



BAUBA RESOURCES PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1986/004649/07)
("Bauba" or "Company")

FIRM INTENTION ANNOUNCEMENT BY BAUBA IN RESPECT OF AN OFFER TO SHAREHOLDERS TO REPURCHASE THEIR SHARES

1. INTRODUCTION

- 1.1 Shareholders of Bauba ("**Shareholders**") are advised that the board of directors of Bauba ("**Board**") has resolved to propose a transaction (the "**Transaction**") to Shareholders in terms of which Bauba will make an offer to all Shareholders ("**Scheme Participants**") to repurchase all of the ordinary shares in the issued share capital of Bauba ("**Shares**") for a cash consideration of R0.42 per Share ("**Scheme Consideration**"), by way of a scheme of arrangement in terms of sections 48 and 114(1)(e) of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**").
- 1.2 The contents of this announcement ("**Firm Intention Announcement**") constitute a firm intention by Bauba to make an offer to the Scheme Participants as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which includes the "**Takeover Regulations**" issued pursuant to sections 120 and 223 of the Companies Act).
- 1.3 Bauba has constituted an independent board of directors of Bauba ("**Independent Board**") for purposes of the Scheme, the role of which includes evaluating the terms and conditions of the Scheme and advising shareholders thereon, as required by the Takeover Regulations. The Independent Board comprises Dr. Nakedi Mathews Phosa, Eugene Nel and Vincent Sean Edwards.
- 1.4 The purpose of this Firm Intention Announcement is to advise Shareholders of the Transaction and specifically the terms and conditions of the Scheme, and the Independent Board's recommendation to Shareholders in respect of the Scheme.

2. RATIONALE FOR THE TRANSACTION

- 2.1 The Board has determined that, in light of the delisting of the Shares from the securities exchange operated by the JSE Limited ("**JSE**") on Tuesday, 23 August 2022, pursuant to the general offer by Raubex Group Limited, through its wholly owned subsidiary Raubex Proprietary Limited, ("**Raubex**") in terms of section 117(1)(c)(v) of the Companies Act and paragraph 1.15(c) of the Listings Requirements of the JSE to acquire all of the remaining issued Shares for an offer consideration of R0.42 per Share and the subsequent conversion of the Company into a private company, it is prudent and/or appropriate for the Company to make the repurchase offer to all and any remaining Shareholders who may not wish to continue holding their Shares in an unlisted private environment.
- 2.2 The Scheme is therefore intended to provide a liquidity event for those Shareholders wishing to exit their investment in Bauba but who can no longer access a secondary market for Shares due to the Company's delisting from the JSE.
- 2.3 The Board has therefore proposed that the Company use its available resources to buy back its Shares from Shareholders who: (i) make a valid Exit Election (as defined in paragraph 3.1.2 below) in respect of all or part of their Shares on or before 12:00 on the

Scheme record date; or (ii) fail to make a valid Exit Election and/or Continuation Election (as defined in paragraph 3.1.2 below) in respect of all or part of their Shares on or before 12:00 on the Scheme record date, who shall be deemed to have made the Exit Election in respect of all of their Shares, and which Shares will consequently be acquired by Bauba, pursuant to the Scheme.

3. TERMS AND CONDITIONS OF THE SCHEME

The Scheme constitutes an “**affected transaction**” as defined in section 117(1)(c)(iii) of the Companies Act, and as such the Scheme is regulated by the Companies Act and the Takeover Regulations. The salient terms of and other information pertaining to the Scheme are set out below:

3.1 Terms of the Scheme

3.1.1 The Scheme will be proposed by the Board between Bauba and the Shareholders. The Scheme will be subject to the fulfilment of the Scheme Conditions Precedent set out in paragraph 3.3 below.

3.1.2 In terms of the Scheme, Shareholders will be afforded an election to either:

3.1.2.1 sell all or part of their Shares (“**Exit Election Shares**”) to Bauba, on the Scheme implementation date, for the Scheme Consideration (“**Exit Election**”); or

3.1.2.2 retain all or part of their Shares (“**Continuation Election**”),

with the default position being that if Shareholders do not make valid elections in respect of any of their Shares, they will be deemed to have made an Exit Election in respect of all of those Shares and the relevant Shares will constitute Exit Election Shares and will be acquired by Bauba for the Scheme Consideration on the Scheme implementation date.

3.2 Scheme Consideration

The Scheme Participants shall receive the Scheme Consideration, in the amount of R0.42 per Share, in respect of all Exit Election Shares (including, for the avoidance of doubt, any Shares which are deemed to be Exit Election Shares), as held by such Scheme Participant on the Scheme implementation date.

