Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: UCP ISIN: ZAE000244745
("Unicorn" or "the Company" or "the Group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview of results

- Basic (loss)/earnings per share amounted to (6.98) cents (December 2018*: 16.87 cents)
- Headline loss per share amounted to (6.14) cents (December 2018*: (1.50) cents)
- Net asset value per share decreased to 52 cents (June 2019: 59 cents)
- A reasonable estimate of the effect that the COVID-19 (coronavirus) and the national lockdown will have on the future results cannot be made.

  *-The comparatives have been re-presented as disclosed in note 5.

Introduction

Unicorn has been listed on the Main Board of the JSE Limited since 1993. Unicorn's current portfolio of companies includes the provision of overburden drilling and blasting, mobile crane hire and exploration drilling services to the mining sector as well as an operational anthracite mine.

Ritchie Crane Hire (Ritchie) has maintained its excellent performance over the past couple of years. Our exploration drilling group of companies (Geosearch) operating in South Africa and Mozambique continued to perform satisfactorily while its Botswana subsidiary suffered sizeable losses resulting in a decision to exit the country. The restructuring of JEF Drill and Blast (JEF) continues. Nkomati Anthracite (Nkomati) was well on track to achieve steady state performance when a four stage fall of ground event resulted in the temporary closure of the underground mine, contributing to unexpected losses.

Anthracite mining

Unfortunately, the mine was hit by a perfect storm during October. It consisted of two events: Firstly, a four stage *Fall of Ground* (FOG) event in the Underground mine that occurred between 3 and 11 October and secondly, the mine was informed that the decision had been made to put Liviero Mining (Liviero), the mine's opencast contract miner, into liquidation.

By entering into a third-party rental agreement for equipment and taking over most of the staff previously employed by Liviero, Nkomati was able to resume opencast mining operations during the second week of November 2019. The FOG events caused considerable damage to some of our equipment and resulted in the underground mine becoming inaccessible. All underground mining activities were therefore immediately suspended. Since the FOG events, we have been working very closely with our insurer to conclude on the potential for various claims. As a result of the suspension of activities operating costs associated with the underground mining operations have subsequently been reduced. There were no injuries as a result of the FOG event. During the period, there was no lost time or classified injuries recorded at Nkomati.

The events had a devastating effect on the mine as it had generated an operating profit for the first quarter. Since the events, the mine has been unprofitable. Post the interim period, key shareholders had to provide loans amounting to R35 million to stabilize operations and to settle long outstanding claims under dispute. Further capital will be required to reopen the underground mine, approximately R40 million, and to establish the new planned opencast box cut cost of approximately R30 million. These initiatives are currently being investigated.

Ritchie Crane Hire

Ritchie has had an excellent six-month period, generating R89 million (December 2018: R67 million) in turnover and delivering R30 million in operating profit (December 2018: R24 million). The turnover generated is the highest ever over any six-month period. Operating margins expanded, reflected in an annualised EBIT return-on-total-assets of 27% (December 2018: 26%). Crane availability averaged 87% and crane utilisation 74%. Ritchie has been operating near maximum capacity and as a result we have made the decision to invest in three new mobile cranes during the period, which should contribute to the second half performance.

JEF Drill and Blast

During the six-month period JEF generated R144 million (December 2018: R 150 million) in turnover and delivered an operating profit of R1 million (December 2018: R1 million). A persistent decline in drilling rates over the past couple of years and operating in a capital-intensive business where most of the equipment is priced in US dollars, required us to completely rethink the JEF business model. Due to the changing market conditions and decline in profitability, we started with a restructuring process in October 2018, which is ongoing. We continue to look at alternative ways to reduce the capital required to replace and renew the drill rig fleet to ensure we remain competitive. At current industry rates per meter, one simply cannot replace old drill rigs with new ones and achieve an acceptable return on capital. In response, JEF has started to design and rebuild its own drill rigs.

Geosearch

When the market started to show some direction during 2017, we made the decision to invest and grow in South Africa, Botswana and Mozambique. The decision has paid off in both South Africa and Mozambique. However, Botswana has been a huge disappointment, resulting in a recent decision to exit that market completely. During the six-month period Geosearch generated R178 million (December 2018: R161 million) in turnover but due to losses incurred in Botswana amounting to R34 million, recorded an operating loss of R19 million (December 2018: R27 million operating profit). South African subsidiaries, Thebe Turnstone and Buenti, were both able to secure long-term contracts and delivered satisfactory results while Aqua Terra in Mozambique maintained momentum. These operations contributed a combined operating profit of R15 million to partially offset the losses made in Botswana.

Outlook

On 11 March 2020 a circular was distributed (the “Circular”) advising shareholders that Unicorn accepted a binding offer by the Reef Group Proprietary Limited and Calibre Investment Holdings Proprietary Limited to acquire 51% in aggregate of the issued share capital of a newly incorporated subsidiary of the Company (“Newco”) (“Proposed Transaction”). For more detailed information surrounding the Proposed Transaction please refer to the published Circular and note 5 below.

The Proposed Transaction is subject to the fulfilment of a number of outstanding conditions precedent as outlined in the Circular. The original date for the completion of the conditions was extended from 31 March 2020 to 30 April 2020. The General Meeting of Shareholders will be held on 8 April 2020, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions required to give effect to the Proposed Transaction. The additional outstanding conditions precedent must then be fulfilled in order to implement the transaction.

Subsequent to the Proposed Transaction, Unicorn will be a 49% shareholder in Newco. All the debt in the underlying subsidiaries of Newco consisting of Ritchie, JEF and Geosearch will remain. Cash generated by Newco subsidiaries will be utilized to repay debt in these companies and to reinvest in the businesses, as they have been starved of capital. No dividends are expected from these companies in the short to medium term.

The cash proceeds from the Proposed Transaction will be utilized for the repayment of all debt in Unicorn, excluding debt in Nkomati. The remaining cash available to Unicorn, after the implementation of the Proposed Transaction, is unlikely to exceed R10 million but Unicorn would be debt free. Operating losses from the mine, the mine’s capital requirements and head office expenses still need to be funded. The total current funding requirement for the Group therefore varies between R50 million and R100 million. The board is considering all options in this regard.

COVID-19 (coronavirus) pandemic

Shareholders are referred to the South African Government directive of Monday evening, 23 March 2020, enacted in terms of the South African Disaster Management Act (the “Order”), which requires a 21-day national lockdown, effective midnight 26 March 2020 to midnight 16 April 2020 (the “National Lockdown”), in order to contain the spread of the COVID-19 (coronavirus) pandemic. The full Government announcement can be found at http://www.thepresidency.gov.za.

The National Lockdown requires all non-essential businesses and activities to be suspended, with people confined to their homes. The lockdown therefore impacts most South African mining and mining services operations. Unicorn subsidiaries Nkomati Anthracite and Geosearch are both directly impacted and not operating during the lockdown period. Ritchie Crane Hire, Jef Drill & Blast and Sentula Coal however provide services to clients that have been classified as Essential Services and are therefore only partially impacted.

Jacques Badenhorst - Chief Executive Officer
Sandton - 31 March 2020

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2019

R'000	Note	Unaudited six months 31 December 2019	Restated* Unaudited six months 31 December 2018	Restated* Unaudited year ended 30 June 2019
Revenue		**177 291**	100 928	271 301
Cost of sales		**(199 099)**	(155 712)	(299 283)
Gross profit		**(21 808)**	(54 784)	(27 982)
Other income		**374**	523	769
Administrative expenses		**(22 109)**	(30 446)	(56 302)
Loss from operations		**(43 543)**	(84 707)	(83 515)
Net profit on disposal of assets		**86**	-	-
Net impairment of plant		**-**	10 000	(10 033)
Reversal of impairment of mineral right		**-**	345 374	345 374
Amortisation of mineral right		**(5 783)**	(2 210)	(1 490)
Recovery of unaccounted funds		**2 964**	11 000	11 000
Impairment of trade receivable		**-**	-	(20)
Impairment of other receivable		**-**	(750)	(210)
Reversal of impairment of other receivable		**1 836**	-	-
Operating (loss)/profit		**(44 440)**	278 707	261 106
Finance expense		**(27 743)**	(28 081)	(45 885)
Finance income		**23**	76	505
(Loss)/profit before income tax		**(72 160)**	250 702	215 726
Income tax expense		**47**	-	(207)
(Loss)/profit for the period from continuing operations		**(72 113)**	250 702	215 519
Discontinued operations				
Profit/(loss) for the period from discontinued operations	6	**(22 842)**	48 703	36 584
(Loss)/profit for the period		**(94 955)**	299 405	252 103
Attributable to:				
- Owners of the parent		**(81 135)**	196 036	161 292
- continuing operations		**(55 699)**	147 333	125 852
- discontinued operations		**(25 436)**	48 703	35 440
- Non controlling interest		**(13 820)**	103 369	90 811
- continuing operations		**(16 414)**	103 369	89 667
- discontinued operations		**2 594**	-	1 144
		(94 955)	299 405	252 103
Weighted basic and diluted (loss)/earnings per share (cents)				
- Continuing operations		**(4,79)**	12,68	10,83
- Discontinued operations		**(2,19)**	4,19	3,05
Basic and diluted (loss)/earnings per share		**(6,98)**	16,87	13,88
Shares in issue at end of the period excluding treasury shares ('000)		**1 162 010**	1 162 010	1 162 010
Weighted average shares in issue at the end of the period excluding treasury shares ('000)		**1 162 010**	1 162 010	1 162 010

