

CONDENSED
CONSOLIDATED
**INTERIM
FINANCIAL
STATEMENTS**

for the three months ended
March 31, 2018 and 2017
(Unaudited)

EMPOWERED TO PRODUCE

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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 and www.sedar.com.

This report covers the financial performance for the three months ended March 31, 2018 and 2017

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

as at March 31, 2018

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

	Notes	March 31 2018	(Audited) December 31 2017
ASSETS			
Non-current assets			
Property, plant and equipment	7	182,796,959	181,353,325
Capital work-in-progress	8	–	–
Intangible assets	9	192,370	188,113
Mineral property interests	10	3,109,818	2,931,384
Bokoni environmental rehabilitation trust	11	5,492,834	5,078,658
Total non-current assets		191,591,981	189,551,480
Current assets			
Inventories	12	281,840	400,167
Trade and other receivables	13	8,281,157	8,379,658
Cash and cash equivalents	15	1,706,224	2,139,348
Restricted cash	16	68,020	61,200
Asset held for sale	14	4,200,000	4,200,000
Total current assets		14,537,241	15,180,373
Total assets		206,129,222	204,731,853
EQUITY AND LIABILITIES			
Equity			
Share capital	17	309,691,439	309,691,439
Treasury shares	17	(4,991,726)	(4,991,726)
Fair value reserve		173,445,766	171,832,738
Foreign currency translation reserve		(11,952,240)	(10,393,921)
Share-based payment reserve		30,745,800	30,561,762
Accumulated loss		(527,688,059)	(501,451,058)
Total equity attributable to equity holders of the Company		(30,749,020)	(4,750,766)
Non-controlling interests		(175,144,324)	(153,485,221)
Total equity		(205,893,344)	(158,235,987)
Non-current liabilities			
Loans and borrowings	18	350,562,947	306,459,624
Deferred tax liability		40,004,860	37,314,098
Rehabilitation provision		12,899,920	11,779,011
Total non-current liabilities		403,467,727	355,552,733
Current liabilities			
Trade and other payables		7,460,174	6,389,416
Restructuring provision	19	1,025,465	956,491
Short-term portion of loans and borrowings	18	69,200	69,200
Total current liabilities		8,554,839	7,415,107
Total liabilities		412,022,566	362,967,840
Total equity and liabilities		206,129,222	204,731,853

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

Approved by the Board of Directors on May 15, 2018

Harold Motaung
Director

Fikile De Buck
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the three months ended March 31, 2018 and 2017

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

	Notes	Three months ended March 31 2018	Three months ended March 31 2017 Restated
Revenue	20	4,032,202	38,359,981
Cost of sales		(4,019,640)	(54,058,462)
Gross profit/(loss)		12,562	(15,698,481)
General and administrative expenses		(2,062,603)	(5,626,101)
Care and maintenance costs		(16,593,954)	–
Other income		1,785	3,164
Operating loss		(18,642,210)	(21,321,418)
Finance income		66,217	104,132
Finance costs		(17,971,425)	(6,898,990)
Net finance costs		(17,905,208)	(6,794,858)
Loss before income tax		(36,547,418)	(28,116,276)
Income tax		–	427,147
Loss for the period		(36,547,418)	(27,689,129)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(12,722,967)	3,796
Other comprehensive income for the period, net of income tax		(12,722,967)	3,796
Total comprehensive income for the period		(49,270,385)	(27,685,333)
Loss attributable to:			
Owners of the parent		(26,237,001)	(17,505,078)
Non-controlling interests		(10,310,417)	(10,184,051)
Loss for the period		(36,547,418)	(27,689,129)
Total comprehensive income attributable to:			
Owners of the parent		(27,611,282)	(17,177,999)
Non-controlling interests		(21,659,103)	(10,507,334)
Total comprehensive income for the period		(49,270,385)	(27,685,333)
Basic loss per share	21	5 cents	3 cents
Diluted loss per share	21	5 cents	3 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 months ended March 31, 2018

