

Union Atlantic Minerals Limited
(Incorporated in the Republic of South Africa)
Registration Number 1998/001940/06
Share Code: UAT
ISIN: ZAE000254314
("Union Atlantic", "UAM" or "the Company")

Earn-In Transaction by Union Atlantic Minerals Limited relating to the Renosterkop Project (Tin, Zinc and Tungsten)

Introduction

Shareholders of UAM are advised that, on **8th August 2019**, the board of directors of UAM, through a special purpose vehicle, notarised the conclusion of a conditional agreement ("**Renosterkop Earn-In Agreement**") between its subsidiary, UAM Renosterkop Proprietary Limited ("**Newco**"), Wahero Minerals Proprietary Limited ("**Wahero**") and the trustees for the time being of the Diacor Werknemers Trust ("**Trust**"), in terms of which Newco is granted the earn-in option to acquire from Wahero and the Trust all of the shares in Renosterkop Mining Company Proprietary Limited ("**RM**"). RM holds a prospecting right for tin, zinc and tungsten over certain properties located near Augrabies in the Northern Cape Province.

Project description

Located 2 km east of the town of Augrabies in the Northern Cape Province, the Renosterkop Project presents an opportunity to earn into a large, shallow tin-tungsten-zinc deposit in the Namaqualand Metamorphic Complex. The deposit may contain some 30 million tonnes containing 0.12% Sn, 0.58% Zn and 0.02% WO₃.

The low-grade mineralisation is hosted by a number of shallow-dipping, sheeted biotite greisen bodies intercalated and underlain by barren granite gneiss country rock. The host biotite greisen is a foliated, grey, homogeneous, fine to medium grained topaz-biotite-quartz rock ("TBQ") that has been subjected to a complex history of regional metamorphism.

The sheeted bodies of the biotite greisen form an erosion-resistant capping on the 1,500-metre long, east-west orientated ridge known as Renosterkop. Particular minerals of economic minerals of interest at the site are cassiterite (SnO₂), sphalerite ((Zn,Fe)S) and wolframite (Fe, Mn WO₄).

The Renosterkop Project was discovered in the 1970s by Gencor and was explored until the late 1990s by various companies, including Rio Tinto and Trans Hex. Activities included drilling, bulk sampling, metallurgical test work and development of a high-level mine plan. The project did not proceed at the time due to poor metallurgical recoveries and contaminant minerals present in the concentrates. These factors could result in treatment and refining penalties which will ultimately determine the feasibility of the project.

In order to earn into the project, Union Atlantic has undertaken at its own cost and risk to digitize the historic borehole data, create a geological 3-D block model, and, together with Consulmet Metals (Pty) Limited, again conduct metallurgical testwork and design.

Subject to the results of the metallurgical testwork, the Company may undertake confirmatory drilling in the second phase of the project and use all work done as per the earn-in agreement to produce a Preliminary Economic Assessment of the project and to compile a SAMREC- compliant Competent Persons Report, as well as to prepare and application for a Mining Right for submission to DMR.

Management is of the opinion that, with technological advances and the latest metallurgical recovery methods available for orebodies of this nature, the Renosterkop project may ultimately prove to be technically feasible and would represent an entry point into the production of tin, tungsten and zinc concentrate.

Terms of the Transaction

Newco is entitled to earn-in, on an incremental basis during successive phases of potentially a 4-year Earn-In Period, against achievement of certain agreed milestones, up to 100% of the issued share capital of RM on, *inter alia*, the following salient terms and conditions:

