INTEGRATED REPORTING

This integrated annual report has been compiled in accordance with the integrated reporting principles contained in the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance for South Africa 2009 (King III). We recognise, in line with the principles of King III, that companies should report not only on financial performance, but also on their sustainability, by disclosing social, environmental and economic information material to the Group and its stakeholders. This report provides stakeholders with relevant financial and non-financial information to enable them to obtain a more balanced view of our business. The board of directors (board) is committed to applying the reporting standards as required by King III and recognised best practice.

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For all further information on Bauba Platinum visit our website
www.bauba.co.za
THE CHROME TRANSACTION

01 WHY IT HAPPENED

The economic climate over the last 24 months has been less than favourable towards raising capital for deep level PGM exploration projects. During this period the platinum price dipped toward USD1 330 per ounce in June/July 2013, a price last experienced in September 2009 which added to the woes already being experienced in the junior exploration market. To further add to the capital raising challenges the South African platinum industry experienced the longest labour strike in recent times which further dented the investor confidence in exploration activities in South Africa and even more so in platinum exploration projects.

02 WHO WAS INVOLVED

The Bauba board considered funding options and approached a number of potential institutions and other projects during this time. In this process, the board also approached the majority shareholders (Vendors) who were involved in establishing the initial Platinum project in the Group in 2010. Through these discussions the Vendors proposed that the board consider acquiring the beneficial rights to the chrome resource over the farm Moeijelijk 412KS (Transaction) which had been excluded from the initial transaction.

03 WHAT HAPPENED

The initial discussions translated into the board conducting a due diligence on the farm Moeijelijk 412KS and concluded with the board placing a total value of R250 million on the prospecting right over this farm subject to a mining permit being obtained from the Department of Mineral Resources. This resulted in the Company acquiring 60% of the beneficial rights from the Vendors with the balance remaining with the Bapedi Nation in the same structure in which the current PGM prospecting rights are held. This Transaction resulted in the establishment of the Chrome project. As part of the negotiations, the prospecting rights over the farm Waterkop 113KS were added at no additional cost, as the mineral chrome was specifically excluded from this prospecting right. Further to this Transaction an agreement was entered into to make 50% of the net income from the Chrome project available as dividends.

As part of the conclusion of the acquisition, the Group:
- applied for a bulk sample permit and a mining permit;
- negotiated and put in place a lease and option agreement with the surface right owners;
- applied for a water use licence;
- confirmed an arrangement with Zizwe Opencast Mining Proprietary Limited for it to operate an open cast mining project as phase one of the mine development; and
- negotiated and put in place a chrome ore off-take agreement with ASA Metals Proprietary Limited (ASA), which made provision for bridging finance of R5.6 million. In addition an upfront payment of R20 million would be made available to the Company on the day the mining permit is awarded by the Department of Mineral Resources.

04 IMPACT ON ALL STAKEHOLDERS

The Chrome project has the potential of being an early cash positive generative project with the exploitation of the near surface chrome resource. The estimated time lapse from obtaining the mining permit to the delivery of run of mine chrome ore to ASA is sixty days with the expectation that the Chrome project will be cash positive from the first full month of production, which is expected to be within two months from the start of the mining operations.

The cash generated from this project will initially be utilised to progress the Platinum project with exploration drilling being focused in the Northern Cluster, making Bauba one of a few junior exploration companies that will be self-funding its short- to medium-term exploration projects and potentially declaring dividends to its shareholders.

The involvement of the Bapedi Nation as a major stakeholder and direct beneficiary of anticipated dividends further enhances Bauba’s involvement in the local community in a very direct manner in stimulating the economic development of the Bapedi people.
 OUR PROFILE

Bauba Platinum listed on the JSE Limited in September 2010. The Group is fully compliant with the requirements of the Mining Charter in terms of its equity component: the Bapedi Nation has a direct participation of 40% in the Bauba Project.

Bauba’s primary business objective is the exploration, evaluation and development of the Bauba Project, a high quality platinum group metals (PGM) prospect situated within a prime segment of the Eastern Limb of the Bushveld Igneous Complex. The Bauba Project lies in the heart of the world’s best-known platinum region, where a number of neighbouring companies are prospecting and successfully mining platinum group elements (PGEs) from the Merensky and UG2 reefs.

Bauba holds prospecting rights over eight properties, extending across approximately 14,290ha. All the Bauba properties lie within the Leolo mountain range in the Limpopo province, some 40km northwest of the town of Steelpoort and 245km northeast of Johannesburg. The properties have been grouped into three clusters, the Northern, Central and Southern Clusters.

In order to determine the nature and extent of the platinum mineralisation the Group has implemented a detailed investigative exploration programme, designed in conjunction with an independent Competent Person and comprising diamond drilling as well as geological and geophysical mapping and interpretation of the areas of interest.

The Group has also acquired the beneficial rights to the farms Moeijelijk 412KS and Waterkop 113KT. After prospect drilling, the Board is of the opinion that a viable chromium resource exists which is expected to deliver significant free cash flow to support the development of the Bauba Project.
GEOGRAPHICAL LOCATION MAP

Surface geology of the Eastern Limb of the Bushveld Complex showing the Bauba Project areas.
THE BOARD OF DIRECTORS

JONATHAN BEST
INDEPENDENT NON-EXECUTIVE CHAIRMAN
Remuneration and nomination and technical committees

Jonathan has over 40 years’ experience with companies associated with the mining industry. He brings strong financial expertise and experience from his previous role as chief financial officer and executive director of AngloGold Ashanti Limited. He currently holds the following additional board positions: non-executive director of the unlisted AngloGold Ashanti Holdings plc and a member of the audit committee, non-executive independent director, member of the remuneration committee and chairman of the audit committee of Polymetal International plc, a Russian-based mining company listed on the London Stock Exchange, non-executive independent director and member of the audit committee of Metair Investments Limited and non-executive independent director and member of the audit committee of Harmony Gold Mining Company Limited.

KENNETH DICKS
INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit and risk, remuneration and nomination and technical committees

Ken joined the Bauba Platinum board in September 2010. He has a mining engineering background with 39 years’ experience in the formal mining industry. He spent 37 years working in the Anglo American Corporation’s Gold and Uranium division where he held several senior positions. He presently serves as an independent non-executive director on the board of Harmony Gold Mining Company Limited.

KHOLEKA MZONDEKI
INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit and risk and social and ethics committees

Kholeka has over 20 years’ experience in governance and financial management, having held the roles of financial director and chief financial officer in various organisations including a subsidiary of a Fortune 500 company. She has a Bachelor of Commerce degree and a Diploma in Investment Management. She qualified as a chartered accountant in the United Kingdom. Her experience includes, amongst others, being a risk manager at Eskom, director and general manager of finance responsible for sub-Sahara Africa at 3M, Chief Financial Officer and general manager of corporate services at Mintek and holds directorships in other listed companies and non-profit organisations such as the United Nations World Food programme. In 2008 she had the privilege of being a finalist in the Nedbank/BWA Business Woman of the Year. She holds a Fellow of Charted Certified Accountants, United Kingdom, a Bachelor of Commerce (University of Botswana) and a Diploma in Investment Management (RAU) (University of Johannesburg).

SHOLTO DOLAMO
INDEPENDENT NON-EXECUTIVE DIRECTOR
Audit and risk, remuneration and nomination and social and ethics committees

Sholto is currently the head of resources at Stanlib. He has had 10 years’ experience within the mining and manufacturing industry, including six years as a research scientist/engineer for De Beers’ research laboratory, where he was instrumental in developing a variety of new materials and technologies for applications both above and underground in rock drilling and cutting. He was head of Lonmin Platinum’s research and development for the Precious Metals Refinery for three years. Sholto has spent over seven years in mining investment research at Stanlib and Momentum Asset Management. He holds a BSc (Chemistry), BTech (Ceramics Science), MSc (Materials Engineering) and an MBA from GIBS.
Dr Mathews Phosa opened the first black law practice in Nelspruit in 1981 and worked as a partner until he went into exile in 1985, where he underwent political and military training before becoming the Regional Commander for Umkhonto we Sizwe (MK) in Mozambique. He returned to South Africa in 1990 to start the negotiation process with the former government, whereafter he played a prominent role in the processes to establish a peaceful transition to a fully democratic South Africa.

Dr Phosa was elected as the first Premier of Mpumalanga province in 1994 and in 1999 resigned his seat in parliament to enter a career in business. He returned to politics to serve as Treasurer-General of the National Executive Committee of the ANC between 2007 and 2012.

Dr Phosa is Chairperson of Special Olympics South Africa, Innibos Arts Festival and the Council of the University of South Africa (UNISA).

He sits on the boards of a number of listed and unlisted companies and serves as a trustee to the Afrikaans Handels Instituut (AHI).

Dr Phosa has received awards for his contribution to transformation and empowerment and at the 25th anniversary celebrations of the signing of the Brazzaville Accord on Peace in Southern Africa in Brazzaville in February 2014, he was awarded the Congolese Order of Merit.

Dr Phosa has two anthologies in Afrikaans poetry to his name under the title “Deur die oog van ’n naald” – some of which have been prescribed in the school curriculum for our national matric syllabus. He holds a BProc LLB (UNIN); PhD (HON) in Law (Boston University, USA).

1 The Congolese Order of Merit is the highest decoration of the Republic and was instituted by Abbé Fulbert Youlou, first president, on 25 February 1959 to be awarded to heads of state and other eminent persons and for outstanding acts and services to the Republic. It is both a military and civilian award. Congo-Brazzaville is a small former French colony with a population of less than four million people and the order is rare.

DAMIAN SMITH
NON-EXECUTIVE DIRECTOR

Damian is a registered Professional Natural Scientist. He has 22 years’ experience in mining and exploration for base metals, gold and PGMs but has had a particular focus on the Bushveld Complex geology for the last decade. Before becoming a geological consultant to various companies, Damian was the group Geologist for Northam Platinum Limited. He has conducted exploration programmes on projects in South Africa and internationally, and has undertaken due diligence, evaluation and feasibility studies on a number of PGM projects. Damian has published extensively on economic geology. He holds a BSc (Hons) Geology from the University of Liverpool and an MSc Exploration Geology from the Camborne School of Mines.

SYD CADDY
CHIEF EXECUTIVE OFFICER

Syd is a Registered Professional Engineer and has more than 40 years’ experience in both shallow and ultra-deep mining environments in the South African gold, uranium and base metal sectors. He has held the title of general manager for Black Mountain, Kloof and West Driefontein mines and has also been appointed to various positions within JCI, First Uranium and Gold One’s operations, including as consulting engineer, chief operating officer and managing director. Syd is a registered Professional Engineer, and a Fellow of both the Southern African and Australian Institutes of Mining and Metallurgy. He is also a past president of The Association of Mine Managers. He holds a National Higher Diploma in Metalliferous Mining.

WILLEM MOOLMAN
FINANCIAL DIRECTOR

Willem completed accounting articles with KPMG and has over 25 years’ financial management experience in a number of industries including four years in mining. In more recent years he has focused on assisting companies with financial restructuring and turnaround strategies. Professionally, he is a Fellow of the Institute of Professional Accountants (Australia). He holds a BCompt Honours and Master in Business Leadership from Unisa.
For the greater part of this financial year, Bauba Platinum remained constrained in terms of the funds available to continue with the development of its platinum projects on the Eastern Limb of the Bushveld Igneous Complex and was forced to suspend its drilling programme in August 2013. While the Company was able to successfully raise limited capital in December 2013, obtaining any substantial funding for ongoing exploration activities in the junior mining environment has proven difficult in the current economic climate.

CASH GENERATIVE ALTERNATIVE

During Bauba Platinum’s formative years, the Company entered into an agreement to acquire certain prospecting assets which allowed for the exclusion of the prospecting rights in relation to the farms Moeijelijk 412KS and Waterkop 113KT. These farms contained a known chrome deposit and were reserved under a separate sale agreement, which was cancelled subsequent to the conclusion of the agreement with the Company.

The chrome minerals located on the farm Moeijelijk 412KS have been assessed and determined to be economically viable by the board and based on geological and mineralisation results prepared by an independent geologist. The exploitation of a low-cost, open cast operation, moving into an underground mining environment as phase two, will provide Bauba Platinum with a steady cash flow to advance the exploration of our PGM projects for the foreseeable future and to distribute part of the generated cash as dividends.

In considering the requirements and options for funding, the board of directors approved an Assets for Shares Agreement for the acquisition of a 60% beneficial interest in the prospecting rights over the farms Moeijelijk 412KS and Waterkop 113KT for a purchase consideration of R150 million, which is to be settled through the issue and allotment to the sellers of 230,769,231 Bauba Platinum ordinary shares at an issue price of 65 cents per share. This issue and allotment is subject to the grant of a mining permit over the farm Moeijelijk 412KS within one year of signature of the Agreement. This Transaction was approved by shareholders at a meeting on 19 September 2014 together with resolutions to amend and cancel the 2010 claw back provision, issue the Houtbosch payment shares and other administrative resolutions. Details of these are contained in the circular sent to shareholders on 22 August 2014, a copy of which is available on the Company’s website.

Subsequent to the announcement of the proposed acquisition of these chrome assets, subsidiary company, Bauba A Hlabirwa Mining Investments Proprietary Limited, the legal holder of the prospecting rights, entered into a chrome ore supply agreement with ASA Metals Proprietary Limited (ASA). ASA also independently confirmed the suitability of the chrome resource for their purposes. The close proximity of ASA’s chrome mine and on-site smelter and other processing facilities fits well with Bauba Platinum’s strategy of sustainable development in the area.

PGM MARKET

We remain convinced of the long-term fundamentals of the platinum market and this acquisition is not a strategic shift to chrome mining but rather a move to generate cash flow which will allow us to focus on our core business. In fact, this Transaction will distinguish Bauba Platinum from many of its peers in that its current exploration programme will be largely self funded, thereby avoiding the global impact of the South African strikes on platinum production did not impact the exploration for the resources.
SUSTAINABLE DEVELOPMENT

While our cash constraints have severely impacted our ability to contribute in a meaningful way to the development of local communities, we remain committed to the concept of sustainability as it applies to an emerging mining company. As we begin mining our levels of engagement will be guided by the relevant mining legislation and we will uphold the principles of sustainable development in our decision-making.

Stakeholder engagement is an important focus for the board and the executive team, recognising the importance of developing strong relationships at the start of the mining lifecycle in order to understand the needs and concerns of host communities long before mining starts.

The Bapedi Nation holds a 40% interest in Bauba A Hlabirwa Mining Investments Proprietary Limited, the legal holder of the prospecting rights and the future mining operator. This arrangement will not be affected by the proposed acquisition and the development of the chrome mining operations. In fact, the near-term cash generation potential will greatly assist the Bapedi Nation to start servicing its debt obligation.

CONCLUSION

We believe that this acquisition will strengthen Bauba Platinum’s position for future growth. Our strategy remains to move the Group up the value curve and to build confidence in our asset base, successfully converting our PGM prospecting rights to mining rights by July 2015.

On behalf of the board, I would like to express our gratitude to the executive directors, Syd Caddy and Willem Moolman, and their small team for their commitment and hard work during this past year. And to the rest of the board members, I extend my sincere appreciation for their dedication and support.

Jonathan Best
Chairman
22 September 2014

early dilution of shareholder value until its platinum projects, and this newly acquired Chrome project, have been advanced well up the value curve.

PGM output is being severely constrained among the larger South African operators as a result of escalating costs and a disruptive labour environment. While the platinum and palladium markets remain in deficit as a result, it is interesting that the above ground stocks seem to be abundant after the platinum price hardly moved during the devastating five month strike that affected the Rustenburg operations of the world’s largest producers.

We expect lower PGM production to continue for the next few years. Coupled with the stronger demand from developed and emerging market economies, primarily driven by increasing automotive sales, the tightening of emissions globally and an increased demand for platinum jewellery, PGM prices could start to strengthen.
We have advanced the exploration drilling programme on the Northern Cluster to an extent where we have defined a larger resource base and our understanding of the ore body has improved considerably. At the same time, we have changed the profile of the Group to include a chrome producing cash generative one which will allow our exploration programme to be self funded in the short to medium term.

**FINANCIAL RESULTS**

Our ongoing exploration programme to grow the Company’s resource base was done at a cost of R1,9 million (2013: R13,2 million) over the last financial year. This money was spent on exploration drilling, drilling related activities as well as geological and technical studies in support of enlarging and better understanding the overall resource base. Other costs, including funds allocated to ensuring compliance with all corporate governance requirements, administration and general costs during the year under review, amounted to a further R8 million (2013: R9,6 million). Considering the current economic circumstances, the executive management maintains its position of extreme prudence in terms of the Group’s cost structures.

