



BAUBA
PLATINUM

REVIEWED CONDENSED PRELIMINARY CONSOLIDATED RESULTS

for the year ended 30 June 2017

www.bauba.co.za

CORPORATE INFORMATION

Bauba Platinum Limited: Incorporated in the Republic of South Africa • (Registration number 1986/004649/06) (Bauba or the Company or the Group) • JSE share code: BAU • ISIN: ZAE000145686
Postal address: PO Box 1658, Witkoppen, 2068. Tel no: +27 (0)11 699 5720

Board of directors: NPJ van der Hoven* (Chairman), M Luyt*, SM Dolamo*, Dr NM Phosa*, DS Smith*
King TV Thulare* (Alternate), NW van der Hoven, JA Knowlden

*Non-executive *Independent non-executive

Sponsor: Merchantec Capital, 2nd Floor, North Block Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue, Hyde Park, Johannesburg, 2196 (PO Box 41480, Craighall, 2024)

Registered Office: Cube Workspace, 1 Wedgewood Link, Bryanston, Johannesburg, 2191, South Africa

Company Secretary: Merchantec Proprietary Limited

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers,
15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107)

Auditors: BDO South Africa Incorporated, 22 Wellington Road, Parktown, 2193

REVIEWED CONDENSED PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	30 June	
	2017 R'000	2016 R'000
Revenue	205 318	78 743
Cost of sales	(63 318)	(29 191)
Gross profit	142 000	49 552
Other income	24 015	–
Bad debt recovery	10 392	–
Operating and administrative expenses	(46 250)	(53 961)
Finance income	3 987	1 061
Profit/(loss) before taxation	134 144	(3 348)
Income tax	(38 615)	(1 884)
Profit/(loss) for the year	95 529	(5 232)
Other comprehensive income	–	–
Comprehensive profit/(loss) for the year	95 529	(5 232)
Profit/(loss) attributable to:		
Equity holders of the parent	55 756	(6 406)
Non-controlling interest	39 773	1 174
Comprehensive profit/(loss) attributable to:		
Equity holders of the parent	55 756	(6 406)
Non-controlling interest	39 773	1 174
Basic profit/(loss) per share (cents)	14,71	(1,69)
Diluted profit/(loss) per share (cents)	14,65	(1,69)
Headline profit/(loss) per share (cents)	14,71	(1,69)
Diluted headline profit/(loss) per share (cents)	14,65	(1,69)

REVIEWED CONDENSED PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	30 June	
		2017 R'000	2016 R'000
ASSETS			
Non-current assets		170 231	171 410
Intangible assets	11	158 304	164 324
Property, plant and equipment		11 880	955
Deferred tax		47	6 131
Current assets		132 351	13 885
Inventory		8 064	–
Tax receivable		–	476
Trade and other receivables		2 089	1 670
Cash and cash equivalents		122 198	11 739
Total assets		302 582	185 295
EQUITY AND LIABILITIES			
Equity		270 940	174 934
Share capital and share premium		550 402	550 402
Reverse asset acquisition reserve		(282 988)	(282 988)
Share option reserve		477	–
Retained loss		(39 040)	(94 796)
Non-controlling interest		42 089	2 316
Non-current liabilities		3 388	5 552
Provision for rehabilitation	7	3 388	5 552
Current liabilities		28 254	4 809
Trade and other payables		20 876	1 052
Other financial liabilities	6	1 425	3 757
Provision for rehabilitation	7	4 870	–
Current tax payable		1 083	–
Total equity and liabilities		302 582	185 295

REVIEWED CONDENSED PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Share capital and share premium	Reverse asset acquisition reserve	Share option reserve	Retained loss	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 July 2015	550 402	(282 988)	–	(88 390)	1 142	180 166
Total comprehensive loss for the year	–	–	–	(6 406)	1 174	(5 232)
Balance at 30 June 2016	550 402	(282 988)	–	(94 796)	2 316	174 934
Share-based payment reserve movement	–	–	477	–	–	477
Total comprehensive profit for the year	–	–	–	55 756	39 773	95 529
Balance at 30 June 2017	550 402	(282 988)	477	(39 040)	42 089	270 940