3.3 Scheme Conditions Precedent

3.3.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following conditions (“**Scheme Conditions Precedent**”) by no later than 17:00, on Friday, 30 December 2022 (“**Longstop Date**”):

3.3.1.1 the Scheme having been approved by Shareholders at a general meeting of Shareholders expected to be held at 12:00 on Friday, 18 November 2022 (“**Scheme Meeting**”) to consider and, if deemed fit, pass the special resolution required to approve the Scheme, in accordance with sections 48(8) and 115(2) of the Companies Act (the “**Scheme Resolution**”);

3.3.1.2 Bauba having not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;

3.3.1.3 in the circumstances where Bauba has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval of the Scheme and/or Scheme Resolution pursuant to section 115(3) of the Companies Act in circumstances where:

- 3.3.1.3.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and
- 3.3.1.3.2 a Shareholder who voted against the Scheme Resolution requires Bauba, within five business days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;
- 3.3.1.4 no Shareholder who voted against the Scheme Resolution applies to Court within 10 Business Days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
- 3.3.1.5 Bauba waives the Scheme Condition Precedent in paragraph 3.3.1.4 and the Court does not grant leave to any Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act; and
- 3.3.1.6 Bauba waives the Scheme Condition Precedent in paragraph 3.3.1.5 and the Court approves the Scheme and/or Scheme Resolution pursuant to section 115(7) of the Companies Act.
- 3.3.2 Bauba shall be entitled to waive (in whole or in part) in writing any one or more of the Scheme Conditions Precedent set out in paragraphs 3.3.1.2, 3.3.1.3, 3.3.1.4, 3.3.1.5, and 3.3.1.6. The Scheme Condition Precedent set out in paragraph 3.3.1.1 is not capable of waiver. The Longstop Date may be extended by Bauba, subject to the approval of the TRP, to the extent required. Any extension of the Longstop Date will be communicated to Shareholders through the Company's website at www.baubaresources.co.za.

3.4 Termination of the Scheme

The Scheme shall terminate and cease with immediate effect only as follows:

- 3.4.1 if any Scheme Condition Precedent, which is capable of being waived by Bauba, becomes incapable of fulfilment and Bauba does not waive the Scheme Condition Precedent; or
- 3.4.2 upon the determination by Bauba that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the Longstop Date.

4. IRREVOCABLE UNDERTAKINGS

- 4.1 As at the date of this Firm Intention Announcement, the following Shareholder has provided an irrevocable undertaking to vote all of its Shares (as stated below) in favour of the Scheme Resolution, and has further irrevocably undertaken to make the Continuation Election in respect of all its Shares:

Shareholder	Number of Shares held	Percentage of Shares ¹
Raubex Proprietary Limited	472,834,914	63.06%
Total	472,834,914	63.06%

Notes:

1. The percentage of Shares is calculated based on 749,817,498 Shares in issue, as at the date of this Firm Intention Announcement.

- 4.2 In light of the abovementioned irrevocable undertaking provided by Raubex, the TRP has held that, for purposes of the Scheme, Raubex is an 'acquiring party' as defined in section 1 of the Companies Act. Consequently, in terms of section 115(4) of the Companies Act, the voting rights controlled by Raubex cannot be included in the calculation of the percentage of voting rights required to be present for purposes of determining whether a quorum is met or required to be voted in support of the Scheme Resolution.

5. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

- 5.1 In accordance with section 114(2) of the Companies Act, the Independent Board has appointed PKF Octagon Proprietary Limited as the independent expert in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations ("**Independent Expert**") to provide the Board and the Independent Board with external advice in relation to the Scheme, in the form of an independent expert report as required in terms of section 114(3) of the Companies Act ("**Independent Expert's Report**").
- 5.2 The full substance of the Independent Expert's Report is included in the circular distributed to Shareholders, simultaneously with the publication of this Firm Intention Announcement, in connection with the Scheme (the "**Scheme Circular**").

6. VIEWS OF THE INDEPENDENT BOARD

- 6.1 The Independent Board, after due consideration of the Independent Expert's Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration, as contemplated in regulation 110(3)(b) of the Takeover Regulations. The Independent Board has formed a view on the value of the Shares, which accords with the value of the Shares contained in the Independent Expert's Report, in considering its opinion and recommendation.
- 6.2 The Independent Board has carefully considered the terms and conditions of the Scheme and, taking into account the report of the Independent Expert, is unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to Scheme Participants and unanimously recommends that Shareholders vote in favour of the Scheme Resolution. The Independent Board is not aware of factors that are difficult to quantify, or are unquantifiable, which affect this opinion.

7. GUARANTEE

Bauba will use its available resources to fund the Scheme Consideration. The funds to settle the Scheme Consideration are in place and, in accordance with regulation 111(4) and 111(5) of the Takeover Regulations, Bauba has procured from Nedbank Limited and has delivered to the TRP, an irrevocable, unconditional bank guarantee in respect of the maximum aggregate Scheme Consideration, which assumes that all Shareholders (other than Raubex Proprietary Limited) make the Exit Election.

