Atlatsa
RESOURCES CORPORATION

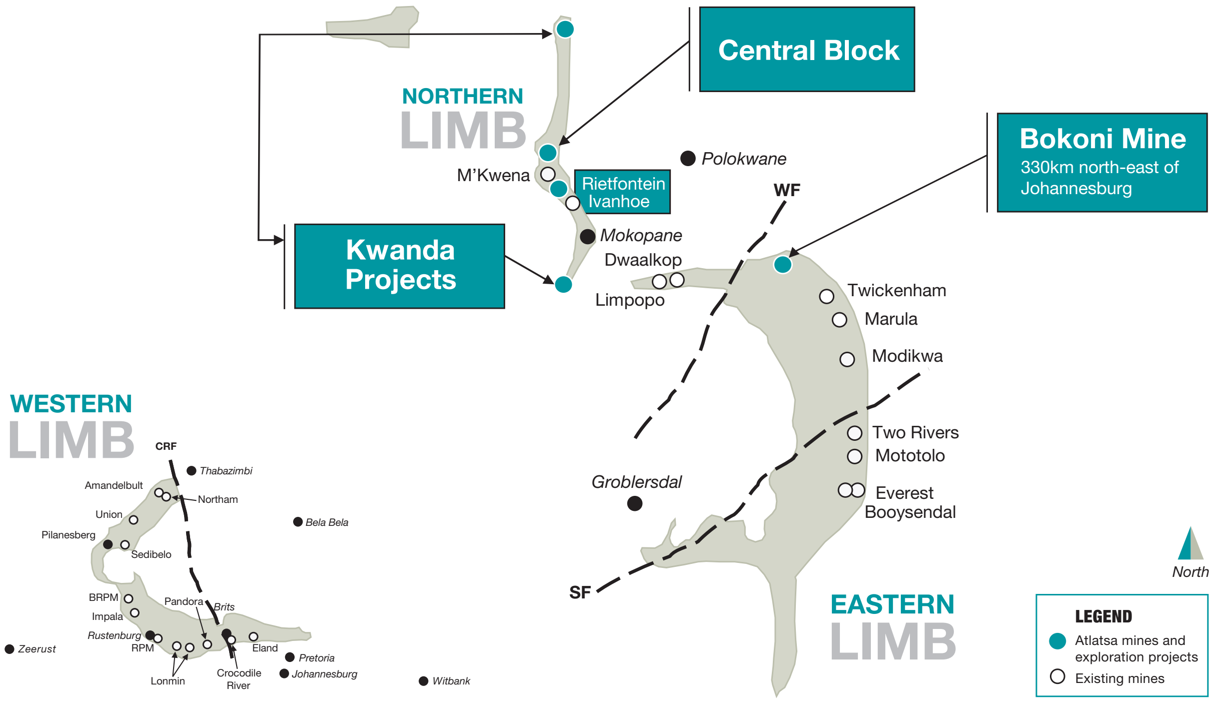
# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**for the three and six months ended June 30 2016, and 2015**

**(Unaudited)**

EMPOWERED TO PRODUCE

# WHERE WE ARE:
# OUR ASSETS




*Disclaimer*

*Certain statements in this Report constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws, including without limitation, statements relating to potential acquisitions and/or disposals, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects such statements appear in a number of different places in this Report and can be identified by words such as "anticipate", "estimate", "project", "expect", "intend", "believe", "plan", "forecasts", "predicts", "schedule", "forecast", "predict", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Atlatsa's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Atlatsa believes that such forward-looking statements are based on material factors and reasonable assumptions, including the following assumptions: open cast mining and accelerated development of underground shaft systems at Bokoni Mine will have anticipated positive impacts on operations and production; Bokoni Mine will maintain production levels in accordance with mine operating plan; the anticipated financial and operational improvements expected as a result of the Restructure Plan; the Platreef Projects will continue to be positive; contracted parties provide goods and/or services on the agreed timeframes; equipment necessary for construction and development is available as scheduled and does not incur unforeseen breakdowns; no material labour slowdowns, strikes or community unrest are incurred; plant and equipment functions as specified; geological or financial parameters do not necessitate future mine plan changes; and no geological or technical problems occur.Forward-looking statements, however, are not guarantees of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include: uncertainties related to the achievement of the anticipated financial and operational improvements expected as a result of the Restructure Plan; uncertainties related to the continued implementation of the Bokoni Mine operating plan and opencast mining operations; uncertainties related to the timing of the implementation of the Bokoni Mine deferred expansion plans; fluctuations in market prices, levels of exploitation and exploration successes; changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation; continued availability of capital and financing; general economic, market or business conditions; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, industrial unrest and strikes; political instability; suspension of operations and damage to mining property as a result of community unrest and safety incidents; insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining government approvals; and the Company's ability to satisfy the terms and conditions of the Term Loan Facility, as described in Section 1.10 Liquidity and to 1.3 Bokoni Restructure Plan , and under "Going Concern" in note 2 of the unaudited Condensed Consolidated Interim Financial Statements for Q2 2016. These factors and other risk factors that could cause actual results to differ materially from those in forward-looking statements are described in further detail under Item 3D "Risk Factors" in Atlatsa's Annual Report on Form 20 F for Fiscal 2015, which is publicly available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Atlatsa advises investors that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to Atlatsa or persons acting on its behalf. Atlatsa assumes no obligation to update its forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as required by law. Investors should carefully review the cautionary notes and risk factors contained in this and other documents that Atlatsa files from time to time with, or furnishes to, Canadian securities regulators or the SEC and which are publicly available on SEDAR at www.sedar.com.*

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## REPORT PROFILE

Atlatsa Resources Corporation ("Atlatsa") was incorporated on April 19, 1983 under the laws of the Province of British Columbia, Canada. All information contained in this report is reported in Canadian dollars ($), unless otherwise indicated. In this report, references to Atlatsa include the Company's subsidiaries. In addition to this report, extensive information on Atlatsa, including its regulatory filings, is available on the Company's website at www.atlatsaresources.co.za, www.sedar.com and www.sec.gov.

This report covers the financial performance for the three and six months ended June 30, 2016 and 2015.

