21.

BAUBA RESOURCES

Reviewed provisional condensed consolidated results

for the year ended 30 June 2021

SALIENT FEATURES

R277,100 MILLION

Revenue

(2020: R260,394 million)

▲ 6,4%

R27,227 MILLION

Total comprehensive loss for the period

(2020: R45,276 million)

▼ 39,8%

ACQUISITION

of additional 52% of Nuco Chrome on 2 July 2021

R133,430 MILLION

Investment in property, plant and equipment

(2020: R51,578 million)

▲ 158,7%

COVID-19

Provision of COVID-19 supplies to schools within the local community

COMMUNITY

Continued supply of water to the local community

COMMENTARY

COVID-19

Bauba's operating environment in the financial year ended 30 June 2021 was dominated by the continued fallout from the devastating COVID-19 pandemic. Since the first case was recorded in South Africa in March 2020, the pandemic has strained global markets and economies and the ability of many organisations to cope with the changes wrought by the virus and the related lockdowns. COVID-19-related issues experienced, included extremely weak chrome ore pricing, extremely high operating costs during the lockdown with limited production, no underground mining, delayed underground development and associated ramp up of stoping production and financing pressure. Vaccination rates in South Africa have increased, however, a significant portion of the population remains sceptical of the vaccine and it may take the country longer than expected to reach its 67% herd immunity target.

Bauba initiated vaccination drives at its operations, aiming to have 70% of employees fully vaccinated by the end of November 2021. The protection of the lives and livelihoods of our employees remains a primary focus for us.

Financial and operational review

The COVID-19 lockdown significantly delayed the development of our underground operations with material lockdown and start-up costs as well as a delayed restart due to a change in the underground mining contractor. During lockdown, low chrome ore pricing did not justify running the underground operation at 50% capacity due to significantly higher mining costs. Bauba did not, therefore, produce any material from its underground operations from April to June 2020. The current financial year began three months after the announcement of the national lockdown with minimal tonnes produced in July and August 2020 as these were site establishment months.

Ramp up in production thereafter progressed positively to over 25 000 tonnes of material hauled in September and October 2020. Average tonnes produced for the first six months of the financial year was 21 260 tonnes, followed by an improved average production of 27 820 tonnes in the final six-month period. Production was hampered by geological challenges that resulted in loss of face length and necessitated additional development expenditure. These challenges are being addressed. The group achieved production of 32 900 tonnes of material hauled in July 2021 and 29 340 tonnes in August 2021. Total run-of-mine (RoM) production for the financial year was 294 480 tonnes (2020: 205 950 tonnes), with 182 390 tonnes (2020: 147 700 tonnes) of chrome concentrate sold. Lower wash plant yields in the current financial year were due to the high on-reef development tonnes (including in-stope) in proportion to stoping tonnes while the ramp up is still progressing.

Chrome ore CIF prices for benchmark 42% concentrate (as reported by FerroAlloyNet) averaged US$148 per tonne (China CIF) for July 2020 to June 2021. The price as at 30 June 2021 was US$160 per tonne (China CIF) but this strengthened slightly to US$165 (China CIF) in mid-September 2021. During the 2020 financial year, prices averaged US$142 per tonne (China CIF). The price of foundry sand has, however, not increased in line with the metallurgical grade chrome concentrate price.

Freight costs during the current year have more than doubled (in US$ terms) compared to the previous financial period. The increase in freight pricing to record levels has been caused by global demand exceeding available capacity and new capacity not becoming available quickly enough. In South Africa, factors negatively impacting freight costs are the COVID-19 pandemic, key port terminal assets requiring regular maintenance, the recent civil unrest, the port cyber-attack and poor port operations.

Revenue increased by 6,4% to R277,100 million, driven by a 23,5% increase in the sale of chrome concentrate. During the current financial year, no opencast RoM was sold (2020: 66 860 tonnes), which negatively impacted on the revenue realised.

There have been no material changes to the mineral Resources and mineral Reserves as disclosed in the integrated annual report for the year ended 30 June 2020.

Outlook

Risks still remain of reduced global demand due to production capacity constraints in China and the uncertainty posed by potential additional COVID-19 waves, despite the availability of vaccines, and record freight costs.

The market price for 42% chrome concentrate has increased from US$160 per tonne (China CIF) as at 30 June 2021 to US$165 per tonne (China CIF) in mid-September 2021, while the ZAR/US$ exchange rate weakened slightly from 14,28 to 14,44 as at 15 September 2021. If the chrome prices drop below the current level for an extended period, or if the ZAR/US$ exchange rate strengthens, it could cause material uncertainty for the group to meet its obligations as they fall due.

