

## Quarterly Report and Appendix 5B for the Period ended 31 December 2009

The Board is pleased to provide the following commentary to be read in conjunction with the Appendix 5B attached.

<i>Issued Capital</i>	<b>594 M *</b>	<i>ASX Code</i>	<b>NKP</b>	<i>Closing price</i>	<b>\$0.49*</b>
<i>Market Cap</i>	<b>\$291m *</b>				
<i>* as at 31 December 2009</i>					

### Highlights

- Continuation of the Bankable Feasibility Study process with Xstrata,
- Agreement reached with IGC regarding IGC's 15% interest in the Tubatse Project resulting in initial 5% interest acquired for A\$10m
- Successful capital raising of A\$16.8m.

#### Subsequent to Quarter End

- Received draft of Feasibility study confirming that the development of the Garatau resource is feasible within the current economic environment. Currently finalising findings for market release.

### **Progress of the Bankable Feasibility Study with Xstrata**

TWP Projects, a listed project engineering and design company based in Johannesburg, is undertaking a bankable feasibility on the Garatau Project. TWP Projects has an extensive track record in designing and building large mines and processing plants, with particular experience in platinum mining and processing in South Africa.

The general layout of the supporting infrastructure was completed by the end of the quarter, as well as the basic mine and shaft design. The twin-stream concentrator plant design is also complete, with separate processing of the Merensky Reef and UG2 ores.

A chrome recovery circuit has been incorporated to recover ferrochrome concentrate from the UG2 tailings, adding extra revenue and reducing tailings disposal requirements significantly.

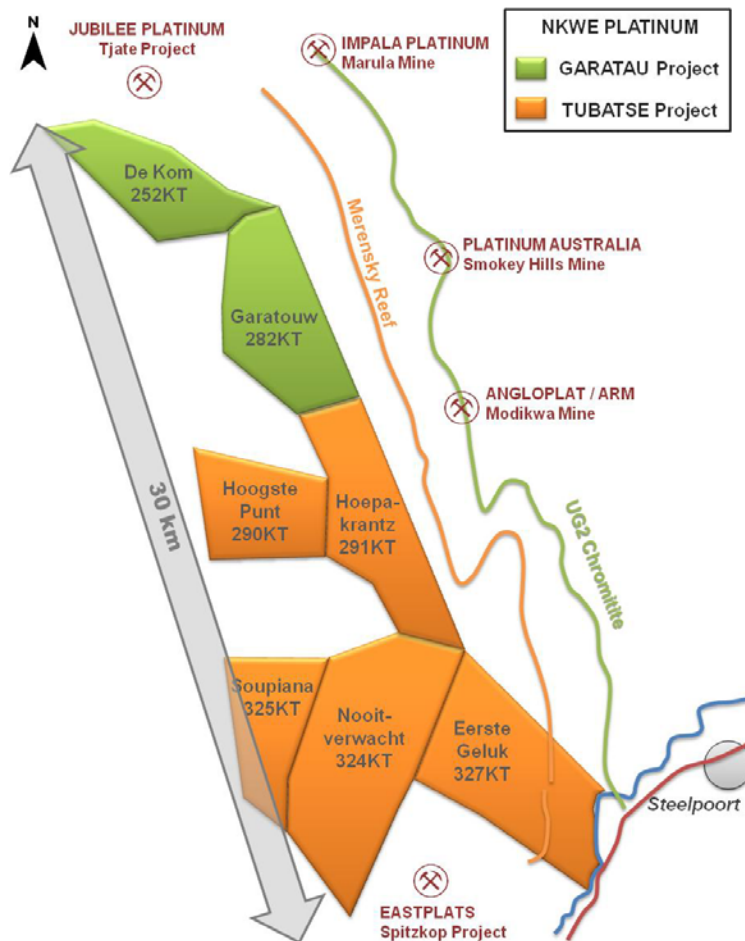
The national utility company, Eskom, has been commissioned to undertake a separate feasibility into the long term supply of electricity to the mine. The mine design includes all practical energy savings, which are required to attain an Independent Engineer's



Certificate of Compliance. All required applications for bulk water supply have been lodged.