# CONDENSED CONSOLIDATED
## INTERIM STATEMENT OF FINANCIAL POSITION
## AS AT JUNE 30, 2016

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

| | Note | June 30 2016 | (Audited) December 31 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 288,104,809 | 294,924,626 |
| Capital work-in-progress | 8 | 9,414,557 | 9,197,977 |
| Other intangible assets | | 208,284 | 226,995 |
| Mineral property interests | 9 | 6,879,033 | 6,958,857 |
| Bokoni Environmental Rehabilitation Trust | | 3,825,325 | 3,685,645 |
| **Total non-current assets** | | 308,432,008 | 314,994,100 |
| **Current assets** | | | |
| Inventories | | 1,639,422 | 1,553,872 |
| Trade and other receivables | | 7,356,922 | 6,298,336 |
| Cash and cash equivalents | | 2,101,439 | 3,495,531 |
| Restricted cash | | 45,996 | 45,683 |
| **Total current assets** | | 11,143,779 | 11,393,422 |
| **Total assets** | | 319,575,787 | 326,387,522 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | 309,691,439 | 309,691,439 |
| Treasury shares | 10 | (4,991,726) | (4,991,726) |
| Fair value reserve | 14 | 9,898,287 | – |
| Foreign currency translation reserve | | (14,630,067) | (13,587,314) |
| Share-based payment reserve | | 28,910,187 | 28,058,038 |
| Accumulated loss | | (274,070,558) | (256,352,015) |
| **Total equity attributable to equity holders of the Company** | | 54,807,562 | 62,818,422 |
| Non-controlling interests | | (15,979,092) | (10,267,725) |
| **Total equity** | | 38,828,470 | 52,550,697 |
| **Non-current liabilities** | | | |
| Long-term portion of loans and borrowings | 11 | 192,944,488 | 136,837,718 |
| Deferred tax liability | | 39,793,769 | 40,811,920 |
| Provisions | | 15,939,034 | 13,769,756 |
| **Total non-current liabilities** | | 248,677,291 | 191,419,394 |
| **Current liabilities** | | | |
| Trade and other payables | | 31,947,137 | 36,558,488 |
| Restructuring provision | 13 | – | 9,506,434 |
| Short-term portion of loans and borrowings | 11 | 69,200 | 36,048,074 |
| Short-term portion of finance lease liability | 12 | 53,689 | 304,435 |
| **Total current liabilities** | | 32,070,026 | 82,417,431 |
| **Total liabilities** | | 280,747,317 | 273,836,825 |
| **Total equity and liabilities** | | 319,575,787 | 326,387,522 |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

Approved by the Board of Directors on August 15, 2016

**Harold Motaung**
Director

**Fikile De Buck**
Director

# CONDENSED CONSOLIDATED

## INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

| | Note | Three months ended June 30 2016 | Three months ended June 30 2015 | Six months ended June 30 2016 | Six months ended June 30 2015 |
|---|---|---|---|---|---|
| Revenue | | **40,702,427** | 51,661,253 | **76,291,100** | 103,971,888 |
| Cost of sales | | **(47,010,384)** | (66,075,642) | **(90,254,648)** | (129,443,881) |
| **Gross loss** | | **(6,307,957)** | (14,414,389) | **(13,963,548)** | (25,471,993) |
| General and administrative expenses | | **(2,353,504)** | (3,057,714) | **(4,305,272)** | (5,690,933) |
| Fair value adjustments on loans | 14 | **(9,638,793)** | (49,197) | **909,930** | 252,909 |
| Restructuring (costs)/reversals | 13 | **(355,694)** | – | **7,392,853** | – |
| Other expenses including impairment loss | | **(105,228)** | (337,064,465) | **(121,299)** | (337,064,465) |
| Other income | | **5,279** | 12,846 | **7,770** | 14,415 |
| **Operating loss** | | **(18,755,897)** | (354,572,919) | **(10,079,566)** | (367,960,067) |
| Finance income | | **71,360** | 52,281 | **129,252** | 148,627 |
| Finance costs | | **(7,123,615)** | (6,052,773) | **(13,889,866)** | (11,010,844) |
| **Net finance costs** | | **(7,052,255)** | (6,000,492) | **(13,760,614)** | (10,862,217) |
| **Loss before income tax** | | **(25,808,152)** | (360,573,411) | **(23,840,180)** | (378,822,284) |
| Income tax | | **1,757,604** | 63,462,300 | **354,489** | 64,921,558 |
| **Loss for the period** | | **(24,050,548)** | (297,111,111) | **(23,485,691)** | (313,900,726) |
| **Other comprehensive income** | | | | | |
| Foreign currency translation differences for foreign operations | | **(362,610)** | (7,713,629) | **(1,023,080)** | 8,688,321 |
| **Other comprehensive income for the period, net of income tax** | | **(362,610)** | (7,713,629) | **(1,023,080)** | 8,688,321 |
| **Total comprehensive income for the period** | | **(24,413,158)** | (304,824,740) | **(24,508,771)** | (305,212,405) |
| **Loss attributable to:** | | | | | |
| Owners of the parent | | **(19,696,506)** | (127,552,821) | **(17,718,543)** | (136,421,410) |
| Non-controlling interests | | **(4,351,042)** | (169,558,290) | **(5,767,148)** | (177,479,316) |
| **Loss for the period** | | **(24,050,548)** | (297,111,111) | **(23,485,691)** | (313,900,726) |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | **(20,003,114)** | (132,039,761) | **(18,797,404)** | (131,925,039) |
| Non-controlling interests | | **(4,410,044)** | (172,784,979) | **(5,711,367)** | (173,287,366) |
| **Total comprehensive income for the period** | | **(24,413,158)** | (304,824,740) | **(24,508,771)** | (24,508,771) |
| Basic loss per share | 14 | **(4 cent)** | (23 cents) | **(3 cent)** | (25 cents) |
| Diluted loss per share | 14 | **(4 cent)** | (23 cents) | **(3 cent)** | (25 cents) |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

# CONDENSED CONSOLIDATED

## INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

| | | Share capital | | Treasury shares | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares | Amount | Number of shares | Amount | Fair value reserve | Foreign currency translation reserve | Share-based payment reserve | Accumulated loss | Total shareholders' equity | Non-controlling interests | Total equity |
| **For the period ended June 30, 2015** | | | | | | | | | | | | |
| **Balance at January 1, 2015** | | 554,288,473 | 309,659,583 | 4,497,062 | (4,991,726) | – | (10,558,030) | 26,245,459 | (89,283,115) | 231,072,171 | 184,133,904 | **415,206,075** |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Loss for the period | | – | – | – | – | – | – | – | (136,421,410) | (136,421,410) | (177,479,316) | **(313,900,726)** |
| Other comprehensive income for the period, net of tax | | – | – | – | – | – | 4,442,824 | 53,547 | – | 4,496,371 | 4,191,950 | **8,688,321** |
| **Total comprehensive income for the period** | | – | – | – | – | – | 4,442,824 | 53,547 | (136,421,410) | (131,925,039) | (173,287,366) | **(305,212,405)** |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Share-based payments expense | | – | – | – | – | – | – | 1,090,969 | – | 1,090,969 | – | **1,090,969** |
| Common shares issued | | 133,333 | 31,856 | – | – | – | – | (31,856) | – | – | – | **–** |
| **Total contributions by and distributions to owners** | | 133,333 | 31,856 | – | – | – | – | 1,059,113 | – | 1,059,113 | – | **1,059,113** |
| **Balance at June 30, 2015** | | 554,288,473 | 309,659,583 | 4,497,062 | (4,991,726) | – | (6,115,206) | 27,358,119 | (225,704,525) | 100,238,101 | 10,846,538 | **111,084,639** |
| **For the period ended June 30, 2016**<br>**Balance at January 1, 2016** | | 554,421,806 | 309,691,439 | 4,497,062 | (4,991,726) | – | (13,587,314) | 28,058,038 | (256,352,015) | 62,818,422 | (10,267,725) | **52,550,697** |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Loss for the period | | – | – | – | – | – | – | – | (17,718,543) | (17,718,543) | (5,767,148) | **(23,485,691)** |
| Other comprehensive income for the period, net of tax | | – | – | – | – | – | (1,042,753) | (36,108) | – | (1,078,861) | 55,781 | **(1,023,080)** |
| **Total comprehensive income for the period** | | – | – | – | – | – | (1,042,753) | (36,108) | (17,718,543) | (18,797,404) | (5,711,367) | **(24,608,771)** |
| **Transactions with owners, recognised directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Day 1 fair value adjustment accounted for in equity | | – | – | – | – | 9,898,287* | – | - | - | 9,898,287 | - | **9,898,287** |
| Share-based payments expense | | – | – | – | – | – | – | 888,258 | – | 888,258 | – | **888,258** |
| **Total contributions by and distributions to owners** | | – | – | – | – | 9,898,287 | – | 888,257 | – | 10,786,544 | – | **10,786,544** |
| **Balance at June 30, 2016** | | 554,421,806 | 309,691,439 | 4,497,062 | (4,991,726) | 9,898,287 | (14,630,067) | 28,910,187 | (274,070,558) | 54,807,562 | (15,979,092) | **38,828,470** |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

