

Bauba Resources Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1986/004649/06)
Share code: BAU ISIN: ZAE000145686
("Bauba")

Raubex Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2006/023666/06)
Share code: RBX ISIN: ZAE000093183
("RBX")

JOINT FIRM INTENTION ANNOUNCEMENT OF A GENERAL OFFER BY RBX (ACTING THROUGH ITS SUBSIDIARY) TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF BAUBA THAT IT DOES NOT ALREADY OWN AND THE PROPOSED DELISTING OF BAUBA

1. INTRODUCTION

- 1.1 Shareholders of Bauba ("**Shareholders**") are advised that Bauba and Raubex Proprietary Limited ("**Raubex**"), a wholly owned subsidiary of RBX, have resolved to propose a transaction to all "**Eligible Shareholders**", being all Shareholders excluding Raubex, in terms of which:
- 1.1.1 Raubex will make a general offer to acquire all the remaining ordinary shares in the issued share capital of Bauba ("**Shares**") it does not already own, for a cash consideration of R0.42 per Share ("**Offer Consideration**"), in terms of section 117(1)(c)(v) of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**") and paragraph 1.15(c) of the Listings Requirements of the JSE Limited ("**JSE**") ("**Listings Requirements**") ("**Offer**"); and
- 1.1.2 all of the Shares will be delisted from the securities exchange operated by the JSE ("**Delisting**") if the requisite ordinary resolution approving the Delisting is approved by Eligible Shareholders in general meeting in terms of paragraphs 1.15(a) and 1.16 of the Listings Requirements ("**Delisting Resolution**"), or, if the Delisting Resolution is not approved, in terms of paragraph 1.17(a) of the Listings Requirements should Raubex be able to invoke the provisions of section 124 of the Companies Act.
- 1.2 The Offer is an affected transaction as defined in section 117(1)(c)(v) of the Companies Act and, accordingly, will be regulated by Chapter 5 of the Companies Act, Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which comprises the "**Takeover Regulations**") and the Takeover Regulation Panel ("**TRP**").
- 1.3 The contents of this announcement reflect Raubex's firm intention to make a general offer to Eligible Shareholders as contemplated in the Takeover Regulations.
- 1.4 In accordance with the requirements of the Takeover Regulations, Bauba has constituted an independent board of directors ("**Independent Board**") for purposes of the Offer. The Independent Board comprises Dr. Nakedi Mathews Phosa, Eugene Nel and Vincent Sean Edwards.
- 1.5 The purpose of this firm intention announcement is to advise Shareholders of the terms and conditions of the Offer, in compliance with regulation 101 of the Takeover Regulations.

2. THE OFFER

2.1 Offeror

- 2.1.1 The offeror is Raubex. As at the date of this announcement, Raubex beneficially owns or controls, in aggregate, 462 484 254 Shares, which constitutes 61.68% of Bauba's issued share capital. Raubex is not acting in concert with any party in respect of the Offer, as described in regulation 84 of the Takeover Regulations.

2.2 Terms of the Offer

2.2.1 Raubex will offer to acquire all of the Shares held by Eligible Shareholders in exchange for the payment of the Offer Consideration. Shareholders may elect to accept the Offer in respect of all or only some of their Shares.

2.2.2 The Offer will be wholly unconditional and capable of acceptance from the Opening Date (as defined in paragraph 2.3 below) of the Offer. However, settlement of any acceptances by Eligible Shareholders of the Offer will only be undertaken by Raubex once the TRP has issued a compliance certificate in respect of the Offer, in terms of section 121(1)(b)(i) of the Companies Act.

2.2.3 The Offer Consideration is the highest price paid by Raubex for Shares within the six-month period before the date of this announcement, and is the same price paid by Raubex pursuant to its mandatory offer to Shareholders, in terms of section 123 of the Companies Act, which closed on Friday, 10 June 2022 ("**Mandatory Offer**").

2.3 Offer Period

The Offer is expected to open for acceptances from 09:00 on or about Tuesday, 28 June 2022 ("**Opening Date**"), being one day after the expected distribution of the combined offer circular to Shareholders in respect of the Offer ("**Circular**") and remain open for acceptances for a minimum period of 30 business days ("**Closing Date**"). Raubex expressly reserves the right, subject to approval by the TRP, to extend the Closing Date in accordance with the provisions of the Takeover Regulations and other applicable laws.

2.4 Tax implications for Eligible Shareholders

The tax treatment of Eligible Shareholders is dependent on the individual circumstances and the jurisdiction applicable to such Eligible Shareholders. It is recommended that, if Eligible Shareholders are uncertain about the tax treatment regarding the disposal of their Shares and the receipt of the Offer Consideration, they seek appropriate advice in this regard.