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

	Attributable to equity holders of the Company										
	Share capital		Treasury shares		Foreign currency translation reserve Restated	Fair value reserve	Share-based payment reserve	Accumulated loss Restated	Total shareholders' equity Restated	Non- controlling interests Restated	Total equity Restated
	Number of shares	Amount	Number of shares	Amount							
For the period ended March 31, 2017											
Balance at January 1, 2017	554,421,806	309,691,439	4,497,062	(4,991,726)	(12,136,149)	81,763,604	29,919,081	(302,820,655)	101,425,594	32,726,455	68,699,139
Loss for the period	-	-	-	-	-	-	-	(17,505,078)	(17,505,078)	(10,184,051)	(27,689,129)
Other comprehensive income for the period, net of tax	-	-	-	-	295,400	-	31,679	-	327,079	(323,283)	3,796
Total comprehensive income for the period	-	-	-	-	295,400	-	31,679	(17,505,078)	(17,177,999)	(10,507,334)	(27,685,333)
Transactions with owners, recognised directly in equity											
<i>Contributions by and distributions to owners</i>						3,390,478			3,390,478		3,390,478
Share-based payments expense	-	-	-	-	-	-	258,292	-	258,292	-	258,292
Total contributions by and distributions to owners	-	-	-	-	-	3,390,478	258,292	-	3,648,770	-	3,648,770
Balance at March 31, 2017	554,421,806	309,691,439	4,497,062	(4,991,726)	(11,840,749)	85,154,082	30,209,062	(320,325,733)	87,896,365	(43,233,789)	44,662,576
For the period ended March 31, 2018											
Balance at January 1, 2018	554,421,806	309,691,439	4,497,062	(4,991,726)	(10,393,921)	171,832,738	30,561,762	(501,451,058)	(4,750,766)	(153,485,221)	(157,235,987)
Loss for the period								(26,237,001)	(26,237,001)	(10,310,417)	(36,547,418)
Other comprehensive income for the period, net of tax					(1,558,319)		184,038		(1,374,281)	(1,348,686)	(12,722,967)
Total comprehensive income for the period					(1,558,319)		184,038	(26,237,001)	(27,611,282)	(21,659,103)	(49,270,385)
Transactions with owners, recognised directly in equity											
<i>Contributions by and distributions to owners</i>						1,613,028			1,613,028		1,613,028
Share-based payments expense							-				
Total contributions by and distributions to owners						1,613,028			1,613,028		1,613,028
Balance at March 31, 2018	554,421,806	309,691,439	4,497,062	(4,991,726)	(11,952,240)	173,445,766	30,745,800	(527,688,059)	(30,749,020)	(175,144,324)	(205,893,344)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the three months ended March 31, 2018 and 2017

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

	Notes	Three months ended March 31 2018	Three months ended March 31 2017
Cash utilised by operations	22	(5,317,773)	(10,832,592)
Interest received		17,288	60,860
Interest paid		(501)	(14)
Income tax paid		–	212,188
Net cash flows used in operating activities		(5,300,986)	(10,559,558)
Cash flows from investing activities			
Contribution to Bokoni Environmental Rehabilitation Trust		–	(74,132)
Expenditures on capital work-in-progress		–	(11,574,078)
Net cash flows used in investing activities		–	(11,648,210)
Cash flows from financing activities			
Proceeds from loans and borrowings		5,256,648	19,969,234
Payment of loans and borrowings		–	–
Net cash flows from financing activities		5,256,648	19,969,234
Net (decrease)/increase in cash and cash equivalents		(44,338)	(2,238,534)
Cash and cash equivalents at January 1		2,139,348	5,650,751
Effect of foreign currency translation		(388,786)	(854,135)
Cash and cash equivalents at March 31	15	1,706,224	2,558,082

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

(Unaudited – Presented 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”). During the 2016 financial year, the Company announced its intention 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. On October 8, 2016, the deregistration of the Company’s common shares was affected.

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 for the period ended March 31, 2018 of \$36.55 million and an operating cash flow shortfall of \$5.3 million (December 31, 2017: \$314.0 million and \$98.6 million, respectively) and as of that date, the Group’s total liabilities exceeded its total assets by \$205 million (December 31, 2017: total assets exceeded total liabilities by \$158.2 million). As a result of these factors, management considered whether the going concern assumption continued to be appropriate at March 31, 2018.

The loss for the period is primarily as a result of the Bokoni Mine being placed on care and maintenance on October 1, 2017 and the resulting impact this had on the profitability.

On July 21, 2017, Atlatsa announced that it had entered into a letter agreement (“Letter Agreement”) with Anglo American Platinum Limited (“Anglo American Platinum”), a related party, outlining key terms agreed in relation to a two-phased strategy for the Group, in terms of which the Group will implement:

- a care and maintenance strategy for the Group’s operating mine (“Bokoni Mine”), (“Phase 1”); and
- a financial restructure plan for Atlatsa and its subsidiaries conditional upon Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Central Block and Kwanda North prospecting rights (“Phase 2”), (Phase 1 and Phase 2, collectively the “2017 Restructure Plan”).

Bokoni Mine restructure plan

Notwithstanding various attempts since 2014 to restructure the Bokoni Mine through, inter alia, shaft closures and other measures in order to achieve profitability, Bokoni Mine’s operations remained cash negative.

Prior to July 2017, the Group and Anglo American Platinum (the “Bokoni Shareholders”), together with Bokoni Mine’s management, have continued to investigate a range of further mine re-configuration options. All the options demonstrate significant cash outflows in the short to medium term with material execution risk. The immediate to medium term outlook for Bokoni Mine remains negative, given the current weak PGM pricing environment which is expected to remain under pressure for the foreseeable future.

