



## **REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2019**

Union Atlantic Minerals Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1998/001940/06)  
Share code: UAT ISIN: ZAE000254314  
("UNION ATLANTIC MINERALS")

### **UNION ATLANTIC MINERALS LIMITED RESULTS**

#### **COMMENTARY**

##### **Financial position**

For the past financial year under review, the Group's net asset value decreased from 2.66 cents per share (August 2018) to 2.25 cents per share (August 2019). The net tangible asset value decreased from (0.37) cents per share (August 2018) to (0.39) cents per share (August 2019).

Shareholders are reminded that, due to the nature of the business of the Company, the trading statements presented are based on the net asset value per share.

##### **Financial performance**

The Group reported a reduced headline loss from 0.58 cents per share (August 2018) to 0.48 cents per share (August 2019). Basic loss per share decreased from a reported loss of 0.58 cents per share (August 2018) to a loss of 0.58 cents per share (August 2019).

#### **EVENTS FROM 8<sup>TH</sup> JULY 2019 TO THE PRESENT**

The publication of the Integrated Report for 2018 on 8<sup>th</sup> July 2019 was the culmination of work successfully completed by executive management to resolve several outstanding issues which had affected the Company for the years since the voluntary suspension of the share in September 2014. The Annual General Meeting of shareholders was held in early August and a JSE directive for the lifting of the suspension received on 29<sup>th</sup> August 2019.

From February 2017, the Company has been audited five times and all major challenges addressed and ameliorated. An earn-in Agreement on the Renosterkop project was entered into in early August 2019. The final analysis of the remaining mineral rights portfolio can now be completed, decisions taken, and a final restructuring executed. Shareholders and management can thus freely choose

their own path and now write their own strategy going forward into the future. Union Atlantic Minerals Limited is clean, compliant and its affairs are in good order.

## OUTLOOK

Whilst we expect market and operating conditions in the coming year to remain challenging as sentiment and policies change, management remain confident that we will be able to deliver on the strategy initiated in February 2017. Management is constantly running a process of identifying and securing a cornerstone investor in order to lift the suspension in trade of the share, and to identify and acquire a cash generative project to secure the future of the Company.

## REVIEWED PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>As at 31 August 2019</b>	<b>REVIEWED 31 August 2019</b>	<b>AUDITED 31 August 2018</b>
<b>Assets</b>		
<b>Non-Current Assets</b>	<b>39 793 494</b>	<b>40 157 502</b>
Intangible assets	39 000 000	39 000 000
Other financial assets	793 494	1 157 502
<b>Current Assets</b>	<b>4 450 886</b>	<b>4 450 886</b>
Other financial assets	-	105 006
Trade and other receivables	465 278	1 010 894
Cash and cash equivalents	342 780	3 334 986
<b>Non-current assets held for sale and assets of disposal group</b>	<b>-</b>	<b>2 500 000</b>
<b>Total Assets</b>	<b>40 601 552</b>	<b>47 108 388</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	214 695 188	209 586 425
Reserves	-	-
Retained income	(181 446 609)	(175 298 270)
<b>Equity attributable to owners of parent</b>	<b>33 248 579</b>	<b>34 288 155</b>
Non-controlling interest	(138 258)	(138 258)
<b>Total shareholders' interest</b>	<b>33 110 321</b>	<b>34 149 827</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>12 958 491</b>	<b>12 958 491</b>
Other financial liabilities	1 073 054	1 469 553
Trade and other payables	6 418 177	11 488 938
<b>Total Liabilities</b>	<b>7 491 231</b>	<b>12 958 491</b>
<b>Total Equity and Liabilities</b>	<b>46 601 552</b>	<b>47 108 388</b>
<b>Net asset and net tangible asset value per share</b>		
Ordinary shares in issue	1 480 145 213	1 288 086 443
Net asset value per share (cents)	2.25	2.66
Net tangible asset value per share (cents)	(0,39)	(0,36)