Global market uncertainties, driven by capacity constraints at Chinese factories and the risk of further COVID-19 waves (and potential lockdowns), continue to lower the global demand for stainless steel and, in turn, the demand for chrome ore. The proposed chrome ore export tax in South Africa to support the local ferrochrome industry has also created further uncertainty. These issues will continue to have a negative impact on short-term chrome ore pricing and, together with higher local supply chain costs, will result in Bauba's chrome ore revenue generated per tonne remaining subdued. Bauba is, however, optimistic that its future profit margins will be cushioned by continued sales of premium speciality chrome ore concentrates and that long-term pricing will improve to above the industry's cost of production.

Since year end, opencast mining has commenced at our Kookfontein project near Rustenburg. This first phase of opencast mining will target approximately 400 000 tonnes of opencast fresh and transitional UG2 ore. The price of platinum group metals has recently dropped due to a shortage of semiconductor chips negatively impacting demand for autocatalytic convertors. The Kookfontein UG2 project has an anticipated 18-month life. Thereafter, Bauba will commence mining the opencast LG/MG and UG1 chrome ore seams on this project.

This report contains forward-looking information, which represents the opinion of Bauba's board of directors (board) and has not been reviewed or reported on by the company's auditor.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2021

	Note	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Revenue		**277 100**	260 394
Cost of sales		**(224 259)**	(249 325)
Gross profit		**52 841**	11 069
Operating and administrative expenses		**(86 364)**	(69 390)
Finance income		**1 122**	885
Finance cost		**(10 484)**	(2 005)
Foreign exchange gain		**12 324**	–
Share of loss of associate accounted for using the equity method		**(519)**	(54)
Loss before tax		**(31 080)**	(59 495)
Income tax credit		**3 853**	14 219
Loss for the period		**(27 227)**	(45 276)
Other comprehensive income		**–**	–
Total comprehensive loss for the period		**(27 227)**	(45 276)
Loss attributable to:			
Equity holders of the parent		**(21 855)**	(30 592)
Non-controlling interest		**(5 372)**	(14 684)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(21 855)**	(30 592)
Non-controlling interest		**(5 372)**	(14 684)
Basic loss per share (cents)	14	**(4,73)**	(8,07)
Diluted loss per share (cents)	14	**(4,73)**	(8,07)
Headline loss per share (cents)	14	**(4,73)**	(8,07)
Diluted headline loss per share (cents)	14	**(4,73)**	(8,07)

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
ASSETS			
Non-current assets		**427 500**	332 405
Intangible assets		**132 136**	141 838
Property, plant and equipment	5	**285 892**	180 621
Investment in associate	6	**9 427**	9 946
Other non-current assets		**45**	–
Current assets		**117 589**	128 099
Inventory	7	**85 997**	64 985
Trade and other receivables		**19 708**	14 600
Loan to associate		**7 072**	–
Cash and cash equivalents		**4 812**	48 514
Total assets		**545 089**	460 504
EQUITY AND LIABILITIES			
Equity		**334 103**	278 371
Share capital and share premium		**602 432**	512 500
Reverse asset acquisition reserve		**(282 988)**	(282 988)
Share-based payment reserve		**–**	6 973
Retained loss		**(35 309)**	(13 454)
Non-controlling interest		**49 968**	55 340
Non-current liabilities		**74 356**	82 184
Environmental rehabilitation provision		**5 078**	5 794
Deferred tax		**12 675**	16 527
Share-based payment liability		**6 691**	–
Borrowings	8	**25 392**	46 578
Loans from shareholders	9	**–**	10 000
Lease liability	10	**24 520**	3 285
Current liabilities		**136 630**	99 949
Trade and other payables		**69 224**	54 354
Borrowings	8	**28 181**	24 059
Loans from shareholders	9	**20 677**	194
Lease liability	10	**17 512**	1 790
Other financial liabilities	11	**1 036**	17 911
Current tax payable		**–**	1 641
Total equity and liabilities		**545 089**	460 504