In addition to investigating the various mine re-configuration options, the Bokoni Shareholders have also actively investigated various potential funding and corporate ownership alternatives, including seeking to introduce new funding partners and/or a disposal of Bokoni Mine. However, given Bokoni Mine’s current operational challenges, continued operational losses and negative cash generation, the depressed PGM environment, the negative medium term PGM pricing outlook and the Group’s significant debt levels, attempts to implement such alternatives have proven unsuccessful.

In the circumstances, the Bokoni Shareholders are no longer able to continue funding losses at Bokoni Mine with no reasonable short to medium term turnaround prospects. The Bokoni Shareholders have therefore agreed to implement the 2017 Restructure Plan as the most appropriate strategy, having regard to long term asset value preservation and potential future sustainability of Bokoni Mine.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

2. GOING CONCERN continued

2017 Restructure Plan

The salient terms of the Letter Agreement are as follows:

Phase 1:

- Atlatsa to place the Bokoni Mine on care and maintenance;
- Anglo American Platinum to fund all costs associated with the care and maintenance process up until December 31, 2019; and
- Anglo American Platinum to suspend servicing and repayment of all current and future debt owing by the Group until December 31, 2019 (“Debt Standstill”).

Phase 2:

- Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Kwanda North and Central Block prospecting rights for a cash consideration of \$32.6 million (ZAR300 million) (“Asset Disposal”);
- Subject to the implementation of the Asset Disposal, Anglo American Platinum to capitalise and/or write-off all debt owing by the Group, directly or indirectly, to Anglo American Platinum, including such further debt incurred during the care and maintenance period until December 31, 2019 (“Debt Write Off”); and
- Atlatsa and Anglo American Platinum to retain their 51% and 49% respective shareholdings in the Bokoni Mine.

Detail of Phase 1: Bokoni Mine care and maintenance and Debt Standstill

Bokoni Mine was placed on care and maintenance as of October 1, 2017. The process entailed the following:

- Ceasing all mining and concentrating activities;
- Conclusion of a Section 189A retrenchment process including all staff and personnel on the mine; and
- Care and maintenance team established to execute the care and maintenance strategy at the mine until December 31, 2019.

Anglo American Platinum has agreed to fund, directly or indirectly, via a loan account to Bokoni Mine, 51% of all one-off costs associated with placing Bokoni Mine on care and maintenance, as well as ongoing care and maintenance costs, up until December 31, 2019. The remaining 49% of these one-off and ongoing care and maintenance costs will be made available by Anglo American Platinum in accordance with the existing shareholders’ agreement.

Anglo American Platinum has agreed to suspend servicing and repayment of all current and future debt incurred by the Group and owing to Anglo American Platinum and its related entities until December 31, 2019 (“Debt Standstill Period”).

Atlatsa will also, consequently, restructure its corporate head office and associated overhead costs, in order to maintain a business which will hold a single asset on care and maintenance, including reviewing the sustainability of its listings on various stock exchanges. These costs (“overhead costs”) will also be funded by Anglo American Platinum as agreed in the Letter Agreement until December 31, 2019.

The care and maintenance, as well as the overhead costs’ budgets have been approved by Anglo American Platinum; and a care and maintenance term loan facility was signed between the relevant parties on October 12, 2017 in order to fund these budgeted costs.

During the care and maintenance period, the Bokoni Shareholders will continue to review various alternatives in respect of the mine’s future sustainability and revisit its care and maintenance status, depending on future circumstances.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

2. GOING CONCERN AND SUBSEQUENT EVENTS continued

Detail of Phase 2: Conditional sale of Kwanda North and Central Block prospecting rights and Debt Write Off

Atlatsa has accepted a conditional offer from Anglo American Platinum to acquire the Central Block and Kwanda North prospecting rights for a cash purchase consideration of \$32.6 million (ZAR300 million) (refer note 14), subject to, *inter alia*, the following conditions precedent:

- conclusion of definitive transaction agreements; and
- relevant regulatory approvals for a transaction of this nature, including those required by the Mineral and Petroleum Resources Development Act, 28 of 2002 and registration by the Mineral and Petroleum Titles Registration Office to complete Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Central Block and Kwanda North prospecting rights.

Should the Asset Disposal be implemented, Anglo American Platinum has undertaken to, *inter alia*, implement the Debt Write Off which will reduce the Group's debt levels to zero.

Amendments to facilities with Anglo American Platinum

As at March 31, 2018, the Group has contractual loans repayable to Anglo American Platinum and its related entities of \$480.9 million (ZAR4,418.5 million).

In order to further facilitate the management of the Group's cash flows, the following amendments to facilities took place during 2018:

Amended and restated Term Loan Facility Agreement

On July 21, 2017, as per the Letter Agreement, the available amount was reduced from \$107.9 million (ZAR991.2 million) to \$96.9 million (ZAR890 million). The facility was fully drawn on July 26, 2017.