**EXPLORATION**

Bauba Platinum, which has valid and secure prospecting rights over eight farms, has drilled a total of 10 boreholes. These include four in the Southern Cluster, three in the Central Cluster and three in the Northern Cluster. Following encouraging drill results in the Northern Cluster over the last few years, our focus remains in that area.

The last three boreholes drilled in the Northern Cluster increased the inferred resource from 7,46 million ounces to 17,22 million ounces. Following the completion of the third borehole in the Northern Cluster, the drilling was suspended due to the financial constraints experienced.

Our planned drilling initiatives for next year, which will depend on the economic circumstance and the availability of funds, will remain focused on the Northern Cluster.

**CHROME RESOURCE**

The acquisition of the beneficial ownership over the farms Moeijlijk 412KS and Waterkop 113KT was concluded subsequent to the financial year end and is fully described in the circular to shareholders dated 22 August 2014, which is available on the Group’s website. In conjunction with the acquisition, a bulk sample and a Small Scale mining permit over the farm Moeijlijk 412KS were applied for. We entered into a lease and option agreement with Jibeng Investment Proprietary Limited, the landowners of the farm Moeijlijk, to facilitate access to the chrome mining area. This agreement also provides for an option to acquire the portion of the farm on which the mining operations will be established. The run of mine chromite ore produced under the Small Scale mining permit will be sold to ASA Metals Proprietary Limited (ASA) under a chrome ore supply agreement and a contract mining company that has extensive experience mining in the area, will be contracted to extract the chrome ore.

**Despite the many challenges over the last year, we have created a number of key opportunities that will position the Group better for the future.**
The legal process has not yet been resolved and deliberations are continuing with all parties involved. We maintain our position that as the holder of the renewed prospecting rights, we are confident that these rights will not be set aside, a view which is confirmed by a legal opinion which we have obtained.

SUSTAINABILITY
As our BBBEE partners and a significant shareholder in the business, the intention is to involve the Bapedi Nation in the day-to-day activities of the operations. Over the last year, we have continued our engagement sessions with the community to ensure that there is a common understanding of the scope and potential of our activities. This also allows us all to gauge the impact of our business on potential host communities.

The nature of drilling programmes is such that employment opportunities are mostly short-term, but we have continued to encourage our contractors to employ local labour and to provide basic training required for the various jobs. The chromite operation will provide additional employment opportunities and create new skill sets for the local community.

CONCLUSION
At the end of a particularly challenging year I would like to thank the Bauba Platinum team, as well as our partners and suppliers, for their support and, in particular, for their dedication to our overall objective of building a sufficiently large PGM base for future mining. I am equally grateful to the many and diverse stakeholders of Bauba Platinum who have offered their support and understanding of our many challenges. I thank the chairman and our board members for their support. I am confident that this next year will be the beginning of a new chapter for us all.

Syd Caddy
Chief executive officer
22 September 2014

The board estimated the Moeijelijk chrome resource to be 9.3 million metric tonnes, of which approximately 1.3 million metric tonnes have been identified as suitable for open cast mining operations up to a high wall of 50 metres. These results were based on both percussion and diamond drilling along the sub outcrop including confirmatory drilling done by ASA.

SHORT-TERM CASH FLOW
We expect to start delivering run of mine chrome ore to ASA before the end of calendar 2014 as the mining permit is expected in due course. A major portion of the resulting cash flow proceeds from the chrome operation will be diverted into the PGM exploration programme. This will position Bauba Platinum favourably to apply for a mining right over its projects before July 2015 and to further develop and exploit its platinum resources.

HOUTBOSCH 323KT
In the 2010 Assets For Shares Transaction, that resulted in the formation of Bauba Platinum and of which detail was presented to shareholders in the circular dated 17 May 2010, provision was made for the issue of 21 189 600 Bauba Platinum ordinary shares to the sellers for the beneficial right over 60% of the prospecting right on the farm Houtbosch 323KT. The prospecting right over the farm Houtbosch 323KT was granted to the prospect holder but not notarially executed. The amendment to the prospect right to add the Houtbosch 323KT was notarially executed on 27 August 2014 and the issue of the Houtbosch payment shares were approved by the shareholders on 19 September 2014.

RISKS
We have previously informed shareholders that Bauba Platinum has been cited as a respondent in a legal process initiated by Rustenburg Platinum Mines (RPM) against the Department of Mineral Resources (DMR) in respect of the farms Genokakop 285KT and Groothoekboom 284KT being included in the Southern Cluster of Bauba Platinum's Prospecting Rights. The farm Houtbosch 323KT forms part of disputed properties as cited.
LOCATION, GEOGRAPHY AND ACCESS
The Bauba Platinum farms lie within the Leolo mountain range in Limpopo province, approximately 40km north-northwest of the town of Steelpoort and 250km northeast of Johannesburg. The area has a well-developed network of national (N4), regional (R555) and district tarred roads and railways. The Group holds Prospecting Rights over eight farms extending over an area of 14 290ha of the northeastern limb of the Bushveld Igneous Complex. The farms have been grouped into three areas, namely the Northern, Central and Southern Clusters. The farms are adjacent to operating platinum mines and development projects on the Eastern Limb.

REGIONAL AND LOCAL GEOLOGY
The Bauba Platinum prospects are located on the Eastern Limb of the Bushveld Complex (see page 3). The prospect areas are largely underlain by the Main Zone and to a lesser extent the Upper Zone mafic layers. The Main Zone is underlain by the Critical Zone which hosts the majority of the world’s platinum group elements (PGE) resources in the Merensky and UG2 reefs.

The Merensky Reef, which comprises the mineralised upper portion of the medium-grained, poikilitic Merensky pyroxenite, is present at depths between 1 600 metres and 2 500 metres within the Group’s prospects. The UG2 Reef, which consists of the mineralised, medium-grained, UG2 chromitite seam, is located between 300 metres and 400 metres below the Merensky Reef.

LEGAL TENURE AND AGREEMENTS
The Group was granted the renewal of their two new order Prospecting Rights, 248/2006PR and 256/2006PR, for a period of three years, effective 18 July 2012. These Rights are held by Bauba A Hlabirwa Mining Investments Proprietary Limited (Baub A Hlabirwa). Bauba A Hlabirwa is 60% held by Bauba Platinum and 40% by the Bapedi Nation. The Prospecting Rights cover all eight farms that make up the Bauba Project. The renewed rights have been notarially executed and were registered in the Mineral and Petroleum Titles Office on 27 February 2013. Furthermore, an application to amend 256/2006PR, to include the farm Houtbosch 323KT was lodged on 12 March 2014, the notarial execution recorded on 27 August 2014.

The Group’s two Prospecting Rights are held in the Limpopo province of South Africa:
- 248/2006PR: over the farm: Magneetsvlakte 541KS; and

EXPLORATION ACTIVITIES
Since the Group commenced with the management of the Bauba Project, the Group has developed and initiated a comprehensive exploration programme for platinum group metals (PGM) and associated metals within the prospect areas.
The exploration programme comprises:

- The development of structural plans for the project areas from acquired geophysical, satellite and aerial photo data and imagery as well as information pertaining to neighbouring mines and projects available in the public domain. These plans have been developed and are upgraded as new data becomes available; and

- Preliminary (Phase 1) drilling programmes for each cluster, scoped to enable the estimation of inferred resources, as well as decision-making on subsequent, focused drilling for feasibility studies. The table below summarises the status of the preliminary drilling programmes.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Boreholes planned</th>
<th>Planned drilling (m)</th>
<th>Drilling commenced</th>
<th>Boreholes completed</th>
<th>Boreholes in progress</th>
<th>Drilling metres completed</th>
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<td>Southern</td>
<td>4</td>
<td>7 900</td>
<td>April 2010</td>
<td>4</td>
<td>0</td>
<td>7 736</td>
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<tr>
<td>Central</td>
<td>6</td>
<td>15 600</td>
<td>July 2011</td>
<td>3</td>
<td>0</td>
<td>12 027</td>
</tr>
<tr>
<td>Northern</td>
<td>10</td>
<td>19 200</td>
<td>April 2012</td>
<td>3</td>
<td>0</td>
<td>8 166</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>42 700</td>
<td></td>
<td>10</td>
<td>0</td>
<td>27 929</td>
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</table>

Phase 1 drilling on the Southern Cluster intersected robust Merensky and UG2 Reef intersections at depths between 1 600 metres and 1 930 metres below surface (1 400 metres and 1 800 metres below datum). Geological modelling of the data returned from this drilling has been completed and has allowed the declaration of a SAMREC compliant, discounted inferred resource of 8.6Moz (4E) (5.1Moz attributable to Bauba A Hlabirwa) over a portion of the Southern Cluster properties. Phase 2 drilling is currently in abeyance.

Phase 1 drilling on the Central Cluster commenced during July 2011. Six boreholes were planned. To date, three boreholes have been completed. Drilling was focused to assess the potential impact on Bushveld layering of the neighbouring Paradys Dome structure. The first borehole intersected both the Merensky and UG2 reefs at depths some 300 metres shallower than extrapolated from regional dips, indicating up-warping related to the dome. Both reefs, however, displayed disruption; the Merensky Pyroxenite and the middling to the UG2 Reef was thinned, and the UG2 Reef was found to overlie Marginal Zone Bushveld rocks interspersed with Transvaal metasediment inliers. The second and third boreholes intersected regionally typical Bushveld sequence, limiting the extent of influence of the Paradys Dome to the far western portion of the Cluster.

Drilling on the Northern Cluster was initiated during April 2012, with ten boreholes initially planned. Three boreholes have been completed on the farm Schoonoord, and have intersected both the Merensky and UG2 Reefs, at depths of 1 800 metres below surface and 2 500 metres below surface. Intersection depths are in line with regional dip estimate. Potholed UG2 was intersected in one borehole. The other two holes display robust internal reef structure and base metal sulphide mineralisation.

The exploration planning for the next year includes continued drilling of planned holes in the Northern Cluster. The number of drill rigs in operation will depend on the economic climate and the ability of the Group to raise capital when required. Currently all drilling activities have been placed on hold.

### RESOURCE ESTIMATES

The current 4E (Pt+Pd+Rh+Au) PGM resource estimate for the Group’s prospects, discounted for geological losses, is tabulated below with 60% of the total resource being attributable to Bauba Platinum. The resources were compiled by Bauba Platinum’s geologists and verified and signed off by an independent competent person, Mr AN Clay of VenmynDeloitte.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>Resource category</th>
<th>Merensky</th>
<th>UG2</th>
<th>Gross total</th>
<th>Bauba attributable</th>
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<tr>
<td></td>
<td>Geological loss %</td>
<td>Tonnes</td>
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<td>Tonnes</td>
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<td>Moz</td>
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<td></td>
<td>Tonnes</td>
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<td>Moz</td>
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<td>Moz</td>
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<td>North</td>
<td>Inferred</td>
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<td>Total</td>
<td>Inferred</td>
<td>18.00</td>
<td>56.21</td>
<td>7.05</td>
<td>23.44</td>
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<tr>
<td>Total</td>
<td>Target</td>
<td>19.66</td>
<td>354.01</td>
<td>49.78</td>
<td>24.43</td>
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<tr>
<td>Total</td>
<td></td>
<td>19.43</td>
<td>410.22</td>
<td>56.83</td>
<td>24.27</td>
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</tbody>
</table>
INTRODUCTION

Good corporate governance is more than merely applying governance rules; it extends to ensuring that there are effective relationships with all key stakeholders so that the business has a proper understanding of its impact and gives due consideration to the non-financial aspects of business performance that have the potential to influence sustainable economic growth and success.

The Bauba Platinum board is responsible for corporate governance and oversees the Group’s ongoing alignment with the governance and reporting principles set out in King III. See Bauba’s website: www.bauba.co.za, for the summary of the Group’s compliance with King III.

BOARD OF DIRECTORS

The Bauba Platinum board has a unitary structure and has developed a formal framework for delegation of authority to ensure a proper balance of power amongst the directors.

The board is responsible for the appointment of the chief executive officer (CEO) and there is a clear division of roles between the chairman and the CEO. The chairman oversees the effective functioning of the board. In his leadership role, he is involved in setting the strategic direction of the Group and has been tasked with ensuring effective corporate governance practices. The CEO is answerable for the day-to-day affairs of the Group, which include implementing and monitoring the strategy of the Group in a responsible manner.

Executive directors are appointed by the board to oversee the daily functioning of the Group and are held accountable through regular reporting to the board. The non-executive directors, the majority of whom are independent, provide the board with advice and experience that is independent of the executive. They play a critical role as board representatives on the various sub-committees.

The board operates in accordance with a board charter and is accountable for ensuring financial and legislative compliance. It is required to make decisions on matters of material nature, including the Group’s financial and operating results, major acquisitions and disposals, and large capital expenditure. It is also incumbent upon the directors to ensure that sustainable development is an integral part of the business strategy. The appropriate risk management and governance systems are in place and the Group operates as a responsible and ethical corporate citizen.

The board meets at least four times a year, with additional meetings if required. The meetings follow a formal agenda to ensure that all substantive matters are addressed and information relevant to the meetings is supplied to board members in advance so that they can make informed and reasoned decisions. The directors have unrestricted access to information about Bauba Platinum and may seek independent professional advice on matters concerning the affairs of the Group if required.

The executive directors have contracts of employment with the Company which can be terminated with a two months’ notice period.

Board composition

The board consists of two executive directors and six non-executive directors, four (67%) of whom are independent. The chairman of the board, Mr Jonathan Best, is independent. As part of the Group’s long-term strategy to actively involve the Bapedi Nation at a strategic, decision-making level, King Thulare V Thulare serves as an alternate to Dr Mathews Phosa.

Independent non-executive directors are directors who have not been employed by the Group for the preceding three years, and are in no way related to the Group or to any shareholder, supplier, customer or other director of the Group in a way that would lead to their integrity, impartiality or objectivity being compromised. They have and will continue to exert significant influence at meetings.

As a junior exploration company, the directors are of the opinion that the current composition and structure of the Bauba Platinum board is appropriate. There is a policy and formal and transparent procedures in place to appoint directors to the board so as to ensure that the appropriate mix of skills and experience is maintained.

The non-executive directors do not have fixed terms of appointment. One third of the non-executive directors are subject, by rotation, to retirement and re-election by shareholders, in accordance with the Company’s Memorandum of Incorporation. Ms Kholeka Mzondeki, Dr Mathews Phosa and Mr Damian Smith retire by rotation and are available for re-election at the annual general meeting to be held on 7 November 2014. For a full list of the board members and their qualifications, see pages 4 and 5.

Board committees

Certain functions of the board have been delegated to various committees which operate according to charters approved by the
board. These committees in no way diminish the accountability of the board and their effectiveness remains a board responsibility. Members of the audit and risk committee are elected each year by shareholders at the annual general meeting while members of the remuneration and nomination committee, the social and ethics committee and the technical committee are elected by the board.

Audit and risk committee

In line with the requirements of King III, the function of the audit and risk committee now extends beyond financial reporting and it is the responsibility of the board to ensure that committee members have the necessary skills to fulfil this broader governance role.

The audit and risk committee is made up of three suitably skilled and experienced independent non-executive directors. The current members are Ms Kholeka Mzondeki (chairperson), Mr Kenneth Dicks and Mr Sholto Dolamo.

The audit and risk committee is required to meet at least twice a year in accordance with King III. The chairman of the board, the CEO, the financial director, the external auditors and the internal audit function attend the audit and risk committee meetings by invitation. Four audit and risk committee meetings were held during the year.

The committee has adopted formal terms of reference set out in a charter and approved by the board, which include all its statutory responsibilities to shareholders in terms of the Companies Act, 2008 (Act 71 of 2008) and the provisions of King III.

The committee assists the board by advising on financial and sustainability reporting and maintaining oversight of the risk management process, internal financial controls, external audit matters and the regulatory compliance of the Group. The committee applies a combined assurance process and receives assurance from management, the external auditors, the internal auditors and independent technical service providers.

The committee ensures that the requisite risk management culture, policies, practices and systems are in place relevant to the Group’s level of exposure. The day-to-day risk management is the responsibility of the management team. Bauba Platinum has a risk register in place which lists the material issues to which the business is exposed, as well as strategies to mitigate their impact. The risk register is discussed and updated at every audit and risk committee meeting, and then presented to all directors at the board meetings.