REVIEWED CONDENSED PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 30 June 2017

	30 June	
	2017 R'000	2016 R'000
Operating profit before working capital changes	140 909	6 258
Working capital changes	9 009	576
Taxation paid	(30 972)	(476)
Net cash effects from operating activities	118 946	6 358
Net cash effects from investing activities	(8 487)	(1 196)
Investments in intangible asset	(872)	(2 232)
Investments in property, plant and equipment	(11 602)	(25)
Interest received	3 987	1 061
Net cash effects from financing activities	–	(26 531)
Repayment of other financial liabilities	–	(26 531)
Total cash movement for the year	110 459	(21 369)
Cash and cash equivalents at the beginning of the year	11 739	33 108
Cash and cash equivalents at the end of the year	122 198	11 739

NOTES TO THE REVIEWED CONDENSED PRELIMINARY CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 June 2017

1. BASIS OF PREPARATION

These condensed consolidated financial results have been prepared by Jonathan Knowlden CA(SA), the Financial Director, in accordance with IAS 34: Interim Financial Reporting, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, and the Listings Requirements of the JSE Limited (JSE Listings Requirements).

The same accounting policies, presentation and measurement principles have been followed in the preparation of the condensed report for the year ended 30 June 2017 as were applied in the preparation of the Group's annual financial statements for the year ended 30 June 2016.

2. FINANCIAL REVIEW

Bauba's only operating mine, Moeijelijik, resumed mining activities in January 2017 under a significantly improved chrome ore market. This improved performance was therefore driven by six months of operations, while ramping up to stable monthly open cast production. The chrome ore price dropped significantly in May, but has since improved and is on an upward trend again. The weighted average cost, insurance and freight (CIF) \$ price realised for the year was \$237 for 38 – 40% Cr₂O₃ chrome ore run of mine with an average Cr₂O₃ grade of 40,36%. These results demonstrate Moeijelijik's cash generation ability and future potential once the current underground mine development is completed and the mine operates at stable monthly production for a full year, drawing on both open cast and underground operations.

The Group reported profit before tax for the year ended 30 June 2017 of R134,144 million (2016: loss of R3,348 million) and profit attributable to equity holders of the parent of R55,756 million (2016: loss of R6,406 million) resulting in diluted headline earnings per share of 14,65 cents (2016: loss of 1,69 cents). The Group generated cash from operating activities of R118,946 million (2016: R6,358 million) and ended the year with cash and cash equivalents of R122,198 million (2016: R11,739 million).

R24,015 million of other income was recognised in the year under review arising from the settlement of a contractual debt due to Bauba. In the 2016 annual financial statements' Subsequent Events note, it was disclosed that an approximate 17 300 tonnes (t) of a total 20 000 t of chrome ore supplied to a debtor, who subsequently went into business rescue, was recovered and as a result R10,392 million was recognised as a bad debt recovery in the current year.

NOTES TO THE REVIEWED CONDENSED PRELIMINARY CONSOLIDATED INTERIM RESULTS

continued
for the year ended 30 June 2017

The increase in property, plant and equipment during the current year of R10,925 million was mainly attributable to underground development capital expenditure of R8,191 million. The decrease in deferred tax was mainly due to the utilisation of the assessed loss in Bauba A Hlabirwa Mining Investments Proprietary Limited and section 36 allowances on certain capital expenditure in terms of the Income Tax Act. There was 18 801 t of inventory held at year end (2016: nil) and trade and other payables increased R19,824 million with both movements due to Moeijelijk resuming operations.

