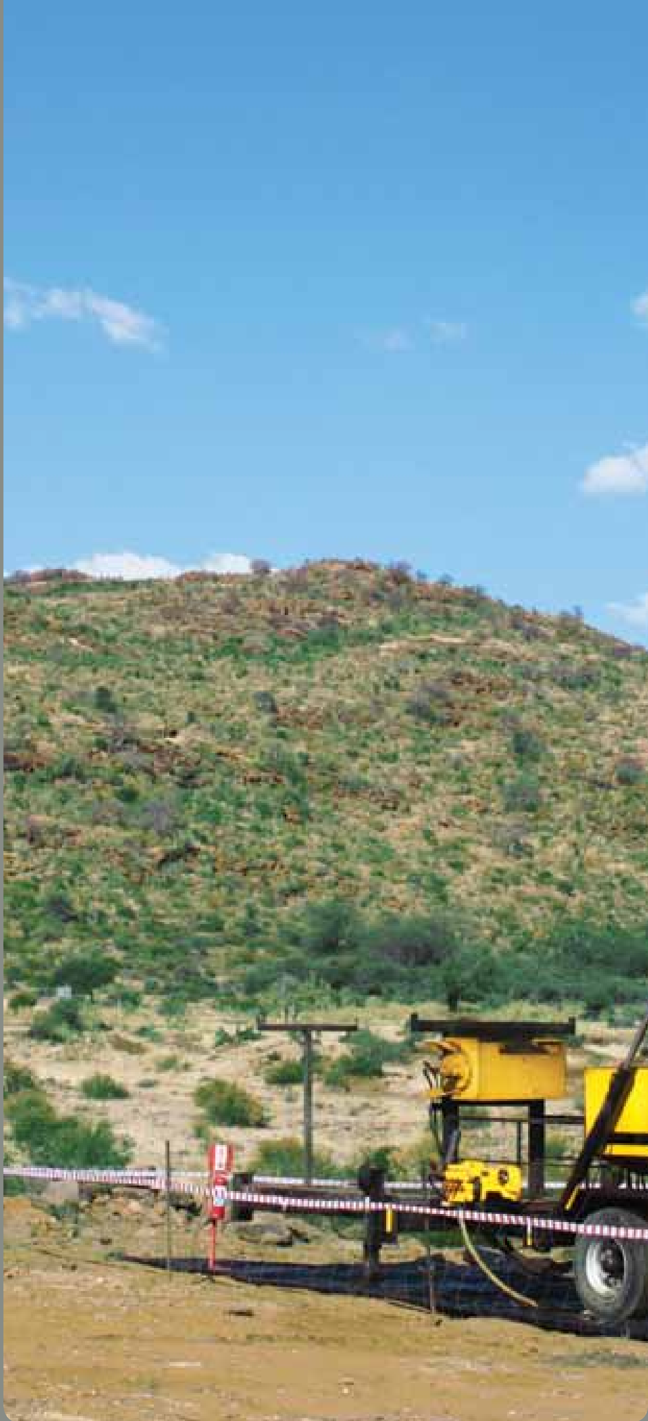
INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE

2012

BAUBA PLATINUM



Company profile

Bauba Platinum was created through the reverse listing of a 60% interest in Bauba A Hlabirwa Mining Investments Proprietary Limited (the Bauba Project) into Absolute Holdings Limited whose name was subsequently changed to Bauba Platinum Limited. The Company listed on the Main Board of the JSE Limited in September 2010.

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, 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 an area of approximately 14 200ha. All the Bauba properties lie within the Leolo mountain range in the Limpopo province, approximately 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 Company 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 drilling programme will establish the extent of the resource with the intention of converting this into a fully compliant reserve statement to form the basis of a Bankable Feasibility Study. Bauba 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.

Content

Front cover: Exploration drilling on the Central Cluster.

Back cover: Rehabilitated drill site.

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 Company 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.

This is the second integrated report that we have produced and we acknowledge that guidelines on integrated reporting are still at an early stage of development. The board is committed to applying the reporting standards as required by King III and recognised best practice.

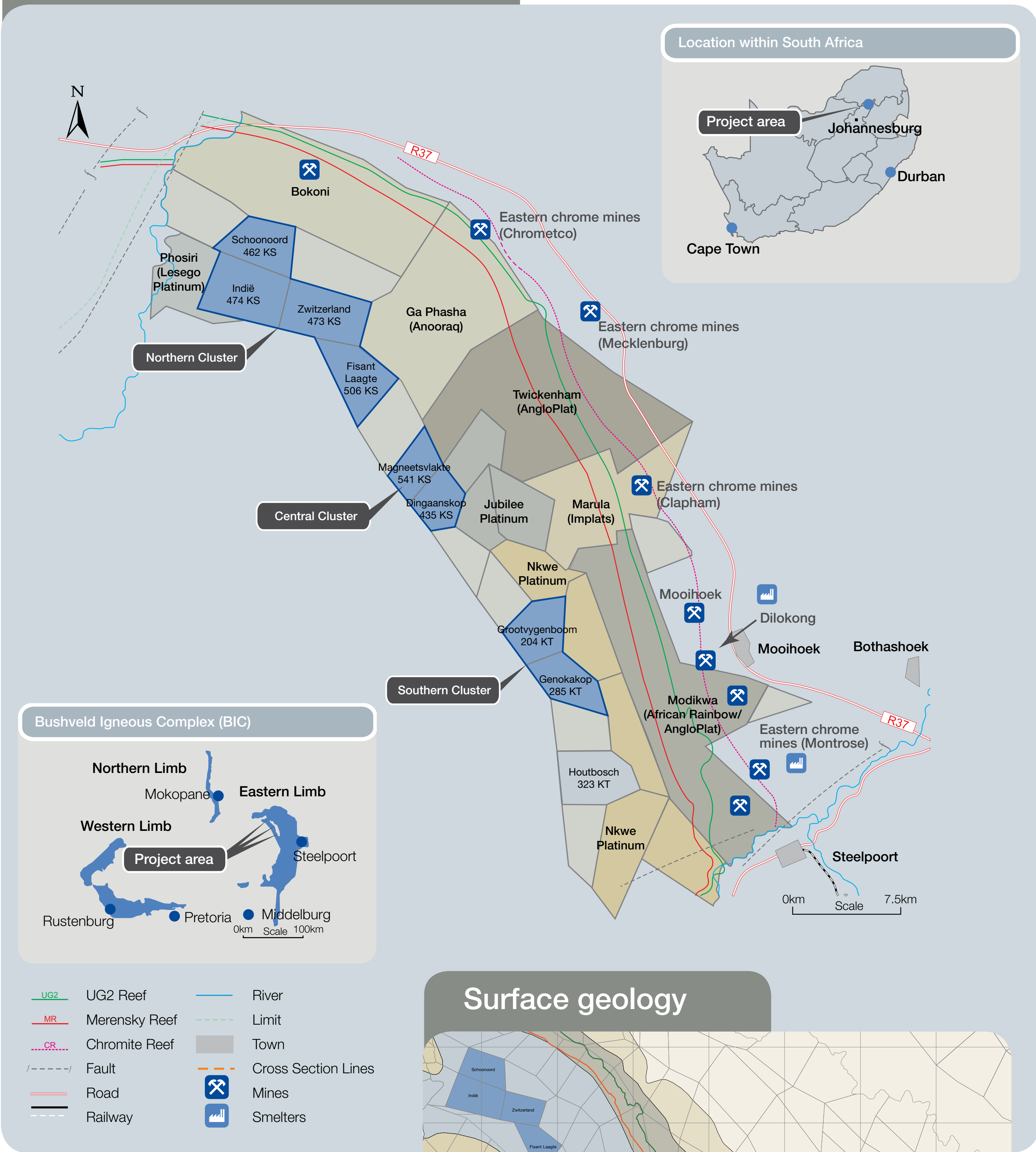
Highlights

Platinum being tested at the laboratory.

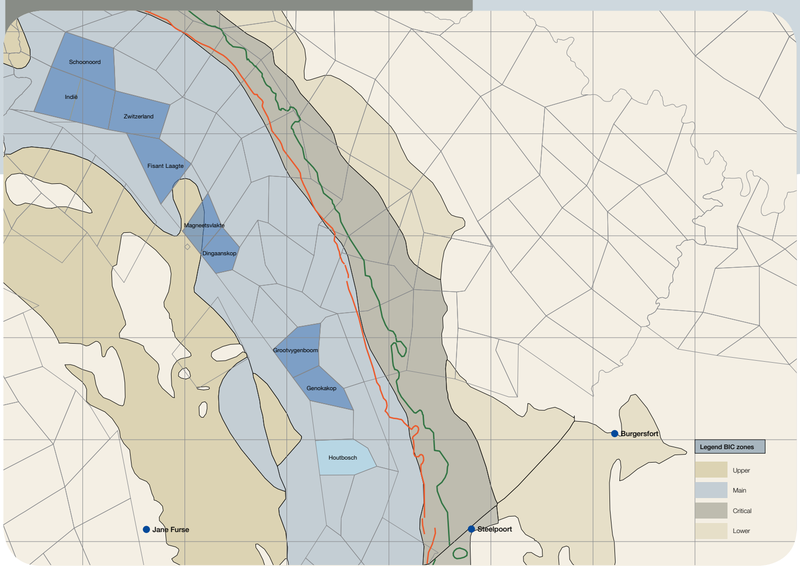
Focusing on the **next phase in the development** of Bauba Platinum as a junior platinum exploration company…
…building confidence in our **resource base.**

- Progressing the drilling programme and increasing the mineral resource base
- Solid resource base consisting of **8.6 million ounces** now upgraded to inferred resource
- Competent and experienced board of directors with a range of technical and financial skills

Geographical location map

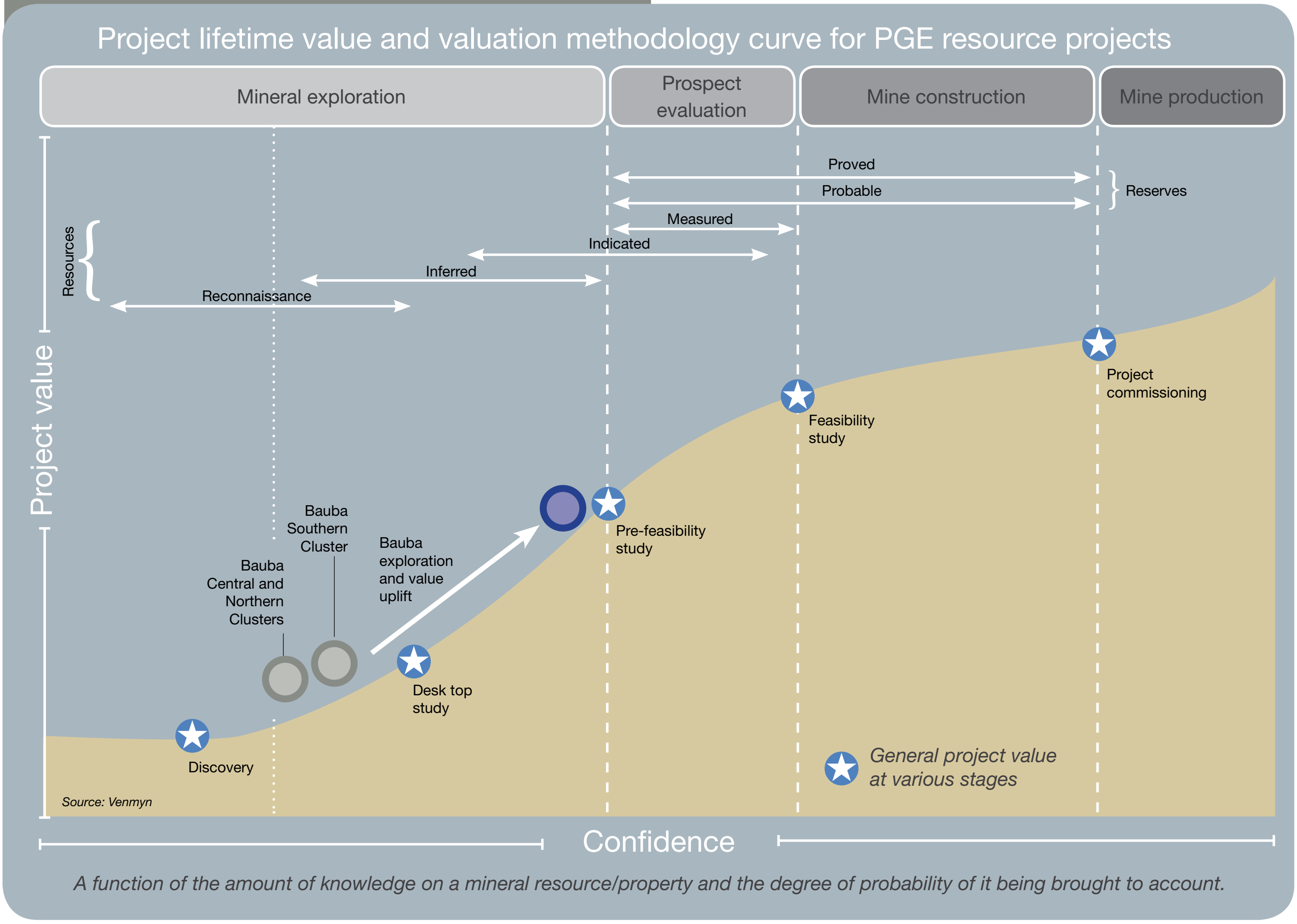


Surface geology

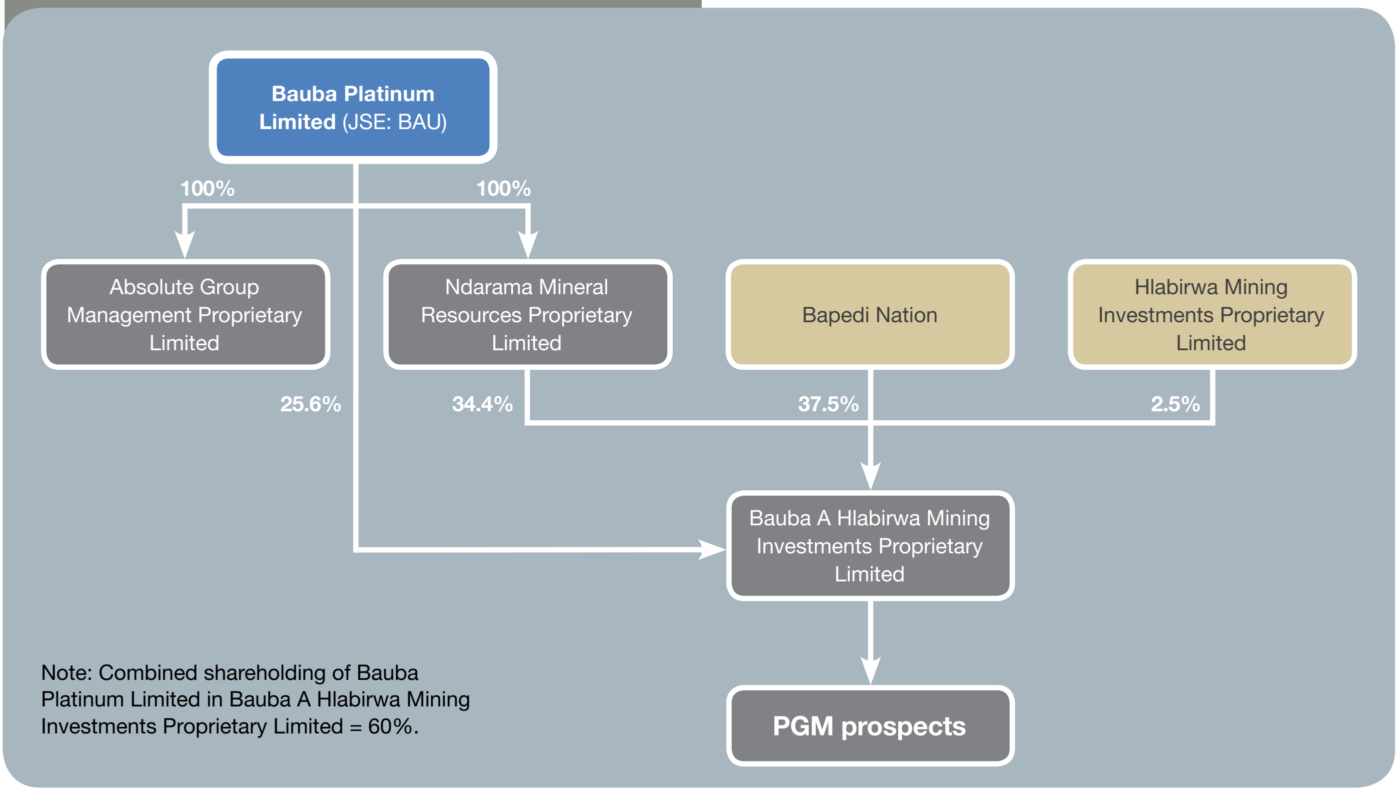


Surface geology of the Eastern Limb of the Bushveld Complex showing the Bauba Project areas.

Project value curve



Group structure



Board of directors

Jonathan Best
Independent non-executive chairman

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, chairman and member of the remuneration and nomination committee of Sentula Mining Limited and non-executive independent director and member of the audit committee of Metair Investments Limited and Gulf Industrials Limited. He is an Associate of the Chartered Institute of Management Accountants and of the Chartered Institute of Secretaries and Administrators and has an MBA degree from the University of the Witwatersrand.

Sholto Dolamo
Independent non-executive director

Sholto is currently the resources analyst and fund manager of the Resources Unit Trust at Momentum Asset Management. He has had 10 years' experience within the mining and manufacturing industry. This includes 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. Sholto was head of Lonmin Platinum's research and development for the Precious Metals Refinery for three years. Prior to joining Momentum Asset Management he spent four and a half years at Stanlib, where he was a precious metals analyst and also portfolio manager of the precious metals fund. He holds a BSc (Chemistry), BTech (Ceramics Science), MSc (Materials Engineering) and an MBA from GIBS.