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 30 June 2021

	Note	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Cash flow from operating activities			
Net cash effects from operating activities		(26 331)	6 503
Operating profit/(loss) before working capital changes	12	31 531	(22 823)
Working capital changes	12	(55 628)	31 745
Tax paid		(2 234)	(2 419)
Cash flow from investing activities			
Net cash effects from investing activities		(91 568)	(54 788)
Acquisition of investment in associate		–	(10 000)
Advance of loan to associate		(7 072)	–
Investment in long-term deposits		(45)	–
Acquisition of property, plant and equipment		(85 573)	(45 673)
Finance income		1 122	885
Cash flow from financing activities			
Net cash effects from financing activities		74 197	63 977
Repayment of prepayment		–	(13 364)
Proceeds from issue of shares		89 932	–
Repayment of borrowings		(25 895)	–
Proceeds from borrowing		21 155	68 853
Advance of loan from shareholder		20 500	10 000
Repayment of loan from shareholder		(10 000)	–
Principal paid on lease liabilities		(11 578)	(910)
Finance cost paid – lease liabilities		(4 558)	(375)
Finance cost paid – loan from shareholders		(1 315)	–
Finance cost paid – borrowings		(4 044)	(227)
Total cash movement for the period		(43 702)	15 692
Cash and cash equivalents at the beginning of the year		48 514	32 822
Cash and cash equivalents at the end of the year		4 812	48 514

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	Stated capital R'000	Reverse asset acquisition reserve R'000	Share-based payment reserve R'000	Retained loss R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 July 2019 (audited)	512 500	(282 988)	4 345	17 138	70 024	321 019
Share-based payment reserve movement	–	–	2 628	–	–	2 628
Total comprehensive loss for the period	–	–	–	(30 592)	(14 684)	(45 276)
Balance as at 1 July 2020 (audited)	512 500	(282 988)	6 973	(13 454)	55 340	278 371
Share-based payment reserve movement	–	–	(282)	–	–	(282)
Issue of share capital	89 932	–	–	–	–	89 932
Reclassification from equity-settled to cash-settled	–	–	(6 691)	–	–	(6 691)
Total comprehensive loss for the period	–	–	–	(21 855)	(5 372)	(27 227)
Balance as at 30 June 2021 (reviewed)	602 432	(282 988)	–	(35 309)	49 968	340 794

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS

for the year ended 30 June 2021

1. Basis of presentation

These condensed consolidated financial results have been prepared under the supervision of Jonathan Knowlden CA(SA), the financial director, in accordance with

- IAS 34: *Interim Financial Reporting*;
- The framework concepts and the measurement and recognition requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board;
- The Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
- The requirements of the Companies Act of South Africa (Act 71 of 2008); and
- The listings requirements of the JSE Limited (JSE Listings Requirements).

The same accounting policies, presentation and measurement principles have been followed in the preparation of the condensed consolidated financial results for the period ended 30 June 2021 as were applied in the preparation of the group's annual financial statements for the year ended 30 June 2020.

2. Auditor's review conclusion

These provisional condensed consolidated financial results for the year ended 30 June 2021 have been reviewed by the group's external auditor, BDO South Africa Incorporated, who issued an unmodified review conclusion with a material uncertainty related to going concern paragraph on the group's provisional condensed consolidated results for the year ended 30 June 2021. The material uncertainty relates to the current subdued market conditions such as low chrome ore prices and the strengthening of the South African Rand to United States Dollar exchange rate which, should they continue for an extended period of time, could cause a material uncertainty for the group to meet its obligations as they become due. A copy of the auditor's review report is available for inspection at the company's registered office.

The auditor's review report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

3. Board

On 6 January 2021, King Victor Thulare III tragically passed away. The board is saddened by his sudden passing and will miss his valuable contributions. There has been no impact on our business or operations resulting from his passing.

On 22 January 2021, Mr Thomas Baring was appointed as a non-executive director.

Bauba appointed Messrs Johan Le Roux, Robert Shedlock and Jurie Hendrik Wessels as non-executive directors effective April 2021.

There were no other changes to the board during the period under review.

Subsequent to year-end

On 30 July 2021, the following directors resigned from the board: Mr Nico van der Hoven (as a non-executive director and chairperson of the board), Mr Nick van der Hoven (as an executive director), and Messrs Martin Luyt and Damian Smith (as independent non-executive directors).

On 5 August 2021, Bauba appointed Mr Adriaan Martinus Slabber as a non-executive director, and Messrs Frederick Geldenhuys, Sean Edwards and Eugene Nel as independent non-executive directors. Mr Sean Edwards was appointed as chairperson of the board on 10 August 2021.

