



UNION ATLANTIC MINERALS LIMITED

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(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 2019

COMMENTARY

FINANCIAL POSITION

For the period under review, the net asset value per share of the Union Atlantic Minerals Group ("Union Atlantic Minerals or the Company") decreased by 17.23% from 2.96 cents per share (February 2018) to 2.45 cents per share (February 2019). The net tangible asset value decreased by 728.57% from (0.07) cents per share (February 2018) to (0.58) cents per share (February 2019).

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 0.22 cents per share for the six-month period ended 28 February 2019. In the six months ending 28 February 2018, the reported basic and headline loss was 0.29 cents per share.

2017 TO THE PRESENT

The publication of the Integrated Report for 2018 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 require 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.

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. 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2019	28 February 2019	28 February 2018
ASSETS		
Non-current assets	39,781,976	40,181,699
Intangible assets	39,000,000	39,000,000
Other financial assets	781,976	1,181,699
Current assets	2,249,052	1,322,421
Other financial assets	105,006	105,006
Trade and other receivables	69,309	896,157
Cash and cash equivalents	2,074,737	321,258
Non-current assets held for sale and assets of disposal group	–	7,241,834
Total assets	42,031,028	48,745,954
EQUITY AND LIABILITIES		
EQUITY		
Share capital	209,586,425	209,586,425
Retained income	(178,080,605)	(171,508,763)
Equity attributable to owners of parent	31,505,820	38,077,662
Non-controlling interest	(138,258)	(9,212,820)
Total shareholders' interest	31,367,562	28,864,842
LIABILITIES		
Current liabilities	10,663,466	16,530,644
Loans to/from shareholders	–	151,146
Other financial liabilities	1,405,553	1,469,553
Trade and other payables	9,257,913	14,909,945
Liabilities of disposal group	–	3,350,468
Total liabilities	10,663,466	19,881,112
Total equity and liabilities	42,031,028	48,745,954
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)	2.45	2.96
Net tangible asset value per share (cents)	(0.58)	(0.07)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 28 February 2019	Share capital	Share based payment reserve	Accumulated loss	Total attributable to equity holders of the Group company	Non-controlling interest	Total equity
Balance at 1 September 2017	209,586,425	1,794,939	(169,613,333)	41,768,031	(9,212,820)	32,555,211
Loss for the year	–	–	(7,479,876)	(7,479,876)	–	(7,479,876)
Options lapsed	–	(1,794,939)	1,794,939	–	–	–
Disposal of subsidiary	–	–	–	–	9,074,562	9,074,562
Balance at 31 August 2018	209,586,425	–	(175,298,270)	34,288,155	(138,258)	34,149,897
Loss for the period	–	–	(2,782,335)	(2,782,335)	–	(2,782,335)
Balance at 28 February 2019	209,586,425	–	(178,080,605)	31,505,820	(138,258)	31,367,562

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 28 February 2019	6 months ended 28 February 2019	6 months ended 28 February 2018
Operating expenses	(2,871,747)	(3,749,433)
Operating loss	(2,871,747)	(3,749,433)
Investment revenue	48,288	8,604
Fair value adjustments	41,124	54,264
Finance costs	–	(1,731)
(Loss)/profit before taxation	(2,782,335)	(3,688,296)
Taxation	–	–
(Loss)/profit from continuing operations	(2,782,335)	(3,688,296)
Loss from discontinued operations	–	(2,073)
Total comprehensive (loss)/profit for the year	(2,782,335)	(3,690,369)
Total comprehensive (loss)/profit attributable to:		
Owners of the parent – continued	(2 782 335)	(3,688,296)
Owners of the parent – discontinued	–	(2,073)
Non-controlling interest – continued	–	–
Non-controlling interest – discontinued	–	–
Basic and diluted (loss)/earnings per share (cents)	(0.22)	(0.29)
Headline and diluted headline loss per share (cents)	(0.22)	(0.29)
Basic and diluted (loss)/earnings per share – continued (cents)	(0.22)	(0.29)
Headline and diluted headline loss per share – continued (cents)	(0.22)	(0.29)
Basic and diluted loss per share – discontinued (cents)	–	–
Headline and diluted headline loss per share – discontinued (cents)	–	–

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the period ended 28 February 2019	6 months ended 28 February 2019	6 months ended 28 February 2018
Net cash from operating activities	(4,161,185)	(65,006)
Net cash from investing activities	2,916,650	33,676
Net cash from financing activities	(64,000)	(290)
Total cash movement for the period	(1,260,247)	(31,620)
Cash at the beginning of the period	3,017,987	36,431
Cash disclosed as part of disposal group	–	(552)
Total cash at end of the period	1,757,740	4,259
Restricted cash and cash equivalents	316,999	316,999

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

For the period ended 28 February 2019	28 February 2019	28 February 2018
Segment assets	42,031,024	48,745,954
Segment assets – Coal	–	7,241,834
Segment assets – Base metals and industrial minerals	39,073,030	39,073,030
Segment assets – Other	2,957,994	2,431,090
Segment liabilities	(10,663,466)	(19,881,112)
Segment liabilities – Coal	–	(3,350,468)
Segment liabilities – Other	(10,663,466)	(16,530,644)
Segment result	2,782,336	3,690,369
Segment result – Coal	–	2,084,934
Segment result – Base metals and industrial minerals	–	136,820
Segment result – Other	2,782,336	1,468,615

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 28 February 2019 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.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the interim financial statements for the period ended 28 February 2018.

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

UNAUDITED GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED FEBRUARY 2019 *CONTINUED*



2. LOSS PER SHARE

	2019	2018
Weighted average number of ordinary shares outstanding	1,288,086,443	1,288,086,443
Basic and diluted (loss)/earnings per share (cents)	(0.22)	(0.29)
Headline and diluted headline loss per share (cents)	(0.22)	(0.29)
Basic and diluted loss per share – continued (cents)	(0.22)	(0.29)
Headline and diluted headline loss per share – continued (cents)	(0.22)	(0.29)
Basic and diluted loss per share – discontinued (cents)	–	–
Headline and diluted headline loss per share – discontinued (cents)	–	–
Reconciliation between basic loss and headline loss		
Basic and headline loss	(2,782,336)	(3,688,296)

3. SIGNIFICANT 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 28 February 2019, 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 to 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.

4. GOING CONCERN

The Group recorded a comprehensive loss, net of tax of R2,782,336 during the 6 months ended 28 February 2019 (6 months ended 28 February 2018: R3,688,296). As of 28 February 2019, the Group was in a net current liability position of R8,414,414 (28 February 2018: R15,208,223). As at 28 February 2019, the Group was in a net asset position of R31,505,820 (28 February 2018: R38,077,662).

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 *Significant events after 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 *Significant events after 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 28 February 2019, 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.

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SPONSOR AND CORPORATE ADVISER
River Group

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