BAUBA
RESOURCES

Reviewed condensed consolidated results

for the eight-month period ended 28 February 2022 and change of year-end

22.

CREATING
SHARED
MOMENTUM

SALIENT FEATURES

for the eight-month period ended 28 February 2022

R256,2 MILLION

Revenue

(30 June 2021: R277,1 million)

▼ 7,5%

R293,8 MILLION

Investment in property, plant, equipment and intangible assets

(30 June 2021: R202,6 million)

▲ 45,0%

R52,3 MILLION

Total comprehensive loss for the period

(30 June 2021: R31,4 million)

▼ 66,5%

138 053 TONNES

Chrome concentrate production

(2021 eight-month comparable: 98 590 tonnes)

▲ 40,0%

205 940 TONNES

Run-of-mine production

(2021 eight-month comparable: 177 508 tonnes)

▲ 16,0%

COMMENTARY

Change of financial year-end

With effect from 29 January 2022, the company changed its financial year-end from 30 June to 28 February. This corresponds with the year-end of the controlling shareholder, Raubex Group Limited.

Following the change of year-end from 30 June to 28 February, to provide a more meaningful assessment of the company's performance for the period, pro forma financial information has been included for the comparable eight-month period to 31 October 2021 (comparable eight-month prior period). The pro forma financial information has been derived from unpublished management accounts, of which the company is satisfied with its quality.

The directors of Bauba Resources Limited are responsible for compiling the pro forma financial information on the basis applicable to the criteria as detailed in paragraphs 8.15 to 8.34 of the listings requirements of the JSE Limited (JSE) and the SAICA Guide on Pro Forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with International Financial Reporting Standards (IFRS). The pro forma information has been prepared for illustrative purposes only and, because of its nature, may not fairly present the company's financial position, results of operations and cash flows. The company's external auditor, BDO South Africa Incorporated, issued an unmodified accountants' report on the pro forma information on 13 May 2022. A copy of the report is available on request.

Financial and operational review

Run-of-mine (RoM) production was 205 940 tonnes for the eight months to 28 February 2022 compared to 177 508 tonnes for the comparable eight-month prior period, an increase of 16,0%. RoM production for the prior financial period (12 months to 30 June 2021) was 294 480 tonnes. This period's chrome concentrate production was 138 053 tonnes compared to 98 590 tonnes in the comparable eight-month prior period, an increase of 40,0%. Chrome concentrate production for the prior reporting financial period (12 months to 30 June 2021) was 182 390 tonnes. The improvement in the chrome concentrate production yield from 55,5% to 67,0% was driven by 23,4% higher stoping production while on-reef development production was flat.

Production was negatively impacted by adverse geological conditions necessitating a revision of underground support standards and a reduction in stoping panel length, requiring significant redevelopment as well as prolonged safety stoppages effectively impacting production by a combined month over the period October 2021 to December 2021.

Chrome ore cost, insurance and freight (CIF) prices for benchmark 42% concentrate, as reported by FerroAlloyNet, averaged US$172 per tonne (China CIF) for July 2021 to February 2022. July 2020 to June 2021 prices averaged US$148 per tonne (China CIF). The US$24 per tonne increase in the average chrome ore China CIF prices for benchmark 42% concentrate was offset by a similar increase in freight costs and an average stronger South African Rand.

Freight costs during the current reporting period have increased significantly (in US Dollar terms) compared to the prior reporting 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.

Turnover increased by 1,9% to R256,2 million from R251,3 million for the comparable eight-month period. Turnover for the 12 months to 30 June 2021 was R277,1 million. This was partially offset by an increase in chrome concentrate production and an increase in chrome speciality-grade concentrate sales over the comparable eight-month prior period.

Cost of sales decreased by 4,05% driven by the current reporting period of eight months compared to the prior reporting financial period partially offset by increased RoM production of 16,0%, the increase in diesel costs, prolonged safety stoppages and adverse geological conditions resulting in the mine running below capacity and incurring substantial fixed costs without associated production. The cost per tonne of concentrate produced increased by 26,8%.

Acquisition of Kookfontein (Nuco Chrome)

The Kookfontein chrome project is situated in the North West province of the Republic of South Africa. Bauba purchased a 74% shareholding in Nuco Chrome Bophuthatswana Proprietary Limited (Nuco Chrome), as detailed in the SENS announcements published on 23 July 2019 and 5 July 2021. 22% was acquired in July 2019 with the remaining 52% being acquired subsequent to the year ended 30 June 2021 (in July 2021).