3. OUTLOOK

Bauba is optimistic for the 2018 financial year considering the steadily improving chrome ore prices from May's lows with current CIF pricing for our product above \$200 per tonne, but still with significant quantities of chrome ore in China that must be cleared. Open cast production after the May crash was decreased to preserve our resource for more favourable market conditions and production is currently being increased again to capitalise on the recently improved pricing. Our business model and low cost of production ensures that we are able to operate sustainably in a stressed chrome ore market, if need be.

Due to additional safety measures implemented in securing the highwall face where our underground portal is being constructed, stable underground LG6 chrome ore production of 30 000 t per month will only be achieved by the first half of 2019 and not June 2018 as previously guided. A production rate of 20 000 t of underground LG6 chrome ore is expected to be achieved in June 2018, with a total underground production forecast for the 2018 financial year of 100 000 t.

Any forecast financial information contained in this announcement has not been reviewed or reported on by Bauba's auditors.

4. AUDITOR'S REVIEW CONCLUSION

These condensed consolidated financial statements for the year ended 30 June 2017 have been reviewed by BDO South Africa Incorporated, who expressed an unmodified conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office.

5. DISTRIBUTION

A maiden distribution of 10,0 cents per share was declared after year end. The source of the distribution will be from share premium and is considered a return of contributed tax capital to shareholders recorded in the share register of the Company at the close of business on Friday, 27 October 2017. The Company has 379 020 249 ordinary shares in issue.

Its income tax reference number is 9475130713.

Shareholders are advised of the following salient dates in respect of the distribution:

Last day to trade "cum" the distribution	Tuesday, 24 October 2017
Shares trade "ex" the distribution	Wednesday, 25 October 2017
Record date	Friday, 27 October 2017
Payment to shareholders	Monday, 30 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 October 2017 and Friday, 27 October 2017, both days inclusive.

The distribution will be paid out of qualifying contributed tax capital in terms of the Income Tax Act, and as such the distribution will be regarded as a return of capital and may have potential capital gains tax consequences. Shareholders are advised to consult their tax advisors regarding the impact of the distribution.

6. OTHER FINANCIAL LIABILITIES

30 June		
	2017 R'000	2016 R'000
Royalty taxes	-	2 849
The amount relates to royalty taxes due according to the Mineral and Petroleum Resources Royalty Act		
Other	1 425	908
	1 425	3 757
Current liabilities		
At amortised cost	1 425	3 757

7. PROVISION FOR REHABILITATION

30 June		
	2017 R'000	2016 R'000
Balance at the beginning of the year	5 552	2 520
Movement in provision during the year recognised in profit or loss	2 706	3 032
Balance at the end of the year	8 258	5 552
Due within one year or less	4 870	-
Due after more than one year	3 388	5 552

Environmental obligations are based on the Group's environmental plans. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date.

8. BOARD

During the year under review, up to the date of this report, the following changes were made to the board of directors of the Company:

Appointment

JA Knowlden (Financial Director) – 1 December 2016.

Resignation

CH Gernandt (Financial Director) – 1 December 2016.

9. OPERATING SEGMENTS

	Chrome project	Platinum exploration	Corporate	Intragroup elimination	Total
	R'000	R'000	R'000	R'000	R'000
30 June 2017					
Revenue	205 318	-	10 435	(10 435)	205 318
Profit before tax	131 359	-	2 785	-	134 144
Taxation	(38 615)	-	-	-	(38 615)
Profit after tax	92 744	-	2 785	-	95 529
Interest received	1 913	-	2 074	-	3 987
Depreciation, amortisation and impairment	(7 543)	-	(26)	-	(7 569)
Investment in intangible assets	872	-	-	-	872
Total assets	249 058	20 161	45 036	(11 673)	302 582
Total liabilities	(30 368)	-	(12 947)	11 673	(31 642)
30 June 2016					
Revenue	78 743	-	4 707	(4 707)	78 743
Profit/(loss) before tax	4 820	-	(8 168)	-	(3 348)
Taxation	(1 884)	-	-	-	(1 884)
Profit/(loss) after tax	2 936	-	(8 168)	-	(5 232)
Interest received	-	-	1 061	-	1 061
Depreciation, amortisation and impairment	(7 605)	-	(27)	-	(7 632)
Investment in intangible assets	2 232	-	-	-	2 232
Total assets	153 417	20 161	29 059	(17 342)	185 295
Total liabilities	(27 472)	-	(231)	17 342	(10 361)