On 15 September, the following resignations occurred: Mr Nick van der Hoven (as chief executive officer) and Mr Frederick Geldenhuys (as an independent non-executive director). Mr Jonathan Knowlden, the financial director, stepped in as interim chief executive officer with effect from 16 September 2021. The company has commenced the process to appoint a suitable replacement CEO and shareholders will be advised once such appointment has been made.

4. Changes to share capital

In January 2021, the company issued 113 683 334 shares to Pelagic Resources Pte Limited, for the aggregate amount of R35 241 834.

During March 2021, the company issued 147 811 073 ordinary shares for an aggregate amount of R54 690 097 to Raubex Proprietary Limited. Total issued shares in the company have therefore increased to 640 514 656 shares.

5. Property, plant and equipment

	Motor vehicles R'000	Right-of-use assets R'000	Furniture and office equipment R'000	Mine infra-structure and equipment R'000	Total R'000
Property, plant and equipment					
30 June 2021 (reviewed)					
Cost					
As at 1 July 2020	**4 199**	**5 905**	**774**	**189 082**	**199 960**
Additions	**663**	**48 536**	**79**	**84 831**	**134 109**
Disposal	**(1 139)**	**–**	**(16)**	**–**	**(1 155)**
As at 30 June 2021	**3 723**	**54 441**	**837**	**273 913**	**332 914**
Accumulated depreciation					
As at 1 July 2020	**2 103**	**1 049**	**457**	**15 730**	**19 339**
Depreciation	**591**	**8 278**	**184**	**19 480**	**28 533**
Disposal	**(843)**	**–**	**(7)**	**–**	**(850)**
As at 30 June 2021	**1 851**	**9 327**	**634**	**35 210**	**47 022**
Carrying value as at 30 June 2021	**1 872**	**45 114**	**203**	**238 703**	**285 892**
30 June 2020 (audited)					
Cost					
As at 1 July 2019	2 998	–	612	144 793	148 403
Additions	1 201	5 905	183	44 289	51 578
Disposal	–	–	(21)	–	(21)
As at 30 June 2020	4 199	5 905	774	189 082	199 960
Accumulated depreciation					
As at 1 July 2019	1 677	–	269	6 628	8 574
Depreciation	426	1 049	197	9 102	10 774
Disposal	–	–	(9)	–	(9)
As at 30 June 2020	2 103	1 049	457	15 730	19 339
Carrying value as at 30 June 2020	2 096	4 856	317	173 352	180 621

5. Property, plant and equipment continued

During the current financial year, there were additions of R84,831 million (2020: R44,289 million) to mine infrastructure and equipment. The additions relate mainly to the development of the Moeijelijk underground mine of R82,908 million (2020: R46,889 million), additions to the wash plant of R3,552 million (2020: R3,955 million) and the decrease in the capitalisation of the pre-stripping costs in accordance with IFRIC 20 of R1,738 million (R14,002 million). Additions to right-of-use assets amounted to R48,536 million (2020: R5,905 million) (refer to note 10).

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

6. Investment in associate

On 19 July 2019, Bauba entered into a Sale of Shares and Claims Agreement with Ms DC Butler to acquire her shares in Nuco Chrome Bophuthatswana Proprietary Limited (Nuco Chrome) for an aggregate purchase consideration of R60 million which represents 74% of the issued share capital of the Nuco Chrome. Bauba had, as at 30 June 2021, initially obtained 22% of the issued share capital for a cash consideration of R10 million. Bauba had significant influence over this investment (as at the end of the current financial period) and it is accounted for using the equity method of accounting. Nuco Chrome's principal place of business is in Rustenburg, South Africa.

Investment in associate is evaluated for impairment by comparing the carrying value of the investment to the recoverable amount, which is the higher of value in use or fair value less costs to sell. A discounted cash flow model is used to calculate the net present value of the investment. The impairment valuation during the current year resulted in Rnil impairment being recognised. Refer to note 16 for detail related to the completion of the Nuco Chrome transaction.

The carrying amount of the equity-accounted investment is as follows:

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Balance at the beginning of the year	9 946	–
– acquisition of associate	–	10 000
– share of loss of associate for the year	(519)	(54)
Balance at the end of the year	**9 427**	9 946

Summary of the significant financial information of Nuco Chrome

The information disclosed reflects the amounts presented in the financial statements of Nuco Chrome and not the Bauba group's share of those amounts. Nuco Chrome did not declare dividends during the current financial year.