**REVIEWED PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
AND OTHER COMPREHENSIVE INCOME**

<b>For the year ended 31 August 2019</b>	<b>Reviewed 31 August 2019</b>	<b>Audited 31 August 2018</b>
Operating expenses	(6 896 167)	(7 708 139)
<b>Operating loss</b>	<b>(6 896 167)</b>	<b>(7 708 139)</b>
Investment revenue	70 548	16 598
Loan forgiven	729 644	151 146
Loan impaired	(105 006)	-
Fair value adjustments	52 642	30 067
Gain on non-current asset held for sale or disposal groups	-	34 473
Finance costs	-	(1 731)
<b>(Loss)/profit before taxation</b>	<b>(6 148 339)</b>	<b>(7 477 586)</b>
Taxation	-	-
<b>(Loss)/profit from continuing operations</b>	<b>(6 148 339)</b>	<b>(7 477 586)</b>
Loss from discontinued operations	-	(2 290)
<b>Total comprehensive (loss)/profit for the year</b>	<b>(6 148 339)</b>	<b>(7 479 876)</b>
<b>Total comprehensive (loss)/profit attributable to:</b>		
Owners of the parent – continued	(6 148 339)	(7 477 586)
Owners of the parent – discontinued	-	(2 290)
Non-controlling interest – continued	-	-
Non-controlling interest – discontinued	-	-
Basic and diluted (loss)/earnings per share (cents)	<b>(0,48)</b>	<b>(0,58)</b>
Headline and diluted headline loss per share (cents)	<b>(0,48)</b>	<b>(0,58)</b>
Basic and diluted (loss)/earnings per share - continued (cents)	<b>(0,48)</b>	<b>(0,58)</b>
Headline and diluted headline loss per share - continued (cents)	<b>(0,48)</b>	<b>(0,58)</b>
Basic and diluted loss per share - discontinued (cents)	-	-
Headline and diluted headline loss per share - discontinued (cents)	-	-

**REVIEWED PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>For the year ended 31 August 2019</b>	<b>Share capital</b>	<b>Share based payment reserve</b>	<b>Accumulated loss</b>	<b>Total attributable to equity holders of the group company</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
<b>Balance at 1 September 2017</b>	<b>209 586 425</b>	<b>1 794 939</b>	<b>(169 613 333)</b>	<b>41 768 031</b>	<b>(9 212 820)</b>	<b>32 555 211</b>
Loss for the year	-	-	(7 479 876)	(7 479 876)	-	(7 479 876)
Disposal of subsidiaries (Miranda Coal and Sesikhona)	-	-	-	-	9 074 562	9 074 562
Options lapsed	-	(1 794 939)	1 794 939	-	-	-
<b>Balance at 31 August 2018</b>	<b>209 586 425</b>	<b>-</b>	<b>(175 298 270)</b>	<b>(34 288 155)</b>	<b>(138 258)</b>	<b>34 149 897</b>
Loss for the year	-	-	(6 148 339)	(6 148 339)	-	(6 148 339)
Issue of shares	5 108 763	-	-	5 108 796	-	5 108 763
Options lapsed	-	-	-	-	-	-
<b>Balance at 31 August 2019</b>	<b>214 695 188</b>	<b>-</b>	<b>(181 446 609)</b>	<b>(33 248 579)</b>	<b>(138 258)</b>	<b>33 110 321</b>

## REVIEWED PROVISIONAL CONDENSED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOW

<b>For the year ended 31 August 2019</b>	<b>Reviewed 31 August 2019</b>	<b>Audited 31 August 2018</b>
Net cash from operating activities	(5 844 856)	(7 551 678)
Net cash from investing activities	2 916 650	10 534 916
Net cash from financing activities	(64 000)	(442)
<b>Total cash movement for the year</b>	<b>(2 992 206)</b>	<b>2 982 795</b>
Cash at the beginning of the year	3 017 981	35 192
<b>Total cash at end of the year</b>	<b>25 775</b>	<b>3 017 981</b>
Restricted cash and cash equivalents	316 999	316 999

## REVIEWED PROVISIONAL CONDENSED SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

<b>For the year ended 31 August 2019</b>	<b>Reviewed 31 August 2019</b>	<b>Audited 31 August 2018</b>
<b>Segment assets</b>	<b>40 601 552</b>	<b>47 108 388</b>
Segment assets - Coal	-	2,500,000
Segment assets - Base metals and industrial minerals	39 073 030	39,073,030
Segment assets - Other	1 528 522	5,534,732
<b>Segment liabilities</b>	<b>(7 491 231)</b>	<b>(12,958,491)</b>
Segment liabilities - Coal	-	-
Segment liabilities - Other	(7 491 231)	(12,958,491)
<b>Segment result</b>	<b>6 148 339</b>	<b>7,479,876</b>
Segment result - Coal	-	(32,183)
Segment result - Base metals and industrial minerals	-	-
Segment result - Other	6 148 339	7,512,059

## SUMMARISED NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2019

### 1. BASIS OF PREPARATION

The reviewed provisional condensed consolidated financial statements for the year ended 31 August 2019 have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contains the information required by IAS 34: Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

The accounting policies applied in the preparation of these provisional condensed consolidated financial statements are in accordance with IFRS and are consistent with those of the audited full consolidated annual financial statements for the year ended 31 August 2018 except for the adoption of new and amended standards. It is unlikely that these standards will have a material impact on the Group's consolidated financial statements.