Nuco Chrome is an exploration and mining company with mineral rights for various minerals, including chrome ore and platinum group elements. The first phase of opencast mining will target approximately 400 000 tonnes of opencast fresh and transitional UG2 ore.

Outlook

Bauba's Moeijelijk underground development and ramp up are progressing positively after the setback experienced between October 2021 to December 2021, noted previously. 29 700 tonnes of production were hauled in February 2022 and over 32 400 production tonnes were hauled in March 2022.

COVID-19 risks have reduced as vaccines have been rolled out, global stainless steel production is expected to grow by 10% this year and strong Chinese consumption coupled with lower South African production has reduced Chinese port stocks from 3,8 million tonnes at the end of October 2021 to 2,8 million tonnes at 22 April 2022. This decrease in port stocks is expected to continue. In addition, there is a shortage of high-grade concentrates which Bauba produces.

Opencast mining has commenced at our Kookfontein project near Rustenburg. The Kookfontein UG2 project will be for a remaining anticipated 12 months allowing Bauba to capitalise on current platinum group metals pricing. Bauba will commence mining the opencast LG/MG and UG1 chrome ore seams on this project should Nuco Chrome obtain the necessary mining right to do so. The Nuco Chrome mining right application for the chrome ore seams was lodged in March 2020 and if this is not granted within the next financial year, Nuco Chrome's operation will cease until it is granted, resulting in considerable financial losses.

This report contains forward-looking information which represents the opinion of Bauba's board of directors and has not been reviewed by the group's auditor.

The auditor's report does not necessarily report on all of the information contained in this announcement/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 reports together with the accompanying financial reports from the company's registered office.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the eight-month period ended 28 February 2022

	Note	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000
Revenue	5	**256 170**	277 100
Cost of sales		**(218 359)**	(224 259)
Gross profit		**37 811**	52 841
Other income		**779**	–
Operating and administrative expenses		**(83 621)**	(90 943)
Finance income		**76**	1 122
Finance cost		**(13 312)**	(11 697)
Foreign exchange (loss)/gain		**(6 267)**	12 324
Share of loss of associate accounted for using the equity method		**–**	(519)
Loss before tax		**(64 534)**	(36 872)
Income tax credit		**12 264**	5 475
Loss for the period		**(52 270)**	(31 397)
Other comprehensive income		**–**	–
Total comprehensive loss for the period		**(52 270)**	(31 397)
Loss attributable to:			
Equity holders of the parent		**(40 136)**	(24 357)
Non-controlling interest		**(12 134)**	(7 040)
Basic and diluted loss per share before effect of rights issue (cents)	13	**(6,27)**	(5,26)
Basic and diluted loss per share restated for rights issue (cents)	13	**(5,92)**	(5,12)

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2022

	Note	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000	12 months Restated Audited 30 Jun 2020 R'000
ASSETS				
Non-current assets		**738 136**	492 323	332 405
Intangible assets	6	**20 161**	20 161	20 161
Property, plant and equipment	7	**717 975**	462 690	302 298
Investment in associate		**–**	9 427	9 946
Other non-current assets		**–**	45	–
Current assets		**187 955**	117 589	128 099
Inventory	8	**126 234**	85 997	64 985
Trade and other receivables		**60 231**	19 708	14 600
Loan to associate		**–**	7 072	–
Cash and cash equivalents		**1 490**	4 812	48 514
Total assets		**926 091**	609 912	460 504
EQUITY AND LIABILITIES				
Equity		**309 303**	329 933	278 371
Stated capital		**636 316**	602 432	512 500
Reverse asset acquisition reserve		**(282 988)**	(282 988)	(282 988)
Share-based payment reserve		**–**	–	6 973
Retained loss		**(77 947)**	(37 811)	(13 454)
Non-controlling interest		**33 922**	48 300	55 340
Non-current liabilities		**341 002**	112 130	82 184
Environmental rehabilitation provision		**23 809**	5 078	5 794
Deferred tax		**411**	11 051	16 527
Borrowings	9	**74 106**	69 461	46 578
Share-based payment liability		**–**	6 691	–
Loans from shareholders	10	**175 173**	–	10 000
Lease liability	11	**67 503**	19 849	3 285
Current liabilities		**275 786**	167 849	99 949
Trade and other payables		**161 222**	69 226	54 354
Borrowings	9	**81 438**	63 171	24 059
Loans from shareholders	10	**10 093**	20 677	194
Lease liability	11	**23 033**	13 739	1 790
Other financial liabilities		**–**	1 036	17 911
Current tax payable		**–**	–	1 641
Total equity and liabilities		**926 091**	609 912	460 504