6. Investment in associate continued

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Non-current assets	**21 756**	13 225
Property, plant and equipment	2 213	–
Intangible assets	19 543	13 225
Current assets	**1 163**	628
Trade and other receivables	552	1
Cash and cash equivalents	611	627
Non-current liabilities	**7 172**	20 079
Loans from shareholders	7 172	7 718
Other financial liabilities	–	12 361
Current liabilities	**24 376**	43
Trade and other payables	2 991	43
Loans from shareholders	8 623	–
Other financial liabilities	12 762	–
Investment revenue	25	35
Loss for the year	(2 360)	(366)
Total comprehensive loss for the year	(2 360)	(366)

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Reconciliation to carrying amounts:		
Opening net assets	(6 269)	(5 903)
Loss for the year	(2 360)	(366)
Closing net assets	**(8 629)**	(6 269)
Group's share in %	22	22
Group's share in net assets	(1 898)	(1 379)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the year ended 30 June 2021

7. Inventory

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Chrome ore	105 840	83 787
Write-off of inventory to net realisable value	(19 843)	(18 802)
Balance at the end of the period	85 997	64 985

Inventory is based on direct and indirect costs incurred in the production of chrome ore.

8. Borrowings

Bauba A Hlabirwa Mining Investments Proprietary Limited

In March 2020, Bauba A Hlabirwa entered into a long-term loan agreement to finance the expansion of the underground operations. The total principal amount under the agreement is US$5,0 million which had been fully drawn down by July 2020. The loan is repayable in 33 equal monthly instalments, which commenced at the end of August 2020.

The loan is a variable rate (three-month LIBOR plus 6,45%), US$-denominated loan which is carried at amortised cost. A loan structuring fee of US$27 500 was payable on drawdown of the first utilisation of the loan amount.

Bauba Resources Limited

In April 2021, the company entered into a long-term agreement to finance the acquisition of the remaining 52% of Nuco Chrome and for the development of Nuco Chrome's opencast operations. The total principal amount in terms of the agreement is US$5,0 million of which US$3,8 million has been drawn down on 28 June 2021 US$268,238 was received in the company's account on 30 June 2021 with the balance (US$3,531,762) received in an escrow account on 1 July 2021. Escrow funds were utilised on 2 July 2021 for the settlement of the outstanding R50 million cash consideration required for the purchase of the remaining 52% shareholding in Nuco Chrome; bringing the company's overall interest in Nuco Chrome to 74%. Refer to note 16 for further detail on the subsequent event. The loan is repayable in 30 equal monthly instalments, commencing at the end of January 2022.

The loan is a fixed rate (6,25%), US$-denominated loan which is carried at amortised cost. A loan structuring fee of 5,00% and administration fee of 2,75% are also payable on the outstanding loan amount from 31 July 2021.

8. Borrowings continued

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Opening balance	70 637	–
Drawdowns	21 155	68 853
Repayment	(29 939)	–
Finance costs	4 044	731
Structuring fee payable	–	477
Foreign exchange (gain)/loss[1]	(12 324)	576
	53 573	70 637
Current	28 181	24 059
Non-current	25 392	46 578
Maturity analysis – contractual undiscounted cash flows		
Less than one year	29 984	27 740
Between one to two years	24 329	28 133
Between two to five years	1 480	22 109

[1] *A foreign exchange gain of R12,324 million (2020: loss of R576 000) was realised due to the strengthening of the US$/ZAR exchange rate from 17,36 as at 30 June 2020 to 14,28 as at 30 June 2021.*

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the year ended 30 June 2021

9. Loans from shareholders

In October 2019, the group entered into a loan agreement with a shareholder for an amount of R10 million repayable on 31 March 2022. The loan is a fixed rate loan that is carried at amortised cost.

In October 2020, the company entered into loan agreements with two additional shareholders for an amount of R5 million each repayable on or before 31 December 2021. The loans were unsecured variable rate loans (prime plus 2%) that are carried at amortised cost. Both loans were repaid in March 2021.

In March 2021, the company entered into a loan agreement with a shareholder for an amount of R10,5 million repayable on or before 28 February 2022. The loan is an unsecured variable rate loan (prime plus 2%) that is carried at amortised cost.

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Opening balance	10 194	–
Loan advanced	20 500	10 000
Loan repaid	(10 000)	–
Finance costs incurred	1 298	194
Finance costs paid	(1 315)	–
Closing balance	20 677	10 194
Current	20 677	194
Non-current	–	10 000
The maturity of the borrowings is as follows:		
Less than one year	20 677	787
Between one to two years	–	10 468
Between two to five years	–	–

10. Leases

The group entered into lease arrangements for the renting of mining equipment and motor vehicles. Leases relating to mining equipment are for a period of three years and bear interest at between 11,0% to 13,6%. Right-of-use assets have been included as part of property, plant and equipment.