Dr Mathews Phosa
Non-executive director

Dr Mathews Phosa, an attorney by profession, is a leading figure in South Africa's business and political world. Mathews opened the first black empowerment law practice in Nelspruit in 1981. He was elected as the first Premier of Mpumalanga province in 1994. Following the elections in 1999, Mathews resigned his seat in parliament in favour of focusing his attention on a career in business. Mathews re-entered the political arena in 2007 when he was appointed Treasurer-General of the National Executive Committee of the ANC. He is chairperson of Special Olympics South Africa and holds numerous chairperson positions, among them non-executive chairman of EOH Limited, executive chairman of Vuka Forestry Holding Proprietary Limited and Eveni Investments & Consulting Proprietary Limited. He is also a director of Hans Merensky Holdings Proprietary Limited and executive director of Value Group.

Kenneth Dicks
Independent non-executive director

Ken joined the Bauba Platinum board in September 2010. He is a mining engineer with 39 years' experience in the formal South African 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 boards of Harmony Gold Mining Company Limited and Witwatersrand Consolidated Gold Resources Limited.

Kholeka Mzondeki
Independent non-executive director

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 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, CFO 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.

Damian Smith
Non-executive director

Damian holds a BSc (Hons) Geology from the University of Liverpool; an MSc Exploration Geology from the Camborne School of Mines; and is a registered Professional Natural Scientist. He has 21 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.

Grant Pitt
Chief executive officer

Grant is a mining engineer with 27 years' experience in the industry, at both operational and corporate level. He has extensive production management, corporate development, project evaluation and project management experience. Grant started his career at Harmony Gold Mining Company Limited as a mining engineer and progressed through various positions, including shaft manager and the manager responsible for new business. Before joining Mvelaphanda Resources, Grant worked as an independent consultant in the mining industry. In 2010, he joined Bauba Platinum as Executive Manager, working closely with the CEO and the board. He holds a BSc Eng (Mining) and a graduate diploma in engineering (mineral economics).

Willem Moolman
Financial director

Willem completed accounting articles with KPMG and has over 20 years' financial management experience in a number of industries including mining. In recent years he focused on assisting companies with financial restructuring and turn around strategies. Professionally he is a Fellow of the Institute of Professional Accountants (Australia). He holds a BCompt Honours and MBL from Unisa.

King Thulare Thulare
Alternate non-executive director to Dr NM Phosa

His Majesty King Thulare III is King of the Bapedi Nation. He joined the mining industry in 2007 and has gained five years' valuable experience in the industry. He is currently the executive chairman of the KT3 group of companies and has also served as a director of Bauba A Hlabirwa Mining Investments Proprietary Limited since 2008.

Audit and risk committee
Chaired by Kholeka Mzondeki

Remuneration and nomination committee
Chaired by Kenneth Dicks

Technical committee
Chaired by Kenneth Dicks

Social and ethics committee
Chaired by Sholto Dolamo

Message from the chairman

Finding lasting solutions to the many issues facing the mining industry and broader society in South Africa requires an extraordinary and collaborative approach.

JONATHAN BEST

Our Company has made good progress this year in the early stage exploration of our platinum group metals (PGM) assets and we are moving steadily towards our objective of converting the target resource to an inferred resource or better by the end of 2014.

Following the successful capital raising at the start of the 2012 financial year, we were able to move ahead decisively with the exploration drilling programme in the Southern, Central and Northern Clusters of the Bauba Project, which led to the declaration of a SAMREC compliant inferred resource over a portion of the Southern Cluster properties in April 2012. The results of the carefully planned drilling programme, which you will read more about in the CEO's report, have been consistent with our geological mapping and data analysis of available information, particularly from neighbouring properties, and confirm the detailed exploration plans which underpin our business strategy.

Furthermore, we have concluded the process of disposing of our non-core assets, clearly positioning Bauba Platinum as a junior participant in the PGM sector, focused on the exploration for and evaluation of a significant target resource.

A struggling PGM sector

The declining trend in the global PGM market is well documented and the resulting effect of significant reduction in listed entities' market values continues to erode shareholder confidence. Market pressures were exacerbated in 2012 resulting in downsizing and capital expansion plans being put on hold amongst many of the PGM mining companies.

The tripartite platinum task team (PTT) which has been formed as an offshoot of the South African mining industry growth and development task team (MIDGETT), has called together the three key role players – being government, labour and business – to contemplate solutions to the current crisis facing the platinum sector in South Africa. The immediate interventions, aimed at stemming the tide of possible retrenchments, are considering ways of reducing costs that are seriously impacting on a market battling with surplus product, stagnant demand and the resultant low prices.

In the longer term, however, the challenges faced by the industry, including the supply-demand imbalance which has been made worse by the increased use of recycled metal, the need to explore other applications for platinum in the face of increased substitution by palladium, and the declining competitiveness of the PGM mining sector, will need more sustainable solutions.

In the South African mining environment, in particular, the review that is underway needs to consider drastic actions that address the management and cost structures which have long been the norm in the platinum sector, and which are no longer sustainable given rising cost inflation and productivity issues, spurred by labour and safety challenges and the complexities of deep-level mining.

While everything is being done to reduce costs the existing infrastructure and mine design, to an extent dictate the cost structure. New mines in the future that will mine resources such as ours will make use of more innovative design and methods resulting in lower costs and capital expenditure.

There is no doubt that lessons learnt from the recent events at Marikana need to be taken into account in designing the mine of the future. In this process the industry needs to engage with all interested parties, to create the platform for increased foreign investment as well as job creation. It is for this reason that there needs to be honest and constructive debate between key players on long-term solutions for the sector, which are ultimately agreeable and beneficial to all.

Long-term view of the PGM market

While the supply disruptions of 2012 have to some extent balanced the weaker demand for platinum, the surplus in the market is expected to last at least into 2013, largely dictated by the pace of the financial recovery in Europe where platinum is the most exposed commodity. However, the long-term fundamentals for the PGM market remain robust with platinum, palladium and rhodium expected to move into substantial deficits in the medium to long term. An increase in vehicle demand is likely to follow a return to normality in the European markets, and the steady growth in emerging markets is expected to sustain the demand for platinum in industrial applications.

The current rand PGM basket prices are not sustainable and we are likely to see a rise in prices once market liquidity conditions return to normal.

The pouring of molten PGMs during the assay process.

We remain convinced that, for investors with a long-term view, there is value in the PGM market, and it is here that we are positioning Bauba Platinum. As an early stage exploration company, the market challenges of demand and price have little bearing on our performance. Maintaining a disciplined focus on cost control remains a board and management priority as we continue with our strategy of moving up the value curve and building confidence in our asset base.

Sector consolidation

The Eastern Limb of the Bushveld Complex is fragmented with smaller mining and prospecting areas not proving to be viable on their own. The current challenges in the industry give reason to investigate opportunities for consolidation and collaboration which could strengthen the financial, human and mineral resources within the industry and is in line with our own growth strategy.

Nationalisation debate

Again this year there has been much debate around the nationalisation of mines in South Africa, highlighted at the ANC's policy conference in June. The government wants radical economic reform and is expecting the mining industry to play its part by contributing more substantially to job creation and socio-economic development in impoverished communities.

The perception that the South African mining industry is in "sunset mode" is not a true reflection of what the industry does and can bring to the country's fiscus. Mining remains the bedrock of the South African economy, and it is important to determine how we can use our natural assets to the benefit of all South Africans. However, in order to enhance our country's competitive advantage in the global industry, we need to take heed of the outcomes of nationalisation of the mining industry in other countries and fully explore all possibilities for meaningful transformation.

Sustainability

Delivering value for all stakeholders is about ensuring the long-term financial stability of Bauba Platinum in the context of growing social and environmental obligations placed on the Company by shareholders, governments, host communities and broader civil society. Sustainable development is an integral part of our business strategy because our legal and social licence to operate is dependent on strong relationships with key stakeholders and our ability to manage the risks which may impact on business performance. Exploration is the first phase of the mining lifecycle yet even at this early stage we need to respectfully understand the impact of our activities on the natural environment as well as local communities and look for opportunities to make a meaningful contribution to development in these areas.

Board and management

Over the last year, a great deal of effort has gone into strengthening the Company's governance framework and embedding the principles of King III in board and management practices. The board and its committees have made significant progress in identifying and addressing any compliance gaps and the Company's risk management policies, processes and capacity have been enhanced.

Grant Pitt, Willem Moolman and Kholeka Mzondeki were all formally appointed as directors on the Bauba Platinum board in the 2012 financial year, and King Thulare V Thulare was appointed as an alternate to Dr Mathews Phosa as part of the Company's long-term strategy to involve the Bapedi Nation as an active and more informed BEE shareholder. A formal skills development programme was initiated for King Thulare so that he can participate in board deliberations at a strategic level.

Conclusion

I am extremely pleased with the progress we have made in the last year, even more remarkable in the context of a difficult operating environment. I would like to thank my fellow board members for their contribution to the development of this young company and, on behalf of the board, express our appreciation to the small but capable team that are directing the journey.

Jonathan Best
Chairman

28 September 2012

Message from the chief executive officer

Our commercial success is largely dependent on the communities which host our operations and it is very important that we establish and maintain relationships built on trust from the earliest stages of our exploration activities.

GRANT PITT

It has been an eventful year since I was formally appointed to the position of chief executive officer. We concluded the sale of non-core assets so that Bauba Platinum will be solely focused on the exploration and evaluation of its platinum group metals (PGM) prospect going forward; we were granted the renewal of our new order prospecting rights for a further period of three years; and we were able to accelerate our exploration programme on our Eastern Limb concessions with a significant capital injection in July 2011.

Financial results

Bauba Platinum received R50.0 million from a successful capital raising programme. During the period, Bauba spent R9.8 million on exploration activities which was capitalised, administrative expenses of R6.6 million and R11.1 million on a settlement of creditors associated with the original Asset for Shares transaction and the related capital raising programme. At the end of the 2012 financial period, Bauba Platinum had available cash resources of R28.0 million to cover operating expenditure for the foreseeable future.

While providing the basis for future value creation, exploration is, by its very nature, a capital intensive process which does not generate revenue. It is therefore incumbent upon management to demonstrate the inherent value in the Company's asset base by delineating a SAMREC compliant inferred resource and moving our exploration projects up the value curve as far as possible.

Exploration

The Company has made pleasing progress in developing a more detailed understanding of the Bauba Project over the last year. The eight properties which are located on the Eastern Limb of the Bushveld Igneous Complex and collectively make up the Bauba Project are grouped into three clusters, namely the Southern, Central and Northern Clusters.

Our detailed investigative exploration programme began in 2010 with four boreholes drilled on the Southern Cluster, all of which intersected Merensky Reef at depths of around 1 600 metres and two of which yielded UG2 reef intersections at approximately 1 930 metres. Drilling on the project area has so far confirmed the initial positive geophysical assessment of the resource base.

Following the completion of the first phase of the drilling programme and geological modelling on the Southern Cluster, we were able to increase the confidence in our target resource by declaring a SAMREC inferred resource of 8.6Moz PGEs (4E) over a portion of the Company's Southern Cluster properties.

On the Central Cluster properties, drilling of the six boreholes planned for this area started in June 2011. The first borehole, BAU023, was drilled on the western boundary of the property in order to define the maximum reef depth. It intersected the UG2 Reef at 2 336 metres below surface, some 300 metres shallower than predicted, which suggests a flattening of the dip of the reef with increasing depth possibly as a result of the Central Cluster's proximity to the adjacent Paradys Dome structure.

Drilling on the Northern Cluster properties was initiated in April 2012 and ten boreholes have been initially planned for this Cluster. At the same time we plan to conduct 2D seismic surveys on both the Northern and Central Cluster properties to help us build a regional geological picture on the areas we are currently exploring and to better inform our drilling programme.

Based on the results we have seen to date, and on the assumption that the Company can from time to time raise the additional funds required, Bauba Platinum is planning to explore the target resource area by the second quarter of 2014 with a view to converting the target resource to an inferred resource or better.

We further reached an important milestone on our strategic journey when, in July 2012, the Department of Mineral Resources (DMR) duly granted the renewal of the two new order Prospecting Rights over the Bauba Project for a further three year period to Bauba A Hlabirwa Mining Investments Proprietary Limited, which is 60% held by Bauba Platinum and 40% by the Bapedi Nation.

Risks

In our previous report to shareholders we noted that Bauba Platinum has been cited as a respondent in a legal process initiated by Rustenburg Platinum Mines (RPM) against the DMR in respect of the farms Genokakop and Groot Vygenboom being included in Southern Cluster

Drill rig on the Central Cluster.

of Bauba's Prospecting Rights. The legal process has not yet been resolved; however, 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 legal opinion. We will continue with our engagement strategy to resolve the issue timeously.

Access to capital remains a key risk, not only for Bauba Platinum, but for many other junior exploration and mining companies who are competing for limited funds in difficult economic and political conditions which are facing the industry, and particularly in the platinum sector. Our approach is to manage the economic sustainability of the Company by managing our exposure rate. We will both monitor and manage the progress of our exploration programme in the context of the funds available and, if necessary, we will slow down the programme until the investment appetite has been revived in the sector. We are confident that as we continue with our exploration programme we will be able to demonstrate, to current and potential investors, the long-term value in Bauba Platinum.

Sustainability

We have made a concerted effort to improve engagement with key stakeholders as the basis for embedding sustainable development into the very fabric of our business.

Not only is the Bapedi Nation a shareholder in the Bauba Project – holding a 40% stake of which exceeds the 26% required by South African mining legislation – but our BEE partners are also actively involved in the day to day activities on the ground so that there is an open and meaningful understanding of the business.

We have had a number of meetings with the community and its representatives in the past year to help them understand the scope of our activities and for us to gauge the impact of our business on our host communities. This engagement takes place through the recognised community structures, such as the traditional council or the Royal Council, and we work on the basis that support is directed to the community as a whole and not to individuals within the broader community. This includes payment for access to land in a way that benefits the community.

While our physical footprint is limited, we fully acknowledge that as we become more established we will be required to contribute to the government's transformation objectives by creating jobs, developing skills and facilitating socio-economic growth in neighbouring communities.

The nature of drilling programmes is such that employment opportunities are mostly short-term but, as far as possible, we encourage our contractors to employ local labour in positions which do not require specialist skills and to provide basic training required by the job, which will enhance employment opportunities in the future.

Even from the earliest stages of exploration, our intention is to adopt the best practices in safety, health and environmental management and to ensure that any contractors we use do the same.

Conclusion

In conclusion I would like to acknowledge the tremendous support I have received from the chairman and fellow directors of the Bauba Platinum board in my first year as chief executive officer. I would also like to thank the small but dedicated team who have taken Bauba Platinum another step forward in its development journey. I am confident that we are on track and I look forward to the next leg of our journey with great anticipation.

Grant Pitt
Chief executive officer

28 September 2012

Exploration report

Core from the exploration drilling.

Location, geography and access

The Bauba Platinum farms lie within the Leolo mountain range in Limpopo province, approximately 40km north-northwest of the town Steelpoort and 250km northeast of Johannesburg. The area has a well-developed network of national (N4), regional (R555) and district tarred roads and railways. Bauba holds Prospecting Rights over eight farms extending over an area of 14 290 ha 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 2). 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 world's largest economic platinum group elements (PGE) resources in the Merensky and UG2 Reefs.

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

Legal tenure and agreements

Bauba 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 (Bauba A Hlabirwa), over the Bauba Project. 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 will be lodged with the Mineral and Petroleum Titles Office for registration.

Bauba's two Prospecting Rights, are held in the Limpopo province of South Africa:

- 248/2006PR: over the farm: Magneetsvlakte 541 KS; and
- 256/2006PR: over the farms: Dingaanskop 543KS, Fisant Laagte 506KS, Zwitzerland 473KS, Indië 474KS, Schoonoord 462KS, Genokakop 285KT, Groot Vygenboom 284KT.

Exploration activities

Since Bauba commenced with the management of the Bauba Project, the Company 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.
- 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.

Cluster	Boreholes planned	Planned drilling (m)	Drilling commenced	Boreholes completed	Boreholes in progress	Drilling metres completed
Southern	4	7 900	April 2010	4	0	7 736
Central	6	15 600	July 2011	1	2	10 200*
Northern	10	19 200	April 2012	1	1	2 100
Total	**20**	**42 700**		**6**	**3**	**20 036**

* Includes metres redrilled due to bad ground conditions.

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 2011, where six boreholes have been planned. Thus far, one borehole has been completed, whilst a further two are in progress.

The completed borehole was drilled in the far west of the property in order to assess the potential impact on Bushveld layering of the neighbouring Paradys Dome structure. This intersected both the Merensky (2 147 metres below surface) and UG2 (2 337 metres below surface) Reefs at depths some 300 metres shallower than extrapolated from regional dips, indicating up-warping related to the dome. Both reefs, however, display disruption; the Merensky Pyroxenite and the middling to the UG2 Reef is thinned, and the UG2 Reef overlies marginal zone Bushveld rocks interspersed with Transvaal metasediment inliers.

Results from the two boreholes currently in progress are expected towards the end of the first quarter of the new financial year.

Drilling on the Northern Cluster was initiated during April 2012, with ten boreholes initially planned. The first borehole drilled on the farm Schoonoord, has intersected both the Merensky and UG2 Reefs, at depths of 1 792 metres below surface and 2 172 metres below surface, respectively. Intersection depths are in line with regional dip estimates, and both reefs display robust internal structure and base metal sulphide mineralisation.

The exploration planning for the next year will include the continued drilling of the planned holes in the Northern and Central Clusters. One drill rig is currently in operation on the Northern Cluster, and two drill rigs on the Central Cluster. The possibility of adding a second rig on the Northern Cluster is being considered. The number of drill rigs in operation will depend on the economic climate and the ability of the Company to raise capital when required.

Resource estimates

The current 4E (Pt+Pd+Rh+Au) PGM resource estimate for the Bauba 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's geologists and verified and signed off by an independent competent person, Mr AN Clay of Venmyn.