For additional information on the specific duties performed by the audit and risk committee, refer to the report on page 25.

Due to the size of the Group, it is not feasible to employ a full-time internal auditor at this stage. However, the Group has appointed an outsourced service provider and developed an internal audit charter to guide the provision of an internal audit service, which is overseen by the audit committee. During the financial year under review, the services of the internal auditors were suspended due to low operating activities brought on by the limited funding available. The external auditor’s scope was increased to mitigate the suspension of the internal audit services and has carried most of the responsibility for risk assessments on the Group’s financial statements in the reporting period. The chairman and the audit and risk committee maintain a level of oversight by reviewing the Group’s financial statements.

The audit and risk committee is required by King III to provide assurance to the board on information technology (IT) governance. The current IT systems are in line with the performance objectives of the Group which operates standard office, accounting and geological packages. The IT support is outsourced to an independent service provider. However, the Group does carry out an IT risk assessment from time to time, which identifies any potential threats to the IT system. An ongoing review process ensures that the Group maintains an adequate and effective IT system and that its information assets are properly safeguarded. The board is responsible for IT governance and the approval of any significant IT expenditure. The management team is responsible for the implementation of IT governance within the Group.

The audit and risk committee monitors the available cash resources of the Group having regard to the capital commitments of its exploration programme and its other cash requirements. Having reviewed liquidity and solvency, the committee has concluded that the going concern basis of reporting is appropriate for the Group.

As required by JSE Listings Requirement 3.84(h), the audit and risk committee has satisfied itself that the financial director has the appropriate experience and expertise to fill that position.

The audit committee considered and discussed this integrated annual report with both the management of the Group and the external auditors. During this process the committee:

- evaluated significant judgements and reporting decisions;
- evaluated the completeness of the financial statements and sustainability discussions; and
- discussed the treatment of significant and unusual transactions.

The audit and risk committee has reviewed the annual financial statements for the year ended 30 June 2014 and believes that they comply in all material respects with the statutory requirements of the various Acts governing reporting and disclosure. The committee has recommended to the board that the annual financial statements be adopted and approved.

Remuneration and nomination committee

The remuneration and nomination committee consists of three suitably skilled and experienced independent non-executive directors, Mr Kenneth Dicks (remuneration chairman), Mr Jonathan Best (nomination chairman) and Mr Sholto Dolamo.

The committee did not meet during the reporting period. Due to the financial position of the Group there were no increases or incentives paid to directors or employees and thus no reason for the committee to meet.

The committee establishes the overall principles of remuneration and considers, reviews and approves the Group’s remuneration strategy. It is important to ensure that the levels of reward are competitive and support the performance which is required to achieve the Group’s business objectives while taking into account the Group’s particular financial circumstances.
CORPORATE GOVERNANCE, ETHICS AND STAKEHOLDER ENGAGEMENT CONTINUED

The non-executive remuneration is made up of an annual retainer as well as a fee for attending meetings, in line with the King III recommendations. However, it has been decided that, given the current cash constraints on the Group, the non-executive directors will receive only 50% of their fees with an agreement that should the Group be in an improved cash position in the future, such unpaid fees will be honoured. Remuneration for individual directors is detailed on page 53. The remuneration of the non-executive directors for the following 12 months will be presented to shareholders for approval at the annual general meeting.

Furthermore, the remuneration and nomination committee is responsible for developing policy around the appointment of directors, investigates potential board members for necessary skills and competence and makes appropriate recommendations to the board. This function of the committee is chaired by Mr Jonathan Best, chairman of the board.

Remuneration policy
The Group has a remuneration policy in line with King III. All components of the reward strategy, including the basic salary and the short-term and long-term performance-based incentive payments, are aligned to the strategic direction and business-specific value drivers of Bauba Platinum.

The key principles of the remuneration policy are to:

• attract and retain competent employees that enhance business performance;
• reward, recognise and give appreciation for superior performance;
• direct employees’ energies and activities towards the key business goals;
• link the Company and individual performance to reward; and
• apply an integrated and holistic approach to the reward strategy, encompassing a balanced mix of:
  – basic salary;
  – short-term incentive bonus rewarding both Company and individual performance; and
  – long-term share-based incentive scheme, based on performance measures.

The reward strategy and each of its components are dynamic and are therefore reviewed regularly to ensure that Bauba Platinum’s remuneration policy keeps pace with market practices, and the Group’s evolving organisational context and objectives.

Remuneration mix: The executives’ total remuneration consists of a basic salary, defined as the employment cost to the Group, an annual performance-linked bonus and a long-term share-based incentive scheme. The Group has finalised an appropriate share-based incentive scheme which was approved by the board and was approved by shareholders at the annual general meeting held on 5 December 2013. This will ensure that there is the necessary balance between fixed and performance-related remuneration as well as elements linked to short-term performance and those related to longer-term growth in shareholder value.

Guaranteed package: This is the total guaranteed annual employment cost to the Group associated with the employment of an individual. It is structured on the basis of an all-inclusive salary package; no separate medical aid and pension fund contributions are paid. A cost of living increase in the basic salary is considered by the remuneration committee on an annual basis and implemented from 1 July in the applicable year, if the financial position of the Group allows for such an increase.

Factors that are taken into consideration in determining the recommended annual increase include: the consumer price index (CPI), mining inflation, retention strategies, industry performance, projected growth, contractual arrangements and affordability.

Short-term incentive: This is a short-term incentive plan for which rewards are determined against the achievement of a set of annual Group and individual performance targets determined by the remuneration committee and approved by the board. These incentives are offered at the appropriate level within the Group and are paid in cash. The maximum payable under this scheme is 25% of annual salary.

The agreed performance parameters for the CEO are capital raising, exploration drilling, resource definition and budget management and corporate duties. The financial director’s performance measures are based on the financial director’s duties and operational parameters.

The choice of performance measures considers the impact of factors outside the control of executives. Where necessary the short-term incentives are benchmarked against competitors in terms of amounts actually earned as well as amounts that could potentially be earned by meeting various target thresholds.

The incentive architecture provides for:

• Group and individual performance related to a specific time period;
• meaningful performance measures;
• annual revision by the remuneration committee to ensure the continuing appropriateness of performance measures, the weighting of measures and the split between individual and Group performance;
• where appropriate, the inclusion of non-financial measures; and
• the weighting of performance measures to vary depending on seniority, relevance, and ability to influence the outcome.

Long-term incentive plan (LTIP): A long-term share-based scheme, based on performance, was approved at the annual general meeting held on 5 December 2013 by shareholders. The intention is to implement the scheme during the 2015 financial year, to incentivise executives and selected employees of the Group. The award under the scheme will be governed by the board of directors and the remuneration committee and is subject to JSE and shareholders’ approval.
The remuneration levels are benchmarked against a comparator group of South African small and mid-cap JSE-listed entities, as well as junior mining and exploration companies. The Group makes use of the services of an independent consultant to assist with the benchmarking exercise.

In terms of the LTIP, executives and selected employees of the Group may be offered annually a weighted combination of:

- allocations of share appreciation rights (akin to net settled share options);
- awards of performance shares; and
- grants of restricted shares.

Offers of these shares will be governed by and reflect Bauba Platinum’s reward strategy – pay mix, in which the “expected value” of incentive reward is set for defined categories of executives and senior management. The LTIP will provide for the inclusion of a number of performance conditions, designed to align the interests of participants with those of Bauba Platinum’s shareholders and to reward Group and individual performance, looking beyond factors which could influence this such as the performance of the economy or the mining sector in which the Group operates.

The performance share element makes provision for annual conditional awards of performance shares to be made to executives and selected employees. The performance shares will vest on the third anniversary of their award, to the extent that the Group has met specified performance criteria, as determined by the remuneration committee, over the intervening period.

The share appreciation right element is similar in architecture to a share option plan, but with a number of variations to bring it in line with best practice in the mining industry and with the remuneration guidelines of King III. Annual allocations of share appreciation rights will be made to executives and selected employees. They will be available to be settled in equal thirds on the third, fourth and fifth anniversaries but need not be exercised until the seventh anniversary, at which time they will need to be exercised failing which they will lapse. On settlement, the value accruing to participants will be the appreciation of Bauba Platinum’s share price.

It is envisaged the the LTIP will be implemented in the 2015 financial year.

Social and ethics committee
In line with the requirements of King III, the board has appointed a social and ethics committee to ensure the highest standards of business integrity in accordance with the relevant legislation and global best practice.

The committee consists of three non-executive directors, Mr Sholto Dolamo (chairman), King Thulare V Thulare and Ms Kholeka Mzondeki, and one executive director, Mr Syd Caddy. In the context of the current financial constraints under which the Group was operating, this committee met only once during the reporting period. During this meeting Ms Kholeka Mzondeki resigned as a committee member. Mr Kenneth Dicks was nominated to the committee and brings with him a wealth of experience in health, safety and environmental aspects in support of the Chrome project. The board approved the changes to committee.

The role of the social and ethics committee is to:

- ensure that the Group’s code of ethics is upheld at all levels of the organisation;
- assist the board of directors in ensuring that the Group is and remains a committed, socially responsible corporate citizen;
- monitor, support, advise and provide guidance on the effectiveness of management’s efforts in respect of sustainable development and social and ethics related matters;
- ensure to the best of its ability, that contractors and suppliers have policies and practices congruent with the Group’s own social and ethics policies;
- review content in the integrated report that is relevant to the social and ethics committee, prior to review by the audit committee; and
- identify the social and ethics risks and opportunities and provide assurance to the board that the necessary mitigation measures are in place.

Technical committee
The technical committee consists of three non-executive directors, Mr Kenneth Dicks (chairman), Mr Jonathan Best and Mr Damian Smith, and two executive directors, Mr Syd Caddy and Mr Willem Moolman. The committee met once in the reporting period.

The primary responsibility of the technical committee is to unlock shareholder value through the delivery of the Group’s exploration objectives in a way that is safe and responsible towards the environment and local communities. The following duties fall to the technical committee, to:

- guide the development of the technical and exploration strategies for the effective exploration, evaluation and development of its resources and oversee the implementation thereof;
- ensure that the Group has the requisite technical skills and that training programmes are aligned with the growth and development of the Group;
- assist the board in discharging its responsibility in the management of technical risk;
- ensure the adoption of sound principles in managing safety, health and environmental risk; and
- brief the board on developments in the fields of geology, engineering, mining, metallurgy and environmental, health and safety management in so far as they impact on the Group’s ability to execute its business strategy efficiently and effectively.
CORPORATE GOVERNANCE, ETHICS AND STAKEHOLDER ENGAGEMENT CONTINUED

Attendance register of committee meetings

<table>
<thead>
<tr>
<th>Board</th>
<th>Audit and risk</th>
<th>Remuneration</th>
<th>Technical</th>
<th>Social and ethics</th>
</tr>
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<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
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<tr>
<td>JG Best</td>
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<td>1</td>
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<td>KV Dicks</td>
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<td>1</td>
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<tr>
<td>SM Dolamo</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>n</td>
</tr>
<tr>
<td>KW Mzondecki</td>
<td>4</td>
<td>4</td>
<td>n</td>
<td>n</td>
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<tr>
<td>Dr NM Phosa</td>
<td>2</td>
<td>n</td>
<td>n</td>
<td>n</td>
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<tr>
<td>DS Smith</td>
<td>3</td>
<td>n</td>
<td>n</td>
<td>1</td>
</tr>
<tr>
<td>TV Thulare</td>
<td>4</td>
<td>n</td>
<td>n</td>
<td>1</td>
</tr>
<tr>
<td>SJM Caddy</td>
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<td>4</td>
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<td>1</td>
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<tr>
<td>WA Moolman</td>
<td>4</td>
<td>4</td>
<td>n</td>
<td>1</td>
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</tbody>
</table>

n = non-member

Board expertise and training

The collective experience of the directors of Bauba Platinum reflects a wide and balanced range of financial, technical and commercial skills that enable the board to effectively fulfil its mandate in terms of ensuring the economic sustainability of the Group and giving due consideration to the social and environmental impacts of its activities.

Newly appointed directors are provided with a basic introduction to various aspects of the Group, including an overview of current strategies, business challenges and important issues, and are required to attend a formal directors’ training programme with a professional organisation if they have not previously served as a director of a listed group.

Due to the financial constraints experienced by the Group no formal training was conducted. The board members were however provided with relevant technical and legal updates as part of their board meeting communication during the year.

Company secretary

The board is responsible for the appointment of the Company secretary. The Company secretary plays a pivotal role in guiding and assisting the board on the delivery of its mandate and is expected to be available to the chairman and individual board members at all times. The Company secretary is responsible for ensuring compliance with all statutory requirements, including the JSE Listings Requirements, and is required to bring to the immediate attention of the board any changes to legislation which may impact on the Group, its directors, management and employees. The Company secretary administers and records the business of the directorate and ensures that the board charter and the charters of the individual board committees are kept up to date.

The board has access to the advice and services of the Company secretary who is responsible for the duties as set out in the section 88 of the Companies Act.

In accordance with the JSE Listings Requirements, the board must consider and satisfy themselves on an annual basis as to the qualifications, experience and competence of the Company secretary. Merchantec Proprietary Limited (Merchantec) is the appointed Company secretary. Merchantec advises both listed and non-listed clients in accordance with the Companies Act, JSE Listings Requirements and King III recommendations.

The board is satisfied that Merchantec has the required knowledge, skills and discipline to perform the functions and duties of the Company secretary. The board has concluded that Merchantec maintains an arm’s-length relationship with the Group and its board. It is not a director of the Group, nor does it have any other interests or relationships that may affect its independence. In making this assessment the board considered the independence of Merchantec’s directors, shareholders and employees as well as Merchantec’s collective qualifications and track record.

SHARE DEALING

The JSE Listings Requirements specifically prohibit directors and senior employees from dealing in the Group’s shares during a prohibited or “closed” period. A prohibited period is any period when any matter exists which constitutes unpublished price sensitive information in relation to the issuer’s securities. A closed period is the period following a financial reporting date (quarterly, half yearly or annually) and the publication of the results or during a period when an issuer is trading under a cautionary announcement.

As a proactive measure, the Company secretary will advise the chairman when the Group has entered a closed period and this will be communicated to all the board members.

Directors have to obtain prior approval from the chairman of the board to trade and are required to report such dealings to the Company secretary. In terms of the JSE Listings Requirements, any share transactions involving directors are to be published on the Securities Exchange News Service (SENS) within 48 hours.
A register of share dealings by directors is maintained by the Company secretary and reviewed by the board.

**CONFLICT OF INTEREST**

All directors, executives and defined employees are required to declare all conflicts of interest that may exist as a result of their association with any other group at every board meeting. Furthermore, the Company secretary maintains a register of all directors and their involvement with other companies which is checked regularly against the Company and Intellectual Property Commission’s database. If a director becomes aware of any conflict of interest, he or she is required to immediately disclose such conflict, will not have any voting rights on the conflicted matter and will be required to leave the meeting should such a matter be put to the vote.

**INTERNAL CONTROL AND RISK MANAGEMENT**

The board is responsible for ensuring that a comprehensive system of control exists and is effectively managed so that the risks affecting the business are identified and appropriate action is taken by management to mitigate these risks. It is the board’s responsibility, with the considered guidance of the audit and risk committee, to review the effectiveness of these systems on a regular basis and to ensure their maturity as the business grows. In order to assist the board, an outsourced internal audit function, accountable to the chairman of the audit and risk committee, has been put in place and will report to the CEO on internal controls of the Group’s activities.

Besides ensuring legal and regulatory compliance, the internal audit function will assess internal controls and risk profiles, ensuring that the risks are relevant and mitigation strategies are appropriate. The function will also monitor the delegation of authority and segregation of duties to ensure that governance and risk management processes are not compromised. It is also important for the board to understand the consequences of non-compliance in any particular area. The services of the internal auditors were suspended during the financial year under review due to the protracted operating activities. The scope of the external auditors were increased to mitigate the effect of the suspended internal audit function.

