



UNION ATLANTIC MINERALS LIMITED

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

# UNAUDITED GROUP INTERIM RESULTS

## for the six months ended February 2018

### UNION ATLANTIC MINERALS INTERIM RESULTS

#### COMMENTARY

##### FINANCIAL POSITION

For the period under review, the net asset value per share of the Union Atlantic Minerals Group ("Union Atlantic or the Company") decreased by 8.64% from 3.24 cents per share (August 2017) to 2.96 cents per share (February 2018). The net tangible asset value decreased by 133.32% from 0.21 cents per share (August 2017) to 0.07 cents per share (February 2018).

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 Company reported a basic and headline loss of 0.29 cents per share for the six-month period ended 28 February 2018. In the 12 months ending 31 August 2017, the reported headline loss was 1.26 cents per share, the basic earnings per share was 4.07 cents. In the 12 months ending 31 August 2017 the group had positive earnings, principally as a consequence of the reversal of the impairment on the Rozynebosch prospecting right.

##### 2017 TO THE PRESENT

The publication of the Integrated Report for 2017 (which included a completion of the outstanding financial audits for the 2014, 2015, 2016 and 2017 financial years) was the culmination of work done 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 systematic presentation of this information in proper format has clarified for the executive management the remaining issues which are required to be resolved to complete the restructuring process. There is no doubt that Union Atlantic finds itself in a stable position which will enable it to move forward with the stated regeneration strategy of conducting brownfields exploration for base and technology metals, mine development, mining of ores and production of polymetallic concentrates. Acquisition of projects and application for new prospecting rights will also be considered. The strategy is more fully described in the Integrated Report of 2017 as published on the Company's website [www.unionatlanticminerals.com](http://www.unionatlanticminerals.com).

The process of resolving the remaining issues which have been identified by executive management is well underway. A project to systematically sift through, evaluate and sort both the hardcopy as well as electronic data files is currently being undertaken. New information has been recovered which has allowed management to refine, optimise and restructure the turnaround plan and, as a consequence, to better plan the resources required to bring the restructuring exercise to a successful conclusion.

This restructuring exercise, launched in February 2017, is now in its final stages. Management has targeted the first quarter of 2019 to apply to the JSE to re-instate the listing of the Union Atlantic share on the JSE and to re-finance the Company.

During the period under review, management has specifically dealt with the following:

- Milnex 189 (Pty) Ltd ("Milnex"), a mineral rights consultancy, is together with management reviewing the status of the mineral rights held in the remaining subsidiary companies with a view to optimising, focusing and renewing the mineral rights portfolio of the Company, and rebuilding the Company database and files. This review includes an exercise to recover financial guarantees provided to the Department of Mineral Resources in the past on prospecting rights which have either lapsed, been sold or expired;
- Management has noted the positive statements made by the Honourable Minister of Minerals Resources of South Africa, Gwede Mantashe, regarding amendments to the Mining Charter and regarding the minerals sector in general. As a consequence, applications for additional prospecting rights have been made for lead, copper, zinc and silver in the Northern Cape province. The new applications have been made in newly established subsidiary companies;
- Development of a strategy to ensure the future sustainability of the Company as a "junior" in the African minerals sector, including the creation of subsidiaries in African jurisdictions to enable this strategy is being actively pursued, with projects in several African jurisdictions being considered;
- During the project undertaken in August and September 2018 to systematically sort the hardcopy and electronic data physically held in storage in box files and on various hard drives, additional geological data was recovered relating to the Rozynebosch asset. The data included *inter alia* geological field notes, cross section plans, drill logs representing several thousand metres of drilling, airborne helicopter geophysical work and notes referencing orebody grades. This new data could possibly allow the "gaps" in the previous data set, on which the Minxcon Competent Persons' Report of 2018 was completed, to be filled and the known resource to be upgraded. The data recovered during this exercise would require substantial capital amounts to recreate in the field, and the recovery of this data is a substantial windfall for the Company;
- Minxcon has been mandated to evaluate the additional data for possible inclusion into an updated geological model and SAMREC-compliant Competent Persons' Report for Rozynebosch;
- Minxcon has been mandated to assist management in formulating a development plan, and compiling the associated budgets, for additional field work for the Rozynebosch Project based on the new data recovered;
- The continued compilation by management of internal budgets for the regeneration of the Company, and evaluation of additional exploration properties in the Northern Cape province, whether by farm-in, acquisition, or new mineral rights application. As stated previously, applications for additional prospecting rights have been made for lead, copper, zinc and silver in the Northern Cape. The new applications have been made in newly established subsidiary companies;
- The sale of the Company's 73% equity stake in the Sesikhona Klipbrand Colliery Proprietary Limited ("Sesikhona") to Osho Resources SA Proprietary Limited ("Osho") for R7.5 million has been partially concluded. Management is actively assisting Osho management in the administration of the documents and information required to obtain the requisite Section 11 Ministerial Consent in order for the sale of Sesikhona to be finally concluded;
- Post the period under review, an agreement to dispose of the 100% interest in Miranda Coal on a "voetstoots" basis to Siafa Resources (Pty) Ltd ("Siafa") for a cash consideration of R8 million (eight million rand), was concluded.
- Negotiations have commenced with certain creditors of the Company whose claims arose during the period September 2014 the effective date of the suspension of the share and February 2017 (the initiation of the turnaround project and the appointment of new management) with a view to ring fencing the debt and coming to commercially sensible agreement terms on payment of the outstanding historic amounts, considering that the Company is in a restructuring process.