Initial metallurgical test results indicate that the Merensky Reef and UG2 ores can be expected to exhibit similar performance as at the nearby operating mines. The option of a single combined concentrator will be evaluated once all the test results are available – such a large concentrator would allow significant capital and operating savings if proven feasible.

Additional optimisation of large capital items and optimal scheduling of capital expenditure is slated for the current quarter (Q1 2010), leading to the final version of the Study.



## Operations

### **Garataau Project**

Exploration and feasibility drilling continued successfully during the quarter. More than 85,000 meters of core has been drilled and the borehole count is now 74. The current Mineral Resource (23.6 Moz at 5.1g/t 3PGE+Au from 143 million tonnes) is based on assays from 24 boreholes on the Merensky Reef and 22 boreholes for the UG2 Reef. For the feasibility study the reserve / resource estimation is in the process of being updated and will include all completed boreholes and assays.



Drilling for metallurgical samples has previously been completed and the metallurgical test work is being completed by Mintek in Johannesburg as part of the feasibility to determine ore characteristics for crushing, milling and floatation. The test work relating to the possibility of including a Dense Medium Separation circuit (to improve PGM recovery from UG2 ore) as well as a chrome recovery circuit has been completed for incorporation into the feasibility.

Table 1 – Garatau Project – Mineral Resource

	Tonnage after Geological Loss (M)	Mining cut (m) *	Estimated 4E Bulk Grade (g/t)	4E Metal Content (Moz) **
MEASURED				
UG2 Reef	25.6	1.20	5.44	4.5
INDICATED				
Merensky Reef	22.9	1.20	4.74	3.5
INFERRED				
UG2 Reef	50.2	1.20	5.44	8.8
Merensky Reef	44.9	1.20	4.74	6.8
Total Inferred	95.1	1.20	5.11	15.6
TOTAL				
<b>TOTAL</b>	<b>143.6</b>	<b>1.20</b>	<b>5.11</b>	<b>23.6</b>

\* The widths are intended mining widths, and the estimated resources are thus *mineable* resources, and not *in situ* resources.

\*\* Geological loss of 17% applied to tonnages for recoverable ounces – loss estimates are based on the few disturbances observed in borehole intersections and on geophysical observations.