* *Fair value adjustment was reclassified from the Statement of Profit or Loss and other Comprehensive income in the 31 March 2016 results to equity in the current period.*

# CONDENSED CONSOLIDATED

## INTERIM STATEMENT OF CASH FLOWS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

| | Note | Three months ended June 30 2016 | Three months ended June 30 2015 | Six months ended June 30 2016 | Six months ended June 30 2015 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash utilised by operations | 15 | **(3,861,270)** | (3,666,048) | **(13,011,640)** | (2,778,579) |
| Interest received | | **37,199** | 22,421 | **62,417** | 89,514 |
| Interest paid | | **(740,241)** | (672,623) | **(2,079,230)** | (1,432,606) |
| Income tax paid | | **–** | (548) | **–** | (548) |
| **Net cash flows used in operating activities** | | **(4,564,312)** | (4,316,798) | **(15,028,453)** | (4,122,219) |
| **Cash flows from investing activities** | | | | | |
| Increase in investments held by Bokoni Environmental Rehabilitation Trust | | **(65,038)** | (76,229) | **(129,492)** | (155,456) |
| Acquisition of property, plant and equipment | 7 | **–** | – | **(1,899)** | (1,952) |
| Expenditures on capital work-in-progress | 8 | **(4,469,562)** | (4,408,919) | **(8,014,278)** | (8,221,203) |
| **Net cash flows used in investing activities** | | **(4,534,600)** | (4,485,148) | **(8,145,669)** | (8,378,611) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from loans and borrowings | | **166,100** | 5,775,082 | **56,442,530** | 6,197,882 |
| Repayment of loans and borrowings | | **(2,400,403)** | – | **(34,714,836)** | – |
| Finance lease liability repayments | | **(114,735)** | (1,052,643) | **(253,250)** | (1,489,999) |
| Other loans repaid | | **(115)** | – | **(25,376)** | (168,192) |
| **Net cash flows (used in)/from financing activities** | | **(2,349,153)** | 4,722,439 | **21,449,068** | 4,539,691 |
| **Effect of foreign currency translation** | | **(27,408)** | 736 | **330,962** | 348,275 |
| **Net decrease in cash and cash equivalents** | | **(11,475,473)** | (4,078,771) | **(1,394,092)** | (7,612,864) |
| **Cash and cash equivalents at beginning of period** | | **13,576,912** | 4,614,465 | **3,495,531** | 8,148,558 |
| **Cash and cash equivalents at end of period** | | **2,101,439** | 535,694 | **2,101,439** | 535,694 |

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

# NOTES

## TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

## 1. CORPORATE AND GROUP INFORMATION

Atlatsa Resources Corporation ("the Company" or "Atlatsa") is incorporated in the Province of British Columbia, Canada. The Company has a primary listing on the Toronto Stock Exchange ("TSX") and has a secondary listing on the JSE Limited ("JSE"). On July 10, 2015, the Company announced its intention to file a Form 25 (Notification of Removal from Listing and/or Registration under Section 12(b) of the Securities Exchange Act of 1934) with the U.S. Securities and Exchange Commission (the "SEC") to voluntarily withdraw its common shares from listing on the NYSE MKT. The Company filed the Form 25 on July 20, 2015 and the delisting was effective 10 days following the filing of the Form 25. On July 8, 2016, the company announced its intention to file a Form 15 with the SEC to terminate the registration of its common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its reporting obligations under Section 13(a) of the Exchange Act. The termination will become effective 90 days after the filing of the Form 15 and upon filing; the company's reporting obligations under the Exchange Act were suspended immediately.

The condensed consolidated interim financial statements comprise of the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Group's 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 conducts the Group's business in South Africa.

## 2. GOING CONCERN

The Group incurred a net loss of $23.5 million for the six months period (2015: $313.9 million). The loss for the period is primarily as a result of the decrease in production volumes and the impact this had on the profitability of the Group's subsidiary, Bokoni Platinum Mines Proprietary Limited ("Bokoni" or "Bokoni Mine"). In the previous comparable period an impairment loss of $337.1 million was accounted for with respect to property, plant and equipment and goodwill which had an impact on the profitability of the Group.

As at June 30, 2016, the Group's current liabilities exceeded its current assets by $20.9 million. This deficit arises mainly as a result of the $12.3 million (ZAR140 million) backlog of trade and other payables owed to Rustenburg Platinum Mines Limited ("RPM") (RPM is a related party to the Group) by Bokoni. On December 9, 2015, the Senior Facilities Agreement was increased by $6.3 million (ZAR71.4 million) to avail funds to Plateau Resources Proprietary Limited ("Plateau") to repay its 51% pro rata share ($6.3 million (ZAR71.4 million)) of the backlog, subject to conditions precedent being met. The balance of the shortfall will be funded from the Term Loan Facility provided by RPM (discussed below).

### Bokoni Mine operations and restructure plan

The main constraint at Bokoni Mine is the current inability to produce sufficient volumes of high-grade underground ore to fill the mill capacity. Even in the event of producing 160 kilo tonnes per month ("ktpm") of higher grade ore from underground, Bokoni will remain marginal at these volumes.

Reviews of the operations indicated that the optimum level of production required to ensure that Bokoni Mine is profitable and sustainable is around 240 ktpm. This review process culminated in the design and development of the current mine plan, which targets a significant increase in mining and concentrating capacity from 160 ktpm to 240 ktpm. In order for Bokoni to achieve the mining and concentrating scale of 240 ktpm targeted in the aforementioned mine plan, Bokoni would require a significant capital investment.