8. POSTING OF THE SCHEME CIRCULAR AND NOTICE OF THE GENERAL MEETING

- 8.1 The Scheme Circular which provides full details of the Scheme and contains a notice of the Scheme Meeting ("**Notice of Scheme Meeting**"), the Independent Expert's Report, the recommendation of the Independent Board, the salient dates and times relating to the Scheme and the necessary forms (including a form of proxy for use at the Scheme Meeting ("**Form of Proxy**") and a form of election, surrender and transfer in respect of the Scheme ("**Form of Election**")), is expected to be distributed to Shareholders simultaneously with the publication of this Firm Intention Announcement on or about Thursday, 27 October 2022.
- 8.2 The Scheme Meeting is expected to be held entirely by electronic communication as contemplated in section 63(2)(a) of the Companies Act at 12:00 on Friday,

18 November 2022 (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the memorandum of incorporation of Bauba).

8.3 The salient dates and times in relation to the Scheme are anticipated to be as follows:

SALIENT DATES AND TIMES

2022

Record date to determine which Shareholders are eligible to receive the Scheme Circular ("**Posting Record Date**") Friday, 21 October

Scheme Circular (including Notice of Scheme Meeting and Form of Proxy) posted to Shareholders and published on the Company's website at www.baubaresources.co.za on Thursday, 27 October

Record date for Shareholders to be recorded in the Register in order to be eligible to attend, participate in and vote at the Scheme Meeting ("**Voting Record Date**"), by 17:00 on Friday, 11 November

For administrative purposes only, Forms of Proxy to be lodged with the Company Secretary by 10:00 on (*refer to note 2 below*) Friday, 18 November

Last date and time for Shareholders to give notice to the Company objecting, in terms of section 164(3) of the Companies Act, to the Scheme Resolution to be able to invoke appraisal rights by 12:00 on Friday, 18 November

Scheme Meeting to be held at 12:00 on Friday, 18 November

Results of the Scheme Meeting published on the Company's website at www.baubaresources.co.za on Friday, 18 November

If the Scheme is approved by Shareholders at the Scheme Meeting:

Last day for Shareholders who voted against the Scheme Resolution to require the Company to seek Court approval for the Scheme Resolution in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Shareholders at the Scheme Meeting were exercised against the Scheme Resolution on Friday, 25 November

Last day for Shareholders (who voted against the Scheme Resolution) to be granted leave by a Court for a review of the Scheme Resolution in terms of section 115(3)(b) of the Companies Act Friday, 2 December

Last day for the Company to give notices of adoption of the Scheme Resolution to dissenting Shareholders in accordance with section 164(4) of the Companies Act on Friday, 2 December

The following dates assume that no Court approval or review of the Scheme is required and all other Scheme Conditions Precedent are fulfilled or waived (to the extent applicable):

Last day to notify Shareholders about the finalisation of the Scheme (assuming no Shareholder exercises their rights in terms of section 115(3)(a) or section 115(3)(b) of the Companies Act) expected to be on or about Friday, 2 December

Last date and time for Forms of Election to be validly lodged by Shareholders with the Company Secretary by 12:00 on	Tuesday, 6 December
Last date and time to be recorded in the Register in order to receive the Scheme Consideration (" Scheme Record Date ") 12:00 on	Tuesday, 6 December
' Scheme Implementation Date ' expected to be on or about	Friday, 9 December
Scheme Consideration expected to be paid in cash by way of electronic funds transfer to Shareholders who lodged their Form of Elections, together with the relevant documents of title, and provided their bank details (where not recorded with the Company) to the Company Secretary on or prior to 12:00 on the Scheme Record Date on	Friday, 9 December

Notes:

1. All of the above dates and times are subject to change. The dates have been determined based on the assumption that no Court approval or review of the Scheme will be required. Any change will be published on the Company's website at www.baubaresources.co.za.
2. A Shareholder may submit a Form of Proxy at any time before the commencement of the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting) or submit it to the chairperson of the Scheme Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the Scheme Meeting (or any adjourned or postponed Scheme Meeting), provided that should a Shareholder lodge a Form of Proxy with the Company Secretary less than 48 hours (excluding Saturdays, Sundays and gazetted, national public holidays in South Africa) before the Scheme Meeting, such Shareholder will also be required to submit a copy of such Form of Proxy to the chairperson of the Scheme Meeting before the appointed proxy exercises any of such Shareholder's rights at the Scheme Meeting (or adjourned or postponed Scheme Meeting), by emailing the Form of Proxy to the Company Secretary at Nikita@merchantec.co.za.
3. If the Scheme Meeting is adjourned or postponed, Forms of Proxy already submitted for the Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.
4. Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act to require the approval of a court for the Scheme should refer to **Annexure 6** to the Scheme Circular which includes an extract of section 115 of the Companies Act. Should Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be published on the Company's website at www.baubaresources.co.za.
5. Shareholders who wish to exercise their appraisal rights are referred to **Annexure 7** of the Scheme Circular for purposes of determining the relevant timing for the exercise of their appraisal rights.
6. All times given in this Firm Intention Announcement are local times in South Africa.

9. RESPONSIBILITY STATEMENT

The Independent Board and the Board, individually and collectively, accepts full responsibility for the information contained in this Firm Intention Announcement, and confirms that, to the best of its knowledge and belief, such information is true, and this Firm Intention Announcement does

not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Firm Intention Announcement.

Johannesburg

Thursday, 27 October 2022

COMPANY SECRETARY



LEGAL ADVISOR TO BAUBA



INDEPENDENT EXPERT

