



FIRST SUPPLEMENTARY BIDDER'S STATEMENT

Bushveld Minerals Limited (incorporated and registered in Guernsey with registration number 54506) in respect of the Offer to acquire all of the fully paid ordinary shares in Lemur Resources Limited (ACN 147 241 361)

1. IMPORTANT INFORMATION

This document is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) made under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and is supplementary to the bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 15 May 2013 (**Original Bidder's Statement**) issued by Bushveld Minerals Limited (Incorporated and registered in Guernsey with registration number 54506) (**Bushveld**) in relation to its off-market takeover offer for all of the fully paid ordinary shares in the capital of Lemur Resources Limited (ACN 147 241 361) (**Lemur**) (**Offer**).

This Supplementary Bidder's Statement is dated 1 July 2013 and a copy of this Supplementary Bidder's Statement was lodged with ASIC on this date. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Bidder's Statement.

This Supplementary Bidder's Statement must be read together with the Original Bidder's Statement. If there is a conflict between the Original Bidder's Statement and this Supplementary Bidder's Statement, this Supplementary Bidder's Statement will prevail. Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this Supplementary Bidder's Statement.

2. REPLACEMENT BIDDER'S STATEMENT

A replacement bidder's statement issued by Bushveld (the **Replacement Bidder's Statement**) replaces the Original Bidder's Statement.

Attached to this document is a marked up copy of the Original Bidder's Statement showing the changes that have been made as reflected in the Replacement Bidder's Statement.

It is intended that the Replacement Bidder's Statement will be sent to Lemur shareholders on 8 July 2013.

3. APPROVAL OF SUPPLEMENTARY BIDDER'S STATEMENT

This Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the Directors of Bushveld.

A handwritten signature in black ink, consisting of stylized, overlapping loops and a final dot.

Signed for and on behalf of
Bushveld Minerals Limited
Fortune Mojapelo
Chief Executive Officer

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER



(Incorporated and registered in Guernsey with registration number 54506)

Bidder's Statement

**in relation to an offer by Bushveld Minerals Limited to acquire ALL of
your ordinary shares in**

LEMUR RESOURCES LIMITED

(ACN 147 241 361)

**Consideration offered is:
3 Bushveld Shares for every 5 Lemur Shares you own**

Legal adviser to Bushveld Minerals Limited

Corporate adviser to Bushveld Minerals Limited

STEINPREIS PAGANIN
Lawyers & Consultants



 **RFC Ambrian**

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IMPORTANT INFORMATION

Bidder's Statement

This document is a replacement bidder's statement (the Bidder's Statement), dated 15 May 1 July 2013, is issued by Bushveld Minerals Limited (Registration Number 54506) under Part 6.5 of the Corporations Act (as amended by ASIC Class Order 00/344) in relation to an off-market offer by Bushveld to acquire all of the ordinary shares in Lemur Shares and sets out certain disclosures required by the Corporations Act. This Bidder's Statement replaces the Original Bidder's Statement dated and lodged with the ASIC on 15 May 2013. It incorporates the Original Bidder's Statement and changes made in the First Supplementary Bidder's Statement.

A copy of this Bidder's Statement was lodged with ASIC on 15 May 1 July 2013. ASIC takes no responsibility for the contents of this Bidder's Statement. References to "the date of this Bidder's Statement" (or similar) should be read as references to 15 May 2013.

Investment Risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of the Combined Entity and the value of Bushveld Shares. These are described in Section 8 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this document and the making of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

The entitlements of Lemur Shareholders who are located in jurisdictions outside Australia, its external territories and New Zealand are set out in Section 8 of Annexure A.

No action has been taken to register or qualify Bushveld or to otherwise permit the offering of Bushveld Shares outside Australia, its external territories and New Zealand.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not

been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom Bushveld Shares are being offered to under the Offer are Lemur Shareholders. The Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Bushveld's current expectations and predictions about future events including Bushveld's intentions (which include those set out in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Bushveld, Lemur and the Combined Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

None of Bushveld, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Disclaimer Regarding Lemur and the Combined Entity Information

In preparing the information relating to Lemur and the Combined Entity contained in this Bidder's Statement, Bushveld has relied on publicly available information relating to Lemur which has not been independently verified by Bushveld or its Directors. Risks may exist in relation to Lemur (which will affect the Combined Entity) of which Bushveld is unaware. If any material risks are known to the directors of Lemur, they must be disclosed in the target's statement to be issued by Lemur.

Accordingly, subject to any applicable law, Bushveld makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on Lemur may be included in Lemur's target's statement which Lemur is required to provide to all Lemur Shareholders in response to this Bidder's Statement.

Value of Bushveld Shares

The implied value of the Offer will vary with the market price of Bushveld's Shares. Further information on the implied value of the Offer is contained in this document. Before accepting the Offer, Lemur Shareholders should obtain current quotes for Bushveld Shares and Lemur Shares from their stockbroker or other financial adviser.

In addition, all references to the implied value of the Offer are subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Lemur Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Privacy

Bushveld has collected your information from the registers of Lemur for the purposes of making the Offer and administering your acceptance. Bushveld and its share registry may use your personal information in the course of making and implementing the Offer. Bushveld and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Bushveld, please contact Bushveld at the address set out in the Corporate Directory.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 10.

Internet Sites

Bushveld and Lemur each maintain internet sites. The URL location for Bushveld is www.bushveldminerals.com and for Lemur is www.lemurresources.com. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in

this Bidder's Statement are references to estimates, assumptions and derivations of the same by Bushveld's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia, references to "£", "British Pound Sterling" or "pence" are to the lawful currency of the United Kingdom and references to "South African Rand", "ZAR", "Rand" or "R" are to the lawful currency of the Republic of South Africa.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Bushveld or Lemur in respect of which different exchange rates may have been, or may be, used.

Maps and Diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Queries

You should contact your legal, financial or professional adviser if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Offer, please contact the Bushveld Offer Information Line on 1300 388 527 (local call charges apply) from within Australia or +61 3 9415 4037 (normal call charges apply) from outside Australia or contact your professional financial adviser.



15 May 2013

Dear Lemur Shareholder

On behalf of the Directors of Bushveld Minerals Limited (**Bushveld**), I am pleased to enclose an offer by Bushveld to acquire all of your shares in Lemur Resources Limited (**Lemur**). The Offer provides an opportunity for Lemur shareholders to join with Bushveld shareholders and for both shareholder groups to benefit from the formation of a combined portfolio of exploration assets with a coherent aim to achieve production in the short to medium term.

On 13 May 2013 (**Announcement Date**), Bushveld announced its intention to make an off-market takeover offer for all of the fully paid ordinary shares in the capital of Lemur which Bushveld does not already own. Bushveld currently holds 5,150,000 shares representing approximately 2.7% of Lemur's current fully paid ordinary share capital.

By accepting Bushveld's offer you will, subject to the terms and conditions of the Offer, receive three (3) Bushveld Shares for every five (5) of your Lemur Shares (the **Offer**).

Based on the closing price of Bushveld Shares on AIM and Lemur Shares on the ASX on the last trading day prior to the Announcement Date (**Pre-Announcement Price**)¹, the Offer represents an implied value of A\$0.099 per Lemur Share² (total equity value circa A\$19.12 million)³ and a premium of:

- 65.5% to Lemur's closing share price on the ASX of A\$0.060 on 10 May ~~3043~~2013, using Bushveld's closing share price on AIM on 9 May 2013 of £0.109 and an exchange rate of 1.518 on 9 May 2013⁴;
- 71.2% to Lemur's one month VWAP on the ASX of A\$0.058 to 10 May 2013, using Bushveld's one month VWAP on AIM to 9 May 2013 of £0.109⁴;
- 76.0% to Lemur's three month VWAP on the ASX of A\$0.059 to 10 May 2013, using Bushveld's three month VWAP on AIM to 9 May 2013 of £0.114⁴.

The Offer is conditional upon certain conditions included in this Bidder's Statement. Importantly, the Offer is not subject to a minimum acceptance condition.

The Directors of Bushveld believe the Offer is a compelling proposition for Lemur Shareholders. The Offer provides the opportunity for Lemur Shareholders to participate in projects which it believes have a shorter timescale to production and with fewer complexities to overcome than the Imaloto Coal Project, and in commodity areas with exposure to global markets which it believes are currently more attractive than that for thermal coal.

Bushveld has been advised that certain Lemur ~~shareholders~~Shareholders, who together hold approximately ~~4240~~42.40% of the issued capital of Lemur, intend to accept the Offer within five business days after commencement of the Offer Period in the absence of a superior proposal being publicly announced before the end of that five business day period. Bushveld already holds 5,150,000 Lemur Share or 2.68% of the issued share capital of Lemur. Certain Lemur Shares held by some of these shareholders, constituting 27.27% of the issued share capital of Lemur, are classed as restricted by the ASX, with their release being subject to customary conditions. To the extent these conditions are not able to be satisfied by the end of the five business day period presently contemplated, the timing of these acceptances may be modified. Please refer to section 9.16 of this document for further information.

Notes:

1. The Offer was announced to the ASX and AIM on 13 May 2013. The last trading day prior to the announcement of the Offer was 10 May 2013.
2. Based on the closing share price of Bushveld Shares of £0.109 as at 9 May 2013, the last practicable trading day prior to the Announcement Date and converted at a A\$ to £ exchange rate of 1.518 (1£=A\$0.659).
3. Calculated using the number of Bushveld Shares on issue prior to the Announcement Date and assuming that all existing Lemur Options are cancelled and no other Lemur Shares are issued.
4. Bushveld's share price has been converted at a A\$ to £ exchange rate of 1.518 (1£=A\$0.659).

If the Offer is successful and Bushveld obtains 100% of the issued share capital of Lemur, it will:

- create a diversified African junior mining company with a portfolio of mineral assets in South Africa and Madagascar;
- enable Lemur Shareholders to acquire exposure to the Bushveld Iron Ore Project and the Mokopane Tin Project in South Africa, mineral projects in the commodity segments of iron ore and tin, which benefit from attractive market fundamentals and strong forward demand profiles;
- align the interests of the company's various shareholder groups;
- enable Lemur Shareholders to benefit from the Bushveld board and management team's technical and management expertise which can deliver the development strategy for the combined portfolio of assets and generate enhanced value; and
- enhance global capital market and institutional investor awareness through an anticipated increase in broker research coverage and greater access to capital markets in the United Kingdom as well as Australia; and
- ~~increase liquidity and market presence.~~

I encourage you to read this important document carefully. In particular you should note Bushveld's audited financial statements for the period ending 28 February 2013 provided in Appendix 4. It is noted that Bushveld has a current cash position of about £430,000 and is in the process of raising additional capital funding of approximately £1.5 million. Without this cash injection the Group would not be able to complete all its intended projects and certain expenditure planned would need to be curtailed. The audit report states that these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Offer is open for your acceptance until 7:00pm (EST) on ~~leave blank in lodged version~~ 19 August 2013, unless extended. If you wish to accept the Offer, you should follow the instructions on the relevant Transfer and Acceptance Form enclosed.

If you have any questions about the Offer, please contact the Bushveld Offer Information Line on 1300 388 527 (local call charges apply) from within Australia or +61 3 9415 4037 (normal call charges apply) from outside Australia, or contact your professional financial adviser.

Bushveld's Directors look forward to having Lemur Shareholders join Bushveld following the successful completion of this transaction.

Yours sincerely



Ian Watson
Non-Executive Chairman

KEY DATES

Date of this <u>the Original</u> Bidder's Statement <u>was lodged with ASIC</u>	15 May 2013
Date this <u>Replacement</u> Bidder's Statement is lodged with ASIC	15 May <u>1 July</u> 2013
Date of Offer	leave blank in lodged version <u>18 July</u> <u>2013</u>
Offer Closes (unless otherwise extended)	leave blank in lodged version <u>19 August</u> <u>2013</u>

KEY CONTACTS

Australian share registrar for the Offer: Computershare Investor Services Pty Limited

Bushveld Offer Information Line: 1300 388 527 (local call charges apply) from within Australia
+61 3 9415 4037 (normal call charges apply) from outside Australia

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CORPORATE DIRECTORY

Directors

Mr Ian Watson (*Non-Executive Chairman*)
 Mr Fortune Mojapelo (*Chief Executive Officer*)
 Mr Anthony Viljoen (*Executive Director*)
 Mr Geoff Sproule (*Finance Director*)
 Mr Jeremy Friedlander (*Non-Executive Director*)

Registered Office & Principal Place of Business

Registered Office
 18-20 Le Pollet
 St Peter Port
 Guernsey
 GY1 1WH

Principal Place of Business
 Block A
 24 Fricker Road
 Illovo, 2116
 Johannesburg
 South Africa

Company Website

www.bushveldminerals.com

Ticker Code

BMN (AIM)

Corporate Adviser

RFC Ambrian Limited
 Level 15, QV1 Building
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 Perth WA 6000
 Australia

AIM Nominated Adviser and AIM Broker

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 London
 EC4Y 0AH
 United Kingdom

Legal Advisers to the Company

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 16 Milligan Street
 Perth WA 6000
 Australia

As to UK law
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 5 Chancery Lane
 Clifford's Inn
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 EC4A 1BL
 United Kingdom

As to Guernsey law

Carey Olsen

PO Box 98

Carey House

Les Banques

St Peter Port

Guernsey

GY1 4BZ

As to South African law

Edward Nathan Sonnenbergs Inc

150 West Street

Sandton

Johannesburg 2196

South Africa

Competent Persons

In respect of the Bushveld Iron Ore Project:

Mr Jeremy Witley & Dr Friedrich Reichhardt
 MSA Geoservices Pty Ltd
 20B Rothesay Avenue
 Craighall Park
 Johannesburg
 South Africa

In respect of the Mokopane Tin Project:

Dr Leon Liebenberg
 MSA Geoservices Pty Ltd
 20B Rothesay Avenue
 Craighall Park
 Johannesburg
 South Africa

Share Registrar

Australian Share Registrar for the Offer
Computershare Investor Services Pty
Limited
GPO Box 52 Melbourne
VIC 3001
Australia

To the Company
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU
United Kingdom

WHY YOU SHOULD ACCEPT THE OFFER

Bushveld believes you should ACCEPT the Offer for the following reasons:

1. You will receive a significant premium to Lemur's recent trading value
2. You will become a shareholder of the Combined Entity which will own a portfolio of exploration mining assets with a range of commodity exposures
3. You will become a shareholder of the Combined Entity which should have improved market presence
4. The Combined Entity will have a strong board and management team that can deliver a development strategy for the combined portfolio of assets and generate enhanced value
5. The Offer is supported by significant shareholders of Lemur
6. There is no alternative proposal
7. There are risks in not accepting the Offer

The above is only a headline summary of some of the reasons why you should accept the Offer. Each of the reasons is explained below.

If you wish to accept this Offer, you must return the signed Transfer and Acceptance Form by 7:00 pm (EST) on ~~leave blank in lodged version~~ 19 August 2013.

Detailed reasons why you should ACCEPT the Offer

1. You will receive a significant premium to Lemur's recent trading value.

The Offer comprises three (3) Bushveld Shares for every five (5) of your Lemur Shares.

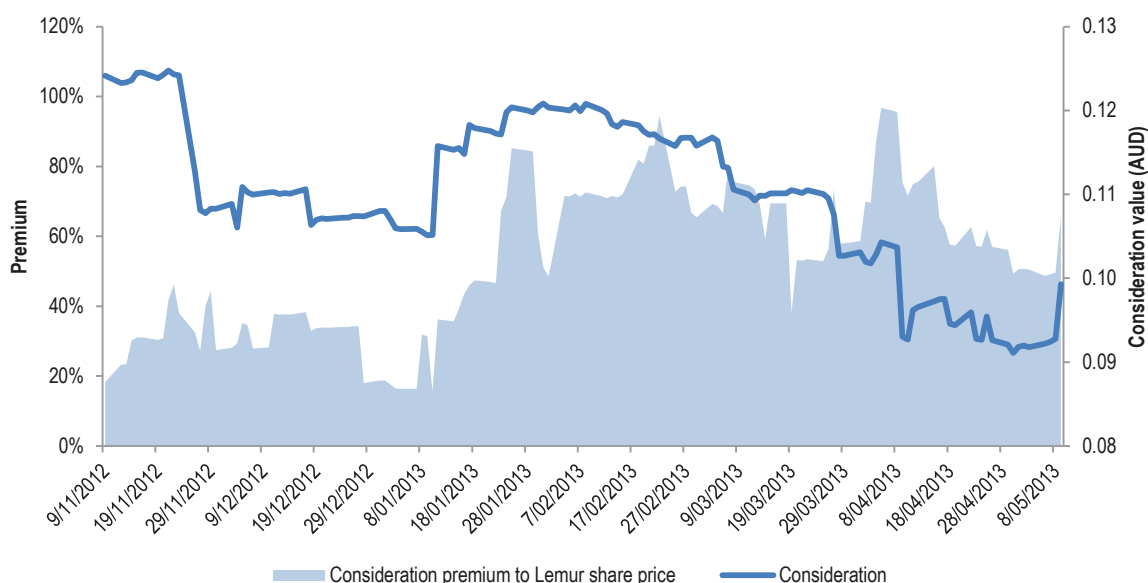
Based on the closing price of Bushveld Shares on AIM and Lemur Shares on the ASX on the last trading day prior to the announcement of the Offer, the Offer represents an implied value of A\$0.099 per Lemur Share¹ (total equity value circa A\$19.12 million)² and a premium of:

- 65.5% to Lemur's closing share price on ASX of A\$0.060 on 10 May 2013, using Bushveld's closing share price on AIM on 9 May 2013 of £0.109³;
- 71.2% to Lemur's one month VWAP on ASX of A\$0.058 to 10 May 2013, using Bushveld's one month VWAP on AIM to 9 May 2013 of £0.109³;
- 76.0% to Lemur's three month VWAP on ASX of A\$0.059 to 10 May 2013, using Bushveld's three month VWAP on AIM to 9 May 2013 of £0.114³.

Notes:

1. Based on the closing share price of Bushveld Shares of £0.109 as at 9 May 2013, the last practicable trading day prior to the Announcement Date and converted at a A\$ to £ exchange rate of 1.518 (1£=A\$0.659).
2. Calculated using the number of Lemur Shares on issue prior to the announcement of the Offer and assuming that all existing Lemur Options are cancelled and no other Lemur Shares are issued.
3. Bushveld's share price has been converted at a A\$ to £ exchange rate of 1.518 (1£=A\$0.659). The last trading day prior to the Announcement Date was 10 May 2013.

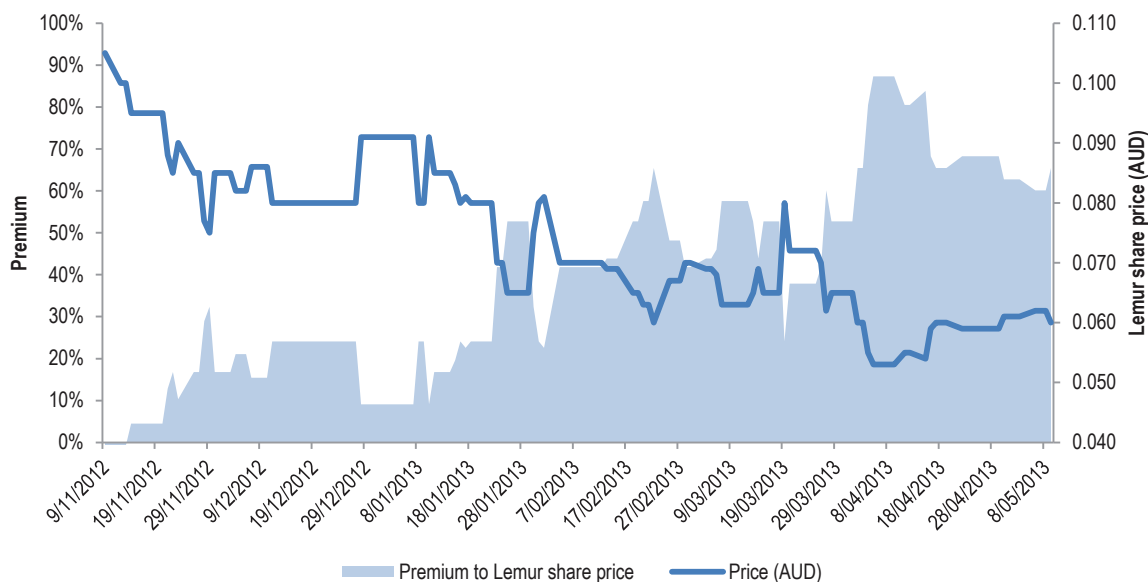
The following chart tracks the value of the Offer based on the Bushveld share price and governing exchange rate over the six months prior to the Offer and compares it to the Lemur share price over the same period.