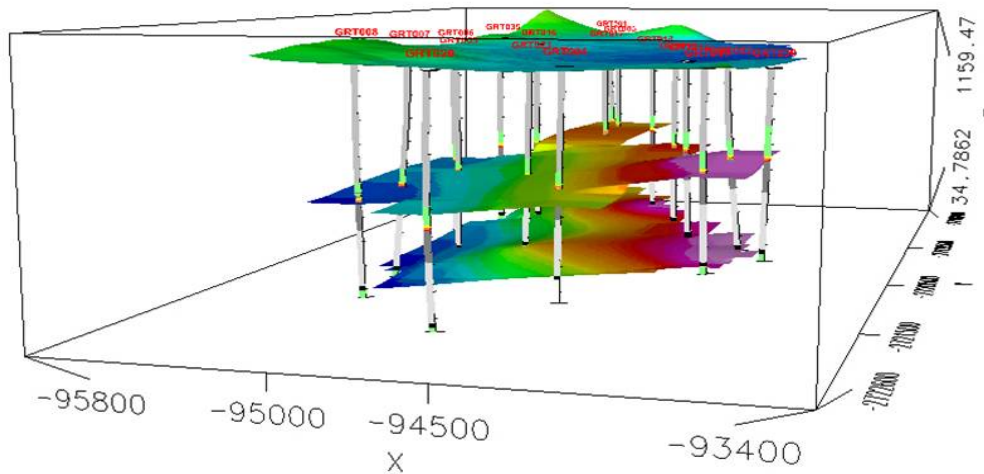


Figure 1: 3-D view of the drill holes and mineralisation intersected



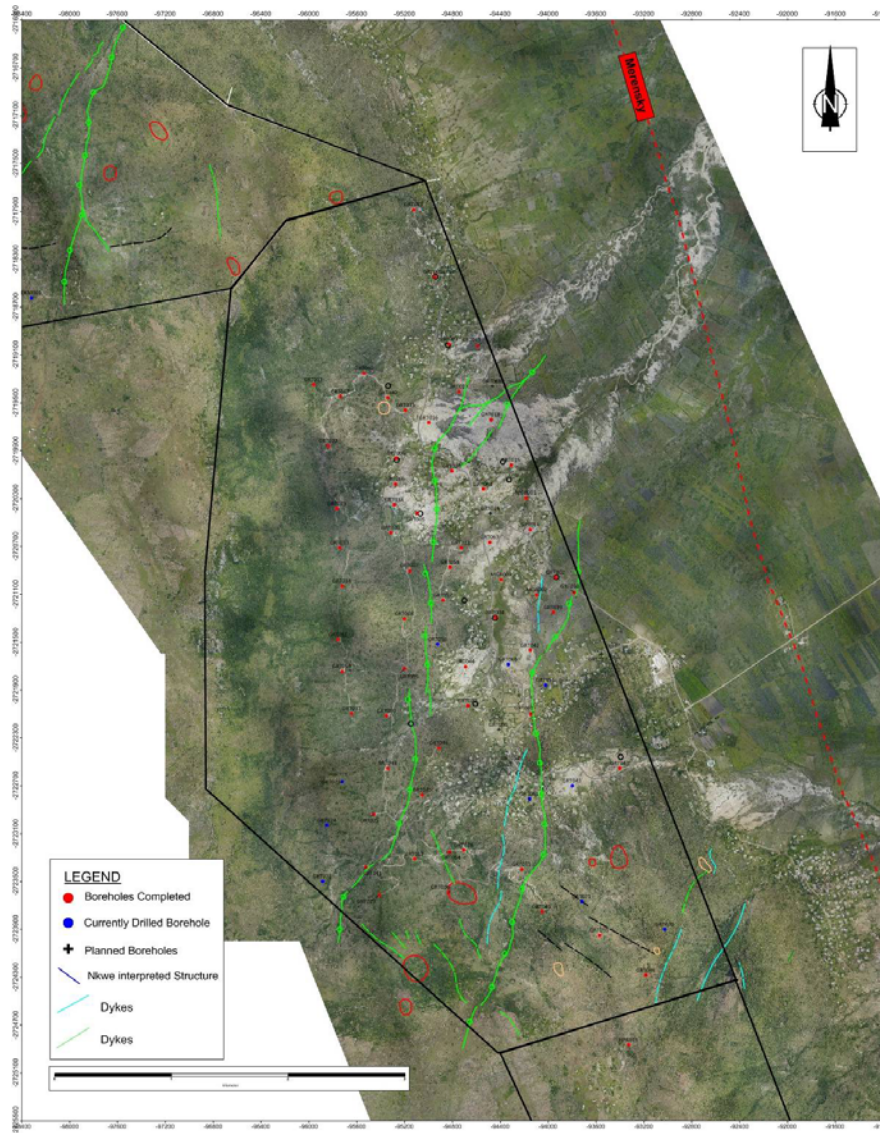


Figure 2: Completed and planned borehole positions on the farm Garatouw

## Tubatse Project

During the quarter, drilling also continued on the Tubatse Project, on the Farm Hoepakrantz. Eleven boreholes were completed which cover over 11,100 meters of drilling. To date the Tubatse Project has an Inferred Mineral Resource of 45.3Moz 3PGE+Au (JORC compliant) across the three properties, Eerste Geluk, Nooitverwacht and Hoepakrantz. The inferred resource includes both the Merensky and UG2 horizons across these three farms.