	Merensky			UG2			Gross total		Bauba attributable	
Resource classification	Geological loss %	Tonnes Mt	4E Moz	Geological loss %	Tonnes Mt	4E Moz	Tonnes Mt	4E Moz	Tonnes Mt	4E Moz
Inferred	17.00	27.41	3.46	24.00	35.76	5.09	63.17	8.55	37.90	5.13
Target	19.61	379.26	53.26	24.32	360.34	65.22	739.60	118.48	443.76	71.09
Total	**19.44**	**406.67**	**56.72**	**24.29**	**396.10**	**70.31**	**802.77**	**127.03**	**481.66**	**76.22**

		Merensky			UG2			Gross total		Bauba attributable	
Cluster	Resource classification	Geological loss %	Tonnes Mt	4E Moz	Geological loss %	Tonnes Mt	4E Moz	Tonnes Mt	4E Moz	Tonnes Mt	4E Moz
North	Target	19.00	264.34	36.44	23.00	243.24	43.38	507.58	79.82	304.55	47.89
Central	Target	25.00	57.83	8.40	30.00	59.78	11.31	117.60	19.72	70.56	11.84
South	Inferred	17.00	27.41	3.46	24.00	35.76	5.09	63.17	8.55	37.90	5.13
South	Target	19.61	57.09	8.42	24.00	57.32	10.52	114.42	18.94	68.65	11.36
Total	**Inferred**	**17.00**	**27.41**	**3.46**	**24.00**	**35.76**	**5.09**	**63.17**	**8.55**	**37.90**	**5.13**
Total	**Target**	**19.61**	**379.26**	**53.26**	**24.32**	**360.34**	**65.22**	**739.60**	**118.48**	**443.76**	**71.09**
Total	**Combined**	**19.44**	**406.67**	**56.72**	**24.29**	**396.10**	**70.31**	**802.77**	**127.03**	**481.66**	**76.22**

Corporate governance, ethics and stakeholder engagement

Introduction

The Bauba Platinum board is responsible for effective corporate governance and places significant emphasis on the King Report on Corporate Governance for South Africa 2009 (King III) as the framework for ensuring ethical business practices and transparent stakeholder engagement.

Good corporate governance is more than merely applying governance rules; it extends to a qualitative consideration of the non-financial aspects of business performance that have the potential to influence sustainable economic growth. King III facilitates the move towards integrated reporting and places far greater importance on leadership, sustainability and corporate citizenship.

The board has analysed the governance and reporting principles set out in King III and has has made significant strides in the application of the Code. See page 19 for a summary of the Company'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 and authority amongst the directors.

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

Executive directors are appointed by the board to oversee the daily functioning of the Company 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 a material nature, including the Company'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 Company operates as a responsible corporate citizen and in an ethical manner.

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 Company if required.

The executive directors have contracts of employment with the Company which can be terminated with a notice period of not more than two months.

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. In the reporting period, the board also appointed King Thulare V Thulare as an alternate to Dr Mathews Phosa as part of the Company's long-term strategy to actively involve the Bapedi Nation at a strategic, decision-making level.

Independent non-executive directors are directors who have not been employed by the Company for the preceding three years, and are in no way related to the Company or to any shareholder, supplier, customer or other director of the Company 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. There have been no new members appointed to the board since the previous integrated annual report was released. For a full list of the board members and their qualifications, see pages 4 and 5.

Attendance at board meetings during the period ended 30 June 2012

Four board meetings were held during the year.

Name	Attended
JG Best (Chairman)	4
KV Dicks	4
SM Dolamo	4
KW Mzondeki	4
King TV Thulare (alternate to Dr NM Phosa)	4
Dr NM Phosa	1
DS Smith	4
GJ Pitt	4
WA Moolman	4

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 extends beyond financial reporting to include the overseeing of the preparation of the Company's Integrated report. It is the responsibility of the board to ensure that the audit and risk committee has the necessary skills to perform its broader governance duties.

The audit and risk committee is made up of three suitably skilled and experienced independent non-executive directors. The current members of the audit and risk committee are Ms Kholeka Mzondeki (chairperson), Mr Kenneth Dicks and Mr Sholto Dolamo. Mr Jonathan Best stepped down from the audit and risk committee on the appointment of Ms Mzondeki in order to comply with the requirements of King III.

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 chief executive officer, the financial director, the external auditors and the internal audit function attend the audit and risk committee meetings by invitation. Three audit and risk committee meetings were held during the year.

Attendance at audit and risk committee meetings during the period ended 30 June 2012

Name	Attended
KW Mzondeki (Chairperson)	3
KV Dicks	3
SM Dolamo	3

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 Company. The committee applies a combined assurance process and receives assurance from management, the external auditors, the internal auditors and independent technical service providers.

It is the responsibility of the audit and risk committee, amongst other things, to:

- nominate a suitable firm for appointment as external auditors having determined that they have the necessary expertise and are independent of the Company;
- determine the terms of engagement of the external auditors and the fee to be paid;
- review the audit plan of the external auditors and monitor progress against the plan;
- pre-approve all non-audit services provided by the external auditors. There were no non-audit services provided by the external auditors during the reporting period;
- review the accounting policies of the Company as well as any proposed changes;
- review the annual and interim financial reports and the annual financial statements as well as the sustainability performance of the Company in line with acceptable practice for a company the size of Bauba Platinum; and
- review the integrity of the integrated annual report by ensuring its content is reliable and recommending it to the board for approval.

The committee ensures that the requisite risk management culture, policies, practices and systems are in place relevant to the Company's level of exposure. The day-to-day risk management is the responsibility of the management team. Bauba Platinum has in place a risk register 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.

Due to the size of the Company, it is not feasible to employ a full-time internal auditor at this stage. However, the Company has appointed an outsourced service provider and developed an internal audit charter to guide the provision of an internal audit function, which is overseen by the audit committee. The external auditor has carried most of the responsibility for risk assessments on the Company's financial statements in the reporting period. The chairman and the audit and risk committee maintain a level of oversight by reviewing the Company's financial statements on an ad hoc basis.

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 Company which operates standard office, accounting and geological packages. The IT support is outsourced to an independent service provider. However, the Company 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 Company 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 Company.

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

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 report with both the management of the Company 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 2012 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 (chairman), Mr Jonathan Best and Mr Sholto Dolamo. The committee met twice in the reporting period.

Attendance at remuneration and nomination committee meetings during the period ended 30 June 2012

Name	Attended
KV Dicks (Chairman)	2
SM Dolamo	2
JG Best	2

The committee establishes the overall principles of remuneration and considers, reviews and approves the Company'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 Company's business objectives.

The remuneration of the non-executive directors for the following 12 months will be presented to shareholders for approval at the annual general meeting. 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. Remuneration for individual directors is detailed on page 56.

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.

Remuneration policy

The Company has developed 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 its evolving organisational context and objectives.

Remuneration mix: The executives' total remuneration consists of a basic salary, defined as the employment cost to the Company, an annual performance-linked bonus and a long-term share-based incentive scheme. The Company is in the process of finalising an appropriate share-based incentive scheme which will be presented to the board and shareholders for approval before implementation. 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 Company 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.

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 Company and individual performance targets determined by the remuneration committee and approved by the board. These incentives are offered at the appropriate level within the Company and are paid in cash. The maximum payable under this scheme is 25% of annual salary.

The agreed performance parameters for the chief executive officer are capital raising, exploration drilling, resource definition and budget management and corporate duties. The financial director's performance parameters are based on the financial director's duties and operational parameters.

The choice of performance measures attempts to limit 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:

- company 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 Company 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 share-based incentive (LTIP): A long-term share-based scheme based on performance is in the process of being finalised. The intention is to implement the scheme during the 2013 financial year, which will incentivise executives and selected employees of the Company. 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 Company 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 company 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 Company and individual performance, more so than merely the performance of the economy or the platinum mining sector in which the Company 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 Company 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.

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 two non-executive directors, Mr Sholto Dolamo (chairman) and Ms Kholeka Mzondeki and one executive director, Mr Grant Pitt. One meeting has been held to date.

The role of the social and ethics committee is to:

- ensure that the Company's code of ethics is upheld at all levels of the organisation;
- assist the board of directors in ensuring that the Company is and remains a committed, socially responsible corporate citizen;
- monitor supplement, support, advise and provide guidance on the effectiveness of management's efforts in respect of sustainable development and social and ethics related matters;
- to the best of its ability, ensure that contractors and suppliers have policies and practices congruent with the Company'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 risk 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 Grant Pitt and Mr Willem Moolman. The committee met twice in the reporting period.

Attendance at technical committee meetings during the period ended 30 June 2012

Name	Attended
KV Dicks (Chairman)	2
JG Best	2
WA Moolman	2
GJ Pitt	2
DS Smith	2

The primary responsibility of the technical committee is to unlock shareholder value through the delivery of the Company'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;
- to ensure that the Company has the requisite technical skills and that training programmes are aligned with the growth and development of the Company;
- to assist the board in discharging its responsibility in the management of technical risk;
- to ensure the adoption of sound principles in managing safety, health and environmental risk; and
- to 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 Company's ability to execute its business strategy efficiently and effectively.

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 Company 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 Company, 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 company.

The board members attend training on an ongoing basis during the year. As part of this training, the audit and risk committee attended an IFRS update course and will do so 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 appropriate access to those responsible for safeguarding their investment in the Company. These include one-on-one meetings with major investors, presentations, road shows, announcements on the JSE Limited's electronic news service (SENS), publication in the media of interim and year end results, the Company's website, the 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.

Company secretary

The board is responsible for the appointment of the company secretary. Bauba Platinum uses an external registered service provider and the audit and risk committee has validated the competence 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 Company, 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.

Share dealing

The JSE Listings Requirements specifically prohibit directors and senior employees from dealing in the Company's shares during a prohibited period. A prohibited period means a "closed period; or any period when there exists any matter, 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 Company 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 company 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 taken by management so as to minimise the impact on the ability of the Company to achieve its strategic business goals. 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 has been put in place which will be accountable to the chairman of the audit and risk committee and will report on internal controls of the Company's activities directly to the chief executive of the Company.

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.

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

Risk	Mitigation
Raising the necessary finances to continue with exploration activities	• Ongoing engagement with existing and potential investors so that they understand the Company, its strategic objectives, delivery and performance • Managing the drilling programme
Impact of global economic uncertainty on platinum market	• Understanding the platinum market in the medium and long term • Ongoing engagement with existing and potential investors so that they understand the development of the Company in the context of the long-term fundamentals of the PGM market
Retaining Prospecting Rights	• Ensuring compliance with the requirements of the Minerals and Petroleum Resources Development Act (MPRDA)
Technical skills shortage in the industry which may impact on future development	• Skills development programme for management and employees • Continue to assess the Company's skills requirements and ensure the required training programmes are put in place
Environmental management	• The drilling contractor is responsible and held accountable for ensuring that there is strict compliance with respect to environmental management of the drill sites • The Company regularly assesses environmental compliance and ensures that the necessary remedial actions are taken when applicable
Managing community and shareholder expectations	• Engaging with the respective communities prior to commencing drilling on the respective properties • Stakeholder engagement and communications strategy • Liaison officers based in the community provide a mechanism to communicate with the community

External audit

The audit and risk committee is responsible for the oversight of the external auditors. The external auditor will provide assurance to shareholders that the information provided to them fairly presents the Company's financial performance. See the auditor's assurance report on page 29.

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 Company'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 Company 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. 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 Company's activities. Open and equitable engagement with these stakeholders provides an opportunity to identify risks, challenges and opportunities which are considered material for the Company and the communities in which it operates.

Community relations are an important part of the Company'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 Company and its activities on a regular basis.

Stakeholder engagement matrix for year ended 30 June 2012

Stakeholder	Summary of material issues	Method/s of engagement	Frequency of engagement	Key topics and concerns raised at engagement and response/s to these
Shareholders and potential investors	Financial results Business sustainability Exploration programme progress Major risks	Annual general meeting Annual report Interim/annual results announcement Announcements on SENS (JSE) Presentations One-on-one meetings Website Media releases Direct mail	Annual Annual Bi-annual As required As required As required As required As required As required	• Review application with respect to two of the eight farms which form part of the Bauba Project – the Company has taken legal advice and the matter is being dealt with in terms of a legal process • Capital raising • Ability to develop resource base • Long-term PGM market outlook
Communities (also land owners)	Access to prospecting areas Rehabilitation Community benefit	Community liaison officers Engagement with community representatives/councils Site visits	Ongoing As required As required	• Communication and engagement with the community prior to commencement of drilling • Fair payment for access to prospecting areas • The rehabilitation of land post drilling – the rehabilitation requirements are stipulated in the agreements with the drilling contractors and are overseen by the Company • Socio-economic development – the Company is creating awareness of stages of development with regard to the exploration plan to manage expectations of the community • Contractors are encouraged, to employ labour from local communities where possible

Stakeholder engagement matrix for year ended 30 June 2012 (continued)

Stakeholder	Summary of material issues	Method/s of engagement	Frequency of engagement	Key topics and concerns raised at engagement and response/s to these
Bapedi Nation	Active participation at corporate and project level	One-on-one meetings Board and management meetings Site visits Training	Ongoing As scheduled As required As required	• Empowerment of leaders to manage community expectations – a development programme is in place for leadership which includes site visits, formal training in appropriate skill such as safety matters and regular briefings
Government: Department of Mineral Resources (regional and national)	Regulatory compliance Compliance with work programme and expenditure Environmental compliance	Regular progress reports Site visits Meetings Informal communications Website Media	As required As requested As required As required Ongoing Ongoing	• Review application of Prospecting Rights over two properties which form part of the Bauba Project – the Company has taken legal advice and the matter is being dealt with in terms of a legal process • Renewal of Prospecting Rights – as per the requirements of the MPRDA, the Company applied for renewal of new order rights timeously. These rights were granted on 18 July 2012
Major contractors, suppliers and business partners	Agreements and contracts Safety Employment practices Rehabilitation	Meetings Site visits	As required to manage contracts	• Terms and conditions are agreed for large contracts and monitored for compliance • Ensure that contractors comply with safety, health and environmental requirements at all times

King III corporate goverance compliance

Bauba Platinum has conducted a self-assessment of compliance to the recommendations of King III and has followed the "apply or explain" principle. Where the Company has not fully applied the recommendation, including where the recommendation is only partially applied or is under review, an explanation of the reason for partial or non-compliance is provided in the King III governance guidance index.

King III governance guidance index

Principle		Apply/ explain	Comments/explanation
1. Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation	✔	Page 12
1.2	The board should ensure that the Company is and is seen to be a responsible corporate citizen	✔	Page 12
1.3	The board should ensure that the Company's ethics are managed effectively	✔	Pages 12 and 15
2. Boards and directors			
2.1	The board should act as the focal point for the custodian of corporate governance	✔	Page 12
2.2	The board should appreciate that strategy, performance and sustainability are inseparable	✔	Page 12
2.3	The board should provide effective leadership based on an ethical foundation	✔	Page 15
2.4	The board should ensure that it is and is seen to be a responsible corporate citizen	✔	Pages 12 and 23
2.5	The board should ensure that the Company's ethics are managed effectively	✔	Page 15
2.6	The board should ensure that the Company has an effective and independent audit committee	✔	Refer to section 3
2.7	The board should be responsible for the governance of risk		Refer to section 4
2.8	The board should be responsible for information technology (IT)	✔	Refer to section 5
2.9	The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✔	Refer to section 6
2.10	The board should ensure that there is an effective risk-based internal audit	✔	Refer to section 7
2.11	The board should appreciate that stakeholders' perceptions affect the Company's reputation	✔	Refer to section 8
2.12	The board should ensure the integrity of the Company's integrated report	✔	Refer to section 9
2.13	The board should report on the effectiveness of the Company's system of internal controls	✔	Page 28
2.14	The board and its directors should act in the best interest of the Company	✔	Page12
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined by the Act	✔	The board monitors whether or not the Company is financially distressed and is aware of its duties with regards to business rescue procedures. It carries out a solvency and liquidity test on a regular basis
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO should not fulfil this role	✔	Page12

Principle		Apply/ explain	Comments/explanation
2. Boards and directors continued			
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✔	Page12
2.18	The board should reflect a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✔	Page 12
2.19	Directors should be appointed through a formal and transparent process	⇨	The appointment process is in place. The Company is reviewing and finalising the employment contracts for the non-executive directors Page 12
2.20	The induction of an ongoing training and development of directors should be conducted through formal processes	✔	The process is being forfmalised Page 15
2.21	The board should be assisted by a competent, suitably qualified Company secretary	✔	Pages 15 and 27
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✔	Page 12
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✔	Page 12
2.24	A governance framework, including strategic objectives of the policy should be agreed between the Group and its subsidiary boards	✔	The holding Company performs the governance requirements on behalf of its subsidiaries as agreed
2.25	Companies should remunerate directors and executives fairly and responsibly	✔	Pages 14 and 56
2.26	Companies should disclose the remuneration of each individual director	✔	Page 56
2.27	Shareholders should approve the Company's remuneration policy	✔	Pages 14 and 64
3. Risk and audit committee			
3.1	The board should ensure that the Company has an effective and independent audit committee comprising at least three members	✔	Page 13
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	✔	Page 13
3.3	The audit committee should be chaired by an independent non-executive director	✔	Page 13
3.4	The audit committee should oversee integrated reporting	✔	Page 13
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✔	Page 13
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function	✔	Pages 13 and 28
3.7	The audit committee should be responsible for overseeing internal audit	✔	Pages 13 and 28
3.8	The audit committee should be an integral component of the risk management process	✔	Page 13

Principle		Apply/ explain	Comments/explanation
3. Risk and audit committee continued			
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✔	Page 13
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✔	Page 28
4. The governance of risk			
4.1	The board should be responsible for the governance of risk	✔	Page 13
4.2	The board should determine the levels of risk tolerance	⇨	The risk tolerance levels are being reviewed Page 13
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✔	Page 13
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✔	Page 13
4.5	The board should ensure that risk assessments are performed on a continual basis	✔	Page 13
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredicted risks	✔	Page 13
4.7	The board should ensure that management considers and implements appropriate risk responses	✔	Page 13
4.8	The board should ensure continuous risk monitoring by management	✔	Page 13
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✔	Page 13
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosures to stakeholders	✔	Page 16
5. The governance of information technology			
5.1	The board should be responsible for information technology (IT) governance	✔	Page 13
5.2	IT should be aligned with the performance and sustainability objectives of the Company	✔	Page 13
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✔	Page 13
5.4	The board should monitor and evaluate significant IT investments and expenditure	✔	Page 13
5.5	IT should form an integral part of the Company's risk management	✔	Page 13
5.6	The board should ensure that information assets are managed effectively	✔	Page 13
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✔	Page 13

	Principle	Apply/ explain	Comments/explanation
6. Compliance with laws, rules, codes and standards			
6.1	The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✔	Page 16
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	✔	The board has identified the laws, rules, codes and standards applicable to the Company. The board, with the assistance of the audit and risk committee and the Company secretary, considers the adherence to the said laws on a continuous basis
6.3	Compliance should form an integral part of the Company's risk management process	✔	Page 13
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✔	Page 13
7. Internal audit			
7.1	The board should ensure that there is an effective risk-based internal audit	✔	The internal auditors have been appointed and have carried out an initial risk-based assessment
7.2	Internal audit should follow a risk-based approach to its plan	✔	Page 16
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management	⇨	The Company has appointed an external service provider to provide the Internal audit function. Page 16
7.4	The audit committee should be responsible for overseeing internal audit	✔	Page 13
7.5	Internal audit should be strategically positioned to achieve its objectives	✔	Page 16
8. Governing stakeholder relationships			
8.1	The board should appreciate that stakeholders' perceptions affect the Company's reputation	✔	Page 17
8.2	The board should delegate to management to proactively deal with stakeholder relationships	✔	Page 17
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	✔	Page 17
8.4	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✔	Pages 15 and 17
8.5	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✔	Page 12
9. Integrated reporting and disclosure			
9.1	The board should ensure the integrity of the Company's integrated report	✔	Page 13
9.2	Sustainable reporting and disclosure should be integrated with the Company's financial reporting	✔	
9.3	Sustainability reporting and disclosure should be independently assured	⇨	Due to the size and nature of the business, the sustainability reporting has not been independently assured

Corporate citizenship

Rehabilitated drill site after drilling has been completed.