These reviewed provisional condensed consolidated financial statements have been prepared under the supervision of AM Botha, CA(SA) and has been reviewed by the Group's external auditors.

### 2. LOSS PER SHARE

	2019	2018
Weighted average number of ordinary shares outstanding	1 291 243 573	1 288 086 443
Basic and diluted (loss)/earnings per share (cents)	<b>(0.48)</b>	<b>(0.58)</b>
Headline and diluted headline loss per share (cents)	<b>(0.48)</b>	<b>(0.58)</b>
Basic and diluted loss per share - continued (cents)	<b>(0.48)</b>	<b>(0.58)</b>
Headline and diluted headline loss per share - continued (cents)	<b>(0.48)</b>	<b>(0.58)</b>
Basic and diluted loss per share - discontinued (cents)	-	-
Headline and diluted headline loss per share - discontinued (cents)	-	-

#### Reconciliation between earnings (loss) and headline earnings (loss)

Basic (loss)/earnings	(6 148 339)	(7 477 586)
<b>Adjusted for:</b>		
Reversal of impairment of mining right	-	-
Fair value disposal group	-	-
<b>Headline earnings (loss)</b>	<b>(6 148 339)</b>	<b>(7 477 586)</b>

### 3. INTANGIBLE ASSET

#### Rozynenbosch prospecting right

The directors have considered the reversal of the impairment with reference to the recoverable amount of the asset in terms of IAS 36.

During the 2019 and 2018 financial years, the Board assessed all the assets of the Company and believe that the value of this specific prospecting right will realise by the future developing thereof. The original impairment was caused by the fact that the Company changed its intent of further developing the asset and therefore the Company is now in the position of reversing any of the past impairments, if justified.

As part of assessing if any impairment reversal was justified, Minxcon (Pty) Limited was commissioned by Union Atlantic Minerals to complete a compliant Independent Competent Person's Mineral Resource Report with a full mineral asset valuation on the Rozynenbosch Project, located in the Northern Cape province, South Africa.

The purpose of the valuation is to comply with the JSE Section 12 disclosure requirements for mineral companies. The report was compiled in compliance with the South African Code for Reporting of Exploration Results, mineral resources and mineral reserves (2016 Edition) (or SAMREC Code), and in terms of the specifications embodied in the Standards of the South African Code for the Reporting of Mineral Asset Valuation (2016 Edition) (or SAMVAL Code).

All requirements of the JSE Section 12.9 Listing Requirements and the SAMREC Code (including Table 1) and SAMVAL Code have been complied with. The report is effective from 31 January 2018.

The market and cost approaches were applied. The effective shareholding of Union Atlantic Minerals in the project is currently 100% and the valuation therefore represents the full mineral asset value.

### **Primary valuation**

The market comparable approach was the primary valuation method used to determine the value of the asset and was applied on the total zinc resources (including the zn equivalent) and exploration target. The project has a compliant mineral resource that was available for use in the valuation.

A range of values was calculated for the comparative valuation by determining an upper and lower range for the total zinc equivalent resource and exploration target, as displayed below. This was done for the lower exploration estimate and higher exploration estimate, respectively.

The following ranges were established:

- Lower exploration estimate: between R33.04 million to R38.31 million
- Upper exploration estimate: between R37.59 million to R43.69 million

### **Secondary valuation**

The project is in the exploration stage and therefore the valuator considered the cost approach as a suitable method to determine a range of values. This historical value was used in the cost approach to derive a best estimated full value (not attributable) of R41.72 million.

### **Range of values**

Minxcon calculated a range of values using the upper and lower value of the market approach and the values derived from the cost approach and placed a higher weighting on

the values of the market approach because of the higher confidence in this approach. The market approach is based on resource results coupled with acquisition information of various similar operations. Minxcon's confidence in the market approach leads the Competent Valuator to prefer the results of the market approach versus the cost approach.

Minxcon derived a final value of R36 million for the Rozynenbosch Project with a lower range of R31 million and upper range of R42 million.

The Board has adopted the R39 million valuation on the Rozynenbosch Project and reversed the impairment by R39 million in the 2017 financial year.

