

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* throughout this Circular.

Shareholders are referred to page 3 of this Circular which sets out the detailed action required of Dematerialised Shareholders and Certificated Shareholders.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

If you have disposed of all of your Shares in Bauba, then this Circular, together with the accompanying Form of Instruction, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.

Bauba does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Claw-Back Offer set out in this Circular.

The Claw-Back Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and this Circular and Form of Instruction should not be forwarded or transmitted to any person in any territory other than where it is lawful to make such an offer.

No action has been taken by Bauba to obtain any approval, authorisation or exemption to permit the issue of Claw-Back Offer Shares or the possession or distribution of this Circular (or any other publicity material relating to the Claw-Back Offer Shares) in any jurisdictions other than South Africa. Foreign Shareholders should refer to Annexure 4 of this Circular for further details in this regard.

Only whole numbers of Shares will be issued in terms of the Claw-Back Offer and Shareholders will be entitled to rounded numbers of Shares once the ratio of entitlement has been applied. Excess applications will not be allowed.



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

CIRCULAR TO BAUBA SHAREHOLDERS

regarding

- a renounceable Claw-Back Offer to Bauba Shareholders of 109 302 842 Claw-Back Offer Shares at a price of R0.31 each, in the ratio of 17.06485 Claw-Back Offer Shares for every 100 Bauba Shares held at the close of business on Friday, 12 November 2021; and

enclosing

- a Form of Instruction in respect of a Letter of Allocation providing for acceptance and/or renunciation and/or sale of all or part of the Entitlement(s) embodied in the Letter of Allocation in terms thereof for use by Certificated Shareholders only.

Claw-Back Offer opens at 09:00 on

Monday, 15 November 2021

Claw-Back Offer closes at 12:00 on

Friday, 26 November 2021

Corporate Adviser and Sponsor



Date of issue: Monday, 8 November 2021

This Circular is available in English only. Copies of this Circular may be obtained from the registered office of the Company and the Sponsor at the addresses set out in the "Corporate information" section of this Circular during normal business hours from Thursday, 11 November 2021 up to and including Friday, 26 November 2021, both days inclusive. This Circular will also be available on the Company's website (www.baubaresources.co.za) from Monday, 8 November 2021.

CORPORATE INFORMATION

Bauba Resources Limited

Date of incorporation: 14 November 1986

Place of incorporation: South Africa

Company Secretary and registered address of Bauba

Merchantec Proprietary Limited

(Registration number 1986/004649/06)

Cube Workspace

1 Wedgewood Link

Bryanston

Johannesburg, 2191

(PO Box 71036, Bryanston, 2021)

Corporate Adviser and Sponsor

Merchantec Capital

(Registration number 2008/027362/07)

13th Floor, Illovo Point

68 Melville Road

Illovo, Sandton, 2196

(PO Box 41480, Craighall, 2024)

Transfer Secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Rosebank Towers

15 Biermann Avenue

Rosebank, Johannesburg, 2196

(Private Bag X9000, Saxonwold, 2132)

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular includes statements about Bauba and/or the Bauba Group that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as “believe”, “aim”, “expect”, “project”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “will”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Bauba cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Bauba operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Bauba, as communicated in publicly available documents by Bauba, all of which estimates and assumptions, although Bauba believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Bauba or not currently considered material by Bauba.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Bauba not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Bauba has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Forward-looking statements, which represent the opinion of the Board, have not been reviewed or reported on by the Company's auditor.

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ACTION REQUIRED BY BAUBA SHAREHOLDERS

PLEASE TAKE CAREFUL NOTE OF THE FOLLOWING PROVISIONS REGARDING THE ACTION REQUIRED BY BAUBA SHAREHOLDERS:

1. If you are in any doubt as to what action to take, you should consult your broker, CSDP, attorney, accountant, banker, or other professional adviser immediately.
2. If you have disposed of all of your Shares in Bauba, then this Circular, together with the accompanying Form of Instruction, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your Shares.
3. Shares in companies listed on the JSE can no longer be traded on the JSE unless they have been Dematerialised onto the Strate system. It is therefore suggested that Certificated Shareholders Dematerialise their Documents of Title and replace them with electronic records of ownership. In this regard, Shareholders may contact either a CSDP or broker, details of which are available from Strate at liaisondesk@strate.co.za or telephone +27 (0)11 759 5300.
4. Certificated Shareholders wishing to Dematerialise their Shares are advised that the Dematerialisation process can take between 1 (one) and 10 (ten) days, depending on the volumes being processed at the time.
5. **Certificated Shareholders:**

A Form of Instruction for completion by Certificated Shareholders is enclosed with this Circular and the relevant procedure for participation in the Claw-Back Offer is set out below.

If you are a Certificated Shareholder and wish to subscribe for all or part of your Entitlement in terms of the enclosed Form of Instruction, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and lodge it, together with the proof of EFT payment of the amount due in Rand and the EFT reference number (EFT to be made into the Designated Bank Account, details of which are available from the corporate actions department of the Transfer Secretaries at 0861 100 634 if calling from within South Africa; +27 11 370 5000 if calling from outside South Africa; or via email at corporate.events@computershare.co.za), with the Transfer Secretaries as follows:

By electronic mail:

Baubu Resources Limited – Claw-Back Offer

c/o Computershare Investor Services Proprietary Limited
Email: corporate.events@computershare.co.za;

By post to:

Baubu Resources Limited – Claw-Back Offer

c/o Computershare Investor Services Proprietary Limited
Private Bag X3000
Saxonwold, 2132;

By hand to:

Baubu Resources Limited – Claw-Back Offer

c/o Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2106,

so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 26 November 2021.

Shareholders are reminded of the postal restrictions resulting from COVID-19 and are advised that the preferred means to lodge their Forms of Instruction and proof of EFT payment with the Transfer Secretaries is by way of electronic mail. Lodgement by post shall be at the risk of the Shareholder.

The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any email address other than that provided above. Forms of Instruction shall be deemed to be received on the date reflected in the Transfer Secretaries' electronic system. Notwithstanding anything to the contrary, it is the responsibility of all Shareholders to ensure that their Form of Instruction is received by the Transfer Secretaries.

Bauba and the Transfer Secretaries accept no responsibility and will not be held liable for any allocation of Claw-Back Offer Shares pursuant to payment being made or alleged to have been made by way of electronic transfer and where proof of such payment has not been received or purported proof of such payment being insufficient or defective for Bauba and the Transfer Secretaries, for any reason, not being able to reconcile a payment or purported payment with a particular application for Claw-Back Offer Shares.

If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed Form of Instruction by 12:00 on Friday, 26 November 2021, then the Entitlements to those unsubscribed Claw-Back Offer Shares will be deemed to have been declined and the Entitlement will lapse.

If you have any queries in relation to the action required by Certificated Shareholders, please contact the Transfer Secretaries' helpline via email at corporate.events@computershare.co.za or telephonically on 0861 100 634 if calling from within South Africa and on +27 11 370 5000 if calling from outside of South Africa.

Calls made from within South Africa will be charged at the standard geographic rate and will vary by provider. Calls made from outside of South Africa will be charged at the applicable international rates. Alternatively, you may send an email to returnmycall@computershare.co.za or, if in South Africa, dial *134*20011#. The helpline will be operational between 08:00 and 16:00 (South African time) from Monday to Friday, excluding public holidays in South Africa.

6. Dematerialised Shareholders:

If you hold Bauba Shares in Dematerialised form, you will not receive a printed Form of Instruction and you should receive notification from your CSDP or broker regarding your Entitlement in terms of the Claw-Back Offer.

Your CSDP or broker will credit your account with the Letters of Allocation to which you are entitled and will contact you to ascertain whether you wish to follow your Entitlement in terms of the Claw-Back Offer and, if so, in respect of how many Claw-Back Offer Shares, or if you wish your Entitlement to lapse.

Entitlements not exercised will be deemed to have been declined and will lapse and you will not receive any economic benefit in respect of such lapsed Entitlement.

If you are not contacted, you should proactively contact your CSDP or broker and provide them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Claw-Back Offer Shares in terms of the Claw-Back Offer.

If you are not contacted and wish to follow your Entitlement in respect of the Claw-Back Offer, you should proactively contact your CSDP or broker and notify them of your acceptance of the Claw-Back Offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

CSDPs effect payment in respect of Dematerialised Shares on a delivery-versus-payment basis. You must ensure that you have sufficient funds in your account to settle the aggregate Claw-Back Offer price payable in respect of the Claw-Back Offer Shares for which you wish to subscribe.

DISCLAIMER

All transactions arising from the provisions of this Circular and the Form of Instruction shall be governed by and be subject to the laws of South Africa.

The Claw-Back Offer will not constitute an "offer to the public", as envisaged in Chapter 4 of the Companies Act and accordingly this Circular does not, nor does it intend to, constitute a "registered prospectus", as contemplated in Chapter 4 of the Companies Act.

This Circular and any accompanying documentation are not intended to, and do not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which it is unlawful to make such an offer. In those circumstances or otherwise if the distribution of this Circular and any accompanying documentation in jurisdictions outside of South Africa are restricted or prohibited by the laws of such jurisdiction, this Circular and any accompanying documentation are deemed to have been sent for information purposes only and should not be copied or redistributed.

Bauba does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the Claw-Back Offer and/or to obtain instructions from you to subscribe for the Claw-Back Offer Shares.