On September 16, 2015, the Company advised, together with Anglo American Platinum Limited ("Anglo Platinum"), that to ensure the future optimisation of Bokoni Mine, the Company has had to implement an operational and financial restructure plan at Bokoni Mine ("the Restructure Plan"). The primary objective of the Restructure Plan is to enable Bokoni Mine to endure a prolonged period of depressed PGM commodity prices, by reducing its existing cost structure and increasing production volumes of higher grade ore from underground operations.

The Restructure Plan was based on the following assumptions for fiscal 2016:

- Platinum price per ounce over life of mine: US$1,392
- 4E average basket price per ounce: R13,545
- ZAR/US$ exchange rate: 11.92

Implementation of the Restructure Plan at Bokoni Mine was anticipated to result in:

- the older, high cost UM2 and Vertical Merensky shaft operations being placed on care and maintenance in August and December 2015 respectively, the relevant assets have also been impaired;
- continued ramp up of the Middelpunt Hill UG2 and Brakfontein Merensky development shafts to steady state production of 60,000 tonnes per month (tpm) by the fourth quarter of 2016 and 100,000 tpm by 2019, respectively;
- continued mining at the Klipfontein Merensky opencast operation as a mill gap filler during ramp up of the underground operations;
- significant reduction in labour overheads; and
- reduction in Bokoni Mine's unit cost of production.

Bokoni Mine issued a Section 189 (3) notice to relevant parties pursuant to Section 189A of the South African Labour Relations Act, 66 of 1995 (LRA) on September 15, 2015, for the commencement of a consultation process on the contemplated retrenchments of a significant number of its employees based on operational requirements.

As at June 30, 2016 the status of the Restructure Plan was as follows:

1. The UM2 and Vertical Merensky shaft operations have been placed on care and maintenance.

2. The ramp up of the Middelpunt Hill UG2 and Brakfontein Merensky development shafts will be delayed by six to twelve months from the planned targets. This is due to certain operational challenges that include delays in re-training of own mine employees and challenges associated with skills mix within the labour force after implementation of the first phase of the Restructure Plan. This has had a negative impact on planned development and resulted in a delay in primary development during H1 2016 relative to plan at Bokoni Mine. Management will, in the course of the next six months, investigate further alternatives to minimise any further delays in capital projects build up at the operations.

3. Rather than continuing mining at the Klipfontein Merensky opencast operation as a mill-gap filler during ramp up of the underground operations, a decision has been made to terminate the opencast operations by the end of 2016. The Klipfontein Merensky opencast operation has been affected by a number of challenges including delays in obtaining a water use licence, stoppages at the eastern pit due to community disruptions and intersection of a large number of potholes on the western portion of the pit. These challenges have impacted the operation's ability to deliver sufficient volumes to generate a profit.

4. Significant reduction in labour overheads have been achieved whereby Bokoni Mine labour complement reduced by 35.8% from 6,342 as at June 30, 2015 to 4,074 as at June 30, 2016. The reduction is made up of a 57.6% decrease in contractors and a 18.6% decrease in own mine employees.

5. Bokoni Mine's unit cost of production has been reduced by 13% on average per month, which was achieved mainly by the substantial reduction in Bokoni Mine's labour force.

The costs of implementing the Restructure Plan have been financed from operating cash flows and the Term Loan Facility provided by RPM.

### 2. GOING CONCERN continued

#### Term Loan Facility Agreement

On December 9, 2015, a Term Loan Facility Agreement ("the Facility"), was entered into with RPM providing a $29.4 million (ZAR334.0 million) facility to enable Plateau to advance its share of the shareholder loans to Bokoni Holdco for the sole purpose of enabling Bokoni Mine to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from Bokoni Mine cash flows. RPM will fund its 49% share of cash calls made by Bokoni Mine in accordance with the joint venture shareholders' agreement between the parties. The Facility bears no interest; however, if any amount which is due and payable in accordance with the facility is unpaid, the unpaid amount shall accrue interest at the prime rate plus 2%. The Facility is repayable at the earlier of an event of default and December 31, 2018. There will be a mandatory repayment upon the occurrence of a change of control or a sale of all or substantially all the assets of Bokoni whether in a single transaction or a series of related transactions.

In agreeing to the terms and conditions of the Facility, Atlatsa has agreed to co-operate with Anglo Platinum in relation to RPM's acquisition of: (i) the prospecting right held by Kwanda Platinum Mines Proprietary Limited ("Kwanda"); (ii) the prospecting rights in respect of Central Block mineral properties held by Plateau; and (iii) the disposal of all or any part of the Holdco Shareholding (collectively, the "Proposed Transaction").

On March 8, 2016 the conditions precedent to utilisation of the Facility were met, allowing for draw-downs to finance operational cash shortfalls and the repayment of funds advanced by RPM (not supported by physical metal deliveries) on the purchase of concentrate agreement to secure short term funding until the conditions precedent had been met.

A full draw-down of $29.4 million (ZAR334.0 million) was made on March 22, 2016, to enable Plateau to fund its 51% pro-rata share towards the repayment of advances by RPM (not supported by physical metal deliveries) of $47.8 million (ZAR541.7 million) to Bokoni outstanding at March 31, 2016. The balance, $10.0 million (ZAR113.2 million), was utilised to repay the Advance. RPM was obliged to meet its 49% share of the cash call ($28.3 million (ZAR320.9 million)) in accordance with the joint venture shareholders' agreement between the parties.

On August 15, 2016 the Facility was amended and restated to allow for an additional $17.0 million (ZAR193.0 million) to be made available to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from Bokoni Mine cash flows.

This extended facility divides the available funding into three tranches:

1. Tranche A – the original $29.4 million (ZAR334.0 million) facility already fully utilised in the period;
2. Tranche B – an additional facility of $11.4 million (ZAR130.0 million); and
3. Tranche C – an additional facility of $5.5 million (ZAR63.0 million).

There are no conditions attached to Tranche B and this facility would be available to the Group as of the amendment effective date, August 15, 2016.

The conditions to utilisation of Tranche C are as follows:

1. In relation to the Central Block prospecting rights held by Plateau:

a) All renewal applications being granted by the Department of Mineral Resources ("DMR") and the duly completed deeds of renewal being executed and lodged with the Mineral and Petroleum Titles Registration Office ("MPTRO").

2. In relation to the Kwanda prospecting right held by Kwanda:

a) The renewal application being granted by the DMR and the duly completed deed of renewal being executed and lodged with the MPTRO.

b) The "Regulation 60 Application" for a certified copy of the right being processed.

c) The Ministerial consent granted under section 11 of the MPRD Act which relates to the right being rectified to refer to the correct reference number of the right.

d) The duly completed deed of cession under which the right is transferred to Kwanda being executed and lodged with the MPTRO.

The Board of Atlatsa is confident that these conditions would be met within the next quarter.