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the eight-month period ended 28 February 2022

	Note	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000
Cash flow from operating activities			
Net cash effects from operating activities		43 770	(29 806)
Operating profit before working capital changes		32 534	25 822
Working capital changes		11 236	(55 628)
Cash flow from investing activities			
Net cash effects from investing activities		(234 357)	(157 133)
Advance of loan to associate		–	(7 072)
Investment in long-term deposits		–	(45)
Acquisition of property, plant and equipment	7	(234 433)	(151 138)
Finance income		76	1 122
Cash flow from financing activities			
Net cash effects from financing activities		187 265	143 237
Proceeds from issue of shares		33 884	89 932
Repayment of borrowings	9	(36 878)	(37 185)
Proceeds from borrowing	9	52 032	103 265
Loans from shareholders advanced	10	192 425	20 500
Loans from shareholders repaid	10	(30 828)	(10 000)
Principal paid on lease liabilities	11	(10 862)	(11 578)
Finance cost paid – lease liabilities	11	(4 829)	(3 688)
Finance cost paid – loan from shareholders	10	–	(1 315)
Finance cost paid – borrowings	9	(7 679)	(6 694)
Total cash movement for the year		(3 322)	(43 702)
Cash and cash equivalents – beginning of the period		4 812	48 514
Cash and cash equivalents – end of the period		1 490	4 812

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the eight-month period ended 28 February 2022

	Stated capital R'000	Reverse asset acquisition reserve R'000	Share-based payment reserve R'000	Retained earnings/ loss R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 July 2019	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 year	–	–	–	(30 592)	(14 684)	(45 276)
Balance as at 30 June 2020	512 500	(282 988)	6 973	(13 454)	55 340	278 371
Share-based payment reserve movement	–	–	(6 973)	–	–	(6 973)
Total comprehensive loss for the year	–	–	–	(21 485)	(5 742)	(27 227)
Issue of share capital (note 14)	89 932	–	–	–	–	89 932
Balance as at 30 June 2021 (As previously reported)	602 432	(282 988)	–	(34 939)	49 598	334 103
Restatement (note 4)	–	–	–	(2 872)	(1 298)	(4 170)
Balance as at 30 June 2021 (Restated)	602 432	(282 988)	–	(37 811)	48 300	329 933
Non-controlling interest at acquisition of subsidiary	–	–	–	–	(2 244)	(2 244)
Total comprehensive loss for the year	–	–	–	(40 136)	(12 134)	(52 270)
Issue of share capital	33 884	–	–	–	–	33 884
Balance as at 28 February 2022	636 316	(282 988)	–	(77 947)	33 922	309 303

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS

for the eight-month period ended 28 February 2022

1. Basis of presentation

These condensed consolidated financial results have been prepared under the supervision of Jonathan Knowlden CA(SA), the acting chief executive officer (CEO), in accordance with:

- IAS 34: *Interim Financial Reporting*;
- The framework concepts and the measurement and recognition requirements of IFRS 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);
- The JSE Listings Requirements; and
- The SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

The same accounting policies, presentation and measurement principles have been followed in the preparation of the condensed consolidated financial results for the eight-month period ended 28 February 2022 as were applied in the preparation of the group's annual financial statements for the year ended 30 June 2021.

Condensed financial statements do not include all the notes generally included in the group annual financial statement.

The new controlling shareholder has a different financial year-end, therefore the year-end has changed from June to February. Accordingly, the current period is from 1 July 2021 to 28 February 2022 (eight months).

The accounting policies are in terms of IFRS and are supported by reasonable and fair judgements and estimates. The same accounting policies as in 2021 were applied.

1.1 Auditor's review conclusion

These provisional condensed consolidated financial results for the period ended 28 February 2022 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 the going concern paragraph on the group's provisional condensed consolidated results for the period ended 28 February 2022.