IMPORTANT DATES AND TIMES

2021

Claw-Back Offer Declaration Data announcement released on SENS	Tuesday, 2 November
Claw-Back Offer Finalisation announcement released on SENS	Thursday, 4 November
Publication of Circular, including Form of Instruction, on Bauba's website	Monday, 8 November
Last day to trade in Bauba Shares in order to be eligible to participate in the Claw-Back Offer on	Tuesday, 9 November
Bauba Shares trade ex the Claw-Back Offer from commencement of trade on	Wednesday, 10 November
Listing of and trading of Letters of Allocation on the JSE under JSE code "BAUN" and ISIN ZAE000304267 from commencement of trade on	Wednesday, 10 November
Circular, including Form of Instruction, distributed to Certificated Shareholders on	Thursday, 11 November
Record date for the Claw-Back Offer for purposes of determining the Bauba Shareholders entitled to participate in Claw-Back Offer (Initial Record Date) at the close of business on	Friday, 12 November
Claw-Back Offer opens at 09:00 on	Monday, 15 November
CSDP or broker accounts credited with Entitlements in respect of holders of Dematerialised Shares on	Monday, 15 November
Letters of Allocation credited to an electronic account held at the Transfer Secretaries in respect of holders of Certificated Shares on	Monday, 15 November
Circular distributed to Dematerialised Shareholders	Monday, 15 November
Last day to trade in Letters of Allocation on the JSE on	Tuesday, 23 November
Last day for Form of Instruction to be lodged with the Transfer Secretaries by 12:00 in respect of Certificated Shareholders wishing to sell all or part of their Entitlement	Tuesday, 23 November
Listing and trading of the Claw-Back Offer Shares commences on the JSE at 09:00 on	Wednesday, 24 November
Last day for Form of Instruction to be lodged with the Transfer Secretaries by 12:00 in respect of Certificated Shareholders wishing to subscribe for or renounce all or part of their Entitlement on	Friday, 26 November
Record date for Letters of Allocation (Final Record Date)	Friday, 26 November
Last day for restricted Shareholders to lodge qualified institutional buyers' investor letters to Bauba at 12:00 on	Friday, 26 November
Claw-Back Offer closes at 12:00 on	Friday, 26 November
CSDP or broker accounts credited with Claw-Back Offer Shares and debited with the payments due in respect of holders of Dematerialised Shares on	Monday, 29 November
Share certificates in terms of the Claw-Back Offer Shares posted to Certificated Shareholders on or about	Monday, 29 November
Claw-Back Offer Shares not subscribed for by existing Bauba Shareholders in terms of the Claw-Back Offer, issued to the Underwriters on	Monday, 29 November
Results of Claw-Back Offer announced on SENS on	Monday, 29 November
Results of Claw-Back Offer published in the press on	Tuesday, 30 November

Notes:

1. All dates and times in this Circular, which are local times in South Africa, are subject to change. Any such changes will be released on SENS and published in the press.
2. Bauba Shareholders are referred to page 3 of this Circular for information on the action required to be taken by them.
3. Share certificates may not be Dematerialised or Rematerialised between Wednesday, 10 November 2021 and Friday, 12 November 2021, both days inclusive.
4. Dematerialised Shareholders will have their accounts at their CSDP or broker credited with their Entitlements and Certificated Shareholders will have their Entitlements generated in electronic form and held at the Transfer Secretaries on Monday, 15 November 2021.
5. Dematerialised Shareholders will have their accounts at their CSDP or broker credited with the Claw-Back Offer Shares to the extent to which they have accepted the Claw-Back Offer. Share certificates will be posted, by registered post at the risk of Certificated Shareholders (or their renounees) to the extent to which they have accepted the Claw-Back Offer.
6. CSDPs effect payment in respect of Dematerialised Shareholders on a delivery-versus-payment method.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context otherwise indicates, references to the singular include the plural and vice versa, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“Bauba” or “the Company”	Bauba Resources Limited (Registration number 1986/004649/06), a public company duly registered and incorporated under the laws of South Africa and listed on the JSE;
“Bauba Shareholders” or “Shareholders”	holders of Bauba Shares;
“Bauba Shares” or “Shares”	ordinary shares of no par value in the authorised and issued share capital of Bauba;
“Board” or “Directors”	the board of directors of Bauba at the Last Practicable Date whose details are set out on page 10 of this Circular;
“Business Day”	any day other than a Saturday, Sunday or a public holiday in South Africa;
“Certificated Share”	a Bauba Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
“Certificated Shareholder”	a Bauba Shareholder who holds Certificated Shares;
“Circular”	this bound document, dated Monday, 8 November 2021, including the annexures hereto and incorporating a Form of Instruction;
“Claw-Back Offer”	the renounceable Claw-Back Offer by Bauba to Bauba Shareholders to subscribe for their <i>pro rata</i> portion of the Claw-Back Offer Shares;
“Claw-Back Offer Shares”	109 302 842 Bauba Shares to be issued pursuant to the Claw-Back Offer;
“Claw-Back Subscription Amount”	R33 883 881.02;
“Claw-Back Subscription Price”	the subscription price for the Claw-Back Offer, being R0.31 per Claw-Back Offer Share;
“Common Monetary Area”	South Africa, the Republic of Namibia and Kingdoms of Lesotho and Eswatini;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Computershare Investor Services” or “Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
“CSDP”	a Central Securities Depository Participant, accepted as a “participant” in terms of the Financial Markets Act and with whom a beneficial holder of shares holds a Dematerialised share account;
“Custody Agreement”	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of Dematerialised Shares;
“Dematerialisation”	the process whereby share certificates and any other Documents of Title to shares in a tangible form are Dematerialised into electronic form for the purposes of Strate;
“Dematerialised Share”	a Bauba Share which has been Dematerialised in terms of the requirements of Strate and the ownership of which is no longer evidenced by physical Documents of Title but by electronic records;
“Dematerialised Shareholder”	a Bauba Shareholder who holds Dematerialised Shares;
“Designated Bank Account”	the bank account, the details of which will be provided on request from the corporate actions department of the Transfer Secretaries, contactable during ordinary business hours on 0861 100 634 if calling from within South Africa and on +27 11 370 5000 if calling from outside of South Africa;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable document of title acceptable to Bauba in respect of Bauba Shares;

“EFT”	Electronic Funds Transfer;
“Emigrants”	former residents of the Common Monetary Area whose addresses are outside the Common Monetary Area;
“Entitlement”	a Shareholder's entitlement to subscribe for the Claw-Back Offer Shares in the ratio of 17.06485 Claw-Back Offer Shares for every 100 Shares held on the Initial Record Date, which entitlement arises as a result of the Claw-Back Offer;
“Exchange Control Regulations”	the Exchange Control Regulations, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Final Record Date”	the record date for determination of Shareholders entitled to receive the Claw-Back Offer Shares, being Friday, 26 November 2021;
“Financial Markets Act”	Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“Foreign Shareholders”	Shareholders that are registered in a jurisdiction outside of South Africa, or who are resident, domiciled or located in, or who are citizens of, a jurisdiction other than South Africa;
“Form of Instruction”	the enclosed form of instruction in respect of a Letter of Allocation reflecting the entitlement of Certificated Shareholders to subscribe for the Claw-Back Offer Shares in terms of the Claw-Back Offer, and on which Certificated Shareholders must indicate to the Transfer Secretaries, whether they wish to take up, renounce or sell all or part of their Entitlement;
“Group” or “Bauba Group”	Baubas and its Subsidiaries;
“Initial Announcement”	the announcement released on SENS on 29 September 2021 relating to the Board's intention to raise of R33 883 881.02 by way of a Claw-Back Offer;
“Initial Record Date”	the record date for determination of Shareholders entitled to participate in the Claw-Back Offer, being Friday, 12 November 2021;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Friday, 29 October 2021, being the last practicable date prior to the finalisation of this Circular;
“Letters of Allocation”	renounceable (nil paid) letters of allocation to be issued to Bauba Shareholders, in electronic form, pursuant to the Claw-Back Offer, conferring an entitlement to subscribe for Claw-Back Offer Shares in terms of the Claw-Back Offer and which are also referred to in this Circular in respect of holders of Certificated Shares as the Form of Instruction;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Merchantec Capital” or “Sponsor”	Merchantec Proprietary Limited (Registration number 2008/027362/07), a private company duly registered and incorporated under the laws of South Africa;
“Non-resident”	a person whose registered address is outside the Common Monetary Area;
“Pelagic”	Pelagic Resources PTE LTD (Registration number 201713062N), a limited liability private company duly incorporated in accordance with the laws of Singapore and which, as at the Last Practicable Date, holds 113 683 334 Shares, representing 17.75% of the issued share capital of Bauba;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Raubex”	Raubex Proprietary Limited (Registration number 1978/004596/07), a private company duly registered and incorporated under the laws of South Africa and which, as at the Last Practicable Date, holds 147 811 073 Shares, representing 23.08% of the issued share capital of Bauba;
“Register”	Baubas's securities register, including the Uncertificated Securities Register;
“Rematerialised”	a Dematerialised Share that is converted back into a Certificated Share;
“Respective Proportions”	each Underwriter's respective proportion of the Underwriting Commitment, being 43.5% in the case of Pelagic and 56.5% in the case of Raubex, as set out in the Underwriting and Share Subscription Agreement;

“Securities Act”	the United States Securities Act of 1933, as amended;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and which company is a registered Central Securities Depository in terms of the Financial Markets Act;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Uncertificated Securities Register”	the record of Dematerialised Shares administered and maintained by a CSDP and which forms part of the Register;
“Underwriting Commitment”	the obligation and undertaking by the Underwriters to subscribe for and take up, at the Claw-Back Subscription Price, all the Claw-Back Offer Shares not taken up by Bauba Shareholders pursuant to the Claw-Back Offer, which obligation and undertaking the Underwriters will incur and give effect to in their Respective Proportions;
“Underwriting and Share Subscription Agreement”	the agreement entered into between Bauba and the Underwriters on 30 September 2021 which governs, <i>inter alia</i> , the Underwriting Commitment;
“Underwriters”	Pelagic and Raubex for which additional information is set out in Annexure 3 to this Circular; and
“USA” or “US”	the United States of America.



