

BAUBA PLATINUM

Bauba Platinum Limited
Incorporated in the Republic of South Africa
(Registration number 1986/004649/06)
JSE share code: BAU • ISIN: ZAE000145686
("Bauba" or "the Company" or "the Group")

www.bauba.co.za

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2013

COMMENTARY

Results

The focus of the Group during the period under review has been the ongoing exploration of its platinum assets, and the raising and preservation of cash. The Group did not generate any revenue and in line with the Group's dividend policy, no dividend was declared. The Group raised R2.5 million cash at a cost of R0.5 million during the period under review. R1.1 million was spent on exploration activities, which was capitalised in line with the Group's accounting policies and R3.4 million on general and administration costs.

Exploration

The third borehole ("BAU-042") on the Northern Cluster was completed during the period under review, after which the drilling programme was suspended until sufficient cash is raised. BAU-042 had pleasing assay results indicating 3PGE+Au grades of 5.82g/t over a width of 1.22 metres on the Merensky reef and 6.97g/t over a width of 1.20 metres on the UG2 reef.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed		Audited
	As at 31 December		As at 30 June
	2013 R'000	2012 R'000	2013 R'000
ASSETS			
Non-current assets	31 927	24 803	30 907
Intangible assets	31 668	24 420	30 555
Property, plant and equipment	259	383	352
Current assets	2 936	15 996	5 460
Trade and other receivables	232	799	235
Cash and cash equivalents	2 704	15 197	5 225
Total assets	34 863	40 799	36 367
EQUITY AND LIABILITIES			
Capital and reserves	33 592	39 577	35 561
Share capital	127 062	123 274	123 274
Share premium	274 532	276 320	276 320
Reverse asset acquisition reserve	(282 988)	(282 988)	(282 988)
Retained loss	(83 465)	(75 629)	(79 686)
Non-controlling interest	(1 549)	(1 400)	(1 359)
Current liabilities	1 271	1 222	806
Trade and other payables	1 271	1 222	806
Total equity and liabilities	34 863	40 799	36 367
Net asset value per share (cents)	26.4	32.1	28.8
Tangible net asset value per share (cents)	1.5	12.3	4.1

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed Six months ended		Audited Year ended
	31 December		30 June
	2013 R'000	2012 R'000	2013 R'000
General and administrative expenses	(4 042)	(6 171)	(10 445)
Finance income	73	614	872
Loss before taxation	(3 969)	(5 557)	(9 573)
Taxation	-	-	-
Comprehensive loss for the period	(3 969)	(5 557)	(9 573)
Loss for the period – attributable to:	(3 969)	(5 557)	(9 573)
– Equity holders of the company	(3 779)	(5 145)	(9 202)
– Non-controlling interest	(190)	(412)	(371)
Headline loss for the period¹	(3 779)	(5 145)	(9 202)
Undiluted and diluted earnings per share			
Loss per share (cents)	(3.1)	(4.2)	(7.5)
Undiluted and diluted headline earnings per share			
Headline loss per share (cents)	(3.1)	(4.2)	(7.5)
Weighted average number of shares in issue (000's)	123 294	123 274	123 274
Total number of shares in issue at the end of the period (000's)	127 061	123 274	123 274

¹ There is no adjustment required to the loss for the period to arrive at headline loss for the period.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained loss	Non- controlling interest	Reverse acquisition reserve	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 December 2012	123 274	276 320	(75 629)	(1 400)	(282 988)	39 577
Comprehensive loss for the period	-	-	(4 057)	41	-	(4 016)
Balance at 30 June 2013	123 274	276 320	(79 686)	(1 359)	(282 988)	35 561
Shares issued	3 788	(1 288)	-	-	-	2 500
Cost for the period	-	(500)	-	-	-	(500)
Comprehensive loss for the period	-	-	(3 779)	(190)	-	(3 969)
Balance at 31 December 2013	127 062	274 532	(83 465)	(1 549)	(282 988)	33 592

