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030/2019

BAUBA: NEW MOEIJELIJK CHROME WASH PLANT COMMISSIONED

Johannesburg, 8 March 2019. Bauba Platinum Limited (Bauba; JSE: BAU) reports that the new wash plant at its Moeijelijk Chrome Mine in Limpopo – which was commissioned and started production during November 2018 – has been producing according to its planned throughput levels since January 2019, with spiral feed approximating 35 000 tonnes per month.

Commenting on Bauba's results for the first six months of FY2019, CEO Nick van der Hoven says the plant – the contract for which was awarded early in 2018 – enables the company to upgrade Moeijelijk's run-of-mine (ROM) chrome ore saleable product into foundry, chemical and metallurgical grade concentrates for the Chinese market.

The chrome market was weak during the six-month period, Van der Hoven says.

"Until the wash plant started production, Bauba was selling only 40 basis ROM, realising a significantly lower value than its concentrate basket value, which is heavily weighted towards speciality grade concentrates.

"Based on actual January and February 2019 sales, the current concentrate basket generated a weighted average free on truck (FOT) price that is significantly greater than the 40 basis ROM equivalent that was sold previously.

"The January 2019 basket price does not include foundry sales as we are still gradually breaking into this market and foundry volumes are expected to improve over time. Based on current wash plant production and positive assay results, we are confident our target foundry sales will be achieved."

In February 2019, Bauba entered into a foundry chrome commodity purchase contract with a leading foundry chrome trader and secured the sale of a minimum quantity of foundry grade chrome material over a four-month period.

The contract, together with Bauba's existing offtake agreement, will enhance the company's future profit margins by increasing the value it receives from premium speciality chrome ore concentrate sales, Van der Hoven says.

"These factors, in combination with a chrome market that has been improving and is currently trending upwards, ought to contribute positively towards Bauba's full year results."

As anticipated and highlighted to the market in its 2018 integrated annual report, Bauba's interim performance was adversely impacted by administrative delays by the Department of Water and Sanitation in processing an amended water use licence and by the Department of Mineral Resources in approving an amendment to Moeijelijk's environmental authorisation.

This resulted in an effective loss of two months of opencast production as the opencast operation had to ramp back up to planned production levels, as well as four months of concentrate sales due to the delayed commissioning of the wash plant.

Queries:

Bianca Hart, Bauba Platinum: 011 699 5720, bianca@bauba.co.za

James Duncan, R&A Strategic Communications: 011 880 3924; 079 336 4010; james@rasc.co.za