### Amended and Restated Senior Facilities Agreement

The Senior Facilities Agreement was amended and restated to increase the funds available under the facility by $6.3 million (ZAR71.4 million) on December 9, 2015 to enable the backlog of the trade and other payables relating to RPM of approximately $12.3 million (ZAR140.0 million) (discussed above) to be repaid in order to manage the Group's liquidity. As at the date of the issue of these condensed consolidated interim financial statements, the signing of the condition precedent fulfilment letter remains outstanding and is anticipated to be met before the end of Q3 2016. On mutual agreement with RPM the repayment will take place once the condition precedent has been met.

### Going concern conclusion

Atlatsa remains in discussion with Anglo Platinum surrounding the future optimisation of Bokoni Mine as well as potential alternative financial support for the Company having regard to current challenges within the South African platinum industry. Management is continuously investigating areas to preserve cash in the short term including the possibility of a further reduction in capital projects where appropriate. In addition, the Board of Atlatsa is considering the disposal of non-core assets and alternative sources of funding are being explored with third parties.

The condensed consolidated interim financial statements are prepared on the basis of accounting policies applicable to a going concern. The Group forecasts for 2016 and 2017 includes the assumption that the consensus Rand PGM basket price forecasts will be achieved to have sufficient cash resources available to settle the Group's liabilities in the ordinary course of business.

This condition gives rise to a material uncertainty which may cast substantial doubt on the ability of the Company and its subsidiaries to continue as going concerns and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

## 3. BASIS OF ACCOUNTING

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 complete set of International Financial Reporting Standards annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2015. 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 consolidated financial statements at and for the year ended December 31, 2015. The consolidated financial statements of the Group as at and for the year ended December 31, 2015 are available upon request from the Company's registered office at 82 Grayston Drive, Sandton, South Africa or at www.sedar.com and www.sec.gov.

The condensed consolidated interim financial statements have been prepared on a historical cost basis. Certain items are stated at fair value, refer to note 11 and 14. The condensed consolidated interim financial statements are presented in Canadian dollars ("$"), and all values are rounded to the nearest dollar, except where otherwise stated.

## 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2015.

## 5. 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 consolidated financial statements as at and for the year ended December 31, 2015.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below:

**Effective January 1, 2017:**

- Disclosure initiative (Amendments to IAS7)
- Recognition of Deferred tax assets for unrealised losses (Amendments to IAS 12)

**Effective January 1, 2018:**

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial instruments
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

**Effective January 1, 2019:**

- IFRS 16 Leases

All Standards and Interpretations will be adopted at their effective date, if applicable.

Management is currently in the process of assessing the impact of the above-mentioned changes, if any.

## 6. FINANCIAL RISK MANAGEMENT

**Summary of the carrying value of the Group's financial instruments**

| At June 30, 2016 | Loans and receivables | Financial liabilities at amortised cost |
|---|---|---|
| Bokoni Environmental Rehabilitation Trust** | 3,825,325 | – |
| Trade and other receivables* | 7,210,056 | – |
| Cash and cash equivalents** | 2,101,439 | – |
| Restricted cash* | 45,996 | – |
| Loans and borrowings*** | – | 193,013,688 |
| Finance lease liability* | – | 53,689 |
| Trade and other payables* | – | 25,234,036 |
| **At December 31, 2015** | | |
| Bokoni Environmental Rehabilitation Trust** | 3,685,645 | – |
| Trade and other receivables* | 4,926,455 | – |
| Cash and cash equivalents** | 3,495,531 | – |
| Restricted cash* | 45,683 | – |
| Loans and borrowings*** | – | 172,885,792 |
| Finance lease liability* | – | 304,435 |
| Trade and other payables* | – | 28,268,321 |

* *Not measured at fair value and 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.*
****Not measured at fair value as the carrying amount is a reasonable approximation of fair value.*

The contractual value of the loans and borrowings (financial liabilities at amortised cost) at June 30, 2016 was $218,830,622 (ZAR2,486,146,578) (December 31, 2015 $157,445,158 (ZAR1,759,950,347)).

*(a) Valuation techniques and unobservable inputs:*

The following table shows the valuation techniques used in measuring level 2 fair values:

| Type | Valuation technique |
|---|---|
| Loans and borrowings | Discounted cash flows |

*(b) Key assumptions:*

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

# NOTES

## TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015 continued

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

### 7. PROPERTY, PLANT AND EQUIPMENT

| Summary of property, plant and equipment | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of the period | **758,438,496** | 808,038,782 |
| Additions | **1,899** | 6,005 |
| Transferred from capital work-in-progress | **7,654,154** | 45,392,534 |
| Disposals | **(2,466,323)** | (14,510) |
| Adjustments to rehabilitation assets | **827,678** | (1,387,613) |
| Effect of translation | **(12,094,021)** | (93,596,702) |
| **Closing balance** | **752,361,883** | 758,438,496 |
| **Accumulated depreciation and impairment losses** | | |
| Balance at beginning of year | **463,513,870** | 161,793,446 |
| Depreciation for the period | **10,513,582** | 37,867,916 |
| Impairment loss | **–** | 328,096,271 |
| Disposals | **(2,462,248)** | (14,510) |
| Effect of translation | **(7,308,130)** | (64,229,253) |
| **Balance at end of year** | **464,257,074** | 463,513,870 |
| **Carrying value** | **288,104,809** | 294,924,626 |

The economic climate over the last year (although the Rand platinum price has improved considerably in recent months), together with the fact that Bokoni Mine remains loss making at an operating profit level, indicates to management that there may be assets that require impairment. Also of significance is the relatively poor production performance which the mine has endured in the first half of the 2016 financial year culminating in a 20% reduction in the 4E ounce production relative to the 2016 Business Plan.

Management has assessed its cash-generating unit (CGU) as being Bokoni Mine, which is the lowest level for which cash flows are largely independent of other assets. All mining assets and goodwill are allocated to one CGU.

For purposes of impairment testing, a fair value less cost of disposal approach was used. This approach involved a discounted cash flow ("DCF") valuation for all mineable resources (i.e. reserves) and for the unmined resources a detailed resource valuation was performed.

#### DCF valuation:

Key assumptions used in the DCF valuation were the following:

- Life-of-mine – 37 years (2015: 37 years).
- Real weighted average cost of capital – 12.55% (2015: 12.55%).
- Average price deck for PGM prices was used. Initial price of US$940/oz (2015: US$995/oz) for platinum in 2016 and long-term US$1,150/oz (2015: US$1,154/oz) used in 2020.
- Range of ZAR/US$ real exchange rates – based on market expectations. Initial exchange rate of ZAR15.14/US$ (2015: ZAR13.91/US$) used in 2016 and long-term ZAR13.75/US$ (2015: ZAR13.42/US$) used in 2020.
- South African inflation – based on market expectations. Long term inflation rate of 5.50% (2015: 5.50%).
- Production of 4E ounces starts at 178,202 (2015: 201,868) ounces in 2016, building up to 351,339 (2015:364,379) ounces in 2037 and gradually scales down towards the end of the life of mine.