Material uncertainty relating to going concern

The material uncertainty relating to going concern, as disclosed in note 15 to the condensed consolidated results, indicates that due to the ongoing capital requirements of the group and the current subdued market conditions, such as low chrome ore prices and the strengthening of the South African Rand to the United States Dollar exchange rate, which, should they continue for an extended period of time, may cast significant doubt on the group's ability to continue as a going concern. The auditor's review conclusion is not modified in respect of this matter.

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 company's registered office an is also available on the company's website **www.baubaresources.co.za**.

2. Board

Johan Le Roux, Robert Shedlock and Jurie Hendrik Wessels were appointed as non-executive directors on 1 April 2021, 2 April 2021 and 7 April 2021 respectively.

Nico van der Hoven, Martin Luyt and Damian Smith resigned as non-executive directors with effect from 30 July 2021.

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

Nick van der Hoven resigned as CEO with effect from 15 September 2021. Jonathan Knowlden, the previous financial director, continues in the role of acting CEO. Fred Geldenhuys resigned as non-executive director with effect from 15 September 2021 and Thinus Slabber resigned as non-executive director with effect from 29 October 2021. Thabile Makgala resigned with effect from 1 October 2021.

With effect from 9 May 2022:

- Gary Baumgarten has been appointed as an alternate non-executive director to Thomas Baring;
- Terence Jordaan has been appointed as a non-executive director and, simultaneously, the role of Johan Le Roux, previously a non-executive director of the board, has changed to that of an alternate director to Terence Jordaan; and
- Berrangé Nelson has been appointed as an executive director and the financial director of the group.

Accordingly, the function of Jonathan Knowlden has changed from that of financial director and acting CEO to sole CEO of the group, also with effect from 9 May 2022.

3. Changes in share capital

In November 2021, the company issued 109 302 842 shares by way of a claw-back offer. Total issued shares in the company has therefore increased to 749 817 498 shares.

4. Restatement of prior period error

4.1 Finance raised through key contractor

The prior year periods had to be restated for the effect of additional financing that was secured in October 2020 amounting to R82 million by a key contractor from a bank that was deemed to be borrowings for Bauba (refer to note 9).

R71 million of the secured finance facility from the bank was capitalised to mine operations and R11 million of the finance proceeds were used as deposits on leased equipment.

In addition, several of the existing lease agreements were also accounted for over 36 months instead of 22 months.

The cumulative effect of the above changes is an additional cost of R5,8 million before tax to the income statement due to extra depreciation and borrowing costs resulting from the above.

4. Restatement of prior period error continued

This restatement had the following effect in the restated periods:

Change in consolidated statement of comprehensive income	30 Jun 2021 R'000
Additional finance cost	(1 213)
Additional depreciation	(4 578)
Total extra costs before tax	(5 791)
Tax	1 621
Non-controlling interest	1 298
Retained income	(2 872)
Effect on basic earnings per share (cents)	(0,60)

Change in financial position as at	30 Jun 2021 R'000
Borrowings	(79 059)
Lease liability	8 054
Property, plant and equipment	62 233
Right-of-use asset	2 981
Retained income	2 872
Non-controlling interest	1 298
Deferred tax	1 621

4.2 Mineral rights in production

The prior year periods had to be restated for the effect of reclassification of the chrome mineral right in production, classified as intangibles, to property, plant and equipment (refer to notes 6 and 7).

The restatement was necessary because the mineral rights have been put into production, thus the feasibility point has been raised and accordingly classified as property, plant and equipment.

This restatement had the following effect in the restated periods:

Change in consolidated statement of comprehensive income	30 Jun 2021 R'000	30 Jun 2020 R'000
Depreciation	(9 701)	(3 477)
Amortisation	9 701	3 477
Retained income	–	–
Effect on basic earnings per share (cents)	–	–

Change in financial position as at	30 Jun 2021 R'000	30 Jun 2020 R'000
Property, plant and equipment at cost	156 907	156 907
Intangibles at cost	(156 907)	(156 907)
Accumulated depreciation	(44 931)	(35 230)
Accumulated amortisation	44 931	35 230

