



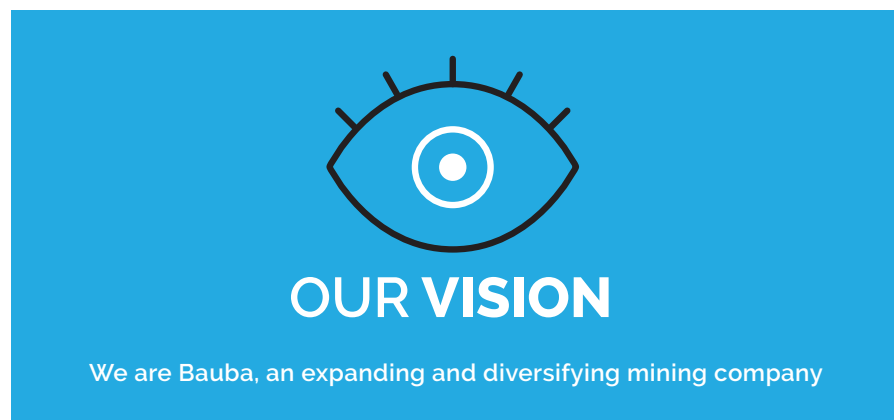
BAUBA

PLATINUM

*Telling a new story about mining*


CONDENSED CONSOLIDATED INTERIM RESULTS  
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2018


## HIGHLIGHTS



  
**12-month**  
 offtake agreement concluded with  
 an advance R73,500 million  
 part-payment received

  
 Moeijelijk chrome ore spiral  
 wash plant successfully  
 commissioned in November 2018

  
 Revenue  
**R90,363 million**  
 (six-month period ended  
 31 Dec 2017: R115,241) ↓  
**21,6%**

  
 Investment in property,  
 plant and equipment  
**R42,235 million**  
 (six-month period ended  
 31 Dec 2017: R27,424 million) ↑  
**54,0%**

## COMMENTARY

### FINANCIAL REVIEW

Bauba's performance for the six months to 31 December 2018 was adversely impacted by administrative delays by the Department of Water and Sanitation (DWS) in processing an amended water use licence application (WULA) and by the Department of Mineral Resources (DMR) to approve amendments to Moeijelijk's environmental authorisation in terms of section 102 of the Mineral and Petroleum Resources Development Act (MPRDA). This resulted in an effective loss of two months opencast production, as the opencast had to ramp up back to planned production levels, as well as loss of four months of concentrate sales due to the delayed commissioning of our new wash plant. These setbacks were anticipated and highlighted to the market in Bauba's 2018 integrated annual report released 24 October 2018.

The wash plant was commissioned and commenced production in November 2018. However, it was only operated for two thirds of December 2018 due to the festive season holidays. During November and December 2018, the wash plant was still in the "ramp-up" phase and produced approximately 29 000 tonnes of chrome concentrate. As at 31 December 2018, there was 82 686 tonnes of chrome ore inventory (ROM) on hand. Since January 2019, the wash plant has been producing according to its planned throughput levels, with spiral feed achieved approximating 35 000 tonnes in a month.

The chrome ore market was weak during this interim period. Up until the wash plant commenced production, Bauba was only selling 40 basis run-of-mine (ROM), realising a significantly lower value than Bauba's concentrate basket value, which is heavily weighted towards speciality grade concentrates. Based on actual January and February 2019 sales, the current concentrate basket generated a weighted average free on truck (FOT) price that is significantly greater than the 40 basis ROM equivalent that was previously sold.

### OUTLOOK

The January 2019 basket price detailed above did not include foundry sales as Bauba is still gradually breaking into this market, but foundry volumes are expected to improve over time. Based on Bauba's current wash plant production and positive assay results, Bauba is confident that the targeted foundry sales will be achieved.

