



UNION ATLANTIC MINERALS LIMITED

UNION ATLANTIC MINERALS LIMITED

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

CONSOLIDATED RESULTS for the year ended 31 August 2018

UNION ATLANTIC MINERALS (previously known as Miranda Minerals Holdings) RESULTS COMMENTARY

FINANCIAL POSITION

For the past financial year under review, the Group's net asset value decreased from 3.24 cents per share (August 2017) to 2.66 cents per share (August 2018). The net tangible asset value decreased from 0.21 cents per share (August 2017) to (0.36) cents per share (August 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 Group reported a reduced headline loss from 1.26 cents per share (August 2017) to 0.58 cents per share (August 2018). Basic earnings per share decreased from a reported profit of 4.07 cents per share (August 2017) to a loss of 0.58 cents per share (August 2018). The decrease in basic earnings was mainly because of the reversal of the impairment on the Rozynenbosch prospecting right in the August 2017 financial year.

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 Minerals 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 2018 as published on the Company website www.unionatlanticminerals.com.

The process of resolving the remaining issues which have been identified by executive management continues. A project to systematically sift through, evaluate and sort both the hardcopy as well as electronic data files is complete.

This restructuring exercise, launched in February 2017, is now in its final stages. Management has mandated River Group to identify the remaining regulatory issues to apply to the JSE to re-instate the listing of the Union Atlantic Minerals share on the JSE, post which management will embark on an exercise to re-finance the Company.

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

- Milnex 189 (Pty) Limited ("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 (DMR) in the past on prospecting rights which have either lapsed, been sold or expired. The guarantee for Sesikhona Klipbrand Colliery has been replaced at Guardrisk;
- An exercise to evaluate the status of 51 rights under appeal at DMR (rights acquired from Gold Fields in 1999) has been initiated at Japie van Zyl Attorneys, which rights will be pursued should the minerals fit the strategy, and is commercially attractive to include these in the portfolio of the Company;
- 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. The new applications have been made in newly established subsidiary company, Union Atlantic Commodities (Pty) Limited;
- 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;
- Minxcon has been mandated to evaluate additional data for possible inclusion into an updated geological model and SAMREC-compliant Competent Person's Report for Rozynenbosch;
- Minxcon has been mandated to assist management in formulating a development plan, and compiling the associated budgets, for additional field work for the Rozynenbosch 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 (Pty) Limited ("Sesikhona") to Osho Resources SA (Pty) Limited ("Osho") for R7.5 million was concluded;
- The agreement to dispose of the 100% interest in Miranda Coal on a 'voetstoots' basis to Siafa Resources (Pty) Limited ("Siafa") for a cash consideration of R8 million (eight million rand), was concluded.

OUTLOOK

While we expect market and operating conditions in the coming year to remain challenging as sentiment and policies change, management remains confident that we will be able to deliver on our strategy initiated in February 2017. The Company is now in a position to apply for the lifting of the suspension of the trading of its shares. Most of the Company's outstanding debt has been settled and agreements reached with remaining creditors. The Company will now enter the re-capitalisation process which is necessary for further development of its assets and for exploring new opportunities in the mining and exploration space.

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) in the coming months and refinancing the Company in the near future for it to be able to meet the new growth strategy.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share based payment reserve	Accumulated loss	Total attributable to equity holders of the group company	Non-controlling interest	Total equity
For the year ended 31 August 2018						
Balance at 1 September 2016	186,797,593	1,909,382	(202,051,966)	(13,344,991)	(9,190,311)	(22,535,302)
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	–	–	–
Balance at 31 August 2017	209,586,425	1,794,939	(169,613,333)	41,768,031	(9,212,820)	32,555,211
Loss for the period	–	–	(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	–	–	–
Balance at 31 August 2018	209,586,425	–	(175,298,270)	34,288,155	(138,258)	34,149,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2018	31 August 2018	31 August 2017
ASSETS		
Non-current assets	40,157,502	40,328,342
Intangible assets	39,000,000	39,000,000
Other financial assets*	1,157,502	1,328,342
Current assets	4,450,886	1,107,512
Other financial assets	105,006	105,006
Trade and other receivables	1,010,894	649,722
Cash and cash equivalents	3,334,986	352,784
Non-current assets held for sale and assets of disposal group	2,500,000	7,276,197
Total assets	47,108,388	48,712,051
EQUITY AND LIABILITIES		
EQUITY		
Share capital	209,586,425	209,586,425
Reserves	–	1,794,939
Retained income	(175,298,270)	(169,613,333)
Equity attributable to owners of parent	34,288,155	41,768,031
Non-controlling interest	(138,258)	(9,212,820)
Total shareholders' interest	34,149,827	32,555,211
LIABILITIES		
Current liabilities	12,958,491	12,806,082
Loans to/from shareholders	–	151,146
Other financial liabilities	1,469,553	1,670,460
Trade and other payables	11,488,938	10,983,883
Bank overdraft	–	593
Liabilities of disposal group	–	3,350,758
Total liabilities	12,958,491	16,156,840
Total equity and liabilities	47,108,388	48,712,051
Net asset and net tangible asset value per share		
Ordinary shares in issue	1,288,086,443	1,288,086,443
Net asset value per share (cents)	2.66	3.24
Net tangible asset value per share (cents)	(0.36)	0.21