Care and Maintenance Term Loan Facility

The care and maintenance term loan facility of \$56.7 million (ZAR521 million) was entered on October 12, 2017, to allow the Group to fund its share of all costs associated with the Care and Maintenance process as mentioned in Phase 1. As at the reporting date drawdowns of \$39.8 million (ZAR365.7 million) have been made against the facility, the majority of which was used to fund the S189A retrenchment costs.

Transaction Cost Facility

The transaction cost facility of \$5.4 million (ZAR50.3 million) was entered on 16 April 2018 after the reporting date. However, as per the agreement, a cash advance of \$1.04 million (ZAR9.6 million) was made available prior to the signing of the agreement and was advanced on February 14, 2018.

Debt Standstill

As described in "Details of Phase 1: Bokoni Mine care and maintenance and Debt Standstill" above, all debt facilities currently in use and to be used in future are included in the Debt Standstill, and all repayment terms and conditions connected to these facilities have been suspended until December 31, 2019.

Conclusion

The directors of the Group believe that with the Debt Standstill and Anglo American Platinum's undertaking (Phase 1) to fund all one-off and ongoing costs associated with placing Bokoni Mine on care and maintenance until December 31, 2019 and the Group's approved overhead costs, the Group will be able to settle its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

However, in the event that the Phase 2 conditions precedent, as set out above, are not met by December 31, 2019, the Group may not have the ability to discharge its liabilities as and when they fall due beyond December 31, 2019. This condition gives rise to a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Anglo American Platinum and Atlatsa are in the process of implementing the various conditions precedent for implementation of Phase 2 of the 2017 Restructure Plan, which have not been finalised as at the date of approval of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

3. BASIS OF ACCOUNTING

3.1 Overview

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, 2017. 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, 2017. The consolidated financial statements of the Group as at and for the year ended December 31, 2017 are available upon request from the Company's registered office at 90 Rivonia Road, The Business Exchange, Sandton, South Africa or at www.sedar.com.

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

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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, 2017.

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Effective for the financial year commencing 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments

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

Management has assessed the impact of the above-mentioned changes, and do not believe that there will be a significant impact to the financial statements given the current care and maintenance phase of Bokoni Mine.

6. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables, loans and borrowings. The main purpose of these financial instruments is to manage short-term cash flow and raise finance for the Group's capital expenditure program. The Group's principal financial assets comprise trade and other receivables, cash and cash equivalents that arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

6. FINANCIAL RISK MANAGEMENT continued

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

at March 31, 2018	Loans and receivables	Financial liabilities at amortised cost
Bokoni Environmental Rehabilitation Trust	5,492,834	–
Trade and other receivables	5,534,383	–
Cash and cash equivalents	1,706,224	–
Restricted cash	68,020	–
Loans and borrowings	–	350,632,147
Trade and other payables	–	7,263,877

At December 31, 2017	Loans and receivables	Financial liabilities at amortised cost
Bokoni Environmental Rehabilitation Trust	5,078,658	–
Trade and other receivables	5,189,560	–
Cash and cash equivalents	2,139,348	–
Restricted cash	61,200	–
Loans and borrowings	–	306,528,824
Trade and other payables	–	5,431,618

The fair value of financial assets and liabilities approximate their carrying value due to the short term maturity date, except for loans and borrowings:

	Three months ended March 31 2018		Year ended December 31 2017	
	Carrying value	Fair value (level 3)	Carrying value	Fair value (level 3)
Loans and borrowings	350,632,147	321,773,627	306,528,823	300,832,940

The contractual value of the loans and borrowings at March 31, 2018 was \$480,929,395 (ZAR4,419,088,438) (December 31, 2017: \$443,495,451 (ZAR4,368,982,864)).

(a) *Valuation techniques and unobservable inputs:*

The following table shows the valuation techniques used in measuring level 3 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
- Risk based interest adjustments

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

7. PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment	Three months ended March 31 2018	Year ended December 31 2017
Cost		
Balance at beginning of the period	930,695,585	848,153,322
Additions	–	5,525
Transferred from capital work-in-progress	–	57,582,577
Disposals	–	(7,569,441)
Effect of translation	67,113,503	32,523,602
Balance at end of period	997,809,088	930,695,585
Accumulated depreciation and impairment losses		
Balance at beginning of year	749,342,256	528,125,422
Depreciation for the period	11,300,176	23,572,763
Impairment loss	–	180,918,162
Disposals	–	(7,556,387)
Effect of translation	54,369,697	24,282,300
Balance at end of period	815,012,129	749,342,260
Carrying value	182,796,959	181,353,325

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.