- Subject to satisfactory completion by Newco of certain desktop studies, a preliminary economic evaluation of the Renosterkop Project and delivery to RM of a compliant mining right application, Newco may elect to acquire an initial equity stake of 51% in RM against payment to the Sellers of R3,100,000, of which 49% will be transferred to Newco upon delivery to the Sellers of the first Earn-In Notice on or before the first anniversary of the Effective Date (being 5 business days after fulfilment of the conditions precedent to the Earn-In Agreement), and the balance of 2% upon ministerial consent being obtained to the change of controlling interest in RM in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002.
- Subject to acquiring 51% of RM, Newco may elect to increase its equity stake in RM to 75% for a purchase price of R1,560,000 during Phase 2 of the Earn-In Period, which will expire upon grant of a mining right to RM in respect of the Renosterkop Project area, during which phase Newco will conduct additional in-field investigations and feasibility studies, as well as undertake relevant regulatory and licensing requirements and the optimization of mine development plans.
- Provided NewCo exercises its right to acquire 75% of RM, it will have a call option to acquire from the Sellers all of the remaining shares held by them in RM; failing which the Sellers may claw-back 20% of the total issued ordinary share capital of RM, subject to the terms and conditions set out in the Renosterkop Earn-In Agreement.

The earn-in options granted to Newco to acquire the shares in RM in terms of the Earn-In Agreement are intended to be exercised only after a capital raising exercise by the Company for this specific purpose has been conducted by the executive management team.

The financial exposure of the Group prior to the First Earn-In Notice is limited to the production of the preliminary economic assessment and SAMREC-compliant Competent Persons Report, as well as the preparation of a mining right application, in respect of the Renosterkop Project.

Conditions Precedent relating to the Transaction

The Transaction is subject to the fulfilment (or waiver by the parties in writing) of, *inter alia*, the following conditions precedent:

- each of Wahero Minerals, the Trust and Newco adopting such board, shareholder and trustee resolutions necessary to give effect to the Transaction; and
- all other regulatory or other legal requirements to implement the Transaction shall have been obtained and/or satisfied.

Rationale for the Transaction

The Renosterkop Project is a brownfields project situated in the same geographical location as the Rozynenbosch project already in the Company portfolio and is in line with the stated strategy of UAM to conduct further work on brownfields exploration projects.

The Company intends to establish preliminary infrastructure in the area to conduct further work at Rozynenbosch and, as a consequence, would use infrastructure for the purposes of conducting work at Renosterkop, so creating an initial operational core in the Northern Cape.

If the geological and metallurgical re-evaluation of the project was to indicate that the project was feasible, Renosterkop would significantly add to the mineral resources and reserves of Union Atlantic in a relatively short space of time, and contribute significantly to the growth of the net asset value of the Company's minerals assets.

Value of the Net Assets Attributable to the Acquisition

The final value of the net assets of RM that will be acquired will be determined by the work to be conducted by Union Atlantic Minerals Limited as per the terms of the earn-in agreement, and will ultimately be reported by means of a Competent Persons Report published in the Integrated Report and on the JSE. Union Atlantic will have the option to acquire the equity interest as a consequence of completing the work, post the valuation of the value of RM.

Articles of Association of Newco

UAM has confirmed that the Articles of Association of Newco contain no provisions that would frustrate UAM in any way from compliance with its obligations in terms of the Listings Requirements and furthermore do not contain any provisions that will relieve UAM from compliance with the Listings Requirements.

Categorisation of the Acquisition

This transaction is a Category 2 transaction as defined by the JSE Listings Requirements and as such does not require specific shareholder approval.

Withdrawal of Cautionary

Shareholders are advised that the Cautionary Announcement dated 15 July 2019 is hereby withdrawn and shareholders are no longer advised to exercise caution when dealing in UAM shares.

Theo Botoulas, Chief Executive Officer of the Company, commented: "The restructuring of the Company as per the Board mandate of February 2017 and in line with the strategy documented in the 2018 and 2019 Integrated Reports, which strategy is to become a producer of polymetallic concentrates with a focus on base and specialist metals, is entering a new and exciting stage of growth and development and active brownfields exploration".

Company website, www.unionatlanticminerals.com

13 August 2019

Centurion

Transactional Sponsor and Corporate Advisor

River Group

Attorneys to the Transaction

Taback & Associates (Pty) Limited

Media and investor relations

James Duncan

R&A Strategic Communications

james@rasc.co.za

+27 11 880 3924