During February 2019, Bauba entered into a Foundry Chrome – Commodity Purchase Contract with a leading foundry chrome trader and secured the sale of a minimum quantity of foundry grade material over a four-month period. This contract, together with Bauba's existing offtake agreement, will enhance Bauba's future profit margins by increasing the value it receives from premium speciality chrome ore concentrate sales.

These factors, in combination with a chrome ore market that has been improving and is currently trending upwards, ought to contribute positively towards Bauba's full year results.

### CHANGES TO THE BOARD

On 8 February 2019, Ms Thabile Makgala was appointed as an independent non-executive director. Thabile holds a Bachelor of Science degree in Mining Engineering from the University of the Witwatersrand as well as a Master of Business Administration from the University of Stellenbosch Business School and has dedicated almost two decades of service to the mining industry. Her diverse professional experience includes general management, strategy, business development and business planning.

### MINERAL RESOURCES AND MINERAL RESERVES

As at 31 December 2018, there have been no material changes to the mineral resources and mineral reserves as reported in Bauba's 2018 integrated annual report.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six-month period ended 31 December 2018

Note	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
<b>Revenue</b>	<b>90 363</b>	115 241	234 261
Cost of sales	(66 642)	(42 286)	(81 595)
Gross profit	<b>23 721</b>	72 955	152 666
Other income	<b>71</b>	–	1 169
Operating and administrative expenses	(36 381)	(30 283)	(56 259)
Finance income	<b>2 818</b>	4 070	7 281
(Loss)/profit before tax	(9 771)	46 742	104 857
Income tax credit/(expense)	<b>18</b>	(16 791)	(32 947)
(Loss)/profit for the period	(9 753)	29 951	71 910
Other comprehensive income	–	–	–
<b>Total comprehensive (loss)/profit for the period</b>	<b>(9 753)</b>	29 951	71 910
<b>(Loss)/profit attributable to:</b>			
Equity holders of the parent	(9 666)	15 887	38 248
Non-controlling interest	(87)	14 064	33 662
<b>Total comprehensive (loss)/profit attributable to:</b>			
Equity holders of the parent	(9 666)	15 887	38 248
Non-controlling interest	(87)	14 064	33 662
Basic (loss)/earnings per share (cents)	12 (2,55)	4,19	10,09
Diluted (loss)/earnings per share (cents)	12 (2,54)	4,16	10,02
Headline (loss)/earnings per share (cents)	12 (2,55)	4,19	10,09
Diluted headline (loss)/earnings per share (cents)	12 (2,54)	4,16	10,02

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

Note	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
	<b>266 601</b>	191 740	231 965
Intangible assets	5 143 266	153 225	149 010
Property, plant and equipment	6 123 335	38 515	82 955
<b>Current assets</b>			
	<b>95 936</b>	92 806	90 805
Inventory	7 51 057	18 581	17 441
Trade and other receivables	<b>3 734</b>	4 707	3 287
Cash and cash equivalents	<b>41 145</b>	69 518	70 077
<b>Total assets</b>	<b>362 537</b>	284 546	322 770
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	<b>276 822</b>	242 569	284 937
Share capital and share premium	<b>512 500</b>	512 500	512 500
Reverse asset acquisition reserve	(282 988)	(282 988)	(282 988)
Share-based payment reserve	<b>2 932</b>	885	1 294
Accumulated loss	(10 458)	(23 153)	(792)
Non-controlling interest	<b>54 836</b>	35 325	54 923
<b>Non-current liabilities</b>			
	<b>19 444</b>	11 617	23 082
Environmental rehabilitation provision	8 –	5 724	3 620
Deferred tax	<b>19 444</b>	5 893	19 462
<b>Current liabilities</b>			
	<b>66 271</b>	30 360	14 751
Trade and other payables	<b>6 286</b>	11 705	10 994
Prepayment	10 53 455	–	–
Other financial liabilities	9 218	6 168	461
Environmental rehabilitation provision	8 5 192	2 551	–
Current tax payable	<b>1 120</b>	9 936	3 296
<b>Total equity and liabilities</b>	<b>362 537</b>	284 546	322 770