#### 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 our strategy initiated in February 2017. We would like to thank our fellow board members and shareholders for their continued support and look forward to unsuspending the Company share (JSE: UAT) during the first quarter of 2019, and refinancing the Company in the near future for it to be able to meet the new growth strategy.

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2018	28 February 2018	31 August 2017
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>40 181 699</b>	<b>40 328 342</b>
Intangible assets	39 000 000	39 000 000
Other financial assets	1 181 699	1 328 342
<b>Current assets</b>	<b>1 322 421</b>	<b>1 107 512</b>
Other financial assets	105 006	105 006
Trade and other receivables	896 157	649 722
Cash and cash equivalents	321 258	352 784
<b>Non-current assets held for sale and assets of disposal group</b>	<b>7 241 834</b>	<b>7 276 197</b>
<b>Total assets</b>	<b>48 745 954</b>	<b>48 712 051</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	209 586 425	209 586 425
Reserves	–	1 794 939
Retained income	(171 508 763)	(169 613 333)
<b>Equity attributable to owners of parent</b>	<b>38 077 662</b>	<b>41 768 031</b>
Non-controlling interest	(9 212 820)	(9 212 820)
<b>Total shareholders' interest</b>	<b>28 864 842</b>	<b>32 555 211</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>16 530 644</b>	<b>12 806 082</b>
Loans from shareholders	151 146	151 146
Other financial liabilities	1 469 553	1 670 460
Trade and other payables	14 909 945	10 983 883
Bank overdraft	–	593
<b>Liabilities of disposal group</b>	<b>3 350 468</b>	<b>3 350 758</b>
<b>Total liabilities</b>	<b>19 881 112</b>	<b>16 156 840</b>
<b>Total equity and liabilities</b>	<b>48 745 954</b>	<b>48 712 051</b>
<b>Net asset and net tangible asset value per share</b>		
Ordinary shares in issue	1 288 086 443	1 288 086 443
Net asset value per share (cents)	2.96	3.24
Net tangible asset value per share (cents)	(0.07)	0.21

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 28 February 2018	6 months ended 28 February 2018	12 month ended 31 August 2017
Operating expenses	(3 749 433)	(8 911 921)
<b>Operating loss</b>	<b>(3 749 433)</b>	<b>(8 911 921)</b>
Investment revenue	8 604	18 477
Reversal of impairment on mining right	–	42 293 968
Fair value adjustments	54 264	–
Finance costs	(1 731)	–
<b>(Loss)/profit before taxation</b>	<b>(3 688 296)</b>	<b>33 400 524</b>
Taxation	–	–
<b>(Loss)/profit from continuing operations</b>	<b>(3 688 296)</b>	<b>33 400 524</b>
Loss from discontinued operations	(2 073)	(1 098 843)
<b>Total comprehensive (loss)/profit for the year</b>	<b>(3 690 369)</b>	<b>32 301 681</b>
<b>Total comprehensive (loss)/profit attributable to:</b>		
Owners of the parent – continued	(3 688 296)	33 400 524
Owners of the parent – discontinued	(2 073)	(1 076 334)
Non-controlling interest – continued	–	–
Non-controlling interest – discontinued	–	(22 509)
Basic and diluted (loss)/earnings per share (cents)	(0.29)	4.07
Headline and diluted headline loss per share (cents)	(0.29)	(1.26)
Basic and diluted (loss)/earnings per share – continued (cents)	(0.29)	4.21
Headline and diluted headline loss per share – continued (cents)	(0.29)	(1.12)
Basic and diluted loss per share – discontinued (cents)	–	(0.14)
Headline and diluted headline loss per share – discontinued (cents)	–	(0.14)

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the period ended 28 February 2018	6 months ended 28 February 2018	12 month ended 31 August 2017
Net cash from operating activities	(65 006)	(583 669)
Net cash from investing activities	33 676	(14 870)
Net cash from financing activities	(290)	546 865
<b>Total cash movement for the year</b>	<b>(31 620)</b>	<b>(51 674)</b>
Cash at the beginning of the year	36 431	88 105
Cash disclosed as part of disposal group	(552)	(34 915)
<b>Total cash at end of the year</b>	<b>4 259</b>	<b>1 516</b>
Restricted cash and cash equivalents	316 999	350 675