*-The comparatives have been re-presented as disclosed in note 6.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019

R'000	Unaudited six months 31 December 2019	Restated* Unaudited six months 31 December 2018	Restated* Unaudited year ended 30 June 2019
(Loss)/profit for the period	**(94 955)**	299 405	252 103
Other comprehensive income/(loss)			
Items that will be subsequently reclassified to profit or loss			
Foreign currency translation differences for foreign operations	**625**	(656)	(4 367)
Other comprehensive profit/(loss) for the period, net of income tax	**625**	(656)	(4 367)
Total comprehensive (loss)/profit for the period	**(94 330)**	298 749	247 736
Attributable to:			
- Owners of the parent	**(80 510)**	195 380	156 925
- continuing operations	**(55 074)**	146 677	121 485
- discontinued operations	**(25 436)**	48 703	35 440
- Non controlling interest	**(13 820)**	103 369	90 811
- continuing operations	**(16 414)**	103 369	89 667
- discontinued operations	**2 594**	-	1 144
	(94 330)	298 749	247 736

*-The comparatives have been re-presented disclosed in note 6.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

R'000	Note	Unaudited at 31 December 2019	Unaudited at 31 December 2018	Audited at 30 June 2019
Assets				
Non-current assets		**706 273**	352 185	366 725
Property, plant and equipment		**125 438**	301 505	317 763
Right of use assets		**2 705**	-	-
Mining assets		**214 439**	-	-
Mineral rights		**338 101**	-	-
Goodwill		**-**	37 427	37 427
Restricted cash		**8 033**	-	-
Other financial assets		**3 035**	3 731	3 381
Deferred income tax assets		**14 522**	9 522	8 154
Current assets		**20 658**	218 527	205 375
Inventories		**5 442**	29 506	32 270
Trade and other receivables		**13 678**	163 694	150 855
Cash and cash equivalents		**1 538**	25 327	22 250
Assets of disposal group classified as held-for-sale	**5**	**545 242**	766 252	774 466
TOTAL ASSETS		**1 272 173**	1 336 964	1 346 566
Equity				
Total equity attributable to owners of the parent		**606 590**	452 244	687 366
Share capital		**2 122 973**	2 122 973	2 122 973
Treasury shares		**(25 898)**	(25 898)	(25 898)
Reserves		**46 178**	49 264	45 553
Accumulated loss		**(1 536 663)**	(1 694 095)	(1 455 262)
Non-controlling interest		**(271 281)**	28 674	(257 461)
TOTAL EQUITY		**335 309**	480 918	429 905
Liabilities				
Non-current liabilities		**208 948**	72 202	73 266
Loans and borrowings	**7**	**113 245**	-	8 779
Lease obligations		**4 357**	30 020	24 176
Rehabilitation provision		**88 231**	-	-
Deferred income tax liabilities		**3 115**	42 182	40 311
Current liabilities		**387 556**	358 143	461 836
Trade and other payables		**115 563**	119 609	158 256
Megacube arbitration award		**92 331**	92 331	92 331
Loans and borrowings	**7**	**133 684**	-	61 848
Related party loans	**8**	**28 021**	22 094	24 858
Lease obligations		**2 535**	30 478	29 179
Bank overdraft		**8 178**	30 577	26 561
Current income tax liabilities		**7 244**	63 054	68 803
Liabilities of disposal group classified as held-for-sale	**5**	**340 360**	425 701	381 559
TOTAL LIABILITIES		**936 864**	856 046	916 661
TOTAL EQUITY AND LIABILITIES		**1 272 173**	1 336 964	1 346 566
Net asset value per share (excluding treasury shares) - cents		**52**	39	59
Tangible net asset value per share (excluding goodwill and mineral right), (excluding treasury shares) - cents		**33**	18	38

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2019

R'000	Unaudited six months 31 December 2019	Unaudited six months 31 December 2018	Audited year ended 30 June 2019
Cash flows from operating activities			
Cash generated from operating activities before working capital	**43 579**	20 144	45 408
Working capital changes	**33 377**	19 398	28 369
Income taxes paid	**(8 307)**	(1 820)	(10 404)
Interest paid	**(19 205)**	(7 134)	(11 450)
Net cash inflow from operating activities	**49 444**	30 588	51 923
Cash flows from investing activities			
Interest received	**72**	117	2 439
Purchase of property, plant and equipment	**(18 122)**	(8 876)	(25 702)
Mine development work in progress	**(2 248)**	(26 081)	(38 284)
Proceeds from disposal of property, plant and equipment	**3 948**	793	2 346
Acquisition of subsidiary, net of cash acquired	**-**	-	1 323
Movement in other financial assets	**-**	1 004	-
Increase in restricted investment	**1 711**	-	(1 634)
Net cash outflow from investing activities	**(14 639)**	(33 043)	(59 512)
Cash flows from financing activities			
Proceeds from borrowings	**43 072**	42 281	75 290
Repayment of borrowings	**(23 862)**	(17 000)	(24 781)
Repayment of lease liabilities	**(18 240)**	(14 866)	(30 356)
Net cash inflow from financing activities	**970**	10 415	20 153
Net increase in cash and cash equivalents	**35 775**	7 960	12 564
Cash and cash equivalents at the beginning of the period	**(11 261)**	(23 433)	(23 433)
Exchange losses on cash and cash equivalents	**(456)**	396	(392)
Cash and cash equivalents at the end of the period	**24 058**	(15 077)	(11 261)
Cash and cash equivalents classified as assets held-for sale	**30 698**	(9 827)	(6 950)
Cash and cash equivalents per statement of financial position	**(6 640)**	(5 250)	(4 311)
Cash and cash equivalents at the end of the period	**24 058**	(15 077)	(11 261)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

R'000	Share capital	Treasury shares	Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interest	Total Equity
Balance at 30 June 2018	**2 122 973**	**(25 898)**	**49 920**	**(1 890 131)**	**256 864**	**(74 695)**	**182 169**
Profit/(loss) for the period	-	-	-	196 036	196 036	103 369	299 405
Other comprehensive loss	-	-	(656)	-	(656)	-	(656)
Total comprehensive profit/(loss) for the period	-	-	(656)	196 036	195 380	103 369	298 749
Balance at 31 December 2018	**2 122 973**	**(25 898)**	**49 264**	**(1 694 095)**	**452 244**	**28 674**	**480 918**
Profit/(loss) for the period	-	-	-	(34 744)	(34 744)	(12 558)	(47 302)
Decrease through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	273 577	273 577	(273 577)	-
Other comprehensive income	-	-	(3 711)	-	(3 711)	-	(3 711)
Total comprehensive profit/(loss) for the period	-	-	(3 711)	238 833	235 122	(286 135)	(51 013)
Balance at 30 June 2019	**2 122 973**	**(25 898)**	**45 553**	**(1 455 262)**	**687 366**	**(257 461)**	**429 905**
IFRS 16 adjustment (refer to note 4)	**-**	**-**	**-**	**(266)**	**(266)**	**-**	**(266)**
Adjusted balance at 1 July 2019	2 122 973	(25 898)	45 553	(1 455 528)	687 100	(257 461)	429 639
Loss for the period	**-**	**-**	**-**	**(81 135)**	**(81 135)**	**(13 820)**	**(94 955)**
Other comprehensive income	**-**	**-**	**625**	**-**	**625**	**-**	**625**
Balance at 31 December 2019	**2 122 973**	**(25 898)**	**46 178**	**(1 536 663)**	**606 590**	**(271 281)**	**335 309**

Information about reportable segments

The Group is organised into five operating segments, namely overburden drilling and blasting (JEF), mobile crane hire (Ritchie), exploration drilling (Geosearch), anthracite mining (Nkomati) and opencast mining and earthmoving services, as described below. The strategic business units offer different services within the mining industry and are managed separately due to different equipment, technology and skills requirements.