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

Directors

Executive

JA Knowlden (*Financial Director and acting Chief Executive Officer*)

Non-executive

VS Edwards (*Chairperson*)*

TE Baring

JJ le Roux

E Nel*

Dr NM Phosa*

R Shedlock

JH Wessels

* *Independent*

CIRCULAR TO BAUBA SHAREHOLDERS

1. INTRODUCTION

As set out in the Initial Announcement released on SENS on 29 September 2021, Shareholders were advised that the Board intended to raise R33 883 881.02 by way of a renounceable claw-back offer pursuant to which Bauba Shareholders would be offered the right to subscribe for their *pro rata* portion of 109 302 842 Bauba Shares, being 17.06485 Claw-Back Offer Shares for every 100 Shares held on the Initial Record Date, at a subscription price of R0.31 per Claw-Back Offer Share.

In terms of the Underwriting and Share Subscription Agreement, the Underwriters have agreed to subscribe for those Claw-Back Offer Shares not taken up by Bauba Shareholders in accordance with their Entitlements in their Respective Proportions.

The purpose of this Circular is to furnish Bauba Shareholders with the relevant information pertaining to the Claw-Back Offer, including the terms and conditions thereof, in order to make an informed decision as to whether or not to participate in the Claw-Back Offer. The enclosed Form of Instruction in respect of the Letters of Allocation contains details of the Entitlement to which Certificated Shareholders are entitled, as well as the procedures for acceptance, sale or renunciation of Entitlement. Dematerialised Shareholders will be advised by their CSDP or broker of the Entitlement to which they are entitled, as well as the procedures for acceptance, sale or renunciation of Entitlement.

2. NATURE OF THE BUSINESS AND PROSPECTS OF BAUBA

2.1 Nature of the business

Bauba, which was established in July 2010 and has been listed on the Main Board of the JSE since September 2010, is a junior mining company focusing on the mining of chrome ore and the exploration of platinum group metals (**PGMs**). Bauba's primary focus areas are the following:

Moeijelijk Chrome Mine:

Bauba holds a 30-year chrome mining right over the farm Moeijelijk 412KS. The Moeijelijk Chrome Mine is an operating and expanding project exploiting underground chrome resources. It is situated on the Eastern Limb of the Bushveld Igneous Complex in the province of Polokwane, approximately 57 kilometres northwest of Burgersfort, with LG2, LG6A/6 and LG7 chrome ore-bearing reefs.

The existing mining right was granted on 13 July 2016 to mine chrome ore on the Moeijelijk farm. Mining commenced with opencast LG6 chrome ore selling a run-of-mine (**RoM**) to China. A wash plant, which produces primarily speciality grade concentrates with global sales, was subsequently developed in 2018.

The LG6 opencast was depleted in December 2019 and the Moeijelijk Chrome Mine is currently at an advanced stage of developing an underground chrome ore mine with a targeted steady state production of 30 000 tonnes per month of LG6 stoping ore. Currently, underground stoping production is 80% of the targeted steady state tonnes and still ramping up. This ramp up has been impacted by unforeseen adverse geological conditions requiring additional development and increased stoping panels.

At steady state, the operation is forecast to be low-cost and cash-generative through the exploitation of its near-surface underground chrome resource delivering premium priced speciality grade chrome ore concentrates from its wash plant.

Bauba Platinum Project:

The Bauba platinum project is a high-quality PGM prospecting project that is situated within a prime segment of the Eastern Limb of the Bushveld Igneous Complex. The project lies in the heart of the world's best-known platinum region, where a number of neighbouring companies are successfully prospecting and mining platinum group elements (**PGEs**) from the Merensky and UG2 reefs.

Bauba holds PGE mineral rights over eight farms which make up the Bauba PGM exploration assets that extend across approximately 14 390 hectares within the Leolo mountain range in the Limpopo province, some 40 kilometres northwest of the town of Steelpoort and 245 kilometres northeast of Johannesburg. The properties are grouped into the Northern and Southern Clusters.

Applications for retention permits under section 31(1) of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) ("**MPRDA**") for the Group's prospecting rights were submitted on 13 July 2015. The granting (if so) of such retention permits would in essence suspend any further obligatory expenditure and work on these platinum assets for a period of three years from the date of grant of such retention permits. As an alternative, the Group has also applied for a mining right over the same areas, which application is currently being processed by the South African Department of Mineral Resources and Energy ("**DMRE**").

On 17 February 2016, the aforesaid retention permits received a positive recommendation from the chief mine economist of the DMRE, Limpopo region. The retention rights have not yet been granted and Bauba is currently awaiting feedback from the DMRE.

Kookfontein Chrome Project:

On 19 July 2019, the Group entered into a Sale of Shares and Claims Agreement to acquire the majority shareholding in Nuco Chrome Bophuthatswana Proprietary Limited ("**Nuco Chrome**") for an aggregate purchase consideration of R60 million which represents 74% of Nuco Chrome's issued share capital. Section 11 approval from the DMRE was obtained in May 2021 and the transaction was completed on 2 July 2021.

Nuco Chrome is an exploration company with mineral rights for various minerals, including chrome ore and PGEs. The project is considered an advanced exploration project where exploration work was conducted during 2015 and 2016.

The Kookfontein mineral right areas are approximately 5 kilometres north, northeast of the town of Rustenburg and lie directly east and adjacent to the town of Phokeng.

The mining right was granted in September 2016 for UG2 and UG1 chrome ore bearing reefs and an additional mining right application was accepted in March 2020 for MG and LG chrome ore bearing reefs, with the associated environmental studies and applications currently in progress as per regulatory requirements to allow the development of a chrome ore spiral wash plant, PGM concentrator to produce a PGM concentrate from the fine chrome tailings and an associated tailings storage facility.

Opencast mining of fresh UG2 has commenced with Nuco Chrome planning to reach steady state production of 30 000 tonnes per month of fresh and transitional UG2 ore in October 2021. This first phase of opencast mining will target approximately 400 000 tonnes of opencast fresh and transitional UG2 ore. The price of PGMs has recently dropped due to a shortage of semiconductor chips negatively impacting demand for autocatalytic converters. The Kookfontein UG2 project has an anticipated 18-month life. Thereafter, Bauba will commence mining the opencast LG/MG and UG1 chrome ore seams on this project.

Hartebeesfontein Chrome Project:

Bauba owns 70% in the Hartebeesfontein project. Exploration work is still being conducted with no chrome discovered to date, however, a high-level study and conceptual tonnage estimate was completed during 2018 and 2019 over the Brits prospecting right portion.

The Hartebeesfontein mineral right areas are approximately 8 kilometres south of Brits and 5 kilometres north of Schoemansville in the magisterial districts of Bojanala Platinum District Municipality and Madibeng Magisterial District.

Bauba received a grant for a prospecting right to explore over thirteen portions of the Hartebeesfontein Farm. The prospecting right for chrome and PGMs was granted in March 2020.

COVID-19

Bauba's operating environment in the financial year ended 30 June 2021 ("**2021 financial year**") was dominated by the continued fallout from the COVID-19 pandemic. Since the first case was recorded in South Africa in March 2020, the pandemic has strained global markets and economies and the ability of many organisations to cope with the changes wrought by the virus and the related lockdowns. COVID-19-related issues experienced, included extremely weak chrome ore pricing, extremely high operating costs during the lockdown with limited production, no underground mining, delayed underground development and associated ramp up of stoping production and financing pressure. Vaccination rates in South Africa have increased, however, a significant portion of the population remains sceptical of the vaccine and it may take the country longer than expected to reach its 67% herd immunity target.

Bauba initiated vaccination drives at its operations, aiming to have 70% of employees fully vaccinated by the end of November 2021. The protection of the lives and livelihoods of Bauba's employees remains a primary focus.

Financial and operational review

The COVID-19 lockdown significantly delayed the development of Bauba's underground operations with material lockdown and start-up costs as well as a delayed restart due to a change in the underground mining contractor. During lockdown, low chrome ore pricing did not justify running the underground operation at 50% capacity due to significantly higher mining costs. Bauba did not, therefore, produce any material from its underground operations from April to June 2020. The 2021 financial year began three months after the announcement of the national lockdown with minimal tonnes produced in July and August 2020 as these were site establishment months.

Ramp up in production thereafter progressed positively to over 25 000 tonnes of material hauled in September and October 2020. Average tonnes produced for the first six months of the 2021 financial year was 21 260 tonnes, followed by an improved average production of 27 820 tonnes in the final six-month period. Production was hampered by geological challenges that resulted in loss of face length and necessitated additional development expenditure. These challenges are being addressed. The Group achieved production of 32 900 tonnes of material hauled in July 2021 and 29 340 tonnes in August 2021. Total RoM production for the 2021 financial year was 294 480 tonnes (2020: 205 950 tonnes), with 182 390 tonnes (2020: 147 700 tonnes) of chrome concentrate sold. Lower wash plant yields in the 2021 financial year was due to the high on-reef development tonnes (including in-stope) in proportion to stoping tonnes while the ramp up is still progressing.

Chrome ore CIF prices for benchmark 42% concentrate (as reported by FerroAlloyNet) averaged US\$148 per tonne (China CIF) for July 2020 to June 2021. The price as at 30 June 2021 was US\$160 per tonne (China CIF) but this strengthened slightly to US\$165 (China CIF) in mid-September 2021. During the 2020 financial year, prices averaged US\$142 per tonne (China CIF). The price of foundry sand has, however, not increased in line with the metallurgical grade chrome concentrate price.

Freight costs during the 2021 financial year more than doubled (in US\$ terms) compared to the previous financial period. The increase in freight pricing to record levels has been caused by global demand exceeding available capacity and new capacity not becoming available quickly enough. In South Africa, factors negatively impacting freight costs include the COVID-19 pandemic, key port terminal assets requiring regular maintenance, the July 2021 civil unrest, the port cyber-attack and poor port operations.

Revenue increased by 6,4% to R277.1 million, driven by a 23,5% increase in the sale of chrome concentrate. During the 2021 financial year, no opencast RoM was sold (2020: 66 860 tonnes), which negatively impacted on the revenue realised.