	Three months ended March 31 2018	Year ended December 31 2017
Balance at beginning of the period	–	17,329,285
Additions	–	40,308,140
Transfer to property, plant and equipment	–	(57,582,577)
Effect of translation	–	(54,848)
Balance at end of the period	–	–

Capital work-in-progress is funded through cash generated from operations and available loan facilities (refer note 18).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

9. INTANGIBLE ASSETS

Cost	Three months ended March 31 2018	Year ended December 31 2017
Balance at beginning of period	2,510,074	2,422,787
Effect of translation	181,005	87,287
Balance at end of period	2,691,079	2,510,074
Accumulated amortisation and impairment losses		
Balance at beginning of period	2,321,961	2,207,695
Amortisation for the period	9,045	33,414
Effect of translation	167,703	80,852
Balance at end of period	2,498,709	2,321,961
Carrying value	192,370	188,113

10. MINERAL PROPERTY INTERESTS

	Three months ended March 31 2018	Year ended December 31 2017
Balance at beginning of the period	2,931,384	7,101,704
Amortisation	–	(19,976)
Transfer to asset held for sale (note 14)	–	(4,200,000)
Effect of translation	178,434	49,656
Balance at end of period	3,109,818	2,931,384

The Group's mineral property interest consists of various early stage exploration projects as detailed below:

(i) *Ga-Phasha*

The mineral title relating to the Ga-Phasha Project was held by Ga-Pasha Platinum Mines Proprietary Limited ("Ga-Phasha"). On December 13, 2013, the Company sold two (Paschaskraal and De Kamp) of the four farms in Ga-Phasha to RPM as part of the refinancing and restructuring plan of the Group and Klipfontein and Avoca were incorporated into Bokoni Mine.

(ii) *Rietfontein*

The Group has entered into an agreement (the "Agreement") effective December 11, 2009 with Ivanhoe Nickel & Platinum Limited ("Ivanplats") relating to the Rietfontein property located on the Northern Limb of the BIC.

The operation is dormant with no exploration activities currently taking place except for activities to maintain the prospecting right, which is for the cost of Ivanplats.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periods ended March 31, 2018 and 2017

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

11. BOKONI ENVIRONMENTAL REHABILITATION TRUST

The Group contributes to the Bokoni Environmental Rehabilitation Trust annually. The Trust was created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the Group's mines. Contributions are determined on the basis of the estimated environmental obligation over the remaining period of the mining right. The cash deposits made is reflected in non-current cash deposits held by the Bokoni Environmental Rehabilitation Trust

	Three months ended March 31 2018	Year ended December 31 2017
Balance at beginning of the period	5,078,658	4,487,196
Contributions	–	240,869
Growth in environmental trust	46,593	172,672
Effect of translation	367,583	177,921
Balance at end of period	5,492,834	5,078,658

The non-current cash deposits are restricted in use as it is to be used exclusively for pollution control, rehabilitation and mine closure at the end of lives of the Group's mines. Any shortfall is covered by guarantees issued by RPM. Total value of guarantees issued by RPM is \$23,4 million at March 31, 2018.

12. INVENTORIES

	Three months ended March 31 2018	Year ended December 31 2017
Stock piles	281,840	400,167
	281,840	400,167

13. TRADE AND OTHER RECEIVABLES

	Three months ended March 31 2018	Year ended December 31 2017
Financial assets		
Trade receivables	1,654,750	1,379,147
Employee receivables	16,424	6,354
Other receivables	706,908	860,053
Related party receivable – RPM	3,156,301	2,944,006
	5,534,383	5,189,560
Non-financial assets		
Prepayments	864,891	843,132
Lease debtor	9,539	8,510
Value added tax	1,872,344	2,338,456
Total trade and other receivables	8,281,157	8,379,658

Trade receivables are non-interest bearing and are on terms of 90 days. The Group has one major customer, being RPM, with an outstanding account within the agreed payment terms.

The related party receivable from RPM relates to the balance of the sale proceeds still owing by RPM to Boikgantsho for the sale of the mineral right. The receivable is payable on the later of closing and the date of execution of the notarial deed of extension of the RPM Mining Right to include the Boikgantsho Prospecting Rights.

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14. ASSET HELD FOR SALE

	Three months ended March 31 2018	Year ended December 31 2017
Kwanda North and Central Block Prospecting Rights	4,200,000	4,200,000

Atlatsa is in the process of accepting a conditional offer from Anglo American Platinum to acquire the Central Block and Kwanda North prospecting rights for a cash purchase consideration of \$32.6 million (ZAR300.0 million) subject to, inter alia, the following conditions precedent:

- conclusion of definitive transaction agreements; and
- relevant regulatory approvals for a transaction of this nature, including those required by the Mineral and Petroleum Resources Development Act, 28 of 2002 and registration by the Mineral and Petroleum Titles Registration Office to complete Anglo American Platinum acquiring and including into its adjacent mining rights the resources specified in the Central Block and Kwanda North prospecting rights.
- Should the Asset Disposal be implemented, Anglo American Platinum has undertaken to, inter alia, implement the Debt Write Off which will reduce the Group's debt levels to zero (refer note 2).