The Statement of profit and loss and Statement of comprehensive income have been re-presented for the prior periods as a result of:

- Geosearch Group and UMSI Group being classified as held-for-sale due to the proposed transaction announced on SENS on 9 December 2019 disclosed as discontinued operations; and
- Nkomati and Benicon Coal are no longer being disposed of and have been classified as continuing operations.

Details of the above transactions have been disclosed in note 5 and 6.

Even though Megacube is no longer operational, it has been disclosed separately due to its materiality.

Segment performance is measured based on the segment profit before interest and income tax. Inter-segment revenue is priced on an arm's length basis.

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Unaudited six months ended 31 December 2019								
Total segment revenue	**9 307**	**177 974**	**144 070**	**88 915**	**177 927**	**-**	**595**	**598 788**
Inter-segment revenue	**-**	**-**	**-**	**(1 384)**	**(636)**	**-**	**(595)**	**(2 615)**
External revenue	**9 307**	**177 974**	**144 070**	**87 531**	**177 291**	**-**	**-**	**596 173**
- Continuing operations	**-**	**-**	**-**	**-**	**177 291**	**-**	**-**	**177 291**
- Discontinued operations	**9 307**	**177 974**	**144 070**	**87 531**	**-**	**-**	**-**	**418 882**
Total segment results	**4 466**	**(19 293)**	**949**	**29 235**	**(35 823)**	**(1 706)**	**(6 014)**	**(28 186)**
Impairment of goodwill	**-**	**-**	**(19 687)**	**-**	**-**	**-**	**-**	**(19 687)**
Recovery of unaccounted funds	**-**	**-**	**-**	**-**	**-**	**2 964**	**-**	**2 964**
Amortisation of mineral rights	**-**	**-**	**-**	**-**	**(5 783)**	**-**	**-**	**(5 783)**
Insurance recovery	**-**	**-**	**251**	**860**	**-**	**-**	**-**	**1 111**
Reversal of impairment of other receivable	**-**	**-**	**-**	**-**	**-**	**-**	**1 836**	**1 836**
Net profit on sale of assets	**-**	**206**	**33**	**-**	**86**	**-**	**-**	**325**
Results from operating activities	**4 466**	**(19 087)**	**(18 454)**	**30 095**	**(41 520)**	**1 258**	**(4 178)**	**(47 420)**
- Continuing operations	**-**	**-**	**-**	**-**	**(41 520)**	**1 258**	**(4 178)**	**(44 440)**
- Discontinued operations	**4 466**	**(19 087)**	**(18 454)**	**30 095**	**-**	**-**	**-**	**(2 980)**

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Unaudited six months ended 31 December 2019								
Segment assets	**-**	**-**	**-**	**-**	**704 035**	**510**	**8 910**	**713 455**
Assets classified as held-for-sale	**3 249**	**135 320**	**173 069**	**225 220**	**-**	**-**	**-**	**536 858**
Current and deferred tax assets	**-**	**7 338**	**-**	**-**	**14 522**	**-**	**-**	**21 860**
Total assets	**3 249**	**142 658**	**173 069**	**225 220**	**718 557**	**510**	**8 910**	**1 272 173**
Segment liabilities	**-**	**-**	**-**	**-**	**381 500**	**98 308**	**100 930**	**580 738**
Liabilities classified as held-for-sale	**6 677**	**79 906**	**70 595**	**89 802**	**-**	**-**	**-**	**246 980**
Current and deferred tax liabilities	**43 923**	**13 800**	**7 718**	**33 346**	**52**	**7 192**	**3 115**	**109 146**
Total liabilities	**50 600**	**93 706**	**78 313**	**123 148**	**381 552**	**105 500**	**104 045**	**936 864**

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Restated* Unaudited six months ended 31 December 2018								
Total segment revenue	7 670	161 425	150 071	66 836	100 928	-	39 759	526 689
Inter-segment revenue	-	(5 081)	-	(1 384)	-	-	(39 759)	(46 224)
External revenue	7 670	156 344	150 071	65 452	100 928	-	-	480 465
- Continuing operations	-	-	-	-	100 928	-	-	100 928
- Discontinued operations	7 670	156 344	150 071	65 452	-	-	-	379 537
Total segment results	3 431	27 182	1 238	24 754	(70 053)	(5 200)	(9 461)	(28 109)
Reversal of impairment of mineral right	-	-	-	-	345 374	-	-	345 374
Reversal of impairment of plant	-	-	-	-	10 000	-	-	10 000
Amortisation of mineral rights	-	-	-	-	(2 210)	-	-	(2 210)
Recovery of unaccounted funds	-	-	-	-	-	11 000	-	11 000
Impairment of other receivable	-	-	-	-	-	-	(750)	(750)
Net profit on sale of assets	-	5	235	-	-	-	-	240
Results from operating activities	3 431	27 187	1 473	24 754	283 111	5 800	(10 211)	335 545
- Continuing operations	-	-	-	-	283 111	5 800	(10 211)	278 700
- Discontinued operations	3 431	27 187	1 473	24 754	-	-	-	56 845

*-The comparatives have been re-presented as disclosed in note 6.

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Unaudited six months ended 31 December 2018								
Segment assets	3 811	125 876	232 811	190 428	-	164	8 100	561 190
Assets classified as held-for-sale	-	-	-	-	766 252	-	-	766 252
Current and deferred tax assets	-	9 522	-	-	-	-	-	9 522
Total assets	3 811	135 398	232 811	190 428	766 252	164	8 100	1 336 964
Segment liabilities	7 952	38 646	92 235	38 256	-	98 753	49 268	325 110
Liabilities classified as held-for-sale	-	-	-	-	425 701	-	-	425 701
Current and deferred tax liabilities	41 178	9 130	12 332	32 399	-	6 690	3 506	105 235
Total liabilities	49 130	47 776	104 567	70 655	425 701	105 443	52 774	856 046

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Restated* unaudited year ended 30 June 2019								
Total segment revenue	16 949	301 323	283 465	132 477	271 301	-	13 788	1 019 303
Inter-segment revenue	-	(1 221)	-	(2 822)	-	-	(13 788)	(17 831)
External revenue	16 949	300 102	283 465	129 655	271 301	-	-	1 001 472
- Continuing operations	-	-	-	-	271 301	-	-	271 301
- Discontinued operations	16 924	300 102	283 465	129 655	-	-	-	730 146
Total segment results pre-impairment	6 761	9 156	3 113	47 570	(54 660)	(9 116)	(22 457)	(19 633)
Net profit on sale of assets	-	280	(1 574)	18	-	-	-	(1 276)
Recovery of unaccounted funds	-	-	-	-	-	11 000	-	11 000
Impairment of assets held-for-sale	-	-	-	-	(20 033)	-	-	(20 033)
Reversal of impairment of plant	-	-	-	-	10 000	-	-	10 000
Reversal of impairment of mineral right	-	-	-	-	345 374	-	-	345 374
Amortisation of mineral right	-	-	-	-	(1 490)	-	-	(1 490)
Net impairment of trade receivable	-	1 369	(3 111)	(481)	-	-	-	(2 223)
Insurance recovery	-	-	178	465	-	-	-	643
Gain on bargain purchase	-	620	-	-	-	-	-	620
Impairment of other receivable	(176)	-	-	-	-	-	(210)	(386)
Results from operating activities	6 585	11 425	(1 394)	47 572	279 191	1 884	(22 667)	322 596
- Continuing operations	-	-	-	-	279 191	1 884	(19 969)	261 106
- Discontinued operations	6 585	11 425	(1 394)	47 572	-	-	(2 698)	61 490

*-The comparatives have been re-presented as disclosed in note 6.