Shareholders are referred to the Mineral Resources and Mineral Reserves Report as disclosed in the 2021 integrated annual report.

2.2 Prospects

Risks still remain of reduced global demand due to production capacity constraints in China and the uncertainty posed by potential additional COVID-19 waves, despite the availability of vaccines, and record freight costs.

The market price for 42% chrome concentrate increased from US\$160 per tonne (China CIF) as at 30 June 2021 to US\$165 per tonne (China CIF) in mid-September 2021, while the ZAR/US\$ exchange rate weakened from 14,28 to 15,04 as at 11 October 2021. If the chrome prices drop below the current level for an extended period, or if the ZAR/US\$ exchange rate strengthens, it could cause material uncertainty for the Group to meet its obligations as they fall due.

Global market uncertainties, driven by capacity constraints at Chinese factories and the risk of further COVID-19 waves (and potential lockdowns), continue to lower the global demand for stainless steel and, in turn, the demand for chrome ore. The proposed chrome ore export tax in South Africa to support the local ferrochrome industry has also created further uncertainty. These issues will continue to have a negative impact on short-term chrome ore

pricing and, together with higher local supply chain costs, will result in Bauba's chrome ore revenue generated per tonne remaining subdued. Bauba is, however, optimistic that its future profit margins will be cushioned by continued sales of premium speciality chrome ore concentrates and that long-term pricing will improve to above the industry's cost of production.

Since the 30 June 2021 year end, opencast mining commenced at Bauba's Kookfontein project near Rustenburg. This first phase of opencast mining will target approximately 400 000 tonnes of opencast fresh and transitional UG2 ore. The price of PGMs has recently dropped due to a shortage of semiconductor chips negatively impacting demand for autocatalytic converters. The Kookfontein UG2 project has an anticipated 18-month life. Thereafter, Bauba will commence mining the opencast LG/MG and UG1 chrome ore seams on this project. The mining of these additional chrome ore seams require this ore to be beneficiated into a saleable product through a wash plant. This chrome ore wash plant with associated tailings storage facility will require significant capital for development.

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 as the Group's operating results are subject to changes in the average chrome and PGM prices and US\$ exchange rate.

The Directors intend to raise further capital in the short term as part of the Group's growth strategy.

3. TERMS OF THE CLAW-BACK OFFER

3.1 Background and rationale

- 3.1.1 In terms of the Underwriting and Share Subscription Agreement, Bauba will raise R33 883 881.02 from Shareholders by way of a fully subscribed Claw-Back Offer, at a price of R0.31 per Claw-Back Offer Share.
- 3.1.2 The Claw-Back Offer, which enables Bauba to accelerate the raising of funds, provides Shareholders with an equal opportunity to participate in the recapitalisation of the Company.
- 3.1.3 Whilst the Claw-Back Offer did not receive the unanimous support of the full Board, approval to proceed with the Claw-Back Offer was voted in favour thereof by the majority of the Board.

3.2 Use of funds

- 3.2.1 The funds raised in terms of the Claw-Back Offer will be used for working capital and limited capital expenditure commitments. As mentioned in paragraph 2.2 above, an additional larger capital raise will be required in the future to fund larger capital projects such as the Kookfontein chrome ore spiral wash plant and upgrades to the Moeijelijk operation for key capital projects such as Eskom and a fine chrome recovery plant.

3.3 Particulars of the Claw-Back Offer

- 3.3.1 All Shareholders and/or their renounees will be offered the Entitlement to subscribe for their *pro rata* portion, by way of a renounceable Claw-Back Offer, of the Claw-Back Offer Shares.
- 3.3.2 In terms of the Claw-Back Offer:
 - 3.3.2.1 a total of 109 302 842 Claw-Back Offer Shares will be offered to Shareholders;
 - 3.3.2.2 each Shareholder will be entitled to subscribe for 17.06485 Claw-Back Offer Shares for every 100 Shares held by them on the Initial Record Date; and
 - 3.3.2.3 the subscription price will be R0.31 per Claw-Back Offer Share.
- 3.3.3 Upon allotment and issue, the Claw-Back Offer Shares will rank *pari passu* in all respects, including dividends, with the existing ordinary Shares in issue.
- 3.3.4 Shareholders will not be obliged to take up their full allocation of Claw-Back Offer Shares, and may take up a part only.
- 3.3.5 Letters of Allocation in respect of 109 302 842 Claw-Back Offer Shares will be listed from the commencement of business on Wednesday, 10 November 2021 to close of business on Tuesday, 23 November 2021, both days inclusive. The Letters of Allocation may only be traded in Dematerialised form and, accordingly, Bauba has issued all Letters of Allocation in Dematerialised form. The Claw-Back Offer Shares cannot be traded before such Shares are listed on the JSE on Wednesday, 24 November 2021.
- 3.3.6 The Claw-Back Offer will open at 09:00 on Monday, 15 November 2021 and close at 12:00 on Friday, 26 November 2021.

- 3.3.7 The subscription price will be payable in Rand and in full upon acceptance by Certificated Shareholders, or on a delivery-versus-payment basis by the CSDP or broker of Dematerialised Shareholders who have accepted the Claw-Back Offer.

3.4 Entitlement

- 3.4.1 Bauba Shareholders will receive the Entitlement to subscribe for 17.06485 Claw-Back Offer Shares for every 100 Shares held on the Initial Record Date, being Friday, 12 November 2021.
- 3.4.2 Bauba Shareholders who hold less than 100 Bauba Shares or who do not hold a multiple of 100 Bauba Shares, will be entitled, in respect of such holdings, to participate in the Claw-Back Offer in accordance with the table of entitlement set out in **Annexure 1** to this Circular.
- 3.4.3 The allocation of Claw-Back Offer Shares will be such that Shareholders will not be allocated a fraction of a Claw-Back Offer Share and as such any entitlement to receive a fraction of a Claw-Back Offer Share which:
- 3.4.3.1 is less than one-half of a Claw-Back Offer Share, will be rounded down to the nearest whole number;
- 3.4.3.2 is equal to or greater than one-half of a Claw-Back Offer Share but less than a whole Claw-Back Offer Share, will be rounded up to the nearest whole number.
- 3.4.4 Certificated Shareholders will have their Entitlements credited to a nominee account in electronic form, which will be administered by the Transfer Secretaries on their behalf. The enclosed Form of Instruction reflects the number of Claw-Back Offer Shares for which the Certificated Shareholder is entitled to subscribe. The procedure to be followed by Certificated Shareholders for the acceptance, sale or renunciation of their Entitlement is reflected on the Form of Instruction. If by 12:00 on Friday, 12 November 2021, Certificated Shareholders do nothing in response to this Claw-Back Offer, their Entitlements will lapse and will be allocated to the Underwriters in terms of the Underwriting and Share Subscription Agreement.
- 3.4.5 Dematerialised Shareholders will not receive a Form of Instruction. Dematerialised Shareholders will have their Entitlement to subscribe for Claw-Back Offer Shares automatically credited in electronic form to their account held by their appointed CSDP or broker. The CSDP or broker will advise Dematerialised Shareholders of the procedure to be followed and the timing for the acceptance, sale, renunciation or lapsing of such Entitlements.
- 3.4.6 The Letters of Allocation to which the Form of Instruction relate are transferrable and can be renounced or sold on the JSE.

3.5 Excess applications

- 3.5.1 Bauba Shareholders may not apply for any excess Claw-Back Offer Shares.

4. PROCEDURE FOR ACCEPTANCE, RENUNCIATION AND SALE OF ENTITLEMENTS

4.1 Certificated Shares

Any instruction by Certificated Shareholders to accept, sell or renounce some or all of the Claw-Back Offer Shares allocated to them may only be made by means of the enclosed Form of Instruction.

4.1.1 Acceptance of Entitlements

- 4.1.1.1 Certificated Shareholders wishing to subscribe for all or part of their Entitlement in terms of the enclosed Form of Instruction must complete such Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the subscription price with the Transfer Secretaries at the addresses set out in the inside cover of this Circular, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 26 November 2021. Once received by the Transfer Secretaries, the acceptance is irrevocable and may not be withdrawn.
- 4.1.1.2 If payment is not received on or before 12:00 on Friday, 26 November 2021, the day of closing of the Claw-Back Offer, the Certificated Shareholder will be deemed to have declined the Claw-Back Offer and to subscribe for the Claw-Back Offer Shares pursuant to the Claw-Back Offer.
- 4.1.1.3 Shareholders are advised to deliver their completed Forms of Instruction together with their proof of EFT payment and EFT reference number to the Transfer Secretaries as set out in the enclosed Form of Instruction and in accordance with the provisions of the section of this Circular titled "Action Required by Bauba Shareholders". Certificated Shareholders are reminded of the postal restrictions resulting from COVID-19.

4.1.2 Renunciation or sale of Entitlements

- 4.1.2.1 Certificated Shareholders not wishing to subscribe for all or part of the Claw-Back Offer Shares to which they are entitled as reflected in the Form of Instruction, may either sell or renounce all or part of their Letters of Allocation.
- 4.1.2.2 Certificated Shareholders who wish to sell all or part of their Letters of Allocation must complete Form A in the enclosed Form of Instruction and return it to the Transfer Secretaries to be received by no later than 12:00 on Tuesday, 23 November 2021.
- 4.1.2.3 The Transfer Secretaries will endeavour to procure the sale of the Letters of Allocation on the JSE on behalf of such Certificated Shareholders and will remit the net proceeds thereof in accordance with their payment instructions. **In this regard, neither the Transfer Secretaries nor Bauba will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained or any failure to sell such Letters of Allocation.**
- 4.1.2.4 Certificated Shareholders wishing to sell their Letters of Allocation will be liable to pay the Transfer Secretaries an amount of R154.48 (one hundred and fifty four Rand and forty eight cents) (all inclusive) for trades having a value of less than or equal to R40 000.00 (forty thousand Rand) and an amount equal to R154.48 (one hundred and fifty four Rand and forty eight cents) plus 0.35% of the value of the trades, plus VAT for trades with a value of R40 000.00 (forty thousand Rand) or more.
- 4.1.2.5 Certificated Shareholders who wish to renounce all or part of their Letters of Allocation in favour of any named renounee must complete Form B in the enclosed Form of Instruction, and the renounee must complete Form C in the enclosed Form of Instruction and return it to the Transfer Secretaries, to be received by no later than 12:00 on Friday, 26 November 2021.