Future cash flows are estimated based on financial budgets approved by management which is based on the mine's life-of-mine plan. Management determines the expected performance of the mine based on past performance and its expectations of market developments which are incorporated into a life-of-mine plan.

### Resource valuation:

A transaction based valuation method was considered to value the unmined resources at Bokoni Mine.

The following was taken into consideration:

- Resource acquisition transactions between 2007 and 2016 were assessed to calculate a value per resource ounce for each transaction in USD
- Transactions were rebased to the current platinum price
- All resource categories (measured, indicated and inferred) were weighted for valuation purposes
- Transactions were grouped between “Eastern Limb transactions” and “Other”

Upon consideration of the all of the above, management were of the opinion that no impairment was necessary.

## 8. CAPITAL WORK-IN-PROGRESS

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

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| Balance at beginning of the period | 9,197,977 | 29,272,118 |
| Additions | 8,014,278 | 25,684,322 |
| Transfer to property, plant and equipment | (7,654,154) | (45,392,534) |
| Capitalisation of borrowing costs | – | 766,579 |
| Effect of translation | (143,544) | (1,132,508) |
| **Balance at end of the period** | 9,414,557 | 9,197,977 |

Capital work-in-progress is funded through cash generated from operations and available loan facilities (refer note 11).

## 9. MINERAL PROPERTY INTERESTS

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| Balance at beginning of the period | 6,958,857 | 7,339,706 |
| Amortisation | (42,120) | (117,527) |
| Effect of translation | (37,704) | (263,322) |
| **Balance at end of the period** | 6,879,033 | 6,958,857 |

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.

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

### 10. SHARE CAPITAL

| Authorised and issued | Number of shares<br>Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| Common shares with no par value | **554,421,806** | 554,421,806 |

The Company's authorised share capital consists of an unlimited number of common shares without par value.

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| **Share capital** | | |
| Share capital | **311,874,472** | 311,874,472 |
| Share issue costs | **(2,183,033)** | (2,183,033) |
| | **309,691,439** | 309,691,439 |
| **Treasury shares** | **(4,991,726)** | (4,991,726) |

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

### 11. LOANS AND BORROWINGS

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| RPM – Working Capital Facility (related party) | **9,756,083** | 9,092,256 |
| RPM – New Senior Debt Facility (related party) | **134,626,497** | 127,745,462 |
| RPM – Term Loan Facility (related party) | **20,316,118** | – |
| RPM – Shareholder loan (related party) | **28,245,790** | – |
| RPM – POC Advance (related party) | **–** | 35,952,642 |
| Other | **69,200** | 95,432 |
| **Total loans and borrowings** | **193,013,688** | 172,885,792 |
| **Short-term portion of loans and borrowings** | | |
| RPM – POC Advance | **–** | (35,952,642) |
| Other | **(69,200)** | (95,432) |
| **Long-term portion of loans and borrowings** | **192,944,488** | 136,837,718 |

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| The carrying value of the Group's loans and borrowings changed during the year as follows: | | |
| Balance at beginning of the period | 172,885,792 | 130,927,146 |
| Loans repaid – Other | (25,376) | (498,229) |
| Loan from RPM – Working Capital Facility | 297,785 | 3,477,500 |
| Loan from RPM – Shareholder loan | 27,510,925 | 2,825,282 |
| Loan from RPM – Term Loan Facility | 28,633,820 | – |
| Loan from RPM (repaid)/advanced – POC Advance | (34,714,836) | 40,389,454 |
| Shareholder loan capitalised | – | (2,833,641) |
| Finance expenses accrued | 11,158,465 | 19,646,355 |
| AG8 adjustment on New Senior Debt Facility | (909,930) | 314,840 |
| Day 1 fair value adjustment on Term Loan Facility | (9,898,287) | – |
| Effect of translation | (1,924,670) | (21,362,915) |
| **Balance at end of the period** | 193,013,688 | 172,885,792 |

## Term Loan Facility Agreement

On December 9, 2015, a Term Loan Facility Agreement ("the Facility"), was entered into with RPM providing a $29.4 million (ZAR334.0 million) facility to enable Plateau to advance its share of the shareholder loans to Bokoni Holdco for the sole purpose of enabling Bokoni Mine to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from Bokoni Mine cash flows. RPM will fund its 49% share of cash calls made by Bokoni Mine in accordance with the joint venture shareholders' agreement between the parties.

The Facility bears no interest. If however, any amount which is due and payable in accordance with the Facility is unpaid, the unpaid amount shall accrue interest at the prime rate plus 2%. The Facility is repayable at the earlier of an event of default and December 31, 2018. There will be a mandatory repayment upon the occurrence of a change of control or a sale of all or substantially all the assets of Bokoni whether in a single transaction or a series of related transactions.

On March 8, 2016 the conditions precedent to utilization of the Term Loan Facility were met and a full draw-down of $29.4 million (ZAR334.0 million) was made on March 22, 2016, to enable Plateau to fund its 51% pro-rata share towards the repayment of the POC Advance $35,952,642 as at December 31, 2015.

## Shareholder loan

RPM was obliged to meet its 49% share of the cash call ($28.2 million (ZAR320.9 million)) in accordance with the joint venture shareholders' agreement between the parties. As at the date hereof, a shareholders loan of $28.2 million (ZAR320.9 million) exits. This loan bears no interest and has no repayment terms.

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

## 12. FINANCE LEASE LIABILITY

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| Finance lease – Fermel | 53,689 | 304,435 |
| **Total finance lease liability** | 53,689 | 304,435 |
| **Short-term portion of finance lease liability** | | |
| Finance lease – Fermel | (53,689) | (304,435) |
| | (53,689) | (304,435) |
| **Long-term portion of finance lease liability** | – | – |
| The carrying value of the Group's finance lease liability changed during the year as follows: | | |
| Balance at beginning of the period | 304,435 | 2,918,431 |
| Lease repayment | (253,250) | (2,922,491) |
| Finance expenses accrued | 11,985 | 346,064 |
| Effect of translation | (9,481) | (37,569) |
| **Balance at end of the period** | 53,689 | 304,435 |

| | | |
|---|---|---|
| The terms of the lease are as follows: | | |
| Interest rate | 2% – 22.1% | 2% – 22.1% |
| **Lease term** | 13 months – 2 years | 13 months – 2 years |
| Carrying amount of leased assets included in property, plant and equipment | 200,608 | 955,685 |

Bokoni entered into instalment sale agreements with Fermel Proprietary Limited ("Fermel") in previous financial periods for the lease of equipment.