R'000	Opencast mining and earthmoving	Exploration drilling	Overburden drilling and blasting	Mobile crane hire	Anthracite mining	Megacube	Corporate and other services	Total
Audited year ended 30 June 2019								
Segment assets	3 946	140 143	211 210	201 274	-	497	6 876	563 946
Assets classified as held-for-sale	-	-	-	-	759 944	-	-	759 944
Current and deferred tax assets	-	8 154	-	-	14 522	-	-	22 676
	3 946	148 297	211 210	201 274	774 466	497	6 876	1 346 566
Segment liabilities	8 906	73 086	90 168	44 266	-	101 154	108 408	425 988
Liabilities classified as held-for-sale	-	-	-	-	381 559	-	-	381 559
Current and deferred tax liabilities	42 594	11 279	12 302	32 787	-	6 939	3 213	109 114
Total liabilities	51 500	84 365	102 470	77 053	381 559	108 093	111 621	916 661

RECONCILIATION OF HEADLINE LOSS

R'000	Unaudited six months 31 December 2019			Restated* Unaudited six months 31 December 2018			Restated* Unaudited year ended 30 June 2019		
	Continuing	Discontinued	Group	Continuing	Discontinued	Group	Continuing	Discontinued	Group
(Loss)/profit for the period attributable to equity holders of the parent:	**(55 699)**	**(25 436)**	**(81 135)**	147 333	48 703	196 036	125 852	35 440	161 292
Adjusted for:									
Impairment of goodwill	**-**	**19 687**	**19 687**	-	-	-	-	-	-
Net profit on disposal of plant and equipment	**(86)**	**(239)**	**(325)**	-	(240)	(240)		1 276	1 276
Reversal of impairment of mineral right	**-**	**-**	**-**	(345 374)	-	(345 374)	(345 374)	-	(345 374)
Reversal of impairment of plant	**-**	**-**	**-**	(10 000)	-	(10 000)	(10 000)	-	(10 000)
Impairment of stripping asset	**-**	**-**	**-**	-	-	-	20 033	-	20 033
Compensation from third parties for items of plant and equipment that were destroyed		**(1 111)**	**(1 111)**	-	-	-		(643)	(643)
Scrapping of assets	**-**	**893**	**893**	-	-	-		1 466	1 466
Gain on bargain purchase	**-**	**-**	**-**	-	-	-		(620)	(620)
Tax effect on the above adjustments	**-**	**(9)**	**(9)**	-	-	-		(59)	(59)
Non-controlling interest portion allocation	**-**	**(9 347)**	**(9 347)**	142 149	-	142 149	134 136	142	134 278
Headline (loss)/profit attributable to ordinary shareholders	**(55 785)**	**(15 562)**	**(71 347)**	(65 892)	48 463	(17 429)	(75 353)	37 002	(38 351)
Weighted headline and diluted (loss)/earnings per share (cents)	**(4,80)**	**(1,34)**	**(6,14)**	(5,67)	4,17	(1,50)	(6,48)	3,18	(3,30)

*-The comparatives have been re-presented as disclosed in note 5.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2019 have been prepared under the supervision of Mr. JC Lemmer (CA) SA in accordance with International Financial Reporting Standards (IFRS) IAS 34 – *Interim Financial Reporting*, 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 and the Listings Requirements of the JSE Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 30 June 2019, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These results have not been audited or reviewed by the Group's auditors.

2. Accounting policies

The significant accounting policies, judgements, estimates and methods of computation are in terms of IFRS and are consistent in all material respects with those applied in the financial statements for the year ended 30 June 2019, except for the principal accounting policies relating to the implementation of IFRS 16: *Leases* as disclosed in note 4.

All amounts are presented in South African rand, which is the functional and presentation currency of the Group.

There have been no material changes to the items measured at fair value as disclosed in the financial statements subsequent to 30 June 2019. The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost approximate their fair values.

3. Re-presentation of comparative information

The condensed Group statement of profit and loss; the Group statement of comprehensive income and the segment results for the six-month period ended 31 December 2018 and financial year ended 30 June 2019 have been re-presented as a result of:

- Nkomati and Benicon Coal no longer being classified as held-for-sale as disclosed in notes 5 and 6, respectively and have been included under continuing operations.; and
- Geosearch Group and UMSI Group being classified as held-for-sale as disclosed in notes 5 and 6, respectively and have been included in discontinued operations

The re-presentation of the comparative results have not been audited or reviewed.

4. Changes in accounting policies

The Group has adopted IFRS 16: *Leases* with effect from 1 July 2019, replacing IAS17: *Leases*. This standard introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group leases various office buildings and motor vehicles for a fixed period. Leases are negotiated on an individual basis and contain different terms and conditions.

Previously classified operating leases under IAS17, were recognised as right-of-use assets and lease liabilities in the consolidated statement of financial position as at 1 July 2019. The lease liabilities were recognised as the present value of future lease payments discounted at the appropriate incremental borrowing rate applicable at 1 July 2019. The right-of-use asset was recognised equal to the value of the lease liability at 1 July 2019. Lease payments, excluding the variable component if applicable, are allocated to the liability. Finance costs are calculated over the lease period on the remaining balance of the lease liability and recognised through profit or loss. The right-of-use asset is depreciated on a straight line basis over the term of the lease.

The table below reconciles the minimum lease commitments disclosed in the Group's annual financial statements at 30 June 2019 to the amount of the lease liabilities recognised on 1 July 2019:

R'000	Unaudited six months 31 December 2019
IAS Operating commitment at 30 June 2019	**9 736**
Less: Short-term leases recognised as an expense	**(886)**
Less: effect of discounting using the incremental borrowing rate as at the date of inception	**(1 810)**
Add: operating leases included in discontinued operations	**528**
Lease liabilities recognised at 1 July 2019	**7 568**

The impact of the adoption of IFRS16: Leases on the consolidated financial statements of the group is as follows:

R'000	Unaudited six months 31 December 2019
Consolidated statement of profit or loss and other comprehensive income	
Reduction of lease rental expense	**2 276**
Depreciation of right of use asset	**(2 009)**
Lease liability - Finance expenses	**(586)**
Reduction in profit before taxation	**(319)**

R'000	Unaudited six months 31 December 2019
Consolidated statement of financial position	
Right-of-use assets	
Recognised on 1 July 2019	**7 302**
Additions to right-of-use assets during the period	**4 236**
Depreciation for the period	**(2 009)**
Increase in assets	**9 529**
Less: disclosed as held-for-sale assets	**6 824**
	2 705
Equity	
Retrospective adjustment to opening retained earnings	**(266)**
Movement for the period	**(319)**
Decrease in retained earnings	**(585)**
Finance lease liability	
Lease liability recognised on 1 July 2019	**7 568**
Increase in lease liabilities	**4 237**
Finance expenses	**586**
Lease repayments	**(2 276)**
Increase in financial liabilities	**10 115**
Less: disclosed as held-for-sale liabilities	**(7 170)**
	2 945

The leases all fall within subsidiaries that have unrecognized deferred tax assets as a result of assessed losses and have therefor not accounted for the deferred tax implications.

The simplified transition approach has been applied and therefore the comparative figures have not been restated.

5. Assets and liabilities classified as held-for-sale

The following transactions resulted in a transfer to/(from) held-for-sale assets

Transfer to held for sale - Category 1 disposal to related parties

As announced on SENS on 9 December 2019, Unicorn accepted a binding offer by the Reef Group Proprietary Limited and Calibre Investment Holdings Proprietary Limited to acquire 51% in aggregate of the issued share capital of a newly incorporated subsidiary company ("Newco"), which shall acquire the shares in and the claims against certain of Unicorn's existing subsidiary companies immediately prior to the implementation of the proposed transaction.
Newco will acquire, from Unicorn, all of Unicorn's:

- shares in and shareholder claims against Geosearch; and
- ordinary and preference shares and shareholder claims against Unicorn Mining Services Investments Proprietary Limited ("UMSI") and all of the shareholder claims that Unicorn has against Benicon Opencast Proprietary Limited ("Benicon"), Caston Plant Sales Proprietary Limited ("Caston"), JEF and Ritchie.

As a result of the proposed transaction, it was concluded that Unicorn's investment in Geosearch Group and UMSI Group should be classified as held-for-sale as all the requirements in terms of IFRS 5: *Non-current assets held-for-sale and discontinued operations* have been met.

Transfer from held for sale - Nkomati disposal

As Unicorn is no longer actively pursuing the disposal of Nkomati the mandate with Nedbank was terminated on 9 December 2019.

Nkomati and Benicon Coal no longer meet the requirements in terms of IFRS 5: *Non-current assets held-for-sale and discontinued operations* (IFRS 5) and are no longer classified as held-for-sale.