Key risks identified for the Group during the reporting period include:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising the necessary finances to continue with exploration activities</td>
<td>• Ongoing engagement with existing and potential investors so that they understand the Group, its strategic objectives, delivery and performance</td>
</tr>
<tr>
<td></td>
<td>• Managing the drilling programme within the financial constraints</td>
</tr>
<tr>
<td></td>
<td>• Acquisition of a 60% interest in the prospecting rights over the farms Moeijelijk 412KS and Waterkop 113KT which will lead to the exploitation of a low-cost, open cast chrome operation which can provide Bauba with a steady cash flow to advance the exploration of our PGM projects for the foreseeable future and to distribute part of the generated cash as dividends</td>
</tr>
<tr>
<td>Impact of global economic uncertainty on platinum market</td>
<td>• Understanding the platinum market in the medium and long term</td>
</tr>
<tr>
<td></td>
<td>• Ongoing engagement with existing and potential investors so that they understand the development of the Group in the context of the long-term fundamentals of the PGM market</td>
</tr>
<tr>
<td>Impact of current challenges in SA mining sector on investor confidence</td>
<td>• Ongoing engagement with existing and potential investors so that they understand the challenges and what is being done to address them</td>
</tr>
<tr>
<td>Retaining Prospecting Rights</td>
<td>• Ensuring compliance with the requirements of the Minerals and Petroleum Resources Development Act (MPRDA)</td>
</tr>
<tr>
<td></td>
<td>• Engagement with relevant stakeholders on specific risk issues (e.g. review application)</td>
</tr>
<tr>
<td>Technical skills shortage in the industry which may impact on future development</td>
<td>• Continue to assess the Group’s skills requirements and ensure the required training programmes are put in place, when appropriate, for executives, employees and community as a potential skills pool</td>
</tr>
<tr>
<td>Managing community and shareholder expectations</td>
<td>• Stakeholder engagement and communications strategy</td>
</tr>
<tr>
<td></td>
<td>• Liaison officers based in the community provide a mechanism to communicate with the community</td>
</tr>
</tbody>
</table>
EXTERNAL AUDIT

The audit and risk committee is responsible for the oversight of the external auditors. The external auditors will provide assurance to shareholders that the information provided to them fairly presents the Group’s financial performance. See the auditor’s assurance report on page 27.

The appointment of the external auditors is approved by shareholders at the annual general meeting. In its assessment, the audit and risk committee will ensure that the external auditor’s independence is not impaired in any way and that the highest level of professional ethics is observed by the external auditor. The audit and risk committee is satisfied that BDO South Africa Inc, the Group’s appointed external auditor, is independent.

CODE OF ETHICS

The Bauba Platinum board has adopted a code of ethics based on the fundamental principles of integrity, transparency and accountability. The code of ethics describes the behaviour required of all Group representatives when engaging with stakeholders. Directors, executive management and all employees are required to sign the code of ethics and the board accepts full responsibility for ensuring, as far as reasonably possible, that the code is enforced.

HUMAN RIGHTS

Basic human rights, as enshrined in the country’s Constitution and Bill of Rights, are a key consideration in the way Bauba Platinum conducts its business activities and engages its stakeholders. Group policies and procedures ensure that employees and stakeholders are treated with dignity and respect, irrespective of gender, background or race.

APPROACH TO STAKEHOLDER ENGAGEMENT

While Bauba Platinum’s primary responsibility is to its investors and the enhancement of shareholder value over time, this is only possible with fair and reasonable regard for other stakeholders who have an interest in or are affected by the Group’s activities. Open and equitable engagement with these stakeholders provides an opportunity to identify risks, challenges and opportunities which are considered material for the Group and the communities in which it operates.

The key material issue for all stakeholders in this reporting period has been the sustainability of the Group and its ability to continue with the drilling programme on its core PGM assets. To this end, the Group has engaged extensively with all key stakeholders to understand their concerns and to determine a way forward which is in the best interests of the business, investors, partners and community shareholders.

Community relations are an important part of the Group’s stakeholder engagement plans, and Bauba Platinum has a number of processes in place to engage meaningfully with the community, its representatives and members. These include, amongst others, the use of community liaison officers who are based in the community and are able to provide information on the Group and its activities on a regular basis.

Mechanisms for shareholder communication with the board

There are a number of formal mechanisms in place to ensure that shareholders have access to those responsible for safeguarding their investment in the Group. These include one-on-one meetings with major investors, presentations, road shows, announcements on SENS, publication in the media of interim and year end results, the Group’s website, the integrated annual report to shareholders and the annual general meetings where shareholders can use proxy forms to exercise their votes should they not be able to attend in person.

A stakeholder engagement matrix is available on the Group’s website (www.bauba.co.za).

KING III CORPORATE GOVERNANCE COMPLIANCE

Bauba Platinum has conducted a self-assessment of compliance to the recommendations of King III, according to the “apply or explain” principle. The compliance matrix is available on the Group’s website (www.bauba.co.za).

During the period under review, the Group was under severe cash flow constraints and as a result critically evaluated all services, the associated costs, and the potential governance impact. Given the low level of operational and financial transaction activity anticipated in the year, the internal audit services were suspended and the scope of the external audit was extended to ensure the associated risks were mitigated.
CORPORATE CITIZENSHIP

There is a growing call around the world to ensure that local communities benefit from the activities of the mining companies they host. It is incumbent upon the board of directors and the management of Bauba Platinum to ensure that, from the outset, the Group has a full appreciation of the potential impact its activities could have on employees, local communities and the environment within which it operates; and that it understands the needs and concerns of its many stakeholders, particularly to inform decisions around socio-economic development opportunities.

Bauba Platinum has a social and ethics committee, a key role of which is to assist the board in ensuring that the Group is and remains a socially responsible corporate citizen.

Transformation

The Bapedi Nation holds a 40% interest in Bauba A Hlabirwa, the legal holder of the prospecting rights and the future mining operator. This means that Bauba Platinum meets the BBBEE requirements of the MPRDA. This will not be affected by the proposed acquisition and the development of the chrome mining operations. In fact, the near-term cash generation potential will greatly assist the Bapedi Nation to start servicing its debt obligation.

As our BBBEE partners and a significant shareholder in the business, the intention is to involve the Bapedi Nation in the day-to-day activities of the operations. Much is being done to build the business skills of those representing the Bapedi Nation at different levels within the organisation to enable them to take an active role in the business. We have continued our engagement sessions with the community to ensure that there is a common understanding of the scope and potential of our activities and to enhance awareness around the constraints within which the Group is operating and how we are dealing with these challenges.

Workplace

Even as a small employer, Bauba Platinum is committed to employment practices which are founded on the fundamental principles of fairness and equity.

It is the responsibility of the Group to ensure a safe and healthy working environment. A safety and health policy, which is aligned to occupational health and mining legislation requirements, outlines the Group’s zero harm objectives. Management requires companies undertaking work on behalf of Bauba Platinum to comply with relevant health, safety and environmental regulations. Community liaison officers have undergone safety training in exploration and drilling as part of the Group’s broader skills development programme.

Although most of the exploration activities on the Bauba Project are undertaken by contractors, as far as possible the Group encourages the use of local employees in positions which do not require specialist skills. The same principle will be applied to the development of the Group’s chrome asset.

Environment

All exploration sites are rehabilitated immediately after completion of the drilling of the particular hole. The drilling contractor is responsible for rehabilitating the site to standards agreed with Bauba Platinum. Management ensures that these standards have been met by way of an inspection before a drill site is vacated. Responsible land stewardship is critical and is carefully monitored by the Group.

The Group’s main environmental impacts are:

- the use of diesel to power the drill rig and generate electricity on site;
- the management of waste; and
- the disturbance of land by drilling activities.

Social development

Bauba Platinum acknowledges the need to engage with communities in which it operates from the very earliest stages of the mining lifecycle and has sought to provide the platform for open dialogue with these communities. A proper grasp of the community’s needs and concerns will enable the Group to respond to these, relative to its operational activities and where appropriate. This engagement is likely to become more focused as the Group begins development of its chrome asset.
ANNUAL FINANCIAL STATEMENTS

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30  Consolidated statements of cash flow
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54  Shareholders’ information
DIRECTORS’ RESPONSIBILITY STATEMENT

The board is responsible for the preparation and fair presentation of the Group annual financial statements and separate annual financial statements of Bauba Platinum Limited, comprising the statements of financial position at 30 June 2014, the statements of comprehensive income, changes in equity and cash flows for the year ended 30 June 2014, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors’ report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2008 (Act 71 of 2008).

The annual financial statements were prepared by the financial director, Willem Moolman and audited by BDO South Africa Incorporated in compliance with section 30(2)(a) of the Companies Act, 2008 (Act 71 of 2008).

The board is also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The board has made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and the separate annual financial statements of the Company are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements and the separate annual financial statements of Bauba Platinum Limited, as identified in the first paragraph, were approved by the board of directors and are signed on its behalf by:

Jonathan Best  
Chairman

Syd Caddy  
Chief Executive Officer

Willem Moolman  
Financial Director

22 September 2014

CERTIFICATE BY COMPANY SECRETARY

In our capacity as Company secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act 71 of 2008), that for the year ended 30 June 2014, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Merchantec Proprietary Limited  
Company secretary

22 September 2014
The directors have pleasure in submitting their report for the 2014 financial year.

**NATURE OF BUSINESS**

Bauba Platinum Limited (the Company) is the Group’s holding company. The Group’s primary activities are focused on exploration for platinum group metals (PGMs). The Group holds new order Prospecting Rights over eight farms which make up the Bauba Project. The new order Prospecting Rights were successfully renewed to 17 July 2015.

**FINANCIAL RESULTS**

Bauba Platinum is a junior exploration company and does not generate revenue from operating activities. The Group is therefore reliant on obtaining cash through traditional funding mechanisms. The financial statements set out the financial results of the Group and Company on pages 29 to 31. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements where required.

During the year under review the Group experienced challenging times in the capital raising environment, especially for platinum operators, and was able to secure R2,5 million in support of its pursuit to acquiring a chrome prospecting right which has the potential to become a cash generative asset. Due to these challenges, the Group decided to complete the drilling activities it started in the previous financial year and suspend all new exploration drilling activities until sufficient cash is secured. The Group expended R1,6 million cash on exploration related activities in support of the exploration programme and pursuing the chrome asset acquisition. In compliance with all corporate governance requirements, the Group expended R8,4 million on operational, general and administration costs during the year under review.

The Group reviewed the exploration costs capitalised in line with its accounting policies (refer note 10). This resulted in an impairment of R4,1 million relating to cost incurred in the Central Cluster.

**CHROME PROJECT**

During the financial year under review the Company entered into an assets for shares transaction to acquire 60% of the beneficial rights of the prospecting rights held over the farms Moeijelijk 412KS and Waterkop 113KT. The mineral chrome was specifically excluded from the prospecting right granted over the farm Waterkop 113KT and thus no value was attached to this farm in the purchase consideration. The detail of this Transaction was described in the circular to shareholders dated 22 August 2014 and approved by the shareholders in a general meeting on 19 September 2014. The salient points of the LG6 chrome ore body on the farm Moeijelijk 412KS are:

- It sub-outcrops near to surface on the property;
- Approximately 1,3 million tonnes of chrome ore can be extracted by means of an open cast operation;
- The expected life of mine of the open cast operation is five to six years based on a mining plan of 20 000 tonnes per month; and
- Extrapolated results indicate approximately eight million tonnes of chrome ore which can be mined by means of a shallow underground operation. Two to three down dip boreholes will confirm the values, which are expected to be similar to the values obtained thus far.

In anticipation of the approval of the Transaction and to facilitate a swift transition into a cash generative project the Group:

- applied for a bulk sample permit and a mining permit;
- negotiated and put in place a lease and option agreement with the surface right owners;
- confirmed an arrangement with Zizwe Opencast Mining Proprietary Limited for it to operate an open cast mining project for phase 1 of the mine development; and
- negotiated and put in place a chrome ore supply agreement with ASA, which made provision for bridging finance of R5,6 million and an additional upfront payment of R20 million on the day the mining permit is awarded by the DMR.

In addition to the chrome ore supply agreement, ASA provided the cash guarantee of R5,1 million required by the DMR as a rehabilitation guarantee. As part of the provision of the guarantee the Group entered into a pre-emptive agreement with ASA in which they have the pre-emptive right of first refusal should the Group decide to dispose of the mineral rights over the farm Moeijelijk 412KS.

**GOING CONCERN**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be 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.
Following the successful acquisition of the beneficial ownership of the chrome prospecting right subsequent to the financial year end (refer note 23), the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next twelve months.

SHARE CAPITAL
The authorised share capital of the Company is 200 million shares of which 127,061,418 were in issue at 30 June 2014 (refer note 16).

During the year under review the Company issued 3,787,879 shares at R0,66 per share in terms of the general authority granted to the board at the annual general meeting of the Company held on 5 December 2013.

BORROWING POWERS
In terms of Article 79 of the Memorandum of Incorporation of Bauba Platinum Limited, the Company has unlimited borrowing powers vested in the directors. The Group does not currently have an overdraft facility.

LITIGATION
The Group is involved in two litigation matters. The details are:

- A review application was lodged by Rustenburg Platinum Mines Limited with regards the prospecting rights held over the farms Genokakop 285KT and Groot Vygenboom 284KT; and
- A previous employee of the Company has lodged a claim for compensation due to his resignation for alleged good cause.

The Company has taken senior counsel advice on both these matters and was informed that the Company has a strong case in both instances and the judicial system should find in the Company’s favour. The potential financial effect of the outcomes is uncertain in light of the outcome being subjected to the judicial process.

SUBSEQUENT EVENTS
Other than those set out in note 23, there were no material subsequent events of which the board are aware that have not been addressed at the date of this report.

DIRECTORATE
There were no changes made to the board of directors during the financial year under review.

DIRECTORS’ REMUNERATION AND SHAREHOLDING
Details of the directors’ remuneration are set out in note 24 to the annual financial statements and details of directors’ shareholdings are set out under Shareholders’ information on page 54.

DIRECTORS’ INTERESTS IN CONTRACTS
A contract was entered into with DS Smith for the provision of geological services. The details of the financial transactions are reflected in the notes to the financial statements in note 21 on related parties. During the period under review the Group did not enter into any other contracts in which directors have an interest.

RESOLUTIONS
All ordinary resolutions were passed as well as three special resolutions at the annual general meeting held on 5 December 2013. The special resolutions that were passed are as follows:

Special resolution number 1: Non-executive directors’ remuneration
“RESOLVED THAT, in terms of the provisions of section 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of the Company, for their services as directors of the Company for the financial year ending 30 June 2014, be and is hereby approved as follows:

<table>
<thead>
<tr>
<th></th>
<th>Main board</th>
<th>Audit committee</th>
<th>Other committees</th>
<th>Ad hoc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per meeting attendance fee</td>
<td>Annual retainer fee</td>
<td>Per meeting attendance fee</td>
<td>Annual retainer fee</td>
</tr>
<tr>
<td>Chairman</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Members</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

* The hourly fee is applicable for ad hoc special board meetings and services rendered over and above the normal duties as directors of the Company.
Special resolution number 2: General approval to acquire shares

"RESOLVED THAT, by way of a general approval, the Company and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited (the JSE), as amended from time to time."

Special resolution number 3: Financial assistance

"RESOLVED THAT, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) (Companies Act), the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that:

(a) The board of directors of the Company (the board), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) The board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

The role and functions of the company secretary include:
- providing the directors, collectively and individually, with detailed guidance on their duties, responsibilities and powers;
- providing information on laws, legislation, regulations and matters of ethics and good corporate governance relevant to the Company;
- reporting to the Company’s board any failure on the part of the Company or a director to the Company to comply with the Memorandum of Incorporation and the Companies Act;
- properly recording the minutes of all shareholder meetings;
- properly recording the minutes of all board and subcommittee meetings; and
- certifying in the Company’s annual financial statements whether the Company has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date.

REGISTERED OFFICE
Bauba Platinum Limited
Building 816/5, 1st Floor
Hammets Crossing Office Park
2 Selbourne Road
South Africa
Fourways 2055
The Company’s postal address is:
PO Box 1658, Witkoppen 2068.

COMPANY SECRETARY
Merchantec Proprietary Limited
2nd Floor, North Block, Hyde Park Office Tower
Cnr 6th Road and Jan Smuts Avenue
Hyde Park 2196
PO Box 41480, Craighall 2024

The functions of the Company secretary are outsourced to an independent supplier, Merchantec Proprietary Limited. The multidisciplinary team of professionals includes company secretaries, lawyers, financial and business administrators. Merchantec Proprietary Limited has extensive experience and a strong track record in the listed environment.
The audit and risk committee is constituted as a statutory committee of Bauba Platinum Limited to fulfil its responsibilities to shareholders in terms of the revised Companies Act, 2008 (Act 71 of 2008), to ensure compliance with the provisions of King III, and in respect of all other duties that may be assigned to it by the board. The committee has complied with its legal and statutory duties for the 2014 financial year.