4.1.3 Payment

- 4.1.3.1 The amount due on acceptance of the Claw-Back Offer is payable in Rand.
- 4.1.3.2 An EFT accompanied by an EFT reference number (obtainable from the Transfer Secretaries' on 0861 100 634 if calling within South Africa; +27 11 370 5000 if calling outside of South Africa; or via email at corporate.events@computershare.co.za), together with a properly completed Form of Instruction, should be clearly marked "**Bauba Resources Limited – Claw-Back Offer**", and emailed to:
- Bauba Resources Limited – Claw-Back Offer**
c/o Computershare Investor Services Proprietary Limited
corporate.events@computershare.co.za,
- so as to be received by no later than 12:00 on Friday, 26 November 2021.
- 4.1.3.3 Payments by way of cheques or banker's drafts will not be accepted.
- 4.1.3.4 Money received in respect of an application that is rejected or otherwise treated as void by Bauba, or which is otherwise not validly received in accordance with the terms stipulated, will be refunded by way of EFT (without interest) in Rand to the applicant concerned on or about Friday, 26 November 2021.

4.1.4 Bauba Share Certificates

- 4.1.4.1 Share Certificates in respect of Claw-Back Offer Shares will be posted by registered post by the Transfer Secretaries, at the risk of the Certificated Shareholders concerned, on or about Monday, 29 November 2021. As Bauba uses the "certified transfer deeds and other temporary documents of title" procedure approved by the JSE, only "block" certificates will be issued in respect of Claw-Back Offer Shares.
- 4.1.4.2 Certificated Shareholders receiving Claw-Back Offer Shares in Certificated format must note that such Shares cannot trade on the JSE until they have been Dematerialised. This could take between one and ten days.

4.2 Dematerialised Shares

4.2.1 Acceptance, renunciation or sale of Entitlements

- 4.2.1.1 Dematerialised Shareholders will not receive a printed Form of Instruction and should receive notification from their CSDP or broker regarding their Entitlements pursuant to the Claw-Back Offer.

- 4.2.1.2 Dematerialised Shareholders wishing to follow their Entitlements in respect of the Claw-Back Offer should notify their duly appointed CSDP or broker of their acceptance of the Claw-Back Offer in the manner and time stipulated in the custody agreement governing the relationship between themselves and their CSDP or broker.
- 4.2.1.3 Dematerialised Shareholders wishing to sell or renounce all or part of their Letters of Allocation should make the necessary arrangements with their CSDP or broker in the manner and time stipulated in the custody agreement governing the relationship between themselves and their CSDP or broker.
- 4.2.1.4 **Bauba does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify Shareholders of the Claw-Back Offer and/or to obtain instructions from Shareholders to subscribe for the Claw-Back Offer Shares.**

4.2.2 Payment

- 4.2.2.1 The CSDP or broker will effect payment on behalf of Dematerialised Shareholders in respect of Entitlements followed, in Rand, on Monday, 29 November 2021 on a delivery-versus-payment basis.
- 4.2.2.2 Dematerialised Shareholders who wish to accept the Claw-Back Offer Shares should ensure that the necessary funds are deposited with the relevant CSDP or broker.

4.2.3 Claw-Back Offer Shares

- 4.2.3.1 Dematerialised Shareholders will have their accounts credited with the Claw-Back Offer Shares subscribed for in terms of the Claw-Back Offer, on Monday, 29 November 2021.

5. UNDERWRITING AND SHARE SUBSCRIPTION AGREEMENT

- 5.1 Bauba has entered into an agreement with the Underwriters in terms of which, *inter alia*:
 - 5.1.1 Bauba received the Claw-Back Subscription Amount on 30 September and 1 October 2021;
 - 5.1.2 Bauba will issue the applicable Claw-Back Offer Shares to those Shareholders and/or their renounees subscribing for the Claw-Back Offer Shares against receipt of payment for such Claw-Back Offer Shares allocated to them in accordance with the provisions of this Circular;
 - 5.1.3 Bauba will notify the Underwriters, in writing, of the number of Claw-Back Offer Shares not taken up by Shareholders and/or their renounees pursuant to the Claw-Back Offer and the consequent number of remaining Claw-Back Offer Shares ("**Remaining Claw-Back Offer Shares**") to be allocated to the Underwriters in their Respective Proportions. For the avoidance of doubt, all Entitlements which have lapsed shall be allocated to the Underwriters;
 - 5.1.4 Bauba will issue those Remaining Claw-Back Offer Shares, after completion of the allocations referred to in paragraph 5.1.2 above, to the Underwriters;
 - 5.1.5 on the Business Day following the date on which the Claw-Back Offer closes, Bauba shall repay to the Underwriters their Respective Proportions of the Claw-Back Subscription Amount, which portion shall be equal to the amount received by the Company pursuant to the subscription of the Claw-Back Offer Shares by Shareholders and/or their renounees that have validly accepted the Claw-Back Offer.
- 5.2 In terms of the Underwriting and Share Subscription Agreement, no underwriting fee is payable by Bauba to the Underwriters.
- 5.3 As at the date of signature of the Underwriting and Share Subscription Agreement, the Board had made due and careful enquiry to confirm that the Underwriters could meet their commitments in terms of the Underwriting and Share Subscription Agreement.
- 5.4 Details of the Underwriters, as required in terms of the Listings Requirements, are set out in **Annexure 3** to this Circular.

6. JSE LISTINGS

The JSE has granted listings for the Letters of Allocation and the Claw-Back Offer Shares as follows:

- 6.1 Letters of Allocation in respect of 109 302 842 Claw-Back Offer Shares will be listed from the commencement of trade on Wednesday, 10 November 2021 to close of business on Tuesday, 23 November 2021, both days inclusive, under the JSE code: BAUN and ISIN: ZAE000304267; and

- 6.2 109 302 842 Claw-Back Offer Shares will be listed with effect from the commencement of trade on Wednesday, 24 November 2021.

7. EXCHANGE CONTROL REGULATIONS

The following is intended only as a guide and is therefore not a comprehensive statement of the Exchange Control Regulations. Bauba Shareholders who are in any doubt as to the appropriate course of action to take should consult their professional advisers.

The Claw-Back Offer Shares to be issued pursuant to the Claw-Back Offer are not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

Bauba Shareholders who are not resident in the Common Monetary Area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their Entitlements in terms of the Claw-Back Offer.

7.1 As per section G.B(v) of the Currency and Exchanges Manual for Authorised Dealers:

"In terms of the Exchange Control Regulations of South Africa, non-residents of the Common Monetary Area will be allowed to:

- (1) take up rights allocated in terms of the offer;*
- (2) purchase letters of allocation on the JSE Limited;*
- (3) subscribe for new ordinary shares arising from letters of allocation purchased on the JSE Limited; and*
- (4) purchase excess shares that have been applied for in terms of the offer (if applicable);*

provided that payment is received in foreign currency or in Rand from a Non-resident Rand account in the name of the non-resident and/or Rand from a vostro account held in the books of the Authorised Dealer.

All applications by non-residents for the above purposes must be made through an Authorised Dealer. Shares subsequently rematerialised and issued in certificated form, will be endorsed 'Non Resident'.

Where a right in terms of the offer falls due to a former resident of the Common Monetary Area, which right is based on shares controlled in terms of the Exchange Control Regulations, only funds in the emigrant's capital account may be used to take up this right. In addition, such funds may also be used to:

- (1) purchase letters of allocation on the JSE Limited;*
- (2) subscribe for new ordinary shares arising from the letters of allocation purchased on the JSE Limited; and*
- (3) purchase excess shares that have been applied for in terms of the offer (if applicable).*

Applications by emigrants to use funds in their capital account for the above purposes must be made through the Authorised Dealer controlling their remaining assets. Any shares issued pursuant to the use of funds in the emigrant capital account will be credited to their share accounts at the central securities depository participant controlling their remaining portfolios. The sale proceeds of letters of allocation, if applicable, will be returned to the Authorised Dealer for credit to such emigrants' capital accounts."

7.2 Accordingly, with respect to Bauba Shareholders who are:

7.2.1 Non-residents:

7.2.1.1 In terms of the Exchange Control Regulations, non-residents of the Common Monetary Area will be allowed to:

7.2.1.1.1 take up Entitlements in respect of Claw-Back Offer Shares allocated to them in terms of the Claw-Back Offer;

7.2.1.1.2 purchase Letters of Allocation on the JSE; and

7.2.1.1.3 subscribe for the Claw-Back Offer Shares in terms of the Claw-Back Offer,

provided payment is received in foreign currency through normal banking channels or in Rand from a non-resident account.

7.2.1.2 Share Certificates issued pursuant to the application will be endorsed "non-resident".

In respect of Bauba Shareholders taking up their Entitlements in terms of the Claw-Back Offer:

7.2.1.2.1 a "non-resident" endorsement will be applied to Forms of Instruction issued to non-resident Certificated Shareholders; or

7.2.1.2.2 a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident Dematerialised Shareholders.

7.2.1.3 All applications by non-residents for the above purposes must be made through a South African authorised dealer. Where Entitlements are sold on the JSE on behalf of non-residents, the proceeds of such sale are freely remittable through a South African authorised dealer in foreign exchange.