Notes: Source, FactSet; consideration value calculated on the Offer of Bushveld shares, Bushveld closing prices and closing £ to A\$ exchange rates

Figure 1 – Premium and Consideration Value Over Six Months Prior to Offer

The following chart tracks the implied value of the Offer against Lemur's daily closing share price on the ASX and highlights the daily change in the Offer premium.



Notes: Source, FactSet; premium calculated on Lemur closing prices and an implied value of A\$0.099 per Lemur Share

Figure 2 – Offer Premium to Lemur Closing Prices

2. You will become a shareholder of the Combined Entity which will own a portfolio of exploration mining assets with a range of commodity exposures.

The Lemur Board has stated, as part of its strategic review announced on 22 February 2013, that Lemur is looking for acquisition opportunities. ByAs described in Section 3.9, by accepting the Offer you will receive

Bushveld Shares and Lemur Shareholders will have an interest of up to approximately 28.9% of the shares in the Combined Entity. This will enable Lemur Shareholders to:

- retain ~~material~~ exposure to the Imaloto Coal Project in Madagascar, where Bushveld intends to continue to work towards having an Independent Power Producing concession awarded by the Madagascar Government and will look to secure a strategic partner to assist in the development of the Imaloto Coal Project. In the meantime it is likely that project expenditure on the Imaloto Coal Project will be materially reduced;
- acquire exposure to the Bushveld Iron Ore Project and the Mokopane Tin Project in South Africa through the exchange of your Lemur Shares for Bushveld Shares at an attractive premium to their current market value;
- gain exposure to mineral projects in the commodity segments of iron ore and tin, which benefit from attractive market fundamentals and strong forward demand profiles; and
- share in the Bushveld management's strategy to move its exploration projects forward aggressively and pursue opportunities to invest in value accretive projects in the future in order to maximise value for all Bushveld shareholders.

For further information in relation to Bushveld's intentions regarding Lemur, please see Sections 6.3 to 6.7.

3. You will become a shareholder of the Combined Entity which should have improved market presence.

Bushveld is admitted to trading on the AIM Market of the London Stock Exchange which provides it with access to large institutional shareholders capable of providing significant investment in the development of minerals projects. Information regarding recent performance of Bushveld Shares on AIM is set out in Figures 1 and 2 and in Section 3.10. By accepting the Offer, Lemur Shareholders will benefit from this improved market presence which will serve to:

- refresh the equity story of Lemur, which has seen ~~disappointing falls~~ a fall in the market price of Lemur Shares since ~~Lemur was listed~~ listing on the ASX in August 2011;
- enable the Combined Entity to be better positioned to attract strong investor support and wider analyst coverage than would be available for Bushveld or Lemur as standalone entities; and
- encourage a higher equity market rating and increased market liquidity for the Combined Entity than presently exists for either company as standalone entities.

4. The Combined Entity will have a strong board and management team that can deliver a development strategy for the combined portfolio of assets and generate enhanced value.

The Bushveld Board and management team provides:

- geological exploration expertise for the identification and development of exploration mineral assets;
- technical expertise in geology, metallurgy and mining engineering and proven expertise in building and managing mining operations, enhancing the likelihood of the successful development of the assets of the Combined Entity; and
- strong corporate management and deal-making, corporate finance and structuring capabilities in order to maximize value for shareholders and successfully access sources of potential capital.

5. The Offer is supported by significant shareholders of Lemur.

- Bushveld has been advised that certain Lemur shareholders, who together hold approximately 4240% of the issued capital of Lemur, intend to accept the Offer within five business days after the commencement of the Offer Period in the absence of a superior proposal being publicly announced before the end of that five business day period.

6. There is no alternative proposal.

Bushveld announced its intention to make an off-market takeover offer for Lemur on 13 May 2013. Neither Lemur nor any third party has made any announcement with respect to a competing takeover proposal for Lemur.

The emergence of another bidder may be unlikely if Bushveld acquires sufficient Lemur Shares under the Offer to prevent another bidder proceeding to compulsory acquisition or achieving effective control of Lemur.

7. There are risks in not accepting the Offer.

If the Offer does not succeed and if there are subsequently no other alternative offers or proposals for Lemur Shares, there is a risk that Lemur's share price may fall.

If you do not accept the Offer and the Offer becomes or is declared unconditional before Bushveld has received acceptances resulting in it being entitled to a Relevant Interest of at least 90% (by number) of Lemur Shares, then you would remain a minority Lemur Shareholder. The implications of being a minority shareholder include that:

- it is unlikely that Lemur's share price will include any takeover premium;
- the liquidity of Lemur Shares may be lower than at present, making it more difficult for you to dispose of your Lemur Shares in the future;
- Lemur may be delisted from the ASX which would materially impact on the liquidity of Lemur Shares; and
- Lemur may be controlled by Bushveld.

1. SUMMARY OF THE OFFER

The information in this Section 1 is a summary of the Offer only and is qualified by the information set out elsewhere in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate target's statement which will be sent to you directly by Lemur before deciding how to deal with your Lemur Shares. The detailed terms of the Offer are set out in Annexure A.

If you have any questions about the Offer, please contact the Bushveld Offer Information Line on 1300 388 527 (local call charges apply) from within Australia or +61 3 9415 4037 (normal call charges apply) from outside Australia or your professional financial adviser. Calls to these numbers may be recorded.

What is Bushveld offering to buy?	Bushveld is offering to buy all Lemur Shares it does not currently own, including Lemur Shares that are issued during the Offer Period due to the conversion of Lemur Options, on the terms set out in this Bidder's Statement. You may only accept the Offer in respect of all the Lemur Shares held by you.
<u>Are there risks if I accept the Takeover Offer?</u>	<u>Yes, if you accept the Offer, and it becomes unconditional, you will be issued new Bushveld Shares and Bushveld will acquire an interest in Lemur. There are risks in holding Bushveld Shares.</u> <u>The financial and operational performance of Bushveld's business, and the value and trading prices for Bushveld Shares on AIM will be influenced by a range of risks. Many of these risks are beyond the control of Bushveld's Board and management.</u> <u>Section 8 provides a more detailed explanation of these risks such as general industry risks, risks relating to the Offer and risks relating to the Combined Entity.</u> <u>A summary of some of the main risks is set out below:</u> (a) <u>(Title risk): There is a risk that title to, and rights and interests in the concessions held by the Bushveld Group may be lost.</u> (b) <u>(Financing): The Company will need to raise additional capital in the future to fund the development of its projects. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities.</u> (c) <u>(Processing and beneficiation): No assurance can be given that commercially viable processing and beneficiation options will be available to:</u> (i) <u>viably realise the envisaged range of intermediate or refined products in the case of the Bushveld Iron Ore Project; or</u> (ii) <u>determine the recoverability of tin from the cassiterite in the case of the Mokopane Tin Project.</u> (d) <u>(Granting of Prospecting Right 2371): The Bushveld Group is currently awaiting the granting of Prospecting Right 2371 and there can be no guarantee that this prospecting right will be granted.</u> (e) <u>(Renewal of Prospecting Right 438): Prospecting Right 438 is awaiting renewal and there is no guarantee that it will be renewed.</u>

Who is Bushveld?	Bushveld is a mineral exploration company with projects located in the Bushveld Complex in South Africa. Bushveld is a Guernsey incorporated company listed on AIM. Please refer to Sections 2 and 3 for further information on Bushveld.
Who are the Bushveld Directors and what experience do they have?	The Directors of Bushveld are: (a) Mr Ian Watson – Non-Executive Chairman; (b) Mr Fortune Mojapelo – Chief Executive Officer; (c) Mr Anthony Viljoen – Executive Director; (d) Mr Geoff Sproule – Finance Director; and (e) Mr Jeremy Friedlander – Non-Executive Director Three of the Directors of Bushveld, Mr Ian Watson, Mr Geoff Sproule and Mr Jeremy Friedlander are considered to be independent for the purposes of the Offer. The Directors of Bushveld have significant experience in the exploration for, development of and operation of mining projects. See Sections 2.12 and 2.13 for further details.
Do the Directors of Bushveld have any securities in, or potential conflicts of interest in relation to Lemur?	Mr Fortune Mojapelo is a non-executive director of Lemur and Mr Anthony Viljoen is a non-executive director of Lemur who is currently acting as a part-time interim executive director of Lemur. Mr Viljoen holds 500,000 Lemur Options.
What will you receive if you accept the Offer?	If you accept the Offer, subject to satisfaction of the conditions of the Offer, you will receive three (3) Bushveld Shares for every five (5) Lemur Shares held by you. If you accept the Offer and you are a Foreign Shareholder or an Unmarketable Parcel Shareholder, you will not be entitled to receive Bushveld Shares as consideration for your Lemur Shares. In these circumstances, the Bushveld Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Bushveld Shares and the net proceeds of such sale will be remitted to you by cheque in Australian dollars. See Sections 9.12 and 9.13 for further details.
What is the value of the Offer?	The implied value of the offer is A\$0.099 per Lemur Share¹, and represents a premium to the Pre-Announcement Price of the Lemur Shares. The value of the Offer may change as a consequence of changes in the market price of Bushveld Shares and the A\$/£ exchange rate from time to time.
When will you receive your consideration?	If you accept the Offer, Bushveld will issue you Bushveld Shares as consideration for your Lemur Shares on or before the earlier of: (a) one month after you have validly accepted the Offer or the contract resulting from when its acceptance becomes unconditional (whichever is later); and (b) 21 days after the end of the Offer Period, provided that the Offer has

¹ Based on the closing share price of Bushveld of £0.109 as at 10 May 2013, the last practicable trading day prior to the announcement of the Offer and converted at a A\$ to £ exchange rate of 1.518 (1£=A\$0.659).

	become unconditional. If you accept the Offer and you are a Foreign Shareholder, or you are an Unmarketable Parcel Shareholder, you will not be entitled to receive Bushveld Shares as consideration for Lemur Shares held by you pursuant to the Offer. In these circumstances, the Bushveld Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Bushveld Shares and remit the net proceeds of such sale to you by cheque in Australian dollars.
How long will the offer remain open?	The Offer opens on leave blank in lodged version 8 July 2013. Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 7:00pm (EST) on leave blank in lodged version 9 August 2013.
Can the Offer Period be extended?	The Offer Period can be extended at Bushveld's election, up to a maximum Offer Period of 12 months. Lemur Shareholders will be sent written notice of any extension, and the extension will be announced to the ASX.
Are there conditions to the Offer?	The Offer is subject to the conditions set out in Section 10(a) of Annexure A and include receipt by Bushveld of all required regulatory and shareholder approvals and consents in connection with the Offer. However, there is no minimum acceptance condition to the Offer.
Is there an offer in respect of my Lemur Options?	Bushveld is not making a separate offer to holders of Lemur Options. The holders of any Lemur Options which are converted into Lemur Shares which are issued during the Offer Period are able to accept the Offer in respect of such Lemur Shares, provided their acceptance is received during the Offer Period.

How do I accept the Offer?	Below is a summary of the ways in which you can accept the Offer. Full details are set out in Annexure A. You may only accept the Offer in respect of all your Lemur Shares. Issuer Sponsored Holding If your Lemur Shares are held on Lemur's issuer sponsored subregister (such holding will be evidenced by an "I" appearing next to your Securityholder Reference Number on the attached Transfer and Acceptance Form), to accept this Offer, you must complete the attached Transfer and Acceptance Form and return it, together with any other documents required, to the address indicated on the form so that it is received before the date the Offer closes, unless it is extended. CHESS Holding If your Lemur Shares are held in a CHESS Holding (such holdings will be evidenced by an "X" appearing next to your Holder Identification Number on the attached Transfer and Acceptance Form), you may accept the Offer by either: (a) completing and signing the attached Transfer and Acceptance Form and returning it, together with any other documents required, to the address indicated on the form; or (b) instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, so that your acceptance is received before the Offer closes.
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	Participants If you are a Participant, acceptance of this Offer must be in accordance with the ASX Settlement Operating Rules before the Offer closes.
Will I need to pay any transaction costs if I accept the Offer?	If your Lemur Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Lemur Shares are registered in the name of a bank, custodian, broker or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer. If your Lemur Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Bushveld, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer. If you are a Foreign Shareholder or Unmarketable Parcel Shareholder, the proceeds you will receive from the sale of your Lemur Shares will be net of any costs including brokerage charges.
What if the Conditions are not satisfied or waived?	If the Offer closes and the conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Lemur Shares (unless you otherwise sell them). Bushveld will inform you of whether the conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.
What happens if Bushveld improves the Offer Consideration?	If Bushveld improves the Offer Consideration, all the Lemur Shareholders who accept the Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared unconditional.
Will Bushveld Shares be listed on the ASX?	No, you will become a shareholder in Bushveld. Bushveld is a company listed on AIM, a market operated by the London Stock Exchange plc. Application will be made for the Bushveld Shares issued pursuant to the acceptance of the Offer to be admitted to trading on AIM.
What is AIM?	AIM is the junior market of the London Stock Exchange and is considered to be one of the world's leading growth markets for small and medium-sized companies. As at 30 April 2013, AIM had 1,088 companies listed, with a total market value of over £62bn (approximately A\$94bn). 222 were companies incorporated outside the United Kingdom. The mining sector comprises more than 10% of AIM by market capitalisation with 163 companies in the metals and mining sector listed on the market. Five of the largest 50 companies by market capitalisation are in the mining sector and the total market value of metals and mining companies on AIM is approximately £5.9bn (approximately A\$8.9bn). By way of comparison, the total market value of mining sector companies on the ASX, excluding companies included in the S&P/ASX100 Index, is approximately A\$30.0bn.
What are the tax implications of accepting the Offer?	A general summary of the Australian tax consequences for Lemur Shareholders who accept the Offer is set out in Section 7. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Lemur Shareholders should seek their own taxation advice in relation to the Offer.
What happens if I do not accept the Offer?	You will remain a shareholder of Lemur and will not receive the Offer Consideration.

	If Bushveld becomes entitled to compulsorily acquire your Lemur Shares, it intends to do so. If your Lemur Shares are compulsorily acquired by Bushveld, it will be on the same terms as the Offer. However, you will receive your Bushveld Shares later than the Lemur Shareholders who choose to accept the Offer.
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2. PROFILE OF BUSHVELD

2.1 Overview of Bushveld

Bushveld is an AIM-listed mineral exploration and development company focused on exploring and developing mineral projects on the Bushveld Complex in South Africa. Bushveld's primary projects are the Bushveld Iron Ore Project and the Mokopane Tin Project, both located on the northern limb of the Bushveld Complex.

It is Bushveld's intention to establish strong iron ore and tin operations comprising attractive deposits with the potential for rapid development. The Company intends to identify and evaluate other possible opportunities for the acquisition of iron ore and tin projects in Africa where appropriate, by targeting projects with potential scale and favourable cost-curve positioning in well understood geographies. The Directors have focused on iron ore and tin projects to date because of the potential returns from development and management's expertise in these commodity groups.

The Company's management team has a proven track record of identifying, developing and managing mineral exploration projects. They have extensive experience in exploration and mining geology, mining engineering and metallurgy on the African continent and in particular the Bushveld Complex. The management team has also developed strong networks in Africa and has the ability to work with a number of mining related organisations to advance mineral exploration projects more rapidly.

For further information in relation to the expertise of the Company's Directors and consultants, see Sections 2.12 and 2.13.

2.2 Corporate Information

Bushveld was incorporated on 5 January 2012 in Guernsey to be the holding company of Bushveld Resources Limited (**Bushveld Resources**) and Greenhills Resources Limited (**Greenhills**) and their respective subsidiaries. On incorporation, the initial shareholders of the Company were Acacia Resources Limited (Acacia) (previously known as VML Resources Limited) and Mineral Wealth International Limited. The Company was listed on the AIM Market of the London Stock Exchange on 26 March 2012.

The current corporate structure of the Bushveld Group is shown in the diagram below.

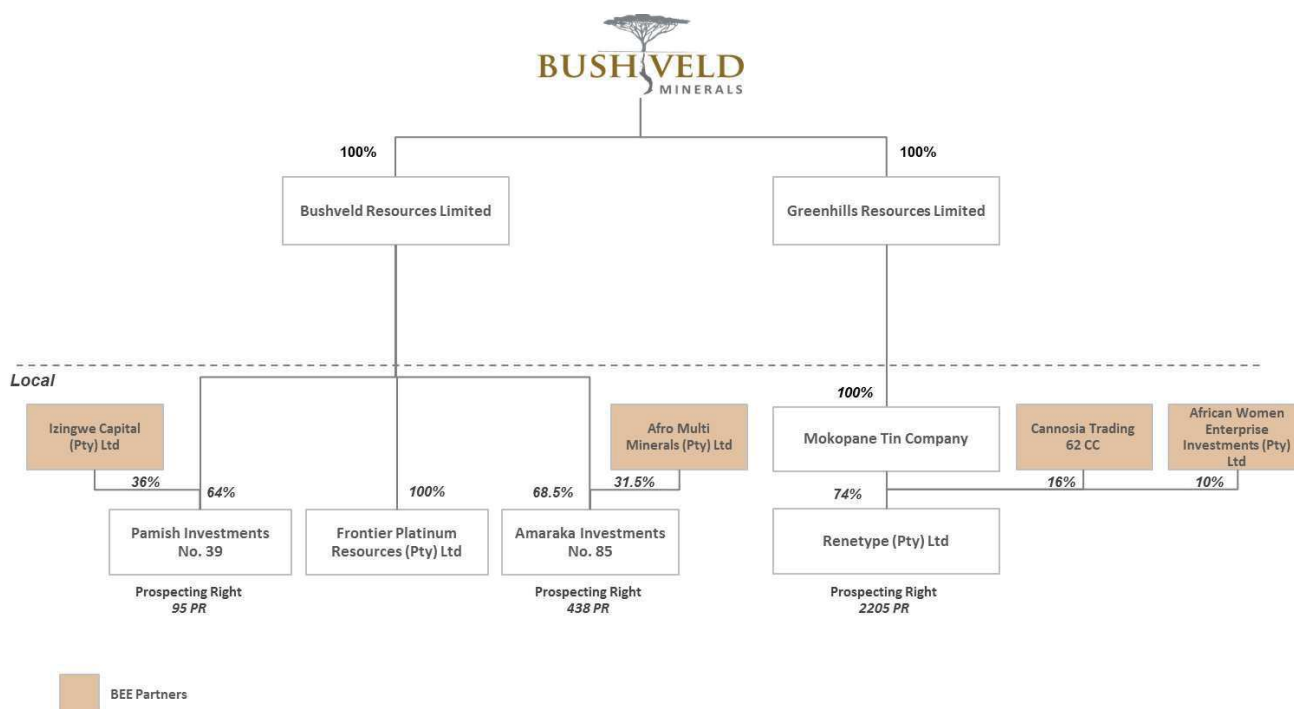


Figure 3- Bushveld Group Structure

2.3

Competent Person's Statement

The information in this Section 2 and elsewhere in this Bidder's Statement, ~~that relates including the Competent Person's Reports in Appendices 1 and 2 that relate~~ to Bushveld's Exploration Results, Mineral Resources and Ore Reserves is based on information reviewed by Mr Jeremy Witley in relation to the Bushveld Iron Ore Project's Mineral Resource Estimate, Dr Friedrich Reichhardt in relation to the Bushveld Iron Ore Project's exploration program, and Dr Leon Liebenberg in relation to the Mokopane Tin Project.