5. Revenue

	GROUP		COMPANY	
	Eight months Reviewed 28 Feb 2022 R'000	12 months Audited 30 Jun 2021 R'000	Eight months Reviewed 28 Feb 2022 R'000	12 months Audited 30 Jun 2021 R'000
Revenue comprises:				
Sale of chrome ore	**256 170**	277 100	**–**	–
Management fees from subsidiary (eliminated on consolidation)	**–**	–	**12 036**	13 795

The company derives revenue from management fees at a point in time.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the eight-month period ended 28 February 2022

6. Intangible assets

	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
28 February 2022 (Reviewed)			
Platinum mineral rights	**30 555**	**(10 394)**	**20 161**
Total mineral rights	**30 555**	**(10 394)**	**20 161**
30 June 2021 (Audited)			
Platinum mineral rights	30 555	(10 394)	20 161
Total mineral rights	30 555	(10 394)	20 161
30 June 2020 (Audited)			
Platinum mineral rights	30 555	(10 394)	20 161
Chrome mineral rights	156 907	(35 230)	121 677
Chrome mineral rights transferred to property, plant and equipment	(156 907)	35 230	(121 677)
Total mineral rights	30 555	(10 394)	20 161

6. Intangible assets continued

Reconciliation

	Opening balance R'000	Additions R'000	Amortisation R'000	Reclassification R'000	Closing balance R'000
28 February 2022 (Reviewed)					
Platinum mineral rights	**20 161**	**–**	**–**	**–**	**20 161**
Total mineral rights	**20 161**	**–**	**–**	**–**	**20 161**
30 June 2021 (Audited)					
Platinum mineral rights	20 161	–	–	–	20 161
Total mineral rights	20 161	–	–	–	20 161
30 June 2020 (Audited)					
Platinum mineral rights	20 161	–	–	–	20 161
Chrome mineral rights	156 907	–	(35 230)	(121 677)*	–
Total mineral rights	177 068	–	(35 230)	(121 677)	20 161

* *Refer to restatement note 4.2.*

7. Property, plant and equipment

	Motor vehicles R'000	Right-of-use assets R'000	Furniture and office equipment R'000	Mine infra-structure and equip-ment R'000	Mineral rights in production R'000	Total R'000
28 February 2022 (Reviewed)						
Cost						
As at 1 July 2021	3 723	57 344	837	339 478	156 907	558 289
Additions	–	59 363	180	170 286	63 967	293 796
Disposal	–	–	(16)	–	–	(16)
As at 28 February 2022	3 723	116 707	1 001	509 764	220 874	852 069
Accumulated depreciation						
As at 1 July 2021	1 851	8 941	634	39 242	44 931	95 599
Depreciation	407	7 558	125	22 082	8 323	38 495
Disposal	–	–	–	–	–	–
As at 28 February 2022	2 258	16 499	759	61 324	53 254	134 094
Carrying value as at 28 February 2022	1 465	100 208	242	448 440	167 620	717 975

7. Property, plant and equipment continued

	Motor vehicles R'000	Right-of-use assets R'000	Furniture and office equipment R'000	Mine infra-structure and equip-ment R'000	Mineral rights in production R'000	Total R'000
30 June 2021 (Audited)						
Cost						
As at 1 July 2020	4 199	5 905	774	189 082	156 907	356 867
Additions	663	51 439	79	88 163	–	140 344
Additions (note 4.1)	–	–	–	62 233	–	62 233
Disposal	(1 139)	–	(16)	–	–	(1 155)
As at 30 June 2021	3 723	57 344	837	339 478	156 907	558 289
Accumulated depreciation						
As at 1 July 2020	2 103	1 049	457	15 730	35 230	54 569
Depreciation	591	7 892	184	18 934	–	27 601
Depreciation (note 4.1)	–	–	–	4 578	–	4 578
Depreciation (note 4.2)	–	–	–	–	9 701	9 701
Disposal	(843)	–	(7)	–	–	(850)
As at 30 June 2021	1 851	8 941	634	39 242	44 931	95 599
Carrying value as at 30 June 2021	1 872	48 403	203	300 236	111 976	462 690