* The carrying amount of non-current other financial assets approximate fair value

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2018	31 August 2018	31 August 2017
Operating expenses	(7,556,993)	(8,911,921)
Operating loss	(7,556,993)	(8,911,921)
Investment revenue	16,598	18,477
Reversal of impairment on mining right	–	42,293,968
Fair value adjustments	30,067	–
Gain on non-current asset held for sale or disposal groups	34,473	–
Finance costs	(1,731)	–
(Loss)/profit before taxation	(7,477,586)	33,400,524
Taxation	–	–
(Loss)/profit from continuing operations	(7,477,586)	33,400,524
Loss from discontinued operations	(2,290)	(1,098,843)
Total comprehensive (loss)/profit for the year	(7,479,876)	32,301,681
Total comprehensive (loss)/profit attributable to:		
Owners of the parent – continued	(7,477,586)	33,400,524
Owners of the parent – discontinued	(2,290)	(1,076,334)
Non-controlling interest – continued	–	–
Non-controlling interest – discontinued	–	(22,509)
Basic and diluted (loss)/earnings per share (cents)	(0.58)	4.07
Headline and diluted headline loss per share (cents)	(0.58)	(1.26)
Basic and diluted (loss)/earnings per share – continued (cents)	(0.58)	4.21
Headline and diluted headline loss per share – continued (cents)	(0.58)	(1.12)
Basic and diluted loss per share – discontinued (cents)	–	(0.14)
Headline and diluted headline loss per share – discontinued (cents)	–	(0.14)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 August 2018	31 August 2018	31 August 2017
Net cash from operating activities	(7,551,678)	(583,669)
Proceeds on disposal of discontinued operations	10,500,000	–
Other investing activities	34,916	(14,870)
Net cash from financing activities	(442)	546,865
Total cash movement for the year	2,982,795	(51,674)
Cash at the beginning of the year	35,192	88,105
Cash disclosed as part of disposal group	–	(34,915)
Total unrestricted cash at end of the year	3,017,987	1,516
Restricted cash and cash equivalents	316,999	350,675
Total cash at end of the year	3,334,986	352,191

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

For the year ended 31 August 2018	31 August 2018	31 August 2017
Segment assets	47,108,388	48,712,051
Segment assets – Coal	2,500,000	7,276,197
Segment assets – Base metals and industrial minerals	39,073,030	39,073,623
Segment assets – Other	5,534,732	2,362,231
Segment liabilities	(12,958,491)	(16,156,840)
Segment liabilities – Coal	–	(3,350,758)
Segment liabilities – Other	(12,958,491)	(12,806,082)
Segment result	7,479,876	(32,301,681)
Segment result – Coal	(32,183)	6,698,319
Segment result – Base metals and industrial minerals	–	(39,000,000)
Segment result – Other	7,512,059	–

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2018

1. BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements 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 also, as a minimum, to contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements. New accounting standards implemented in the current year had no material impact on the Group.

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by EY Inc., who expressed an unmodified opinion on the fully consolidated financial statements for the year ended 31 August 2018, with an emphasis of matter relating to the material uncertainty of going concern. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying annual financial statements.

These summarised consolidated financial statements and the full consolidated annual financial statements have been prepared under the supervision of AM Botha, CA(SA) and were approved by the board of directors on 4 July 2019.