In terms of IFRS 5 the Statement of Financial position is not represented in the prior periods.
The major classes of assets and liabilities classified as assets and liabilities held-for-sale are as follows:

(R'000)	Unaudited six months 31 December 2019	Transferred to held-for-sale Geosearch	UMSI	Anthracite segment transferred from held-for-sale	Audited 30 June 2019	Unaudited six months 31 December 2018
Assets	**545 242**	**142 658**	**402 584**	**(774 466)**	774 466	766 252
Property, plant and equipment	**325 653**	**57 664**	**267 989**	**(137 694)**	137 694	129 702
Right of use assets	**6 824**	**6 824**	**-**	**-**	-	-
Mining assets	**-**	**-**	**-**	**(235 632)**	235 632	242 604
Mineral rights	**-**	**-**	**-**	**(343 884)**	343 884	343 163
Goodwill	**17 739**	**-**	**17 739**	**-**	-	-
Restricted investment	**-**	**-**	**-**	**(9 744)**	9 744	8 110
Deferred income tax assets	**7 338**	**7 338**	**-**	**(14 522)**	14 522	14 522
Inventories	**28 083**	**13 003**	**15 080**	**(12 317)**	12 317	7 937
Trade and other receivables	**109 299**	**18 313**	**90 986**	**(20 613)**	20 613	20 178
Cash and cash equivalents	**50 306**	**39 516**	**10 790**	**(60)**	60	36
Liabilities	**340 360**	**93 706**	**246 655**	**(381 559)**	381 559	425 701
Loans and borrowings	**19 858**	**19 858**	**-**	**(203 368)**	203 368	209 281
Rehabilitation provision	**-**	**-**	**-**	**(86 534)**	86 534	102 817
Deferred income tax liabilities	**28 411**	**-**	**28 411**	**-**	-	-
Trade and other payables	**100 403**	**51 866**	**48 537**	**(84 647)**	84 647	103 740
Lease obligations	**101 704**	**8 182**	**93 522**	**-**	-	-
Bank overdraft	**19 608**	**-**	**19 608**	**(7 010)**	7 010	9 863
Taxation payable	**70 376**	**13 800**	**56 577**	**-**	-	-
Net assets/(liabilities) held-for-sale	**204 882**	**48 952**	**155 929**	**(392 907)**	392 907	340 551

6. Discontinued operations

As a result of the above transactions, Geosearch Group and UMSI Group have been disclosed as discontinued operations.
As Benicon Coal and Nkomati no longer meet the requirements of IFRS 5, they are no longer classified as discontinued operations.

The prior year numbers have been represented.

Financial performance and cash flow information relating to these discontinued operations for the period is set out below:

R'000	Unaudited six months 31 December 2019	Restated* Unaudited six months 31 December 2018	Restated* Unaudited year ended 30 June 2019
Revenue	**418 882**	379 537	730 146
Cost of sales	**(360 727)**	(289 485)	(585 356)
Gross profit	**58 155**	90 052	144 790
Other income	**1 418**	1 720	2 181
Administration expenses	**(44 216)**	(35 174)	(83 090)
Profit from operations	**15 357**	56 598	63 881
Profit on disposal of plant and equipment	**239**	240	(1 276)
Impairment of goodwill	**(19 687)**	-	-
Gain on bargain purchase	**-**	-	620
Impairment of trade receivables	**-**	-	(2 203)
Impairment of other receivable	**-**	-	(176)
Insurance recovery	**1 111**	-	643
Operating (loss)/profit	**(2 980)**	56 838	61 489
Net finance expense	**(12 215)**	(7 097)	(15 329)
(Loss)/profit before taxation	**(15 195)**	49 741	46 160
Taxation	**(7 647)**	(1 038)	(9 576)
(Loss)/profit for the period from discontinued operations	**(22 842)**	48 703	36 584
(Loss)/profit attributable to:	**(22 842)**	48 703	36 584
- Equity holders of the company	**(25 436)**	48 703	35 440
- Non-controlling interest	**2 594**	-	1 144

*-The comparatives have been re-presented as disclosed in note 6.

R'000	Unaudited six months 31 December 2019	Restated* Unaudited six months 31 December 2018	Restated* Unaudited year ended 30 June 2019
Cash flow attributable to operating activities	**40 552**	20 738	69 689
Cash flow attributable to investing activities	**(32 025)**	(21 673)	(22 384)
Cash flow attributable to financing activities	**42 826**	(5 625)	(12 545)
Cash flow attributable to discontinued operations	**51 353**	(6 560)	34 760

*-The comparatives have been re-presented as disclosed in note 6.

7. External loans and borrowings

External loans and borrowings comprise the following:

(R'000)	Unaudited six months 31 December 2019	Unaudited six months 31 December 2018	Audited year ended 30 June 2019
Non-current loans and borrowings			
IDC Loan	**113 245**	**209 281**	**149 649**
Thebe Mineral Resources	**3 991**	**-**	**8 779**
	117 236	**209 281**	**158 428**
Current loans and borrowings			
IDC Loan	**85 684**	**-**	**49 154**
ABSA Bridging Facility	**48 000**	**-**	**52 270**
Thebe Mineral Resources	**9 578**	**-**	**9 578**
Standard Bank Moçambique S.A.	**6 289**	**-**	**-**
	149 551	**-**	**111 002**
Disclosed as follows:			
Non-current portion of loans and borrowings	**113 245**	**-**	**8 779**
Current portion of loans and borrowings	**133 684**	**-**	**61 848**
Loans and borrowings classified as held-for-sale	**19 858**	**209 281**	**198 803**
Loans and borrowings	**266 787**	**209 281**	**269 430**

The terms, conditions and security of the loans are disclosed in note 28 of the group financial statements for the year ended 30 June 2019.

8. Related party transactions

The following related party loans were outstanding at the end of the period:

(R'000)	Unaudited six months 31 December 2019	Unaudited six months 31 December 2018	Audited year ended 30 June 2019
Calibre Treasury Management Services Proprietary Limited	**28 021**	22 094	24 858
RAC Investment Holdings Proprietary Limited	**15 351**	13 225	14 240

Calibre Treasury Management Services Proprietary Limited is an associated company of Mr T de Bruyn and a related party to major shareholders of Unicorn. The loan is unsecured, bears interest at a rate of 24% per annum and is repayable on demand.

RAC Investment Holdings Proprietary Limited is an associated company of Mr T de Bruyn and a related party to major shareholders of Unicorn. The loan is unsecured, bears interest at a rate of 15% per annum and is repayable on demand.

Interest accrued on related party loan balance during the period:

(R'000)	Unaudited six months 31 December 2019	Unaudited six months 31 December 2018	Audited year ended 30 June 2018
Calibre Treasury Management Services Proprietary Limited	**3 163**	2 094	4 858
RAC Investment Holdings Proprietary Limited	**1 111**	957	1 972

9. Contingent assets

Megacube and the Trustees of the insolvent estate of Mr Casper Scharrighuisen (Scharrighuisen), a former director, have instituted legal proceedings against Scharrighuisen and related entities in the Netherlands, the British Virgin Islands and Curacao in ongoing attempts to locate and secure Scharrighuisen's assets. Megacube currently has two judgments against Scharrighuisen, in excess of R383 million both of which remain unsatisfied. The identification of further assets and claims is required in order to extinguish Megacube's claims against Scharrighuisen.

To the best of our knowledge and belief there are no other contingent assets not set out or referred to in this report which may materially affect the financial position of the group.

10. Contingent liabilities

Megacube has estimated a possible loss in favour of Keaton's counterclaim of R92 million and provided for the possible liability since the June 2016 results. In the latest quantification of Keaton's claims, Keaton is claiming R116.6 million plus estimated interest of R29 million. A total of R53 million in excess of the provision raised.

The difference between the provision raised and Keaton's claim is mainly due to our assessment that the claim does not consider Keaton's saving of R41 million as a result of not having to settle the amount owing to Megacube. Furthermore, there is an overlap between the claims that first need to be resolved.

There is no recourse to Unicorn or any other operating subsidiaries for the amount being claimed.

To the best of our knowledge and belief there are no other contingent liabilities to third parties not set out or referred to in this report which may materially affect the financial position of the Group.