Ownership of the equipment leased from Fermel will be transferred to Bokoni when all amounts due in terms of the agreements have been paid.

| 30 June 2016 | Less than one year | Between two and five years |
|---|---|---|
| Future minimum lease payments | 55,446 | – |
| Interest | 1,757 | – |
| **Present value of minimum lease payments** | 53,689 | – |

| 31 December 2015 | Less than one year | Between two and five years |
|---|---|---|
| Future minimum lease payments | 318,634 | – |
| Interest | 14,199 | – |
| **Present value of minimum lease payments** | 304,435 | – |

## 13. RESTRUCTURING PROVISION

| | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|
| Balance at the beginning of the period | 9,506,434 | – |
| Restructuring provision | – | 10,679,595 |
| Provision expensed | (1,786,286) | – |
| Provision reversal | (7,392,853) | – |
| Effect of translation | (327,295) | (1,173,161) |
| **Balance at end of period** | – | 9,506,434 |

On the September 16, 2015 the Group announced the implementation of a Restructure Plan at Bokoni Mine as discussed in note 2.

The Restructuring provision includes costs associated with a significant labour restructuring, legal, human resources and security related charges associated directly with the restructuring.

## 14. FAIR VALUE GAIN

A Term Loan Facility Agreement was entered into with RPM, providing a $29.4 million (ZAR334.0 million) facility to enable Plateau to advance its 51% pro rate share of the shareholder loans to Bokoni Holdco for the sole purpose of enabling Bokoni Mine to fund operating expenses, working capital expenditure and capital expenditure costs in the event that these costs cannot be funded from Bokoni Mine cash flows (refer note 2).

Management has applied judgment in determining the fair value on initial recognition of the Term Loan Facility. The fair value of the Term Loan Facility is determined using a cash flow valuation model. The significant inputs into the model are the drawdown (full facility), repayment of the loan and a synthesised market related interest rate. Based on the aforementioned, an effective interest rate was established on initial recognition that would be used to build the loan back up to contractual value by date of payment.

There was no fair value or AG8 adjustment attributable to non-controlling interests as their portion of the loan was capitalised.

| Six months ended June 30, 2016 | Through profit/ loss (owners of the company) | Through profit/ loss (non-controlling interest) | Total – through profit/loss | Directly in equity |
|---|---|---|---|---|
| Day 1 fair value adjustment on Term Loan Facility | – | – | – | 9,898,287 |
| Fair value adjustments on New Senior Debt Facility | 909,930 | – | 909,930 | – |
| | 909,930 | – | 909,930 | 9,898,287 |

The fair value adjustment relates to revised estimates of payments and receipts (cash flows) by the end of June 30, 2016 as compared to cash flows used in computing the fair value at December 31, 2015.

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

### 14. FAIR VALUE GAIN continued

| Six months ended June 30, 2015 | Through profit/ loss (owners of the company) | Through profit/ loss (non-controlling interest) | Total – through profit/loss | Directly in equity |
|---|---|---|---|---|
| | | | | |
| Fair value adjustment on New Senior Debt Facility | 259,494 | – | 259,494 | – |
| | 259,494 | – | 259,494 | – |

The fair value adjustment relates to revised estimates of payments and receipts (cash flows) by the end of June 30, 2015 as compared to cash flows used in computing the fair value at December 13, 2014.

### 15. EARNINGS PER SHARE

The calculation of basic loss per share for the six months ended June 30, 2016 of 3 cent (2015: (25 cent)) is based on the loss attributable to owners of the Company of $17,718,543 (2015: ($136,421,410)) and a weighted average number of shares of 554,421,806 (2015: 552,600,535).

The calculation of basic loss per share for the three months ended June 30, 2016 of 4 cent (2015: (23 cent)) is based on the loss attributable to owners of the Company of $19,699,506 (2015: ($127,552,821)) and a weighted average number of shares of 554,421,806 (2015: 552,600,535).

The calculation of diluted loss per share for the six months ended June 30, 2016 of 3 cent (2015: (25 cent)) is based on the loss attributable to owners of the Company of $17,718,543 (2015: ($136,421,410)) and a weighted average number of shares of 554,421,806 (2015: 552,600,535).

The calculation of diluted loss per share for the three months ended June 30, 2016 of 4 cent (2015: (23 cent)) is based on the loss attributable to owners of the Company of $19,699,506 (2015: ($127,552,821)) and a weighted average number of shares of 554,421,806 (2015: 552,600,535).

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

## 16. CASH UTILISED BY OPERATIONS

| | Three months ended June 30 2016 | Three months ended June 30 2015 | Six months ended June 30 2016 | Six months ended June 30 2015 |
|---|---|---|---|---|
| Loss before income tax | (25,808,150) | (360,573,411) | (23,840,178) | (378,822,284) |
| **Adjusted for:** | | | | |
| Finance costs | 7,123,615 | 6,052,773 | 13,889,866 | 11,010,844 |
| Finance income | (71,360) | (52,281) | (129,252) | (148,627) |
| **Non-cash items:** | | | | |
| Depreciation and amortisation | 5,293,552 | 11,370,593 | 10,570,479 | 20,432,094 |
| Impairment loss | – | 337,064,465 | – | 337,064,465 |
| Share-based compensation | 437,706 | 903,075 | 888,255 | 1,090,969 |
| Rehabilitation adjustment | 878,512 | 698,837 | 878,512 | 698,837 |
| Fair value on drawdowns and AG8 Adjustments | 9,638,793 | 49,197 | (909,930) | (252,909) |
| Profit on disposal of property, plant and equipment | 4,075 | – | 4,075 | – |
| Restructure costs | (560,888) | – | (9,179,139) | – |
| **Cash utilised by operations before ESOP transactions** | (3,064,145) | (4,486,752) | (7,827,312) | (8,926,611) |
| ESOP cash transactions (restricted cash) | 15,439 | 18,123 | 30,740 | 35,537 |
| **Cash utilised by operations before working capital changes** | (3,048,704) | (4,468,629) | (7,796,572) | (8,891,074) |
| ***Working capital changes*** | | | | |
| Increase/(decrease) in trade and other receivables | (1,817,835) | 2,349,311 | (1,161,368) | 6,535,041 |
| Increase/(decrease) in trade and other payables | 968,019 | 27,267 | (3,945,198) | 1,285,436 |
| Decrease/(increase) in inventories | 37,252 | (1,573,997) | (108,502) | (1,707,982) |
| **Cash utilised by operations** | (3,861,270) | (3,666,048) | (13,011,640) | (2,778,579) |

## 17. 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 Chief Executive Officer ("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.

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 costs, income tax expense, depreciation and amortization ("EBITDA") to be an appropriate measure of each segment's performance. Accordingly, the EBITDA for each segment has been included. All external revenue is generated by the Bokoni Mine segment.