2.5 Bank guarantee

Raubex has provided the TRP with an irrevocable and unconditional bank guarantee issued by Nedbank Limited in accordance with regulations 111(4) and (5) of the Takeover Regulations. The amount of the bank guarantee is sufficient to satisfy the maximum aggregate Offer Consideration payable to all Eligible Shareholders that accept the Offer.

3. RATIONALE FOR THE OFFER AND DELISTING

3.1 As a result of, *inter alia*, the ongoing volatility in the mining sector (including weak chrome ore pricing, and increased production costs), significant increases in local and international freight costs and other continuing effects of the Covid-19 pandemic, Bauba and its subsidiaries (the "**Group**") recorded a total comprehensive loss for the eight-month period ended 28 February 2022 of R52,3 million. Further risks remain of potential reduced global demand for chrome ore and concentrates due to production capacity constraints in the People's Republic of China and the uncertainty posed by potential additional Covid-19 waves, despite the availability of vaccines, and record freight costs. If the chrome ore prices drop below end June 2021 levels for an extended period, or if the Rand/US dollar exchange rate strengthens significantly, it could cause material uncertainty for the Group to meet its obligations as they fall due and may require further external funding support.

3.2 In this context, the board of directors of Bauba ("**Board**") has resolved that Bauba can no longer justify the costs and associated administrative burden of a JSE listing relative to the benefit of an ongoing listing, including the doubtful prospects of a junior counter raising public capital in the sector in which Bauba operates. Without the assistance of a major investor such as Raubex

to support ongoing funding requirements, no finance is currently available to the Group in the public market and the Group will be better placed to secure funding support for its operations in an unlisted environment.

- 3.3 Furthermore, following the conclusion of the Mandatory Offer, the Shares have become highly illiquid on the JSE, with c.96.59% of the Shares being held by three Shareholders, and the Offer is therefore intended to provide Eligible Shareholders with an exit opportunity at a fair price, which may otherwise not be forthcoming in the current economic climate and in particular as it relates to the sector in which Bauba operates.

4. **RECOMMENDATION AND INDEPENDENT EXPERT OPINION**

- 4.1 In accordance with the Takeover Regulations and Listings Requirements, the Board and the Independent Board have appointed Tamela Holdings Proprietary Limited as the independent expert ("**Independent Expert**") in terms of the Listings Requirements and the Takeover Regulations, to provide them with independent, external advice in relation to the fairness and reasonableness of the Offer and to enable them to make appropriate recommendations to Eligible Shareholders.

- 4.2 The contents of the Independent Expert's report and the final views of each of the Board and Independent Board (for purposes of, and as required by, paragraph 1.15(d) of the Listings Requirements and regulation 110 of the Takeover Regulations) will be included in the Circular.

5. **COMPULSORY ACQUISITION**

Should the Offer be accepted by Eligible Shareholders in respect of, in aggregate, at least 90% of the Shares for which the Offer is being made (for the avoidance of doubt, excluding any Shares held by Raubex), being 258 599 920 Shares, Raubex reserves the right to implement a compulsory acquisition of the remaining Shares in accordance with section 124 of the Companies Act.

6. **LISTING ON THE JSE**

- 6.1 The listing of the Shares on the JSE will be terminated if the Delisting Resolution is approved, or, if the Delisting Resolution is not approved, in terms of paragraph 1.17(a) of the Listings Requirements should Raubex be able to invoke the provisions of section 124 of the Companies Act.

- 6.2 In the event that the Delisting Resolution is not approved or Raubex is unable to invoke the provisions of section 124 of the Companies Act, the Shares will remain listed on the Main Board of the JSE, however, Eligible Shareholders should be aware that there may be a very limited market for trade in Shares after the Closing Date as three Shareholders control c.96.59% at the date of this announcement.

7. **DOCUMENTATION AND SALIENT DATES**

- 7.1 Full details of the Offer, the Delisting and the Delisting Resolution will be included in the Circular, which will include a notice of general meeting, form of proxy, form of acceptance and transfer and electronic participation form. The Circular is expected to be distributed to Eligible Shareholders on or about Monday, 27 June 2022.

- 7.2 The important dates and times pertaining to the Offer will be published on SENS and in the press on the date of the distribution of the Circular.

8. **RESPONSIBILITY STATEMENTS**

- 8.1 The Raubex board of directors accepts responsibility for the information contained in this announcement insofar as it relates to Raubex (including details of the Offer). To the best

of its knowledge and belief, such information contained herein is true and nothing has been omitted which is likely to affect the importance of such information.

8.2 The Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to Bauba. To the best of its knowledge and belief, such information contained herein is true and nothing has been omitted which is likely to affect the importance of such information.

Johannesburg
Tuesday, 21 June 2022

Sponsor to Bauba



Legal advisor to Bauba



Financial advisor and sponsor to Raubex



Legal advisor to Raubex