15. CASH AND CASH EQUIVALENTS

	Three months ended March 31 2018	Year ended December 31 2017
Bank balances	1,706,224	2,139,348

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purposes of the statement of cash flows, cash and cash equivalents comprise only the above balances as the Group has no bank overdrafts.

16. RESTRICTED CASH

	Three months ended March 31 2018	Year ended December 31 2017
ESOP Trust	68,020	61,200

Restricted cash consists of cash and cash equivalents held by the Bokoni Platinum Mine Employee Share Ownership Plan ("ESOP") Trust. The reserve is not available to finance the Group's day-to-day operations and therefore has been excluded from cash and cash equivalents for purposes of the statement of cash flows.

During the period, there were no distributions to beneficiaries in terms of the trust deed (2017: \$NIL).

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17. SHARE CAPITAL

Authorised and issued

	Number of shares	
	Three months ended March 31 2018	Year ended December 31 2017
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.

Share capital

	Three months ended March 31 2018	Year ended December 31 2017
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

18. LOANS AND BORROWINGS

	Three months ended March 31 2018	Year ended December 31 2017
RPM – New Senior Debt Facility (related party) (i)	139,095,325	122,917,093
RPM – Working Capital Facility (related party) (ii)	9,605,005	8,498,142
RPM – Term Loan Facility (related party) (iii)	70,918,588	62,746,072
RPM – Shareholder Loan (related party) (iv)	101,334,100	88,238,305
RPM – Care and Maintenance Term Loan Facility (v)	28,862,173	24,060,012
RPM – Transaction Cost Facility (vi)	747,756	–
Other	69,200	69,200
	350,632,147	306,528,824
Short-term portion of loans and borrowings		
Other	(69,200)	(69,200)
Long-term portion of loans and borrowings	350,562,947	306,459,624

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

18. LOANS AND BORROWINGS continued

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

	Three months ended March 31 2018	Year ended December 31 2017
Balance at beginning of the period	306,528,824	209,441,020
Loan from RPM – Term Loan Facility (iii)	–	36,372,068
Loan from RPM – Shareholder Loan (iv)	2,074,714	65,986,127
Loan from RPM – Care and Maintenance Drawdowns (v)	2,159,396	32,307,370
Loan from RPM – Transaction Cost Facility Drawdowns (vi)	1,022,539	–
Finance expenses accrued	17,707,096	41,612,907
Fair value on New Senior Debt Facility (i)	–	(6,121,845)
Fair value on Term Loan Facility (iii)	–	(24,542,152)
Fair value on Working Capital Facility (ii)	–	(4,379,073)
Fair value on Shareholder Loan (iv)	(638,792)	(44,076,904)
Fair value on Care and Maintenance Term Loan Facility (v)	(664,865)	(10,949,159)
Fair value on Transaction Cost Facility (vi)	(309,371)	–
Effect of translation	22,752,606	10,878,465
Balance at end of the period	350,632,147	306,528,824

The Group's debt is denominated in ZAR

Following the Debt Standstill (refer note 2), the servicing and repayment of all loans and borrowings owing to RPM have been suspended until December 31, 2019. The Debt standstill triggered the derecognition of the fair value as calculated to date. The contractual amount as at July 21, 2017, was fair valued as a new interest free loan with a repayment date of December 31, 2019, and a new day 1 fair value was recorded in equity for all loans owing to RPM.

The terms and conditions for the outstanding borrowings at March 31, 2018 are as follows:

(i) *RPM – Senior Facilities Agreement*

As at March 31, 2018, the facility under the New Senior Debt Facility and the total contractual balance outstanding was \$198.7 million (ZAR1,826 million) (December 31, 2017: \$185.4 million (ZAR1,826 million)) (Refer note 2).

The repayment terms of the Senior Facilities Agreement as per the "Debt Standstill Period" is as follows:

Atlatsa is required to reduce the outstanding balance (including capitalised interest) under the Senior Facilities Agreement by \$144.3 million (ZAR1.3 billion) by December 31, 2019 and by \$54.4 million (ZAR500 million) by December 31, 2020.

(ii) *RPM – Working Capital Facility*

As at March 31, 2018 the outstanding contractual balance was \$13.1 million (ZAR120.5 million) (December 31, 2017: \$12.2 million (ZAR120.5 million)). The amount available under the Working Capital Facility was \$0.1 million (ZAR1.5 million) (Refer note 2).

Pursuant to the terms of the Working Capital Facility, interest was charged on the outstanding amounts of the Working Capital Facility at a three-month JIBAR plus 4% per annum up to September 30, 2016 on which date, by way of agreement with Anglo Platinum, this facility ceased to carry any additional interest. Atlatsa cannot pay any dividends until the Working Capital Facility is fully repaid.

This facility is repayable, as per the "Debt Standstill Period" in full by December 31, 2019.