7.2.2 Emigrants:

7.2.2.1 Where an Entitlement in terms of the Claw-Back Offer falls due to an emigrant, which Entitlement is based on Shares blocked in terms of Exchange Control Regulations, only then may blocked funds be used to:

7.2.2.1.1 take up Entitlements allocated to such emigrant in terms of the Claw-Back Offer;

7.2.2.1.2 purchase Entitlements on the JSE; and

7.2.2.1.3 subscribe for the Claw-Back Offer Shares in terms of the Claw-Back Offer.

7.2.2.2 Applications by emigrants using blocked Rand for the above purposes must be made through the South African authorised dealer controlling their blocked assets. Shares issued pursuant to blocked Rand transactions will be credited to the blocked Rand accounts under the control of the CSDP.

7.2.2.3 Where Entitlements are sold on the JSE on behalf of emigrants, which Entitlements are based on Shares which are blocked in terms of the Exchange Control Regulations, the proceeds of such sales will be credited to the blocked Rand accounts of the Bauba Shareholders concerned.

7.2.2.4 Non-resident and emigrant Dematerialised Shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

8. JURISDICTION

- 8.1 The distribution of this Circular and/or accompanying documents and/or the transfer of the Claw-Back Offer Shares and/or the Entitlement to subscribe for Claw-Back Offer Shares in jurisdictions other than South Africa may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction in which it is illegal to make the Claw-Back Offer. In such circumstances this Circular is not addressed to such Shareholders and the Claw-Back Offer is made only to qualifying Shareholders.
- 8.2 Any Shareholder resident outside the Common Monetary Area who receives the Circular and Form of Instruction should obtain advice as to whether any governmental and/or any other legal consent is required and/ or any other formality must be observed to enable such a subscription to be made in terms of the enclosed Form of Instruction.
- 8.3 The Claw-Back Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer (“**Restricted Territories**”) and the Circular and Form of Instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.
- 8.4 The Claw-Back Offer Shares have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States. This Circular does not constitute an offer to sell or a solicitation of an offer to buy any of the Claw-Back Offer Shares offered hereby within the USA, and the Claw-Back Offer Shares offered herein may not be offered, sold, resold or delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, U.S. persons unless registered under the Securities Act and applicable state securities laws, or pursuant to an exemption from such registration requirements as described herein. “United States” and “U.S. persons” are defined in Regulation S under the Securities Act.
- 8.5 The Claw-Back Offer contained in the Circular does not constitute an offer in the District of Columbia, the USA, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non-qualifying Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Claw-Back Offer, or trade their Entitlement. Shareholders holding Bauba Shares on behalf of persons who are non-qualifying Shareholders are responsible for ensuring that taking up the Claw-Back Offer, or trading in their Entitlements under that offer, do not breach regulation in the relevant overseas jurisdictions.
- 8.6 Subject to certain exceptions, Shareholders with a registered address in the Restricted Territories will be treated as non-exercising holders and Bauba expects that the applicable Entitlements will be sold by the Transfer Secretaries on behalf of such Shareholders.

The cash proceeds therefrom will be distributed to such Shareholders (net of applicable fees, expenses, taxes and charges) in proportion to such Shareholder's Entitlement to the Claw-Back Offer Shares. There can be no assurances as to what price such Shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt to the extent applicable.

9. TAX CONSEQUENCES OF THE CLAW-BACK OFFER

The Directors are of the opinion that the purchase, holding and disposal of the Letters of Allocation or Claw-Back Offer Shares should, for taxation purposes, be treated according to the usual rules relating to the categorisation of an asset and its return as capital or revenue and accordingly, Bauba Shareholders are advised to consult their professional advisers regarding the tax consequences of the Claw-Back Offer.

10. DIRECTORS OF BAUBA

The Board is currently comprised of eight Directors, seven of whom are non-executive Directors (of which three are independent) and one is an executive Director.

There will be no change to the composition of the Board, nor will the remuneration of the Directors be varied, as a result of the Claw-Back Offer.

11. DIRECTORS' INTEREST

As at the Last Practicable Date, the following Directors (and their associates) and persons who are no longer Directors (having resigned during the last 18 months), held, directly or indirectly, approximately 5.47% of the total issued share capital of Bauba as follows:

Director	Beneficial		Total shares	Total %
	Direct	Indirect		
NPJ van der Hoven/NW van der Hoven ²	–	24 540 443	24 540 443	3.83
King TV Thulare ³	–	9 933 033	9 933 033	1.55
Dr NM Phosa	–	–	–	–
JA Knowlden	300 735	–	300 735	0.05
M Luyt ²	–	238 800	238 800	0.04
DS Smith ²	–	–	–	–
TE Baring ⁴	–	–	–	–
VS Edwards ⁵	–	–	–	–
JJ le Roux ⁶ /R Shedlock ⁷	–	–	–	–
E Nel ⁵	–	–	–	–
AM Slabber ⁵	–	–	–	–
JH Wessels ⁸	–	–	–	–
F Geldenhuys ⁹	–	–	–	–
T Makgale ¹⁰	–	–	–	–
Total	300 735	34 712 276	35 013 011	5.47

Notes:

- There have been no changes to the Directors' interests (or of their associates), between the financial year ended 30 June 2021 and the Last Practicable Date save for:
 - the sale on 4 October 2021 of 1 255 128 Shares by the Math-Pin Trust, of which Dr NM Phosa is a Trustee.
- Resigned on 30 July 2021.
- Passed away on 6 January 2021.
- Appointed on 22 January 2021, as nominated by Pelagic which holds 113 683 334 Shares.
- Appointed on 5 August 2021. AM Slabber, being a trustee of The Dunkeld Trust which holds 6 060 100 Shares, resigned on 29 October 2021.
- Appointed on 1 April 2021, as nominated by Raubex which holds 147 811 073 Shares.
- Appointed on 2 April 2021, as nominated by Raubex which holds 147 811 073 Shares.
- Appointed on 7 April 2021.
- Appointed on 5 August 2021 and resigned on 15 September 2021.
- Resigned on 1 October 2021.
- The Directors may participate in the Claw-Back Offer. Such participation may result in a change to the number of Shares held by the Directors on implementation of the Claw-Back Offer.

12. SHARE CAPITAL

The authorised and issued share capital of Bauba before and after the Claw-Back Offer is set out in the table below.

Before the Claw-Back Offer	R'000
Authorised share capital	
750 000 000 ordinary shares of no par value	
Issued share capital	
640 514 656 ordinary shares of no par value	602 432
Total issued share capital	602 432

Bauba currently holds no treasury shares.

After the Claw-Back Offer	R'000
Authorised share capital	
750 000 000 ordinary shares of no par value	
Issued share capital	
749 817 498 ordinary shares of no par value	636 316
Total issued share capital	636 316

Bauba will not hold treasury shares.

13. MATERIAL LOANS

At the Last Practicable Date, Bauba and its Subsidiaries had the following material loans payable:

Lender	Security	Amount US\$	Terms	Rate
Pelagic	Unsecured	3 800 000	Loan granted April 2021, repayable in 30 equal monthly instalments, commencing at the end of January 2022.	6.25% (fixed interest rate) plus 5.00% structuring fee and 2.75% administration fee
Pelagic	Unsecured	2 615 000	Loan granted March 2020, repayable in 33 equal monthly instalments, last repayment April 2023.	3-month LIBOR plus 6.45%

The aforementioned loans, which arose in the ordinary course of business, were used to finance the acquisition of the remaining 52% of Nuco Chrome as referred to in paragraph 2.1 above and for the development of Nuco Chrome's opencast operations, and to finance the expansion of the underground operations at the Group's Moeijelijk Mine. Debt repayments are made through utilisation of cash generated in the ordinary course of business. No material loan covenants have been impacted by COVID-19. Material covenants include: non-payment of amounts on due dates; insolvency (ie. the borrower's inability to pay its debts as they fall due and/or the value of the assets of the borrower being less than its liabilities); the suspension or ceasing of operations; qualification of annual financial statements of the borrower; and non-adherence to the terms of the offtake agreement.

14. MATERIAL RISKS

The material risks which are specific to Bauba are set out in **Annexure 5** to this Circular.

15. SHARE TRADING HISTORY OF BAUBA

The highest, lowest and closing prices of Bauba Shares traded on the JSE for the 12 months prior to the date of issue of this Circular and for the 30 trading days preceding the Last Practicable Date, together with the relevant volumes in respect thereof, are set out in **Annexure 2** to this Circular.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out on page 10 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and certify that, to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable

enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

17. CONSENTS

The Corporate Adviser and Sponsor and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not withdrawn their consents prior to publication of this Circular.

18. COSTS

The total estimated costs relating to the Claw-Back Offer, which amount to approximately R825 500 excluding VAT, are detailed in the table below:

Nature of cost	Paid/Payable to	Estimated amount (R)
Corporate Adviser and Sponsor fee	Merchantec Capital	600 000
JSE documentation fee	JSE	31 420
JSE listing fee	JSE	64 980
Transfer Secretaries fees	Computershare Investor Services	60 900
Strate fees	Strate	23 000
Exchange Control fees	Nedbank Limited	2 100
Printing, publication and distribution	Purple Frog	43 100
Total		825 500

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Bauba and the office of the Sponsor which addresses are set out in the "Corporate information" section of this Circular, during normal business hours from Thursday, 11 November 2021 up to and including Friday, 26 November 2021:

- this Circular and the Form of Instruction;
- the Memoranda of Incorporation of Bauba and its major Subsidiaries;
- the Underwriting and Share Subscription Agreement;
- the Subscription Agreement between Bauba Resources Limited and Pelagic Resources PTE LTD dated 21 December 2020 (and the addenda thereto);
- the Share Subscription Agreement between Raubex Proprietary Limited and Bauba Resources Limited dated 5 March 2021 (and the addenda thereto);
- the independent Competent Persons' Report on the Moeijelik Chromite Mineral Asset dated 19 August 2014 and the update thereto dated 22 April 2016;
- the independent Competent Persons' Report on the Platinum Group Metal Assets of Bauba Platinum Limited dated 12 August 2014;
- the written consents referred to in paragraph 17 above;
- the powers of attorney signed by the Directors; and
- the audited annual financial results of Bauba for the three financial years ended 30 June 2021.