In terms of the Companies Act, Bauba Platinum has established a Social and Ethics Committee which has met once. One of its key roles is to assist the board in ensuring that the Company is and remains a committed socially responsible corporate citizen.

The sustainability of a company is no longer viewed only in terms of its financial performance but also in the way it interacts with its natural and social environments. It is incumbent upon the board of directors and the management of Bauba Platinum to ensure that it 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 identifies opportunities to engage in meaningful socio-economic development.

Transformation

The spirit and transformation intent of the Minerals and Petroleum Resources Development Act (MPRDA) and its associated Broad-Based Black Economic Empowerment (BBBEE) Charter are fully embraced by the Company. The Bapedi Nation is a 40% shareholder at asset level. This means that Bauba Platinum meets the BBBEE requirements of the MPRDA. Much has been done in the past year 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.

Workplace

Bauba Platinum currently has eight full-time employees at Group level, but that does not mean it is any less committed to employment practices which are founded on the fundamental principles of fairness and equity. This means that all existing and potential employees are provided with equal opportunities in terms of recruitment, promotion, transfer, employee benefits and conditions of service, training and skills development.

Management requires companies undertaking work on behalf of Bauba Platinum to strictly adhere to health, safety and environmental regulations.

It is the responsibility of the Company 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 Company's goal of ensuring zero harm to employees, contractors and communities close to the prospecting areas. In the last year one of the community liaison officers underwent safety training in exploration and drilling as part of the Company's skills development programme.

Although most of the exploration activities on the Bauba Project are undertaken by contractors, as far as possible the Company encourages the use of local employees in positions which do not require specialist skills. Where possible, Bauba Platinum will also use local labour in the construction of the core yard.

An ongoing skills shortage remains a risk for the mining industry as a whole and it is imperative for mining companies to invest in the development of related skills. Bauba Platinum has a development programme in place to ensure that employees are adequately equipped to perform their duties and to progress their careers within the Company.

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 Company.

The Company'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

The Company invests in projects that will benefit the whole community as opposed to individuals and believes that it is important to provide the platform for open dialogue with host communities. A proper grasp of the community's needs and concerns will enable the Company to respond appropriately. The Company continuously engages through King Thulare Thulare, as well as other representatives and leaders of the local communities, to understand how best it can invest in social development projects relative to its exploration activities.

Directors' responsibility statement

The directors are 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 2012, the statements of comprehensive income, changes in equity and cash flows for the year ended 30 June 2012, 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 Incorporated in compliance with the Companies Act, 2008 (Act 71 of 2008).

The directors are 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 directors have 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 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

Grant Pitt
Chief executive officer

Willem Moolman
Financial director

28 September 2012

Certification 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 2012, 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

28 September 2012

Directors' report

for the year ended 30 June 2012

The directors have pleasure in submitting their report for the 2012 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. These new order Prospecting Rights were successfully renewed for a further period of three years on 18 July 2012.

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 30 to 59. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements where required.

The Company received the proceeds of R50.0 million from the successful capital raising programme during the year under review and utilised R9.8 million on exploration related costs, R6.6 million for general and administration expenditures and R11.1 million on the settlement of creditors mostly associated with the conclusion of the capital raising programme. The disposal of the "Disposal group held for sale" resulted in a net cash inflow of R1.5 million and thereby also concluded the Company's obligations under the Calulo loan agreement.

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.

The directors have a reasonable expectation that the Group has 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 123 273 539 were in issue at 30 June 2012. See note 16 for full details.

During the year under review the Company issued the following shares:

- 20 305 790 shares at R1.80 per share in terms of the specific authority granted by the shareholders to the board at the general meeting of the Company held on 7 June 2010: and
- 7 471 988 shares at R1.80 per share in terms of the general authority granted to the board at the annual general meeting of the Company held on 19 October 2010; and
- 1 430 617 shares at R2.07 per share in terms of the general authority granted to the board at the annual general meeting of the Company held on 19 October 2010.

Borrowing powers

In terms of Article 79 of the Memorandum of Incorporation of Bauba Platinum, the Company has unlimited borrowing powers vested in the directors. The Company had a R3 million overdraft facility with Nedbank Limited (Nedbank) which was terminated in terms of the Calulo loan agreement. The Group does not currently have an overdraft facility.

JSE proactive monitoring

The Group's 2011 annual financial statements were selected by the JSE for review as part of their proactive monitoring process. The result of this process was that the Group was required to restate the 2011 annual results due to the impairment of the financial asset held for sale that was reflected under "other comprehensive income" instead of "profit/loss" for the year. The effect of this change was that the loss per share for the Group increased from 59.9 cents to 76.4 cents per share. The change had no effect on the headline loss of the Group. A number of immaterial errors were also corrected in the cash flow statement which is duly reflected in note 27 to the annual financial statements. Further the JSE requested additional explanations within the notes to the financial statements. These additional explanations have been included in the notes of these 2012 financial statements. It is the Company's objective/intention to comply with the JSE Listings Requirements as well as the accounting standards at all times.

Subsequent events

The Group successfully applied for the renewal of its PGM new order Prospecting Rights over the eight farms that make up the Bauba Project. The renewal of the Prospecting Rights was granted on 18 July 2012 for a further period of three years.

Directorate

The following changes were made to the board of directors during the financial year under review:

Mr GJ Pitt was appointed as chief executive officer and executive director; Mr WA Moolman as financial director and executive director; and King TV Thulare as alternate director to Dr NM Phosa as of 1 July 2011. Ms KW Mzondeki was appointed as an independent non-executive director and chairperson of the audit committee as of 12 September 2011.

There were no resignations during the year under review.

Directors' remuneration and shareholding

Details of the directors' remuneration are set out in note 26 to the annual financial statements and details of directors' shareholdings are set out under Shareholders' information on page 60.

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 23 on related parties. During the period under review the Company 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 23 January 2012. 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 sections 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 2013, be and is hereby approved as follows:

	Main board		Audit committee		Other committees		
	Per meeting attendance fee R	Annual retainer fee R	Per meeting attendance fee R	Annual retainer fee R	Per meeting attendance fee R	Annual retainer fee R	Per hour fee*
Chairman	22 125	60 000	17 500	40 000	10 000	26 250	3 000
Members	17 700	48 000	14 000	32 000	8 000	21 000	2 250

* 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 4: Loans or other financial assistance to related or inter-related company or corporation

"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 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, 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 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."

Reason for and effect of special resolution number 4

The reason for and effect of this special resolution 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 related or inter-related company or corporation.

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 this special resolution:

(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 this special resolution 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 related or inter-related company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that this special resolution 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.

Events after the reporting period

The Company was granted the renewal of their two new order Prospecting Rights for a further period of three years on 18 July 2012.

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 secretariat are outsourced to an independent supplier, Merchantec Proprietary Limited. The secretariat team at Merchantec Proprietary Limited comprises a team of nine individuals whose qualifications include an LLB, Bachelor of Business Administration, BCompt, CIS and LCIBM and between the nine members they have extensive experience.

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;
- Ensuring compliance with laws and regulations;
- Properly recording the minutes of all shareholder meetings;
- Properly recording the minutes of all board and subcommittee meetings;
- Administering closed periods for dealing in the Company's shares; and
- Assisting to the extent deemed necessary with the induction of new directors.

Registered office

Bauba Platinum Limited
2nd Floor, Longpoint Office Park
Cnr Montecasino Boulevard and Witkoppen Road
Magaliessig 2067

The Company's postal address is:
PO Box 1658
Witkoppen 2068
South Africa

Audit and risk committee report

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 2012 financial year.

Committee composition

The committee comprised three independent non-executive board members, of which one is the chairperson. Chairman of the board, Mr Jonathan Best, stepped down from the audit and risk committee on the appointment of Ms Kholeka Mzondeki, as per the requirements of King III. The committee members for this reporting period were Ms Kholeka Mzondeki (chairperson), Mr Kenneth Dicks and Mr Sholto Dolamo.

Meetings

Three 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.

Statutory duties

The committee is acutely aware of its statutory responsibilities, the most significant of which are listed below. During the year, after becoming aware of gaps, the committee and other board members attended several technical update sessions. The following statutory duties were executed by the committee:

- Nominated and re-appointed BDO South Africa Incorporated as external auditors, having determined that they have the necessary expertise, are independent of the Company 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; and
- Reviewed all trading statements before recommending them to the board for approval.

In addition:

- There were no non-audit services provided by the external auditors during the reporting period;
- There were no reportable irregularities noted by the committee or BDO South Africa Incorporated; and
- In meetings held separately with BDO South Africa Incorporated, without the executive management present, no matters of concern were raised.

The role of this committee is set out on pages 12 and 13 of this report.

Risk management

The board has assigned oversight of the Company'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 updated at the audit and risk committee meetings, and then presented to all directors at the 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 have been appropriately addressed:

- Financial reporting risks;
- Internal financial controls;
- Fraud risks relating to financial reporting; and
- IT risks related to financial reporting.

Internal audit and internal financial controls

Due to the size of the Company it is not feasible to employ a full-time internal auditor at this stage. However, the Company has appointed a service provider and developed an internal audit charter to guide the provision of an internal audit function from the start of the 2013 financial year. The committee has overseen this process. The committee reviewed the external audit scope, plans and the resultant findings to determine the effectiveness of management systems and internal controls. Based on the assurance from management and external audit, 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 Company has developed an IT risk register and an ongoing review process ensures that the Company's intellectual property is properly safeguarded.

Regulatory compliance

The committee is satisfied that the Company complied with all relevant laws and regulations and that the board has been properly advised on the consequences of non-compliance.

External audit

The committee has no concerns regarding the experience and the independence of the external auditor and has recommended BDO South Africa Incorporated to the board and shareholders for re-appointment.

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.

Annual integrated report

The audit and risk committee has reviewed the annual financial statements for Bauba Platinum Limited for the year ended 30 June 2012 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

28 September 2012

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 30 to 59, which comprise the statements of financial position as at 30 June 2012 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 and 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 2012 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.

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 2012, 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.

BDO South Africa Inc.
FM Bruce-Brand
Director
Registered Auditor

22 Wellington Road
Parktown 2193

28 September 2012

Consolidated statements of comprehensive income

for the year ended 30 June

	Note	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
Continuing operations					
Operating expenditure	4	**–**	(3 872)	**–**	–
General and administrative expenses	4	**(8 369)**	(10 421)	**(7 717)**	(10 645)
Reverse asset acquisition cost	17	**–**	(25 913)	**–**	–
Finance cost	5	**(7)**	(157)	**(7)**	(175)
Finance income	5	**1 811**	138	**1 811**	121
Fair value loss – loans to subsidiaries	12	**–**	–	**(6 664)**	(4 343)
(Loss) before taxation		**(6 565)**	(40 225)	**(12 577)**	(15 042)
Income tax expense	6	**–**	(29)	**–**	–
(Loss) for the year from continuing operations		**(6 565)**	(40 254)	**(12 577)**	(15 042)
Discontinued operations (no tax effect)					
Profit/(loss) for the year from discontinued operations	15.2	**1 539**	(31 873)	**1 539**	(12 513)
(Loss) for the year		**(5 026)**	(72 127)	**(11 038)**	(27 555)
Other comprehensive loss for the year (no tax effect)		**–**	4 000	**–**	4 000
Reclassification adjustment of losses on financial assets held for sale	15.2	**–**	4 000	**–**	4 000
Total comprehensive (loss) for the year		**(5 026)**	(68 127)	**(11 038)**	(23 555)
(Loss) for the year		**(5 026)**	(72 127)	**–**	–
Attributable to:					
– Equity holders of the Company		**(4 770)**	(71 140)	**–**	–
– Non-controlling interest		**(256)**	(987)	**–**	–
Total comprehensive (loss) for the year		**(5 026)**	(68 127)	**–**	–
Attributable to:					
– Equity holders of the Company		**(4 770)**	(67 140)	**–**	–
– Non-controlling interest		**(256)**	(987)	**–**	–
Basic (loss) per share (cents)	7	**(3.9)**	(76.5)	**(9.1)**	(29.6)
(Loss) per share (cents) – continued operations		**(5.2)**	(42.2)	**(10.4)**	(16.2)
Profit/(Loss) per share (cents) – discontinued operations		**1.3**	(34.3)	**1.3**	(13.4)
Diluted (loss) per share (cents)	7	**(3.9)**	(76.5)	**(9.1)**	(29.6)
(Loss) per share (cents) – continued operations		**(5.2)**	(42.2)	**(10.4)**	(16.2)
Profit/(Loss) per share (cents) – discontinued operations		**1.3**	(34.3)	**1.3**	(13.4)
Weighted average shares in issue ('000)		**121 093**	93 044	**121 093**	93 044
Number of shares in issue at end of period ('000)		**123 274**	94 065	**123 274**	94 065

Consolidated statements of financial position

as at 30 June

	Note	GROUP 2012 R'000	GROUP Restated 2011 R'000	GROUP 2010 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000	COMPANY 2010 R'000
Assets							
Non-current assets		**17 753**	7 941	1 080	**211 857**	208 548	2 862
Intangible assets	9	**17 306**	7 450	–	**–**	–	–
Property, plant and equipment	10	**447**	491	1 077	**117**	61	68
Investments in subsidiaries	11	**–**	–	–	**203 011**	203 011	–
Loans to shareholders		**–**	–	3	**–**	–	–
Loans to subsidiaries	12	**–**	–	–	**8 729**	5 476	2 794
Current assets		**28 712**	4 803	3 138	**28 286**	4 694	854
Trade and other receivables	13	**670**	633	484	**263**	524	854
Cash and cash equivalents	14	**28 042**	4 170	2 654	**28 023**	4 170	–
Assets classified as held for sale	15	**–**	23 604	–	**–**	21 604	30 859
Total assets		**46 465**	36 348	4 218	**240 143**	234 846	34 575
Equity and liabilities							
Capital and reserves		**45 134**	284	4 218	**239 622**	200 784	2 694
Share capital	16	**123 274**	94 065	–	**123 274**	94 065	16 012
Share premium	16	**276 320**	255 653	2 500	**276 320**	255 653	112 062
Reverse asset acquisition reserve	17	**(282 988)**	(282 988)	–	**–**	–	–
Retained (loss)/profit		**(70 484)**	(65 714)	1 718	**(159 972)**	(148 934)	(125 380)
Non-controlling interest		**(988)**	(732)	–	**–**	–	–
Current liabilities		**1 331**	12 460	–	**521**	12 458	9 381
Trade and other payables	18	**1 331**	12 460	–	**521**	12 458	9 381
Liabilities associated with assets classified as held for sale	15	**–**	23 604	–	**–**	21 604	22 500
Total equity and liabilities		**46 465**	36 348	4 218	**240 143**	234 846	34 575

Consolidated statements of cash flow

for the year ended 30 June

	Note	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
Net cash flow from operating activities		**(19 340)**	(10 897)	**(19 344)**	(6 254)
Adjustments for:		**(7)**	(186)	**(7)**	(175)
Interest paid	5	**(7)**	(157)	**(7)**	(175)
Tax paid	6	**–**	(29)	**–**	–
Net cash (outflow)/inflow from investing activities		**(6 657)**	(3 882)	**(6 672)**	(8 034)
Cash utilised associated with disposal group held for sale	15	**(1 962)**	(1 122)	**(1 962)**	(5 260)
Loans to subsidiaries	12	**–**	–	**(9 916)**	(7 025)
Investments in intangible assets	9	**(9 856)**	(7 450)	**–**	–
Acquisition of property, plant and equipment	10	**(150)**	(53)	**(105)**	(53)
Proceeds from disposal of property, plant and equipment		**–**	445	**–**	23
Proceeds from sale of financial assets	15	**3 500**	–	**3 500**	–
Interest received	5	**1 811**	138	**1 811**	121
Dividends received from associates held for sale	15	**–**	4 160	**–**	4 160
Net cash (outflow)/inflow from financing activities		**49 876**	16 481	**49 876**	18 633
Shares issued for cash	16	**50 000**	27 120	**50 000**	27 120
Cost associated with listing and issuing of shares	16	**(124)**	(8 487)	**(124)**	(8 487)
Share premium repaid	20	**–**	(1 863)	**–**	–
Shareholders' loans repaid	19	**–**	3	**–**	–
Dividends paid to shareholders of the Company	8	**–**	(292)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**23 872**	1 516	**23 853**	4 170
Cash and cash equivalents at beginning of year		**4 170**	2 654	**4 170**	–
Cash and cash equivalents at end of year	14	**28 042**	4 170	**28 023**	4 170
Loss for the year before tax		**(5 026)**	(72 097)	**(11 038)**	(27 555)
Adjustments for:		**(3 149)**	58 062	**3 371**	16 943
Interest paid in profit or loss		**7**	157	**7**	175
Depreciation	10	**194**	257	**50**	33
Impairment of financial assets	15	**83**	16 417	**83**	16 417
Investment income recognised in profit before tax	5	**(1 811)**	(4 298)	**(1 811)**	(4 281)
Loss associated with group held for sale	15	**2 198**	2 699	**623**	81
Fair value loss for the year – subsidiaries	12	**–**	–	**6 664**	4 343
Fair value (profit)/loss for the year – discontinued operations	15	**(3 820)**	16 917	**(2 245)**	175
Reverse acquisition cost recognised	17	**–**	25 913	**–**	–
Changes in working capital		**(11 165)**	3 138	**(11 677)**	4 358
Trade and other receivables		**(37)**	(425)	**261**	330
Trade and other payables		**(11 128)**	3 563	**(11 938)**	4 028
Net cash flow from operating activities		**(19 340)**	(10 897)	**(19 344)**	(6 254)