Mr Witley is a member of the Geological Society of South Africa and is a registered professional scientist with the South African Council for Natural Scientific Professions ("SACNASP"), which is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.

Dr Reichhardt is a fellow of the Geological Society of South Africa and registered professional scientist with the South African Council for Natural Scientific Professions ("SACNASP"), which is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.

Dr Liebenberg is a member of the Geological Society of South Africa and the Society of Economic Geologists and registered professional scientist with the South African Council for Natural Scientific Professions (SACNASP), which is a 'Recognised Overseas Professional Organisation' ("ROPO") included in a list promulgated by ASX from time to time.

Mr Witley is a professional geologist with more than 20 years' experience in base and precious metals exploration and mining as well as Mineral Resource evaluation and reporting. He is a Principal Consultant for the MSA Group. Dr Reichhardt is a professional geologist with more than 25 years' experience, and has been involved in the design, execution and management of exploration programs and public reporting on various mineral deposit types and commodities. He is a Principal Consulting Geologist for the MSA Group. Mr Witley and Dr Reichhardt have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Witley and Dr Reichhardt consent to the inclusion in this document of the matters based on the information in the form and context in which it appears, and approve such disclosures.

Dr Liebenberg is a professional geologist with 43 years' industry experience with a number of multinational mining and exploration companies and in a variety of commodities. He worked at the Zaaiploots Tin Mine for a short period early in his career and has worked on tin projects in South Africa and elsewhere. He is an Associate Consulting Geologist with MSA. Dr Liebenberg has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Liebenberg consents to the inclusion in this document of the matters based on the information in the form and context in which it appears, and approves such disclosures.

2.4

Related Parties

The Bushveld Iron Ore Project and the Mokopane Tin Project were originally sourced and managed by VM Investment Company (Pty) Limited (**VMI**), a natural resources investment group based in Johannesburg, South Africa founded and controlled by Bushveld Directors Fortune Mojapelo and Anthony Viljoen. Professor Richard Viljoen and Professor Morris Viljoen are consultants to VMI (and consultants to Bushveld) and assist with reviewing target projects and advising on their geological merit.

VMI was the original holder of the Mokopane Tin Project and subsequently sold Prospecting Right 2205 to Renetype (Pty) Ltd (**Renetype**), a subsidiary of Bushveld. ~~VML Resources Limited (VML) Acacia~~ agreed that certain of the Bushveld shares to which it was entitled following the acquisition by the Company of its interest in Greenhills should be issued to VMI.

VMI is also a minority shareholder of Bushveld Subsidiary Amaraka Investments No.85 (Pty) Ltd (**Amaraka**) through its wholly owned Subsidiary Pamish Investments No 63 (Proprietary) Limited. VMI has entered into a consultancy agreement with the Bushveld Group disclosed in Section 2.14(c).

VMI has also entered into a consultancy agreement with Lemur under which it provides exploration and logistical management services in relation to Lemur's Madagascan assets for a monthly fee.

2.5 BEE Partners

The South African government has adopted a Mining Charter that requires economic participation in mining projects by historically disadvantaged South Africans (**HDSA**). The Mining Charter outlines several metrics spanning from equity participation, management representation and preferential procurement, among others. Section 2(d) and section 100(2)(a) of the MPRDA and the Mining Charter comprise the law relating to Black Economic Empowerment (**BEE**) insofar as it applies to mining companies. The Mining Charter defines a BEE entity as an entity of which a minimum of 25% plus one vote of share capital is directly owned by a HDSA.

Bushveld complies with and supports the objectives of the BEE legislative provisions. The Bushveld Group's BEE partners' holdings in prospecting rights are held within the Company's South African Subsidiaries and exceeds the requirements of the Mining Charter and the MPRDA (see Figure 3).

2.6 Overview of Bushveld's Activities

This Section 2.6 contains a summary of Bushveld's activities. Further information on Bushveld can be obtained from Bushveld's website (www.bushveldminerals.com).

Bushveld's key projects are the Bushveld Iron Ore Project and the Mokopane Tin Project. The Bushveld Iron Ore Project has a JORC-compliant Ti-magnetite Mineral Resource of 770 million tonnes ~~with the Company targeting an increase to more than 1 billion gross tonnes. The Directors consider this to be an exciting open-castable multi-commodity resource that has the potential to support more than 7Mtpa gross run-of-mine production (in terms of tonnage fed to the process plant). Bushveld is targeting production for the Bushveld Iron Ore Project in 2016 / 2017. (see Table 2).~~

The Mokopane Tin Project is viewed by the Bushveld Directors as a promising portfolio of open-castable and shallow tin deposits in historical tin-producing localities. Bushveld is aiming to ~~build-up/consolidate a South African tin resource inventory in excess of 50,000 tonnes, from an initial JORC compliant resource base of approximately 6,000 tonnes. The Company is targeting over the next 12-18 month production profile at an initial rate of 3,000 tonnes per annum/months.~~

A summary of the licenses and rights over each project is shown below:

Licence	Bushveld Interest	Farm Names	Minerals	Area (ha)	Licence Expiry Date
Bushveld Iron Ore Project					
95PR	64% held through Pamish 39	Vliegekraal 783LR Vogelstruisfontein 765LR Vriesland 781LR	PGMs, cobalt, copper, nickel, chrome, iron ore, vanadium, titanium and all minerals that may be found in intimate association with the latter	9,921	Rights renewed on 30/05/2011 for 3 years. An application to include two additional farms (Schoonoord 786 LR and Bellevue 808 LR) as well as the mineral phosphate to the prospecting right was approved in January 2013.
438PR	Currently held by Afro Multi Minerals (Pty) Ltd. Following successful assignment will be held 68.5% by Bushveld through Amaraka	Malokong 784LR	Copper ore, cobalt, nickel, iron ore, titanium ore and PGMs	1,864	Renewal Application submitted. Application to transfer the prospecting right in terms of Section 11 of the MPRDA to be submitted upon approval of renewal.
Mokopane Tin Project					
2205PR	74% through Renetype	Groendoom 225KR (excluding Portion 05) Groenfontein 227KR (excluding Portion 25) Sterkwater 229KR Salomon's temple 230KR Roodepoort 222KR Zaaiplaats 223KR	Tin, rare earth metals, fluorspar, molybdenum, gold, arsenic, uranium, zirconium, iron ore and zinc	13,422	Valid Due for renewal in July 2015.

Table 1 – Details of Bushveld's Prospecting Permits

Further information on the above is contained in the Competent Person's Reports in Appendices 1 and 2 and the Mining Title Report in Appendix 3.

2.7 Overview of the Bushveld Complex

The Bushveld Complex, situated north of Johannesburg in the north east of South Africa, is one of the largest repositories of minerals in the world. It includes over 85% of the world's platinum group metals (PGM) reserves, over 70% of the world's chromium reserves and over 30% of the world's vanadium reserves in addition to important resources of tin, fluorspar, uranium and rare earth elements. The Directors of Bushveld also believe that the Bushveld Complex has the potential to contain a significant portion of the world's magnetite iron ore and titanium reserves. The region is a well-established mining district with sound mining related infrastructure in place with over 30,000 tonnes of historic tin production.

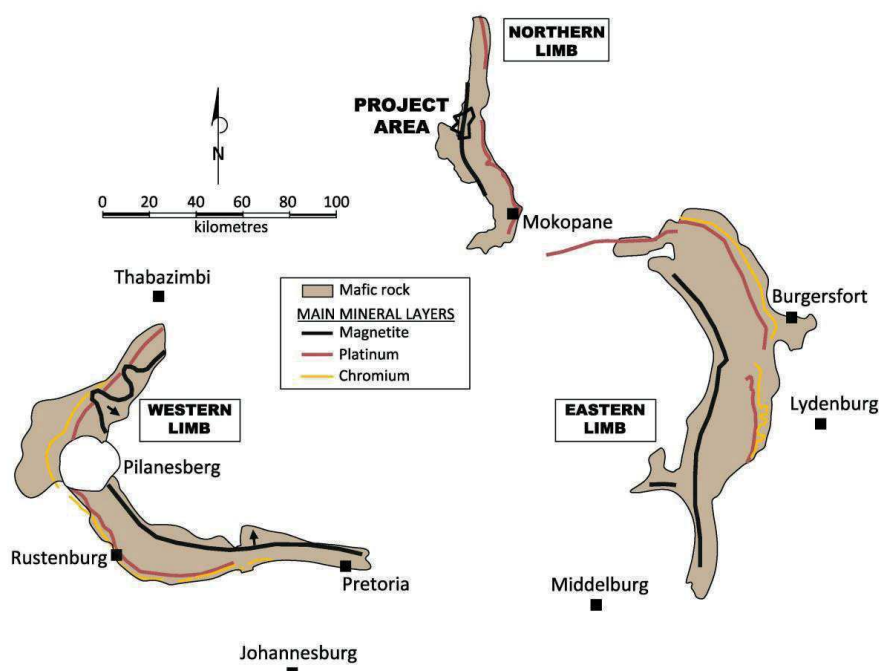


Figure 4 – The Bushveld Complex

2.8 Background on Vanadium Ti-Magnetites

Vanadium Ti-magnetite (VTM) is an iron oxide (Fe_3O_4) that contains vanadium (V) and titanium (Ti). The exact VTM composition varies depending on each deposit and the region in which it is found. With such mineral, the vanadium pentoxide (V_2O_5) content is usually less than 2% and the titanium oxide (TiO_2) content is usually less than 16%. If the V_2O_5 content exceeds 1.5%, it can be used to produce V_2O_5 directly.

Major deposits of this type are found primarily in China, Russia, New Zealand and South Africa. These types of deposits are used to produce iron concentrates containing vanadium and titanium. The Ti-magnetite concentrates can be used in the production of iron metal and the vanadium can be recovered in a separate process and be further refined into either V_2O_5 for chemical applications or into ferrovanadium (FeV) for high strength steels. The titanium-rich slag can potentially be upgraded in a separate process to produce downstream titanium products such as pigment and sponge titanium. VTMs can only be processed by specialised furnaces as the vanadium and titanium content is too high for use in conventional steel-making operations.

2.9 Bushveld Iron Ore Project

(a) Background

The Bushveld Iron Ore Project has a JORC-compliant titaniferous magnetite (**Ti-magnetite**) Mineral Resource of 770 million tonnes (see Table 2) contained in two adjacent deposits (see Table 1 above). A scoping study to assess the Bushveld Iron Ore Project was released on AIM on 22 April 2013 (the **Scoping Study**) ~~provided encouraging conclusions on~~. ~~Lemur Shareholders are encouraged to read the merits of pursuing~~ Competent Person's Report contained in Appendix 1 to obtain further information in relation to the development of the project Bushveld Iron Ore Project.

(b) Location and Infrastructure

The Bushveld Iron Ore Project is situated approximately 65km west of Polokwane and 45km north-northwest of Mokopane in the Mokopane District, Limpopo Province, South Africa. The project is located in the central portion of the Northern Limb of the Bushveld Complex, and has been established on a group of four adjacent farms, with the project recently expanded to include two additional farms.

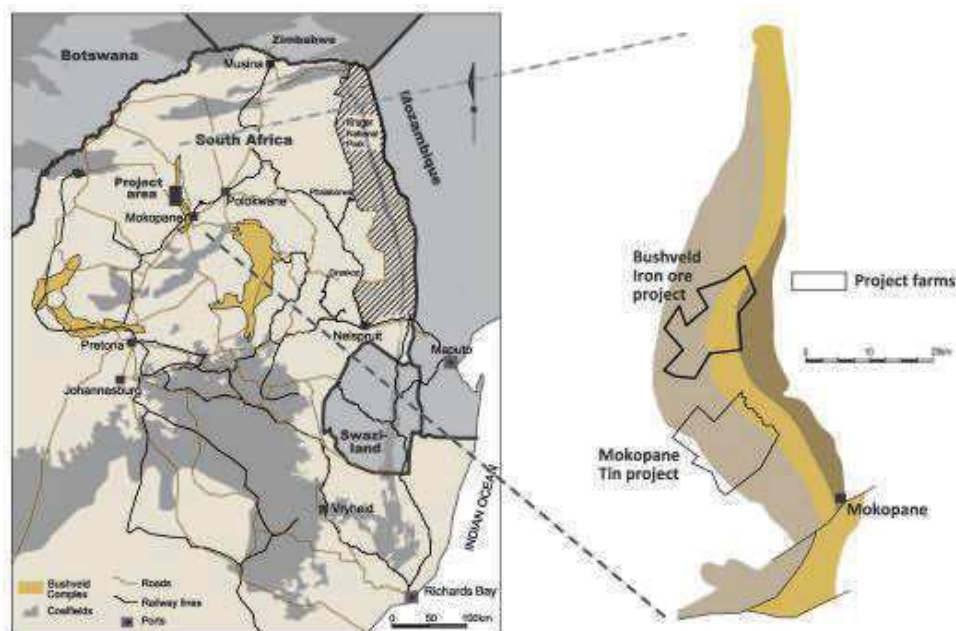


Figure 5 - Bushveld Iron Ore Project Location

The project is located close to supportive bulk commodity infrastructure including:

- Road – Primary access to the project is via a tarred road linking Mokopane and the village of Bakenberg.
- Rail and port – Ore can be trucked 45km from the project site to the nearest railhead. ~~The Scoping Study identified the port at Maputo/Matola as a preferred option given its existing spare capacity and distance (707km) from the project.~~
- Water – Studies have identified that existing water supplies are sufficient to support the project and potential longer term sources of water, subject to development, have been considered.
- Power – The 15-20MW power requirement can be sourced from Eskom, with existing transmission infrastructure within a 20km radius of the site. The project is also in close proximity to coal deposits (both thermal and coking) which could provide alternative energy sources for a potential future downstream beneficiation play.

The South African government's investment in bulk commodity infrastructure is expected to enhance these infrastructure advantages further. Transnet's (South Africa's state-owned rail, port and pipeline company)

recently approved ZAR300 billion Capital Investment Program in particular is expected to expand rail and port infrastructure capacity over the next 7 years.

(c) Geology

The project area is located in the Upper Zone of the Bushveld Complex, an area known to contain numerous zones and layers of massive to disseminated Ti-magnetite. Within the project area, two significant Ti-magnetite zones are found: the vanadium-rich Main Magnetite Layer Zone (**MML Zone**) which is found near the base of the stratigraphy of the Upper Zone; and the iron- and titanium-rich P-Q Zone (**P-Q Zone**), which contains numerous Ti-magnetite layers and occurs towards the top of the stratigraphy of the Upper Zone.

Following diamond drilling of the P-Q Zone and MML Zone, a detailed model based on geological logging and geochemical sampling data was developed. Both the P-Q Zone and MML Zone are continuous over more than 5km of strike, and down-dip to over 400m. These two layers, together with their hanging- and foot-walls, all dip westward at 18°-24°. The stratigraphic separation between the MML Zone and the P-Q Zone is about 700m while their horizontal separation on surface is about 2km. The average true thickness of the MML Zone is 9.8m (including a 1.8m parting) after correcting for a dip of 20°. The entire P-Q Zone has an average true width of approximately 50m (after correction for a dip of 22°).

While the MML outcrops sporadically throughout the project area no outcrops of the P-Q Zone occur in the project area, which is covered by a distinctive reddish-brown soil layer averaging 1.5 - 3m in thickness and containing visible magnetite float above the P-Q Zone layer. The P-Q Zone comprises 5 distinct layers over an average thickness of 45m, after removal of a 5m thick barren leuconorite parting. The layers fall into two categories - massive and disseminated ore - and are weathered down to about 30m. The weathered portion of the P-Q Zone extends from immediately below the soil layer to an average depth of 25m below surface, occasionally extending to 32.5m over the Q Ti-magnetite layer.

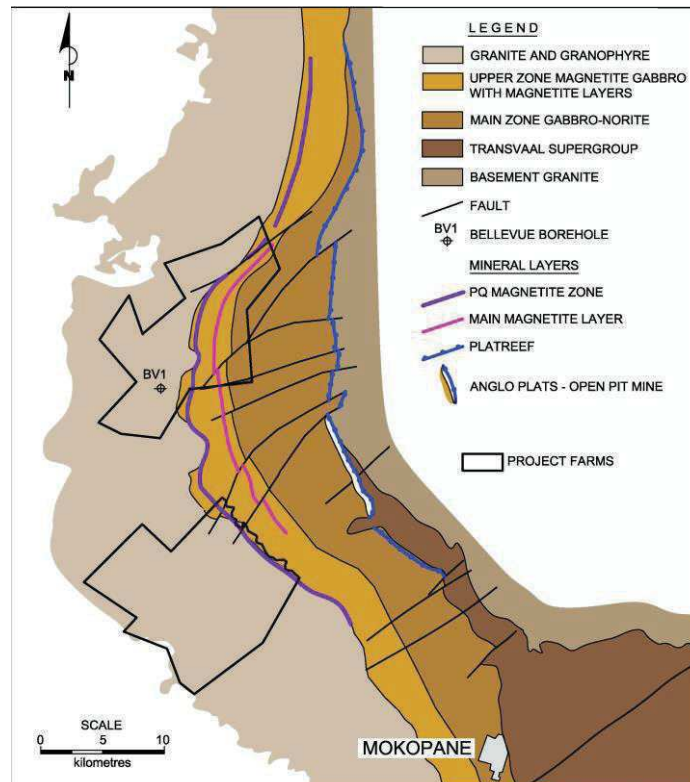


Figure 6 - Distribution of the Main Zone and Upper Zone of the Bushveld Complex, with the positions of the P-Q Zone and Main Magnetite Layers depicted

(d) Mineral Resources

Two phases of drilling were undertaken on the project, the first in 2010 - 2011 which delineated a maiden resource and the second in 2012 designed to improve the geological confidence level in the P-Q Zone by extending the strike of the mineralization as well as evaluating the shallow, near-surface weathered portion of the P-Q Zone resource. In addition, the drilling program upgraded the parallel MML Zone mineralization to a JORC-compliant Indicated Resource.

A JORC-compliant Ti-magnetite Mineral Resource of 770 million tonnes contained in the two adjacent deposits has been established, comprising 718 million tonnes in the P-Q Zone and 52 million tonnes in the vanadium-rich MML Zone. The resource is summarized below:

Deposit		Mt	SG (g/cm ³)	Fe (%)	TiO ₂ (%)	V ₂ O ₅ (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P ₂ O ₅ (%)	S (%)
P-Q Zone	Indicated	347.88	3.65	33.3	10.8	0.21	22.6	9.73	0.04	0.39
	Inferred	369.88	3.64	32.2	10.0	0.18	24.6	10.3	0.07	0.56
	P-Q Zone Total	717.76								
MML	Indicated	51.81	4.04	44.7	9.7	1.48	11.2	8.3	0.01	0.01
TOTAL		769.57*								

* The Company is interested in 64% and 68.5% of licences 95PR and 438PR respectively, which contain the project resource reported. The above Mineral Resource estimate is, and any references to the Mineral Resource, are reported on a 100% basis.

Table 2 – Combined Inferred and Indicated Mineral Resources for the P-Q Zone and MML Zone

The P-Q Zone comprises a 718 million tonne JORC-compliant Mineral Resource contained in a sequence of stratigraphic mineralised layers averaging 45m thick (combined) with an average grade of 33% Fe, 10.4% TiO₂ and 0.19% V₂O₅. This resource includes a high grade zone containing 174 million tonnes at 41% Fe, 14.6% TiO₂ and 0.25% V₂O₅, as well as a 38 million tonne weathered resource in the indicated category down to approximately 30m. Consistent potentially exploitable phosphate mineralization has also been identified in a greater than 30m horizon in the immediate hanging wall of the P-Q Zone mineralization. The phosphate content of the P-Q Zone resource is negligible and has no impact on the iron ore resource.