COMMITTEE COMPOSITION
The committee comprised three independent non-executive board members, of which one is the chairperson. The chairperson of the committee is Ms Kholoeka Mzondeki, a chartered accountant by profession, and supported by Mr Kenneth Dicks and Mr Sholto Dolamo as members. The chairman of the board is a standing invitee, but has no voting rights.

MEETINGS
Four audit and risk committee meetings were held during the year and were attended by all members.

TERMS OF REFERENCE
The committee has adopted formal terms of reference set out in a charter and approved by the board. These terms of reference are reviewed on an annual basis and updated where necessary. During the past year, the committee has executed its duties according to the terms of reference.

DUTIES PERFORMED
The committee is acutely aware of its statutory and other responsibilities, the most significant of which executed are listed below:

• Recommend the re-appointed BDO South Africa Incorporated (BDO) as external auditors, having determined that they have the necessary expertise, are independent of the Group and are approved by the JSE;
• Approved the terms of engagement of the external auditors and the fee to be paid, as per note 4 of the annual financial statements;
• Reviewed the annual financial statements, the integrated annual report as well as the interim report before recommending them to the board for approval;
• Reviewed compliance with applicable legislative requirements of the appropriate regulatory authorities;
• Reviewed the solvency and liquidity of the Group;
• Reviewed all trading statements before recommending them to the board for approval;
• Reviewed the Group’s internal control systems;
• Received regular reports on litigation and tax matters;
• Recommended the suspension of the outsourced internal audit function due to the financial constraints that the Group experienced during the financial year;
• Assessed the various components of combined assurance, and is satisfied that there is adequate coverage;
• Ensured that the external auditors conducted such procedures to mitigate the risk associated with the suspension of the internal audit function; and ensured the safeguarding of assets;
• Monitored the whistleblowing reports – there were no reportable irregularities noted by the committee or BDO; and
• In meetings held separately with BDO, without the executive management present, no matters of concern were raised.

RISK MANAGEMENT
The board has assigned oversight of the Group’s risk management to the committee. A risk register, which lists the material risks to which the business is exposed, as well as mitigation strategies, is discussed and if need be, updated at audit and risk committee meetings. The report is presented at board meetings.

The committee satisfied itself that the processes and procedures followed in terms of identifying, managing and reporting on risk are adequate and that the following areas, amongst other strategic and operational risks, have been appropriately addressed:

• Cash flow risk;
• Legal compliance risk;
• Financial reporting risks;
• Internal financial controls;
• Local communities on and around the prospecting areas;
• Legal tenure of the prospecting rights;
• Fraud risks relating to financial reporting; and
• IT risks related to financial reporting.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROLS
Due financial constraints the Group experienced during the current financial year, the services of the internal auditors were suspended and the scope of the external auditors was amended from the previous year in order to alleviate the risk associated with the suspension of the internal audit services. The Group will in the near future reinstate the outsourced internal audit services in line with future availability of positive cash flow.

Based on the assurance from management, the external audit and the observance of the committee of the cash flow and expenditure status of the Group, the committee is satisfied that there was no breakdown of internal controls for the reporting period.

IT GOVERNANCE
The audit committee is required by King III to provide assurance to the board on information technology (IT) governance. The Group has developed an IT policy which incorporates the relevant requirements to safeguard the Group’s assets, in particular intellectual property. The policy has been reviewed at committee meetings. An ongoing review process ensures that the Group’s
intellectual property is properly safeguarded and that the external service provider has satisfactory controls in place as per their service level agreement.

REGULATORY COMPLIANCE

The committee is satisfied that the Group complied with all relevant laws and regulations and has a legal compliance framework and processes in place to detect non-compliance.

FINANCIAL DIRECTOR REVIEW

As required by JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has the appropriate experience and expertise to fill that position.

INTEGRATED ANNUAL REPORT

The audit and risk committee has reviewed the annual financial statements for Bauba Platinum Limited for the year ended 30 June 2014 and considers that they comply in all material respects with the statutory requirements of the various Acts and standards governing reporting and disclosure. The committee has reviewed the integrated report and has recommended the report to the board and shareholders for approval.

On behalf of the board audit and risk committee

KW Mzondeki
Audit and risk committee chairperson
22 September 2014
INDEPENDENT AUDITOR’S REPORT

To the shareholders of Bauba Platinum Limited

We have audited the consolidated and separate financial statements of Bauba Platinum set out on pages 28 to 53, which comprise the statements of financial position as at 30 June 2014 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company’s directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bauba Platinum Limited as at 30 June 2014 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the consolidated and separate annual financial statements which indicate that the Group incurred a net loss of R12 489 000 for the year ended 30 June 2014 and, as at the date of this report, the Group’s cash resources will not be sufficient to sustain the operations of the Group for more than 12 months subsequent to year end. The note 22 also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the directors’ report, the audit committee’s report and the Company secretary’s certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

BDO South Africa Inc.
FM Bruce-Brand
Director
Registered Auditor
22 Wellington Road
Parktown 2193
22 September 2014
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>GROUP 2014</th>
<th>COMPANY 2013</th>
<th>GROUP 2014</th>
<th>COMPANY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>1 800</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>(345)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Impairment of intangible assets</td>
<td>10</td>
<td>(4 108)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>4</td>
<td>(8 144)</td>
<td>(10 445)</td>
<td>(7 270)</td>
</tr>
<tr>
<td>Finance income</td>
<td>5</td>
<td>108</td>
<td>872</td>
<td>108</td>
</tr>
<tr>
<td>Profit/(loss) on loans to subsidiaries</td>
<td>13</td>
<td>–</td>
<td>–</td>
<td>16 798</td>
</tr>
<tr>
<td><strong>Profit/(loss) before taxation</strong></td>
<td>(12 489)</td>
<td>(9 573)</td>
<td>11 436</td>
<td>(22 430)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Comprehensive profit/(loss) for the year</strong></td>
<td>(12 489)</td>
<td>(9 573)</td>
<td>11 436</td>
<td>(22 430)</td>
</tr>
</tbody>
</table>

**Loss for the year**

(12 489) (9 573)

**Attributable to:**

- Equity holders of the Company
  
  (9 638) (9 202)

- Non-controlling interest
  
  (2 851) (371)

**Total comprehensive loss for the year**

(12 489) (9 573)

**Attributable to:**

- Equity holders of the Company
  
  (9 638) (9 202)

- Non-controlling interest
  
  (2 851) (371)

**Basic profit/(loss) per share (cents)**

7  

(7.7) (7.5) 9.1 (18.2)

**Profit/(loss) per share (cents)**

(7.7) (7.5) 9.1 (18.2)

**Diluted profit/(loss) per share (cents)**

7  

(7.7) (7.5) 9.1 (18.2)

**Profit/(loss) per share (cents)**

(7.7) (7.5) 9.1 (18.2)

Weighted average shares in issue ('000)

125 162 123 274 125 162 123 274

Number of shares in issue at end of year ('000)

127 061 123 274 127 061 123 274
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>28 343</td>
<td>30 907</td>
<td>230 136</td>
<td>212 330</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>28 057</td>
<td>30 555</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>286</td>
<td>352</td>
<td>74</td>
<td>103</td>
</tr>
<tr>
<td>Investments in subsidiaries</td>
<td>-</td>
<td>-</td>
<td>203 011</td>
<td>203 011</td>
</tr>
<tr>
<td>Loans to subsidiaries</td>
<td>-</td>
<td>-</td>
<td>27 051</td>
<td>9 216</td>
</tr>
<tr>
<td>Current assets</td>
<td>1 278</td>
<td>5 460</td>
<td>1 013</td>
<td>5 312</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>363</td>
<td>235</td>
<td>109</td>
<td>102</td>
</tr>
<tr>
<td>Cash</td>
<td>915</td>
<td>5 225</td>
<td>904</td>
<td>5 210</td>
</tr>
<tr>
<td>Total assets</td>
<td>29 621</td>
<td>36 367</td>
<td>231 149</td>
<td>217 642</td>
</tr>
</tbody>
</table>

| Equity and liabilities | | | | |
| Capital and reserves | 25 072 | 35 561 | 230 627 | 217 191 |
| Share capital | 127 062 | 123 274 | 127 062 | 123 274 |
| Share premium | 274 532 | 276 320 | 274 532 | 276 320 |
| Reverse asset acquisition reserve | (282 988) | (282 988) | - | - |
| Retained loss | (89 324) | (79 686) | (170 967) | (182 403) |
| Non-controlling interest | (4 210) | (1 359) | - | - |
| Current liabilities | 4 549 | 806 | 522 | 451 |
| Trade and other payables | 4 549 | 806 | 522 | 451 |
| Total equity and liabilities | 29 621 | 36 367 | 231 149 | 217 642 |
CONSOLIDATED STATEMENTS OF CASH FLOW
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>GROUP 2014</th>
<th>GROUP 2013</th>
<th>COMPANY 2014</th>
<th>COMPANY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Net cash utilised in operating activities</td>
<td>9 (4 795)</td>
<td>(10 428)</td>
<td>(5 364)</td>
<td>(9 388)</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(1 515)</td>
<td>(12 389)</td>
<td>(942)</td>
<td>(13 425)</td>
</tr>
<tr>
<td>Loans to subsidiaries</td>
<td>13 –</td>
<td>–</td>
<td>(1 037)</td>
<td>(14 260)</td>
</tr>
<tr>
<td>Investments in intangible assets</td>
<td>10 (1 610)</td>
<td>(13 249)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>11 (13)</td>
<td>(36)</td>
<td>(13)</td>
<td>(36)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>–</td>
<td>24</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td>Interest received</td>
<td>5 108</td>
<td>872</td>
<td>108</td>
<td>870</td>
</tr>
<tr>
<td>Net cash inflow from financing activities</td>
<td>2 000</td>
<td>–</td>
<td>2 000</td>
<td>–</td>
</tr>
<tr>
<td>Shares issued for cash</td>
<td>16 2 500</td>
<td>–</td>
<td>2 500</td>
<td>–</td>
</tr>
<tr>
<td>Cost associated with listing and issuing of shares</td>
<td>16 (500)</td>
<td>–</td>
<td>(500)</td>
<td>–</td>
</tr>
<tr>
<td>Net decrease in cash</td>
<td>(4 310)</td>
<td>(22 817)</td>
<td>(4 306)</td>
<td>(22 813)</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>5 225</td>
<td>28 042</td>
<td>5 210</td>
<td>28 023</td>
</tr>
<tr>
<td>Cash at end of year</td>
<td>15 915</td>
<td>5 225</td>
<td>904</td>
<td>5 210</td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th></th>
<th>Share capital R'000</th>
<th>Share premium R'000</th>
<th>Retained loss R'000</th>
<th>Non-controlling interest R'000</th>
<th>Reverse acquisition adjustment R'000</th>
<th>Total R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROUP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July 2012</td>
<td>123 274</td>
<td>276 320</td>
<td>(70 484)</td>
<td>(988)</td>
<td>(282 988)</td>
<td>45 134</td>
</tr>
<tr>
<td>Comprehensive loss for the year</td>
<td>–</td>
<td>–</td>
<td>(9 202)</td>
<td>(371)</td>
<td>–</td>
<td>(9 573)</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>–</td>
<td>–</td>
<td>(9 202)</td>
<td>(371)</td>
<td>–</td>
<td>(9 573)</td>
</tr>
<tr>
<td>Balance at 30 June 2013</td>
<td>123 274</td>
<td>276 320</td>
<td>(79 686)</td>
<td>(1 359)</td>
<td>(282 988)</td>
<td>35 561</td>
</tr>
<tr>
<td>Comprehensive loss for the year</td>
<td>–</td>
<td>–</td>
<td>(9 638)</td>
<td>(2 851)</td>
<td>–</td>
<td>(12 489)</td>
</tr>
<tr>
<td>Loss for the year</td>
<td>–</td>
<td>–</td>
<td>(9 638)</td>
<td>(2 851)</td>
<td>–</td>
<td>(15 013)</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>3 788</td>
<td>(1 288)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2 500</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>–</td>
<td>(500)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(500)</td>
</tr>
<tr>
<td>Balance at 30 June 2014</td>
<td>127 062</td>
<td>274 532</td>
<td>(89 324)</td>
<td>(4 210)</td>
<td>(282 988)</td>
<td>25 072</td>
</tr>
<tr>
<td>Note</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>COMPANY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July 2012</td>
<td>123 274</td>
<td>276 320</td>
<td>(159 973)</td>
<td>–</td>
<td>–</td>
<td>239 621</td>
</tr>
<tr>
<td>Comprehensive profit for the year</td>
<td>–</td>
<td>–</td>
<td>11 436</td>
<td>–</td>
<td>–</td>
<td>11 436</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>–</td>
<td>–</td>
<td>11 436</td>
<td>–</td>
<td>–</td>
<td>11 436</td>
</tr>
<tr>
<td>Issue of shares</td>
<td>3 788</td>
<td>(1 288)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2 500</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>–</td>
<td>(500)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(500)</td>
</tr>
<tr>
<td>Balance at 30 June 2014</td>
<td>127 062</td>
<td>274 532</td>
<td>(170 967)</td>
<td>–</td>
<td>–</td>
<td>230 627</td>
</tr>
<tr>
<td>Note</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note

16

16
OPERATIONAL SEGMENT REPORTING
for the year ended 30 June 2014

OPERATING SEGMENTS
The Group has classified two segments namely: (1) Corporate expenses, being administration, regulatory and corporate expenses incurred and (2) Exploration, being activities associated with the Bauba Project, platinum exploration and costs incurred in evaluating the acquisition as described in the circular to shareholders dated 22 August 2014.

The reportable segments are accounted for in line with accounting policies described in note 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on the segment results as included in the internal management reports that are reviewed by the Group’s CEO on a regular basis. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

<table>
<thead>
<tr>
<th></th>
<th>Corporate R’000</th>
<th>Exploration R’000</th>
<th>Total R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>108</td>
<td>–</td>
<td>108</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>–</td>
<td>(345)</td>
<td>(345)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(5 390)</td>
<td>(2 675)</td>
<td>(8 065)</td>
</tr>
<tr>
<td>Impairment of intangible assets</td>
<td>–</td>
<td>(4 108)</td>
<td>(4 108)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(42)</td>
<td>(37)</td>
<td>(79)</td>
</tr>
<tr>
<td>Comprehensive loss for the year</td>
<td>(5 324)</td>
<td>(7 165)</td>
<td>(12 489)</td>
</tr>
<tr>
<td>Total segment assets</td>
<td>1 271</td>
<td>28 350</td>
<td>29 621</td>
</tr>
<tr>
<td>Total segment liabilities</td>
<td>522</td>
<td>4 027</td>
<td>4 549</td>
</tr>
</tbody>
</table>

| 2013               |                 |                  |             |
| Finance income     | 872             | –                | 872         |
| General and administrative expenses | (9 408) | (930) | (10 338) |
| Depreciation and amortisation | (48) | (59) | (107) |
| Comprehensive loss for the year | (8 584) | (989) | (9 573) |
| Total segment assets | 5 620 | 30 747 | 36 367 |
| Total segment liabilities | 451 | 355 | 806 |
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2014

1. REPORTING ENTITY
Bauba Platinum Limited (the Company) is a company domiciled in the Republic of South Africa. The Company’s registered address is First Floor, Building 816/5, Hammets Crossing Office Park, 2 Selbourne Road, Fourways 2055. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

2. BASIS OF PREPARATION
2.1. Statement of compliance
The financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and its successor, the Companies Act, 2008, (Act 71 of 2008) as amended, and the Listings Requirements of JSE Limited. The accounting policies are in terms of IFRS and are supported by reasonable and fair judgements and estimates.

The Group and Company annual financial statements were authorised for issue by the board of directors on 22 September 2014.

2.2. Basis of measurement
The Group’s financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which have been consistently applied. All transactions are recognised under the accrual basis of accounting.

2.3. Functional and presentation currency
The consolidated financial statements are presented in South African Rand, which is the presentation currency and functional currency of all of the operations within the Group.

All amounts in the financial statements, reports and supporting schedules are stated to the nearest thousand Rand (R’000) except where otherwise indicated.

2.4. Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The use of estimates and judgements is further disclosed in 3.15.

3. SIGNIFICANT ACCOUNTING POLICIES
3.1. Basis of consolidation
Subsidiaries
Subsidiaries are those entities that are controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and the ability to affect those returns through its power.