Consolidated statements of changes in equity

for the year ended 30 June

	Share capital R'000	Share premium R'000	Retained income/ (loss) R'000	Non-controlling interest R'000	Reverse acquisition adjustment R'000	Total R'000
GROUP						
Balance at 1 July 2010*	–	2 500	1 718	–	–	4 218
Restated comprehensive loss for the year	–	–	(67 140)	(987)	–	(68 127)
Loss for the year	–	–	(71 140)	(987)	–	(72 127)
Other comprehensive income for the year	–	–	4 000	–	–	4 000
Issue of shares	94 065	255 653	–	–	–	349 718
Reverse acquisition adjustment	–	(2 500)	–	255	(282 988)	(285 233)
Payment of dividends	–	–	(292)	–	–	(292)
Balance at 30 June 2011	**94 065**	**255 653**	**(65 714)**	**(732)**	**(282 988)**	**284**
Comprehensive loss for the year	**–**	**–**	**(4 770)**	**(256)**	**–**	**(5 026)**
Loss for the year	**–**	**–**	**(4 770)**	**(256)**	**–**	**(5 026)**
Issue of shares	**29 209**	**23 753**	**–**	**–**	**–**	**52 962**
Share issue costs	**–**	**(3 086)**	**–**	**–**	**–**	**(3 086)**
Balance at 30 June 2012	**123 274**	**276 320**	**(70 484)**	**(988)**	**(282 988)**	**45 134**
Note	16	16	–	–	17	–
COMPANY						
Balance at 1 July 2010	16 012	112 062	(125 380)	–	–	2 694
Restated comprehensive loss for the year	–		(23 555)	–	–	(23 555)
Loss for the year	–	–	(27 555)	–	–	(27 555)
Other comprehensive income for the year	–	–	4 000	–	–	4 000
Issue of shares	78 053	152 729	–	–	–	230 782
Share issue costs	–	(9 138)	–	–	–	(9 138)
Balance at 30 June 2011	**94 065**	**255 653**	**(148 935)**			**200 783**
Comprehensive loss for the year	**–**	**–**	**(11 038)**	**–**	**–**	**(11 038)**
Loss for the year	**–**	**–**	**(11 038)**	**–**	**–**	**(11 038)**
Issue of shares	**29 209**	**23 753**	**–**	**–**	**–**	**52 962**
Share issue costs	**–**	**(3 086)**	**–**	**–**	**–**	**(3 086)**
Balance at 30 June 2012	**123 274**	**276 320**	**(159 973)**	**–**	**–**	**239 621**
Note	16	16	–	–	–	–

* The share capital of the Group on 1 July 2010 was R125 and is not shown due to rounding to the nearest thousand rand.

Operational segment reporting

for the year ended 30 June

Operating segments

The Group has classified three segments namely (1) Exploration, being activities directly associated with the Bauba Project, (2) Discontinued operations, being all the non-core, non-platinum assets that were disposed of in the current year (refer note 15) and (3) Corporate expenses, being overhead and corporate expenses incurred.

The reportable segments are accounted for in line with accounting policies described in notes 2 and 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.

	Discontinued operations R'000	Corporate R'000	Exploration R'000	Total R'000
2012				
Finance income	**–**	**1 811**	**–**	**1 811**
Finance cost	**–**	**(7)**	**–**	**(7)**
General and administrative expenses	**–**	**(7 690)**	**(485)**	**(8 175)**
Results from operating activities	**(2 198)**	**–**	**–**	**(2 198)**
Depreciation and amortisation		**(39)**	**(155)**	**(194)**
Impairment of financial assets held for sale	**(83)**	**–**	**–**	**(83)**
Fair value profit/(loss) for the year	**3 820**	**–**	**–**	**3 820**
Comprehensive loss for the year	**1 539**	**(5 925)**	**(640)**	**(5 026)**
Total segment assets	**–**	**28 784**	**17 681**	**46 465**
Total segment liabilities	**–**	**521**	**810**	**1 331**
2011				
Finance income	–	138	–	138
Finance cost	–	(157)	–	(157)
Dividend income	4 160	–	–	4 160
General and administrative expenses	–	(10 388)	(3 646)	(14 034)
Results from operating activities	(2 699)	–	–	(2 699)
Depreciation and amortisation	–	(33)	(226)	(259)
Impairment of financial assets held for sale	(16 417)	–	–	(16 417)
Fair value profit/(loss) for the year	(16 917)	–	–	(16 917)
Reverse asset acquisition cost	–	(25 913)	–	(25 913)
Income tax expense	–	(29)	–	(29)
Comprehensive loss for the year	(31 873)	(36 382)	(3 872)	(72 127)
Total segment assets	23 604	4 756	7 988	36 348
Total segment liabilities	(23 604)	(12 460)	–	(36 064)

1. Reporting entity

Bauba Platinum Limited (the Company) is a company domiciled in the Republic of South Africa. The Company's registered address is second floor, Longpoint Office Park, Cnr Montecasino Boulevard and Witkoppen Road, Magaliessig 2067. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interest in associates.

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 AC 500 standards, the Companies Act, 2008 (Act 71 of 2008) as amended, and the Listings Requirements of JSE Limited.

The Group and Company annual financial statements were authorised for issue by the board of directors on 18 September 2012.

2.2. Basis of measurement

The Group's financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments which are measured at fair value, as appropriate, 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 3.21.

3. Significant accounting policies

3.1. Reverse asset acquisition

On 29 July 2010, Bauba Platinum Limited (Bauba) (previously Absolute Holdings Limited) acquired the majority holding of the issued ordinary shares in Bauba A Hlabirwa Mining Investments Proprietary Limited (Hlabirwa). As disclosed in the circular to shareholders on 17 May 2010, this transaction resulted in a change of control and the restructuring of the board of Bauba.

3.1.1. IFRS treatment

The result of the transaction required that the principles of both IFRS 3 Business combinations, and IFRS 2 Share-based payments, be considered.

IFRS 3 applies where an acquirer acquires control of a business. IFRS 3 also requires that the acquirer and acquiree be determined based on which entity (or its shareholders) acquires control of the newly created combined group, this may sometimes result in what is termed a "reverse acquisition" which occurs when the legal acquirer is in actual fact the acquiree for the purposes of applying IFRS 3. It is the view of management that this "reversed" situation applies to the transaction between Bauba and Hlabirwa, as it is Hlabirwa's shareholders that have obtained control of the combined entities by obtaining 81% of the issued shares and who nominated the board of directors that was subsequently appointed at the annual general meeting held on 15 October 2010.

In order for IFRS 3 to be applicable to this transaction however, the acquirer (Hlabirwa) must be obtaining control of a business as defined by IFRS 3. A business is defined by IFRS 3 as follows:

"An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants."

The previous Absolute Holdings Limited group at the time of the reverse asset acquisition transaction consisted of:
Directly held:

- Lenopodi Proprietary Limited – 100% (subsidiary);
- Dikopane NN Mining Proprietary Limited – 37.5% (associate); and
- Qinisele Resources Proprietary Limited – 25.1% (financial asset).

3. Significant accounting policies (continued)

3.1. Reverse asset acquisition (continued)

3.1.1. IFRS treatment (continued)

Indirectly held through Lenopodi Proprietary Limited:

- Canyon Springs Investments 116 Proprietary Limited – 100%;
- Niemoller Marmer Proprietary Limited – 100%;
- Lubtalk Investments Proprietary Limited – 90%; and
- Diamond Quartzite Processing Proprietary Limited – 90%.

Diamond Quartzite Processing Proprietary Limited was put on care and maintenance and was the only business with an operational history in the group of companies.

An analysis of the only operational business (Diamond Quartzite Processing Proprietary Limited) in the previous Absolute Holdings Limited group of companies indicated that:

- The demand for its product in the local market was not sufficient to support the production cost;
- The transportation costs of exporting the product proved to be prohibitive due to the weight of the product; and
- The infrastructure of the operational processes required substantial capital investment to lower the production cost, which investment could not be justified based on the assessment of the local and foreign markets' demand for the products.

It is the view of management that the assets brought into the transaction by Bauba did not meet the accounting definition of a business either in Bauba or in the hands of any other market participant and consequently the transaction could not be accounted for as a reverse acquisition in terms of IFRS 3.

IFRS 2 could have applied to the transaction; however, as the transaction involved the acquisition of financial assets as well as "acquiring" liabilities it was scoped out of that standard as well.

Under these unusual circumstances, management is required by IAS 8 Accounting policies, changes in estimates, and errors to develop an accounting policy that results in relevant and reliable information for users.

Management have defined the transaction as a reverse asset acquisition, as opposed to a reverse business combination. In terms of this description the consolidated financial statements are issued under the name of Bauba but it represents a continuation of Hlabirwa, except for the capital structure. This is considered appropriate as the control of Bauba was transferred into the hands of the previous Hlabirwa shareholders and therefore it is appropriate that the financial effects be considered from their perspective. As the legal parent in the transaction, the capital structure is that of Bauba, following an approach similar to what would have been required had IFRS 3 been applicable to the transaction. The assets of Bauba which are now controlled by the previous shareholders of Hlabirwa were brought into this new combined entity at fair value. The difference between the cost of the purchase and the fair value of these assets was recognised in profit or loss as a reverse acquisition cost, which differs from the treatment that would have applied in terms of IFRS 3, had it been applicable, which would have recognised an intangible asset in the form of goodwill.

Under these unique circumstances, we believe this accounting policy to be largely consistent with key principles of recognition and measurement in IFRS, balanced, and results in reliable relevant information for users.

3.2. Basis of consolidation

3.2.1. Subsidiaries

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. 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. The accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

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.

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

3.2.2. Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are accounted for using the equity method and are initially recognised in the consolidated statement of financial position at cost. The Company's share of post-acquisition profits and losses is recognised in the consolidated income statement, from the date significant influence commences until the date significant influence ceases, except that losses in excess of the Company's investment in the associate are not recognised unless there is an obligation to make good those losses. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

3. Significant accounting policies (continued)

3.2. Basis of consolidation (continued)

3.2.2. Associates (continued)

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of the investment in an associate is subject to impairment assessment at each reporting date.

In the financial statements of the Company, the investment in an associate is measured at cost, less accumulated impairment losses.

3.3. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are recognised in profit or loss as incurred.

3.4. Intangible assets

3.4.1. 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.

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: (i) sufficient data exists to determine technical feasibility and commercial viability or (ii) 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 equipment.

Due to the early stage of exploration programme the capitalised cost was not amortised. Amortisation of the cost will only occur once the project moves from the prospecting phase to the mining phase. The value of the capitalised cost was however subjected to an impairment test.

3.5. Property, plant and equipment

3.5.1. 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.

3.5.2. 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. Significant accounting policies (continued)

3.5. Property, plant and equipment (continued)

3.5.3. 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.

3.6. Impairment of non-financial assets

The carrying amount of the Group's assets, other than inventories, 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 respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Impairment charges are disclosed separately on the consolidated statement of comprehensive income, except to the extent that they reverse gains previously recognised in the consolidated statement of changes in equity.

3.7. Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are assets classified as held-for-sale. Immediately before classification as held-for-sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment, once classified as held-for-sale, are not amortised or depreciated. For financial assets that are held for sale refer note 15.

3.8. Inventories

Inventories are finished goods reflected at net realisable value. The inventories were assets in the disposal group held for sale which group was sold in the current financial year. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

3.9. Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive, for liabilities of uncertain timing or amount that have arisen as a result of past events and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. In accordance with the applicable legal requirements, a provision for rehabilitation of land and the related expense is recognised when the damage occurs, it is probable that a restoration expense will be incurred and a reasonable estimate of the costs can be made.

3. Significant accounting policies (continued)

3.10. Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.10.1. Fair value determination

The fair values for a financial asset that is traded in an active market (and for listed securities) – the Group establishes fair value by quoted market prices that are available to the industry.

The fair values of the market 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 or liability that is not part of a hedging relationship is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through profit and loss is recognised in profit and loss; and
- A gain or loss on an available-for-sale financial asset is recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. At that time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

3.10.2. 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.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.10.3. 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 (continued)

3.10. Financial instruments (continued)

3.10.3. Derecognition of financial assets (continued)

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 designated through other comprehensive income at fair value, the difference (if any) between carrying amount and consideration received 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.

3.10.4. Financial assets

Financial assets are classified as: at fair value or amortised cost. The Group has elected to designate certain equity investments at fair value with changes in the fair value recognised in other comprehensive income.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Group at present identifies the following financial assets:

- Financial assets available for sale at fair value through other comprehensive income; and
- Loans and receivables.

3.10.4.1. Financial assets available for sale at fair value through other comprehensive income

These financial assets are non-derivatives.

The Group has investments in unlisted shares that are not traded in an active market, are classified as financial assets available for sale through other comprehensive income and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 3.10.1. Changes in the carrying amount of these financial assets relating to dividends are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income. When the investment is disposed of the difference (if any) between the carrying amount and consideration received is recognised in profit or loss.

Dividends are recognised in profit or loss when the Group's right to receive the dividends is established.

3.10.4.2. 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.

3.10.5. 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.

3.10.5.1. Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially recorded at cost and subsequently 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.

3.11. 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.

3. Significant accounting policies (continued)

3.11. Taxation (continued)

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 only to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

3.12. Share capital

The Group's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax effects.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, 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.

3.13. Revenue

The invoiced values of goods sold, excluding value added tax, discounts and other non-operating income, in respect of manufacturing and trading, are recognised at the date when the significant risks and rewards of ownership are transferred to the buyer. The sale of goods was specific to the disposal group held for sale, which group was sold during the current financial year.

3.14. 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 in profit or loss, using the effective interest method.

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

3.15. Dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary tax on companies in respect of dividends is recognised as a liability and is included in the tax expense in profit or loss.

3.16. Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a finance lease), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are analysed between capital and interest.

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

3.17. 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.

3. Significant accounting policies (continued)

3.17. Segment reporting (continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

3.18. Employee benefits

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.

3.19. 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.

3.20. Share-based payments

Share-based payment arrangements in which the Group receives services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The cost for such services received are expensed when incurred. Equity-settled share-based payments are measured at the rating price of the shares of the Company on the grant date.

3.21. 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.

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

As described in 3.5 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.

3.21.2. 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. (Refer note 15.1.)

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

3.21.3. Inventories

The Group reviews the net realisable value of, and demand for, its inventory on a quarterly basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends.

3.21.4. 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. Significant accounting policies (continued)

3.22. Adoption of new and revised statements

3.22.1. Standards that are effective for annual periods ending on 30 June 2012

The following statements and interpretations applicable to Bauba Platinum became effective in the current period and have been applied where relevant:

- IAS 1 Presentation of financial statements (amendments);
- IFRS 1 First-time adoption of IFRS (amendments); and
- IFRS 7 Financial instruments disclosure.

Adoption of new and revised standards did not have a significant impact on the measurement and presentation of items included in the financial statements.

3.22.2. Standards that are effective for annual periods beginning on or after 1 July 2012

The following interpretations and standards were in issue but not yet effective and may have an impact on future financial statements:

- IAS 1 Presentation of financial statements (amendments);
- IAS 16 Property, plant and equipment (amendment);
- IAS 19 Employee benefits (amendments);
- IAS 27 Consolidation and separate financial statements (effects of the issuing of IFRS 10,11 and 12);
- IAS 28 Investments in associates and joint ventures (effects of the issuing of IFRS 10,11 and 12);
- IAS 32 Financial instruments: presentation (amendments)
- IAS 34 Interim financial reporting (amendments);
- IFRS 1 First-time adoption of IFRS (amendments);
- IFRS 7 Financial instruments: disclosures (amendments);
- IFRS 10 Consolidated financial statements (replaces IAS 27);
- IFRS 11 Joint arrangements (replaces IAS 31);
- IFRS 12 Disclosure of interest in other entities (new and comprehensive disclosure requirements);
- IFRS 13 Fair value measure (replace existing guidelines); and
- IFRIC 20 Stripping costs in the production phase of a surface mine.

Adoption of these new and revised standards is unlikely to have a significant impact on the measurement and presentation of items included in the financial statements.

3.22.3. Standards not yet effective

The following interpretations and standards were in issue but not yet effective and may have an impact on future financial statements:

- IFRS 9 Financial instruments (revised – replaces part of IAS 39).

The directors anticipate that all of the above interpretations, to the extent relevant, will be adopted in the Group's consolidated financial statements for the year in which they become effective and that the adoption of those interpretations will have no material impact on the financial statements of the Group in the initial application.