The MML Zone deposit is situated approximately 2km to the east of the P-Q Zone and parallels the latter. It comprises a 52 million tonne JORC-compliant Indicated Resource with a 5.5km strike extent. The MML Zone deposit, similar to the P-Q Zone deposit, is a well-layered body with two main massive Ti-magnetite layers separated by a narrow magnetite-gabbro parting, but has higher vanadium content than the P-Q Zone. Average grades are 44.7% Fe, 9.7% TiO₂ and 1.48% V₂O₅.

(e) Metallurgy

Metallurgical test work including heavy liquid separation, magnetic separation (both Low Intensity Magnetic Separation (LIMS) and Davis Tube Tests), pre-reduction studies and smelting tests on the disseminated and massive ore types of the P-Q Zone were undertaken as part of the Scoping Study. Results included:

- Heavy Liquid Separation (HLS) was used to provide a proxy for the potential to use a Dense Media Separation (DMS) plant as a pre-beneficiation step. Separation at a density of 3.6 t/m³ was shown to be optimal and HLS showed that DMS has a high potential to produce an acceptable grade at a fairly coarse top size.
- Scrubbing testwork to upgrade the weathered ore by removing the friable clay showed a noticeable reduction in undesirable contaminants. Increase in iron content was relatively small, and relatively high iron content went to the fines. It was concluded that it was therefore unlikely that the capital expenditure costs invested in a scrubbing plant would be economical.
- Excellent liberation was confirmed by Scanning Electron Microscope (SEM) analysis of the products after Davis Tube Tests (DTT). Decreasing the grind below 80% < 500µm yielded no benefit and this topsize was selected for further work during the phase of the study. A product grade of 55% Fe, 18% TiO₂, 0.33% V₂O₅ was achieved at 500µm.

	SETPOINT ASSAYS											
	Fe2O3	Fe	V2O5	TiO2	CaO	K2O	P2O5	SiO2	AL2O3	MgO	Na2O	S
-500µm	79.41	55.51	0.36	18.27	0.06	<0.01	<0.01	1.2	2.9	1.1	<0.1	0.12
-212µm	78.87	55.13	0.37	18.21	0.08	<0.01	<0.01	1.4	3.0	1.2	<0.1	0.16
-106µm	79.53	55.59	0.37	18.19	0.05	<0.01	<0.01	1.1	2.8	1.1	<0.1	0.21
-75µm	79.65	55.68	0.37	18.05	0.06	<0.01	<0.01	1.2	2.8	1.1	<0.1	0.18
-53µm	79.59	55.63	0.36	17.85	0.10	<0.01	<0.01	1.3	2.8	1.1	<0.1	0.17
-38µm	79.16	55.33	0.36	17.48	0.15	<0.01	<0.01	1.7	2.9	1.2	<0.1	0.13

Table - DTT results for Fresh Massive Ore (P-Q Zone)

	SETPOINT ASSAYS											
	Fe2O3	Fe	V2O5	TiO2	CaO	K2O	P2O5	SiO2	AL2O3	MgO	Na2O	S
%	%	%	%	%	%	%	%	%	%	%	%	%
-500µm	79.95	55.89	0.24	17.39	0.15	<0.01	<0.01	1.8	2.9	1.0	<0.1	0.14
-212µm	79.55	55.61	0.23	17.31	0.16	<0.01	<0.01	2.0	2.9	1.1	<0.1	0.28
-106µm	79.86	55.82	0.24	17.38	0.14	<0.01	<0.01	1.8	2.8	1.0	<0.1	0.18
-75µm	79.82	55.79	0.23	17.28	0.15	<0.01	<0.01	1.9	2.9	1.1	<0.1	0.16
-53µm	79.66	55.68	0.23	16.90	0.19	<0.01	<0.01	2.2	3.0	1.1	<0.1	0.19
-38µm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table - DTT results for Fresh Disseminated Ore (P-Q Zone)

Future testwork during Prefeasibility Study stage will be done to reduce levels of some of the contaminant minerals shown in the tables above.

- The smelting tests showed that a high TiO₂ slag with grades in excess of 60% is possible.
- The proposed process flow, chosen from several options, is a conventional circuit for magnetite recovery and produced the highest grade product that ultimately yielded the most iron.
- The Scoping Study concluded that there is significant scope to reduce the product grind size and obtain better grades without significantly changing the project capital expenditure.

(f) Concept Plant Design

The Scoping Study investigated three processing routes, with a base case concept plant design selected under which run-of-mine (RoM) material will undergo 3-stage crushing and screening to a size of -12 mm, milling to 85% passing -500 µm grind fraction size and thereafter be subject to magnetic separation to produce a 55% Ti-magnetite concentrate product. The massive ore is estimated to have a mass yield to product of 60%, whilst the disseminated ore has a mass yield to product of 33.4%. This is a very conventional circuit for magnetite recovery, with significant scope to reduce the product grind to obtain improved product grades without significantly changing the project capital expenditure.

(g) Mining Planning

Given the nature and geometry of the orebody, the Bushveld Iron Ore Project is ideally suited to open-pit mining. The ore can be readily accessed from surface after minimal overburden (soil) stripping. Conventional drilling, blasting, loading and hauling operations are envisaged by the Company where both surface waste dumps and tailings storage facilities would be required.

(h) Intended Work Programme

The intended work program for the Bushveld Iron Ore Project is as follows:

- Prefeasibility Study due in the first quarter of 2014;
- Bankable Feasibility Study due in the first quarter of 2015; and
- licensing and permitting completed in the second half of 2015.

Bushveld ~~Iron Ore Project offers~~ believes that there is significant ~~project potential~~ upside ~~including to~~ the ~~following project, particularly given that~~

- the ~~financial~~ evaluation undertaken to date is based only on the P-Q Zone resource and excludes the vanadium-rich MML Zone resources. Whilst an indicated resource has been confirmed in the MML Zone, detailed metallurgical test work has not yet been undertaken although there are precedents for processing this ore type; and

- the Scoping Study utilised 12% of the total current resources at the project, which is based on only 5.5km of a potential 18km strike;
- significant upside lies in further processing downstream to a pig iron or steel product with titanium and vanadium product recovery circuits. This will be explored in the Prefeasibility Study;
- during the Scoping Study test work, it was observed that a higher grade product (less SiO_2 , Al_2O_3 etc) could be produced under better optimized conditions. Realizing this opportunity would significantly increase costs but would enable the production of a concentrate from which both pig iron and a TiO_2 slag with a grade significantly higher than the current 60–70% TiO_2 could be produced.
- the phosphate zone offers the potential for extracting saleable phosphate from a zone that would ordinarily form part of the “waste” rock in the mining of the P-Q Zone and thus its processing would enhance the economics of the project.

~~The intended work program for the Bushveld Iron Ore Project is as follows:~~

- ~~Prefeasibility Study due in the first quarter of 2014;~~
- ~~Bankable Feasibility Study due in the first quarter of 2015;~~
- ~~licensing and permitting completed in the second half of 2015; and~~
- ~~production by 2016 / 2017.~~

Bushveld intends to secure a strategic partner for the development of the Bushveld Iron Ore Project. Whilst discussions with potential partners are ongoing, no agreement has been reached on the potential structure of a partnership and the timing for securing an agreement is not currently known.

2.10 Mokopane Tin Project

(a) Background

The Mokopane Tin Project consists of one licence covering 13,422ha in which several targets for open-castable disseminated tin resources have been identified. The license area contains the historic Zaaiplaats and Groenfontein mines that between them formed the second largest tin mining district in South Africa, where mining ceased in the late ~~1980's~~1980s as a result of depressed tin prices.

The Company has explored and drilled one target (Groenfontein) and has short-term plans to explore a further four targets. A JORC-compliant Mineral Resource of 5,995 tonnes of tin was established on the Groenfontein target. (see Table 3). The Company recently completed drilling on a second target (Zaaiplaats) and is currently busy evaluating the drilling results and calculating a Mineral Resource Estimate at Zaaiplaats. The company established and intends to expand the resource base by undertaking an exploration and drilling program on other targets in the licence area as well as in areas for which further license are currently under application. In the longer term, the Company intends to expand the resource base further by acquiring additional projects in the Bushveld Complex and elsewhere. No economic study of the projects has yet been undertaken.

For further information in relation to the Mokopane Tin Project, please see the Competent Person's Report for the Mokopane Tin Project provided in Appendix 2.

(b) Location and Infrastructure

The Mokopane Tin Project is comprised of Prospecting Right 2205 with an application also submitted for Prospecting Right 2371. The project currently covers 13,422 hectares over six different farms on the northern limb of the Bushveld Complex under Prospecting Right 2205. The equivalent of nearly 22,000 tonnes of tin metal has been produced historically from four of the farms. The licence area is situated approximately 40km north west of the town of Mokopane and less than 10km from the Bushveld Iron Ore Project. Access to the property is via a major motorway from Johannesburg to Mokopane, and then via a tarred secondary road which passes through the property.

The project region is served by major existing power infrastructure. The 765 kV Matimba-Witkop power line passes 25km north of the property. Additional infrastructure is in development to transmit power from the Matimba power station (approximately 120km northwest of the property). Water availability for the project may be limited due to the semi-arid environment, however the old underground mine workings are flooded and the property is flanked by the Mogolakwena and Sterk Rivers. It is therefore probable that sufficient process water could be sourced locally.

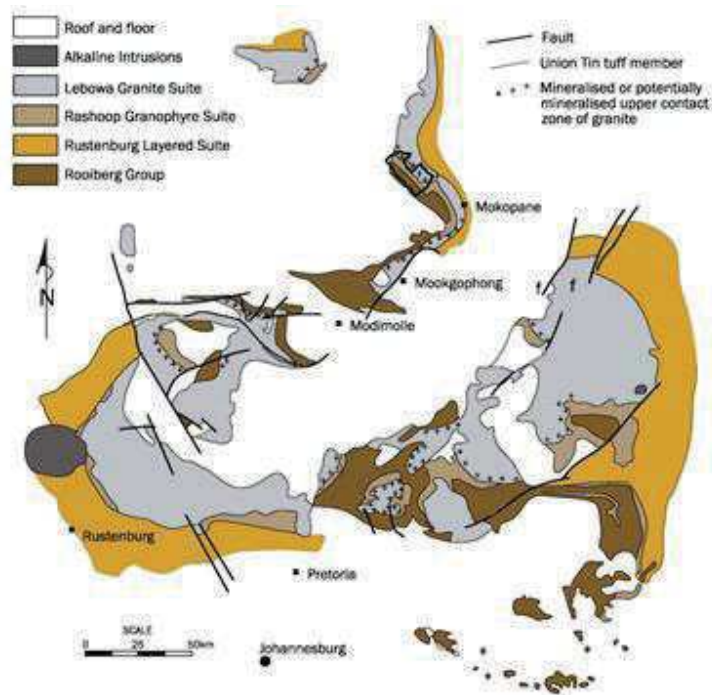


Figure 7 - Location of the Mokopane Tin Project

(c) Targets

Five targets have been identified in the project area, all with known tin mineralisation and some with historical tin production. The most advanced targets to date are the Groenfontein (JORC-compliant Mineral Resource of 5,995 ~~million~~ tonnes of tin) (see Table 3) and the Zaaipplaats targets. The five targets are shown below:

1. Groenfontein target

- Historical drilling by mining major in the 70's.
- Confirmatory drilling resulted in JORC-resource of ~6,000 tonnes @ 0.1% cut-off (0.15% avg grade) (see Table 5)

2. Zaaipplaats target

- Zaaipplaats mine was the 2nd largest tin producer in South Africa, producing >100,000 tons of tin.
- Geochemistry confirmed similar styles of mineralisation to Groenfontein target
- Zaaipplaats target is drill-ready

3. Salomon's Tempel target

- Mineralisation has been reported
- Geochemical and drilling programme is planned

4. Union Tin Member target

- Continuation of breccia-related tin mineralisation on Welgelegen and Welgevonden, known to host a substantial tin resource

5. Appingendam/Groenvley target

- Re interpretation of old tin and molybdenum mining operations

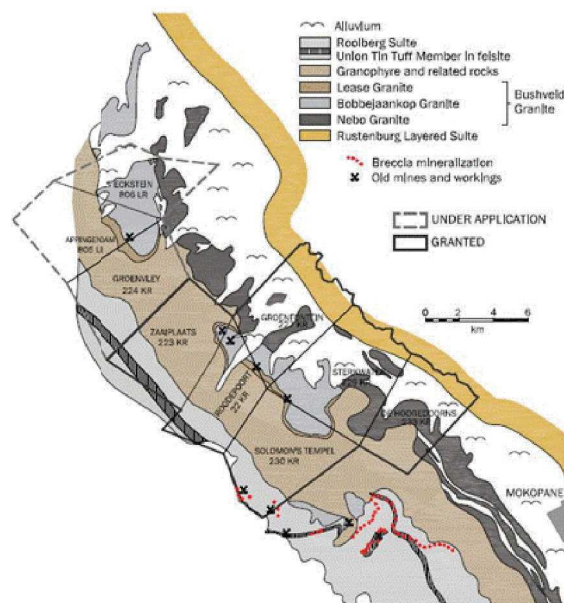


Figure 8 - Mokopane Tin Project Targets

(d) Geology and Mineralisation

The Bushveld Complex is the largest layered intrusion in the world. It comprises a mafic sequence, the Rustenburg Layered Suite, overlain by the felsic rocks of the Lebowa Granite Suite. Three major types of granite occur within the Lebowa Granite Suite: the Nebo, Bobbejaankop, and Lease Granites. The Nebo (or Main) Granite is a coarse-grained rock composed of quartz and perthite with lesser amounts of sodic plagioclase, hornblende and biotite. The Bobbejaankop Granite is a hydrothermally altered facies equivalent of the Nebo Granite. The Lease Granite is a fine-grained aplite that forms a thin (up to 120m) but continuous hood facies to the Bobbejaankop Granite.

Tin mineralisation is restricted to the Lease and Bobbejaankop Granites, where it occurs in pipe-like bodies, sub-horizontal lenticular bodies and as a sub-horizontal disseminated low grade bodies within both granites. All tin mineralisation is in the form of cassiterite (SnO_2) and is of endogenic and syngenetic origin within the granites.

Pipe-like bodies are prominent in the Lease Granite but also occur in the Bobbejaankop Granite on Zaaiplaats 223KR. The cassiterite concentration is up to 70% with an average of between 12% and 30%. These are restricted bodies, roughly circular in cross-section, with diameters varying from a few centimetres up to 12m and lengths from a few metres up to 200m.

(e) Exploration Work

As a result of historic production in the project area, extensive historical exploration has been undertaken. More recently, during 2011 an exploration program focused on the farms Groenfontein 227KR and Roodepoort 222KR was undertaken that resulted in the estimation of a JORC-compliant Mineral Resource. This program included the drilling and sampling of 53 boreholes (22 twinned with historic boreholes). Analytical data obtained from the 22 twinned boreholes was compared to the historical borehole assay data in order to justify the incorporation of historical data into the Mineral Resource quantification exercise.

The results of the 2011 drilling program confirmed the results of historical drilling data. A number of cross-sections depicting geology and grade distribution were constructed along NE-SW lines perpendicular to the strike of the orebody. On each cross-section, grades were contoured at 100ppm, 500ppm and 1,000ppm levels to add geological constraints to the resource calculation.

Following the resource estimation at the Groenfontein deposit, Bushveld continued with additional drilling on a second target (Zaaiplaats). This drilling program commenced in August 2012. The program's key objective is test drilling of the Zaaiplaats target area. The drilling has targeted the open-castable resource and will build upon surveying and geochemical sampling already undertaken on the Zaaiplaats target. An estimated 43 diamond boreholes (2066.2m) were drilled.

Initial geological investigations including surface geochemical sampling and a survey of old Zaaiplaats underground workings support the view that an extensive zone of disseminated tin mineralisation is present in and around the old Zaaiplaats tin mining area.

(f) Resources

A JORC-compliant Mineral Resource of 5,995 tonnes of tin (using a 0.1% tin cut-off) was confirmed on the Groenfontein target, based on the detailed 2011 drilling program, the results of which were analysed together with results of historical drilling programs carried out in the 1970s.

When a 0.05% cut-off is used the total resource increases to 12,177 tonnes of tin, at an average grade of 0.09%. The appropriate cut-off to be used will be determined based on a techno-economic study to be undertaken by Bushveld. However, a preferred cut-off of 0.1% tin was selected by benchmarking the project against similar tin projects elsewhere in the world, and by estimating the in situ value of ore based on a three year average tin price at the time of estimation. The current Mineral Resource estimate on the Groenfontein target is shown below:

Mineral Resource on Groenfontein Target (0.1% tin grade cut-off)			
Confidence category	Tonnes (Mt)	Gross Sn Grade (%)	Contained Metal (tonnes)
Measured	1.18	0.179	2,107
Indicated	1.92	0.140	2,685

Inferred	0.90	0.134	1,203
Total*	4.00	0.15	5,995

* The Company is interested in 74% of licence 2205PR, which comprises the project resource reported. The above Mineral Resource estimate ~~is~~and any references to the Mineral Resource are reported on a 100% basis.

Table 3 – Mineral Resources for the Mokopane Tin Project

The Mineral Resource that has been defined crops out at surface and occurs at shallow depth. The stripping ratio and mining costs would therefore likely be relatively low.

(g) Metallurgical ~~Testwork~~Test Work

In December 2012 Bushveld announced initial mineralogical and metallurgical ~~testwork~~test work on bulk samples from the Groenfontein and Zaaipplaats tin targets. The objective of the ~~testwork~~test work was to determine mineralogical characterisation of the ore in terms of grain size and liberation characteristics. Result highlights included:

- tests conducted in the Zaaipplaats tin mining district displayed similar characteristics to historical mining records and indicated significant potential for resource expansion;
- good liberation of cassiterite through all size fractions on the Zaaipplaats ore, including significant liberation (>46%) above 1mm;
- good liberation (>50%) of cassiterite above 212µm for the Groenfontein ore, with near-total liberation (<6% locked cassiterite) below 75µm; and
- identification of potential processing routes outlined for both the Groenfontein and Zaaipplaats ores.

Next steps will entail mineral deportment characterization and densimetric profiling of the Groenfontein and Zaaipplaats ores.

(h) **Project Upside and Development Plans**

The Mineral Resource estimated at the project to date represents only one of five targets identified, and may be significantly increased through further exploration on the remaining targets. The Company's strategic intent is to ~~acquire and develop the largest~~consolidate an African portfolio of tin assets, ~~together constituting a contained tin inventory resource of over 100,000 tonnes. The strategy targets initial annual production of over 3,000tpa within the next~~ 12-18 months. ~~Bushveld plans to achieve this by:~~

- ~~1. consolidating over 50,000 tonnes of contained tin resource in South Africa by proving up over 20,000 tonnes contained tin in the current licence areas on identified targets, acquiring prospecting rights contiguous with the existing licence area with a known resource inventory of around 4,500 tonnes contained tin in treatable dumps and over 20,000 tonnes contained tin in primary tin mineralisation and increasing the resource base through additional acquisitions of prospecting rights within the Bushveld Complex;~~
- ~~2. consolidating brownfield tin resources in other jurisdictions in Africa, with a focus on known tin producing geologies such as southern Democratic Republic of Congo, Rwanda and Uganda; and~~
- ~~3. accelerating the development of South African targets towards production by undertaking detailed metallurgical test work.~~

2.11 **Financial Performance**

(a) **Basis of Presentation of Historical Financial Information**

The historical financial information below relates to Bushveld on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts of Bushveld for the financial period described below can be found in Bushveld's Unaudited Interim Financial Statements for that period.