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed Six months ended 31 December		Audited Year ended 30 June
	2013 R'000	2012 R'000	2013 R'000
Net cash outflow from operating activities	(3 481)	(6 366)	(10 428)
Net cash outflow from investing activities	(1 040)	(6 479)	(12 389)
Net cash inflow from financing activities	2 000	-	-
Net decrease in cash and cash equivalents	(2 521)	(12 485)	(22 817)
Cash and cash equivalents at beginning of period	5 225	28 042	28 042
Cash and cash equivalents at end of period	2 704	15 197	5 225

NOTES TO THE REVIEWED INTERIM FINANCIAL STATEMENTS

Basis of preparation

The board of directors ("Board") present the reviewed condensed consolidated interim financial results for the six months ended 31 December 2013 which have been prepared in accordance with the framework concepts and the measurement 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 its successor, the Companies Act, 2008, (Act 71 of 2008) as amended and the Listings Requirements of JSE Limited and contains the information required by IAS 34: Interim Financial Reporting. The accounting policies are in terms of IFRS and are supported by reasonable and fair judgements and estimates.

These condensed consolidated interim financial results have been prepared under the supervision of Mr Willem Moolman, the Financial Director of Bauba.

Review opinion

These condensed consolidated interim financial results for the six months ended 31 December 2013 have been reviewed by the Company's auditors, BDO South Africa Incorporated. A copy of their unqualified review opinion is available for inspection at the registered office of the Company.

Segmental information

The Group has classified two segments namely:

- Exploration, being activities associated with the Bauba Project and platinum exploration; and
- Corporate expenses, being administration, regulatory and corporate expenses incurred.

	Exploration R'000	Corporate R'000	Total R'000
31 December 2013			
External interest received	-	73	73
General and administrative expenses	(475)	(3 473)	(3 948)
Depreciation and amortisation	(72)	(22)	(94)
Comprehensive loss for the period	(547)	(3 422)	(3 969)
Total segment assets	31 743	3 120	34 863
Total segment liabilities	(950)	(321)	(1 271)

	Exploration R'000	Corporate R'000	Total R'000
31 December 2012			
External interest received	-	614	614
General and administrative expenses	(1 016)	(5 112)	(6 128)
Depreciation and amortisation	(19)	(24)	(43)
Comprehensive loss for the period	(1 035)	(4 522)	(5 557)
Total segment assets	24 928	15 871	40 799
Total segment liabilities	(795)	(427)	(1 222)

Capital raising

The Company successfully raised R2.5 million under its General Authority by way of issuing 3 787 789 shares for cash during December 2013 at an issue price of R0.66 per share. This cash will be utilised as bridging finance until the chrome project becomes cash generative.

Legal tenure

The Group's two prospecting rights were renewed in July 2012 for a further period of three years.

Legal

There is currently a review application pending in the North Gauteng High Court of South Africa, Pretoria brought by Rustenburg Platinum Mines Limited and ARM Mining Consortium Limited ("the Applicants") against a decision of the Department of Mineral Resources to grant the prospecting rights in respect of two farms, namely Genokakop 285KT and Groot Vygenboom 284KT. Bauba's subsidiary, Bauba A Hlabirwa Mining Investments Proprietary Limited ("Hlabirwa"), the legal holder of the prospecting rights, was cited as a party against whom relief is sought. After taking legal advice on the matter, Hlabirwa is confident of a positive outcome. Hlabirwa decided to progress the determination of the application by requesting the High Court to dismiss this matter as the applicants have failed to take any meaningful steps to advance the review application since the onset date.

Going concern

The condensed consolidated interim financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. As is common with many junior mining companies, the Group raises capital for exploration and other projects as and when required. Future work on the development of these projects may be adversely affected by factors outside of the control of the Group.

Subsequent events

Assets for Shares Agreement

The Board released a cautionary announcement on SENS on 25 September 2013 advising shareholders that Bauba had entered into negotiations with certain existing shareholders to raise funding to enable the Group to continue with its drilling programme. The initial cautionary announcement was followed up with a number of renewal of cautionary announcements and a terms announcement which was released on SENS on 19 March 2014 advising shareholders of the details of the outcome of the negotiations.