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the six-month period ended 31 December 2018

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
Operating profit before working capital changes	(1 780)	50 778	107 075
Working capital changes	14 441	(17 563)	(21 421)
Tax paid	(2 176)	(1 998)	(11 225)
Distribution/dividend paid	–	(58 730)	(58 730)
<b>Net cash effects from operating activities</b>	<b>10 485</b>	<b>(27 513)</b>	<b>15 699</b>
<b>Net cash effects from investing activities</b>	<b>(39 417)</b>	<b>(25 167)</b>	<b>(67 820)</b>
Acquisition of intangible asset	–	(1 813)	(2 193)
Acquisition of property, plant and equipment	(42 235)	(27 424)	(72 908)
Finance income	2 818	4 070	7 281
<b>Total cash movement for the period</b>	<b>(28 932)</b>	<b>(52 680)</b>	<b>(52 121)</b>
Cash and cash equivalents at the beginning of the period	70 077	122 198	122 198
<b>Cash and cash equivalents at the end of the period</b>	<b>41 145</b>	<b>69 518</b>	<b>70 077</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended 31 December 2018

	Share capital and premium R'000	Reverse asset acquisition reserve R'000	Share option reserve R'000	Retained loss R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance at 1 July 2017</b>	550 402	(282 988)	477	(39 040)	42 089	270 940
Share-based payment reserve movement	–	–	408	–	–	408
Total comprehensive profit for the period	–	–	–	15 887	14 064	29 951
Distribution/dividend paid	(37 902)	–	–	–	(20 828)	(58 730)
<b>Balance at 31 December 2017</b>	<b>512 500</b>	<b>(282 988)</b>	<b>885</b>	<b>(23 153)</b>	<b>35 325</b>	<b>242 569</b>
Share-based payment reserve movement	–	–	409	–	–	409
Total comprehensive profit for the period	–	–	–	22 361	19 598	41 959
<b>Balance at 1 July 2018</b>	<b>512 500</b>	<b>(282 988)</b>	<b>1 294</b>	<b>(792)</b>	<b>54 923</b>	<b>284 937</b>
Share-based payment reserve movement	–	–	1 638	–	–	1 638
Total comprehensive loss for the period	–	–	–	(9 666)	(87)	(9 753)
<b>Balance at 31 December 2018</b>	<b>512 500</b>	<b>(282 988)</b>	<b>2 932</b>	<b>(10 458)</b>	<b>54 836</b>	<b>276 822</b>

# NOTES TO THE CONDENSED CONSOLIDATED RESULTS

for the six-month period ended 31 December 2018

## 1. BASIS OF PREPARATION

These condensed consolidated financial results have been prepared under the supervision of Jonathan Knowlden CA(SA), the financial director, in accordance with and contain information required by IAS 34: *Interim Financial Reporting* as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of the condensed consolidated financial results for the six-month period ended 31 December 2018 are in terms of International Financial Reporting Standards and, with the exception of IFRS 9: *Financial Instruments* and IFRS15: *Revenue from Contracts with Customers* which became effective during the current period, are consistent with the accounting policies applied in the preparation of the group's annual financial statements for the year ended 30 June 2018.

## 2. AUDITOR'S REVIEW

These condensed consolidated financial results for the period ended 31 December 2018 have not been reviewed or audited by the group's auditor.

## 3. BOARD

Ms Thabile Makgala was appointed as an independent non-executive director on 8 February 2019. During the period under review, no other changes were made to the board.