The consolidated financial statements present the results of the Group as if they formed a single entity. The results and cash flows of subsidiaries are included from the date that control commences until the date that control ceases. Inter group transactions and balances between Group companies are eliminated in full.

With the acquisition of a non-controlling interest, the transactions are accounted for with the owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

The accounting policies of the subsidiaries are aligned with the policies adopted by the Group.

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit and loss.

In the financial statements of the Company, investments in subsidiaries are measured at cost less accumulated impairment losses.

3.2. Intangible assets
Exploration for and the evaluation of mineral resources
Exploration assets include expenditure incurred after the award of the legal licence, to explore a specific area for mineral resources, has been obtained. Pre-licence costs are recognised as an expense in profit or loss as incurred.
3. **SIGNIFICANT ACCOUNTING POLICIES** continued

3.2. **Intangible assets** continued

Exploration for and the evaluation of mineral resources continued

Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. Exploration assets include costs of acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Administration and other general overhead costs, which are not directly attributable to the specific exploration assets, are expensed as incurred. When a licence is relinquished or a project is abandoned, the capitalised expenditure is recognised in profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity related. The cash-generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Amortisation of the cost will only occur once the project moves from the exploration and evaluation phase to the mining phase. The value of the capitalised cost is subjected to an impairment test.

3.3. **Property, plant and equipment**

3.3.1. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

3.3.2. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

3.3.3. Depreciation

Depreciation is recognised in profit or loss on a systematic basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Residual value is the amount that the entity could recover for the asset at the reporting date if the asset was already of the age and in the condition that it will be in when the entity expects to dispose of it. The estimated residual value is based on similar assets that have reached the end of their useful lives at the date that the estimate has been made. If the residual value of an asset increases to an amount equal to or in excess of the asset’s carrying value, then the asset’s depreciation charge will be zero. Depreciation will resume when the asset’s residual value falls below the asset’s carrying value.

The estimated useful lives for the current and comparative periods are as follows:

- Motor vehicles: five (5) years
- Furniture, fittings and equipment: three (3) years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if appropriate.

3.4. **Impairment of non-financial assets**

The carrying amount of the Group’s assets is reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication
exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value-in-use and its fair value less the cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset’s cash-generating unit.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are reversed in profit or loss when the estimated future cash flows of the investment have increased.

Objective evidence of impairment could include:
- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment.

3.5.1. Fair value determination of financial assets
The fair value for a financial asset that is not traded in an active market (and for unlisted securities) – the Group establishes fair value by using valuation techniques. These valuation techniques include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

A gain or loss arising from the change in the fair value of a financial asset is recognised in profit and loss.

3.5.2. Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:
- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment.

3.5.3. Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the consideration received.
3. SIGNIFICANT ACCOUNTING POLICIES

3.5. Financial instruments

3.5.3. Derecognition of financial assets

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised is recognised in profit or loss.

3.5.4. Classification of financial assets

The Group at present identifies the following financial asset category:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and others) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.5.5. Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit and loss’ or ‘other financial liabilities’. The Group does not have any financial liabilities at fair value through profit and loss at present.

The Group at present identifies the following financial liability category:

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially recorded at fair value minus transaction costs directly attributable to the issue of the financial liability. Subsequently all financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.6. Taxation

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets and liabilities that affect neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the temporary differences when they reverse based on the laws that have been enacted or substantively been enacted by the reporting date.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable entity; or
- different Group entities which intend either:
  - to settle current tax assets and liabilities on a net basis; or
  - to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.
3.7. **Share capital**

The Group's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from total equity as a treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

3.8. **Revenue**

Management fees are recognised as revenue over the period during which the service is performed.

3.9. **Finance income and finance expense**

Finance income comprises interest income received on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings that are recognised in profit or loss using the effective interest method.

3.10. **Dividends**

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity.

3.11. **Leased assets**

Operating lease cost is recognised on a straight-line basis over the term of the lease.

The Group has no financial lease obligations at present.

3.12. **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and other intangible assets.

3.13. **Employee benefits**

3.13.1. **Short-term employee benefits**

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which the Group has a present obligation to pay as a result of the employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

3.14. **Contingent assets and liabilities**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised as assets.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

3.15. **Critical accounting estimates and judgements**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.
3. SIGNIFICANT ACCOUNTING POLICIES continued

3.15. Critical accounting estimates and judgements continued

3.15.1. Useful lives of intangible assets and property, plant and equipment

As described in 3.3 above, the estimated useful lives of property, plant and equipment are reassessed at the end of each annual reporting period. The Group depreciates/amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and maintenance programmes. Changes in estimates can result in significant variations in the carrying value and amounts charged to profit or loss in specific periods.

3.15.2. Rehabilitation provision

Long-term environmental obligations are based on the Group’s environmental plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Annual increases in the provisions relating to the change in the net present value of the provision and inflationary increases are included in administration expenses in the income statement.

The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds.

Drill site rehabilitation is done on an ongoing basis and no provision is carried in the accounting records.

3.15.3. Income taxes

The Group is subject to income tax in a single jurisdiction and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

3.16. Adoption of new and revised statements

3.16.1. Standards that are effective for annual periods beginning on or after 1 July 2013

None of the standards, amendments and interpretations that came into effect for the current period has had or will have a material effect on the Group.

3.16.2. Standards that are effective for annual periods beginning on or after 1 July 2014

It is expected that none of the standards, amendments and interpretations effective on or after 1 July 2014 will have a material effect on the Group.
4. RESULTS FROM OPERATING ACTIVITIES

Results from operations

After considering the following:

Revenue
- Management fee: – – 1 800 –

Expenses
- Auditor’s remuneration: 320 288 299 268
- Auditor fees: 320 288 299 268
- Depreciation: 79 107 42 48
  - Motor vehicles: 49 75 17 17
  - Furniture and equipment: 30 32 25 31
- Personnel expenses: 4 018 5 406 3 706 4 440
  - Salaries and wages: 4 018 5 369 3 706 4 403
  - Medical aid contribution: – 37 – 37
- Property rental: 171 218 171 218
- Operating lease – office equipment: – 48 – 48

The operating lease for office equipment terminated during the previous financial year and no new agreements were entered into during the current financial year. The current property rental agreement is subject to a three month notice period and expires on 31 March 2015 with an annual renewal option.

The total future value of minimum lease payments due:

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2014</th>
<th>GROUP 2013</th>
<th>COMPANY 2014</th>
<th>COMPANY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>108</td>
<td>98</td>
<td>108</td>
<td>98</td>
</tr>
</tbody>
</table>

There are no other lease payments due.

5. FINANCE INCOME AND COST

Finance income
- Financial institutions: 101 870 101 870
- SARS: 7 2 7 –
6. TAXATION

No provision has been made for normal taxation by the Group as the Group had no taxable income for the year. A deferred tax asset is not recognised as at 30 June 2014 as it is uncertain when a future taxable profit will be generated to utilise the tax loss. The calculated tax loss for the Group is R95 735 000 (assessed tax loss 2013: R85 743 725) and for the Company is R54 855 000 (assessed tax loss 2013: R49 493 021).

6.1 Reconciliation of effective tax rate

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Profit/(loss) for the year before taxation</td>
<td>(12 489)</td>
<td>(9 573)</td>
</tr>
<tr>
<td>Taxation</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Profit/(loss) for the year after taxation</td>
<td>(12 489)</td>
<td>(9 573)</td>
</tr>
<tr>
<td>Statutory income tax rate (%)</td>
<td>28,00</td>
<td>28,00</td>
</tr>
<tr>
<td>Unrecognised deferred tax asset (%)</td>
<td>(28,00)</td>
<td>(28,00)</td>
</tr>
<tr>
<td>Effective tax rate (%)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The tax rate used for the 2014 reconciliation above is the corporate tax rate of 28% (2013: 28%) payable by corporate entities in South Africa on taxable profits.

7. HEADLINE EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Basic profit/(loss) per share (cents)</td>
<td>(7,7)</td>
<td>(7,5)</td>
</tr>
<tr>
<td>Diluted profit/(loss) per share (cents)</td>
<td>(7,7)</td>
<td>(7,5)</td>
</tr>
<tr>
<td>Headline loss per share (cents)</td>
<td>(4,4)</td>
<td>(7,5)</td>
</tr>
<tr>
<td>Diluted headline loss per share (cents)</td>
<td>(4,4)</td>
<td>(7,5)</td>
</tr>
<tr>
<td>Weighted average shares in issue ('000)</td>
<td>125 162</td>
<td>123 274</td>
</tr>
<tr>
<td>Diluted weighted average shares in issue ('000)</td>
<td>125 162</td>
<td>123 274</td>
</tr>
<tr>
<td>Number of shares in issue at end of the year ('000)</td>
<td>127 061</td>
<td>123 274</td>
</tr>
<tr>
<td>Adjustment to arrive at headline earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss before taxation for the year</td>
<td>(9 638)</td>
<td>(9 202)</td>
</tr>
<tr>
<td>Impairment of intangible assets</td>
<td>4 108</td>
<td>–</td>
</tr>
<tr>
<td>Headline earnings</td>
<td>(5 530)</td>
<td>(9 202)</td>
</tr>
</tbody>
</table>

Headline earnings per share have been calculated in accordance with SAICA Circular 2/2013 entitled Headline Earnings which forms part of the Listings Requirements of the JSE Limited.

8. DIVIDEND

The board of directors of Bauba Platinum has not declared a dividend for the years ended 30 June 2014 or 30 June 2013.
9. CASH FLOW INFORMATION

| Loss for the year before tax | (12 489) | (9 573) | 11 436 | (22 430) |
| Adjustments for: | | | | |
| Depreciation | 4 079 | (765) | (16 864) | 12 951 |
| Investment income recognised in loss before tax | (108) | (872) | (108) | (870) |
| Impairment of intangible assets | 4 108 | – | – | |
| Impairment for the year – loans to subsidiaries | – | – | (16 798) | 13 773 |
| Changes in working capital | 3 615 | (90) | 64 | 91 |
| Trade and other receivables | (128) | 435 | (7) | 161 |
| Trade and other payables | 3 743 | (525) | 71 | (70) |
| Net cash utilised in operating activities | (4 795) | (10 428) | (5 364) | (9 388) |

10. INTANGIBLE ASSETS

Mineral rights

| Opening balance | 30 555 | 17 306 | – | – |
| Cost capitalised current period | 1 610 | 13 249 | – | – |
| Impairment current period | (4 108) | – | – | |
| Exploration and evaluation assets | 28 057 | 30 555 | – | – |

Exploration and evaluation assets are assessed for impairment if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity related. The cash-generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and development.

In line with the Group accounting policies, the capitalised mineral rights cost was tested for impairment on a project-by-project basis, taking into consideration the geological results of the project area, the current platinum market and the expert opinions obtained in terms of the assets for shares transaction as described in note 23. Based on this information the capitalised cost in the Central Cluster was impaired to reflect the recoverable amount.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED
for the year ended 30 June 2014

11. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Motor vehicles R’000</td>
<td>Furniture and equipment R’000</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>782</td>
<td>133</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>13</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>782</td>
<td>146</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment losses

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>497</td>
<td>66</td>
</tr>
<tr>
<td>Depreciation</td>
<td>49</td>
<td>30</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>546</td>
<td>96</td>
</tr>
<tr>
<td>Carrying value at 30 June 2014</td>
<td>236</td>
<td>50</td>
</tr>
</tbody>
</table>

Cost

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2012</td>
<td>782</td>
<td>166</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>36</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(69)</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>782</td>
<td>133</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment losses

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2012</td>
<td>422</td>
<td>79</td>
</tr>
<tr>
<td>Depreciation</td>
<td>75</td>
<td>32</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>(45)</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>497</td>
<td>66</td>
</tr>
<tr>
<td>Carrying value at 30 June 2013</td>
<td>285</td>
<td>67</td>
</tr>
</tbody>
</table>

None of the items of property plant and equipment have been encumbered and there are no contractual commitments to acquire any property, plant and equipment.
12. INVESTMENTS IN SUBSIDIARIES

**Investment in subsidiaries**

<table>
<thead>
<tr>
<th>Company</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauba A Hlabirwa Mining Investments Proprietary Limited</td>
<td>86 618</td>
<td>86 618</td>
</tr>
<tr>
<td>Ndarama Mineral Resources Proprietary Limited</td>
<td>116 393</td>
<td>116 393</td>
</tr>
<tr>
<td>Absolute Group Management Proprietary Limited*</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>203 011</strong></td>
<td><strong>203 011</strong></td>
</tr>
</tbody>
</table>

* Investment is R100 – zero due to rounding effect.

In the legal structure Bauba Platinum holds the following investments:

**Directly and indirectly:**
- Absolute Group Management Proprietary Limited – 100% (2013: 100%) – dormant;
- Ndarama Mineral Resources Proprietary Limited – 100% (2013: 100%) – dormant; and
- Bauba A Hlabirwa Mining Investments Proprietary Limited – effective holding 60% (2013: 60%) – holder of the prospecting rights.

The remaining 40% interest in Bauba A Hlabirwa is held in favour of and for the benefit of the Bapedi Royal Family (2.4%) and the Bapedi Nation (37.6%), whose voting rights are in proportion to their ownership rights.

The investments in the subsidiaries were tested for impairment. The impairment test considered the attributable targeted and inferred PGM resource, historical transactions that were concluded for such resources and taking into consideration the current platinum price.

**Summary of the significant financial information of Bauba A Hlabirwa Mining Investments**

<table>
<thead>
<tr>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
</tr>
<tr>
<td>R’000</td>
</tr>
<tr>
<td>Non-current assets</td>
</tr>
<tr>
<td>Current assets</td>
</tr>
<tr>
<td>Non-current liabilities (loan from Bauba Platinum)</td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
<tr>
<td>Loss for the year after tax</td>
</tr>
</tbody>
</table>

No dividends were declared in the current or previous financial year.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED
for the year ended 30 June 2014

13. LOANS TO SUBSIDIARIES

Loans to subsidiaries

<table>
<thead>
<tr>
<th>Loans to subsidiaries</th>
<th>COMPANY</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauba A Hlabirwa Mining Investments Proprietary Limited</td>
<td></td>
<td>35 032</td>
<td>33 995</td>
</tr>
<tr>
<td>Profit/(loss) on adjustment – cumulative</td>
<td></td>
<td>(7 981)</td>
<td>(24 779)</td>
</tr>
<tr>
<td>Beginning of period</td>
<td></td>
<td>(24 779)</td>
<td>(11 006)</td>
</tr>
<tr>
<td>Current period</td>
<td></td>
<td>16 798</td>
<td>(13 773)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27 051</td>
<td>9 216</td>
</tr>
</tbody>
</table>

Loans to subsidiaries are unsecured with no fixed repayment terms and bear no interest. The loans were initially recognised at fair value and have been discounted using the net present valuation method, as the repayment of these loans is only expected once the Group produces income from its operations. Due to the Transaction described in note 23, the Group will be generating cash much earlier than anticipated in the previous financial year, therefore a reduction was required in the discounting previously calculated. The original discount rate has been applied as at 30 June 2014.