SIGNED BY JA KNOWLDEN, ON HIS OWN BEHALF AS A DIRECTOR AND ON BEHALF OF ALL THE OTHER DIRECTORS OF BAUBA RESOURCES LIMITED, HE BEING DULY AUTHORISED IN TERMS OF POWERS OF ATTORNEY GRANTED TO HIM BY SUCH DIRECTORS

JA Knowlden

Financial Director and acting Chief Executive Officer

8 November 2021
Johannesburg

TABLE OF ENTITLEMENT

The following table sets out the number of Claw-Back Offer Shares to which a Shareholder is entitled.

Number of Bauba Shares held	Entitlement	Number of Bauba Shares held	Entitlement	Number of Bauba Shares held	Entitlement
1	0.17065	6 000	1 023.89100	11 000 000	1 877 133.50000
2	0.34130	7 000	1 194.53950	12 000 000	2 047 782.00000
3	0.51195	8 000	1 365.18800	13 000 000	2 218 430.50000
4	0.68259	9 000	1 535.83650	14 000 000	2 389 079.00000
5	0.85324	10 000	1 706.48500	15 000 000	2 559 727.50000
6	1.02389	20 000	3 412.97000	16 000 000	2 730 376.00000
7	1.19454	30 000	5 119.45500	17 000 000	2 901 024.50000
8	1.36519	40 000	6 825.94000	18 000 000	3 071 673.00000
9	1.53584	50 000	8 532.42500	19 000 000	3 242 321.50000
10	1.70649	60 000	10 238.91000	20 000 000	3 412 970.00000
20	3.41297	70 000	11 945.39500	21 000 000	3 583 618.50000
30	5.11946	80 000	13 651.88000	22 000 000	3 754 267.00000
40	6.82594	90 000	15 358.36500	23 000 000	3 924 915.50000
50	8.53243	100 000	17 064.85000	24 000 000	4 095 564.00000
60	10.23891	200 000	34 129.70000	25 000 000	4 266 212.50000
70	11.94540	300 000	51 194.55000	26 000 000	4 436 861.00000
80	13.65188	400 000	68 259.40000	27 000 000	4 607 509.50000
90	15.35837	500 000	85 324.25000	28 000 000	4 778 158.00000
100	17.06485	600 000	102 389.10000	29 000 000	4 948 806.50000
200	34.12970	700 000	119 453.95000	30 000 000	5 119 455.00000
300	51.19455	800 000	136 518.80000	31 000 000	5 290 103.50000
400	68.25940	900 000	153 583.65000	32 000 000	5 460 752.00000
500	85.32425	1 000 000	170 648.50000	33 000 000	5 631 400.50000
600	102.38910	2 000 000	341 297.00000	34 000 000	5 802 049.00000
700	119.45395	3 000 000	511 945.50000	35 000 000	5 972 697.50000
800	136.51880	4 000 000	682 589.00000	36 000 000	6 143 346.00000
900	153.58365	5 000 000	853 242.50000	37 000 000	6 313 994.50000
1 000	170.64850	6 000 000	1 023 891.00000	38 000 000	6 484 643.00000
2 000	341.29700	7 000 000	1 194 539.50000	39 000 000	6 655 291.50000
3 000	511.94550	8 000 000	1 365 188.00000	40 000 000	6 825 940.00000
4 000	682.59400	9 000 000	1 535 836.50000	50 000 000	8 532 425.00000
5 000	853.24250	10 000 000	1 706 485.00000	60 000 000	10 238 910.00000

SHARE TRADING HISTORY OF BAUBA

The highest, lowest and closing price of shares of Bauba on the JSE for each month commencing from 1 October 2020 to 30 September 2021 and aggregated monthly volume is as follows:

Month ended	High (cents)	Low (cents)	Close (cents)	Volume
31 October 2020	29	28	28	42 110
30 November 2020	28	19	25	333 827
31 December 2020	41	19	38	3 264 558
31 January 2021	35	25	31	1 960 300
28 February 2021	32	24	29	1 099 814
31 March 2021	38	24	33	1 859 461
30 April 2021	45	21	42	1 001 098
31 May 2021	48	38	45	624 829
30 June 2021	53	35	47	352 966
31 July 2021	47	30	37	755 747
31 August 2021	43	36	42	769 558
30 September 2021	45	36	38	723 659

The highest, lowest and closing price of shares of Bauba on the JSE, for the 30 trading days preceding 29 October 2021 (being the Last Practicable Date prior to the finalisation of this Circular) and the daily volume are as follows:

Day ended	High (cents)	Low (cents)	Close (cents)	Volume
20 September 2021	43	38	42	20 732
21 September 2021	42	39	42	15 700
22 September 2021	–	–	42	–
23 September 2021	39	39	39	40 000
27 September 2021	42	39	40	52 100
28 September 2021	43	42	42	8 884
29 September 2021	42	39	39	114 500
30 September 2021	39	38	38	42 337
1 October 2021	43	35	43	5 018 820
4 October 2021	42	37	39	1 274 875
5 October 2021	39	39	39	7 122
6 October 2021	38	38	38	195 100
7 October 2021	38	36	37	110 513
8 October 2021	36	36	36	5 0000
11 October 2021	37	35	36	51 244
12 October 2021	37	36	37	98 565
13 October 2021	37	37	37	12 000
14 October 2021	–	–	37	–
15 October 2021	–	–	37	–
18 October 2021	37	36	37	9 427
19 October 2021	38	37	37	2 041 495
20 October 2021	39	38	38	437 400
21 October 2021	38	36	36	12 696
22 October 2021	–	–	36	–
25 October 2021	39	39	39	51 727
26 October 2021	39	39	39	28 373
27 October 2021	39	37	39	15 101
28 October 2021	39	37	37	235 257
29 October 2021	–	–	37	–

Source: JSE

INFORMATION ON THE UNDERWRITERS

Details pertaining to the Underwriters as required in terms of the Listings Requirements are set out below.

1. PELAGIC

1.1 NATURE OF BUSINESS

Pelagic, a global physical commodity merchant headquartered in Singapore whose shareholders are Convina Fiduciary Services Ltd, the trustees of the Pennynghael Trust (77.8%), Vulpes Testudo Fund (11.1%) and The Terris Fund, SPC (11.1%), focusses on the origination, financing and transformation of raw materials required as inputs in certain sectors. In South Africa, Pelagic's offices are located in Johannesburg and Cape Town and specialise in global principal trading, agency trading and investments upstream into extraction projects in order to further develop the company's global portfolio of speciality mineral ores and alloys.

1.2. DIRECTORS

Thomas Edward Baring
Constantinos Demetriades
Andrea Matteo Orzan
Stephen Diggle

1.3 COMPANY SECRETARY

Shirley Lim Guat Hua

1.4 DATE AND PLACE OF FORMATION

11 May 2017, Singapore

1.5 REGISTRATION NUMBER

201713062N

1.6 REGISTERED OFFICE

Unit 30-01
6 Battery Road
049909
Singapore

1.7 AUDITORS

Moore Stephens LLP
10 Anson Road
Unit 29-15, International Plaza
Singapore
079903

1.8 BANKERS

Selene Quek (RM)
Standard Chartered Bank Singapore
Marina Bay Financial Centre
Tower 1, 8 Marina Boulevard, Unit 01-01
Singapore
018981

1.9 AUTHORISED SHARE CAPITAL

128,572 shares*

1.10 ISSUED SHARE CAPITAL

128,572 shares*

* As there is no difference between Authorised and Issued share capital for private Singapore companies, Pelagic can in theory issue unlimited shares.

2. RAUBEX

2.1 NATURE OF BUSINESS

Raubex is a wholly-owned Subsidiary of JSE-listed Raubex Group Limited, one of South Africa's leading infrastructure development and construction materials supply groups, established in 1974. Raubex Group Limited, which listed on the JSE in March 2007, operates across South Africa as well as throughout southern Africa. The group consists of three divisions, namely the Materials Division, Roads and Earthworks Division and Infrastructure Division.

2.2 DIRECTORS

Jacobus Andries Louw
Louis Johannes Raubenheimer
Freddie Kenney

2.3 COMPANY SECRETARY

Grace Mirriam Chemaly

2.4 DATE AND PLACE OF FORMATION

21 November 1978, South Africa

2.5 REGISTRATION NUMBER

1978/004596/07

2.6 REGISTERED OFFICE

Building 1, Highgrove Office Park
50 Tegel Avenue
Highveld, Centurion
0169

2.7 AUDITORS

PricewaterhouseCoopers Inc.
PO Box 919
Bloemfontein
9300

2.8 BANKERS

Nedbank Limited
135 Rivonia Campus, 135 Rivonia Road
Sandown, Sandton
2196

2.9 AUTHORISED SHARE CAPITAL

4 000

2.10 ISSUED SHARE CAPITAL

304

INFORMATION FOR FOREIGN SHAREHOLDERS

Any Shareholder resident outside the Common Monetary Area who receives this Circular and Form of Instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such Form of Instruction.

The Claw-Back Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer ("**Restricted Territories**") and this Circular and Form of Instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

UNITED STATES OF AMERICA

The Letters of Allocation and the Claw-Back Offer Shares have not been and will not be registered under the Securities Act, 1933 ("**US Securities Act**") or under securities laws of any Restricted Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States of America, except in respect of Qualified Institutional Buyers as contemplated under the US Securities Act ("**QIB**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States of America. Investors who are located in the United States of America will be required to execute and deliver a QIB investor letter ("**QIB Letter**"), a copy of which is available from Shareholders' CSDPs, prior to taking up or transferring Entitlements pursuant to the Claw-Back Offer or acquiring Claw-Back Offer Shares in the Claw-Back Offer.