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)	(0.58)	4.07
Headline and diluted headline loss per share (cents)	(0.58)	(1.26)
Basic and diluted loss per share – continued (cents)	(0.58)	4.21
Headline and diluted headline loss per share – continued (cents)	(0.58)	(1.12)
Basic and diluted loss per share – discontinued (cents)	–	(0.14)
Headline and diluted headline loss per share – discontinued (cents)	–	(0.14)
Reconciliation between earnings (loss) and headline earnings (loss)		
Basic (loss)/earnings	(7,477,586)	33,400,524
Adjusted for:		
Reversal of impairment of mining right	–	(39,000,000)
Fair value disposal group	–	(3,293,968)
Headline earnings (loss)	(7,477,586)	(8,893,444)

3. EVENTS AFTER THE REPORTING DATE

ROZYNENBOSCH – RIGHT TO SILVER

It has come to the attention of the Company's management that the prospecting rights for gold and silver at Rozynenbosch have been awarded to an unknown third party. 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, and that due process and consultation was not followed by the third party.

Management originally acquired various prospecting rights including silver, under the old order prospecting rights. Upon conversion into the new order prospecting rights, silver was not included as a material right in the new order prospecting right awarded. Management has in the past submitted applications and appeals to the DMR to amend their prospecting right to include the silver right as management believes that the Rozynenbosch prospecting right documentation erroneously omitted silver from the new order prospecting right and that administrative issues had to be rectified by the DMR. The historic content of the documentation between the Company and the DMR reflect silver as being part of the Rozynenbosch right and therefore management has taken steps to have the awarding of the silver right to a third party set aside.

Management has directed the appropriate appeals to the DMR and has taken legal steps to ameliorate the risk and to secure the rights of the Company. Management is confident of a positive resolution and has valued the Rozynenbosch prospecting right as at 31 August 2018, 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 resolved. Should an unfavourable outcome result from the appeal with the DMR, management may take legal steps to recover the value of the silver right through compensation for exploration of the silver on behalf of the third party on the Rozynenbosch property. The full effects of the exclusion of silver, on the basis that it will not be mined specifically by any party, can be obtained in the competent persons report.

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

The sale of the Company's 73% equity stake in the Sesikhona Klipbrand Colliery (Pty) Limited to Osho Resources SA (Pty) Limited for R7.5 million was concluded. The litigation between the parties has been completely abandoned as a consequence of this transaction. The first tranche, the sale of 36.5% for R2.5 million was settled before year-end and the second tranche, the sale of the remaining 36.5% for R2.5 million, was settled after year-end after obtaining the Section 11 Ministerial consent for the change in control in the shareholding of Sesikhona. A final production initiation bonus payment of R2.5 million will be payable by Osho to the Company in equal tranches monthly over a period of six (6) months and will be initiated three months after the date of commencement of production at Sesikhona.

4. GOING CONCERN

The Group and Company recorded a comprehensive (loss)/profit of (R7,479,876) and (R2,329,668) respectively during the year ended 31 August 2018 (2017: Group R32,301,681; Company (R69,494,203)). As of year-end, the Group and Company were in a net current liability position of R8,507,605 and R8,370,997 respectively (2017: Group R11,698,570; Company R11,709,669). As at year-end, the Group and Company were in a net asset position of R34,388,155 and R30,865,601 respectively (2017: Group R41,768,031; Company R33,195,269).

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 and as disclosed in Note 3 – *Events after the reporting date*, 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
- With reference to Note 3 – *Events after the reporting date*, 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 2018, 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 resolved
- Uplifting the suspension of the Union Atlantic Minerals Limited shares on the JSE
- Funding continued operational expense requirements

The summarised 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.

5. AUDIT OPINION

The auditor has expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 August 2018, with an emphasis of matter relating to the material uncertainty of going concern. A copy of the auditor's report on the full consolidated financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the auditor's report. Ernst & Young Inc has not audited future financial performance and expectations expressed by management included in the commentary in the summarised 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.

FOR MORE INFORMATION

This abridged announcement is the responsibility of the directors. It is only a summary of the information contained in the integrated report for the financial year ended 31 August 2018 and the annual financial statements for 2018. It does not contain full or complete details. Any investment decision should be based on the full documents posted to shareholders on Friday, 5 July 2019 and accessible on the Company's website, www.unionatlanticminerals.com.

Johannesburg

4 July 2019

SPONSOR AND CORPORATE ADVISER MEDIA AND INVESTOR RELATIONS

River Group

James Duncan, R&A Strategic Communications
james@rasc.co.za, +27 11 880 3924