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
4. Results from operating activities				
Results from continued operations				
After considering the following:				
Expenses				
Auditor's remuneration	312	176	275	162
– Auditor fees	312	174	275	162
– Tax services	–	2	–	–
Contributions to socio-economic development	18	28	–	–
Depreciation	194	257	49	33
– Motor vehicles	155	224	16	
– Furniture and equipment	39	33	33	33
Personnel expenses	4 345	6 575	3 506	5 116
– Salaries and wages	4 288	6 549	3 449	5 090
– Medical aid contribution	57	26	57	26
Property rental	207	555	207	525
Operating lease – office equipment	51	51	51	51

	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
5. Finance income and cost				
Finance income	**1 811**	138	**1 811**	121
– Financial institutions	**1 811**	138	**1 811**	121
Finance cost	**(7)**	(157)	**(7)**	(175)
– Other financial liabilities	**–**	(133)	**–**	(133)
– Financial institutions	**–**	(18)	**–**	(42)
– Suppliers	**(7)**	(6)	**(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 2012 as it is uncertain when a future taxable profit will be generated to utilise the tax loss. The calculated tax loss is R53 111 000 (assessed tax loss 2011: R25 730 831). Refer notes 22.7 and 24.

6.1. Comprehensive loss

	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
Taxation				
Secondary tax on companies	**–**	29	**–**	–
Reconciliation of effective tax rate				
Loss for the year before taxation	**(5 026)**	(72 097)	**(11 038)**	(27 555)
Taxation	**–**	(29)	**–**	–
Loss for the year after taxation	**(5 026)**	(72 126)	**(11 038)**	(27 555)
Statutory Income tax rate of 28% (%)	**28.00**	28.00	**28.00**	28.00
Unrecognised deferred tax asset (%)	**(28.00)**	(28.00)	**(28.00)**	(28.00)
Secondary tax on companies (%)	**–**	0.04	**–**	–
Effective tax rate	**–**	0.04	**–**	–

The tax rate used for the 2012 reconciliation above is the corporate tax rate of 28% (2011: 28%) payable by corporate entities in South Africa on taxable income.

During the prior financial year a liability for secondary tax on companies became due and was paid in Hlabirwa due to dividends that were declared and paid to the shareholders prior to the conclusion of the reverse asset acquisition transaction.

6.2. Other comprehensive loss

The Company incurred no taxation obligation nor was there a deferred asset recognised with regard to the fair value loss associated with the financial assets.

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
7. Headline earnings per share				
Earnings per share				
Basic loss per share (cents)	**(3.9)**	(76.5)	**(9.1)**	(29.6)
Continued operations	**(5.2)**	(42.2)	**(10.4)**	(16.2)
Discontinued operations	**1.3**	(34.3)	**1.3**	(13.4)
Diluted loss per share (cents)	**(3.9)**	(76.5)	**(9.1)**	(29.6)
Continued operations	**(5.2)**	(42.2)	**(10.4)**	(16.2)
Discontinued operations	**1.3**	(34.3)	**1.3**	(13.4)
Headline loss per share (cents)	**(7.0)**	(40.6)		
Continued operations	**(5.2)**	(37.7)		
Discontinued operations	**(1.8)**	(2.9)		
Diluted headline loss per share (cents)	**(7.0)**	(40.6)		
Continued operations	**(5.2)**	(37.7)		
Discontinued operations	**(1.8)**	(2.9)		
Weighted average shares in issue ('000)	**121 093**	93 044		
Diluted weighted average shares in issue ('000)	**121 093**	93 044		
Number of share in issue at end of period ('000)	**123 274**	94 065		
Adjustment to arrive at headline earnings:				
Net loss before taxation for the year	**(4 770)**	(71 140)		
Fair value profit/(loss) of discontinued operations	**(3 820)**	16 917		
Impairment of financial assets held for sale	**83**	16 417		
Headline earnings	**(8 507)**	(37 806)		

Headline earnings per share have been calculated in accordance with the SAICA Circular 3 2009 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 2012 or 30 June 2011. During the previous financial year the board of directors of Hlabirwa declared and paid a dividend of R2 336 per ordinary share to the shareholders prior to the conclusion of the reverse asset acquisition transaction, amounting to a total dividend of R292 104 being paid.

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
9. Intangible assets				
Mineral rights				
Exploration and evaluation assets	**17 306**	7 450	**–**	–

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement. Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability or (ii) 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 equipment.

Bauba Platinum has an effective 60% holding in Hlabirwa which holds prospecting rights over the following farms in Limpopo Province: Magneetsvlakte 541 KS; Dingaanskop 543 KS, Fisant Laagte 506 KS, Zwitzerland 473 KS, Indië 474 KS, Schoonoord 462 KS, Genokakop 285 KT and Groot Vygenboom 284 KT. The prospecting rights held over Genokakop 285 KT and Groot Vygenboom 284 KT are subject to a review application brought by Rustenburg Platinum Mines Limited which to date has not been concluded (refer note 21).

Management reviewed the value of the exploration and evaluation assets for impairment in the current year and are of the opinion that the open market value of the prospecting rights exceeds the cost capitalised to date.

	Motor vehicles R'000	Furniture and equipment R'000	Total R'000
10. Property, plant and equipment			
GROUP			
Cost			
At 30 June 2011 – Restated	697	101	798
Additions	85	65	150
Disposals	–	–	–
At 30 June 2012	**782**	**166**	**948**
Accumulated depreciation and impairment losses			
At 30 June 2011 – Restated	267	40	307
Depreciation	155	39	194
Disposals	–	–	–
Impairment of assets	–	–	–
At 30 June 2012	**422**	**79**	**501**
Carrying value at 30 June 2012	**360**	**87**	**447**

	Motor vehicles R'000	Furniture and equipment R'000	Total R'000
10. Property, plant and equipment (continued)			
GROUP			
Cost			
At June 2010	1 193	115	1 308
Additions	–	53	53
Disposals	(496)	(67)	(563)
At June 2011 – Restated	697	101	798
Accumulated depreciation and impairment losses			
At 30 June 2010	139	25	164
Depreciation	224	33	257
Disposals	(96)	(22)	(118)
Impairment of assets	–	4	4
At 30 June 2011 – Restated	267	40	307
Carrying value at 30 June 2011 – Restated	430	61	491

Due to the IFRS principles of reverse asset acquisition that were applied, the Group comparative values for the period 30 June 2010 reflect those of the accounting acquirer Bauba A Hlabirwa Mining Investments Proprietary Limited.

	Motor vehicles R'000	Furniture and equipment R'000	Total R'000
COMPANY			
Cost			
At 30 June 2011 – Restated	–	101	101
Additions	85	20	105
At 30 June 2012	**85**	**121**	**206**
Accumulated depreciation and impairment losses			
At 30 June 2011 – Restated			
Depreciation	–	40	40
Disposals	16	33	49
At 30 June 2012	**16**	**73**	**89**
Carrying value at 30 June 2012	**69**	**48**	**117**
Cost			
At June 2010	–	85	85
Additions	–	53	53
Disposals	–	(37)	(37)
At June 2011 – Restated	–	101	101
Accumulated depreciation and impairment losses			
At 30 June 2010	–	17	17
Depreciation	–	33	33
Disposals	–	(14)	(14)
Impairment of assets	–	4	4
At 30 June 2011 – Restated	–	40	40
Carrying value at 30 June 2011 – Restated	–	61	61

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.

	COMPANY 2012 R'000	Restated 2011 R'000
11. Investments in subsidiaries		
Bauba A Hlabirwa Mining Investments Proprietary Limited	**86 618**	86 618
Ndarama Mineral Resources Proprietary Limited	**116 393**	116 393
	203 011	203 011

In the legal structure Bauba Platinum holds the following investments:

Directly and indirectly:

- Absolute Group Management Proprietary Limited – 100% (2011: 100%);
- Ndarama Mineral Resources Proprietary Limited – 100% (2011: 100%); and
- Bauba A Hlabirwa Mining Investments Proprietary Limited – effective holding 60% (2011: 60%).

The remaining 40% interest in Hlabirwa is held in favour of and for the benefit of the Bapedi Royal Family (3%) and the Bapedi Nation (37%).

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

	COMPANY 2012 R'000	Restated 2011 R'000
12. Loans to subsidiaries		
Bauba A Hlabirwa Mining Investments Proprietary Limited	**19 724**	9 819
Ndarama Mineral Resources Proprietary Limited	**11**	–
Fair value loss adjustment – cumulative	**(11 006)**	(4 343)
	8 729	5 476

Loans to subsidiaries are unsecured with no fixed repayment terms and bear no interest. The loans have been fair valued using the net present valuation method, as the repayment of these loans is only expected once the Company produces income from its operations. The discount rate applied is the bank overdraft rate of 8.5% as at 30 June 2012.

	GROUP Carrying amount 2012 R'000	GROUP Carrying amount Restated 2011 R'000	COMPANY Carrying amount 2012 R'000	COMPANY Carrying amount Restated 2011 R'000
13. Trade and other receivables				
VAT	**352**	451	**–**	362
Prepayments	**92**	111	**92**	111
Deposits and other	**226**	71	**171**	51
	670	633	**263**	524

	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
14. Cash and cash equivalents				
Bank and cash balances	**364**	199	**345**	199
Call deposits	**27 678**	3 971	**27 678**	3 971
	28 042	4 170	**28 023**	4 170

15. Disposal group held for sale

15.1. Assets and liabilities classified as held-for-sale

The following investments held for sale were disposed of in the current financial year:

Directly:

- Dikopane NN Mining Proprietary Limited – 37.5% (2011: 37.5%) – disclosed as an investment in associate
- Qinisele Resources Proprietary Limited – 25.1% (2011: 25.1%) – disclosed as a financial asset through other comprehensive income as was designated at initial recognition; and
- Lenopodi Proprietary Limited – 100% (2011: 100%).

Indirectly held through Lenopodi Proprietary Limited:

- Canyon Springs Investments 116 Proprietary Limited – 100% (2011: 100%);
- Niemoller Marmer Proprietary Limited – 100% (2011: 100%);
- Lubtalk Investments Proprietary Limited – 90% (2011: 90%); and
- Diamond Quartzite Processing Proprietary Limited – 90% (2011: 90%).

As a result of the disposal of these investments the Group no longer has a need for a provision for rehabilitation costs.

The proceeds received from the sale were:

- Qinisele Resources Proprietary Limited – R3 500 000; and
- Lenopodi Proprietary Limited and Dikopane NN Mining Proprietary Limited – the net asset value of these investments were settled against the net Calulo loan of R22 602 989 on 27 June 2012, the effective date of the transaction.

The disposal group financial results are reflected under the heading "discontinued operations" in the operational segment report on page 34.

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
Disposal group held for sale				
Assets and liabilities classified as held for sale				
Non-current assets	–	23 159	–	21 604
Intangible assets	–	19 337	–	
Property, plant and equipment	–	238	–	
Investments in financial assets	–	3 583	–	3 583
Investments in associates	–	1	–	1
Loans to subsidiaries	–		–	18 020
Current assets		445		
Inventory	–	38	–	–
Trade and other receivables	–	91	–	–
Cash and cash equivalents	–	316	–	–
Total assets classified as held for sale	–	23 604	–	21 604
Loan classified as held for sale	–	21 604	–	21 604
Non-current liabilities	–	433	–	
Rehabilitation liabilities	–	433	–	
Current liabilities	–	1 567	–	
Trade and other payables	–	1 567	–	–
Total liabilities classified as held for sale	–	23 604	–	21 604

	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
15. Disposal group held for sale (continued)				
15.2. Operating results of discontinued operations				
Revenue	**5**	410	**–**	–
Cost of sales	**–**	(883)	**–**	–
Gross profit/(loss)	**5**	(473)	**–**	–
Net income	**10**	–	**1 058**	2 007
Net finance costs	**(1 681)**	(1 054)	**–**	(1 761)
Expenses	**(532)**	(1 172)	**(1 681)**	(327)
Net profit/(loss)	**(2 198)**	(2 699)	**(623)**	(81)
Realised/fair value profit/(loss) for the year	**3 820**	(16 917)	**2 245**	(175)
Realised/impairment of financial asset	**(83)**	(16 417)	**(83)**	(16 417)
Realised/impairment of financial assets held for sale	**(83)**	(12 417)	**(83)**	(12 417)
Reclassification adjustment of financial assets held for sale	**–**	(4 000)	**–**	(4 000)
Investment income	**–**	4 160	**–**	4 160
Dividend income from financial asset held for sale	**–**	4 160	**–**	4 160
Profit/(loss) for the year	**1 539**	(31 873)	**1 539**	(12 513)

All the companies reflected in the discontinued operations have assessed loss positions and therefore there is no tax effect on the operating results.

The fair value adjustment results from the assessment of the discontinued operations excluding the value of the financial assets through other comprehensive income. These discontinued operations are ring-fenced with the Calulo loan which forms the core of the liabilities associated with assets classified as held-for-sale.

The financial asset was held as available for sale through other comprehensive loss but due to the weakening of the financial markets the marketability of this asset was severely curtailed, resulting in the asset being impaired.

IAS 39 Financial instruments requires when a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, that the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment. The result was that the R4 million reflected in other comprehensive loss in the 2010 annual financial statements has been reclassified to profit and loss in the 2011 restated annual financial statements.

	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
15.3. Cash utilised for disposal group held for sale				
Net cash inflows/(outflow) from operating acitivies	**(1 962)**	(2 072)	**(1 962)**	(2 072)
Net cash inflows/(outflow) from investing acitivies	**3 500**	4 160	**3 500**	4 160
Net cash inflows/(outflow) from financing acitivies	**–**	(3 188)	**–**	(3 188)
Net cash flows	**1 538**	(1 100)	**1 538**	(1 100)

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
16. Share capital and premium				
Authorised share capital				
200 000 000 (2011: 200 000 000) ordinary shares of R1 each	**200 000**	200 000	**200 000**	200 000
Issued share capital				
Balance at beginning of the year	**94 065**	16 012	**94 065**	16 012
Shares issued for cash	**27 778**	9 694	**27 778**	9 694
Share-based payments	**1 431**	234	**1 431**	234
Shares for assets transactions	**–**	68 125	**–**	68 125
Balance at end of year	**123 274**	94 065	**123 274**	94 065
Share premium				
Balance at the beginning of the year	**255 653**	112 062	**255 653**	112 062
Shares issued for cash	**22 222**	17 426	**22 222**	17 426
Share-based payments	**1 531**	417	**1 531**	417
Shares for asset transaction	**–**	134 886	**–**	134 886
Costs associated with shares for asset transaction	**–**	(6 728)	**–**	(6 728)
Costs associated with capital raising	**(3 086)**	(2 410)	**(3 086)**	(2 410)
Balance at end of year	**276 320**	255 653	**276 320**	255 653

During the year under review the Company settled costs incurred with regard to the shares issued for cash by issuing 1 430 617 shares at R2.07 per share. The results of this transaction are reflected in "share-based payment" and "cost associated with capital raising" above.

	GROUP		COMPANY	
	2012 '000	Restated 2011 '000	2012 '000	Restated 2011 '000
Authorised share capital – number of shares				
200 000 000 (2011: 200 000 000) ordinary shares of R1 each	**200 000**	200 000	**200 000**	200 000
Issued share capital				
Balance at beginning of the year	**94 065**	16 012	**94 065**	16 012
Shares issued for cash	**27 778**	9 694	**27 778**	9 694
Share-based payments	**1 431**	234	**1 431**	234
Shares for asset transaction	**–**	68 125	**–**	68 125
Balance at end of year	**123 274**	94 065	**123 274**	94 065

17. Reverse asset acquisition reserve and cost

During the 2011 financial year Bauba Platinum concluded a reverse asset acquisition transaction. The effect of the accounting treatment (refer note 3.1.1), 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 and Hlabirwa, except for its capital structure.

The accounting treatment requires that the share capital structure of Ndarama and Hlabirwa be 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:

	GROUP	
	2012 R'000	Restated 2011 R'000
Reverse asset acquisition		
At transaction date the values were:		
Fair value of Hlabirwa and Ndarama – 68 124 600 at R2.98	**203 011**	203 011
Share capital of Bauba	**128 074**	128 074
Net deemed value of Bauba	**331 085**	331 085
Share capital of Hlabirwa and Ndarama	**(637)**	(637)
Non-controlling interest	**255**	255
Purchase price of Bauba – 16 011 854 shares at R2.98	**(47 715)**	(47 715)
Reverse asset acquisition reserve	**282 988**	282 988
Fair value of Bauba	**–**	21 802
Purchase price of Bauba – 16 011 854 shares at R2.98	**–**	(47 715)
Reverse asset acquisition cost	**–**	(25 913)

	GROUP		COMPANY	
	Carrying amount		Carrying amount	
	2012 R'000	Restated 2011 R'000	2012 R'000	Restated 2011 R'000
18. Trade and other payables				
Trade payables	**974**	9 173	**313**	9 173
VAT	**48**	–	**48**	–
Other payables	**309**	3 287	**160**	3 285
	1 331	12 460	**521**	12 458

19. Loans to shareholders

During the previous financial year the outstanding loan to the shareholders of Hlabirwa of R2 938 as at 30 June 2010 was repaid by the shareholders of Hlabirwa prior to the conclusion of the reverse asset acquisition transaction. No loans were granted to any shareholder of Bauba Platinum during the year under review.

20. Share premium repaid

Prior to the conclusion of the reverse asset acquisition transaction, the shareholders of Hlabirwa restructured the equity of Hlabirwa resulting in the repayment of R1 863 000 share premium.

21. Contingent liabilities

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

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

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

To the best of our 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.

22. Financial instruments

22.1. 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 market risk (including currency risk, fair value interest rate risk and price risk), 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.

22.2. Credit risk

The Group does not have any credit risk as it has no debtors 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:

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	**2012 R'000**	Restated 2011 R'000
Financial instruments				
Credit risk				
Deposits and others	**226**	71	**171**	51

There was no impairment loss recognised in trade and other receivables.

22.3. Foreign exchange risk

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

22.4. Interest rate risk

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

	GROUP		COMPANY	
	2012 R'000	Restated 2011 R'000	**2012 R'000**	Restated 2011 R'000
Interest rate risk				
Financial assets	**28 042**	4 170	**28 023**	4 170

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 2012 would increase/decrease by R561 000 (2011: R83 000).

22.5. 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.

22. Financial instruments (continued)

22.5. Liquidity risk management (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. These tables were 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:

	Weighted average effective interest rate %	GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
Liquidity risk					
Trade and other payables		**1 331**	12 460	**521**	12 458
Due in 1 to 3 months	0	**1 331**	12 460	**521**	12 458

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

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.