11. Events after the reporting period

On 11 March 2020 a circular was distributed advising shareholders that Unicorn accepted a binding offer by the Reef Group Proprietary Limited and Calibre Investment Holdings Proprietary Limited to acquire 51% in aggregate of the issued share capital of a newly incorporated subsidiary of the Company ("Newco") ("Proposed Transaction"). In terms of the Proposed Transaction Newco will acquire, from Unicorn, all of Unicorn's shares in and shareholder claims against the Geosearch Group and ordinary and preference shares in and shareholder claims against the Unicorn Mining Services Investment group which consist of Unicorn's drilling and blasting, crane hire and opencast mining and earthmoving segment subsidiaries and operations.

The Proposed Transaction is subject to the fulfilment of a number of outstanding conditions precedent as outlined in the Circular. The original date for the completion of the conditions was extended from 31 March 2020 to 30 April 2020. The General Meeting of Shareholders will be held on 8 April 2020. The additional outstanding conditions precedent must then be fulfilled by no later than 30 April 2020 in order to implement the transaction.

A 21-day national lockdown effective midnight 26 March 2020 to midnight 16 April 2020, in order to contain the spread of the COVID-19 (coronavirus) pandemic was implemented by the South African Government. The lockdown therefore impacts most South African mining and mining services operations. Unicorn subsidiaries Nkomati Anthracite and Geosearch are both directly impacted and not operating during the lockdown period. Ritchie Crane Hire, Jef Drill & Blast and Sentula Coal however provide services to clients that have been classified as Essential Services and are therefore only partially impacted. A reasonable estimate of the effect that the COVID-19 (coronavirus) and the national lockdown will have on the future results cannot be made.

The directors are not aware of any other subsequent events that occurred between the reporting period and up to the date of this report, not otherwise dealt within this report.

12. Going concern

The interim financial statements have been prepared on the going concern basis. The 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. The Group's current liabilities exceed current assets by R367 million excluding asset and liabilities classified as held-for-sale.

Net current liabilities relating to Megacube amounts to R106 million. There is no recourse to Unicorn or any of the other operating subsidiaries for these amounts outstanding. Liabilities in these companies are ring-fenced. Neither Unicorn nor any other operating subsidiary, will be required to fund these liabilities or settle them.

Current liabilities amounting to R99 million relates to debt at Unicorn holding company level. The expected proceeds, subject to shareholder approval, of R155 million from the 51% sale of Newco is required to settle the liabilities, mainly due and payable during April 2020.

In addition to the aforementioned, Nkomati's current liabilities exceed its current assets by R162 million. R86 million of this relates to IDC debt payable over the next 12 months and R76 million to trade creditors. Following the FOG event and recently the National Lockdown, Nkomati has entered into ongoing negotiations with the IDC in order to reschedule the repayment of the debt owing to the Corporation.

In light of the disruption to operations due to the enforced Covid-19 lockdown and the uncertainty with regards to the actual duration of the lockdown period, it is not possible at present to determine whether Nkomati would be able to settle its liabilities when they become due and payable. Even though the remaining portion of the proceeds from the partial disposal of Newco will be available for investment in Nkomati, additional support from shareholders or alternative funding will be required for Nkomati to continue as a going concern.

Other than the disclosure made surrounding the uncertainties at Nkomati, subject to the implementation of the Proposed Transaction and although the current liabilities of the Group exceed its current assets, the directors have every reason to believe 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.

Following the implementation of the Proposed Transaction and based on Unicorn subsidiaries' cash flow forecasts for the next 12 months, subject to the uncertainties that exists at Nkomati, the Group is expected to meet all its obligations during this period.

The ability of the Group to continue as a going concern will be closely monitored. If the Proposed Transaction is not implemented alternative actions will be required.

Unicorn Reserve and Resources update 31 December 2019

The Coal Reserve and Resource update as at 31 December 2019 for Nkomati Anthracite mine contains the following flow of information and informs the status of the Coal Reserves and Resources as at 31 December 2019, and comments on any significant changes that have occurred impacting on the previous statement. In June 2019 Unicorn published its integrated annual report and within this stated its Coal Resources and Reserve position in an "Abridged Resource and Reserve Estimate" (the results of which were published on www.unicorncapital.co.za/Investor-Relations/) for June 2019, this statement was made during an exploration campaign which ended in September 2019.

On completion of the exploration campaign the final exploration results were prepared again by K van Deventer (CP) and published as Nkomati Anthracite Mine Coal Resource and Coal Reserve Statement as at 30 September 2019 and incorporated into an Independent Competent Persons Report also prepared by Tenement Mining published as at 30 September 2019.

This document states the current Nkomati Coal Resource and Reserve statement as at 31 December 2019 which contains information drawn from the Independent Competent Persons Report on Unicorn Capital Partners Limited's Nkomati Anthracite Mine, South Africa, which has then been depleted as per the survey schedule of ROM anthracite.

No exploration has taken place since the geological update of 30 of September 2019, hence there has been no increase in resources or reserves since this last statement.

The update of the Coal Resource estimates for Nkomati Anthracite for June 2019 and September 2019 were prepared by Karin van Deventer, MSc Geochemistry; Pr. Sci. Nat. (400705/15); GSSA (965295).

Risks

Since the last update the risk profile of the company as shown below has not changed significantly. Accordingly, profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.
Corporate risks to which anthracite mining operations may be exposed, in particular Nkomati during its operational phase are:-

- anthracite supply and demand fundamentals have a significant impact on future prices. Although Unicorn is not a price-maker, market conditions are continually monitored to identify current trends that may pose a threat or create an opportunity for Nkomati and/or Unicorn;
- from a Coal Resource perspective, risk relates principally to the presence of dolerites and associated structural complexity. This has been mitigated with drill hole spacings where Nkomati's drilling has exceeded the recommended density. In addition, the CP has also applied relatively high geological losses to mitigate for structures and dolerites which have not yet been identified;
- encroaching community settlements. Although there are defined settlement areas adjacent to the mine's operating areas, these are continuously being encroached upon. The most significant issue relates to the blasting limit of the opencast operation at Madadeni. However, the future of Madadeni lies within an underground operation which would mitigate this risk;
- major production interruption including delays to the mine's development programme, in particular maintaining consistent production from underground. Nkomati may experience material mine and/or plant shutdowns or periods of decreased production or development due to a number of different events. Any such events could negatively affect operations and impact timelines, profitability and cashflows;
- regulatory licencing issues which may result in Section 54 closures, and is in the process of Mining Right Renewal;
- social and community disruptions due to the mine's location adjacent to settlements and the general poverty of the local population; and
- reputational risks to the Unicorn brand, associated with the environmental risks and inherent dangers within the mining operational process.

Locality

Nkomati is located within the Mpumalanga province south of the town of Tonga on the Nkomati river.

Nkomati can be divided into two mining areas namely, Madadeni and Mangweni, south and north respectively with the plant and offices situated centrally (see Figure 1 below).

Legal considerations

Nkomati has the legal right to the mineral being mined and reported on. Nkomati is currently working through a Mining Right Renewal Process.

Environmental and social considerations

Nkomati has the required environmental permits in place for the current mining operation. In accordance with the requirements of the MPRDA and the mine's WUL, Nkomati is subjected to regular audits on their performance with regards to their EMP, SLP and WUL. Nkomati has applied for permission to mine two new areas and has accordingly submitted two new Basic Assessments to support these applications.

Geological setting

There has been no change in the local geology of the project, detail is illustrated in the September 2019 Tenement Independent Competent Persons Report posted on the Unicorn Capital Partners website under Investor Relations

Coal Resource classification

The previously defined Coal Resource areas were reviewed considering the new drilling information and interpretation and likely mining methods to be applied. Coal Resources and their classification, in order of increasing confidence, are defined according to the SAMREC Codes.

Future exploration

Nkomati completed the planned 2019 exploration drilling programme in September 2019, as per the Nkomati Anthracite Mine Coal Resource and Coal Reserve Statement as at 30 September 2019 and incorporated into a CPR also prepared by Tenement Mining published as 30 September 2019. Currently management are reviewing the results of the completed exploration and planning a new campaign. Any new campaign will be focused at quantifying potential new opencast mining opportunities, and to upgrade the existing Inferred Coal Resources to Measured Coal Resources.

Coal Resource estimate

The following loss factors were applied to yield Total Tonnes In Situ (TTIS).These factors were upgraded as confidence in the orebody and modeling grew:

- Madadeni opencast resource blocks: Measured 15%; Inferred 40%
- Madadeni underground resource blocks: Measured 15%; Indicated 25%; Inferred 40%
- Mangweni underground resource blocks: Measured 16%; Inferred 40%

No mining losses were applied, and the TTIS was converted to Mineable Tonnes In Situ (MTIS).
In the 30 September 2019 Coal Resource estimate, rounding down was applied, in the December 2019 update the numbers were not rounded down.