### **Silver rights**

Union Atlantic Minerals acquired various old order rights from Gold Fields during 1999 on Rozynenbosch including silver. During 2010 when converting from the old order prospecting rights to the new order prospecting rights, the DMR erroneously omitted the silver right and awarded Union Atlantic Minerals the right to gold instead. On 14 August 2013, the DMR revoked the award of the gold right to Miranda Minerals and acknowledged that it was an obvious error to have awarded the rights to gold.

The DMR acknowledged that a prospecting work programme with the inclusion of silver, zinc, cobalt, lead and copper would be submitted for amendment of the prospecting right. The regional manager submitted the correction to amend the prospecting right. However, this excluded silver. Consequently, the latest prospecting right effective from 05 February 2018 excludes silver. During September 2018, the DMR awarded gold and silver prospecting rights to another party unrelated to Union Atlantic Minerals. Management is of the opinion that they own the silver right already, on the premise that a prospecting right cannot be awarded to another person for the same land according to s16(2)(b) of the Mineral and Petroleum Resources Development Act, citing administration issues which are currently being appealed with the DMR.

Union Atlantic Minerals with the assistance of Japie Van Zyl Attorneys, applied for amendment to their work programme to include silver on the Rozynenbosch prospecting right. The Group is confident that a positive outcome will result from appealing to the DMR to reverse the administrative decision of awarding the silver right to third party. In the unlikely event of an unfavourable outcome from the appeal submitted to the DMR, management may take legal steps to recover the value of the silver component right through compensation for exploration of the silver on behalf of the third party on the Rozynenbosch property.

## **4. EVENTS AFTER THE REPORTING DATE**

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

## **5. GOING CONCERN**

The Group recorded a comprehensive loss of R6,148,339 during the year ended 31 August 2019 (2018: R7,479,876). As of year-end, the Group was in a net current liability position of R6,683,173 (2018: R8,507,605). As at year-end, the Group was in a net asset position of R33,248,579 (2018: R34,288,155).



The Group currently does not generate revenue and is in the final stage of a restructuring process. The Company currently remains suspended on the JSE. In line with the revised strategy, the Group will pursue brownfields projects in known mineral producing areas. The initial area of focus will include projects in proximity to the Rozynenbosch project in the Northern Cape Province, and will be expanded to other jurisdictions in due course. In respect of the planned development of the Rozynenbosch project it has come to the attention of the Company's management that during September 2018, the DMR awarded the gold and silver prospecting rights at Rozynenbosch to another party unrelated to Union Atlantic Minerals.

The directors believe that the conditions above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business as it is dependent on the successful outcome of future events which are discussed below.

The most significant aspects of management's plans to deal with the uncertainty include:

- Raising an additional R30 million in capital, necessary for developing the Rozynenbosch prospecting right within the next 12 months
- With reference to the Rozynenbosch silver right, management has advised the DMR that the award for silver is contrary to the documents filed by the Company which have always included silver in its prospecting rights applications. Management has directed the appropriate appeals to the DMR and has taken legal steps to ameliorate the risk and secure the rights of the Company.

Management is confident of a positive resolution and has valued the Rozynenbosch prospecting right as at 31 August 2019, including the silver right as per the competent persons report published in 2018. Management has valued the right including silver because management believes that they are entitled to the rights and that administrative issues will be duly be resolved

- Uplifting the suspension of the Union Atlantic Minerals Limited shares on the JSE
- Funding continued operational expense requirements

The provisional condensed consolidated financial statements set out in this report are the responsibility of the Company's directors. They have been prepared by the directors on the basis of appropriate accounting policies which have been consistently applied. The financial statements have been prepared in accordance with IFRS and on the basis of accounting policies applicable to going concern. IFRS was considered most appropriate as the Group and Company do not intend on liquidating or ceasing to trade. This basis presumes that funds will be available to fund future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## **6. REVIEW OPINION**

The auditor has expressed an unmodified review opinion on the provisional condensed consolidated financial statements for the year ended 31 August 2019, with a material uncertainty related to going concern basis. A copy of the auditor's review report on the

provisional condensed consolidated condensed financial statements is available for inspection at the Company's registered office. Nexia SAB&T has not audited future financial performance and expectations expressed by management included in the commentary in the provisional condensed consolidated financial statements and accordingly do not express an opinion thereon. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

**ENDS**

Johannesburg  
29 November 2019

SPONSOR AND CORPORATE ADVISER  
River Group