requirements for that month. This agreement was renegotiated in March 2014 to provide that RPM may advance funds to Bokoni Mine up to an amount of the lower of 95% of an advance on revenue for the preceding two months and \$47.7 million (ZAR475.0 million), provided that the amount advanced shall not exceed the actual cash requirements for that month of Bokoni Mine. In July 2014, the agreement was extended to 31 December 2015.

The Working Capital Facility was made available to Plateau up to a maximum of \$3 million (ZAR30 million) per year to Atlatsa during each of 2013, 2014 and 2015 for an aggregate facility of \$9 million (ZAR90 million), including capitalised interest to fund Atlatsa's corporate and administrative expenses through to 2015. The Working Capital Facility is repayable in full by 31 December 2018.

## ATLATSA RESOURCES CORPORATION

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

---

In March 2014, further negotiations were entered into with RPM and the following were agreed to ensure the Group had sufficient cash resources:

- RPM will meet its 49% shareholder commitment to match any cash resources that Atlatsa contributes;
- the backlog of trade payables relating to Anglo Platinum of approximately \$14.1 million (ZAR140 million) will be deferred to be paid from April 2015 over 9 equal instalments;
- the available facility of the \$9 million (ZAR90 million) Working Capital Facility will be made available in the event Bokoni Mine requires additional cash resources.
- RPM will consider the availability of the \$2.9 million (ZAR29 million) outstanding on the sale of the Boikgantsho Project that took place on 13 December 2013 which is currently payable by RPM to the Company on the date of execution of a notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights.

Atlatsa executives will make available \$6 million (ZAR60 million) as cash resources.

The current liabilities of the Group were \$50 million compared to the current assets (excluding restricted cash) of \$44.2 million. This arises as a result of the \$14.1 million (R140 million) backlog of trade payables owed to Anglo Platinum (discussed above). By agreement with Anglo Platinum this amount was deferred and Bokoni will start repaying \$0.9 million (R9 million) a month from April 2015 to December 2015. As a result, \$9.4 million (R93.4 million) of the total amount outstanding is repayable twelve months after the 30 June 2014 reporting date. However, this amount is classified as a short term liability due to the agreement with Anglo Platinum including the following:

- Bokoni Mine shall ensure that all current amounts due are paid thirty days from the end of the month the goods/service was provided;
- any amounts in dispute must be resolved in the 30 day period;
- if the arrears of \$14.1 million (R140 million) increases, Anglo Platinum shall be entitled to deduct the full amount of the backlog from the Advance provided.

Thus far the Company has monitored and continues to monitor this closely together with Anglo Platinum and has not defaulted on the above requirements. Therefore it is not anticipated that the outstanding balance will be required to be paid immediately and the liquidity of the Company is being managed.

As a result of the above and the available cash facilities of which \$6 million is committed and held in escrow the financial statements are prepared on the basis of accounting policies applicable to a going concern.

### 3. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for a complete set of International Financial Reporting Standards annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2013. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013. The annual consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available upon request from the Company's registered office at 82 Grayston Drive, Sandton, South Africa or at [www.sedar.com](http://www.sedar.com).

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2013, except for the following standards and interpretations adopted in the current financial year:

- Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRIC 21 Levies

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

Notwithstanding the above, the change has no significant impact on the measurement of the Group's assets and liabilities, including disclosure.

**Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)**

The amendments clarify when an entity can offset financial assets and financial liabilities.

The change has no significant impact on the measurement of the Group's assets and liabilities.

**Recoverable Amount Disclosures for Non-Financial Assets (Amendment to IAS 36)**

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The Group has applied the guidance retrospectively. Notwithstanding the above, the change has no significant impact on the measurement of the Group's assets and liabilities, including disclosure.

**Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)**

IAS 39 Financial Instruments: Recognition and Measurement requires an entity to discontinue hedge accounting if the derivative hedging instrument is novated to a clearing counterparty, unless the hedging instrument is being replaced as part of the entity's original documented hedging strategy.

The amendments add a limited exception to IAS 39, to provide relief from discounting an existing hedging relationship, when a novation was not contemplated in the original hedging documentation meets specific criteria.

The Group has applied the guidance retrospectively. Notwithstanding the above, the change has no significant impact on the measurement of the Group's assets and liabilities.

**IFRIC 21 Levies**

Levies have become more common in recent years, with governments in a number of jurisdictions introducing levies to raise additional income. Current practice on how to account for these levies is mixed. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 Provisions, Contingent Liabilities and Assets.

The Group has applied the guidance retrospectively. Notwithstanding the above, the change has no significant impact on the measurement of the Group's assets and liabilities.