The Bushveld Group has not yet released any consolidated audited annual accounts. As the Company was incorporated on 5 January 2012 and completed its acquisitions of Bushveld Resources and Greenhills in March 2012, its annual review for the year ended 29 February 2012 presented separately the accounts for Greenhills and those for Bushveld Resources. As such, this Bidder's Statement presents the only consolidated financial statements for the Bushveld Group to date, being the Unaudited Interim Financial Statements for the period ending 31 August 2012. The Company's accounts for the year to 28 February 2013 are expected to be published on or about 24 June 2013 and will be available on Bushveld's website on or around that date.

~~(b) Historical Financial Information on the Bushveld Group~~

~~(i) Consolidated Statement of Financial Position~~

~~The summarised historical condensed consolidated statement of financial position of the Bushveld Group as at 31 August 2012 as set out below has been extracted from the Unaudited Interim Financial Statements for the period ended 31 August 2012.~~

~~**BUSHVELD MINERALS LIMITED**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 August 2012~~

~~Bushveld's audited financial statements for the period ended 28 February 2013 which were announced on AIM on 28 June 2013 are provided in Appendix 4 to this document. The audit opinion includes an emphasis of matter qualification in relation to the going concern basis for the preparation of the financial statements. Bushveld has a current cash position of about £430,000 and is in the process of raising additional capital funding of approximately £1.5 million. Without this cash injection the Group would not be able to complete all its intended projects and certain expenditure planned would need to be curtailed. The audit report states that these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The audited financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. For further information please see pages 18 and 26 of the audited financial statements provided in Appendix 4.~~

~~Your attention is drawn to a mislabelling of note 5 to the accounts. The table under 'Other segmental information' should appear as follows:~~

	<u>31 August 2012</u> <u>(unaudited)</u> <u>£Tin exploration</u>	<u>Iron Ore</u> <u>exploration</u>	<u>Consolidated</u> <u>Group</u>
<u>Assets</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Non-Current Assets</u> <u>Period ended 28</u> <u>February 2013</u>			
Property, plant and equipment <u>NBV of</u> <u>capitalised exploration expenditure</u>	89,604 <u>16,950,113</u>	<u>36,363,815</u>	<u>53,313,928</u>
Intangible <u>Total reportable segmental</u> <u>net assets</u>	51,775,019 <u>(6,599)</u>	<u>94,757</u>	<u>88,158</u>
Total Non-Current Assets			<u>51,864,623</u>
<u>Current Assets</u>			
Trade and other receivables			<u>325,332</u>
Cash and cash equivalents			<u>3,338,410</u>
Total Current Assets			<u>3,663,742</u>
Total Assets			<u>55,528,365</u>
<u>Current Liabilities</u>			
Trade and other payables			<u>(295,026)</u>
Loans and advances due to related parties			<u>(226,014)</u>
Total current liabilities and total liabilities			<u>(521,040)</u>

Net Assets	55,007,325
Equity	
Share capital	56,662,035
Retained loss	(1,585,366)
Unallocated net assets	391,287
Foreign exchange translation reserve	(201,709)
Total equity attributable to consolidated net assets	54,793,373
— Owners of the parent company	54,874,960
Non-controlling interest	132,355
Total equity	55,007,325

(iii) ~~Consolidated Income Statement~~

~~The summarised historical condensed consolidated income statement of~~Other than the
~~Bushveld Group for change in the period ended 31 August 2012 set out below~~cash position
~~noted above, there has been extracted from~~no material change to Bushveld's Unaudited Interim
~~Financial Statements for the period ended 31 August 2012.~~

BUSHVELD MINERALS LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 August 2012

	31 August 2012 (unaudited) £
Expenditure	
Administration fees	(161,827)
Directors' fees	(26,067)
Investor relations	(80,088)
Insurance	(12,035)
London Stock Exchange fees	(32,104)
Salaries	(78,246)
Cost of admission to AIM	(1,155,947)
Total Operating Loss	(1,546,314)
Loss on foreign exchange	(90,226)
Finance income	51,174
Loss for the period	(1,585,366)
Attributable to:	
— Owners of the Company	(1,585,366)
— Non-controlling interest	-

~~(iii) Consolidated Statement of Comprehensive Income~~

~~The summarised historical condensed consolidated statement of comprehensive income of the Bushveld Group for the period ended 31 August 2012 set out below has been extracted from Bushveld's Unaudited Interim Financial Statements for the period ended 31 August 2012.~~

~~**BUSHVELD MINERALS LIMITED**
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 August 2012~~

	31 August 2012 (unaudited) £
Loss for the period	(1,585,366)
Foreign currency translation loss	(201,709)
Total comprehensive income for the period	<u>(1,787,075)</u>
Attributable to:	
— Owners of the parent company	(1,787,075)
— Non-controlling interest	<u>-</u>

~~(c) Management Commentary on Historical Results~~

- ~~(i) Bushveld Minerals Limited was established to be the holding company of Bushveld Resources and Greenhills and their respective subsidiaries.~~
- ~~(ii) On 15 March 2012 the Company acquired the entire issued share capital of Bushveld Resources from its shareholders Obtala Resources Limited (**Obtala**) and Mineral Wealth International Limited (**MWI**), and the entire issued share capital of Greenhills from its shareholders Obtala and VML Resources Limited, in each case in exchange for shares in the capital of the Company.~~
- ~~(iii) As part of its admission to AIM on 26 March 2012 the Company successfully completed a placing to raise £5.46 million through the issue of 27,300,000 shares at £0.20 each.~~
- ~~(iv) In the six months to 31 August 2012 the Company's expenditure in relation to exploration and metallurgical studies was £289,000 and £776,000 for the Mokopane Tin Project and the Bushveld Iron Ore Project respectively.~~
- ~~(v) In November 2012, the Company completed a strategic investment in Lemur by acquiring 5,150,000 shares at an average price of A\$0.1149 per share for consideration of A\$591,735.~~

~~(d) Forecast Information~~

~~Bushveld's future financial performance is dependent on a range of factors, many of which are beyond Bushveld's control. Accordingly, Bushveld's Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.~~

~~Further information is available on Bushveld's financial performance from its full Unaudited Interim Financial Statements for the period ended 31 August 2012 and from the audited annual accounts for Bushveld Resources and Greenhills for the year ended 29 February 2012. Copies of these reports are available from~~

~~Bushveld's website . The results for the year to position since 28 February 2013 are expected to be published on or about 24 June 2013.~~

2.12 Directors of Bushveld

Details of the responsibilities and experience of the Bushveld Directors (as at the date of this Bidder's Statement) are set out in Bushveld's Annual Review 2012, a copy of which is available on request or from Bushveld's website www.bushveldminerals.com.

Bushveld has a strong Board and management team with:

- geological exploration expertise (over 60 years cumulative target generation experience with notable successes);
- a wealth of technical experience (geology, metallurgy and mining engineering), corporate management and capital markets;
- in-depth deal-making, corporate finance and structuring capabilities to maximize value for shareholders along the full development path of projects;
- a proven track-record of successful target generation and mineral project development, generating substantial value for principals; and
- proven expertise in building and managing mining operations.

The Company intends to use their experience and established African network to assist with the funding and future development options for Lemur's Imaloto Coal Project.

A brief summary of the Bushveld Board is set out below.

Mr Ian Watson, Non-Executive Chairman

Mr Watson trained as a mining engineer and has considerable experience in the African mining sector. His previous roles include Managing Director of Northam Platinum, CEO of Platmin Limited, CEO of International Ferro Metals (SA) and Consulting Engineer at Gold Fields Limited. Currently, he is a non-executive director of Shaft Sinkers (Pty) Ltd.

Mr Fortune Mojapelo, Chief Executive Officer

Mr Mojapelo is a mining entrepreneur and founding shareholder of VM Investment Company (Pty) Ltd, a principal investments and advisory company focusing on mining projects in Africa. Mr Mojapelo has played a leading role in the origination, establishment and project development of several junior mining companies in Africa including New Kush Exploration and Mining (gold in South Sudan), Greenhills (tin), Bushveld Resources (iron ore), New Horizon Minerals (iron ore), Bushveld Platinum Limited (platinum group metals) and Eagle Resources Limited (uranium). Mr Mojapelo graduated from the University of Cape Town with a BSc (Actuarial Science). He has previously worked at the global consulting firm McKinsey & Company as a strategy consultant, where he worked on corporate strategy and organisational development in several sectors in South Africa and Nigeria.

Mr Mojapelo is a non-executive director on the board of Lemur.

Mr Anthony Viljoen, Executive Director

Mr Viljoen is a mining entrepreneur and founding shareholder and director of VM Investment Company (Pty) Ltd, a principal investments and advisory company ~~focussed~~focused on mining. Mr Viljoen has been involved in the establishment and project development of a number of junior mining companies across Africa, including New Kush Exploration and Mining (gold in South Sudan), Lemur (coal), Greenhills (tin), New Horizon Minerals (iron ore), Frontier Platinum Resources and Eagle Uranium. Mr Viljoen graduated from the University of Natal, Pietermaritzburg with a Bachelor of Business and Agricultural Economics and a Post Graduate Diploma in Finance Banking and Investment Management. Mr Viljoen is currently studying towards a Masters degree in African Development Finance through the University of Stellenbosch. Mr

Viljoen has previously worked at Deutsche Bank, Barclays Capital in London and Loita Capital Partners, a pan African investment banking firm.

Mr Viljoen is a non-executive director of Lemur ~~whom~~who is currently acting as a part-time, interim executive director of Lemur.

Mr Geoff Sproule, Finance Director

Mr Sproule is a chartered accountant with more than 40 years' experience in various financial management roles. He is a former partner of auditing firm Deloitte & Touche, South Africa. Mr Sproule's directorships include the property related J H Issacs Group of Companies.

Mr Jeremy Friedlander, Non-Executive Director

Mr Friedlander has a BA LLB from the University of Cape Town and practiced as an attorney after completing his Articles in Cape Town. He joined the Old Mutual as a legal advisor and in 1993 established McCreedy Friedlander, which became one of the premier property agencies in South Africa and negotiated an association with Savills. In 1998 he listed McCreedy Friedlander as part of a financial services group on the Johannesburg Stock Exchange and shortly afterwards relocated to London. In the United Kingdom, Mr Friedlander has been involved in a number of property transactions. More recently he was a director of Onslow Resources (a company with oil and gas interests in Namibia and Yemen). He is the business development director of a number of Avana companies involved in uranium, coal, gold, oil and gas and industrial minerals. Over the past six years he has been involved in the establishment of a number of natural resource projects predominantly in Africa and South America.

2.13 Consultants to Bushveld

Professor Richard Viljoen

Professor Richard Viljoen has over 30 years' experience in the mining industry including 15 years as chief consulting geologist for Gold Fields of South Africa. Notable past experience includes the development of significant mines including Northam Platinum, and the Leeudoom and Tarkwa gold mines; identification and development of a significant platinum deposit in the Bushveld Complex for Akanani Resources; acting as consultant for exploration and mining companies in Canada, Mexico, Venezuela, India and China in the fields of base metals, gold and platinum, and preparation of a number of Competent Person Reports for projects including the Witwatersrand South Reef Project, Doornkop mine project and the Uramin uranium project. Professor Richard Viljoen is the father of Bushveld Director Anthony Viljoen.

Professor Morris Viljoen

Professor Morris Viljoen has over 30 years' experience in the mining industry following a role with Johannesburg Consolidated Investment Company in base metals (including nickel, copper antimony, gold and platinum) exploration and mining in Southern Africa and as consulting geologist for Rustenburg Platinum Mines (now Anglo Platinum Limited). Moreover, he has been Professor of Mining Geology at the University of Witwatersrand for the last 13 years and established the Centre for Applied Mining and Exploration Geology that identifies and develops mineral projects including the Amalia and Blaaubank lode gold deposits, the Akanani/Afri Ore platinum project and the Uramin uranium project. Professor Morris Viljoen is the uncle of Bushveld Director Anthony Viljoen.

2.14 Material Contracts

(a) Orderly Market Agreement

On 20 March 2012 Obtala, MWI, ~~VML~~Acacia, VMI and Andrew Fox entered into lock-in deeds with the Company and Fox-Davies, where they agreed that until 26 March 2014 they will only dispose of Shares in Bushveld through Fox-Davies on an orderly market basis.

(b) Relationship Agreement

Pursuant to the Relationship Agreement dated 20 March 2012 between the Company, Obtala and Fox-Davies, Obtala has undertaken to the Company and Fox-Davies that for so long as it and its associates hold 30% or more of the voting rights attached to the issued shares of the Company, it shall (and as far as it is able to do shall procure that its associates shall) use its reasonable endeavours to procure (including by

the exercise of its voting rights) that the Bushveld Group is capable of carrying on business independently of it, that the Articles are not amended to fetter the Company's ability to carry out its business independently of it, that transactions between any member of the Bushveld Group and Obtala are made at arm's length on a normal commercial basis and approved by directors independent of it and that any disputes between it and any member of the Bushveld Group shall be dealt with by a committee comprising only independent directors. Additionally, Obtala shall not seek to appoint or remove any director other than with the support of the independent directors.

(c) Consultancy Agreement between VMI, Bushveld Resources and Greenhills

On 20 March 2012 VMI, Bushveld Resources and Greenhills entered into a consultancy agreement whereby VMI agreed to provide consultancy services to the Bushveld Group. The services to be provided and the amounts to be charged would be agreed by the parties from time to time in accordance with the commercial requirements of the Bushveld Group. VMI is a company beneficially owned by Mr Anthony Viljoen and Mr Fortune Mojapelo.

(d) Consultancy Agreement with Professor Richard Viljoen

On 20 March 2012 the Company entered into a consultancy agreement with Professor Richard Viljoen whereby Professor Viljoen will provide certain consultancy services to the Bushveld Group and devote such time as may be reasonably necessary in the provision of such services. The Company will pay a fee of £56,250 gross per annum to Professor Viljoen for the provision of consultancy services. The consultancy agreements are terminable by 3 months' written notice by either the Company or the consultant.

(e) Consultancy Agreement with Professor Morris Viljoen

On 20 March 2012 the Company entered into a consultancy agreement with Professor Morris Viljoen whereby Professor Viljoen will provide certain consultancy services to the Bushveld Group and devote such time as may be reasonably necessary in the provision of such services. The Company will pay a fee of £56,250 gross per annum to Professor Viljoen for the provision of consultancy services. The consultancy agreements are terminable by 3 months' written notice by either the Company or the consultant.

(f) Corpington Agreement

On 4 February 2010, Bushveld Resources entered into an agreement with Corpington Limited (**Corpington**) to give Corpington a 2.5% interest in Frontier Platinum Resources (Pty) Ltd and an option to subscribe for an additional shareholding in Bushveld Resources of up to 2% in exchange for certain negotiation services. This option was exercisable within 15 days of completion but was not exercised. Corpington and Bushveld Resources are currently in discussions regarding terminating this agreement and granting Corpington certain options in the Company in its place.

3. INFORMATION ABOUT BUSHVELD SECURITIES

3.1 Admission of Offer Consideration

Bushveld is listed on AIM, a market operated by the London Stock Exchange plc. Bushveld is not admitted to the Official List of the ASX. If you accept the Offer you will be issued with Bushveld Shares. Application will be made for the Bushveld Shares issued pursuant to the acceptance of the Offer to be admitted to trading on AIM.

In the case of Lemur Shareholders who accept the Offer requesting Bushveld Shares in uncertificated form, the appropriate CREST accounts of such Lemur Shareholders will be credited with the relevant Bushveld Shares. In the case of Lemur Shareholders who accept the Offer requesting Bushveld Shares in certificated form, certificates in respect of the relevant Bushveld Shares will be dispatched by post.

Bushveld ~~intends to issue a notice to its shareholders to convene~~held an extraordinary general meeting of shareholders on 3 June 2013. At this meeting, Bushveld ~~will seek~~received approval for the purposes of its Articles to authorise its Directors to issue up to 125 million Bushveld Shares in order to enable the issue of the Offer Consideration were 100% of Lemur Shareholders to accept the Offer. ~~Once granted, this~~This approval ~~will allow~~allows for the shares to be issued by Bushveld as Offer Consideration. ~~Additionally, Bushveld will seek approval and allows~~ for a general authority to issue and allot up to 150 million Bushveld Shares for a period of 12 months after this extraordinary general meeting.

3.2 Settlement and Dealing

(a) Dealings

There are no costs charged by AIM for dealing. Other costs such as stamp duty are charged at 0.5% of the consideration payable and are borne by the transferee together with brokerage costs which vary and are freely negotiable.

The brokerage commission in respect of trades of shares on the ASX is freely negotiable.

(b) Settlement

CREST is a UK computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form and transferred otherwise than by written instrument. The Articles permit Bushveld Shares to be issued and transferred in uncertificated form in accordance with the CREST Regulations. Accordingly, settlement of transactions of Bushveld Shares issued pursuant to the acceptance of the Offer may subsequently take place in CREST if the relevant Lemur Shareholders so wish. CREST is a voluntary system and those who wish to hold their Bushveld Shares in certificated form will be able to do so.

Settlement of dealings through CREST in respect of securities admitted to trading on AIM will normally take place on the third business day (being a day on which London Stock Exchange plc is open for business) following the date of dealing.

3.3 Guernsey Law and AIM Rule Requirements

Bushveld was incorporated in 2012 in Guernsey and is quoted on AIM. Accordingly, Bushveld is required to comply with the requirements of the AIM Rules and the laws of Guernsey in connection with the Offer, including those obligations and requirements outlined below.

(a) Disclosure of Substantial Transactions

The Offer is considered to be a "substantial transaction" for the purposes of the AIM Rules and accordingly the Company must provide an announcement for distribution to the public (via a Regulatory Information Service provider) setting out the information required by Schedule Four to the AIM Rules, including particulars of Bushveld and the Offer.

(b) Related Party Transactions

Bushveld is not subject to Chapter 2E of the Corporations Act dealing with related party transactions.

A “related party” of a company listed on AIM for the purposes of the AIM Rules includes a person who is or was within the preceding 12 months a director or a substantial shareholder of the company, and various associates of those persons.

Pursuant to the AIM Rules, in the event that the Company enters into a transaction with a “related party” which exceeds 5% in any of the class tests set out in Schedule Three to the AIM Rules, it must provide an announcement for distribution to the public (via a Regulatory Information Service provider) setting out the information required by Schedule Four to the AIM Rules plus some additional information relating to the “related party” and the transaction.

The Offer is currently not considered a “related party transaction” for the purposes of the AIM Rules.

(c) Reverse Takeovers

The Offer is currently not considered a “reverse takeover” for the purposes of the AIM Rules. However, if there is a material change to the terms of the Offer which results in the Offer being considered a “reverse takeover”, the Company may be required to make an announcement which complies with Schedule Four to the AIM Rules, obtain shareholder approval for the transaction and publish an admission document in the form required by the AIM Rules.

If approval is given to the reverse takeover by Bushveld Shareholders, trading in the AIM listed securities of Bushveld may be cancelled, and Bushveld as the Combined Entity may need to apply for re-admission of its securities to AIM.

(d) Fundamental Change of Business

The Offer is currently not considered a “fundamental change of business” for the purposes of the AIM Rules. However, if there is a material change to the terms of the Offer which results in the Offer being considered a “fundamental change of business”, the Company may be required to make an announcement which complies with Schedule Four to the AIM Rules, obtain shareholder approval and issue a circular which contains details of the proposed change of business (i.e. the disposal of the company’s business, activities or assets) in the form required by the AIM Rules.

(e) Application of Takeover Regulations

As Bushveld is registered in Guernsey it is not subject to Chapters 6 and 6C.1 of the Corporations Act dealing with the acquisition of shares (i.e. substantial holdings and takeovers) or the UK City Code on Takeovers and Mergers (the **City Takeover Code**).