7. Property, plant and equipment continued

	Motor vehicles R'000	Right-of-use assets R'000	Furniture and office equipment R'000	Mine infra-structure and equip-ment R'000	Mineral rights in production R'000	Total R'000
30 June 2020 (Audited)						
Cost						
As at 1 July 2019	2 998	–	612	144 793	–	148 403
Chrome mineral rights transferred from intangibles	–	–	–	–	156 907*	156 907
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	156 907	356 867
Accumulated depreciation						
As at 1 July 2019	1 677	–	269	6 628	–	8 574
Chrome mineral rights transferred from intangibles	–	–	–	–	31 753*	31 753
Depreciation	426	1 049	197	9 102	3 477*	14 251
Disposal	–	–	(9)	–	–	(9)
As at 30 June 2020	2 103	1 049	457	15 730	35 230	54 569
Carrying value as at 30 June 2020	2 096	4 856	317	173 352	121 677	302 298

* *Refer to restatement note 4.2.*

During the eight-month period ended 28 February 2022, there were additions of R166,106 million (2021: R146,844 million) to the mine infrastructure and equipment. The additions relate mainly to the development of the Moeijelijk underground mine and additions to the wash plant of R4,180 million (2021: R3,552 million).

8. Inventory

	Eight months Reviewed 28 Feb 2022 R'000	12 months Audited 30 Jun 2021 R'000
Chrome ore	**157 801**	105 840
Write-off of inventory to net realisable value	**(31 567)**	(19 843)
Balance at the end of the period	**126 234**	85 997

Inventory is based on direct and indirect costs incurred in the production of chrome ore. Write-off of inventory to net realisable value arose due to lower-grade stockpiles at year-end.

9. Borrowings

Bauba A Hlabirwa US Dollar Loan

In March 2020, the group 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. Repayment commenced at the end of August 2020.

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

The company has considered the effects of interest rate benchmark reform and deems the effect not applicable on its future cash flows as the loan linked to the three-month LIBOR rate is expected to be fully paid up by 31 May 2023, while the last date for publication of the three-month LIBOR rate will be 30 June 2023.

Bauba A Hlabirwa mining contractor financed loan

In October 2020, a key mining contractor entered into a long-term loan agreement with a bank to finance constructed mining infrastructure and purchased equipment in order to mine the resource as per their agreement with Bauba. The total principal amount under the agreement is R82,1 million which had been fully drawn down by October 2020. The loan is repayable in 30 equal monthly instalments. Repayment commenced at the end of May 2021. Bauba must repay the contractor these exact loan instalments until the loan is fully settled. Bauba has also provided a parent guarantee and indemnity for execution of a guarantee issued by the insurer to the lender in respect of the loan. The recognition of this loan has resulted in a prior year restatement (refer to note 4).

The loan is a fixed rate (7%), Rand-denominated loan which is carried at amortised cost. A 3,25% per annum premium rate was charged by the insurer to guarantee the repayment of the loan to the lender.

9. Borrowings continued

Bauba Resources

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. The loan is repayable in 30 equal monthly instalments which commenced at the end of January 2022.

The loan is a fixed rate (6,25%), US Dollar-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.

	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000	12 months Restated Audited 30 Jun 2020 R'000
Opening balance	**132 632**	70 637	–
Drawdowns	**52 032**	24 206	68 853
Drawdowns (note 4.1)	**–**	79 059	–
Capital repayment	**(36 878)**	(37 185)	–
Finance costs paid	**(7 679)**	–	–
Finance cost charged	**7 679**	8 048	731
Structuring fee payable	**1 491**	–	477
Foreign exchange loss/(gain)	**6 267**	(12 133)	576
	155 544	132 632	70 637
Current	**81 438**	63 171	24 059
Non-current	**74 106**	69 461	46 578

A foreign exchange loss of R6,267 million (2021: gain of R12,133 million) was incurred due to the weakening of the US$/ZAR exchange rate from 14,28 as at 30 June 2021 to 15,37 as at 28 February 2022.

10. Loans from shareholders

In October 2019, the group entered into a loan agreement with a shareholder for an amount of R10 million repayable on 30 April 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 were 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. The loan is unsecured, with no fixed terms of repayment and bears interest at the prime rate plus 2,0%.

An additional working capital facility was made available to Bauba by the aforementioned shareholder. The loan is subordinated, unsecured, with no fixed terms of repayment, and bears interest at 12%. The loan is subordinated in favour of other creditors. The subordination agreement is valid until 13 April 2023 or until the company's assets, fairly valued, exceed its liabilities.