The Nkomati Coal Resource was re-evaluated in September 2019, and a depletion applied in December 2019.

In September 2019 an increase was reported from June 2019 to September 2019 of 8,949 Mt to the Nkomati coal resource and included into the Measured Coal Resource status (MTIS).
In September 2019, an increase was reported from June 2019 to September 2019 of 0,779 Mt in the Measured Coal Reserve Status (Saleable Tonnes).
Following a depletion calculation, the Resource Estimate as at 31 December 2019 is 41,330 Mt for Nkomati and a Reserve Estimate of 3,762 Mt.

A total of 197 983t tonnes of ROM have been mined since June 2019 (See table 2 below).

Figure 2 (A and B) show the changes in defined Coal Resource blocks and the status of the Mangweni Coal Resource classification.

The summary Coal Resource estimate, inclusive of depletion, is presented in Table 1. The Reserve Estimate summary including depletion is shown in Table 3 below.

Figure 1 : Location of Coal resources in relation to Mining Right and drill holes December 2019

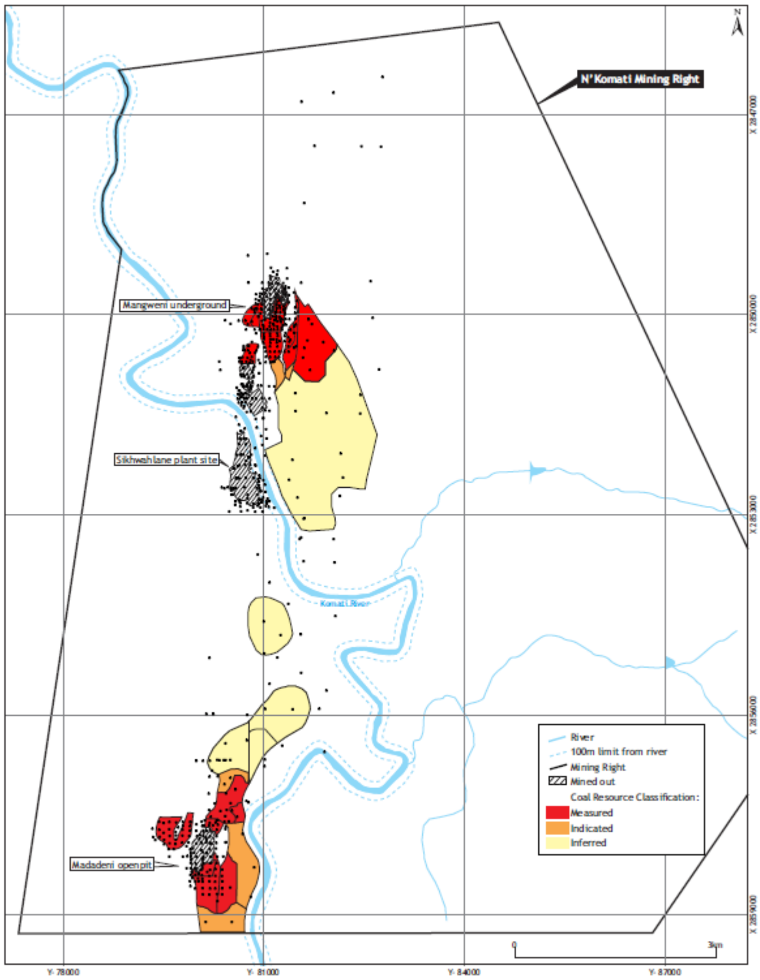

Figure 2 A and B: Mangweni Coal Resource classification June 2019 and December 2019

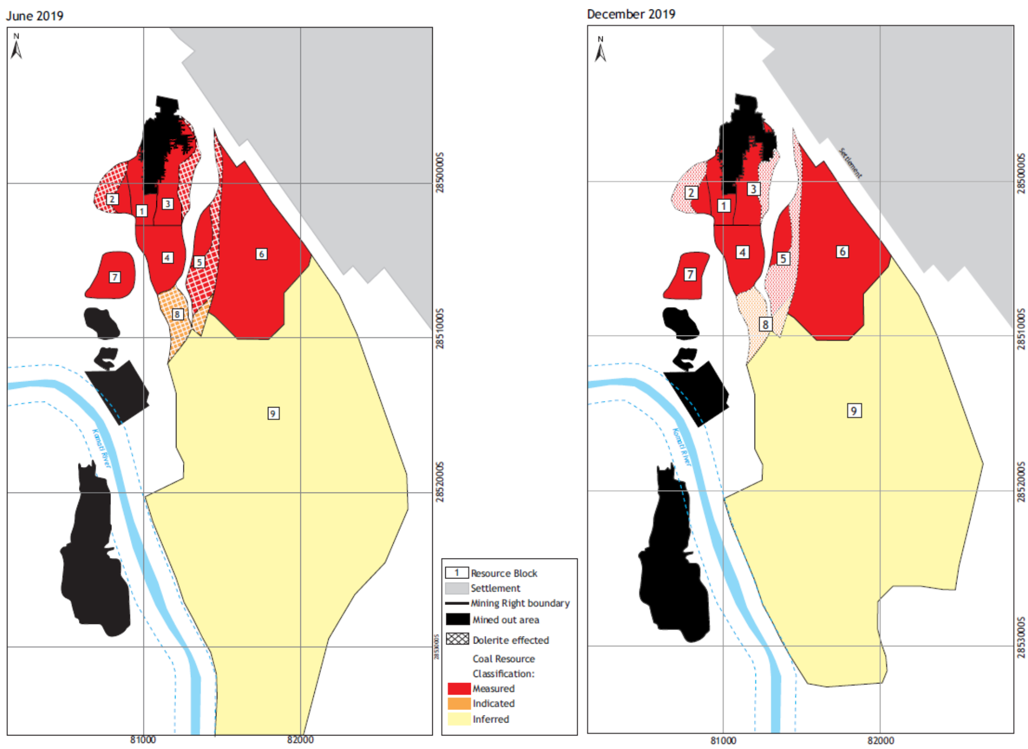

Figure 3 A and B: Madadeni Coal Resource classification June 2019 and December 2019

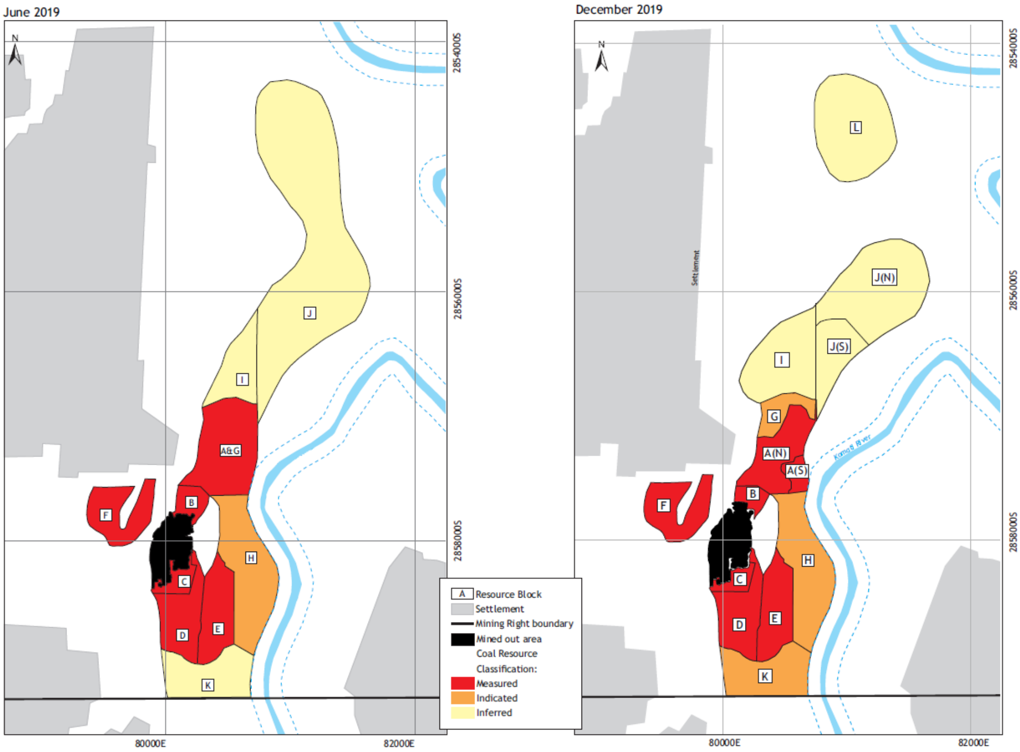

Table 1: Summary of Nkomati Anthracite Mine's Coal Resources as at 31 December 2019 (inclusive of Coal Reserves), and differences from 30 June 2019 through to December 2019

The table represents 100% of the Nkomati Coal Resource of which 60% is attributable to Unicorn.