30 June 2016

Revenue	78 743	-	4 707	(4 707)	78 743
Profit/(loss) before tax	4 820	-	(8 168)	-	(3 348)
Taxation	(1 884)	-	-	-	(1 884)
Profit/(loss) after tax	2 936	-	(8 168)	-	(5 232)
Interest received	-	-	1 061	-	1 061
Depreciation, amortisation and impairment	(7 605)	-	(27)	-	(7 632)
Investment in intangible assets	2 232	-	-	-	2 232
Total assets	153 417	20 161	29 059	(17 342)	185 295
Total liabilities	(27 472)	-	(231)	17 342	(10 361)

The Bauba Group segmental analysis is based on the Moeijelijk chrome project, platinum exploration and corporate activities. The Group was reliant on one major customer in respect of chrome ore sales.

10. CHANGES IN SHARE CAPITAL

There were no changes to the issued share capital during the year under review.

11. INTANGIBLE ASSETS

	Accumulated amortisation and		Carrying value
	Cost	impairments	
	R'000	R'000	R'000
30 June 2017			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	154 714	(16 571)	138 143
Total mineral rights	185 269	(26 965)	158 304
30 June 2016			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	153 842	(9 679)	144 163
Total mineral rights	184 397	(20 073)	164 324

11. INTANGIBLE ASSETS continued

	Opening balance	Additions	Amor-tisation	Closing balance
	R'000	R'000	R'000	R'000
Reconciliation				
30 June 2017				
Platinum mineral rights	20 161	-	-	20 161
Chrome mineral rights	144 163	872	(6 892)	138 143
Total mineral rights	164 324	872	(6 892)	158 304
30 June 2016				
Platinum mineral rights	20 161	-	-	20 161
Chrome mineral rights	149 204	2 232	(7 273)	144 163
Total mineral rights	169 365	2 232	(7 273)	164 324

12. EARNINGS PER SHARE

30 June		
	2017 R'000	2016 R'000
Headline earnings reconciliation:		
Profit/(loss) attributable to equity holders of the parent	55 756	(6 406)
Loss on sale of property, plant and equipment	-	3
Headline profit/(loss)	55 756	(6 403)
Basic profit/(loss) per share (cents)	14,71	(1,69)
Diluted profit/(loss) per share (cents)	14,65	(1,69)
Headline profit/(loss) per share (cents)	14,71	(1,69)
Diluted headline profit/(loss) per share (cents)	14,65	(1,69)
Number of shares in issue at the end of the year ('000)	379 020	379 020
Reconciliation of weighted average number of shares to diluted weighted average number of shares:		
Weighted average number of shares ('000)	379 020	379 020
Dilutive effect of share options	1 563	-
Diluted weighted average number of shares ('000)	380 583	379 020

13. FAIR VALUE AND FINANCIAL INSTRUMENTS

The carrying value of all financial instruments approximates fair value. All financial instruments are measured at amortised cost.

14. SUBSEQUENT EVENTS

The Directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report, which significantly affect the financial position of the Group or the results of its operations to the date of this report.

15. GOING CONCERN

Bauba has capitalised on the improved chrome ore prices and has generated significant positive cash flows with a cash and cash equivalents balance of R122,198 million and no interest-bearing borrowings at year end. The Group has net current assets of R104,097 million and shareholder's equity of R270,940 million at year end. The cash flow forecasts prepared by the directors based on current available information, indicate the Company will be able to meet its commitments within the next 12 months as they fall due. The Company has sufficient resources to continue as a going concern and has therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.