The current Mineral Resource statement for the Tubatse Project is given in Table 2.



Table 2 – Tubatse Project – Mineral Resource Statement

	<b>Discounted (20%) Resource Tonnage (Mt)</b>	<b>Bulked Width (m)</b>	<b>Grade (3PGE+Au g/t)</b>	<b>3PGE+Au Ounces (Moz)</b>
<b>EERSTE GELUK / NOOITVERWACHT</b>				
<b>Merensky</b> Inferred	54.49	1.22	5.03	7.75
<b>UG2</b> Inferred	48.09	0.68	8.17	12.62
<b>HOEPAKRANTZ</b>				
<b>Merensky</b> Inferred	98.73	1.98	4.13	13.11
<b>UG2</b> Inferred	57.67	1.00	6.35	11.77
<b>Total / average</b>	<b>258.98</b>			<b>45.25</b>

### **Pilanesberg Project**

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

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

### **Corporate**

#### **Successful Capital Raising**

During the quarter the Company successfully completed equity an raising to professional and sophisticated investors.

The funds raised through the issue was A\$16.8m with the funds being used to acquire the initial 5% of the Tubatse Project for \$10m from International Goldfields Limited (“IGC”), and to continue the bankable feasibility study with Xstrata on the Garatau Project and continue with examination of other PGM opportunities.

#### **Tubatse Project Acquisition**

During the quarter, Nkwe reached an agreement with IGC to sell its 15% interest in the Tubatse Project to Nkwe.

The consideration for the sale to Nkwe is:-

- A\$10m following approval of transaction by IGC shareholders; and
- A\$50m option on or before the earlier of:
  - the granting of the Mining Approval in respect of the Tubatse Project; and
  - Xstrata South Africa exercising its option with Nkwe to acquire a 50% interest in the Tubatse project.



The initial A\$10m was paid to IGC during the quarter, following IGC shareholder approval, which saw the Company obtain a 5% interest in the Tubatse Project.

If the second leg of the transaction is not completed, IGC will retain their 10% interest.



Peter Landau  
Executive Director / Joint Company Secretary



Staff Sithole  
Joint Company Secretary

*The geological information in this announcement has been prepared by Mr Andre van der Merwe, Operations Manager and geologist with 21 years experience in the minerals industry. Mr van der Merwe has sufficient experience which is relevant to the style of the mineralisation and type of deposit under consideration and is registered as Pr. Sci. Nat. under the South African Council for Natural Scientific Professions. He is also a member of the AusIMM. He qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (the JORC Code). This report accurately reflects the information compiled by Mr van der Merwe. Mr van der Merwe has consented to the inclusion of this information in the form and context in which it appears in this report.*

*The information in this report that relates to initial 20.4Moz Mineral Resources for the Tubatse Project is based on a resource estimate completed by Mr Nico Denner who is employed by Geological and Mine Evaluation Computer Services. Mr Denner is a Geologist with 14 years experience in the South African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr Denner is registered as Pr. Sci. Nat. under the South African Council for Natural Scientific Professions. Mr Denner consents to the inclusion of this information in the form and context in which it appears in this report.*

*The information in this report that relates to upgraded 24.88Moz Mineral Resources for the Tubatse Project is based on a resource estimate completed by Mr Andy Clay who is employed by Venmyn. Mr Clay is a Geologist with 12 years experience in the South African Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Mr Clay is registered as Pr. Sci. Nat. under the South African Council for Natural Scientific Professions. Mr Clay consents to the inclusion of this information in the form and context in which it appears in this report.*

*The information in this report that relates to Mineral Resources for the Garatau Project is based on a resource estimate completed by Dr Carina Lemmer who is employed by Geological & Geostatistical Services. Dr Lemmer is a Geostatistician with 33 years experience in the Mining Industry and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and the Ore Reserves. Dr Lemmer is registered as Pr. Sci. Nat. under the South African Council for Natural Scientific Professions, a Fellow of the South African Geological Society and a Member of the Geostatistics Association of South Africa. Dr Lemmer consents to the inclusion of this information in the form and context in which it appears in this report.*