## 4. SHARE CAPITAL

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

## 5. INTANGIBLE ASSETS

	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
<b>31 December 2018 (unaudited)</b>			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	156 907	(33 802)	123 105
<b>Total mineral rights</b>	<b>187 462</b>	<b>(44 196)</b>	<b>143 266</b>
<b>31 December 2017 (unaudited)</b>			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	156 527	(23 463)	133 064
<b>Total mineral rights</b>	<b>187 082</b>	<b>(33 857)</b>	<b>153 225</b>
<b>30 June 2018 (audited)</b>			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	156 907	(28 058)	128 849
<b>Total mineral rights</b>	<b>187 462</b>	<b>(38 452)</b>	<b>149 010</b>

Reconciliation of intangible assets	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
<b>31 December 2018 (unaudited)</b>				
Platinum mineral rights	20 161	–	–	20 161
Chrome mineral rights	128 849	–	(5 744)	123 105
<b>Total mineral rights</b>	<b>149 010</b>	<b>–</b>	<b>(5 744)</b>	<b>143 266</b>
<b>31 December 2017 (unaudited)</b>				
Platinum mineral rights	20 161	–	–	20 161
Chrome mineral rights	138 143	1 813	(6 892)	133 064
<b>Total mineral rights</b>	<b>158 304</b>	<b>1 813</b>	<b>(6 892)</b>	<b>153 225</b>
<b>30 June 2018 (audited)</b>				
Platinum mineral rights	20 161	–	–	20 161
Chrome mineral rights	138 143	2 193	(11 487)	128 849
<b>Total mineral rights</b>	<b>158 304</b>	<b>2 193</b>	<b>(11 487)</b>	<b>149 010</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles R'000	Furniture and office equipment R'000	Mine infrastructure and equipment R'000	Total R'000
<b>31 December 2018 (unaudited)</b>				
<b>Cost</b>				
At 1 July 2018	2 998	339	82 851	86 188
Additions	–	85	42 150	42 235
<b>At 31 December 2018</b>	<b>2 998</b>	<b>424</b>	<b>125 001</b>	<b>128 423</b>
<b>Accumulated depreciation</b>				
At 1 July 2018	1 217	131	1 885	3 233
Depreciation	230	59	1 566	1 855
<b>At 31 December 2018</b>	<b>1 447</b>	<b>190</b>	<b>3 451</b>	<b>5 088</b>
<b>Carrying value at 31 December 2018</b>	<b>1 551</b>	<b>234</b>	<b>121 550</b>	<b>123 335</b>
<b>31 December 2017 (unaudited)</b>				
<b>Cost</b>				
At 1 July 2017	2 849	191	10 497	13 537
Additions	190	31	27 203	27 424
<b>At 31 December 2017</b>	<b>3 039</b>	<b>222</b>	<b>37 700</b>	<b>40 961</b>
<b>Accumulated depreciation</b>				
At 1 July 2017	796	56	805	1 657
Depreciation	230	33	526	789
<b>At 31 December 2017</b>	<b>1 026</b>	<b>89</b>	<b>1 331</b>	<b>2 446</b>
<b>Carrying value at 31 December 2017</b>	<b>2 013</b>	<b>133</b>	<b>36 369</b>	<b>38 515</b>

## 6. PROPERTY, PLANT AND EQUIPMENT continued

	Motor vehicles R'000	Furniture and office equipment R'000	Mine infrastructure and equipment R'000	Total R'000
<b>30 June 2018 (audited)</b>				
<b>Cost</b>				
At 1 July 2017	2 849	191	10 497	13 537
Additions	406	148	72 354	72 908
Disposals	(257)	–	–	(257)
<b>At 30 June 2018</b>	<b>2 998</b>	<b>339</b>	<b>82 851</b>	<b>86 188</b>
<b>Accumulated depreciation</b>				
At 1 July 2017	796	56	805	1 657
Depreciation	460	75	1 080	1 615
Disposals	(39)	–	–	(39)
<b>At 30 June 2018</b>	<b>1 217</b>	<b>131</b>	<b>1 885</b>	<b>3 233</b>
<b>Carrying value at 30 June 2018</b>	<b>1 781</b>	<b>208</b>	<b>80 966</b>	<b>82 955</b>

During the six-month period ended 31 December 2018 there were additions of R42,150 million (2017: R27,203 million) to Mine infrastructure and equipment. The additions relate mainly to the development of the Moeijelijk underground mine of R7,408 million (2017: Rnil), construction of the wash plant of R13,154 million (2017: Rnil), Eskom electricity supply project payments of R4,726 million (2017: Rnil) and capitalisation of the pre-stripping costs in accordance with IFRIC 20 of R10,543 million (2017: Rnil).