Resource area and classification	MINING METHOD	30 June 2019 MTIS (t)	Increase / (Decrease) MTIS (t)	Depletion MTIS (t)	30 Sept 2019 MTIS (t)	Depletion MTIS (t)	31 Dec 2019 MTIS (t)
Mangweni							
Measured	UG	6,851,000	665,983	(26,983)	7,490,000		7,490,000
Measured	OC	609,000	(89,000)		520,000		520,000
Total Measured		**7,460,000**	**576,983**	**(26,983)**	**8,010,000**	-	**8,010,000**
Total Indicated	UG	378,000	(8,000)		370,000		370,000
Total Inferred	UG	14,517,000	1,593,000		16,110,000		16,110,000
Total Mangweni		**22,355,000**	**2,161,983**	**(26,983)**	**24,490,000**	-	**24,490,000**
Madadeni							
Measured	UG	4,147,000	853,000		5,000,000		5,000,000
Measured	OC	891,000	-	(111,000)	780,000	(60,000)	720,000
Total Measured		**5,038,000**	**853,000**	**(111,000)**	**5,780,000**	**(60,000)**	**5,720,000**
Indicated	UG	1,364,000	1,526,000		2,890,000		2,890,000
Total Indicated		**1,364,000**	**1,526,000**	-	**2,890,000**	-	**2,890,000**
Inferred	UG	3,821,000	(2,321,000)		1,500,000		1,500,000
Inferred	OC	0	6,730,000		6,730,000		6,730,000
Total inferred		**3,821,000**	**4,409,000**	-	**8,230,000**	-	**8,230,000**
Total Mangweni		**10,223,000**	**6,788,000**	**(111,000)**	**16,900,000**	**(60,000)**	**16,840,000**
TOTAL / AVE NKOMATI		**32,578,000**	**8,949,983**	**(137,983)**	**41,390,000**	**(60,000)**	**41,330,000**

Note:

- Rounding down of Coal Resource / Reserve tonnages has not been used
- Depletion tonnages - ROM tonnages were used to deplete MTIS figures

Mining production

Unicorn acquired Nkomati during 2007. Operations ceased in 2011 when the mine went on to care and maintenance. Mining recommenced at the Matadeni opencast in February 2015. A summary of coal production for June 2016 to December 2019 from the Matadeni opencast is presented in Table 2.

Table 2: Summary of Nkomati Anthracite Mine's Coal Production from April 2016 to June 2019

Production Period	Production ROM (t)
15 Months ended June 2018	219,800
Year ended June 2017	312,317
Year ended June 2018	164,980
Year ended June 2019	371,714
6 Months ended December 2019	197,983

Mining methods

Two mining methods are in use at Nkomati:

- opencast mining at the Madadeni opencast site; and
- underground bord and pillar mining at Mangweni.

At the Mangweni underground mine, conventional bord and pillar mining is taking place. Geotechnical analysis of exploration bore holes showed that in some areas the floor is undulating, and the floor of the development will follow the contour of the natural floor, while the anthracite will be mined to the natural roof. Where the coal seam is in excess of about 5m, the seam will be removed in two stages and this mining method is commonly known as Top and Bottom Coaling.

Coal Reserve estimate

Coal Reserves were declared in the report entitled "INDEPENDENT COMPETENT PERSONS' REPORT ON UNICORN CAPITAL PARTNERS LIMITED'S NKOMATI ANTHRACITE MINE, SOUTH AFRICA" dated 30 September 2019, by Tenement Mining (Pty). Table 3 is a summary of these Coal Reserves, depleted by mining from September 2019 to December 2019 (Inclusive).

Table 3: Summary of Nkomati Anthracite Mine's Reserves as at 30 June 2019

The table represents 100% of the Nkomati Reserve of which 60% is attributable to Unicorn.

			30 June 2019 Saleable Coal Tonnes (Air Dried)			Increase	Depletion	30 Sept 2019 Saleable Coal Tonnes (Air Dried)			Depletion	31-Dec-19
MINING AREA	**MINING METHOD**	**SEAM**	**PROBABLE (t)**	**PROVED (t)**	**TOTAL (t)**	**(t)**	**(t)**	**PROBABLE (t)**	**PROVED (t)**	**TOTAL (t)**	**(t)**	**(t)**
Mangweni	OC	2L	-	323,300	323,300	(9,800)		-	313,500	313,500		313,500
Mangweni	UG	2L	70,040	1,332,998	1,403,038	436,262	(20,000)	-	1,819,300	1,819,300		1,819,300
Total Mangweni coal reserve			**70,040**	**1,656,298**	**1,726,338**	**426,462**	**(20,000)**	**-**	**2,132,800**	**2,132,800**	**-**	**2,132,800**
Madadeni	OC	2U/2L/1	-	388,586	388,586	(203,186)	(50,000)	-	135,400	135,400	(43,000)	92,400
Madadeni	UG	2L	224,430	756,257	980,687	556,113		1,536,800	-	1,536,800		1,536,800
Total Madadeni coal reserve			**224,430**	**1,144,843**	**1,369,273**	**352,927**	**(50,000)**	**1,536,800**	**135,400**	**1,672,200**	**(43,000)**	**1,629,200**
Total Nkomati coal reserve			**294,470**	**2,801,141**	**3,095,611**	**779,389**	**(70,000)**	**1,536,800**	**2,268,200**	**3,805,000**	**(43,000)**	**3,762,000**

Note:

- Rounding down of Coal Resource / Reserve tonnages has not been used
- Depletion tonnages - Actual Sales tonnages figures have been applied to salable tonnages

General Information

Directors: RB Patmore* (Chairman), JC Badenhorst (Chief Executive Officer), JC Lemmer (Financial Director), DR Zihlangu*, SP Naudé*, ME Gama*, T de Bruyn#
*Independent non-executive #Non-executive

This report contains forward-looking statements which are not historical facts. Forward-looking statements involve inherent risks, uncertainties and assumptions, including, without limitation, risks related to the timing or ultimate completion of any proposed transactions; and the possibility that benefits may not materialise or such assumptions prove incorrect. Actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements in this report are made as of the date of this report and Unicorn expressly disclaims any obligations to update or correct the statements due to events occurring after issuing this report.

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Abbreviations: ("Benicon") Benicon Opencast Mining Proprietary Limited; ("Benicon Coal") Benicon Coal Proprietary Limited; ("Caston") Caston Plant Sales Proprietary Limited; ("CPR") Competent Persons Report; ("EBIT") Earnings before interest and tax; ("EBITDA") Earnings before interest, tax, depreciation and amortization; ("EMP") Environmental Management Plan; ("FOG") Fall of Ground; ("Geosearch") Companies in the Group that perform exploration drilling services; ("JEF") JEF Drill and Blast Proprietary Limited; ("Keaton"): Keaton Mining Proprietary Limited; ("Liviero") Liviero Mining Proprietary Limited; ("Megacube") Megacube Proprietary Limited; ("MPRDA") Mineral and Petroleum Resources Development Act, Act 28 of 2002); ("Newco") newly incorporated subsidiary; ("Nkomati") Nkomati Anthracite Proprietary Limited; ("Ritchie") Ritchie Crane Hire Proprietary Limited; ("ROM") Run of Mine; ("SAMREC") South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2016 Edition; ("SLP") Social and Labour Plan; ("Sentula Coal') Sentula Coal Proprietary Limited; ("TTIS") total tonnes in situ; ("UMSI") Unicorn Mining Services Investments Proprietary Limited; ("UMSI Group") comprising JEF, Ritchie, Caston; Sentula Coal, Benicon and Classic Challenge Trading; ("the Group") Unicorn Capital Partners Limited, its subsidiaries associates and affiliates; ("WUL") water use licence.

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