	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000	12 months Restated Audited 30 Jun 2020 R'000
Opening balance	**20 677**	10 194	–
Loan advanced	**192 425**	20 500	10 000
Loan repaid	**(30 828)**	(10 000)	–
Finance costs incurred	**2 992**	1 298	194
Finance costs paid	**–**	(1 315)	–
Closing balance	**185 266**	20 677	10 194
Current	**10 093**	20 677	194
Non-current	**175 173**	–	10 000

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the eight-month period ended 28 February 2022

11. Leases

The group entered into lease arrangements for the rental of mining equipment and motor vehicles (including at Nuco Chrome) and the rental of a lease area over the farm Kookfontein 265 JQ.

Leases relating to mining equipment are for a period of three years and bear interest at between 11,0% to 13,6%. 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%. The lease relating to the leased land is for a period of nine years and 11 months and bears interest at 4,39%. Right-of-use assets have been included as a part of property, plant and equipment.

	Reviewed 28 February 2022			
	Lease land R'000	Motor vehicles R'000	Mining equipment R'000	Total R'000
Right-of-use assets				
Balance at the beginning of the period	–	382	48 021	48 403
– additions	59 363	–	–	59 363
– depreciation	–	(133)	(7 425)	(7 558)
Balance at the end of the period	59 363	249	40 596	100 208
Lease liability				
Balance at the beginning of the period	–	458	33 130	33 588
– additions	69 998	–	–	69 998
– finance costs	2 188	88	2 553	4 829
– finance costs capitalised	(2 188)	–	–	(2 188)
– lease payments	–	(148)	(15 543)	(15 691)
Balance at the end of the period	69 998	398	20 140	90 536
Lease liability included in the statement of financial position	69 998	398	20 140	90 536
Current	7 108	114	15 811	23 033
Non-current	62 890	284	4 329	67 503

11. Leases continued

	Audited 30 June 2021		
	Motor vehicles R'000	Mining equipment R'000	Total R'000
Right-of-use assets			
Balance at the beginning of the period	489	4 367	4 856
– additions	–	48 458	48 458
– additions (note 4.1)	–	2 981	2 981
– depreciation	(107)	(7 785)	(7 892)
Balance at the end of the period	382	48 021	48 403
Lease liability			
Balance at the beginning of the period	562	4 513	5 075
– additions	–	49 015	49 015
– additions (note 4.1)	–	(8 054)	(8 054)
– finance costs	44	3 644	3 688
– lease payments	(148)	(15 988)	(16 136)
Balance at the end of the period	458	33 130	33 588
Lease liability included in the statement of financial position	458	33 130	33 588
Current	113	13 626	13 739
Non-current	345	19 504	19 849

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

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the eight-month period ended 28 February 2022

12. Operating segments

	Moeijelijk R'000	Kookfontein R'000	Platinum exploration R'000	Corporate R'000	Intragroup elimination R'000	Total R'000
28 February 2022 (Reviewed)						
Revenue	253 461	2 709	–	12 036	(12 036)	256 170
Loss before tax	(39 676)	(4 496)	–	(20 362)	–	(64 534)
Income tax credit	12 264	–	–	–	–	12 264
Loss after tax	(27 412)	(4 496)	–	(20 362)	–	(52 270)
Finance income	3	–	–	3 586	(3 513)	76
Finance cost	(8 738)	(1 481)	–	(6 606)	3 513	(13 312)
Depreciation	(30 311)	–	–	(8 184)	–	(38 495)
Total assets	542 207	222 531	20 161	453 663	(312 471)	926 091
Total liabilities	(473 112)	(235 655)	–	(220 492)	312 471	(616 788)
30 June 2021 (Audited)						
Revenue	277 100	–	–	13 795	(13 795)	277 100
Loss before tax	(32 490)	–	–	(4 382)	–	(36 872)
Income tax credit	5 475	–	–	–	–	5 475
Loss after tax	(27 015)	–	–	(4 382)	–	(31 397)
Finance income	590	–	–	1 208	(676)	1 122
Finance cost	(11 627)	–	–	(746)	676	(11 697)
Depreciation	(41 798)	–	–	(82)	–	(41 880)
Share of loss of associate	(519)	–	–	–	–	(519)
Total assets	585 224	–	20 161	113 818	(109 291)	609 912
Total liabilities	(362 032)	–	–	(27 238)	109 291	(279 979)

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

All revenue is derived from one external customer.