14. TRADE AND OTHER RECEIVABLES

<table>
<thead>
<tr>
<th>Trade and other receivables</th>
<th>COMPANY</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT</td>
<td></td>
<td>157</td>
<td>100</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>88</td>
<td>26</td>
</tr>
<tr>
<td>Deposits and other</td>
<td></td>
<td>118</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td></td>
<td>363</td>
<td>235</td>
</tr>
</tbody>
</table>

15. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Cash and cash equivalents</th>
<th>COMPANY</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and cash balances</td>
<td></td>
<td>77</td>
<td>81</td>
</tr>
<tr>
<td>Call deposits</td>
<td></td>
<td>838</td>
<td>5 144</td>
</tr>
<tr>
<td></td>
<td></td>
<td>915</td>
<td>5 225</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents</th>
<th>COMPANY</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and cash balances</td>
<td></td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Call deposits</td>
<td></td>
<td>838</td>
<td>5 144</td>
</tr>
<tr>
<td></td>
<td></td>
<td>904</td>
<td>5 210</td>
</tr>
</tbody>
</table>
16. SHARE CAPITAL AND PREMIUM

Share capital and premium

Authorised share capital

200 000 000 (2013: 200 000 000) ordinary shares of R1 each

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>R'000</td>
<td>200 000</td>
<td>200 000</td>
</tr>
</tbody>
</table>

Issued share capital

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>123 274</td>
<td>123 274</td>
<td>123 274</td>
<td>123 274</td>
</tr>
<tr>
<td>Shares issued for cash</td>
<td>3 788</td>
<td>–</td>
<td>3 788</td>
<td>–</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>127 062</td>
<td>123 274</td>
<td>127 062</td>
<td>123 274</td>
</tr>
</tbody>
</table>

Share premium

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>276 320</td>
<td>276 320</td>
<td>276 320</td>
<td>276 320</td>
</tr>
<tr>
<td>Shares issued for cash</td>
<td>(1 288)</td>
<td>–</td>
<td>(1 288)</td>
<td>–</td>
</tr>
<tr>
<td>Costs associated with capital raise</td>
<td>(500)</td>
<td>–</td>
<td>(500)</td>
<td>–</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>274 532</td>
<td>276 320</td>
<td>274 532</td>
<td>276 320</td>
</tr>
</tbody>
</table>

During the period under review the Company raised R2,5 million in a general issue for cash by issuing 3 787 879 ordinary shares at an issue price of 66 cents per share. The differential between the par value of ordinary shares and the issue price resulted in a decrease in the share premium. The results of this Transaction are reflected in “shares issued for cash” and “cost associated with capital raise” above.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED
for the year ended 30 June 2014

17. REVERSE ACQUISITION RESERVE

During the 2011 financial year Bauba Platinum concluded an asset-for-share transaction. The effect of the accounting treatment, as a result of the reverse asset acquisition, is that even though the consolidated financial statements are issued under the name of Bauba Platinum, it represents a continuation of Ndarama Mineral Resources Proprietary Limited (Ndarama) and Bauba A Hlabirwa, except for its capital structure.

The accounting treatment requires that the share capital structure of Ndarama and Bauba A Hlabirwa is replaced by that of Bauba Platinum as at the transaction date taking into consideration the value of the purchase price and the fair value of the assets bought. The following values were taken into consideration at the transaction date:

<table>
<thead>
<tr>
<th>GROUP</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of Bauba A Hlabirwa and Ndarama – 68 124 600 @ R2,98</td>
<td>203 011</td>
<td>203 011</td>
</tr>
<tr>
<td>Share capital of Bauba Platinum</td>
<td>128 074</td>
<td>128 074</td>
</tr>
<tr>
<td>Net deemed value of Bauba Platinum</td>
<td>331 085</td>
<td>331 085</td>
</tr>
<tr>
<td>Share capital of Bauba A Hlabirwa and Ndarama</td>
<td>(637)</td>
<td>(637)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>255</td>
<td>255</td>
</tr>
<tr>
<td>Purchase price of Bauba Platinum – 16 011 854 shares @ R2,98</td>
<td>(47 715)</td>
<td>(47 715)</td>
</tr>
<tr>
<td>Reverse assets acquisition reserve</td>
<td>282 988</td>
<td>282 988</td>
</tr>
</tbody>
</table>

At the transaction date the fair value of Bauba Platinum was R21 803 000 and the purchase price was R47 715 000 (16 011 854 shares @ R2,98) resulting in a reverse asset acquisition cost of R25 913 000.

<table>
<thead>
<tr>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount</td>
<td>Carrying amount</td>
</tr>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Advance receipt</td>
<td>3 200</td>
</tr>
<tr>
<td>Trade payables</td>
<td>1 125</td>
</tr>
<tr>
<td>VAT</td>
<td>196</td>
</tr>
<tr>
<td>Other payables</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 549</strong></td>
</tr>
</tbody>
</table>

The chrome ore supply agreement entered into as part of the chrome assets for shares transaction made provision for bridging finance with the repayment of the advance receipt being guaranteed by the supply of chrome ore.
19. CONTINGENT LIABILITIES

The Group is involved in two litigation matters. The details are:

- A review application was lodged by Rustenburg Platinum Mines Limited with regard the prospecting rights held over the farms Genokakop 285KT and Groot Vygenboom 284KT; and
- A previous employee of the Company has lodged a claim for compensation due to his resignation for alleged good cause.

The Company has taken senior counsel advice on both these matters and was informed that the Company has a strong case in both instances and the judicial system should find in the Company’s favour. The potential financial effect of the outcomes is uncertain in light of the outcome being subjected to the judicial process.

The non-executive directors of the Company agreed to postpone payment of 50% of their fees until such time that the Company is in a cash position to pay the outstanding fees. The amount of R877 000 will become due and payable only if sufficient cash becomes available in the future.

As at 30 June 2014 the Company was in the process of finalising the assets for shares transaction as described in note 23. Certain costs will be incurred once approval is received from the JSE to conclude the Transaction and at present the expected costs amount to R1 000 000.

To the best of the directors’ knowledge and belief there are no other contingent liabilities to third parties and/or contingent assets not set out or referred to in this report which may materially affect the financial position of the Group at 30 June 2014.

20. FINANCIAL INSTRUMENTS

20.1. Risk management activities

In the normal course of its operations, the Group is exposed to credit, interest rate and liquidity risk. This note describes the Group’s objectives, policies and processes for managing those risks and methods used to measure them. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring. The board has overall responsibility for the determination of the Group’s risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group’s finance function. The Company’s treasury function provides services to the subsidiaries, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of the Group. Operational and business risks are reviewed and addressed on a monthly basis. These risks include credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

20.2. Credit risk

The Group does not have any credit risk pertaining to the selling of goods and services. The Company fulfils a centralised treasury function for the Group. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<table>
<thead>
<tr>
<th>Financial instruments</th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Deposits and others</td>
<td>R’000</td>
<td>R’000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits and others</td>
<td>118</td>
<td>109</td>
</tr>
</tbody>
</table>

There was no impairment loss recognised in trade and other receivables.
20. FINANCIAL INSTRUMENTS continued

20.3 Foreign exchange risk
The Group does not operate internationally at present and is therefore not directly exposed to foreign exchange risk.

20.4 Interest rate risk
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td>915</td>
<td>5 255</td>
</tr>
</tbody>
</table>

A sensitivity analysis is performed by assuming that the assets and liabilities outstanding at year end have been outstanding for the whole year and that the interest rate has increased or decreased by two hundred basis points. The effect will be that loss for the year ended 30 June 2014 would increase/decrease by R18 000.

20.5. Liquidity risk management
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group’s policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group manages liquidity by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The Group has no overdraft facility and no interest bearing debt. In the ordinary course of business the Group raises cash through the issuing of shares for cash. Surplus cash is centrally managed to maximise returns while ensuring that the capital is safeguarded by investing only with top financial institutions.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities. This table was drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

<table>
<thead>
<tr>
<th>Liquidity risk</th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average effective interest rate</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>%</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4 549</td>
<td>806</td>
</tr>
<tr>
<td>Due in one to three months</td>
<td>0</td>
<td>4 549</td>
</tr>
</tbody>
</table>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.
20. **FINANCIAL INSTRUMENTS** continued

20.5. **Liquidity risk management** continued

The following table details the Group’s expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group’s liquidity risk management as the liquidity is managed on a net asset and liability basis.

<table>
<thead>
<tr>
<th>Weighted average effective interest rate %</th>
<th>Less than one month R’000</th>
<th>One to three months R’000</th>
<th>Total R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td>440</td>
<td>–</td>
<td>440</td>
</tr>
<tr>
<td>Variable interest rate instruments</td>
<td>4,9</td>
<td>838</td>
<td>838</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 278</td>
</tr>
<tr>
<td>30 June 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest bearing</td>
<td>314</td>
<td>–</td>
<td>314</td>
</tr>
<tr>
<td>Variable interest rate instruments</td>
<td>4,9</td>
<td>1 411</td>
<td>3 724</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 725</td>
</tr>
</tbody>
</table>

20.6 **Fair value of financial instruments**

Three different levels for fair valuation have been defined:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

All financial assets and liabilities are measured at amortised cost.

The directors are of the opinion that the carrying value of the financial assets and liabilities as reflected on the face of the consolidated statement of financial position is the fair value of these financial assets and liabilities due to their short-term nature.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
for the year ended 30 June 2014

20. FINANCIAL INSTRUMENTS continued

20.7. Capital management

The Group is an exploration concern and raises the necessary cash to support the exploration programme through the issuing of shares. The Group requires an additional R90 million to complete phase I of the current exploration programme. During the current financial year, the Company entered into an assets for shares transaction in which it acquired an effective 60% of the beneficial rights in the prospecting rights held over the farms Moeijelijk 412KS and Waterkop 113KT which Transaction was approved at the general meeting held on 19 September 2014. The farm Moeijelijk 412KS has significant chrome deposits which in phase 1 of the mining plan will be mined making use of open cast operations with an expected life of mine of five to six years. This mining operation should provide a significant amount of cash flow in support of the current exploration programme to secure the legal tenure. Should the cash flow be found not to be sufficient from the chrome operations additional capital will be raised by the issuing of shares for cash. The cash outflows are managed by adjusting the drilling rates to coincide with the cash inflow from cash raise programme and mining operations. The capital management objectives and principles applied in the current financial period are consistent with those applied in the previous financial period.

The Group’s audit and risk committee reviews the liquidity of the Group at every meeting to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders.

The Group is not subjected to externally imposed capital requirements.

21. RELATED PARTIES

21.1. Transactions and balances

Subsidiaries

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. The subsidiaries are:

<table>
<thead>
<tr>
<th>Effective holding</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Group Management Proprietary Limited</td>
<td>100</td>
</tr>
<tr>
<td>Ndarama Mineral Resources Proprietary Limited</td>
<td>100</td>
</tr>
<tr>
<td>Bauba A Hlabirwa Mining Investments Proprietary Limited</td>
<td>60</td>
</tr>
</tbody>
</table>

Loans to subsidiaries

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’000</td>
<td></td>
<td>R’000</td>
</tr>
</tbody>
</table>

| Loans to subsidiaries | 27 051 | 9 216 |

Refer note 13 for detail.
21.2 Directors

The directors of the Group during the year were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointment Date</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>JG Best</td>
<td>17/09/2010</td>
<td>Chairman – independent non-executive</td>
</tr>
<tr>
<td>KV Dicks</td>
<td>17/09/2010</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>SM Dolamo</td>
<td>17/09/2010</td>
<td>Independent non-executive</td>
</tr>
<tr>
<td>KW Mzondeki</td>
<td>12/09/2011</td>
<td>Independent non-executive and chairperson of the audit committee</td>
</tr>
<tr>
<td>Dr NM Phosa</td>
<td>22/03/2011</td>
<td>Non-executive</td>
</tr>
<tr>
<td>DS Smith</td>
<td>17/09/2010</td>
<td>Non-executive</td>
</tr>
<tr>
<td>King TV Thulare</td>
<td>1/07/2011</td>
<td>Alternate to Dr NM Phosa</td>
</tr>
<tr>
<td>SJM Caddy</td>
<td>13/02/2013</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>WA Moolman</td>
<td>1/07/2011</td>
<td>Financial director</td>
</tr>
</tbody>
</table>

For details of the directors’ remuneration refer note 24. Details of other transactions between the Group and its directors are disclosed below.

<table>
<thead>
<tr>
<th>Related party</th>
<th>2014 R'000</th>
<th>2013 R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospect Geoservices CC (DS Smith – director – geological services)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td>201</td>
<td>499</td>
</tr>
<tr>
<td>Amounts due at 30 June</td>
<td>109</td>
<td>34</td>
</tr>
</tbody>
</table>

21.3 Other related parties

There were no transactions between the Group and its other related parties.

22. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be 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 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 of the control of the Group. Refer note 23 for additional information that will have an effect on the assessment of the going concern status of the Group.
23. SUBSEQUENT EVENTS

Subsequent to the financial year end the acquisition of chrome assets transaction (Chrome Asset Acquisition) as described in the Circular to shareholders dated 22 August 2014 was approved in a general meeting held on 19 September 2014. The pro forma effects of the Transaction are described in the Circular and some of the pertinent facts are repeated here:

- In the Chrome Asset Acquisition the Company acquired 60% of the beneficial rights over the prospecting rights held over the farms Moeijelijk 412KS and Waterkop 113KT. The remaining 40% of the beneficial rights resides with the minority shareholders in Bauba Platinum’s subsidiary Bauba A Hlabirwa;
- The farms Moeijelijk 412KS and Waterkop 113KT are located approximately 40km northwest of Steelpoort in the Limpopo province of South Africa, an area where significant mining operations exist with the corresponding infrastructure to support the mining activities;
- The chrome ore body on the farm Moeijelijk 412KS sub-outcrops very near surface and thus lends itself to open cast mining that provides for a low-cost mining operation and a relatively quick start-up process. The expected life of mine of the open cast operation is five to six years based on a mining plan of 20 000 tonnes per month. The initial focus will be to develop the open cast operations with underground operations to be considered once the open cast operations have reached planned milestones;
- Bauba A Hlabirwa has entered into a lease and option agreement with the surface rights owners, a turn-key mining arrangement to deliver run-of-mine ore and an offtake agreement for the sale of the chrome ore that were all subject to the approval of the Chrome Asset Acquisition and the awarding of a mining permit by the DMR; and
- Bauba Platinum shareholders approved the amendment of the Memorandum of Incorporation to convert its authorised ordinary shares of R1 each into ordinary shares of no par value and to increase its authorised share capital from 200 million to 750 million, to cancel the claw back provision relating to the 2010 assets for shares agreement, and approved by the issue of the Houtbosch payment shares.

In addition, the following events also occurred:

- The notarial execution of the farm Houtbosch 323KT was completed on 27 August 2014;
- A rehabilitation guarantee of R5,1 million was obtained from ASA and lodged with the DMR in support of the mining permit application; and
- Bauba A Hlabirwa entered into a pre-emptive agreement with ASA granting them the pre-emptive right to acquire the mineral rights over the farm Moeijelijk 412KS should the Group decide to sell these rights.

The directors are not aware of any subsequent events other than those disclosed above that occurred between the date of authorisation of the annual financial statements and the year end that require any adjustments or additional disclosure in the annual financial statements.
24. DIRECTORS’ EMOLUMENTS

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2014</th>
<th>COMPANY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SJM Caddy</td>
<td>1 935</td>
<td>1 935</td>
</tr>
<tr>
<td></td>
<td>740</td>
<td>740</td>
</tr>
<tr>
<td>WA Moolman</td>
<td>1 129</td>
<td>1 129</td>
</tr>
<tr>
<td></td>
<td>1 129</td>
<td>1 129</td>
</tr>
<tr>
<td>GJ Pitt</td>
<td>–</td>
<td>1 223</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1 223</td>
</tr>
<tr>
<td>Short-term incentive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WA Moolman</td>
<td>–</td>
<td>263</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>263</td>
</tr>
<tr>
<td>GJ Pitt</td>
<td>–</td>
<td>225</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>225</td>
</tr>
</tbody>
</table>

The remuneration of the executive directors is determined by the remuneration committee having regard to the performance of individuals and market trends. None of the executive directors received short-term incentives, post-employment benefits, other long-term incentives, termination or share-based benefits during this period.

Executive directors are subject to the Company’s standard conditions of employment.