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

18. LOANS AND BORROWINGS continued

(iii) RPM – Term Loan Facility Agreement

The facility was amended and restated on March 9, 2017, to increase the size of the facility with an additional \$23.3 million (ZAR214.2 million). A third amendment and restatement to this facility occurred on June 26, 2017 with a further increase of \$27.2 million (ZAR250 million). Pursuant to the Letter Agreement (refer note 2), the total size of this facility was reduced to \$96.9 million (ZAR890 million) on July 21, 2017.

This facility was fully drawn on July 26, 2017.

This facility is repayable, as per the “Debt Standstill Period” in full by December 31, 2019.

(iv) RPM – Shareholder loan

RPM is obliged to meet its 49% share of the cash call in accordance with the joint venture shareholders’ agreement between the parties. As at March 31, 2018, the outstanding contractual balance on the loan was \$131.3 million (ZAR1,206.4 million). This facility is repayable, as per the “Debt Standstill Period” in full by December 31, 2019.

(v) RPM – Care and Maintenance Term Loan Facility

The Care and Maintenance Term Loan Facility was entered into on October 12, 2017 between Plateau (as borrower) and RPM (as lender) for \$56.7 million (ZAR521 million) to enable the Atlatsa Group to fund its share of all costs associated with the care and maintenance process described in Phase 1 of the Letter Agreement. As at March 31, 2018, drawdowns of \$39.8 million (ZAR365.7 million) have been made against the facility.

This facility is repayable, as per the “Debt Standstill Period” in full by December 31, 2019.

(vi) RPM – Transaction Cost Facility

The Transaction Cost Facility was entered into on April 16, 2018, subsequent to the reporting date between Plateau (as borrower) and RPM (as lender) for \$5.5 million (ZAR50.3 million). Whilst this facility was being concluded, Plateau was granted an advance as per the agreement of \$1.04 million (ZAR9.6 million). This drawdown was made on February 14, 2018.

Security

The Senior Term Loan Facility was secured through various security instruments, guarantees and undertakings provided by the Group against 51% of the cash flows generated by the Bokoni Mine, together with 51% of the Bokoni Mine asset base. The New Senior Debt Facility is secured in the same manner as the Senior Term Loan Facility.

Atlatsa Holdings will provide 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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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19. RESTRUCTURING PROVISION

	Three months ended March 31 2018	Year ended December 31 2017
Opening balance	956,491	653,573
Provision created	–	33,859,355
Provision utilised	–	(33,590,552)
Effect of translation	68,974	34,115
Balance at the end of the period	1,025,465	956,491

On July 21, 2017 the Group announced the implementation of a 2017 Restructure Plan 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.

20. REVENUE

	Three months ended March 31 2018	Three months ended March 31 2017 Restated
Opening balance	4,032,202	38,359,981

Revenue for the three months ended March 31, 2017 should have been \$38.4 million instead of \$33.4 million as previously reported in the condensed consolidated interim financial statements for the three months ended March 31, 2017 (“Q1 financials”), due to a price adjustment correction made relating to the three months then ended. This adjustment, and the related receivable, was incorrectly not recorded in the previously issued Q1 financials.

This correction reduced the total loss for the three months ended March 31, 2017 from \$32.6 million to \$27.7 million and reduced the loss per share for the three months ended March 31, 2017 from \$0.04 to \$0.03.

21. EARNINGS PER SHARE

The calculation of basic earnings per share for the period ended March 31, 2018 was based on the loss attributable to owners of the Company of \$26,237,001 (2017: \$17,505,078) and a weighted average number of common shares of 549,924,744 (2017: 549,924,744).

The basic loss per share for the period ended March 31, 2018 was 5 cents (2017: 3 cents).

The calculation of diluted earnings per share for the period ended March 31, 2018 was based on the loss attributable to owners of the Company of \$26,237,001 (2017: \$17,505,078), and a weighted average number of common shares of 549,924,744 (2017: 549,924,744).

At March 31, 2018 and 2017 share options were excluded in determining diluted weighted average number of common shares as all the options were anti-dilutive.

	Three months ended March 31 2018	Three months ended March 31 2017
Issued common shares net of treasury shares at January 1	549,924,744	549,924,744
Weighted average number of common shares at March 31	549,924,744	549,924,744

The diluted loss per share for the period ended March 31, 2018 was 5 cents (2017: 3 cents).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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22. CASH GENERATED FROM/(UTILISED BY) OPERATIONS

	Three months ended March 31 2018	Three months ended March 31 2017 Restated
Loss before income tax	(36,547,418)	(28,116,276)
Adjusted for:		
Finance costs	17,971,425	6,898,990
Finance income	(66,217)	(104,132)
Non-cash items:		
Depreciation and amortisation	11,313,754	5,913,971
Share-based compensation	–	258,292
Gain on disposal of property, plant and equipment	–	109,223
Restructure provision adjustments	–	(668,381)
Cash utilised by operations before ESOP transactions	(7,328,456)	(15,708,313)
ESOP cash transactions (restricted cash)	–	–
Cash utilised by operations before working capital changes	(7,328,456)	(15,708,313)
Working capital changes		
Decrease in trade and other receivables	676,025	2,397,016
Increase in trade and other payables	1,191,640	2,456,033
Decrease in inventories	143,018	22,672
Cash generated utilised by operations	(5,317,773)	(10,832,592)

23. 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 exploration projects. Please refer to note 14 for the sale of mineral rights.