13. Earnings per share

	Eight months Reviewed 28 Feb 2022 R'000	12 months Restated Audited 30 Jun 2021 R'000
Basic and headline loss reconciliation		
Basic loss attributable to equity holders of the parent	(40 136)	(24 357)
Loss on disposal of assets	–	304
Headline loss	(40 136)	(24 053)
Reconciliation of weighted average number of shares		
Weighted average number of shares, before the rights issue ('000)	640 515	462 854
Bonus element of rights issue adjusted for prior periods ('000)	13 236	13 236
Rights issue 29 November 2021 ('000)	23 951	–
Weighted average number of shares, adjusted for rights issue ('000)	677 702	476 090
Basic and diluted loss per share (cents) as previously stated before the rights issue	(6,27)	(5,26)
Headline and diluted loss per share (cents) as previously stated before the rights issue	(6,27)	(5,20)
Basic and diluted loss per share (cents) as restated for the rights issue	(5,92)	(5,12)
Headline and diluted loss per share (cents) as restated for the rights issue	(5,92)	(5,05)

Shareholders are referred to the declaration and finalisation announcements released on SENS on 2 November 2021 and 4 November 2021 wherein shareholders were advised of the company's intention to raise R33 883 881,02 from its shareholders by way of a claw-back offer in terms of which, as contemplated in the circular dated 8 November 2021, Bauba offered a total of 109 302 842 new Bauba shares (claw-back offer shares) at a subscription price of R0,31 per claw-back offer share in the ratio of 17,06485 claw-back offer shares for every 100 shares held at the close of business on the initial record date for the claw-back offer, being Friday, 12 November 2021.

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.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED RESULTS continued

for the eight-month period ended 28 February 2022

14. Acquisition of subsidiary (Nuco Chrome)

Bauba purchased a 74% shareholding in Nuco Chrome Bophuthatswana Proprietary Limited.

	30 Jun 2021 R'000
Net liabilities of Nuco Chrome at acquisition date	(8 629)
ASSETS	
Intangible assets	19 543
Property, plant and equipment	2 213
Trade and other receivables	552
Cash and cash equivalents	611
Total assets	22 919
LIABILITIES	
Loan from shareholder	(15 795)
Other financial liabilities	(12 762)
Payables	(2 991)
Total liabilities	(31 548)
EQUITY	
Share capital	–
Accumulated loss	(8 629)
Total equity	(8 629)
Amount paid	
– June 2019 (22% shareholding)	10 000
– July 2021 (additional 52% shareholding)	50 000
Net loss of Nuco Chrome at acquisition	(8 629)
Non-controlling interest at acquisition	(2 244)

15. Going concern

Current liabilities exceed the current assets by R87,8 million (2021: R50,2 million) putting pressure on the liquidity of the company.

The cash flow forecast prepared by Bauba 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 price and US Dollar exchange rate. The market price of 42% chrome concentrate increased from US$157,50 (China CIF) at the beginning of the financial period to US$207,50 (China CIF) at the end of the financial period. The current market price is US$275,00 (China CIF) at end April 2022, while the US$/ZAR exchange rate has remained relatively flat from 15,90 at the end of the financial period to 15,40 at end April 2022. If the chrome price drops below end June 2021 levels 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 and on its ability to continue as a going concern.

To the extent necessary, controlling shareholders have provided an indication of sufficient financial assistance to assure liquidity, where necessary, on Bauba's part.

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

Raubex Proprietary Limited (Raubex) has acquired a beneficial interest in additional Bauba shares such that Raubex now holds and/or controls the voting rights in respect of an aggregate number of 382 881 113 shares, being circa 51% of the issued share capital. Consequently, Raubex was obliged to make a mandatory offer in terms of section 123 of the Companies Act (read with section 117 of the Companies Act and regulation 86 of the Takeover Regulations) as Raubex is in a position to exercise more than 35% of the voting rights attaching to the shares.

The closing date of the mandatory offer is Friday, 27 May 2022.

13 May 2022
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

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Directors

Non-executive

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Dr NM Phosa*
T Baring
R Shedlock
J Wessels
J Le Roux#
E Nel*
G Baumgarten#
T Jordaan
** Independent*
 # Alternate

Executive

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DFB Nelson *(Financial director)*

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Attorneys

Tabacks Legal Advisors
Webber Wentzel

Banker

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