Leases relating to motor vehicles are for a period of five years and bear interest at the South African prime interest rate plus 1,5%.

	Reviewed 30 Jun 2021		
	Motor vehicles R'000	Mining equipment R'000	Total R'000
Right-of-use assets			
Balance at the beginning of the year	489	4 367	4 856
– additions	–	48 536	48 536
– depreciation	(107)	(8 171)	(8 278)
Balance at the end of the year	382	44 732	45 114
Lease liability			
Balance at the beginning of the year	562	4 513	5 075
– additions	–	48 536	48 536
– finance costs	44	4 513	4 557
– lease payments	(148)	(15 988)	(16 136)
Balance at the end of the year	458	41 574	42 032
Lease liability included in the statement of financial position	458	41 574	42 032
Current	113	17 399	17 512
Non-current	345	24 175	24 520
Maturity analysis – contractual undiscounted cash flows			
Less than one year	147	21 781	21 928
Between one to two years	147	20 570	20 717
Between two to five years	239	5 793	6 032

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued
for the year ended 30 June 2021

10. Leases continued

	Audited 30 Jun 2020		
	Motor vehicles R'000	Mining equipment R'000	Total R'000
Right-of-use assets			
Balance at the beginning of the year	–	–	–
– additions	534	5 371	5 905
– depreciation	(45)	(1 004)	(1 049)
Balance at the end of the year	489	4 367	4 856
Lease liability			
Balance at the beginning of the year	–	–	–
– additions	614	5 371	5 985
– finance costs	21	354	375
– lease payments	(73)	(1 212)	(1 285)
Balance at the end of the year	562	4 513	5 075
Lease liability included in the statement of financial position	562	4 513	5 075
Current	103	1 687	1 790
Non-current	459	2 826	3 285
Maturity analysis – contractual undiscounted cash flows			
Less than one year	148	2 157	2 305
Between one to two years	148	2 157	2 305
Between two to five years	389	946	1 335

There are no contingent payables, restrictions nor covenants imposed on these leases. Leases are all fixed-term leases with no variable portion.

11. Other liabilities

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Royalties payable	**97**	2 719
Revenue received in advance	**–**	14 534
Other	**939**	658
Balance at the end of the period	**1 036**	17 911
Current liabilities		
At amortised cost	**1 036**	**17 911**

Revenue received in advance arises from customers paying for chrome ore prior to delivery being effected. During the current financial year, Rnil (2020: R5,421 million) was recognised as revenue. The R14,534 million received in advance from the 2020 financial year was repaid to the customer as delivery of the chrome ore was not effected.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the year ended 30 June 2021

12. Cash flow information

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Cash flow from operating activities		
(Loss)/profit before tax	**(31 080)**	(59 495)
Adjustments for:	**62 611**	36 672
Amortisation	**9 701**	3 477
Depreciation (note 5)	**28 533**	10 775
Write-off of inventory to net realisable value (note 7)	**19 843**	18 802
Loss on derecognition of property, plant and equipment	**305**	12
Revenue accrual	**7 441**	–
Environmental rehabilitation provision	**(716)**	(856)
Finance income	**(1 122)**	(885)
Finance cost	**4 558**	602
Movement in share-based payment reserve	**(282)**	2 628
Non-cash adjustments to borrowings (note 8)	**(8 280)**	1 784
Share of loss of associate (note 6)	**519**	54
Taxation adjustment	**593**	–
Finance cost capitalised on shareholder loan	**1 298**	194
Other non-cash items	**220**	85
Changes in working capital	**(55 628)**	31 745
Trade and other receivables	**(12 549)**	(3 701)
Trade and other payables	**(2 224)**	32 200
Inventory	**(40 855)**	3 246
Cash inflow from operating activities before tax paid	**(24 097)**	8 922