*All Mineral Resources stated in this Quarterly Report are in accordance with the requirements of the JORC Code (2004)*





**For further information please contact:**

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### **About Nkwe**

Nkwe Platinum's main Tubatse and Garatau Projects consist of five contiguous farms with a strike length of more than 30km. These Projects are located in an established mining district with well developed infrastructure. It borders Anglo Platinum's Modikwa Joint Venture to the east, Implat's Marula mine to the north and Eastplat's Spitzkop – Kennedy's Vale project in the south. In ongoing exploration, Nkwe has delineated a Mineral Resource of 68.9 Moz 3PGM+Au across the Tubatse and Garatau Project areas (JORC compliant).

Nkwe Platinum's Tubatse and Garatau Projects have a surface footprint of more than 10,500 hectares, underlain by both the Merensky Reef and UG2 chromitite seam from surface to a depth of 1,500m.

Nkwe is currently conducting a Feasibility Study on the Garatau Project Area in the north, with exploration continuing on both its Garatau and Tubatse Project Area in the south. The company's view is to develop two mines with a combined annual production of more than 1 Moz of PGM from a targeted mineralisation base in excess of 100 Moz 3PGM+Au. The potential size and quality of Nkwe's PGM assets make it possible for Nkwe to become an independent PGM producer and strategically utilize independent or joint ventured smelting and refining capabilities.



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

NKWE PLATINUM LIMITED

ACN or ARBN

105 979 646

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(5,936)	(10,943)
(b) development	-	-
(c) production	-	-
(d) administration	(1,097)	(2,273)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	125	282
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Net expenditure paid on behalf of Genorah	397	504
<b>Net Operating Cash Flows</b>	<b>(6,512)</b>	<b>(12,436)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	(10,002)	(10,014)
(b)equity investments	-	-
(c) other fixed assets	(3)	(4)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(10,005)</b>	<b>(10,018)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(16,517)</b>	<b>(22,454)</b>



	Current quarter \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(16,517)	(22,454)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	16,840	25,662
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Issue expenses	(698)	(1,496)
<b>Net financing cash flows</b>	16,142	24,166
<b>Net increase (decrease) in cash held</b>	(375)	1,712
1.20 Cash at beginning of quarter/year to date	6,185	4,204
1.21 Exchange rate adjustments to item 1.20	(267)	(373)
1.22 <b>Cash at end of quarter</b>	5,543 *	5,543 *

\* Does not include US\$10m option fee from Xstrata due Q1 2010 and US\$5m in receivables

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	351
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

### 1.25 Explanation necessary for an understanding of the transactions

Director Fees	\$162k
Financial/Company Secretarial/Office Support Services	\$189k

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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## Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	-
<b>Total</b>	<b>2,500</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,543	6,185
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>5,543</b>	<b>6,185</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference +securities</b> (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	593,807,684	593,807,684	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	45,993,004 -	45,993,004 -	NA NA	NA NA
7.5 <b>+Convertible debt securities</b> (description)	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7 <b>Options</b> (description and conversion factor)	15,000,000 50,672,387 <u>43,669,502</u> 109,341,889	- - <u>43,669,502</u> 43,669,502	Exercise price \$0.90 \$0.90 \$0.35	Expiry date 30/06/2010 31/12/2010 31/08/2011
7.8 Issued during quarter	22,996,502	22,996,502	\$0.35	31/08/2011
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> (totals only)	-	-	-	-
7.12 <b>Unsecured notes</b> (totals only)	-	-	-	-

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
Company Secretary

Date: 29 January 2010

Print name: Peter Landau

## Notes

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- 1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  - 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  - 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  - 5 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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