	Weighted average effective interest rate %	Less than 1 month R'000	1 to 3 months R'000	3 months to 1 year R'000	Total R'000
30 June 2012					
Non-interest bearing		**422**	**–**	**–**	**422**
Variable interest rate instruments	5.7	**720**	**18 044**	**9 552**	**28 316**
		1 142	**18 044**	**9 552**	**28 738**
30 June 2011					
Non-interest bearing		199	–	–	199
Variable interest rate instruments	4.85	3 971	–	–	3 971
		4 170	–	–	4 170

22.6. 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.

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.

22.7. 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 R100 million to complete phase I of the current exploration programme and the plan is to raise the cash in tranches according to the cash flow requirements in order to complete phase I by June 2014. The cash outflows are managed by adjusting the drilling rates to coincide with the cash raising programme. 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.

23. Related parties

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:

	Effective holding
Absolute Group Management Proprietary Limited	100%
Ndarama Mineral Resources Proprietary Limited	100%
Bauba A Hlabirwa Mining Investments Proprietary Limited	60%

Directors

The directors of the Group during the year were:

	Date	Title
JG Best	17/09/2010	Chairman – non-executive
KV Dicks	17/09/2010	Independent non-executive
SM Dolamo	17/09/2010	Independent non-executive
KW Mzondeki	12/09/2011	Independent non-executive and chairperson of the audit committee
Dr NM Phosa	22/03/2011	Non-executive
DS Smith	17/09/2010	Non-executive
King TV Thulare	01/07/2011	Alternate to Dr NM Phosa
GJ Pitt	22/03/2011	CEO
WA Moolman	01/07/2011	CFO

For details of the directors' remuneration refer note 26. Details of other transactions between the Group and its directors are disclosed below.

	Fees/ interest R'000	Amounts owed to R'000
Related party		
Prospect Geoservices CC (DS Smith – director – geological services)	**488**	65

Other related parties

During the year the Group and its related parties, in the normal course of busines, entered into a number of transactions at arm's length relating to corporate advisory services rendered. These fees and amounts owing are reflected below.

	Fees/ interest R'000	Amounts owed to R'000
Related party		
Qinisele Resources Proprietary Limited (corporate advisory services)	**3 029**	–

24. 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.

25. Subsequent events

The Group was awarded the renewal of its new order prospecting rights on 18 July 2012.

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 to the annual financial statements.

26. Directors' emoluments

		GROUP 2012 R'000	GROUP Restated 2011 R'000	COMPANY 2012 R'000	COMPANY Restated 2011 R'000
Executive directors					
GJ Pitt	Appointed 22 March 2011	**1 630**	1 058	**1 630**	1 058
WA Moolman	Appointed 1 July 2011	**1 041**	–	**1 041**	–
PC Pienaar	Resigned 7 February 2011	**–**	1 609	**–**	1 609
MW Rosslee	Resigned 24 February 2011	**–**	1 879	**–**	1 879
Non-executive directors					
JG Best (Chairman)	Appointed 17 September 2010	**241**	–	**241**	–
KV Dicks	Appointed 17 September 2010	**285**	–	**285**	–
SM Dolamo	Appointed 17 September 2010	**232**	–	**232**	–
Dr NM Phosa	Appointed 22 March 2011	**66**	–	**66**	–
KW Mzondeki	Appointed 12 September 2011	**206**	–	**206**	–
DS Smith	Appointed 17 September 2010	**156**	–	**156**	–
King TV Thulare (Alt)	Appointed 1 July 2011	**311**	–	**73**	–

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 post-employment benefits, other long-term incentives, termination or share-based benefits during this period.

Executive directors do not receive directors' fees and all the directors have service contracts with the Company at 30 June 2012.

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

27. Restatement of 2011 annual financial statements

The Group's 2011 annual financial report was selected by the JSE Limited as part of the proactive monitoring review process. The review highlighted the following:

- The "Impairment of the financial asset held for sale" should be reflected in profit or loss rather than other comprehensive income in the statement of comprehensive income. It is also required that amounts reported in prior years in other comprehensive income should be reclassified from other comprehensive income to profit or loss; and
- Some errors in the cash flow statement.

The net effect of the above was that the loss for the year of the Group increased by R16.4 million and the loss per share increased by 16.5 cents per share. There was no change to the comprehensive loss, the headline loss or the statement of financial position for the year.

The Company's results for the 2011 financial year did not reflect the loans to its subsidiaries at fair value. The omission was addressed in the restated financial results. This restatement had no effect on the Group's results.

27. Restatement of 2011 annual financial statements (continued)

The following changes were made to the 2011 results which are reflected as the comparative figures in the current financial statements:

	GROUP		COMPANY	
	Restated R'000	Previous R'000	Restated R'000	Previous R'000
Consolidated statement of financial position				
Assets				
Non-current assets	**7 941**	**7 941**	**208 548**	**212 892**
Intangible assets	7 450	7 450	–	–
Property, plant and equipment	491	491	61	61
Investments in subsidiaries	–	–	203 011	203 011
Loans to subsidiaries	–	–	5 476	9 819
Current assets	**4 803**	**4 803**	**4 694**	**4 694**
Trade and other receivables	633	633	524	524
Cash and cash equivalents	4 170	4 170	4 170	4 170
Assets classified as held-for-sale	23 604	23 604	21 604	21 604
Total assets	**36 348**	**36 348**	**234 846**	**239 190**
Equity and liabilities				
Capital and reserves	**284**	**284**	**200 784**	**205 127**
Issued capital	94 065	94 065	94 065	94 065
Share premium	255 653	255 653	255 653	255 653
Reverse asset acquisition reserve	(282 988)	(282 988)	–	–
Retained (loss)/profit	(65 714)	(65 714)	(148 934)	(144 591)
Non-controlling interest	(732)	(732)	–	–
Current liabilities	**12 460**	**12 460**	**12 458**	**12 459**
Trade and other payables	12 460	12 460	12 458	12 459
Liabilities associated with assets classified as held-for-sale	23 604	23 604	21 604	21 604
Total equity and liabilities	**36 348**	**36 348**	**234 846**	**239 190**

27. Restatement of 2011 annual financial statements (continued)

	GROUP		COMPANY	
	Restated R'000	Previous R'000	Restated R'000	Previous R'000
Consolidated statement of comprehensive income				
Loss for the year from continued operations	(40 254)	(36 094)	(10 699)	(6 539)
Fair value loss – loans to subsidiaries	–	–	(4 343)	–
Restated loss for the year from continued operations	**(40 254)**	**(36 094)**	**(15 042)**	**(6 539)**
Loss for the year from discontinued operations	(31 873)	(19 616)	(12 513)	(256)
Loss for the year	**(72 127)**	**(55 710)**	**(27 555)**	**(6 795)**
Other comprehensive loss for the year				
Impairment of financial assets held for sale	–	(12 417)	–	(12 417)
Reclassification adjustment of financial assets held for sale	4 000	–	4 000	–
Restated comprehensive loss for the year	**(68 127)**	**(68 126)**	**(23 555)**	**(19 212)**
Loss for the year	**(72 127)**	**(55 710)**	**–**	**–**
Attributable to:				
– Equity holders of the Company	(71 140)	(54 723)	–	–
– Non-controlling interest	(987)	(987)	–	–
Comprehensive loss for the year	**(68 127)**	**(68 126)**	**–**	**–**
Attributable to:				
– Equity holders of the Company	(67 140)	(67 139)	–	–
– Non-controlling interest	(987)	(987)	–	–
Earnings per share				
Basic loss per share (cents)	**(76.5)**	**(59.9)**	**(29.6)**	**(7.3)**
Continued operations	(42.2)	(38.8)	(16.2)	(7.0)
Discontinued operations	(34.3)	(21.1)	(13.4)	(0.3)
Diluted loss per share (cents)	**(76.5)**	**(59.9)**	**(29.6)**	**(7.3)**
Continued operations	(42.2)	(38.8)	(16.2)	(7.0)
Discontinued operations	(34.3)	(21.1)	(13.4)	(0.3)
Headline loss per share (cents)	**(40.6)**	**(41.7)**		
Continued operations	(37.7)	(38.8)		
Discontinued operations	(2.9)	(2.9)		
Diluted headline loss per share (cents)	**(40.6)**	**(41.7)**		
Continued operations	(37.7)	(38.8)		
Discontinued operations	(2.9)	(2.9)		
Adjustment to arrive at headline earnings:				
Loss for the year	(71 140)	(55 710)		
Impairment of financial assets held for sale	16 417	–		
Fair value loss of assets held for sale	16 917	16 917		
Headline loss	**(37 806)**	**(38 793)**		
Weighted average shares in issue ('000)	93 044	93 044	93 044	93 044
Diluted weighted average shares in issue ('000)	93 044	93 044	93 044	93 044
Number of shares in issue at end of period ('000)	94 065	94 065	94 065	94 065

27. Restatement of 2011 annual financial statements (continued)

	GROUP		COMPANY	
	Restated R'000	Previous R'000	Restated R'000	Previous R'000
Cash flow				
Net cash flow from operating activities	**(10 897)**	**(10 898)**	**(6 254)**	**(7 263)**
Adjustments for:	**(186)**	**(186)**	**(175)**	**(175)**
Interest paid	(157)	(157)	(175)	(175)
Tax paid	(29)	(29)	–	–
Net cash (outflow)/inflow from investing activities	**(3 882)**	**(5 882)**	**(8 034)**	**(5 529)**
Cash utilised associated with disposal group held for sale	(1 122)	(3 125)	(5 260)	(2 753)
Loans to subsidiaries	–	–	(7 025)	(7 025)
Investments in intangible assets	(7 450)	(7 450)		
Acquisition of property, plant and equipment	(53)	(53)	(53)	(53)
Proceeds from disposal of property, plant and equipment	445	448	23	21
Interest received	138	138	121	121
Dividends received from associates held for sale	4 160	4 160	4 160	4 160
Net cash (outflow)/inflow from financing activities	**16 481**	**18 481**	**18 633**	**17 737**
Shares issued for cash	27 120	27 771	27 120	27 771
Cost associated with listing and issuing of shares	(8 487)	(9 138)	(8 487)	(9 139)
Increase in liabilties held for sale	–	2 000	–	(896)
Payment for buy-back of shares	(1 863)	(1 863)	–	–
Shareholders' loans repaid	3	3	–	–
Dividends paid to shareholders of the Company	(292)	(292)	–	–
Net increase/(decrease) in cash and cash equivalents	**1 516**	**1 516**	**4 170**	**4 170**
Cash and cash equivalents at beginning of year	2 654	2 654		
Cash and cash equivalents at end of year	**4 170**	**4 170**	**4 170**	**4 170**
Loss for the year before tax	(72 097)	(55 710)	(27 555)	(6 795)
Adjustments for:	**58 062**	**41 675**	**16 943**	**(3 216)**
Interest paid in profit or loss	157	157	175	175
Income from assets held for sale				600
Depreciation	257	259	33	33
Impairment of financial assets	16 417	–	16 417	–
Investment income recognised in profit before tax	(4 298)	(4 298)	(4 281)	(4 281)
Loss associated with group held for sale	2 699	2 699	81	81
Fair value loss for the year – subsidiaries	–	–	4 343	–
Fair value (profit)/loss for the year – discontinued operations	16 917	16 917	175	175
Reverse acquisition cost recognised	25 913	25 913	–	–
Changes in working capital	**3 138**	**3 137**	**4 358**	**2 749**
Trade and other receivables	(425)	(425)	330	(330)
Trade and other payables	3 563	3 563	4 028	3 078
Net cash flow from operating activities	**(10 897)**	**(10 898)**	**(6 254)**	**(7 263)**

Shareholder information
for the year ended 30 June 2012

Range

	Number	%	Shares	%
0 – 1 000	759	49.87	290 265	0.24
1 001 – 10 000	433	28.45	1 768 290	1.43
10 001 – 100 000	259	17.02	9 111 380	7.39
100 001 – 1 000 000	55	3.61	17 219 750	13.97
1 000 001 and more	16	1.05	94 883 854	76.97
	1 522	**100.00**	**123 273 539**	**100.00**

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

	Number	%
Highland Trading Investments Limited	48 345 090	39.22
PSL Client Safe Custody Asset	10 810 175	8.77
Math-Pin Trust	7 263 677	5.89
Hlabirwa Mining Investments Proprietary Limited	6 358 306	5.16

Shareholder spread

	Number	%	Shares	%
Public	1 519	99.80	66 735 283	54.14
Non-public	3	0.20	56 538 256	45.86
Highland Trading Investments Limited	1	0.07	48 345 090	39.22
Directors	2	0.13	8 193 166	6.64

Directors' shareholding

	Directly held	Indirectly held	Total	% of shares
2012				
GJ Pitt	929 489	–	929 489	0.75
Dr NM Phosa	–	7 263 677	7 263 677	5.89
Total number of shares	**929 489**	**7 263 677**	**8 193 166**	**6.64**
2011				
PC Pienaar (resigned 7 February 2011)	–	890 075	890 075	0.94
GJ Pitt	929 489	–	929 489	0.99
Dr NM Phosa	–	7 098 160	7 098 160	7.55
Total number of shares	**929 489**	**7 988 235**	**8 917 724**	**9.48**

BAUBA PLATINUM

Bauba Platinum Limited

Incorporated in the Republic of South Africa
(Registration number [1986/004649/06]
Share code: BAU | ISIN: [ZAE000145686]
(Bauba or the Company or the Group)

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 will be held at 10:00 on 7 November, 2012 at the City Lodge, Longpoint Office Park, corner of Witkoppen and Montecasino Boulevard, Fourways, Johannesburg, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out hereunder.

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 2 November, 2012. Accordingly, the last day to trade Bauba shares in order to be recorded in the Register to be entitled to vote will be 26 October, 2012.

Normal business resolutions

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2012, including the reports of the auditors, directors and the audit and risk committee.
2. To re-elect, Dr NM Phosa who, in terms of Article 94 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, KW Mzondeki who, in terms of Article 94 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.
4. To re-elect, DS Smith who, in terms of Article 94 of the Company's Memorandum of Incorporation, retires by rotation at this annual aeneral meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated *curriculum vitae* in respect of each director offering himself/herself for re-election appears on page 4 of the integrated report to which this notice is attached.
5. To appoint, KW Mzondeki* as a member of the audit and risk committee.
6. To appoint, KW Mzondeki* as chairperson of the audit and risk committee.
7. To appoint, KV Dicks as a member of the audit and risk committee.
8. To appoint, SM Dolamo as a member of the audit and risk committee.

   The persons named in normal business items 5, 6 and 7 and 8 above are eligible and offer themselves for re-election to the audit and risk committee for the next financial year. An abbreviated *curriculum vitae* in respect of each member of the audit and risk committee appears on page 4 of the integrated report to which this notice is attached.
9. To confirm the re-appointment of BDO South Africa Inc. as independent auditors of the Company with F Bruce-Brand, being the individual registered auditor who has undertaken the audit of the Company 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 items number 1 to 7 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.

* Subject to her election as a director pursuant to point number 3 above.

Special resolutions

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

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. **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 the Company, for their services as directors of the Company for the financial year ending 30 June 2013, be and is hereby approved as follows:

	Main board		Audit committee		Other committees		
	Per meeting attendance fee R	Annual retainer fee R	Per meeting attendance fee R	Annual retainer fee R	Per meeting attendance fee R	Annual retainer fee R	Hourly fee* R
Chairman	23 784	64 500	18 813	43 000	10 750	28 219	3 225
Members	19 028	51 600	15 050	34 400	8 600	22 575	2 419

* 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."

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. These fees represent a 7.5% increase on the fees approved at the previous annual general meeting.

11. **Special resolution number 2**

General approval to acquire shares

"**Resolved**, by way of a general approval that 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;
- 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;
- 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.

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

The JSE Listings Requirements require the following disclosures, which are contained in the integrated report of which this notice forms part:

- Directors and management – pages 4 and 5;
- Major shareholders of the Company – page 60;
- Directors' interests in securities – page 60;
- Share capital of the Company – page 51; and
- Litigation statement – page 52.

11.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

11.3 Directors' responsibility statement

The directors, whose names are given on pages 4 and 5 of the integrated report of which this notice forms part, 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.

11.4 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.

12. Special resolution number 3

Adoption of Memorandum of Incorporation of the Company

"**Resolved that**, as a special resolution, the new Memorandum of Incorporation of Bauba Platinum Limited (Bauba or the Company), a copy of which has been tabled at this annual general meeting for purposes of identification, be and is hereby adopted in accordance with the provisions of section 16(1)(c) of the Companies Act, 2008 (Act 71 of 2008), as amended (Companies Act) and in compliance with Schedule 10 of the Listings Requirements of the JSE Limited (JSE), with effect from the date of approval of this special resolution number 3."

The board of directors of Bauba has passed a resolution proposing that this special resolution number 3 is adopted for the purpose of ensuring that the Company's Memorandum of Incorporation is in line with the Companies Act and in compliance with Schedule 10 of the Listings Requirements of the JSE. The salient features of the Company's Memorandum of Incorporation are set out on pages 66 to 72 of this integrated annual report.

The minimum percentage of voting rights that is required for this special resolution to be adopted is 75% (seventy five percent) of the votes exercised on such special resolution by shareholders present or represented by proxy at the annual general meeting, and further subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and the Listings Requirements of the JSE.

The Company's Memorandum of Incorporation, or a copy thereof, will be available for inspection at the the Company's registered office which address is set out on the inside back cover of the integrated annual report, during normal business hours from the date of issue of this notice of annual general meeting up to and including the date of the annual general meeting or any adjournment thereof.

Ordinary resolutions

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.

13. **Ordinary resolution number 1**

Approval of remuneration policy

"**Resolved that** the remuneration policy of the directors of the Company, as set out on page 14 of the integrated 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 consultants, as and when it deems necessary to assist with the 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 an attraction and retention tool, and ensure that executives share a significant level of reward risk with the Company's shareholders.

14. **Ordinary resolution number 2**

Control of authorised but unissued ordinary shares

"**Resolved that** the authorised but unissued ordinary shares in the capital of 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."

15. **Ordinary resolution number 3**

Approval to issue ordinary shares, and to sell treasury shares, for cash

"**Resolved that** the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- Allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- Sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited (the JSE Listings Requirements) from time to time.

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

- 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 number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- 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;
- An announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and

- Whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

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.