Standards and interpretations issued but not yet effective:

**Effective for the financial year commencing 1 April 2015**

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

**Effective for the financial year commencing 1 April 2016**

- IFRS 14 Regulatory Deferral Accounts

**Effective for financial year commencing 1 January 2017**

- IFRS 15 Revenue from Contracts with Customers

**To be decided**

- IFRS 9 Financial Instruments

All standards and Interpretations will be adopted at their effective date. Management is currently in the process of assessing the applicability and impact of the above-mentioned, if any.



**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

**5. FINANCIAL RISK MANAGEMENT****Summary of the carrying value of the Group's financial instruments****At 30 June 2014**

	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>
Platinum Producers' Environmental Trust**	3,490,894	-
Trade and other receivables*	28,726,269	-
Cash and cash equivalents*	11,827,223	-
Restricted cash*	47,492	-
Loans and borrowings*	-	118,847,399
Trade and other payables*	-	39,421,400

**At 31 December 2013**

	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>
Platinum Producers' Environmental Trust**	3,292,979	-
Trade and other receivables*	32,730,150	-
Cash and cash equivalents*	40,655,103	-
Restricted cash*	265,293	-
Loans and borrowings*	-	187,016,588
Trade and other payables*	-	36,923,487

\*Not measured at fair value and the carrying amount is a reasonable approximation of the fair value due to the short-term to maturity.

\*\*Not measured at fair value and the carrying amount is a reasonable approximation of fair value due to this being cash deposits.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value, if the carrying value is a reasonable approximation of the fair value.

	<b><u>2014</u></b>		<b><u>2013</u></b>	
	<b>Carrying value</b>	<b>Fair value (level 2)</b>	<b>Carrying value</b>	<b>Fair value (level 2)</b>
Loans and borrowings	<b>118,847,399</b>	<b>118,847,399</b>	187,016,588	187,016,588

The carrying amount of loans and borrowings approximate fair value, as the loans were recognized at fair value on 13 December 2013 and subsequently adjusted for all changes in drawdowns.

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

## (a) Valuation techniques and unobservable inputs:

The following table shows the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable input used:

Type	Valuation technique	Significant unobservable inputs
Loans and borrowings	Discounted cash flows	Not applicable

## (b) Key assumptions:

- JIBAR rates changing per quarter
- Cash flow assumption changes per quarter
- Drawdowns made in the quarter

**6. PROPERTY, PLANT AND EQUIPMENT**

	<u>Six months ended 30 June</u>	<u>Year ended 31 December</u>
	<u>2014</u>	<u>2013</u>
<b>Summary</b>		
<b>Cost</b>		
Balance at beginning of period	<b>780,046,204</b>	856,549,652
Additions	<b>1,343</b>	278,200
Transferred from capital work-in-progress	<b>16,740,432</b>	41,942,185
Disposals	-	(2,982,768)
Adjustment to rehabilitation assets	-	2,697,102
Effect of translation	<b>(6,486,955)</b>	(118,438,167)
Balance at end of period	<b>790,301,024</b>	780,046,204
<b>Accumulated depreciation and impairment losses</b>		
Balance beginning of period	<b>128,867,722</b>	108,092,747
Depreciation for the period	<b>17,906,105</b>	39,397,747
Disposals	-	(1,964,190)
Effect of translation	<b>(1,367,101)</b>	(16,658,582)
Balance at end of period	<b>145,406,726</b>	128,867,722
<b>Carrying value</b>	<b>644,894,298</b>	651,178,482

**7. CAPITAL WORK-IN-PROGRESS**

Capital work-in-progress consists of mine development and infrastructure costs relating to Bokoni Mine and will be transferred to property, plant and equipment when the relevant projects are commissioned.

Balance at beginning of period	<b>27,296,481</b>	20,027,764
Additions	<b>20,984,160</b>	50,987,358
Transfer to property, plant and equipment	<b>(16,740,432)</b>	(41,942,185)
Capitalisation of borrowing costs	<b>751,643</b>	1,502,507
Effect of translation	<b>(313,041)</b>	(3,278,963)
Balance at end of period	<b>31,978,811</b>	27,296,481

Capital work-in-progress is funded through cash generated from operations and available facilities (refer note 2).

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

**8. MINERAL PROPERTY INTERESTS**

	<u>Six months ended 30 June</u>	<u>Year ended 31 December</u>
	<u>2014</u>	<u>2013</u>
Balance at beginning of year	7,612,443	11,903,918
Mineral property interests sold	-	(3,449,797)
Amortisation	(1,789,530)	-
Effect of translation	13,573	(841,678)
Balance at end of period	<u>5,836,486</u>	<u>7,612,443</u>

The Group's mineral property interest consists of various early stage exploration projects.

