# Atlatsa Resources Corp. Announces Financial Results for the Quarter and Year Ended December 31, 2018

01.04.2019 | CNW

Atlatsa Resources Corp. ("Atlatsa" or the "Company") (TSX: ATL; JSE: ATL) announces its operating and financial results for the quarter and year ended December 31, 2018. This release should be read together with the Company's audited consolidated financial statements for the year ended December 31, 2018 (the "Consolidated Financial Statements") and the related Management's Discussion and Analysis of Financial Condition and Results of Operations filed on http://www.sedar.com, which are also available at http://www.atlatsaresources.co.za/investors-and-media/financial-results-mdas. Currency values are presented in South African Rand (ZAR) and Canadian Dollars ($).

The 2017 Restructure Plan and Composite Transaction

On July 21, 2017, the Company announced ("July Announcement") that it had entered into an agreement ("Letter Agreement") with Anglo American Platinum Ltd. ("AAP") outlining key terms agreed in relation to a two-phased restructuring plan (the "Restructuring Plan"). Phase 1 of the Restructuring Plan was completed by the placement of the Company's operating mine ("Bokoni Mine") on care and maintenance on October 1, 2017.

On December 12, 2018, Atlatsa announced ("December Announcement") a comprehensive restructuring and going private transaction, representing phase 2 of the Restructuring Plan, whereby it had entered into a suite of transaction agreements dated December 11, 2018 with, inter alia, Rustenburg Platinum Mines Limited ("RPM"), a significant shareholder of Atlatsa and a wholly-owned subsidiary of AAP, as well as Atlatsa Holdings Proprietary Limited ("ATH"), Atlatsa's majority shareholder, outlining the terms and conditions of a Composite Transaction (as defined below) to be implemented by way of a Canadian court-approved plan of arrangement ("Plan of Arrangement") under section 288 of the Business Corporations Act (British Columbia) (the "Arrangement").

Shareholders of the Company (the "Shareholders") are referred to the July Announcement and the December Announcement for further background information on, and the rationale for, the Restructuring Plan.

The Letter Agreement

Debt Standstill
Atlatsa and AAP agreed to a debt standstill arrangement, pursuant to which the repayment of all debt facilities owing by Atlatsa and its subsidiaries (the "Group") to RPM have been suspended until December 31, 2019. The debt standstill applies to current and future (prior to 31 December 2019) drawdowns under these facilities. As at December 31, 2018 the total value of loans owing by the Group to RPM and subject to the debt standstill amounted to $440.2 million (ZAR4,643.3 million).

Care and Maintenance Term Loan Facility
Pursuant to the Letter Agreement, on October 12, 2017, the Group and RPM entered into a Care and Maintenance Term Loan Facility, totalling $49.4 million (ZAR521 million), to enable the Group to fund its share of all costs associated with the care and maintenance process referred to above. As at the reporting date, $43.1 million (ZAR454.8 million) had been drawn against the facility, the majority of which was used to fund the section 189A retrenchment costs in terms of the South African Labour Relations Act, No. 66 of 1995. The Care and Maintenance Term Loan Facility is included in the debt standstill arrangement.

Transaction Costs Term Loan Facility
Pursuant to the Letter Agreement, on April 16, 2018, the Group and RPM entered into a Transaction Costs

Term Loan Facility, totalling $4.7 million (ZAR50.0 million), to enable the Group to fund transaction costs relating to implementation of the Composite Transaction. As at the reporting date, $2.4 million (ZAR25.6 million) had been drawn against this facility. Repayments relating to VAT refunds on the transaction costs of $0.2 million (ZAR1.9 million) have been made in terms of the Transaction Costs Term Loan Facility as at December 31, 2018. The Transaction Costs Term Loan Facility is included in the debt standstill arrangement.

The Composite Transaction

Atlatsa is seeking to implement the following inter-conditional transactions (collectively, the "Composite Transaction") by way of a Plan of Arrangement:

- the Prospecting Rights Disposition: the acquisition by RPM, and the inclusion by RPM into its adjacent Northern Limb mining rights, of the resources specified in the Group's Kwanda North and Central Block prospecting rights, for a cash consideration of ZAR300 million ($28.4 million) ("Prospecting Rights Disposition");
- the Buy-Back: the privatisation of Atlatsa through a compulsory repurchase by Atlatsa, for cancellation, of all Atlatsa's common shares ("Common Shares") held by: (a) the Company's minority shareholders, being all of the Shareholders excluding ATH, RPM, the trustees, for the time being, of the Anooraq Community Participation Trust ("Community Trust") and the trustees for the time being of the Bokoni Platinum Mine ESOP Trust (collectively, the "Minority Shareholders"), for a cash consideration of ZAR1.00 ($0.09) per Common Share ("Share Cash-Out Consideration"); and (b) RPM, for an aggregate nominal cash consideration of ZAR1.00 ($0.09) (collectively, the "Buy-Back");
- the Tender Option: Atlatsa will make a tender offer to purchase, for cancellation, any or all of the Common Shares held by the Community Trust in exchange for the Share Cash-Out Consideration for each Common Share so tendered ("Tender Option");
- the RPM Debt Write-Off: RPM will capitalise and/or write-off all debt owing by Group, directly or indirectly, to RPM, including any current and further debt that may be incurred during the care and maintenance period at Bokoni Mine until December 31, 2019 ("RPM Debt Write-Off"); and
- the ATH Debt Write-Off: RPM will write-off all debt owing by ATH to it in exchange for ATH remaining as Atlatsa's controlling Shareholder immediately after implementation of the Composite Transaction ("ATH Debt Write-Off").

Subject to and following completion of the Composite Transaction, and in view of the costs and onerous administration of maintaining a listing on two international exchanges, the Company intends to apply to the applicable securities authorities to have its Common Shares delisted from the Toronto Stock Exchange, as well as the exchange operated by the JSE Limited and to cease to be a reporting issuer in each of the provinces of Canada in which it is currently a reporting issuer. Atlatsa will become a private company with ATH continuing to hold a controlling interest in Atlatsa. The Buy-Back provides Minority Shareholders with a liquidity event and an opportunity to realise value for their Common Shares.

Conditions Precedent to the Effectiveness of the Arrangement

On December 12, 2018, the Department of Mineral Resources of South Africa granted approval and consent for the Prospecting Rights Disposition in terms of sections 11 and 102 of the South African Mineral and Petroleum Resources Development Act, No. 28 of 2002.

The effectiveness of the Arrangement will be conditional upon the fulfilment, satisfaction or waiver (to the extent permitted by the Plan of Arrangement) of, inter alia, the following conditions:

- approval of the exchange control authorities of the South African Reserve Bank for the transactions contemplated in the Plan of Arrangement, either unconditionally or subject to such conditions as Atlatsa confirms to RPM in writing to be acceptable to Atlatsa;
- the required Shareholder approvals being obtained;
- the Supreme Court of British Columbia granting a final order, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court; and
- other conditions to effectiveness typical for a transaction of this nature.

Atlatsa and AAP are proactively pursuing the fulfilment of the remaining conditions precedent which have not

yet been fulfilled as at the date of approval of the Consolidated Financial Statements.

Financial Results – Year ended December 31, 2018 ("Fiscal 2018")

Set out below are summaries of key financial results for the Group Fiscal 2018 and Fiscal 2017.

| | Fiscal 2018 $ million | Fiscal 2017 $ million |
|---|---|---|
| Revenue ** | 5.5 | 116.5 |
| Cost of sales | (9.6) | (180.3) |
| Gross loss | (4.1) | (63.8) |
| General, administrative and other expenses | (5.1) | (4.2) |
| Impairment loss ** | (12.5) | (180.9) |
| Restructuring costs | - | (33.9) |
| Rehabilitation provision adjustment | (0.2) | 3.0 |
| Care and maintenance costs | (43.3) | - |
| Other Income | - | 0.2 |
| Operating loss | (65.2) | (279.6) |
| Net finance costs | (68.9) | (42.7) |
| Income tax | - | 7.7 |
| Loss for the period | (134.1) | (314.6) |
| Loss attributable to Atlatsa shareholders | (94.1) | (198.6) |
| Basic loss per share – cents | (17) | (36) |
| Headline loss per share – cents* | (16) | (16) |

* Headline loss per share is not a recognised measure under International Financial Reporting Standards ("IFRS") and should not be construed as an alternative to basic earnings or loss determined in accordance with IFRS as an indicator of the financial performance of Atlatsa. It is an additional earnings number used as a way of dividing the IFRS reported profit between re-measurements that are more closely aligned to the operating / trading activities of the entity, and the platform used to create those results. The starting point is basic earnings excluding "separately identifiable re-measurements" (as defined in Circular 2/2015 issued by the South African Institute of Chartered Accountants), net of related tax (both current and deferred) and related non-controlling interest other than re-measurements specifically included in headline earnings ("included re-measurements", as defined)

** The Statement of Comprehensive Income is translated at the average year to date exchange rate, except for revenue and impairment loss which is translated at the date of the transaction.

*** Percentage variances have not been shown as the variances are not meaningful due to Bokoni Mine being placed on care and maintenance.

Financial results

Revenue from treating ore for RPM from its Mototolo joint venture operations totalled $5.5 million (ZAR 55.9 million) for Fiscal 2018. There was no revenue generated during the second half of Fiscal 2018 due to the expiration of the Mototolo ore sale agreement in May 2018.