Shareholders who are required to submit a QIB Letter must do so by emailing same to bauba@acorim.co.za on or before 12:00 on Friday, 26 November 2021.

Accordingly, the Company is not extending the Claw-Back Offer into the United States of America unless an exemption from the registration of the US Securities Act is available, and subject to certain exceptions, this Circular neither constitutes nor will it constitute an offer or invitation to apply for, or an offer or an invitation to acquire, any Letters of Allocation or Claw-Back Offer Shares in the United States of America.

Subject to certain exceptions, the Circular will not be sent to any Foreign Shareholder in, or with a registered address in, the United States of America. Subject to certain exceptions, any person who acquires Letters of Allocation or the Claw-Back Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of the Circular, taking up their Entitlements or accepting delivery of the Letters of Allocation or the Claw-Back Offer Shares, that it is not, and that at the time of acquiring the Letters of Allocation or the Claw-Back Offer Shares it will not be, in the United States of America or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States of America or any state of the United States of America.

In addition, until 40 days after the commencement of the Claw-Back Offer, an offer, sale or transfer of the Claw-Back Offer Shares or the Letters of Allocation within the United States of America by a dealer (whether or not participating in the Claw-Back Offer) may violate the registration requirements of the US Securities Act. Subject to certain exceptions, Shareholders with a registered address in the United States of America will be treated as non-exercising holders and Bauba expects that the applicable Entitlements will be sold by the Transfer Secretaries on behalf of such Shareholders. The cash proceeds therefrom will be distributed to such Shareholders (net of applicable fees, expenses, taxes and charges), in proportion to such Shareholder's Entitlement to the Claw-Back Offer Shares.

There can be no assurances as to what price such Shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt, to the extent applicable.

Although Letters of Allocation may be credited to the CSDP or broker accounts of qualifying Dematerialised Shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America or any state of the United States of America,

such crediting of Letters of Allocation does not constitute an offer to restricted Bauba Shareholders and such restricted Bauba Shareholders will not be entitled to take up or transfer Entitlements pursuant to the Claw-Back Offer or acquire Claw-Back Offer Shares in the Claw-Back Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

RESTRICTED TERRITORIES

Subject to certain exceptions, the Letters of Allocation and the Claw-Back Offer Shares may not be transferred or sold to, or renounced or delivered in, the Restricted Territories.

No offer of Claw-Back Offer Shares is being made by virtue of the Circular into the Restricted Territories.

No person may forward or otherwise transmit the Circular to any territory other than where it is lawful to make the Claw-Back Offer contemplated in the Circular.

Although Letters of Allocation may be credited to the CSDP or broker accounts of qualifying Dematerialised Bauba Shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America, or any state of the United States of America,

such crediting of Letters of Allocation does not constitute an offer to restricted Shareholders and restricted Shareholders will not be entitled to take up or transfer Entitlements pursuant to the Claw-Back Offer or acquire Claw-Back Offer Shares in the Claw-Back Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Subject to certain exceptions, Shareholders with a registered address in the Restricted Territories will be treated as non-exercising holders and Bauba expects that the applicable Entitlements will be sold by the Transfer Secretaries on behalf of such Shareholders. The cash proceeds therefrom will be distributed to such Shareholders (net of applicable fees, expenses, taxes and charges) in proportion to such Shareholder's Entitlement to the Claw-Back Offer Shares.

There can be no assurances as to what price such Shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt to the extent applicable.

MATERIAL RISKS

Risk	Possible impact	Strategic response in mitigation
Market Risk		
<p>1. Chrome ore prices are quoted in US dollars and the price is dependent on market-related factors that are wholly out of the control of chrome ore producers.</p> <p>Bauba's chrome ore is sold into the global market and therefore may be impacted by a slowdown in the Chinese or global economy.</p> <p>Strengthening of the Rand against the Dollar.</p>	<p>Lower revenue and profit as a result of lower chrome ore Rand free-on-truck price realised by Bauba. This increases the risk of Bauba's ability to continue as a going concern.</p> <p>Bauba may be unable to export chrome ore and there could be an excess chrome ore supply in the market, impacting revenue and profit.</p>	<p>Cash reserves of the Group are constantly monitored and forecast to ensure current and future obligations can be settled in a stressed environment.</p> <p>Bauba is a producer of premium speciality grade concentrate with a market that is less volatile and gross margin-enhancing. The market for foundry and chemical grade concentrates is global and not materially tied to China and Chinese metallurgical chrome ore demand.</p>
<p>2. COVID-19 global outbreak negatively impacting chrome ore prices as a result of a weak global economy and oversupply of chrome ore.</p>	<p>Lockdowns disrupting industry supply chains leading to delays in the delivery of chrome ore.</p> <p>Short-term blow to chrome ore consumption set to negatively impact chrome ore prices.</p>	<p>Bauba monitors the COVID-19 developments on a continuous basis noting it's impact on global economies. Bauba is constantly in contact with our customers, suppliers, contractors and other players within the industry to ensure that we are able to act proactively to any recent COVID-19 related developments.</p>
Social, political and legislative risk		
<p>3. Unrest in the local communities, strike action embarked on by mining contractors and illegal mining could negatively impact on the Bauba Moeijelijk and Kookfontein operations.</p>	<p>Personnel and contractors' lives may be endangered. Loss of production and lost sales may result in financial loss, a breakdown in trust and reputational damage with customers. Damage to equipment and infrastructure may also arise because of community unrest.</p> <p>Illegal chrome ore mining may continue unabated, resulting in illegal chrome ore flooding the market and depressing the chrome ore cost, insurance and freight price. Illegal mining may also contribute to community unrest through its attraction of undue criminal influences and lead to the depletion of Bauba's resources.</p>	<p>Bauba is constantly in touch with the community and its leaders and appropriate security measures are in place. Our community liaison officer is constantly in touch with the community and their leaders providing Bauba immediate feedback of any concerning issues when they arise, allowing us sufficient time to consider, plan and engage.</p> <p>Management has a permanent security manager (who oversees security at both Moeijelijk and Kookfontein) and have access to specialised security services. Additional security services can be acquired as and when required. The current offtake agreement and purchase orders state that Bauba is at no risk due to community unrest as this falls under <i>force majeure</i> and future contracts will be negotiated under the same term. Additional fencing, walls and fire protection systems are being considered for the wash plant.</p>

Risk	Possible impact	Strategic response in mitigation
Social, political and legislative risk (continued)		<p>Bauba employs the maximum feasible people from the local community to uplift the community both economically and socially.</p> <p>Bauba's key contracts contain the necessary <i>force majeure</i> clauses.</p> <p>Bauba will continue with court applications and initiatives to prevent illegal mining and engagement with the Department of Mineral Resources (DMRE), law enforcement and other relevant stakeholders to prevent and stop current illegal mining activity. Bauba has joined the Minerals Council South Africa and is involved in their action forums and initiatives to prevent illegal mining.</p>
Financial risk		
<p>4. Bauba may not be able to meet its short term obligations due to liquidity challenges and limited access to funding.</p> <p>Challenges in meeting repayment obligations on long-term debt.</p>	<p>Risk that Bauba is unable to pay its creditors when due and inability to acquire funding for future projects.</p> <p>Inability to fund growth projects.</p> <p>Risk that Bauba will not be able to service long term debt obligations leading to default and possible commencement of legal proceedings/ closure of operations.</p>	<p>Bauba produces speciality grade concentrate, that is able to sustainably operate in a low price environment. Cash reserves of the Group are constantly monitored and forecast to ensure obligations and future obligations can be settled in a stressed environment. In addition to this, Bauba has a good relationship with creditors.</p> <p>Subsequent to year-end, Bauba have entered into a revolving loan agreement which will assist in bridging any short-term cash requirements.</p> <p>Development of future projects will either be phased or slowed to meet the pace of access to financing. Bauba is continuously looking for opportunities to build strong relationships with banks and other financial institutions.</p> <p>Bauba has been able to service long term obligation with cash flows generated from operations on a monthly basis.</p>

Risk	Possible impact	Strategic response in mitigation
Operational/business risk risk		
5. DMRE related safety stoppages.	Loss of production resulting in lost sales and potential liability from our offtake partner.	Experienced employees and contractors have been contracted who are well versed with the MH&S regulations. The Company and the contractors appointed by the Company adhere to safety rules, COPs and regulations at all times. Company employees and representatives carry out safety inspections and site visits and any breaches in safety are reported to the Company by the contractor and are rectified. There are penalties in our contracts with mining contractors for safety breaches, rock engineer provides us with a report on a regular basis and an external safety audit is conducted on a quarterly basis.
6. COVID-19 outbreak in South Africa/ Limpopo leading to suspension of mine operations.	Loss of production resulting in lost sales and potential liability from offtake partner.	Bauba monitors the COVID-19 developments on a continuous basis noting it's impact on global economies. Bauba is constantly in contact with our customers and other players within the industry to ensure that we are able to act proactively to any recent COVID-19 related developments.
Due to the socio-economic environment of our mine community, they may be directly impacted if an outbreak were to occur		An action plan has been drafted in consultation with Bauba advisory health practitioner to ensure that our underground operations may continue to operate if the Coronavirus is prevalent in our workforce.
		On site vaccination of the workforce has commenced at Moeijelijk Mine while off-site vaccination is taking place at Kookfontein Mine.
7. Adverse geological conditions at Moeijelijk Mine.	Serious impact on ramp-up ability to 30,000 tonnes will directly affect the financial viability of the mining operations.	Focus on primary and secondary development to speed up the creation of additional face length to the 480 metres required to achieve and maintain 30,000 stoping tonnes.

BAUBA
RESOURCES