None of the items of property, plant and equipment have been encumbered.

## 7. INVENTORY

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
Chrome ore	51 057	18 581	17 441

Inventory is based on direct and indirect costs incurred in the production of chrome ore. There was 82 686 tonnes of inventory (ROM) held at the reporting date (2017: 40 793 tonnes).

## 8. ENVIRONMENTAL REHABILITATION PROVISION

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
Balance at the beginning of the period	3 620	8 258	8 258
– provision recognised during the period	1 572	17	–
– provision reversed during the period	–	–	(4 638)
<b>Balance at the end of the period</b>	<b>5 192</b>	<b>8 275</b>	<b>3 620</b>
Due within one year or less	5 192	2 551	–
Due after more than one year	–	5 724	3 620

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.

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
Royalties payable	–	3 501	205
Chrome ore advance receipt	–	2 485	–
Other	218	182	256
<b>Balance at the end of the period</b>	<b>218</b>	<b>6 168</b>	<b>461</b>
<b>Current liabilities</b>			
At amortised cost	218	6 168	461

## 10. PREPAYMENT

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
Opening balance	–	–	–
Add: Prepayment advanced	73 500	–	–
Less: Repayment	(20 045)	–	–
<b>Closing balance</b>	<b>53 455</b>	<b>–</b>	<b>–</b>

Bauba successfully concluded an offtake agreement for the supply of 240 000 tonnes of chrome ore to be supplied over a 12-month period. In August 2018, Bauba received a prepayment of R73,500 million which represents a part-payment of the offtake agreement. This prepayment is repayable in equal monthly instalments of R6,682 million, with the final payment due at the end of August 2019.

## 11. OPERATING SEGMENTS

	Chrome projects R'000	Platinum exploration R'000	Corporate R'000	Intragroup elimination R'000	Total R'000
<b>31 December 2018 (unaudited)</b>					
Revenue	90 363	–	4 859	(4 859)	90 363
Loss before tax	(5 808)	–	(3 963)	–	(9 771)
Income tax credit	18	–	–	–	18
Loss after tax	(5 790)	–	(3 963)	–	(9 753)
Finance income	1 454	–	1 746	(382)	2 818
Depreciation, amortisation and impairment	(7 564)	–	(35)	–	(7 599)
Acquisition of intangible asset	–	–	–	–	–
<b>Total assets</b>	<b>301 906</b>	<b>20 161</b>	<b>78 057</b>	<b>(37 587)</b>	<b>362 537</b>
<b>Total liabilities</b>	<b>(121 526)</b>	<b>–</b>	<b>(1 776)</b>	<b>37 587</b>	<b>(85 715)</b>
<b>31 December 2017 (unaudited)</b>					
Revenue	115 241	–	6 358	(6 358)	115 241
Profit before tax	45 262	–	1 480	–	46 742
Income tax expense	(16 791)	–	–	–	(16 791)
Profit after tax	28 471	–	1 480	–	29 951
Finance income	2 580	–	1 490	–	4 070
Depreciation, amortisation and impairment	(7 656)	–	(25)	–	(7 681)
Acquisition of intangible asset	1 813	–	–	–	1 813
<b>Total assets</b>	<b>263 881</b>	<b>20 161</b>	<b>28 044</b>	<b>(27 540)</b>	<b>284 546</b>
<b>Total liabilities</b>	<b>(68 793)</b>	<b>–</b>	<b>(724)</b>	<b>27 540</b>	<b>(41 977)</b>
<b>30 June 2018 (audited)</b>					
Revenue	234 261	–	11 750	(11 750)	234 261
Profit before tax	105 953	–	30 146	(31 242)	104 857
Income tax expense	(32 947)	–	–	–	(32 947)
Profit after tax	73 006	–	30 146	(31 242)	71 910
Finance income	5 433	–	2 452	(604)	7 281
Depreciation, amortisation and impairment	(13 048)	–	(54)	–	(13 102)
Acquisition of intangible asset	2 193	–	–	–	2 193
<b>Total assets</b>	<b>283 124</b>	<b>20 161</b>	<b>26 448</b>	<b>(6 963)</b>	<b>322 770</b>
<b>Total liabilities</b>	<b>(43 498)</b>	<b>–</b>	<b>(1 298)</b>	<b>6 963</b>	<b>(37 833)</b>