Total care and maintenance costs for Fiscal 2018 totalled $43.3 million (ZAR439.9 million). Care and maintenance costs include shafts and plant maintenance costs, pumping to prevent flooding of working areas, safety inspections as well as general and administrative expenses necessary to safeguard the Bokoni Mine assets.

Impairment of assets

Due to impairment indicators that existed as at December 31, 2018 and Bokoni Mine being placed on care and maintenance, the Company assessed the carrying value of its assets for impairment and recognised an impairment loss of $12.5 million (ZAR136.8 million), with respect to plant and equipment for the year ended December 31, 2018.

Loss per share

The basic and diluted loss per share was $0.17 for Fiscal 2018 compared to $0.36 in Fiscal 2017. The basic and diluted loss per share is based on the loss attributable to the shareholders of the Company of $94.1 million compared to the loss attributable to the shareholders of the Company of $198.6 million in Fiscal 2017.

Reconciliation of headline loss attributable to Atlatsa shareholders

| | Fiscal 2018<br>$ million | Fiscal 2017<br>$ million |
|---|---|---|
| Loss attributable to Atlatsa shareholders | (94.1) | (198.6) |
| Adjustments: | | |
| Impairment loss | 12.5 | 180.9 |
| Loss on disposal of property, plant and equipment | - | - |
| Total tax effects of adjustments | - | (7.2) |
| Total non-controlling interest effects of adjustments | (7.0) | (65.6) |
| Headline loss attributable to Atlatsa shareholders | (88.6) | (90.5) |

The basic and diluted headline loss per share was $0.16 for Fiscal 2018 compared to $0.16 in Fiscal 2017. The basic and diluted headline loss per share is based on the headline loss attributable to the shareholders of the Company for Fiscal 2018 of $88.6 million, compared to a headline loss attributable to the shareholders of $90.5 million for Fiscal 2017.

Issued share capital

As at December 31, 2018 Atlatsa had 554,421,806 issued and outstanding common shares.

Corporate Advisor and JSE Sponsor to Atlatsa:
One Capital

Cautionary note regarding forward-looking information

This document contains "forward-looking statements" within the meaning of the applicable Canadian securities laws, that are based on Atlatsa's estimates and projections as of the dates as of which those statements are made, including statements relating to anticipated financial or operational performance. Generally, these forward-looking statements can be identified by the use of forward-looking terminology including without limitation, statements relating to potential acquisitions and/or disposals, future production, reserve potential, exploration drilling, exploitation activities and events or developments that Atlatsa expects such statements appear in a number of different places in this document and can be identified by words such as "anticipate", "estimate", "project", "expect", "intend", "believe", "plan", "forecasts", "predicts", "schedule", "forecast", "predict", "will", "could", "may", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Atlatsa's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Atlatsa believes that such forward-looking statements are based on material factors and reasonable assumptions, including the following assumptions: placing the Bokoni Mine on care and maintenance; safe guarding of all assets and the maintenance of major equipment; implementing the terms of the Letter Agreement and Debt Standstill as contemplated in the 2017 Restructure Plan; and meeting the conditions precedent of the 2017 Restructure Plan and the Arrangement.

Forward-looking statements, however, are not guarantees of future performance and actual results or developments may differ materially from those projected in forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include: uncertainties related to placing the Bokoni Mine on care and maintenance; uncertainties related to the implementation of the 2017 Restructure Plan and the Arrangement; uncertainties related to meeting the conditions precedent of the 2017 Restructure Plan and the Arrangement; changes in and the effect of government policies with respect to mining and natural resource exploration and exploitation; continued availability of capital and financing; general economic, market or business conditions; failure of plant, equipment or processes to maintain the Bokoni Mine on care and maintenance; labour disputes, industrial unrest and strikes; political instability; suspension of operations and damage to mining property as a result of community unrest and safety incidents; insurrection or war; the effect of HIV/AIDS on labour force availability and turnover; delays in obtaining government approvals; and the Company's ability to satisfy the terms and conditions of the loans and borrowings, as described under "Going Concern" in Note 2 of the audited consolidated financial statements for the year ended December 31, 2018. These factors and other risk factors that could cause actual results to differ materially from those in forward-looking statements are described in further detail under "Description of Business - Risk Factors" in Atlatsa's Annual Information Form for Fiscal 2018, which is available on SEDAR at www.sedar.com.

Atlatsa advises investors that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to Atlatsa or persons acting on its behalf. Atlatsa assumes no obligation to update its forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as required by law. Investors should carefully review the cautionary notes and risk factors contained in this document and other documents that Atlatsa files from time to time with or furnishes to; Canadian securities regulators and which are available on SEDAR at www.sedar.com.

SOURCE Atlatsa Resources Corp.

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Die URL für diesen Artikel lautet:
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