The City Takeover Code normally applies to a company whose shares are admitted to trading on AIM if its registered office is in the United Kingdom, the Channel Islands or the Isle of Man and if it is considered by the Panel on Takeovers and Mergers (the **City Takeover Panel**) to have its place of central management and control in one of these jurisdictions.

The City Takeover Code does not apply to the Company as the place of central management and control of the Company is not considered to be in the United Kingdom, the Channel Islands or the Isle of Man. In order to seek to provide shareholders with certain protections which would not be available as a result of this, the Articles include provisions regarding takeovers (see Section 3.5(g) below for more details).

3.4 Rights and Liabilities of Bushveld Shares

The Bushveld Shares offered to Lemur Shareholders under the Offer are fully paid ordinary shares in the capital of Bushveld, and from the date of their issue will rank equally with existing Bushveld Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Bushveld Shares are governed by the Bushveld Articles and the general law of Guernsey.

Set out below is a summary of the significant rights and liabilities attaching to Bushveld Shares.

3.5 Rights Attaching to Bushveld Shares

The key rights, privileges and restrictions attaching to Bushveld Shares can be summarised as follows:

(a) General Meetings

- (i) The board of Bushveld (the **Board**) shall convene and the Company shall hold general meetings and annual general meetings in accordance with the Companies Law. General meetings (other than the annual general meeting) are called general meetings.
- (ii) The Board may convene general meetings whenever it thinks fit. The annual general meeting will be held once every year in Guernsey (or in such other place as the Directors may decide).
- (iii) All annual general meetings of the Company shall be called on not less than 21 clear days' written notice and in the case of all other general meetings at least 14 clear days' notice convening the meeting must be given. In the case of a meeting which is adjourned for 30 days or more, notice of the meeting will be given as in the case of the original meeting. Subject to the provisions of the Companies Law, the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be sent to all the members, to each of the Directors and to the auditors.
- (iv) The notice shall specify the place, day and time of the meeting, the agenda and the general nature of the business to be transacted at the meeting.
- (v) In the case of an annual general meeting, the notice shall specify the meeting as such.
- (vi) In the case of a general meeting, the notice shall specify the agenda for the meeting and indicate any proposed business of the meeting.
- (vii) A member may nominate a person on whose behalf he holds shares to enjoy rights to receive a copy of all communications that the Company sends to its members.
- (viii) All meetings of the Company Shareholders shall be quorate where two members are present in person or by proxy and entitled to vote at the meeting. If the meeting is not quorate, the meeting may be adjourned. At any adjourned meeting the quorum shall be those members present in person or by proxy.
- (ix) Resolutions shall be decided on a show of hands unless a poll is demanded by:
 - the chairman of the meeting;
 - at least five members present in person or by proxy and entitled to vote on the resolution; or
 - a member or members present in person or by proxy and representing not less than 10% of the total voting rights of all the members having the right to vote on the resolution.
- (x) A poll shall be taken in such manner as the chairman of the meeting shall direct.
- (xi) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

(b) Voting Rights and Restrictions

Subject to any special terms as to voting attached to any shares and to the Articles, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which

he is the holder. On a poll, a member who is present in person or by proxy and who is entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

No member shall be entitled to vote at any general meeting unless all monies presently payable by him in respect of shares in the Company have been paid. A Bushveld Shareholder who has been duly served with a disclosure notice, or who has not provided to the Company information required to be notified under the Disclosure and Transparency Rules, and who has not complied with such notice, or who has not supplied the Company with the information required, either within a period of 14 days or the relevant period stipulated by the Disclosure and Transparency Rules respectively, shall not be entitled to attend or vote personally or by proxy at shareholders' meetings.

(c) Dividends and Other Distributions

- (i) The Company may by ordinary resolution declare dividends.
- (ii) No dividend shall be payable except out of the profits of the Company and shall not exceed any amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified by the profits of the Company. No dividend can be paid unless the Company is able to satisfy the solvency test (as defined in the Companies Law) after the payment of the dividend and the Directors must give a certificate to this effect.
- (iii) If the Board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer by the payment, on any other class of shares having rights ranking after or *pari passu* with those shares, of any such fixed or interim dividend.
- (iv) Except as otherwise provided by the rights attaching to or terms of issue of any shares, or the terms of issue thereof, all dividends shall be apportioned and paid *pro rata* to shareholders according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (v) No dividend or other monies payable in respect of a share shall bear interest against the Company.
- (vi) The Directors may deduct from any dividend or other ~~monies~~monies payable to a holder of shares on or in respect of such shares all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.
- (vii) Any dividend unclaimed after a period of twelve years from the date on which such dividend was declared or became due for payment shall be forfeited and revert to the Company.
- (viii) Subject to the Companies Law, the Directors may, if authorised by an ordinary resolution of the Company, offer any holder of shares (excluding treasury shares) the right to elect to receive shares by way of scrip dividend instead of cash.
- (ix) The Directors may pay distributions to members in accordance with the Companies Law.

(d) Winding-Up

Except as provided by the rights and restrictions attached to any class of shares, the holders of shares will be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. Any liquidator appointed may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among its members in kind the whole or any part of the assets of the Company, setting such values as it deems fair upon any property to be so divided and determining how the division shall be carried out between different classes of members.

(e) Transfer of Bushveld Shares

- (i) Any member may transfer all or any of his certificated shares by an instrument of transfer in writing in any usual or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and by or on behalf of the transferee.
- (ii) Any member may transfer all or any of his shares which are in uncertificated form, subject to the Guernsey CREST Requirements, by means of a relevant system.
- (iii) The Board may, subject to applicable law, refuse to register any transfer of shares in certificated form, which are not fully-paid shares.
- (iv) The Board may also refuse to register the transfer of a share in certificated form unless the instrument of transfer:
 - is left at the registered office of the Company (or at another place as the Board may determine from time to time which includes the Company's registrars) accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - is in respect of one class of share only; and
 - in the case of a transfer to joint holders, is in favour of not more than four persons.
- (v) No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate of marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.

(f) Variation of Rights

Subject to the provisions of the Companies Law, and to any rights attached to existing shares, all or any of the rights attached to any class of shares may be varied with the consent in writing of the holders of at least 75% in value of the issued shares of the class or group or the sanction of a special resolution passed at a separate general meeting of the class or group at which the provisions of the Articles in relation to the majority required for a special resolution are fulfilled in respect of the relevant class(es) of shareholders (excluding holders of treasury shares). A quorum for the separate class meeting is two persons (in person or by proxy) holding one-third of the voting rights of the shares of that class or group.

(g) Takeovers

As noted above, the City Takeover Code does not apply to the Company. In order to seek to provide Shareholders with certain protections which would not be available as a result of this, the Articles provide as follows

- (i) Where any person acquires an interest in shares which (taken together with shares held or acquired by persons acting in concert with him) represent 30% or more of all the shares for the time being in issue, the directors of the Company may serve upon that person a notice requiring him to make an offer in writing (the **Articles Offer**), within 30 days of the date of such notice on the basis set out below to purchase all shares not owned by him for cash on terms that payment in full therefor will be made within 21 days of the Articles Offer becoming or being declared unconditional in all respects.
- (ii) Where the directors of the Company serve such a notice upon any person they may include a requirement that such person shall make an appropriate offer or proposal in writing to the holders of every class of securities convertible into, or of rights to subscribe for, share capital of the Company (whether such share capital is voting or non-voting) (an **Articles Convertible Offer**).

- (iii) In addition to the offeror, the directors of the Company may require, in their absolute discretion, each of the principal members of a group of persons acting in concert with him and who appear to be interested in any shares, in or convertible securities of the Company to make the Articles Offer and/or the Articles Convertible Offer.

If the directors of the Company require the offeror (or any person(s) acting in concert with the offeror) to make the Articles Offer (and, if relevant, the Articles Convertible Offer) and the offeror (and such person(s) acting in concert with him) does not/do not comply with the request set out in the relevant notice within the time period specified in such notice then the directors of the Company may at any time, by notice to the offeror (and the person(s) acting in concert with him), direct that whilst such non-compliance is continuing:

- (i) the offeror (and the person(s) acting in concert with him) is not entitled to vote at or attend, either personally or by proxy, a general meeting or a meeting of the holders of any class of shares of the Company held by him/them or to exercise any other right conferred by membership in relation to general meetings of the holders of any class of share of the Company; and/or
- (ii) any dividend or other money which would otherwise be payable to the offeror (or the person(s) acting in concert with him) shall (in whole or part) be retained by the Company without any liability to pay interest when the dividend or money is paid to the member; and/or
- (iii) no transfer of the Company shares held by the offeror (or the person(s) acting in concert with him) shall be registered.

Unless the directors of the Company otherwise agree, any offer required by this provision must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with him for shares or convertible securities of that class within the preceding 12 months. The Articles Offer must also be conditional only on the offeror having received acceptances in respect of shares which, together with shares in the Company acquired or agreed to be acquired before or during the Offer, will result in the offeror and any person acting in concert with him holding shares in the Company carrying more than 50% of the voting rights in the Company. In enforcing these provisions the board of directors of the Company shall make decisions at their absolute discretion.

The shareholders of the Company may, by passing a special resolution in general meeting, determine that the takeover provisions set out above shall not apply to any transaction specified in such special resolution.

(h) Disclosure and Transparency Rules and Insider Dealing

The Company is required to comply with certain parts of the disclosure rules contained in the UK Financial Conduct Authority's Disclosure Rules and Transparency Rules sourcebook (the **Disclosure and Transparency Rules**). The Disclosure and Transparency Rules would normally apply if the Company was incorporated in the United Kingdom. As the Company is incorporated in Guernsey, in certain instances where the Disclosure and Transparency Rules apply differently to an overseas company (such as the Company), provision has been made in the Articles to apply the rules as if the Company was a company incorporated in the UK. For example, the Articles provide that shareholders must comply with the rules contained in Chapter 5 of the Disclosure and Transparency Rules relating to disclosure of major shareholdings and other controlling voting rights in the Company as if it were a UK-incorporated company.

The insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Bushveld Shares, alongside the parallel provisions of Guernsey law, to the extent that they are applicable.

3.6 Share Options

Whilst Bushveld has not issued any options to date, it intends to enter into share option agreements granting options to several individuals, including employees, management and Directors. The total number of options to be issued shall not exceed 10% of the Company's issued share capital. All such options will be granted at the discretion of the Board.

3.7 Shareholders of Bushveld

As at 30 April 2013 there were approximately 130 Bushveld Shareholders.

As at 30 April 2013 and based on public information the top ~~five direct~~four registered shareholders of Bushveld were:

Bushveld Shareholder	Number of Bushveld Shares ¹	% of Bushveld Shares ^{2,3}
Mineral Wealth International Limited	114,099,932	40.2%
Obtala Resources Limited	100,404,178	35.4%
VML <u>Acacia</u> Resources Limited	32,640,000	11.5%
BlackRock Investment Management (UK)	19,522,552	6.9%

Notes:

1. Based on the number of Bushveld Shares held as stated in the Company share registry as at 30 April 2013 .
2. Calculated using the number of Bushveld Shares on issue as at 9 May 2013.
3. In addition, at the general meeting ~~to be~~ held on 3 June 2013, Bushveld ~~is seeking~~obtained a general authority to issue up to 150 million Bushveld Shares. Depending on the recipient of these shares, these percentages may change, as these Bushveld Shares are not included in the above table.

As at 9 May 2013, Directors of Bushveld and their controlled entities held 8,160,000 Bushveld Shares, being approximately 2.9% of the total number of Bushveld Shares on issue.

3.8 Background on Certain Substantial Shareholders

Bushveld acquired the entire issued share capital of Bushveld Resources from its shareholders Obtala Resources Limited (Obtala) and Mineral Wealth International Limited (MWI) and the entire issued share capital of Greenhills from its shareholders Obtala and ~~VML~~Acacia on 15 March 2012, in each case in exchange for shares in the capital of the Company.

Obtala is ~~quoted~~a public company listed on the AIM market of the London Stock Exchange. Obtala has a portfolio of exploration and development projects in Africa across a range of commodities. Obtala and ~~Mineral Wealth International Limited (MWI)~~ jointly invested in the Bushveld Iron Ore Project and the Mokopane Tin Project through drilling programs in 2010 and 2011 resulting in maiden resources for each project.

Obtala agreed to acquire 50% of the issued share capital of each of Greenhills and Bushveld Resources in return for the above investment. Subsequently, Obtala, MWI and ~~VML Resources Limited (VML)~~Acacia each agreed to sell their interests in Greenhills and Bushveld Resources (as applicable) to the Company, in exchange for Shares in Bushveld.

Acacia is a private investment company, which is 100% owned by Teston Limited which is an investment company for Mr Joseroy Borrromeo. Mr Borrromeo owns 100% of Teston Investments Limited. These Bushveld Shares are beneficially held for Acacia (with Mr Borrromeo as the ultimate beneficiary) by Oak Nominees Limited (Oak Nominees). Oak Nominees is the registered holder of these Bushveld Shares.

MWI is a private investment company controlled by Acacia by virtue of its 58% shareholding in MWI. The remaining shares are held by

- a. Splendid Victory Group: 18%
- b. Dr.Percy Nils Barnevik: 9%
- c. Spruance Investments Limited: 1%
- d. Msuna Mabu Company Limited: 14%

These Bushveld Shares are beneficially held for MWI by Oak Nominees (with Mr Borrromeo as the ultimate beneficiary). Oak Nominees is the registered holder of these Bushveld Shares.

Oak Nominees is a nominee company only which holds the Bushveld Shares on trust for the relevant parties.

BlackRock Investment Management (UK) is an unrelated investment company and part of the global asset management company BlackRock, Inc.

3.9 Effect of the Offer

The effect of the Offer on the capital structure of Bushveld as at the date of this Bidder's Statement is as follows:

Issued Capital	Number	%
Bushveld Shares on issue at the date of Bidder's Statement	283,969,110	71.1%
Bushveld Shares (approx.) to be issued pursuant to the Offer	115,500,001	28.9%
Total Bushveld Shares on issue at the completion of the Offer	399,469,111	100%

Notes:

1. This number of Bushveld Shares to be issued assumes 100% acceptance for the Offer and that no other Lemur Shares are otherwise issued (including shares issued on the exercise of options) after 30 April 2013.
2. The rights attaching to the Bushveld Shares are summarised in Section 3.5 of this Bidder's Statement.
3. Bushveld currently has no options on issue and will not have any on issue as a result of the Offer.
4. In addition, at the extraordinary general meeting ~~to be~~ held on 3 June 2013, Bushveld ~~is seeking~~obtained a general authority to issue up to 150 million Bushveld Shares; these shares are not included in the above capital structure.

3.10 Recent Performance of Bushveld Shares

Set out below is a table showing relevant trading prices of Bushveld Shares on AIM:

Comparative trading period	Price of Bushveld Shares (£)	Price of Bushveld Shares (A\$) ¹
Highest trading price on 24 January 2013 in the four months prior to the date this Bidder's Statement was lodged with ASIC	0.133	0.201
Lowest trading price on 26 April 2013 in the four months prior to the date this Bidder's Statement was lodged with ASIC	0.103	0.154
Closing trading price on the last practicable trading day before the date Bushveld announced the Offer	0.109	0.165
Last available closing sale price of Bushveld Shares (as at 14 May 2013) on AIM prior to the date this Bidder's Statement was lodged with ASIC	0.109	0.165
One month VWAP of Bushveld Shares before the Announcement Date	0.109	0.165
<u>Three month VWAP of Bushveld Shares before the Announcement Date</u>	<u>0.114</u>	<u>0.173</u>
<u>Six month VWAP of Bushveld Shares before the Announcement Date</u>	<u>0.118</u>	<u>0.179</u>

Notes:

1. Price of Bushveld Shares shown in A\$ for illustration purposes only, translated at an £:A\$ exchange rate of £1:A\$1.518

Set out below is a diagram showing trading prices and trading volumes of Bushveld Shares on AIM for the period ~~between~~from 9 May 2012 to 9 May 2013.



Notes:

1. Source: FactSet.

2. Closing prices and daily volumes for the 12 months to 9 May 2013

Figure 9 – Bushveld Trading Prices and Volumes

3.11 Dividend History

Bushveld has not previously and does not currently pay dividends.

3.12 Corporate Governance

The Directors of Bushveld intend to observe the requirements of the Corporate Governance Guidelines for Smaller Quoted Companies published in September 2010 by the Quoted Company Alliance (as amended from time to time) (the **QCA Guidelines**) to the extent they consider appropriate in light of the Company's size, stage of development and resources. The QCA Guidelines bring a more formalised approach to corporate governance particularly in the areas of the laws and rules as to directors' duties and liabilities and shareholders' rights which apply to all Guernsey companies.

The Company has adopted and will operate a share dealing code governing the share dealings of the directors and applicable employees with a view to ensuring compliance with Rule 21 of the AIM Rules. The board of directors of Bushveld is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is its responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company. The primary duty of the board of directors of Bushveld is to act in the best interests of the Company at all times.

The board of directors of Bushveld also addresses issues relating to internal control and the Company's approach to risk management. Ian Watson, Geoff Sproule and Jeremy Friedlander sit on the audit committee and Ian Watson, Jeremy Friedlander and Fortune Mojapelo sit on the remuneration committee, in respect of which they hold specific meetings at least twice each year. The audit committee responsibilities include ensuring the appropriate financial reporting procedures are properly maintained and reported on, and meeting with the Company's auditors and reviewing their reports and accounts and the Company's internal controls. The remuneration committee responsibilities include reviewing the performance of the executive directors, setting their remuneration levels, determining the payment of bonuses and considering the grant of any share options to employees of the Bushveld Group.

4. PROFILE OF LEMUR

4.1 Disclaimer

This overview of Lemur and all financial information concerning Lemur contained in this Bidder's Statement has been prepared by the Company using publicly available information.

The information in this Bidder's Statement concerning Lemur has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Lemur is not considered to be comprehensive.

4.2 Overview of Lemur

Lemur Resources Limited was incorporated as an Australian public company limited by shares on 8 November 2010, and was listed on the ASX on 24 August 2011. The company had a market capitalisation of approximately A\$11.6 million as at 10 May 2013, the last trading day before the Announcement Date.

Lemur is engaged in the exploration and development of coal projects in Madagascar. The company plans to develop a thermal coal mine at its 99% owned Imaloto Coal Project in the Imaloto Coal Basin of Madagascar. The Imaloto Coal Project has a defined JORC-compliant Mineral Resource of 135.7 million gross tonnes in situ.

4.3 Lemur Board of Directors

As at the date of this Bidder's Statement, the directors of Lemur are:

- (a) Mr Marcello Cardaci – Interim Non-Executive Chairman
- (b) Mr Ryan Rockwood – Interim Executive Director
- (c) Mr Anthony Viljoen – Interim Executive Director
- (d) Mr Fortune Mojapelo – Non-Executive Director

4.4 Information about Lemur Securities

According to documents provided by Lemur to the ASX, at the date of this Bidder's Statement, Lemur's issued securities consisted of those set out in the following table:

Lemur Shares		Number
Listed fully paid ordinary shares on issue		139,000,001
Unlisted fully paid ordinary shares on issue		53,500,000
Total Shares		192,500,001
Lemur Options		Number
Unlisted Lemur Options with an exercise price of A\$0.30, expiring 31 December 2013		6,500,000
Unlisted Lemur Options with an exercise price of A\$0.40, expiring 31 December 2013		6,500,000
Unlisted Lemur Options with an exercise price of A\$0.15, expiring 15 November 2017		500,000
Total Options		13,500,000

4.5 Substantial Shareholders

Based on substantial shareholder notices and an extract of the last released share registry of Lemur as at 1 March 2013 (as included in Lemur's 2012 Annual Report), the substantial shareholders of Lemur are:

Lemur Shareholder	Number of Lemur Shares	% of Lemur Shares
Coal of Africa Limited	32,500,000	16.9%
Oak Nominees Limited	21,250,000	11.0%
Oak Trust (Guernsey) Limited (as trustee of The Orange Trust)	19,214,447	10.0%
JP Morgan Nominees Australia Ltd <cash income A/C>	12,799,368	6.6%

As at the date of this Bidder's Statement, Bushveld, its Directors and controlled entities hold 2.7% of Lemur.