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2014</th>
<th>COMPANY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R’000</td>
<td>R’000</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JG Best (Chairman)</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>181</td>
<td>181</td>
</tr>
<tr>
<td>KV Dicks</td>
<td>145</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>298</td>
<td>298</td>
</tr>
<tr>
<td>SM Dolamo</td>
<td>142</td>
<td>142</td>
</tr>
<tr>
<td></td>
<td>291</td>
<td>291</td>
</tr>
<tr>
<td>Dr NM Phosa</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>KW Mzondeki</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td></td>
<td>281</td>
<td>281</td>
</tr>
<tr>
<td>DS Smith</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>141</td>
<td>141</td>
</tr>
<tr>
<td>King TV Thulare (Alt)</td>
<td>359</td>
<td>387</td>
</tr>
<tr>
<td></td>
<td>73</td>
<td>92</td>
</tr>
<tr>
<td>Fees</td>
<td>73</td>
<td>92</td>
</tr>
<tr>
<td>Salary</td>
<td>286</td>
<td>295</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Executive directors do not receive directors’ fees and all the directors have service contracts with the Company at 30 June 2014.
SHAREHOLDERS’ INFORMATION
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Range</th>
<th>Number</th>
<th>%</th>
<th>Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 1 000</td>
<td>662</td>
<td>50,04</td>
<td>249 603</td>
<td>0,20</td>
</tr>
<tr>
<td>1 001 – 10 000</td>
<td>350</td>
<td>26,46</td>
<td>1 423 986</td>
<td>1,12</td>
</tr>
<tr>
<td>10 001 – 100 000</td>
<td>229</td>
<td>17,30</td>
<td>7 885 627</td>
<td>6,21</td>
</tr>
<tr>
<td>100 001 – 1 000 000</td>
<td>68</td>
<td>5,14</td>
<td>20 417 842</td>
<td>16,07</td>
</tr>
<tr>
<td>1 000 000 +</td>
<td>14</td>
<td>1,06</td>
<td>97 084 360</td>
<td>76,40</td>
</tr>
<tr>
<td></td>
<td>1 323</td>
<td>100,00</td>
<td>127 061 418</td>
<td>100,00</td>
</tr>
</tbody>
</table>

Major shareholders directly owning 5% or more of shares in issue

- Highland Trading Investments Limited: 48 345 090 (38,05%)
- PSL Client Safe Custody Asset: 12 522 497 (9,86%)
- Math-Pin Trust: 7 263 677 (5,72%)
- Hlabirwa Mining Investments Proprietary Limited: 6 358 306 (5,00%)

Shareholder spread

- Public: 1 320 (99,77%) 68 273 498 (53,73%)
- Non-public: 3 (0,23%) 58 787 920 (46,27%)
- Highland Trading Investments Limited: 1 (0,08%) 48 345 090 (38,05%)
- Directors: 2 (0,15%) 10 442 830 (8,22%)

Directors’ shareholding

2014
- Dr NM Phosa: 7 263 677 (5,72%)
- King TV Thulare: 3 179 153 (2,50%)
- Total number of shares: 10 442 830 (8,22%)

2013
- Dr NM Phosa: 7 263 677 (5,89%)
- GJ Pitt: 929 489 (0,75%)
- King TV Thulare: 3 179 153 (2,58%)
- Total number of shares: 11 372 319 (9,22%)
If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant (CSDP), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the annual general meeting (annual general meeting) of shareholders of Bauba Platinum Limited will be held at 10:00 on Friday, 7 November 2014 at First Floor, Building 816/5, Hammets Crossing Office Park, 2 Selbourne Road, Fourways, Gauteng, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company (the board) has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 31 October 2014. Accordingly, the last day to trade Bauba Platinum shares in order to be recorded in the Register to be entitled to vote will be Friday, 24 October 2014.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended June 2014, including the reports of the auditors, directors and the audit and risk committee.

   Note: A copy of the annual financial statements appears on pages 28 to 31 of the integrated annual report to which this notice is attached.

2. To re-elect Dr Nakedi Mathews Phosa who, in terms of Article 25 of the Company’s Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

3. To re-elect Damian Stephen Smith who, in terms of Article 25 of the Company’s Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

4. To re-elect Kholeka Winifred Mzondeki who, in terms of Article 25 of the Company’s Memorandum of Incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers herself for re-election.

   An abbreviated curriculum vitae in respect of each director offering himself or herself for re-election appears on page 4 and 5 of the integrated annual report to which this notice is attached.

5. To appoint Kholeka Winifred Mzondeki as a member of the Bauba Platinum Limited audit and risk committee.

6. To appoint Kenneth Victor Dicks as a member of the Bauba Platinum Limited audit and risk committee.

7. To appoint Sholto Dolamo as a member of the Bauba Platinum Limited audit and risk committee.

   An abbreviated curriculum vitae in respect of each member of the audit and risk committee appears on page 4 and 5 of the integrated annual report to which this notice is attached.

8. To confirm the re-appointment of BDO South Africa Inc. as independent auditors of the Group with Fred Bruce-Brand, being the individual registered auditor who has undertaken the audit of the Group for the ensuing financial year and to authorise the directors to determine the auditors’ remuneration.

   The minimum percentage of voting rights required for each of the resolutions set out in item number 1 to 8 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the annual general meeting.

   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

9. SPECIAL RESOLUTION NUMBER 1

   Non-executive directors’ remuneration

   “Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Bauba Platinum Limited (the Company) for their services as directors of the Company for the financial year ending June 2015, be and is hereby approved as follows:
Explanatory note
In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

Special resolutions to be adopted at this annual general meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

10. ORDINARY RESOLUTION NUMBER 1
Approval of remuneration policy
“Resolved that the remuneration policy of the directors of Bauba Platinum Limited (the Company), as set out on page 14 of the integrated annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance.”

Bauba Platinum has adopted a balanced approach to total remuneration which dictates the adoption of an appropriate mix between fixed pay guaranteed package (basic salary, benefits and allowances) and performance variable pay, and within the latter between those elements linked to short-term operational performance and those related to longer-term growth in shareholder value.

Total remuneration is reviewed on an ongoing basis, by the remuneration committee, to ensure the relative percentage of guaranteed pay and performance variable pay are market related and aligned to the attainment of Bauba Platinum’s strategy and objectives. The remuneration committee makes use of external benchmarking, salary surveys/reviews and independent consultant, as and when it deems necessary to assist with remuneration review. Appropriate peer companies, based on the industry, the company size and the roles being benchmarked, are considered when carrying out the benchmarking process. It is intended that the implementation of the above pay mix will allow Bauba Platinum to become and remain competitive in guaranteed pay and performance variable pay, and will reward long-term sustainable company performance, act as attraction and retention tool, and ensure that executives share a significant level of reward risk with the Group’s shareholders.

11. ORDINARY RESOLUTION NUMBER 2
Control of authorised but unissued ordinary shares
“Resolved that the authorised but unissued ordinary shares in the capital of Bauba Platinum Limited (the Company) be and are hereby placed under the control and authority of the directors of the Company (directors) and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time.”

Ordinary resolutions to be adopted at this annual general meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

12. ORDINARY RESOLUTION NUMBER 3
Approval to issue ordinary shares, and to sell treasury shares, for cash
“Resolved that the directors of Bauba Platinum Limited (the Company) and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:
The JSE Listings Requirements currently provide, *inter alia*, that:

- The JSE Listings Requirements currently provide, *inter alia*, that:
  - This general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
  - The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
  - Any such issue may only be made to “public shareholders” as defined in the JSE Listings Requirements and not to related parties;
  - The ordinary shares which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed ordinary shares, as at the date of this notice, being 19 059 213 ordinary shares. Any ordinary shares issued under this authorisation during the period of 15 (fifteen) months from the date that this authorisation will be deducted from the aforementioned 19 059 213 listed ordinary shares. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;
  - In determining the price at which ordinary shares may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such ordinary shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the ordinary shares;
  - An announcement giving full details, including the number of ordinary shares issued, the average discount to the weighted average traded price of the ordinary shares over 30 (thirty) business days prior to the date that the issue is agreed in writing between

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

### 13. SPECIAL RESOLUTION NUMBER 2

**General approval to acquire shares**

“Resolved, by way of a general approval, that Bauba Platinum Limited (the Company) and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited (the JSE), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- The acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- This general authority shall only be valid until the earlier of the Company’s next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- In determining the price at which the Company’s ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
NOTICE OF ANNUAL GENERAL MEETING CONTINUED

• At any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;

• The acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company’s issued ordinary share capital;

• The Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company (the board) confirming that the board has authorised the repurchase, that the Company has passed the solvency and liquidity test (test) and that since the test was done there have been no material changes to the financial position of the Group;

• The Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and

• An announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted (initial number), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company’s subsidiaries, by way of a general authority, to acquire the Company’s issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this annual general meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

13.1 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which is contained in the integrated annual report of which this notice is attached:

• Directors and management – pages 4 and 5;
• Major shareholders of the Company – page 54;
• Directors’ interests in ordinary shares – page 54;
• Share capital of the Company – page 16; and
• Litigation statement – page 47.

13.2 Material change

Details of material changes to the affairs and financial position of the Company and its subsidiaries since the Company’s financial year end and the date of this notice is contained in note 23: Subsequent events of the notes to the annual financial statements on pages 28 to 53 of the integrated annual report to which this notice is attached.

13.3 Directors’ responsibility statement

The directors, whose names are given on pages 4 and 5 of the integrated annual report to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

13.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

• The Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
• The consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
• The issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
• The working capital available to the Company and its subsidiaries will be sufficient for the Group’s requirements.

The Company may not enter the market to proceed with the repurchase until its Sponsor, Merchantec Proprietary Limited, has discharged all its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.
14. SPECIAL RESOLUTION NUMBER 3
Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act), the shareholders of Bauba Platinum Limited (the Company) hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that:

(a) the board of directors of the Company (the board), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) the board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note
The purpose of this special resolution number 4 is to grant the board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member.

Special resolutions to be adopted at this annual general meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 4:

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the board will have adopted a resolution (Section 45 Board Resolution) authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 4 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or a member;

(b) The Section 45 Board Resolution will be effective only if and to the extent that special resolution number 4 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

15. ORDINARY RESOLUTION NUMBER 4
Signature of documents

"Resolved that each director of Bauba Platinum Limited (the Company) be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed."

Ordinary resolutions to be adopted at this annual general meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.
16. OTHER BUSINESS
To transact such other business as may be transacted at
the annual general meeting of the Company.

VOTING AND PROXIES
Special resolutions to be adopted at this annual general meeting
require approval from at least 75% (seventy five percent) of the
votes exercised on such resolutions by shareholders present or
represented by proxy at the meeting. Ordinary resolutions to be
adopted at this annual general meeting, unless stated otherwise,
require approval from a simple majority, which is more than 50% of
the votes exercised on such resolutions by shareholders present
or represented by proxy at the meeting.

A shareholder entitled to attend and vote at the annual general
meeting is entitled to appoint a proxy or proxies to attend and act
in his/her stead. A proxy need not be a member of the Company.
For the convenience of registered members of the Company, a
form of proxy is attached hereto.

The attached form of proxy is only to be completed by those
ordinary shareholders who:
• hold ordinary shares in certificated form; or
• are recorded on the sub-register in “own name”
dematerialised form.

Ordinary shareholders who have dematerialised their ordinary
shares through a CSDP or broker without “own name” registration
and who wish to attend the annual general meeting, must instruct
their CSDP or broker to provide them with the relevant Letter of
Representation to attend the meeting in person or by proxy and
vote. If they do not wish to attend in person or by proxy, they must
provide the CSDP or broker with their voting instructions in terms
of the relevant custody agreement entered into between them and
the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries,
Computershare Investor Services Proprietary Limited, at least
48 (forty-eight) hours, excluding Saturdays, Sundays and public
holidays, before the time of the meeting.

Kindly note that meeting participants, which includes
proxies, are required to provide reasonably satisfactory
identification before being entitled to attend or participate in
a shareholders’ meeting. Forms of identification include valid
identity documents, driver's licences and passports.

By order of the board

Merchantec
Merchantec Proprietary Limited
Company secretary
22 September 2014
Johannesburg
FORM OF PROXY

BAUBA PLATINUM LIMITED
Incorporated in the Republic of South Africa
(Registration number 1986/004649/06)
Share code: BAU ISIN: ZAE000145686
(Bauba Platinum or the Company or the Group)

For use only by ordinary shareholders who:
• hold ordinary shares in certificated form (certificated ordinary shareholders); or
• have dematerialised their ordinary shares (dematerialised ordinary shareholders) and are registered with “own name” registration,

at the annual general meeting of shareholders of the Company to be held at First Floor, Building 816/5, Hammets Crossing Office Park,
2 Selbourne Road, Fourways, Gauteng at 10:00 on Friday, 7 November 2014 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with “own name” registration who wish to attend the annual
general meeting must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the annual general
meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting
in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP
or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder ____________________________
Name of registered shareholder ____________________________
Address ____________________________
Telephone work (          ) Telephone home (          ) Cell ____________________________

being the holder/custodian of ____________________________ ordinary shares in the Company, hereby appoint (see note):
1. ____________________________ or failing him/her,  
2. ____________________________ or failing him/her,  
3. the chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the Company convened for the purpose
of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat
(resolutions) and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from
voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the
following instructions:

<table>
<thead>
<tr>
<th>Number of ordinary shares</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended June 2014</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. To approve the re-election as director of Dr Nakedi Mathews Phosa who retires by rotation</td>
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<tr>
<td>3. To approve the re-election as director of Damian Stephen Smith who retires by rotation</td>
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<tr>
<td>4. To approve the re-election as director of Kholeka Winifred Mzondeki who retires by rotation</td>
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<tr>
<td>5. To approve the appointment of Kholeka Winifred Mzondeki as member of the audit and risk committee</td>
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<tr>
<td>6. To approve the appointment of Kenneth Victor Dicks as member of the audit and risk committee</td>
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<tr>
<td>7. To approve the appointment of Sholto Dolamo as member of the audit and risk committee</td>
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<tr>
<td>8. To confirm the re-appointment of BDO South Africa Inc. as auditors of the Company together with Fred Bruce-Brand for the ensuing financial year</td>
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</tr>
<tr>
<td>9. Special resolution number 1 Approval of the non-executive directors’ remuneration</td>
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<tr>
<td>Resolution Number</td>
<td>Description</td>
<td>For</td>
<td>Against</td>
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<td>-----------------------------------------------------------------------------</td>
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<tr>
<td>10.</td>
<td>Ordinary resolution number 1 Approval of the remuneration policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Ordinary resolution number 2 Control of authorised but unissued ordinary shares</td>
<td></td>
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</tr>
<tr>
<td>12.</td>
<td>Ordinary resolution number 3 Approval to issue ordinary shares, and to sell treasury shares, for cash</td>
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</tr>
<tr>
<td>13.</td>
<td>Special resolution number 2 General approval to acquire shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Special resolution number 3 Loans or other financial assistance to directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Ordinary resolution number 4 Signature of documents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at ____________________________ on ____________________________ 2014

Signature ____________________________ Assisted by (if applicable) ____________________________
1. Summary of rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act)

In terms of section 58 of the Companies Act:

- A shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders’ meeting on behalf of such shareholder;
- A proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder’s rights as a shareholder;
- Irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
- A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company’s memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in “own name”.

3. Shareholders who have dematerialised their shares through a CSDP or broker without “own name” registration and wish to attend the annual general meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the annual general meeting.

4. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder’s choice in the space provided, with or without deleting “the chairperson of the meeting”. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairperson of the meeting.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an “X” has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder’s votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty eight) hours before the commencement of the annual general meeting.

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

8. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

9. A shareholder’s authorisation to the proxy including the chairperson of the annual general meeting, to vote on such shareholder’s behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.

10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company’s transfer secretaries or waived by the chairperson of the annual general meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.

13. Where there are joint holders of ordinary shares:
   • Any one holder may sign the form of proxy;
   • The vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company’s register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

   **Hand deliveries to:**
   Computershare Investor Services Proprietary Limited
   70 Marshall Street
   Johannesburg
   2001

   **Postal deliveries to:**
   Computershare Investor Services Proprietary Limited
   PO Box 61051
   Marshalltown
   2107

   to be received by no later than 10:00 on Wednesday, 5 November 2014 (or 48 (forty-eight) hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).

15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

   **Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:**

   A proxy may delegate the proxy’s authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

   The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

   The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

   If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company’s Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

   Attention is also drawn to the “Notes to the form of proxy”.

   The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.
COMPANY INFORMATION

NATURE OF BUSINESS
Exploration and mining of mineral rights

REGISTRATION NUMBER
1986/004649/06

COUNTRY OF INCORPORATION
Republic of South Africa

DIRECTORS
Non-executive
Mr JG Best*
Mr KV Dicks*
Mr SM Dolamo*
Ms KW Mzondeki*
Dr NM Phosa
Mr DS Smith
King TV Thulare (Alternate)

Executive
Mr SJM Caddy
Mr WA Moolman

* Independent

COMPANY SECRETARY
Merchantec Proprietary Limited

BANKERS
Nedbank Limited

REGISTERED ADDRESS
First Floor
Building 816/5
Hammets Crossing Office Park
2 Selbourne Road
Fourways, Gauteng
Republic of South Africa
Telephone +27 (0) 11 699 5720
Fax +27 (0) 11 462 6184
E-mail info@bauba.co.za
web www.bauba.co.za

POSTAL ADDRESS
PO Box 1658
Witkoppen 2068

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited

SPONSOR
Merchantec Proprietary Limited

AUDITORS
BDO South Africa Incorporated

ATTORNEYS
Cliffe Dekker Hofmeyr
Hogan Lovells
SAR & Co