16. Ordinary resolution number 4

Signature of documents

"**Resolved that** each director of 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, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

17. 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 require approval from a simple majority, which is more than 50% (fifty percent) 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 24 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

28 September 2012
Johannesburg

Salient features of the Memorandum of Incorporation

For the purpose of the salient features of the Memorandum of Incorporation, "Act" refers to the Companies Act, 2008 (Act 71 of 2008), as amended, consolidated or re-enacted from time to time, and includes all schedules to such Act and the Regulations.

A reference to a section by number refers to the corresponding section of the Act, notwithstanding the renumbering of such section after the date on which the Company is incorporated.

A reference to a clause by number refers to a corresponding provision of the Memorandum of Incorporation.

In any instance where there is a conflict between a provision (be it expressed, implied or tacit) of the Memorandum of Incorporation and:

- a provision of any Shareholders Agreement, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict;
- an alterable or elective provision of the Act, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict; and
- an unalterable or non-elective provision of the Act, the unalterable or non-elective provision of the Act shall prevail to the extent of the conflict unless the Memorandum of Incorporation imposes on the Company a higher standard, greater restriction, longer period of time or similarly more onerous requirement, in which event the relevant provision of the Memorandum of Incorporation shall prevail to the extent of the conflict.

2. Amendment of Memorandum of Incorporation

2.1. Subject to the provisions of clause 8.6, the Memorandum of Incorporation may only be altered or amended by way of a special resolution of the ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a).

6. Company rules

The Board is prohibited from making, amending or repealing any rules as contemplated in section 15(3) and the Board's capacity to make such rules is hereby excluded.

8. Issue of shares and variation of rights

8.1. The Company is authorised to issue 200 000 000 (two hundred million) ordinary par value Shares of 100 cents each, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to:

8.1.1. vote, whether in person or by proxy, on any matter to be decided by the Shareholders of the Company;

8.1.2. participate proportionally in any distribution made by the Company; and

8.1.3. receive proportionally the net assets of the Company upon its liquidation.

8.3. The number of authorised Shares as set out in clause 8.1 may only be increased, as contemplated in clause 8.4.1 below, following the conversion of such ordinary par value Shares to ordinary no par value Shares by way of special resolution of Shareholders.

8.4. The Board shall not have the power to:

8.4.1. increase or decrease the number of authorised Shares of any class of the Company's Shares; or

8.4.2. consolidate and reduce the number of the Company's issued and authorised Shares of any class; or

8.4.3. subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital; or

8.4.4. reclassify any classified Shares that have been authorised but not issued; or

8.4.5. classify any unclassified Shares that have been authorised but not issued; or

8.4.6. determine the preferences, rights, limitations or other terms of any Shares, or

8.4.7. convert one class of Shares into one or more other classes of Shares; or

8.4.8. create any class of Shares, and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

8.5. Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 22.2.

8.6. The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in the Memorandum of Incorporation may be changed only by an amendment of the Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

8.7. No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

8.8. No further securities ranking in priority to, or *pari passu* with an existing class of Shares, shall be created without a special resolution being passed at a separate general meeting of Shareholders.

8.9. The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of the Memorandum of Incorporation.

8.10. All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

8.12. Subject to what may be authorised by the Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 8.14, and subject to clause 8.13, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.

8.13. Notwithstanding the provisions of clauses 8.3, 8.4, 8.12 and 8.14, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

8.14. Notwithstanding the provisions of clause 8.12, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) comply with the JSE Listings Requirements.

11. Transfer of securities

11.4. All authorities to sign transfer deeds or other instruments of transfer granted by holders of Securities for the purpose of transferring Certificated Securities which may be lodged, produced or exhibited with or to the Company at its registered office shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at such of the Company's offices at which the authority was first lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.

12. No lien

Securities shall not be subject to any lien in favour of the Company and shall be freely transferable by the holder thereof.

14. Debt instruments

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is limited by the Memorandum of Incorporation.

15. Capitalisation shares

15.1. Save to the extent authorised by the Shareholders by means of ordinary resolution, and unless such transaction(s) has/have been approved by the JSE (and the JSE Listings Requirements have been complied with), the Board shall not have the power or authority, as in terms of section 47, to;

15.1.1. approve the issuing of any authorised Shares as capitalisation Shares; or

15.1.2. to issue Shares of one class as capitalisation Shares in respect of Shares of another class; or

15.1.3. to resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share.

15.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board;

15.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

15.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

17. Financial assistance

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in section 44, and the authority of the Board in this regard is not limited or restricted by the Memorandum of Incorporation.

18. Acquisition by the Company of its own shares

18.1. Subject to the JSE Listings Requirements, the provisions of section 48 and the further provisions of this clause 18:

18.1.1. the Board may determine that the Company acquire a number of its own Shares; and

18.1.2. the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but:

18.1.2.1. not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

18.1.2.2. no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

18.2. Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless:

18.2.1. for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.69 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);

18.2.2. the acquisition:

18.2.2.1. is pursuant to an existing legal obligation of the Company, or a court order; or

18.2.2.2. the Board, by resolution, has authorised the acquisition;

18.2.3. it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

18.2.4. the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

19. Record date for exercise of shareholder rights

19.1. The record date for the purpose of determining which Shareholders are entitled to:

19.1.1. receive notice of a Shareholders' meeting;

19.1.2. participate in and vote at a Shareholders' meeting;

19.1.3. decide any matter by written consent or by Electronic Communication;

19.1.4. receive a distribution; or

19.1.5. be allotted or exercise other rights,

shall be determined by the Board, provided that, for as long as the JSE Listings Requirements apply to the Company, such record date shall be the record date as required by the JSE Listings Requirements.

20. Shareholders' meetings

20.1. The Board is entitled to call a Shareholders' meeting at any time.

20.2. Subject to the provisions of section 60 dealing with the passing of resolutions of Shareholders otherwise than at a meeting of Shareholders, the Company shall hold a Shareholders' meeting:

20.2.1. at any time that the Board is required by the Act, the JSE Listings Requirements or the Memorandum of Incorporation to refer a matter to Shareholders for decision; or

20.2.2. whenever required in terms of the Act to fill a vacancy on the Board; or

20.2.3. when required in terms of clause 20.3 or by any other provision of the Memorandum of Incorporation.

20.3. Any Shareholders' meeting convened in terms of the JSE Listings Requirements shall be held in person and not by means of a written resolution as contemplated in section 60.

20.4. The Board shall call a meeting of Shareholders if 1 (one) or more written and signed demands by Shareholders calling for such a meeting are delivered to the Company and:

20.4.1. each such demand describes the specific purpose for which the meeting is proposed; and

20.4.2. in aggregate, demands for substantially the same purpose are made and signed by the holders, as of the earliest time specified in any of those demands, of at least 10% (ten percent) of the voting rights entitled to be exercised in relation to the matter proposed to be considered at the meeting.

20.5. In addition to other meetings of the Company that may be convened from time to time, the Company shall convene an annual general meeting of its Shareholders once in each calendar year, but no more than 15 (fifteen) months after the date of the previous annual general meeting.

20.12. The quorum for a Shareholders' meeting to begin or for a matter to be considered, shall be at least 3 (three) Shareholders entitled to attend and vote and present in person. In addition:

20.12.1. a Shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and

20.12.2. a matter to be decided at a Shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

20.17. After a quorum has been established for a meeting, or for a matter to be considered at a meeting, all the Shareholders forming part of the quorum must be present at the meeting for the matter to be considered at the meeting.

21. Shareholders' meetings by electronic communication

21.1. Subject to the provisions of the JSE Listings Requirements, the Company may conduct a Shareholders' meeting entirely by Electronic Communication or provide for participation in a meeting by Electronic Communication, as set out in section 63, and the power of the Company to do so is not limited or restricted by the Memorandum of Incorporation.

21.2. Any notice of any meeting of Shareholders at which it will be possible for Shareholders to participate by way of Electronic Communication shall inform Shareholders of the ability to so participate and shall provide any necessary information to enable Shareholders or their proxies to access the available medium or means of Electronic Communication, provided that such access shall be at the expense of the Shareholder or proxy concerned.

22. Votes of shareholders

22.1. Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the Memorandum of Incorporation, at a meeting of the Company:

22.1.1. every person present and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise;

22.1.2. on a poll any person who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder; and

22.1.3. the holders of Securities other than ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 22.2.

22.2. If any resolution is proposed as contemplated in clause 8.5, the holders of such Shares ("**Affected Shareholders**") shall be entitled to vote at the meeting of ordinary Shareholders as contemplated in clause 22.1, provided that:

22.2.1. the votes of the Shares of that class held by the Affected Shareholders ("**Affected Shares**") shall not carry any special rights or privileges and the Affected Shareholder shall be entitled to 1 (one) vote for every Affected Share held; and

22.2.2. the total voting rights of the Affected Shareholders in respect of the Affected Shares shall not be more than 24.99% (twenty four point ninety nine percent) of the total votes (including the votes of the ordinary Shareholders) exercisable at that meeting (with any cumulative fraction of a vote in respect of any Affected Shares held by an Affected Shareholder rounded down to the nearest whole number).

24. Shareholders' resolutions

24.1. For an ordinary resolution to be approved it must be supported by more than 50% (fifty percent) of the voting rights of Shareholders exercised on the resolution, as provided in section 65(7).

24.2. For a special resolution to be approved it must be supported by the holders of at least 75% (seventy five percent) of the voting rights exercised on the resolution, as provided in section 65(9).

24.3. No matters, except:

24.3.1. those matters set out in section 65(11); or

24.3.2. the proposed change of the name of the Company; or

24.3.3. any other matter required by the Act to be resolved by means of a special resolution; or

24.3.4. for so long as the Company's securities are listed on the JSE, any other matter required by the JSE Listings Requirements to be resolved by means of a special resolution, require a special resolution adopted at a Shareholders' meeting of the Company.

24.4. In the event that any Shareholder abstains from voting in respect of any resolution, such Shareholder will, for the purposes of determining the number of votes exercised in respect of that resolution, be deemed not to have exercised a vote in respect thereof.

25. Composition and powers of the board of directors

25.1. In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

25.2. All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

25.4. The Company may appoint *ex officio* Directors as contemplated in section 66(4)(ii).

25.5. Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

25.6. No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 25.6:

25.6.1. at each annual general meeting referred to in clause 20.5, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

25.6.2. the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

25.6.3. a retiring Director shall be eligible for re-election at such annual general meeting contemplated in clause 25.6.1 above, provided that such meeting is held in person and not by means of a written resolution as contemplated in section 60;

25.6.4. if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of the Memorandum of Incorporation, including clauses 20.14 to 20.17 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

25.7. Subject to the provisions of clause 25.2 above, the Board shall provide the Shareholders with a recommendation in the notice of the meeting at which the election or the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution.

25.8. The Board has the power to:

25.8.1. fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 25.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

25.8.2. exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1), and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 25.

25.12. If the number of Directors falls below the minimum number fixed in accordance with the Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 25.8.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with the Memorandum of Incorporation.

25.14. A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, provided that the appointment and remuneration (in addition to the remuneration to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of the Directors.

25.15. A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration (in addition to the remuneration to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of Directors.

25.16. Unless otherwise agreed with the JSE, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) of the Act shall be prohibited in the event that such a resolution would lead to the ratification of an act that is contrary to the JSE Listings Requirements.

26. Alternate directors

26.1 Each Director may, by notice to the Company at any time:

26.1.1 nominate any one or more than one person in the alternative (including any of his co-Directors) to be his Alternate Director; and

26.1.2 may terminate any such appointment.

27. Directors' meetings

27.2. The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

27.3. In addition to the provisions of section 73(1), any Director shall at any time be entitled to call a meeting of the Directors.

27.4. The Board has the power to:

27.4.1. consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided. Such written consent shall be as valid and effective as if it had been passed at a meeting of Directors. Any such written consent should be included in the minute book and may consist of several documents, which shall be deemed to have been passed on the date on which it was signed by the last Director (unless the written consent includes a statement to the contrary);

27.4.2. conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3), provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting; and the powers of the Board in respect of the above matters are not limited or restricted by the Memorandum of Incorporation.

27.4.3. determine the manner and form of providing notice of its meetings as contemplated in section 73(4); and

27.4.4. proceed with a meeting despite a failure or defect in giving notice of the meeting, as provided in section 73(5), and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

27.5. The quorum requirement for a Directors' meeting (including an adjourned meeting), the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5), subject only to clause 27.5.5, and accordingly:

27.5.1. if all of the Directors of the Company:

27.5.1.1. acknowledge actual receipt of the notice convening a meeting; or

27.5.1.2. are present at a meeting; or

27.5.1.3. waive notice of a meeting, the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

27.5.2. a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

27.5.3. each Director has 1 (one) vote on a matter before the Board;

27.5.4. a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

27.5.5. in the case of a tied vote:

27.5.5.1. the chairperson may not cast a deciding vote in addition to any deliberative vote; and

27.5.5.2. the matter being voted on fails.

28. Directors' compensation and financial assistance

28.1. The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by the Memorandum of Incorporation.

28.2 Any Director who:

28.2.1. serves on any executive or other committee; or

28.2.2. devotes special attention to the business of the Company; or

28.2.3. goes or resides outside South Africa for the purpose of the Company; or

28.2.4. otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

28.3. The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with:

28.3.1. the business of the Company; and

28.3.2. attending meetings of the Directors or of committees of the Directors of the Company.

28.4. The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by the Memorandum of Incorporation.

32. Annual financial statements

32.5. A copy of the annual financial statements must be sent to Shareholders at least 15 (fifteen) business days before the date of the annual general meeting of the Company at which such annual financial statements will be considered.

34. Distributions

34.1. Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution:

34.1.1. is pursuant to an existing legal obligation of the Company, or a court order; or

34.1.2. is authorised by resolution of the Board and in compliance with the JSE Listings Requirements, provided that such resolution does not provide for capital to be repaid upon the basis that it may be called up again.

34.2. Dividends are declared by the Directors in accordance with the Act.

34.6. All unclaimed dividends shall be held by the Company in trust until claimed, provided that dividends unclaimed for a period of 3 (three) years from the date on which they were declared may be declared forfeited by the Directors for the benefit of the Company. All unclaimed monies, other than dividends, that are due to a Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s, subject to the laws of prescription

34.7. Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to:

34.7.1. the holder at his registered address; or

34.7.2. in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

34.7.3. such person and at such address as the holder or joint holders may in writing direct.

34.16. Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

36. Payment of commission

36.1. The Company may pay a commission at a rate not exceeding 10% (ten percent) of the issue price of a Share to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares of the Company or for procuring or agreeing to procure, whether absolutely or conditionally, subscriptions for any Shares of the Company.

37. Notices

37.1. All necessary notices and documents required to the delivered to Shareholders by the Act or the JSE Listings Requirements, shall be delivered by the Company, at least, to all Certificated Securities and to those Uncertificated Securities who have elected to receive such documents (as defined in the JSE Listing Requirements) in accordance with any delivery mechanism detailed in the Act, and in accordance with any method of delivery detailed in the Act, including section 6(9)(b). All notices shall, in addition to the above, be delivered to the JSE and where required by the JSE Listings Requirements, be released through SENS provided that, in the event that the Shares or other Securities of the Company are not listed on the JSE, all the provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Act.

Form of proxy

Bauba Platinum Limited

Incorporated in the Republic of South Africa
(Registration number [1986/004649/06]
Share code: BAU | ISIN: [ZAE000145686]
(Bauba 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 City Lodge, Longpoint Office Park, corner of Witkoppen and Montecasino Boulevard, Fourways, Johannesburg, at 10:00 on 7 November, 2012 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:

		Number of ordinary shares		
		For	Against	Abstain
1.	To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 30 June 2012			
2.	To approve the re-election as director of Dr NM Phosa who retires by rotation			
3.	To approve the re-election as director of KW Mzondeki who retires by rotation			
4.	To approve the re-election as director of DS Smith who retires by rotation			
5.	To approve the appointment of KW Mzondeki as member of the audit and risk committee			
6.	To approve the appointment of KW Mzondeki as chairperson of the audit and risk committee			
7.	To approve the appointment of KV Dicks as member of the audit and risk committee			
8.	To approve the appointment of SM Dolamo as member of the audit and risk committee			
9.	To confirm the re-appointment of BDO South Africa Inc. as auditors of the Company together with F Bruce-Brand for the ensuing financial year			
10.	Special resolution number 1 Approval of the non-executive directors' remuneration			

Form of proxy
(continued)

		Number of ordinary shares		
		For	Against	Abstain
11.	Special resolution number 2 General approval to acquire shares			
12.	Special resolution number 3 Adoption of the Company's Memorandum of Incorporation			
13.	Ordinary resolution number 1 Approval of the remuneration policy			
14.	Ordinary resolution number 2 Control of authorised but unissued ordinary shares			
15.	Ordinary resolution number 3 Approval to issue ordinary shares, and to sell treasury shares, for cash			
16.	Ordinary resolution number 4 Signature of documents			

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 ______________________________ 2012

____
Signature

____
Assisted by (if applicable)

Notes to the form of proxy

1. 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".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting 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.
3. 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.
4. 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.
5. 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 twenty four hours before the commencement of the annual general meeting.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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).
13. **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 5 November, 2012 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).
14. 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 appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below) remains valid only until the end of the relevant shareholders' meeting.

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.

Notes to the form of proxy
(continued)

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 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

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 GJ Pitt
Mr WA Moolman

* Independent

Company secretary

Merchantec Proprietary Limited

Registered address

Second Floor
Longpoint Office Park
Cnr Witkoppen and Monte Casino
Boulevard
Magaliessig, Johannesburg, Gauteng
Republic of South Africa

Telephone	+27 (0) 11 548 7240
Fax	+27 (0) 11 465 0145
E-mail	info@bauba.co.za
web	www.bauba.co.za

Postal address

PO Box 1658
Witkoppen 2068

Bankers

Nedbank Limited

Transfer secretaries

Computershare Investor Services
Proprietary Limited

Sponsor

Merchantec Proprietary Limited

Auditors

BDO South Africa Incorporated

Attorneys

Eversheds
Cliffe Dekker Hofmeyr

Country of incorporation

Republic of South Africa

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