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 28 February 2018	Share capital	Share based payment reserve	Accumulated loss	Total attributable to equity holders of the Group company	Non-controlling interest	Total equity
<b>Balance at 1 September 2016</b>	<b>186 797 593</b>	<b>1 909 382</b>	<b>(202 051 966)</b>	<b>(13 344 991)</b>	<b>(9 190 311)</b>	<b>(22 535 302)</b>
Profit for the year	–	–	32 324 190	32 324 190	(22 509)	32 301 681
Issue of shares	22 788 832	–	–	22 788 832	–	22 788 832
Options lapsed	–	(114 443)	114 443	–	–	–
<b>Balance at 31 August 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 period	–	–	(3 690 369)	(3 690 369)	–	(3 690 369)
Options lapsed	–	(1 794 939)	1 794 939	–	–	–
<b>Balance at 28 February 2018</b>	<b>209 586 425</b>	<b>–</b>	<b>(171 508 763)</b>	<b>(38 077 662)</b>	<b>(9 212 820)</b>	<b>(28 864 842)</b>

#### CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

For the period ended 28 February 2018	28 February 2018	31 August 2017
<b>Segment assets</b>	<b>48 745 954</b>	<b>48 712 051</b>
Segment assets – Coal	7 241 834	7 276 197
Segment assets – Base metals and industrial minerals	39 073 030	39 073 623
Segment assets – Other	2 431 090	2 362 231
<b>Segment liabilities</b>	<b>(19 881 112)</b>	<b>(16 156 840)</b>
Segment liabilities – Coal	(3 350 468)	(3 350 758)
Segment liabilities – Other	(16 530 644)	(12 806 082)
<b>Segment result</b>	<b>3 690 369</b>	<b>(32 301 681)</b>
Segment result – Coal	2 084 934	6 698 319
Segment result – Base metals and industrial minerals	136 820	(39 000 000)
Segment result – Other	1 468 615	–

#### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

##### For the period ended 28 February 2018

##### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 28 February 2018 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. No comparative interim financial statements for the six months ended 28 February 2018 have been prepared.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 August 2017.

This report was prepared under the supervision of the Group Financial Director, A M Botha, CA(SA) and has not been reviewed or audited by the Group's external auditors.

##### 2. LOSS PER SHARE

	2018	2017
Weighted average number of ordinary shares outstanding	1 288 086 443	793 957 670
Basic and diluted (loss)/earnings per share (cents)	(0.29)	4.07
Headline and diluted headline loss per share (cents)	(0.29)	(1.26)
Basic and diluted loss per share – continued (cents)	(0.29)	4.21
Headline and diluted headline loss per share – continued (cents)	(0.29)	(1.12)
Basic and diluted loss per share – discontinued (cents)	–	(0.14)
Headline and diluted headline loss per share – discontinued (cents)	–	(0.14)
<b>Reconciliation between earnings (loss) and headline earnings (loss)</b>		
Basic (loss)/earnings	(3 688 296)	33 400 524
<b>Adjusted for:</b>		
Reversal of impairment of mining right	–	(39 000 000)
Fair value disposal Group	–	(3 293 968)
Headline earnings (loss)	(3 688 296)	(8 893 444)

##### 3. EVENTS AFTER THE REPORTING DATE

The Company held its Annual General Meeting on 6 August 2018 and the following transactions as approved by shareholders have been executed or are being concluded:

##### CHANGE OF COMPANY NAME

The company's name changed from Miranda Mineral Holdings Limited to Union Atlantic Minerals Limited and the record date in respect of new name was 31 August 2018.

##### DISPOSAL OF 100% OF THE SHARES HELD IN MIRANDA COAL (PTY) LTD

All the conditions precedent with respect to the sale of Miranda Coal, have been satisfied and therefore, the transaction has been implemented on 16 August 2018 and the company received the total consideration of R8 million.

##### DISPOSAL OF THE ENTIRE EQUITY INTEREST IN SESIKHONA KLIPBRAND COLLIERY (PTY) LTD

As at the publication of these interim results, Ministerial Consent had not been granted for the disposal of the Remaining Shares 37 shares (37% interest) in Sesikhona. Management are actively assisting Osho management in the administration of the documents and information required to obtain the requisite Section 11 Ministerial Consent for the sale to be finally concluded.

##### B-BBEE TRANSACTION IN RESPECT OF ROZYNEBOSCH

All the conditions precedent with respect to the B-BBEE Transaction, have been satisfied and therefore, the transaction has been implemented on 14 August 2018

##### 4. GOING CONCERN

The Group recorded a comprehensive loss, net of tax of R3 690 369 during the six months ended 28 February 2018 (profit 12 months ended 31 August 2017: R32 301 681). As of 28 February 2018, the Group was in a net current liability position of R15 208 223 (31 August 2017: net current liability R11 698 570). As at 28 February 2018, the Group is in a net asset position of R38 077 662 (31 August 2017 net asset position of R41 768 031).

The financial statements set out in this report are the responsibility of the directors of the Company. 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 International Financial Reporting Standards and on the basis of accounting policies applicable to going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. The Directors do believe that a material uncertainty exists which may cast significant doubt on the Group ability to continue as a going concern, as it is dependent on the successful outcome of a number of future events. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The most significant of these factors are:

- The successful conclusion of the sale of Sesikhona Kliprand Colliery (Pty) Limited for the total consideration of R5 million and a R2.5 million production bonus; and
- Raising an additional R30 million in capital, necessary for developing the Rozynebosch prospecting right, uplifting the suspension of the Union Atlantic Minerals Limited's shares on the JSE and funding continued operational expense requirements.