The negotiations resulted in the Company entering into an Assets For Shares agreement ("Acquisition Agreement"), which is subject to approval by shareholders at a general meeting of the Company. In terms of the Acquisition Agreement, the Company will:

- acquire 60% of the beneficial ownership of the farms Moeijelik 412KS and Waterkop 113KT;
- cancel the claw back conditions over 37 033 200 ordinary shares previously issued for the farms subject to the review application brought by the Applicants; and
- issue 21 189 600 ordinary shares for the acquisition of the farm Houtbosch 323KT which notarial execution was delayed due to the same review application.

The Venmyn Deloitte competent person report and the Board declared the chrome resource on the farm Moeijelik 412KS to be 9.3 million metric tonnes of which approximately 1.3 million metric tonnes have been identified as suitable for open cast mining operations up to a high wall of 50 metres.

Chrome Ore Supply Agreement

On 27 March 2014, Bauba released a detailed announcement on SENS advising shareholders of the chrome ore supply agreement ("Chrome Ore Supply Agreement") entered into between Hlabirwa, the legal holder of the prospecting rights, and ASA Metals Proprietary Limited ("ASA"). The Chrome Ore Supply Agreement has for the time being been capped by Hlabirwa at a run of mine off-take total of 480 000 metric tons which will continue over an approximate period of 24 months with ASA having expressed an interest to materially increase the aforesaid quantity, should Hlabirwa be agreeable thereto at some future date.

The Chrome Ore Supply Agreement further makes provision for a prepayment of up to R5.6 million over the next seven months until the mining operations commence.

Lease Agreement

Hlabirwa has also entered into a lease and option agreement ("Lease and Option Agreement") with Jibeng Investment Proprietary Limited, the land owners of the farm Moeijelik 412KS, to facilitate access to the chrome mining area. The Lease and Option Agreement also provides for an option to acquire the portion of the farm on which the mining operations will be established.

Bulk Sample Authorisation And Mining Permit

Hlabirwa has applied for both a bulk sample authorisation and a mining permit over the farm Moeijelik 412KS. The company has been advised that the issuance of the bulk sample authorisation is now imminent and furthermore anticipates that the mining permit will be awarded by the Department of Mineral Resources during June 2014. This will allow for site establishment to commence in July 2014 and resulting cash flow by the delivery of run of mine chrome ore to ASA by mid-August 2014.

Conclusion

The acquisition of the beneficial rights over the chrome assets, which has a low cost open-cast exploitation potential, and the signing of the Chrome Ore Supply Agreement with ASA, secures the potential of a steady cash flow stream, which may satisfy all of the Company's financial requirements to advance its projects for the foreseeable future. With a major portion of the net cash proceeds from the chrome operation being diverted into the exploration programme, it will place the Group in a favourable position to apply for a mining right over its platinum project and to further develop and exploit its platinum resources.

Directorate

There was no change to the Board during the period under review.

On behalf of the Board

JG Best Chairman	SJM Caddy Chief Executive Officer	31 March 2014
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Board of Directors:

Non-executive: Mr JG Best* (Chairman), Mr KV Dicks*, Mr SM Dolamo*
Ms KW Mzondeki*, Dr NM Phosa, Mr D Smith, King TV Thulare (Alt to Dr NM Phosa)
(*Independent)

Executive: Mr SJM Caddy (CEO), Mr WA Moolman (FD)

Sponsor: Merchantec Capital

Registered Office: 1st Floor, Building 816/5, Hammets Crossing Office Park
2 Selbourne Road, Fourways, Johannesburg, Gauteng, South Africa

Company Secretary

Merchantec Proprietary Limited
2nd Floor, North Block, Hyde Park Office Tower, Cnr 6th Road and
Jan Smuts Avenue, Hyde Park, 2196 (PO Box 41480, Craighall 2024)

Auditor: BDO South Africa Incorporated