4.6 Overview of Lemur's Projects

Lemur is the 100% shareholder of Coal of Madagascar Limited (**COM**) which is the 99% shareholder of the Malagasy registered company, Coal Mining Madagascar SARL (**CMM**). CMM has a number of concession blocks in South West Madagascar covering the Imaloto Coal Basin.

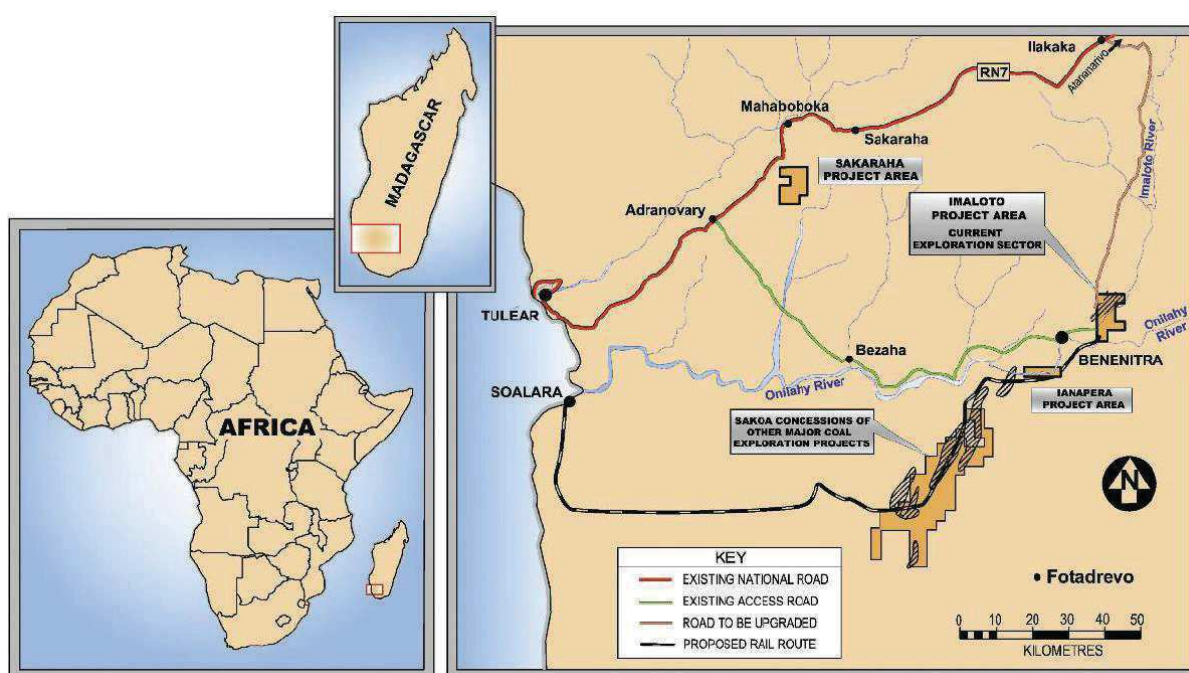


Figure 10 - Location of Lemur's Projects

(a) Imaloto Coal Project and Extension (Lemur 99%)

The Imaloto Coal Project was acquired by Lemur in May 2011 through the acquisition of COM. The Imaloto Coal Project and extension (the **Imaloto Coal Project**) comprises four exploration permits and one mining permit covering 81.25km² in the Imaloto Coal Basin, which is the northern-most coal field in the greater Sakoa Basin of South West Madagascar. The Imaloto Coal Project area lies approximately 20km north-west of the town of Benenitra, between the north-south flowing Imaloto River and the west-east flowing Onilahy River.

A revised Mineral Resource statement for the project was announced on 28 March 2013. The coal resource is estimated on the basis of 159 boreholes that were drilled between February 2009 and December 2012. A

total of 19,572m was drilled in this exploration program. Below is a summary of the revised JORC-compliant Mineral Resource statement by seam:

Imaloto Coal Project Mineral Resource Statement Gross Tonnes in Situ (million)				
Seam	Measured	Indicated	Inferred	Total
Main	50.8	8.4	4.2	63.4
Upper	23.1	12.7	5.3	41.1
Top	17.7	10.3	3.2	31.2
Main Seam Lower Split	-	-	-	-
Surface	-	-	-	-
Total	91.6	31.5	12.6	135.7

Table 4 - Imaloto Coal Project Revised Mineral Resources Statement (announced 28 March 2013)

The coal contained in the Main Seam, is expected to generate a primary product when washed yielding approximately 67% export grade thermal coal. The secondary product generated is expected to be suitable as feedstock for a domestic coal fired power station, therefore, assuming a single stage processing, the overall theoretical yield is 100% for the entire Main Seam.

Current access to the Imaloto Coal Project is via the existing southern road infrastructure. Major road works will be required in order to allow any continuous haulage from the site, and such road reparations will need to be funded in partnership with the Madagascar government in the event a coal project was to be developed. The possibility exists to link the Imaloto Coal Project infrastructure with the national rail infrastructure but this would require the establishment of new tracks. Lemur considers that the key to the successful economic development of the Imaloto Coal Project is the redevelopment of the Port of Antseraka in Tulear. Lemur is part of a consortium that has entered into a memorandum of understanding for the redevelopment of the Port of Antseraka in Tulear.

(b) Mining and Infrastructure Scoping Studies

Lemur has commissioned multiple scoping studies to assess the viability of commencing early stage, small scale production of up to 1Mtpa of saleable product using existing infrastructure at the Imaloto Coal Project, including transportation of the product to the existing port of Toliara to facilitate the export of up to 2Mtpa saleable product. Longer term, Lemur intends to assess the viability and associated economics of a 3-5Mtpa production profile and this will be the subject of scoping and feasibility studies to be conducted in due course. A Port Scoping Study and Mine Infrastructure & Land Logistics Scoping Study were completed during 2012. A Mine Scoping Study is expected to be completed in the second quarter of 2013, with a draft recently received by the company. On completion of the Mine Scoping Study, a detailed financial model is expected to be constructed incorporating the results of all scoping studies and the material results will be announced.

Lemur recently finalised the key terms of a Heads of Agreement with Jiro sy Rano Malagasy (**Jirama**), the Madagascan Government's state owned electricity company responsible for the production, transport and distribution of electricity in Madagascar, in relation to having an Independent Power Producing concession awarded. The proposal is for CMM to:

- undertake studies in relation to building and operating a coal fired power station located in the Imaloto Coal Basin; and
- if the coal fired power station is financed and built, to supply Jirama with surplus electricity generated from the power station, which is expected to result in an increase in the existing electricity supply network in Madagascar.

Lemur has engaged F-Tech International Ltd to carry out pre-feasibility studies to assess the viability of constructing a coal fired power station in close proximity to the Imaloto Coal Project, which is the subject of the above proposal with Jirama. At last reports, this pre-feasibility study has completed three stages of a four stage process.

(c) Sakaraha Coal Project (Lemur 99%)

The Sakaraha Coal Project comprises one 62.5km² exploration permit and is located approximately 90km north west of the Imaloto Coal Project, where coal or oil-shales are reported to occur.

Previous exploration activity has identified evidence of bituminous coal deposits in the project area. During 2012, Lemur continued to focus on the Imaloto Coal Project, and no exploration activity was undertaken on the Sakaraha Project.

(d) Ianapera Coal Project (Lemur 99%)

The Ianapera Coal Project comprises one 25km² exploration permit and is located approximately 17km south west of the Imaloto Coal Project. The Ianapera Coal Project has been identified as a potential outlying coal area which requires further exploration.

During 2012, Lemur drilled a single borehole reaching a depth of 360m, and with no coal being encountered, the decision was made to abandon all further drilling.

4.7 Lemur Balance Sheet

Presented below is a consolidated statement of financial position for Lemur extracted from the Annual Report for the year ended 31 December 2012 and released to the ASX on 8 April 2013.

LEMUR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2012

	31 December 2012 A\$	31 December 2011 A\$
CURRENT ASSETS		
Cash	18,072,759	21,614,007
Trade and other receivables	19,260	12,363
Other current assets	150,296	159,865
TOTAL CURRENT ASSETS	18,242,315	21,786,235
NON-CURRENT ASSETS		
Plant and equipment	507,576	880,094
Deferred exploration and evaluation expenditure	10,529,887	6,805,234
Loans receivable	-	103,723
TOTAL NON-CURRENT ASSETS	11,037,463	7,789,051
TOTAL ASSETS	29,279,778	29,575,286
CURRENT LIABILITIES		
Trade and other payables	760,397	390,953
Provisions	15,596	13,384
TOTAL CURRENT LIABILITIES	775,993	404,337
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	775,993	404,337
NET ASSETS	28,503,785	29,170,949
EQUITY		
Contributed equity	29,502,731	29,502,731
Employee share option reserve	3,151	-
Accumulated losses	(1,002,098)	(331,783)
Equity attributable to owners of parent	28,503,784	29,170,948
Non-controlling interest	1	1
TOTAL EQUITY	28,503,785	29,170,949

4.8 Website

Lemur maintains a website, www.lemurresources.com, which contains further information about Lemur and its operations.

5. COMBINED ENTITY

5.1 Approach

This Section 5 provides an overview of the Company and its Subsidiaries following the acquisition by the Company of all, or a portion of the Lemur Shares on issue (**Combined Entity**), in the various scenarios following the Offer and the effect of the Offer on the Company and Lemur.

5.2 Disclaimer Regarding Lemur and the Combined Entity Information

In preparing the information relating to Lemur and the Combined Entity contained in this Bidder's Statement, the Company has relied on publicly available information relating to Lemur and this has not been independently verified by the Company or its Directors. Risks may exist in relation to Lemur (which may affect the Combined Entity) of which the Company is unaware. If any material risks are known to the directors of Lemur, they must be disclosed in the target's statement to be issued by Lemur.

Accordingly, subject to any applicable laws, the Company makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

5.3 Effect of the Completion of the Offer

If the Offer is successful and Bushveld obtains 100% of the issued share capital in Lemur, Lemur Shareholders will receive Bushveld Shares in exchange for their Lemur Shares. ~~After the Offer, if the Company is successful in obtaining effective control of Lemur, and~~ all of the Company's Shareholders (including Lemur Shareholders who have received Bushveld Shares pursuant to the Offer) will be shareholders in the Combined Entity.

(a) Group Structure

The corporate structure of the Combined Entity if ~~the Offer is successful is shown in the diagram below.~~ Bushveld obtains 100% of the issued share capital of Lemur.

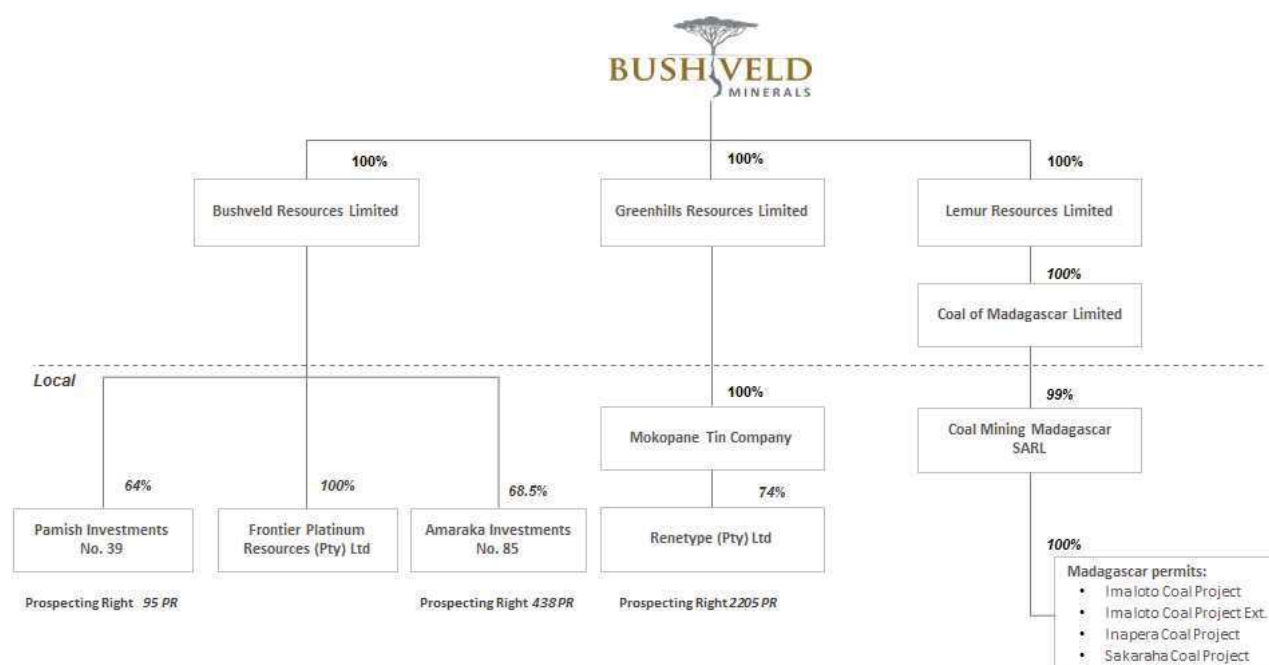


Figure 11 – Bushveld Post Acquisition Group Structure assuming 100% of Lemur Shareholders accept the Offer

(b) Capital Structure

Assuming that 100% acceptances are received for the Offer, the Offer will have the following effect on Bushveld's capital structure:

Issued Capital	Number	%
Bushveld Shares on issue at the date of Bidder's Statement	283,969,110	71.1%
Bushveld Shares (approx.) to be issued pursuant to the Offer ¹	115,500,001	28.9%
Total Bushveld Shares on issue at the completion of the Offer	399,469,111	100%

Notes:

1. This number of Bushveld Shares to be issued assumes 100% acceptance for the Offer and that no other Lemur Shares are otherwise issued (including shares issued on the exercise of options) after 30 April 2013.
2. In addition, at the extraordinary general meeting ~~to be~~ held on 3 June 2013 Bushveld is seeking obtained a general authority to issue up to 150 million Bushveld Shares. These Bushveld Shares are not included in the capital structure above.

Following the Offer, former Lemur Shareholders would represent 28.9% of the shareholders of the Combined Entity.

(c) Shareholders

Below is a table showing the main shareholders in the Company after the Offer, assuming that the Company acquires 100% of Lemur:

<u>Lemur</u> Shareholder	Number of Bushveld Shares post Offer	% interest
Mineral Wealth International Limited	114,099,932	28.6%
Obtala Resources Limited	100,404,178	25.1%
VML Acacia Resources Limited	32,640,000	8.2%
BlackRock Investment Management (UK)	19,522,552	4.9%
Coal of Africa Limited	19,500,000	4.9%
Oak Nominees Limited	12,750,000	3.2%
Oak Trust (Guernsey) Limited (as trustee of The Orange Trust)	11,528,668	2.9%
JP Morgan Nominees Australia Limited <cash income A/C>	7,679,621	1.9%

5.4 Profile of the Combined Entity

The proposed merger is intended to assist in the creation of a diversified African junior mining company with commodity-focused platforms, each with a dedicated and highly competent management team. Initially, the Combined Entity would be listed only on AIM. The Combined Entity will benefit from a strong independent board, an experienced and capable management and technical team with extensive asset target generation and project development management experience.

The Combined Entity's technical teams will collaborate in identifying and developing two asset types:

1. Early stage plays with significant scope for scale and favourable cost curve positioning; and
2. Brownfield opportunities with clear near term visibility to attractive cash flows and still possessing scope for scaling up.

(a) Strategy for the Combined Entity

Bushveld aims to either find, or to acquire and develop, iron ore, tin, coal and other mineral prospects in Africa with an initial focus on the existing suite of assets in iron ore, tin and coal. If Bushveld's Offer for Lemur is successful, Lemur will become a wholly owned Subsidiary of Bushveld and will play an important role as one of its asset development platforms. The Company's strategy is to become a significant junior African exploration and development company and the successful completion of the Offer would represent a significant step forward in achieving this goal.

The Company plans to develop commodity-focused platforms into specialised, well-funded businesses with solid management and technical teams, leveraging the target generation capabilities of the Bushveld

Group. It is the intention of the Company that the subsidiary platform entities in place following the successful completion of the Offer would continue to operate as stand-alone independent businesses within the broad strategic parameters set by the Company. These are summarised in the diagram below:

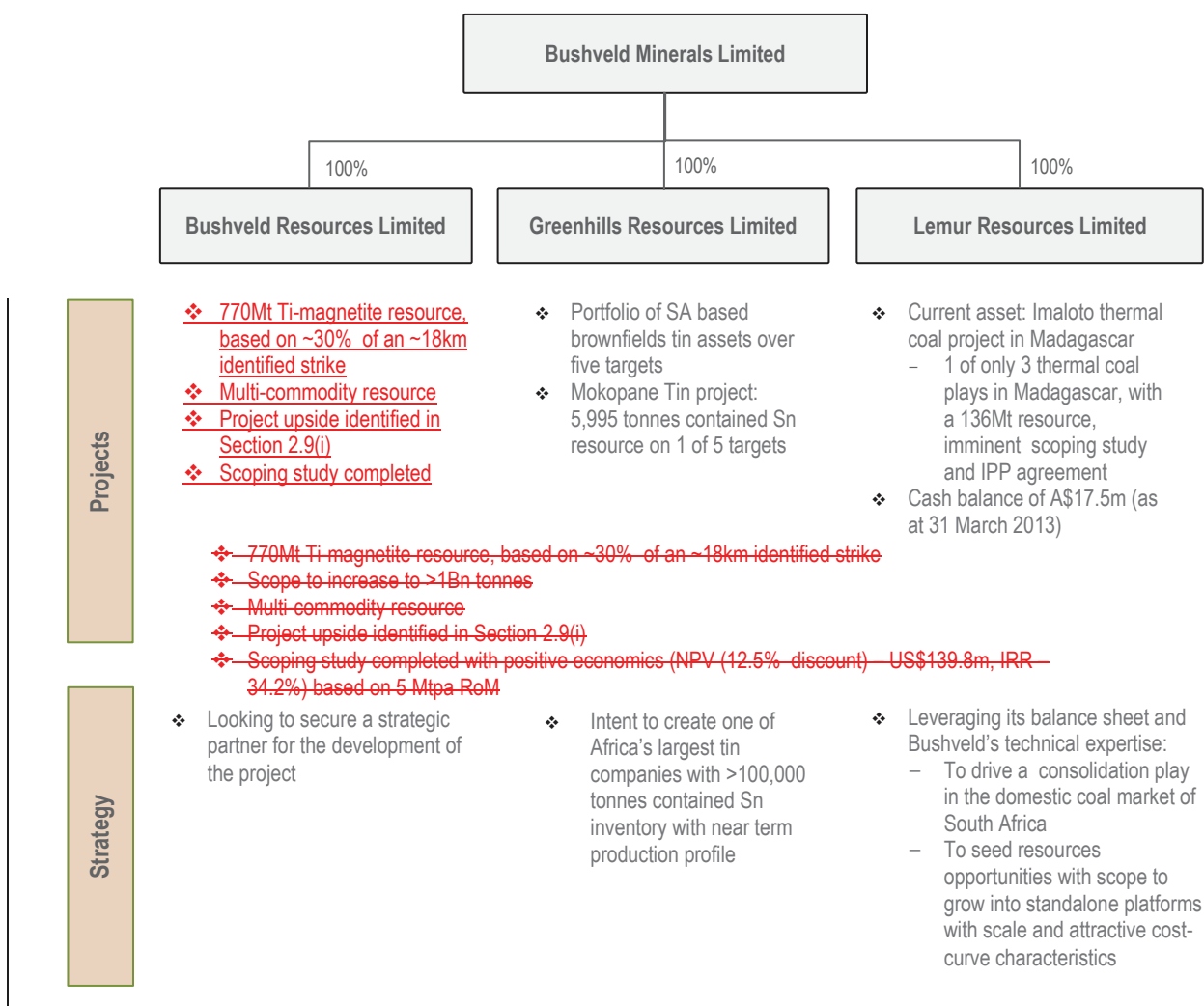


Figure 12 – Bushveld Subsidiary Platform Companies assuming the Offer is accepted by 100% of Lemur Shareholders

Each of Bushveld Resources Limited, Greenhills Resources Limited and Lemur Resources Limited will have dedicated management teams and an independent board of directors as described above.