Mineral property interests are carried at cost less amortisation and impairment losses. Gains and losses on disposal of mineral property interests are determined by comparing the proceeds from disposal with the cost less amortisation and impairment losses of the asset and are recognized net within profit or loss.

Mineral property interests transferred between segments (subsidiaries) is recognised at the nominal amount paid. The resulting profit or loss caused by the transfer of mineral property interests is recognised in profit or loss of the segment (subsidiary).

**9. SHARE CAPITAL****Authorised and issued**

	<u>Number of shares</u>	
Common shares with no par value	554,288,473	201,888,472
B2 Convertible Preference shares of \$0.1481 (ZAR1) each	-	115,800
B3 Convertible Preference shares of \$0.1481 (ZAR1) each	-	111,600

The Company's authorised share capital consists of an unlimited number of common shares without par value. During 2009 the convertible "B" preference shares were issued to facilitate the acquisition of the 51% shareholding in Bokoni Holdco.

**Share capital**

Share capital at the beginning of the period	71,967,083	74,150,116
125,000,000 shares issued*	74,782,500	-
Convertible preference shares converted**	162,910,000	-
Share issue costs	-	(2,183,033)
Share capital at the end of the period	<u>309,659,583</u>	<u>71,967,083</u>
<b>Treasury shares</b>	<u>4,991,726</u>	<u>4,991,726</u>

\* On 31 January 2014 as part of Phase Two of the Restructure Plan, 125,000,000 common shares were issued to RPM for a consideration of \$74,782,500 (ZAR 750 million) (refer to note 15)

\*\* On 14 January 2014 as part of Phase Two of the Restructure Plan the 227,400 "B" Preference shares were converted into common shares at a value of \$162,910,000 (refer to note 15)

Treasury shares relate to shares held by the ESOP Trust in Atlatsa, which is consolidated by the Group.

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>Six months ended</u> <u>30 June</u>	<u>Year ended 31</u> <u>December</u>
	<u>2014</u>	<u>2013</u>
<b>10. LOANS AND BORROWINGS</b>		
Rustenburg Platinum Mines – Working Capital Facility (related party)	4,539,210	3,039,000
Rustenburg Platinum Mines – New Senior Debt Facility (related party)	113,497,100	176,691,263
Rustenburg Platinum Mines – Interest-free loan (related party)	-	2,928,688
Rustenburg Platinum Mines – Shareholder loan (related party)	-	3,267,477
Other	811,089	1,090,160
	<b>118,847,399</b>	<b>187,016,588</b>
<i>Short-term portion</i>		
Rustenburg Platinum Mines – New Senior Debt Facility (related party)	-	(75,975,000)
Other	(716,217)	(721,367)
	<b>118,131,182</b>	<b>110,320,221</b>
<i>Non-current liabilities</i>		

The carrying value of the Group's loans and borrowings changed during the year as follows:

Balance at beginning of the year	187,016,588	435,791,920
Loan from RPM – Consolidated Facility	-	68,921,455
Loan repaid RPM – New Senior Debt Facility	(74,782,500)	(620,494,506)
Loan from RPM – Transaction Cost Facility	-	749,000
Loan repaid – Transaction Cost Facility	-	(769,223)
Loans repaid - other	(330,751)	(695,785)
Loan from RPM – New Senior Debt Facility	6,287,119	237,770,925
Loan from RPM – Shareholder loan	6,040,566	3,451,333
Loan capitalised RPM – Shareholder loan	(12,480,278)	-
Loan from RPM – Working Capital Facility	1,387,025	3,194,816
Finance expenses accrued	8,326,776	57,227,112
Fair value gain on additional drawdowns of Consolidated Facility	-	(25,900,282)
AG8 adjustments on Consolidated Facility	-	(8,512,338)
Derecognition of facility at a Bokoni Holdco and Plateau level	-	133,100,219
Fair value gain on recognition of New Senior Debt Facility	-	(51,586,902)
Fair value gain on additional draw downs of New Senior Debt Facility	(538,033)	(748,112)
Effect of translation	(2,079,113)	(44,483,044)
<b>Balance at end of the period</b>	<b>118,847,399</b>	<b>187,016,588</b>
<i>Short-term portion</i>		
RPM - New Senior Debt Facility	-	(75,975,000)
Other	(716,217)	(721,367)
Non-current portion	<b>118,131,182</b>	<b>110,320,221</b>

On 31 January 2014, Anglo Platinum's Board of Directors authorised an amount of \$16.1 million (ZAR160 million) of accrued and unpaid interest to accrue above the facility limit of \$155.8 million (ZAR1,550 million) up to 31 December 2015.