13. Operating segments

	Chrome projects R'000	Platinum exploration R'000	Corporate R'000	Intragroup elimination R'000	Total R'000
30 June 2021 (reviewed)					
Revenue	**277 100**	**–**	**13 795**	**(13 795)**	**277 100**
Loss before tax	**(26 698)**	**–**	**(4 382)**	**–**	**(31 080)**
Income tax credit	**3 853**	**–**	**–**	**–**	**3 853**
Loss after tax	**(22 845)**	**–**	**(4 382)**	**–**	**(27 227)**
Finance income	**590**	**–**	**1 208**	**(676)**	**1 122**
Finance cost	**(10 414)**	**–**	**(746)**	**676**	**(10 484)**
Depreciation, amortisation and impairment	**(38 151)**	**–**	**(82)**	**–**	**(38 233)**
Share of loss of associate	**(519)**	**–**	**–**	**–**	**(519)**
Total assets	**570 401**	**20 161**	**95 525**	**(90 998)**	**595 089**
Total liabilities	**(279 021)**	**–**	**(16 272)**	**90 998**	**(204 295)**
30 June 2020 (audited)					
Revenue	260 394	–	13 611	(13 611)	260 394
Loss before tax	(54 303)	–	(5 192)	–	(59 495)
Income tax credit	14 219	–	–	–	14 219
Loss after tax	(40 084)	–	(5 192)	–	(45 276)
Finance income	25	–	1 183	(323)	885
Finance cost	(2 328)	–	–	323	(2 005)
Depreciation and amortisation	(14 158)	–	(94)	–	(14 252)
Share of loss of associate	(54)	–	–	–	(54)
Total assets	380 196	20 161	38 964	21 183	460 504
Total liabilities	(136 540)	–	(24 410)	(21 183)	(182 133)

The segmental analysis is based on the Moeijelijk chrome project, platinum exploration and corporate activities. All revenue was generated in South Africa, therefore no geographical segments are presented.

Revenue from one customer amounted to 80% (2020: 95%) of total revenue in the chrome projects segment.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the year ended 30 June 2021

14. Earnings per share

	Reviewed 30 Jun 2021 R'000	Audited 30 Jun 2020 R'000
Headline loss reconciliation		
Loss attributable to equity holders of the parent	**(21 855)**	(30 592)
Loss on disposal of assets	**304**	21
Headline earnings	**(21 550)**	(30 571)
Basic loss per share (cents)	**(4,73)**	(8,07)
Diluted loss per share (cents)	**(4,73)**	(8,07)
Headline loss per share (cents)	**(4,73)**	(8,07)
Diluted headline loss per share (cents)	**(4,73)**	(8,07)
Number of shares in issue at the end of the period ('000)	**640 515**	379 020
Reconciliation of weighted average number of shares to diluted weighted average number of shares		
Weighted average number of shares ('000)	**462 154**	379 020
Dilutive effect of share options	**–**	323
Diluted weighted average number of shares ('000)	**462 154**	379 343

The dilutive impact arose from the performance shares granted in terms of the long-term 2013 share incentive plan in 2019 and had an anti-dilutive effect on the diluted loss per share calculation in 2021, thus no impact has been noted.

Headline earnings per share has been calculated in accordance with the SAICA Circular 1/2021 entitled Headline Earnings which forms part of the JSE Listings Requirements.

15. Going Concern

The cash flow forecast prepared by Bauba's management, based on current available information, indicates that the group will have funds available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As is common with many junior exploration and mining companies, the group raises capital for exploration and other projects as and when required. There can be no assurance that the group's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects may be adversely affected by factors outside the control of the group as the group's operating results are subject to changes in the average chrome and PGM prices and US$ exchange rate. Global market uncertainties, driven by COVID-19, have lowered the global demand for stainless steel and, in turn, demand for chrome. The price of platinum group metals has recently dropped due to a shortage of semiconductor chips negatively impacting demand for autocatalytic convertors. Freight costs have increased from below US$20 per tonne at the start of the calendar year to above US$50 per tonne which has had a material negative impact on Bauba's cash flows. The market price of 42% chrome concentrate decreased from US$162,50 (China CIF) at the beginning of the financial period to US$160,00 (China CIF) at the end of the financial period. The current market price is US$165 (China CIF) as at mid-September 2021. The US$/ZAR exchange rate has remained relatively flat from 14,28 at the end of the financial period to 14,44 as at 15 September 2021. If the chrome price drops below this level for an extended period, or if the US$/ZAR exchange rate strengthens significantly, it could cause a material uncertainty for the group to meet its obligations as they fall due.

The directors have, subject to the aforesaid caveats, a reasonable expectation that the group will have adequate resources to continue in operational existence for at least the next 12 months from the reporting date.