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

### 17. SEGMENT INFORMATION continued

| | Six months ended June 30, 2016 | | | Six months ended June 30, 2015 | | | |
|---|---|---|---|---|---|---|---|
| | Bokoni Mine | Projects | Total | Bokoni Mine | Projects | Total | Note |
| EBITDA | **1,129,024** | **–** | **1,129,024** | (368,762,927)* | – | (368,762,927) | (i) |
| Total assets | **315,580,043** | **3,528** | **315,583,571** | 368,026,134 | 4,116 | 368,030,250 | (iii) |
| Total Liabilities | **(104,566,938)** | **(31,538)** | **(104,598,297)** | (65,989,615) | (36,588) | (66,026,203) | (iv) |

| | Three months ended June 30, 2016 | | | Three months ended June 30, 2015 | | | |
|---|---|---|---|---|---|---|---|
| | Bokoni Mine | Projects | Total | Bokoni Mine | Projects | Total | Note |
| EBITDA | **(2,888,255)** | **–** | **(2,888,255)** | (365,344,357)* | – | (365,344,357) | (ii) |

* *Included in EBITDA is an impairment loss of $359,393,967.*

| | 2016 | 2015 |
|---|---|---|
| ***(i) EBITDA – Six months ended June 30*** | | |
| EBITDA for reportable segments | **1,129,024** | (368,762,927) |
| Net finance expense | **(2,605,134)** | (10,862,217) |
| Depreciation and amortisation | **(8,841,397)** | (20,432,094) |
| Corporate and consolidation adjustments | **(13,522,673)** | 21,234,954 |
| Consolidated loss before income tax | **(23,840,180)** | (378,822,284) |
| ***(ii) EBITDA – Three months ended June 30*** | | |
| EBITDA for reportable segments | **(2,888,255)** | (365,344,357) |
| Net finance expense | **(994,499)** | (6,000,492) |
| Depreciation and amortisation | **(4,446,433)** | (11,370,593) |
| Corporate and consolidation adjustments | **(17,478,965)** | 22,142,031 |
| Consolidated loss before income tax | **(25,808,152)** | (360,573,411) |
| ***(iii) Total assets at June 30/December 31*** | | |
| Assets for reportable segments | **315,583,571** | 320,865,851 |
| Corporate and consolidation adjustments | **3,992,216** | 5,521,671 |
| Consolidated total assets | **319,575,787** | 326,587,522 |
| ***(iv) Total liabilities at June 30/December 31*** | | |
| Liabilities for reportable segments | **(104,598,297)** | (95,743,483) |
| Corporate and consolidation adjustments | **(176,149,019)** | (178,093,343) |
| Consolidated total liabilities | **(280,747,316)** | (273,836,825) |

## 18. RELATED PARTIES

**Relationships**

| Related party | Nature of relationship |
|---|---|
| RPM | The Group concluded a number of shared services agreements between Bokoni and RPM, a wholly owned subsidiary of Anglo Platinum and a 49% shareholder in Bokoni Holdco. Pursuant to the terms of various shared services agreements, the Anglo Platinum group of companies will continue to provide certain services to Bokoni at a cost that is no greater than the costs charged to any other Anglo Platinum group company for the same or similar services. It is anticipated that, as Atlatsa builds its internal capacity, and makes the transformation to a fully operational PGM producer, these services will be phased out and replaced either with internal services or third party services. RPM also provides debt funding to the Group and purchases all of the Group's PGM concentrate. |
| Atlatsa Holdings | Atlatsa Holdings is the Company's controlling shareholder. |
| Key management | All directors directly involved in the Atlatsa Group and certain members of top management at Bokoni and Plateau. |

**Related party balances**

| | | Six months ended June 30 2016 | Year ended December 31 2015 |
|---|---|---|---|
| RPM | Loans and borrowings *(refer note 11)* | **(192,944,488)** | (172,790,360) |
| | Trade and other payables | **(14,545,866)** | (14,536,337) |
| | Trade and other receivables | **2,552,767** | 2,594,530 |

**Related party transactions**

| | | Six months ended June 30 2016 | Six months ended June 30 2015 |
|---|---|---|---|
| RPM | Revenue | **(76,291,100)** | (103,971,888) |
| | Finance expense (before interest capitalised) | **13,237,561** | 10,971,215 |
| | Administration expenses | **3,331,061** | 4,534,491 |
| | Cost of sales | **13,601,403** | 19,552,316 |
| | Costs capitalised to capital work-in-progress | **–** | 1,946,564 |

*(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)*

## 19. HEADLINE AND DILUTED HEADLINE EARNINGS/(LOSS) PER SHARE

Headline earnings/(loss) per share is calculated by dividing headline earnings/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. Diluted headline earnings/(loss) per share is determined by adjusting the headline earnings/(loss) attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the period, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### Headline earnings/(loss) per share

The calculation of headline loss per share for the three months ended June 30, 2016 of 4 cents (2015: 2 cent) is based on headline loss of $19,703,581 (2015: $11,531,973) and a weighted average number of shares of 554,421,806 (2014: 552,998,572).

The calculation of headline loss per share for the six months ended June 30, 2016 of 3 cents (2015: 4 cents) is based on headline loss of $17,722,618 (2014: $20,400,562) and a weighted average number of shares of 554,421,806 (2014: 552,998,572).

The following adjustments to loss attributable to owners of the Company were taken into account in the calculation of headline loss attributable to owners of the Company:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Loss attributable to shareholders of the Company | **(19,699,506)** | (127,552,821) | **(17,716,543)** | (136,421,410) |
| – Impairment loss | **–** | 116,020,848 | **–** | 116,020,848 |
| – Profit on disposal of property, plant and equipment | **(4,075)** | – | **(4,075)** | – |
| **Headline loss attributable to owners of the Company** | **(19,705,581)** | (11,531,973) | **(17,722,618)** | (20,400,562) |

### Diluted headline earnings/(loss) per share

The calculation of diluted headline loss per share for the three months ended June 30, 2016 of 4 cents (2015: 2 cent) is based on headline loss of $19,703,581 (2015: $11,531,973) and a weighted average number of shares of 554,421,806 (2014: 552,998,572).

The calculation of diluted headline loss per share for the six months ended June 30, 2016 of 3 cents (2015: 4 cents) is based on headline loss of $17,722,618 (2014: $20,400,562) and a weighted average number of shares of 554,421,806 (2014: 552,998,572).

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

## 20. COMMITMENTS

| | 2016 | 2015 |
|---|---|---|
| | | |
| Contracted for | 8,224,866 | 5,811,870 |
| Not yet contracted for | 12,634,835 | 4,755,473 |
| Authorised capital expenditure | 20,859,701 | 10,567,343 |

The committed expenditures relate to property, plant and equipment and capital work in progress and will be funded through cash generated from operations and available loan facilities.

## 21. EVENTS AFTER THE REPORTING DATE

All events after the reporting date except for the below has been disclosed in Note 2.

On July 8, 2016, the company announced its intention to file a Form 15 with the SEC to terminate the registration of its common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and its reporting obligations under Section 13(a) of the Exchange Act. The termination will become effective 90 days after the filing of the Form 15 and upon filing; the company's reporting obligations under the Exchange Act were suspended immediately.

Atlatsa
RESOURCES CORPORATION

## *Corporate information and administration*

For further information or particular queries, please contact Prudence Lebina at the Atlatsa South African head office.

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