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>11. CASH GENERATED/(UTILISED) BY OPERATIONS</b>				
Loss before income tax	(13,601,068)	(17,747,244)	(27,601,541)	(23,531,114)
<b>Adjustments for:</b>				
Finance expense	4,335,373	14,747,586	8,316,525	28,973,868
Finance income	(70,757)	(81,036)	(152,363)	(189,756)
<b>Non-cash items:</b>				
Depreciation and amortisation	9,604,188	9,896,322	19,713,169	19,539,794
Equity-settled share-based compensation	-	314,654	-	331,410
Loss on disposal of property, plant and equipment	-	421,359	(4,100)	421,359
Rehabilitation adjustment	(229,069)	-	-	-
Fair value gain and AG8 adjustment on loans and borrowings	(146,175)	(8,820,313)	(538,033)	(29,447,667)
<b>Cash utilised before ESOP transactions</b>	<b>(107,508)</b>	<b>(1,268,672)</b>	<b>(266,343)</b>	<b>(3,902,106)</b>
ESOP cash transactions (restricted cash)	17,051	13,862	35,521	35,810
<b>Cash utilised before working capital changes</b>	<b>(84,157)</b>	<b>(1,254,810)</b>	<b>(224,522)</b>	<b>(3,866,296)</b>
Working capital changes				
Decrease/(increase) in trade and other receivables	7,847,396	(3,667,855)	3,882,515	(36,572,155)
(Decrease)/increase in trade and other payables	(212,336)	931,431	(22,616,517)	8,305,014
(Increase)/decrease in inventories	(1,778,358)	(611,970)	(2,367,272)	127,277
<b>Cash generated/(utilised) by operations</b>	<b>5,766,244</b>	<b>(4,603,204)</b>	<b>(21,332,097)</b>	<b>(32,006,160)</b>

**12. SEGMENT INFORMATION**

The Group has two reportable segments as described below. These segments are managed separately based on the nature of operations. For each of the segments, the Group's CEO (the Group's chief operating decision maker) reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

- Bokoni Mine - Mining of PGM's.
- Projects - Mining exploration in Kwanda. In the previous year, this included Boikgantsho, Kwanda, and Ga-Phasha. Boikgantsho and two farms in Ga-Phasha (De Kamp and Paschaskraal) were sold to RPM and the remaining two farms in Ga-Phasha (Avoca and Klipfontein) were transferred to Bokoni Mine on 13 December 2013.

The majority of operations and functions are performed in South Africa. An insignificant portion of administrative functions are performed in the Company's country of domicile.

The CEO considers earnings before net finance expense, income tax, depreciation and amortisation ("EBITDA") to be an appropriate measure of each segment's performance. Accordingly, the EBITDA for each segment is included in the segment information. All external revenue is generated by the Bokoni Mine segment.

	<u>Six months ended 30 June</u>						
	<u>2014</u>			<u>2013</u>			<u>Note</u>
	<u>Bokoni Mine</u>	<u>Projects</u>	<u>Total</u>	<u>Bokoni Mine</u>	<u>Projects</u>	<u>Total</u>	
EBITDA	1,293,937	(13,798)	1,280,139	26,879,218	(12,387)	26,866,831	(i)
Total Assets	757,186,901	3,095	757,189,996	793,851,575	103,835,787	897,687,362	(ii)
	<u>Three months ended 30 June</u>						
	<u>2014</u>			<u>2013</u>			<u>Note</u>
	<u>Bokoni Mine</u>	<u>Projects</u>	<u>Total</u>	<u>Bokoni Mine</u>	<u>Projects</u>	<u>Total</u>	
EBITDA	808,051	(9,206)	798,845	6,256,833	(3,543)	6,253,290	(i)

**ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

	<u>June 2014</u>	<u>June 2013</u>
<b>(i) EBITDA – six months ended</b>		
EBITDA for reportable segments	1,280,139	26,866,831
Net finance expense	(8,164,162)	(28,784,112)
Depreciation and amortisation	(19,713,169)	(19,539,794)
Corporate and consolidation adjustments	(1,004,349)	(2,074,039)
Consolidated loss before income tax	<u>(27,601,541)</u>	<u>(23,531,114)</u>
<b>(ii) EBITDA – three months ended</b>		
EBITDA for reportable segments	798,845	6,253,290
Net finance expense	(4,264,616)	(14,666,550)
Depreciation and amortisation	(9,604,188)	(9,896,322)
Corporate and consolidation adjustments	(531,109)	562,338
Consolidated loss before income tax	<u>(13,601,068)</u>	<u>(17,747,244)</u>
<b>(ii) Total assets</b>		
Assets for reportable segments	757,189,996	897,687,362
Corporate and consolidation adjustments	(17,670,809)	(119,670,348)
Consolidated total assets	<u>739,519,187</u>	<u>778,017,014</u>

**13. EARNINGS PER SHARE**

The calculation of basic loss per share for the three months ended 30 June 2014 of 1 cent (2013: 2 cents) is based on the loss attributable to owners of the Company of \$6,972,847 (2013: \$9,290,962) and a weighted average number of shares of 530,811,430 (2013: 424,791,411).