16. Subsequent events

Completion of Nuco Chrome transaction

All conditions precedent, including the section 11 Ministerial Consent from the Department of Mineral Resources and Energy, were fulfilled on 2 July 2021 and the acquisition has become unconditional. Accordingly, Bauba now owns 74% of the entire issued share capital of Nuco Chrome and the Kookfontein Mine which has an estimated life-of-mine of 10 years with the current estimated SAMREC Code-compliant Mineral Resources (excluding the UG2) totalling approximately 10,1 million metric tonnes.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the year ended 30 June 2021

16. Subsequent events continued

The book value of the net assets acquired is as follows:

	Reviewed 30 Jun 2021 R'000
Property, plant and equipment	2 213
Intangible assets	19 543
Trade and other receivables	552
Cash and cash equivalents	611
Loans from shareholders	(15 795)
Other financial liabilities	(12 762)
Trade and other payables	(2 991)
Total	**(8 629)**

As at the date of authorisation of these financial results, a detailed assessment of the fair value of the identified net assets has not been completed. The group is still assessing the value of the intangible asset and the recoverability of trade and other receivables.

Fair value of the consideration is R60 million which consists of R10 million (for initial 22% interest) and R50 million (for additional 52% interest).

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

Claw-back offer

On 28 September 2021 the board approved Bauba's intention to raise an amount of R33,884 million by way of a renounceable claw-back offer pursuant to which Bauba shareholders will be offered the right to subscribe for their *pro rata* portion of 109 302 842 shares, at a subscription price of R0,31 per claw-back share, to be underwritten by the company's major shareholders, Pelagic Resources Pte Limited and/or Raubex Proprietary Limited, at no underwriting fee. In terms of the agreement to be entered into between the Company and the Underwriters, the proceeds from the claw-back offer will be lent to Bauba by the underwriters upfront.

29 September 2021
Johannesburg

CORPORATE INFORMATION

Nature of business

Exploration and mining of mineral resources
Registration number:1986/004649/06
Country of incorporation: Republic of South Africa
Share code: BAU
ISIN code: ZAE000145686
"Bauba" or "the company" or "the group"

Registered address

Cube Workspace
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web: www.baubaresources.co.za

Postal address

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Bryanston, 2021

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Non-executive

S Edwards *(Chairperson)**
Dr NM Phosa*
T Makgala*
T Baring
R Shedlock
J Wessels
J Le Roux
T Slabber
E Nel*
** Independent*

Executive

JA Knowlden *(Acting chief executive officer)*

Company secretary

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Email: bauba@acorim.co.za

Transfer secretaries

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Sponsor

Merchantec Capital

Auditor

BDO South Africa Incorporated

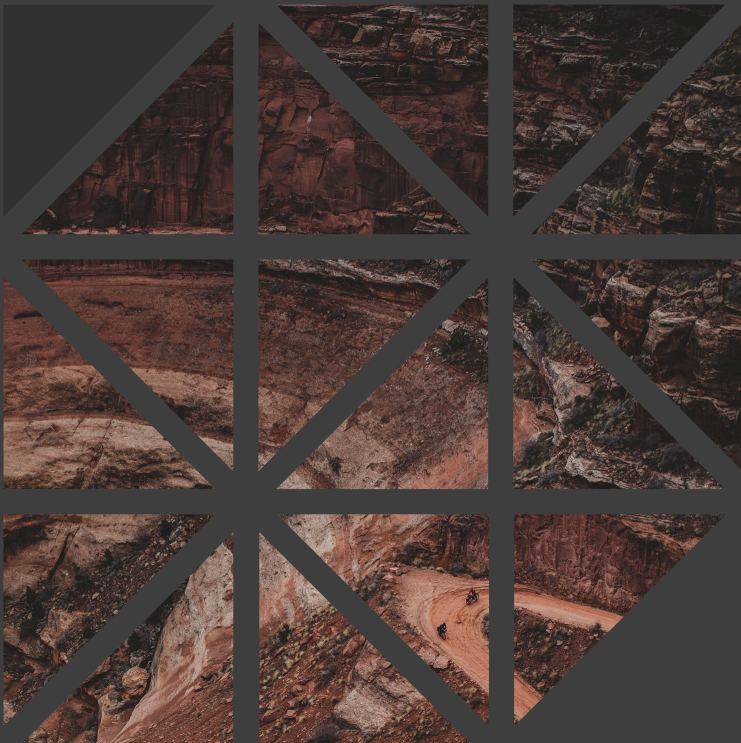
Attorney

Tabacks Legal Advisors
Webber Wentzel

Banker

Nedbank Limited

purple.frog



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