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 amortisation ("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.

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23. SEGMENT INFORMATION continued

	Three months ended March 31 2018			Three months ended March 31 2017			Note
	Bokoni Mine	Projects	Total	Bokoni Mine	Restated Projects	Total	
Revenue	4,032,202	–	4,032,202	38,359,981	–	38,359,981	
EBITDA	(25,567,663)	–	(25,567,663)	(15,200,171)	–	(15,200,171)	(i)

	Three months ended March 31 2018			Year ended December 31 2017			Note
	Bokoni Mine	Projects	Total	Bokoni Mine	Projects	Total	
Total assets	257,975,555	4,362	257,979,917	253,823,845	4,069	253,827,914	(ii)
Total liabilities	(302,329,596)	(38,772)	(302,368,368)	(277,074,095)	(36,164)	(277,110,259)	(iii)

Reconciliations of reportable segment cost of sales, EBITDA, profit or loss before income tax, income tax expense, depreciation, finance income, finance costs, assets, additions to non-current assets and liabilities:

	Three months ended March 31 2018	Three months ended March 31 2017 Restated
(i) EBITDA		
Total EBITDA for reportable segments	(25,567,663)	(15,200,171)
Net finance expense	(202,378)	(328,753)
Depreciation and amortisation	(9,411,543)	(4,991,849)
Corporate and consolidation adjustments	(20,593,676)	(7,595,504)
Consolidated loss before income tax	(36,547,418)	(28,116,276)

	Three months ended March 31 2018	Year ended December 31 2017
(ii) Total assets		
Assets for reportable segments	257,979,917	253,827,914
Corporate and consolidation adjustments	(51,850,695)	(49,096,061)
Consolidated total assets	206,129,222	204,731,853
(iii) Total liabilities		
Liabilities for reportable segments	302,368,369	(277,110,259)
Corporate and consolidation adjustments	109,654,197	(85,857,581)
Consolidated total liabilities	412,022,566	(362,967,840)

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24. RELATED PARTIES

Relationships

Related party	Nature of relationship
RPM	The Group concluded a number of shared services agreements between Bokoni Mine and RPM, a wholly owned subsidiary of Anglo American Platinum and a 49% shareholder in Bokoni Holdco. Pursuant to the terms of various shared services agreements, the Anglo American Platinum group of companies will continue to provide certain services to Bokoni Mine at a cost that is no greater than the costs charged to any other Anglo American Platinum group company for the same or similar 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

		Three months ended March 31 2018	Year ended December 31 2017
RPM	Loans and borrowings (refer note 18)	(350,562,947)	(306,459,624)
	Trade and other payables	(881,919)	(1,425,239)
	Trade and other receivables	4,811,084	4,323,153

Related party transactions

		Three months ended March 31 2018	Three months ended March 31 2017 Restated
RPM	Revenue	4,032,202	38,359,981
	Purchases	486,725	355,590
	Administration expenses	–	7,294,952

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25. HEADLINE AND DILUTED HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated by dividing headline earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. Diluted headline earnings per share is determined by adjusting the headline earnings attributable to owners 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 per share

The calculation of headline loss per share for the year ended March 31, 2018 of 5 cents (2017: 3 cents) is based on headline loss of \$26,237,001 (2017: \$17,426,437) and a weighted average number of shares of 549,924,744 (2017: 549,924,744).

The following adjustments to profit/(loss) attributable to owners of the Company were considered in the calculation of headline loss attributable to owners of the Company:

	Three months ended March 31 2018	Three months ended March 31 2017 Restated
Loss attributable to shareholders of the Company	(26,237,001)	(17,505,078)
– Loss on disposal of property, plant and equipment	–	109,223
– Tax effect	–	(30,582)
Headline loss attributable to owners of the Company	(26,237,001)	(17,426,437)

Diluted headline earnings per share

The calculation of diluted headline loss per share for the year ended March 31, 2018 of 5 cents (2017: 3 cents) is based on headline loss of \$26,237,001 (2017: \$17,426,437) and a weighted average number of shares of 549,924,744 (2017: 549,924,744).

At March 31, 2018 share options were excluded in determining diluted weighted average number of common shares as all the options were anti-dilutive.

CORPORATE INFORMATION AND ADMINISTRATION

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

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