The calculation of basic loss per share for the six months ended 30 June 2014 of 2 cents (2013: 4 cent) is based on the loss attributable to owners of the Company of \$11,849,502 (2013: \$15,455,496) and a weighted average number of shares of 530,811,430 (2013: 424,791,411).

The calculation of diluted loss per share for the three months ended 30 June 2014 of 1 cent (2013: 2 cents) is based on the loss attributable to owners of the Company of \$6,972,847 (2013: \$9,290,962) and a weighted average number of shares of 530,811,430 (2013: 424,791,411).

The calculation of diluted loss per share for the three months ended 30 June 2014 of 2 cents (2013: 4 cent) is based on the loss attributable to owners of the Company of \$11,849,502 (2013: \$15,455,496) and a weighted average number of shares of 530,811,430 (2013: 424,791,411).

The share options were excluded in determining diluted weighted average number of common shares as their effect would have been anti-dilutive.

**14. RELATED PARTIES**

In January 2014, Phase Two of the Restructure Plan was finalised by completing the following:

- Pelawan SPV Proprietary Limited (“Pelawan SPV”) converted its “B” preference shares held by RPM into Pelawan SPV ordinary shares and in turn Plateau converted its “B” Preference Shares held by Pelawan SPV in Plateau into Plateau ordinary shares.
- As per the agreement between Pelawan SPV and Atlatsa, Atlatsa issued 227.4 million Atlatsa common shares to Pelawan SPV in exchange for the Plateau ordinary shares. Following this issuance, Pelawan SPV immediately bought back all SPV ordinary shares held by RPM and settled the buyback consideration by delivering to RPM 115.8 million common shares in the Company.
- Atlatsa Holdings Proprietary Limited (“Atlatsa Holdings”), the Company’s majority shareholder acquired the 115.8 million Atlatsa common shares that RPM received on a vendor financed basis for \$46.5 million (ZAR463 million) (“Vendor Finance Loan”), and
- RPM subscribed for 125 million common shares of the Company on 31 January 2014 to the value of \$74.9 million (ZAR750.0 million).

## **ATLATSA RESOURCES CORPORATION**

Notes to the Condensed Consolidated Interim Financial Statements

For the periods ended 30 June 2014

(Unaudited - Expressed in Canadian Dollars)

---

The funds from the 125 million shares were used to reduce the New Senior Debt Facility to \$155.8 million (ZAR1,550 million).

Atlatsa Holdings provided security to RPM in relation to the Atlatsa Holdings Vendor Finance Loan by way of a pledge and cession of its entire shareholding in Atlatsa, which shares remain subject to a lock-in arrangement through to 2020. Should Atlatsa Holdings be unable to meet its minimum repayment commitments under the Atlatsa Holdings Vendor Finance Loan between 2018 to 2020, Atlatsa will have a discretionary right, with no obligation, to step in and remedy such obligation in order to protect its BEE (as defined below) shareholding status, subject to commercial terms being agreed between Atlatsa Holdings and Atlatsa for that purpose and receipt of the necessary regulatory and shareholder approvals.

On 6 February, 2014, Plateau paid Securities Transfer Tax ("STT") of \$174,569 to the South African Revenue Services, on behalf of Atlatsa Holdings. The STT was paid pursuant to the Transaction Cost Loan Agreement dated May 28, 2013 in respect of the Restructure Plan, pursuant to which RPM funded a loan of \$2.3 million (ZAR22.5 million) to Plateau for the payment of the transaction costs of Atlatsa, Atlatsa Holdings and their affiliates. The Transaction Cost Loan agreement was replaced by the Working Capital Facility on 13 December 2013. The STT relates to the sale of the 115.8 million common shares from RPM to Atlatsa Holdings as part of the Restructure Plan. Per agreement between all parties involved, all transaction costs would be paid for by Plateau and so the STT was accounted for as a transaction cost in the Group.

### **15. SUBSEQUENT EVENTS**

There have been no events that have occurred after the reporting date that would have a material impact on the reported results.