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.

## 12. EARNINGS PER SHARE

	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 Jun 2018 R'000
<b>Headline (loss)/earnings reconciliation:</b>			
(Loss)/profit attributable to equity holders of the parent	(9 666)	15 887	38 248
Headline (loss)/earnings	(9 666)	15 887	38 248
Basic (loss)/earnings per share (cents)	(2,55)	4,19	10,09
Diluted (loss)/earnings per share (cents)	(2,54)	4,16	10,02
Headline (loss)/earnings per share (cents)	(2,55)	4,19	10,09
Diluted headline (loss)/earnings per share (cents)	(2,54)	4,16	10,02
Number of shares in issue at the end of the period ('000)	379 020	379 020	379 020
<b>Reconciliation of weighted average number of shares to diluted weighted average number of shares:</b>			
Weighted average number of shares ('000)	379 020	379 020	379 020
Dilutive potential ordinary shares relating to long-term incentive scheme ('000)	1 994	2 560	2 560
Diluted weighted average number of shares ('000)	381 014	381 580	381 580

## 13. FAIR VALUE AND FINANCIAL INSTRUMENTS

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

## 14. GOING CONCERN

The cashflow forecast prepared by Bauba management, based on current available information, indicates that the group will be able to meet its commitments within the next 12 months as they fall due. The group has sufficient resources to continue as a going concern and has therefore concluded that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

## 15. SUBSEQUENT EVENTS

The directors are not aware of any significant matter or circumstance arising since the end of the financial period, not otherwise dealt with in this report or the financial statements, which significantly affects the financial position of the group or the results of its operations to the date of this report.

8 March 2019  
Johannesburg

## CORPORATE INFORMATION

### NATURE OF BUSINESS

Exploration and mining of mineral resources

### REGISTRATION NUMBER

1986/004649/06

### COUNTRY OF INCORPORATION

Republic of South Africa

### DIRECTORS

#### Non-executive

NPJ van der Hoven (*chairman*)  
M Luyt\*  
SM Dolamo\*  
D Smith\*  
Dr NM Phosa  
King TV Thulare (*alternate*)  
Ms T Makgala\*

\* *Independent*

#### Executive

NW van der Hoven (*Chief executive officer*)  
JA Knowlden (*Financial director*)

### COMPANY SECRETARY

Merchantec Proprietary Limited  
E-mail [bauba@acorim.co.za](mailto:bauba@acorim.co.za)

### REGISTERED ADDRESS

Cube Workspace  
1 Wedgewood Link  
Bryanston, Johannesburg, 2191  
Republic of South Africa  
Telephone +27 (0) 11 699 5720  
Fax +27 (0) 11 388 3962  
E-mail [info@bauba.co.za](mailto:info@bauba.co.za)  
web [www.bauba.co.za](http://www.bauba.co.za)

### POSTAL ADDRESS

PO Box 1658  
Witkoppen, 2068

### TRANSFER SECRETARIES

Computershare Investor Services  
Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196

PO Box 61051  
Marshalltown, 2107  
Telephone +27 (0) 11 370 5000

### SPONSOR

Merchantec Capital

### AUDITOR

BDO South Africa Incorporated

### ATTORNEYS

Venter de Villiers  
Tabacks Legal Advisors

### BANKERS

Nedbank Limited