Cross-platform collaborations in respect of identifying and sourcing opportunities will be promoted through regular formal interactions. Meanwhile, it is intended the Company's management team will continue to deploy its considerable technical resources to target generation, identifying early stage and brownfield assets that fit the Combined Entity's criteria.

The restructured group would provide investors with a wide exposure to the Combined Entity's diversified assets across various commodities (tin, iron ore, coal and others) and focused exposure to specific commodity platforms.

(b) Management

The Combined Entity will boast a strong board with a sound mix of corporate experience in capital markets, technical expertise (project management and delivery) and target and project origination. The Combined Entity will aim to take advantage of the proven target generation, project transacting and overall management of the management team as well as the current market conditions to build a balanced portfolio of assets combining close proximity to cashflows, significant geological upside, scale potential and favourable cost curve positioning.

(c) Balance Sheet and Funding

In line with its stated strategy for the Bushveld Iron Ore Project, the Company is currently involved in discussions with potential strategic partners for the development of the Bushveld Iron Ore Project. Similarly, a separate process is underway to secure dedicated funding to develop the Mokopane Tin project with a view to generating cash flows in the relatively near term. In respect of Lemur, the Company intends to leverage the existing balance sheet and source additional capital to develop near cash flow opportunities.

5.5 Pro Forma Statement of Financial Position

Given that there is no minimum acceptance condition to the Offer, it is not possible to predict the exact level of acceptance of the Offer by Lemur Shareholders. The unaudited pro forma statement of financial position provided in this Section 5.5 indicates the financial impact on Bushveld of Bushveld acquiring all of the Lemur Shares under the proposed consideration structure. The financial information is provided for illustrative purposes only. In considering the information Lemur Shareholders must take into account the following matters:

1. the carrying value of the Lemur assets have not been subject to impairment reviews by Bushveld;
2. the Offer price is as stated under the terms of the Offer; and
3. it is assumed that 100% ownership of Lemur is achieved under this Offer and hence the accounts of Lemur are fully consolidated on a line-by-line basis.

The unaudited pro forma statement of financial position for the Combined Entity has been prepared based on the Bushveld audited consolidated statement of financial position as at 28 February 2013 and the Lemur audited statement of financial position as at 31 December 2012. The pro forma statement of financial position is set out in the table below for illustrative purposes as a guide to assist Lemur Shareholders in considering the effect of completion of the Offer by Bushveld. By its nature, pro forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information.

	<u>Bushveld</u> <u>28-Feb-13</u>	<u>Lemur</u> <u>31-Dec-12</u>		<u>Adjustments</u>	<u>Proforma</u>	<u>Proforma</u>
	<u>GBP</u>	<u>AUD</u>	<u>GBP</u>	<u>GBP</u>	<u>GBP</u>	<u>AUD</u>
Assets						
Non-Current Assets						
Property, plant and equipment	74,487	507,576	334,391		408,878	620,641
Investments	248,854				248,854	377,738
Intangible assets	53,313,928	10,529,887	6,937,090		60,251,018	91,455,704
Total Non-Current Assets	53,637,269	11,037,463	7,271,481		60,908,750	92,454,082
Current Assets						
Trade and other receivables	50,157	19,260	12,688		62,845	95,394
Cash and cash equivalents	1,305,089	18,072,759	11,906,334		13,211,423	20,053,768
Other current assets		150,296	99,015		99,015	150,296
Total Current Assets	1,355,246	18,242,315	12,018,037		13,373,283	20,299,458
Total Assets	54,992,515	29,279,778	19,289,518		74,282,033	112,753,541
Current Liabilities						
Trade and other payables	(199,142)	(760,397)	(500,950)		(700,092)	(1,062,677)
Loans and advances due to related parties						
Provisions		(15,596)	(10,275)		(10,275)	(15,596)
Total current liabilities and total liabilities	(199,142)	(775,993)	(511,224)		(710,366)	(1,078,273)
Net Assets	54,793,373	28,503,785	18,778,293		73,571,666	111,675,268
Equity						
Share capital	56,651,092	29,502,731	19,436,399	7,555,876	64,206,968	97,460,486
Employee share option reserve		3,151	2,076			
Retained profits	(2,253,939)	(1,002,098)	(660,182)	11,222,416	8,968,477	13,613,354
Revaluation reserve	(138,628)				(138,628)	
Foreign exchange translation reserve	(234,021)				(234,021)	(355,223)
Total equity attributable to:	54,024,504	28,503,784	18,778,293		72,802,796	110,508,191
Owners of the parent company	54,024,504	28,503,784	18,778,293	18,778,292	72,802,796	110,508,191
Non-controlling interest	768,869	1	1		768,870	1,167,076
Total equity	54,793,373	28,503,785	18,778,293		73,571,666	111,675,268

(a) Preparation of pro forma statement of financial position

The information included in the Section 5.5 is pro forma financial information for the Combined Entity comprising the respective groups of Bushveld as at 28 February 2013 and Lemur as at 31 December 2012 and assumes 100% of Lemur Shareholders accept the Offer.

The pro forma statement of financial position of the Combined Entity has been produced by aggregating the individual statement of financial positions from the audited financial statements of Bushveld as at 28 February 2013 (which were released on AIM on 28 June 2013) and the audited financial statements of Lemur as reported in its annual report as at 31 December 2012.

The pro forma information has been prepared using IFRS and reflects the accounting policies of Bushveld. Amounts in the table have been rounded.

The pro forma statement of financial information assumes the acquisition of Lemur by Bushveld had been completed at 31 December 2012. The actual dates of the acquisition will be at a later date, following which Bushveld will assess the fair value of identifiable net assets of Lemur.

The pro forma statements of financial positions are unaudited and are for illustrative purposes only and based on assumptions that may or may not reflect the actual financial position of the Combined Entity after completion of the Offer. In addition, these pro forma statement of financial positions are presented in a summary format and do not contain all the disclosures applicable to IFRS standards.

Financial information relating to Lemur has been sourced from its audited financial statements for the year ended 31 December 2012. Bushveld has relied on this information to prepare the pro forma financial information in this section. Bushveld does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information.

(b) Assumptions and adjustments

The pro forma statement of financial position reflects the following assumptions and adjustments:

1. Issue of Bushveld Shares: - equity will increase by £7.6m as result of the issue of new Bushveld Shares in respect of the Offer consideration, less cancelled Lemur equity;
2. The issue of Bushveld Shares has been assumed to take place at a value of A\$0.0993, being the implied value of the Offer using Bushveld's closing price on AIM on 8 May 2013 and an exchange rate of A\$1.518:£1 on 9 May 2013, with 100% of ownership of Lemur Shares achieved under this Offer and 115,500,001 Bushveld Shares being issued; and
3. An exchange rate of A\$1.518:£1 has been employed to translate all the values in the pro forma statement of financial positions.

5.55.6 Outlook for the Combined Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company, Lemur or the Combined Entity.

The Company considers that the inclusion of financial forecasts would be speculative and potentially misleading given that:

- (a) the projects and prospects of the Company and Lemur have not reached a stage in their development where a reasonable assessment of future earnings can be made;
- (b) the rate of project development is subject to inherent risks associated with mineral grades and quantities, mining and process equipment availability, port and rail access, the granting of production licences, extraction and logistics costs; and
- (c) the future market prices for minerals in projects held by the Company and Lemur are inherently uncertain.

5.65.7 Stamp Duty Implications for the Combined Entity

In accepting the Offer, Bushveld will be acquiring shares in a corporation which is considered to be 'land rich' for stamp duty/transfer duty purposes. As a result, Bushveld may have a material stamp duty/transfer duty liability arising from the Offer. The liability will be calculated based on the underlying value of Lemur's mining and exploration tenements, however, consideration will need to be given to the stamp duty/transfer duty laws applicable in each jurisdiction where Lemur has mining or exploration activities.

At the time of the Offer, there is insufficient information available to Bushveld to enable it to adequately determine the stamp duty/transfer duty liability that will result from the Offer.

Lemur Shareholders who dispose of their Lemur Shares are not anticipated to incur Australian stamp duty in respect of the Offer.

6. RATIONALE FOR THE OFFER AND INTENTIONS OF BUSHVELD

6.1 Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on the Company's current expectations and predictions about future events including the Company's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of the Company, Lemur and the Combined Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement.

~~None of the Company, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.~~

6.2 Rationale for the Offer

The Company believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of Lemur by the Company. These include:

- (a) providing access to the expertise and networks of the Bushveld Directors and management team ~~which will be brought to bear to accelerate the development of Lemur's existing projects;~~
- (b) enhanced management capabilities in identifying and executing new opportunities to acquire attractive development projects;
- (c) ~~improved~~ enhanced global capital market and institutional investor awareness through an anticipated increase in broker research coverage and greater access to capital markets; in the United Kingdom as well as Australia likely to be able to provide additional capital for development projects and to support the valuation of the Combined Entity; and
- (d) the benefits of scale and of a diversified portfolio of exploration assets in order to present a more attractive investment proposition than Lemur as a standalone entity; and
- ~~(e) deployment of cash resources toward investment in near production assets which present improved opportunities to generate value for shareholders in the short to medium term, and in attractive commodity segments.~~

For further information in relation to points (a) and (c), please see Sections 2.12, 2.13 and point 4 of the Reasons to accept the Offer.

6.3 Bushveld's Intentions Regarding Lemur

(a) Overview

Bushveld intends to continue the business of Lemur in the manner in which it is currently conducted and maintain Lemur's assets and projects in good standing until it is able to conduct the strategic review outlined below in Section 6.4. This review is subject to any variations that Bushveld considers necessary in light of its technical and operational experience and expertise and the resources of the ~~Merged~~ Combined Entity.

As such, it is Bushveld's current intention, on the basis of the information concerning Lemur which is known to Bushveld and the existing circumstances affecting the business of Lemur at this time and subject to the strategic review outlined in Section 6.4, that:

- (i) the business of Lemur will otherwise be continued in substantially the same manner as it is presently being conducted;

- (ii) no other major changes will be made to the business of Lemur;
- (iii) there will not be any redeployment of the fixed assets of Lemur; and
- (iv) the present employees of Lemur will otherwise continue to be employed by Lemur.

(b) Approach

Sections 6.3 to 6.6 set out the intentions of the Company on the basis of facts and information concerning Lemur which are known to the Company at the time of preparation of this Bidder's Statement. However, the Company will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in Sections 6.3 to 6.6 are statements of current intentions only which may vary as new information becomes available or circumstances change.

6.4 Intentions Upon Acquisition of 90% or More of Lemur

This Section 6.4 describes the Company's intentions if the Company and its Associates acquire a Relevant Interest in 90% or more of Lemur Shares under the Offer, and so becomes entitled to proceed to compulsory acquisition of outstanding Lemur Shares in accordance with Part 6A.1 of the Corporations Act.

(a) Strategic Review

Subject to what is disclosed elsewhere in Section 6.4, the Company intends to undertake a detailed review of Lemur's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance. This may lead to modification of some of Lemur's existing projects and activities. This strategic review will provide the main platform for the Company to identify and assess the specific areas that may provide benefits to the Company and the expected costs and time frames.

(b) Imaloto Coal Project Expenditure

Future project expenditure will be determined by the findings of the strategic review noted above- after completion of the Offer. Project expenditure for the Imaloto Coal Project is likely to be materially reduced from current levels- however Bushveld is unable to quantify the expenditure reduction until the strategic review has been completed. Bushveld intends to continue to work towards having an Independent Power Producing concession awarded by the Madagascan Government. It will then assess options for funding and development, including sourcing a strategic partner to assist in the project's development.

(c) Composition of the Board

Following the departure of Lemur's Chairman in March 2013 and Managing Director in April 2013, Lemur has been operating with an interim management team and an interim chairman of the board.

In the event that the Offer is successful, the Company intends to undertake a strategic review as described in (a) above pursuant to which the Company will appoint a new management team and Board of Directors. The new board will likely include some of the current members of the Lemur board. The Company will seek a management team and board that has both the relevant capabilities and experience to execute on Lemur's revised strategy.

In addition, it is the Company's current intention, in the event that the Offer is successful, to seek to reflect in the organisation structure of the Combined Entity, Lemur personnel whose skills are highly regarded and who have extensive knowledge of Lemur's assets.

(d) Corporate Matters

The Company intends to:

- (i) if entitled to do so, proceed with the compulsory acquisition of any Lemur Shares not acquired under the Offer and any other Lemur securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act;

- (ii) arrange for Lemur to be removed from the Official List of the ASX; and
- (iii) consider proceeding with the compulsory acquisition of any Lemur Options which have not been exercised and that have not expired or lapsed. Alternatively, the Company may pursue other arrangements to acquire or cancel those Lemur Options.

(e) Corporate Office and Employees

Subject to the strategic review, the Company intends to continue to conduct the Lemur business. The Company will, however, consider centralising the corporate head office of Lemur by incorporating those functions performed by it into the administrative structure of the Company. It is proposed that functions such as company secretarial, financial management and accounting will be centralised. It is intended that the centralised corporate office will be in Johannesburg, South Africa.

Lemur and its Subsidiaries do not have a significant number of employees, however, some of these employees may undertake functions that will be centralised in the Combined Entity. Some job losses may occur as a result, however, the incident, extent and timing of such job losses cannot be predicted in advance. The Company intends to discuss employment arrangements with the existing personnel.

(f) General Business Integration

As part of the strategic review, the Company intends to undertake a specific review of:

- (i) Lemur's assets and liabilities; and
- (ii) the possible synergies and benefits between the Company and Lemur.

The Company intends to prepare and implement a business integration plan.

(g) Balance Sheet Date and Accounting Policy

In accordance with Section 323D(3) of the Corporations Act, the Company intends to change Lemur's financial year end for the preparation of financial statements from 31 December to 28 February. In addition, the Company intends to conduct a review of Lemur's accounting policies. It is expected that this review will result in the adoption of the Company's accounting policies.

6.5 Intentions Upon Gaining Less Than 90% of Lemur

This Section 6.5 describes the Company's intentions if Lemur becomes a controlled entity of the Company, but the Company is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

On completion of the Offer, the Company may hold a sufficient number of Lemur Shares to exercise control over the management and operations of Lemur, but may not be entitled to compulsorily acquire all outstanding Lemur Shares. The Company's intentions in those circumstances are as follows:

(a) General

The Company will implement the intentions described in Section 6.4 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any other applicable laws or regulations. These intentions specifically include those in respect of strategic review, corporate matters, corporate office and employees and general business integration.

(b) Active Major Shareholder

Subject to the Corporations Act, Bushveld intends to become actively involved in determining Lemur's capital management policies and controlling the strategic direction of the business of Lemur. Additionally, if Bushveld receives acceptances under the Offer that bring its shareholding to more than 75% of Lemur Shares, it will be in a position to cast the votes required for a 'special resolution' at a meeting of Lemur members. This would enable it to pass resolutions, for example, to amend the Lemur constitution.

(c) Composition of the Board

The Company intends, subject to the Corporations Act and the constitution of Lemur, to seek to replace some or all of the members of the Lemur Board. The majority would be replaced with nominees of the Company. At this time, the Company has not determined which Lemur Board members will be replaced.

(d) Listing on the Official List of the ASX

The Company intends to maintain Lemur's listing on the Official List of the ASX, while it continues to meet its ASX listings requirements. Shareholders of Lemur are alerted that in this circumstance the liquidity of Lemur Shares may be materially decreased.

(e) Elimination of Duplication

To the extent that activities and functions, including management, presently carried out by the Company and Lemur will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

(f) Remaining Lemur Shareholders

If the Company acquires less than 90% of the Lemur Shares on issue, then Lemur Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the Offer Period (i.e. if the Company holds a majority of Lemur Shares but is not entitled to compulsorily acquire the remaining Lemur Shares).

(g) Dividends and Funding

Lemur does not currently pay dividends. The payment of dividends by Lemur is at the discretion of the Lemur Board, the majority of which will comprise the Company's nominees. The Company has not formed an intention about retaining or varying the current dividend policy of Lemur (through its nominees on the board of Lemur), and will do so when the strategic review in Section 6.4(a) is completed.

(h) Limitations in Giving Effect to Intentions

There may be limitations to the Company's intentions as outlined in this Section 6.5 due to the legal obligations of Lemur's directors to have regard to the best interests of Lemur and its shareholders, including the rights of minority shareholders, and the requirements of the Corporations Act and other applicable laws, and the ASX Listing Rules relating to transactions between related parties. The Company may require legal and financial advice before deciding what action to take in connection with the intentions outlined in this Section 6.5.

6.6 Intentions if Bushveld does not Acquire Effective Control of Lemur

If Bushveld acquires less than 50.1% of the Lemur Shares, its interest in Lemur will become an investment of Bushveld which will be reviewed by Bushveld in accordance with its usual investment policies.

6.7 Intentions Generally

Except for the changes and intentions set out in Sections 6.3 to 6.6, it is the present intention of the Company (based on the information presently available to it) to:

- (a) continue to hold the key assets of Lemur and not to redeploy its fixed assets;
- (b) substantially continue to conduct Lemur's business in its current manner;
- (c) subject to the strategic review, not make any major changes to the business or assets of Lemur and not redeploy any of the fixed assets of Lemur; and
- (d) continue the employment of retained employees of Lemur.

7. AUSTRALIAN TAX CONSIDERATIONS

The following summary is a general description of the Australian income tax and CGT consequences for Lemur Shareholders who accept the Offer and dispose of their Lemur Shares to Bushveld in accordance with the Offer.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular shareholders.

Further, it does not deal with the taxation consequences of disposing of Lemur Shares which may have been issued under an employee share scheme, which may be subject to specific tax provisions.

The Australian tax consequences for Lemur Shareholders of disposing of their Lemur Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their Lemur Shares on capital, revenue account or as trading stock;
- (c) when they acquired their Lemur Shares;
- (d) whether they are an individual, a company, a trustee of a trust or a complying superannuation entity; and
- (e) whether capital gains tax (CGT) rollover relief is available (e.g. scrip for scrip CGT rollover) – see below.

Given the complexity of the taxation legislation, Lemur Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Lemur Shares given the particular circumstances which apply to them.

7.1 Taxation Consequences for Lemur Shareholders

(a) Shareholders Holding Lemur Shares as Trading Stock

Lemur Shareholders who hold their Lemur Shares as trading stock (e.g. as a share trader) will be required to include the value of the consideration from the disposal of their Lemur Shares in their assessable income.

(b) Shareholders Holding Lemur Shares on Revenue Account

The Australian tax consequences for Lemur Shareholders who hold their Lemur Shares on revenue account and who accept the Offer will be able to include the amount received (the market value of the Bushveld Shares) over the cost of acquisition of the Lemur Shares as ordinary assessable income. Where the market value of Bushveld Shares is less than the cost of Lemur Shares the loss can be claimed as a tax deduction.

(c) Non-resident Lemur Shareholders Holding Lemur Shares as Trading Stock or on Revenue Account

Lemur Shareholders who are a non-resident of Australia and whose Lemur Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional tax advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between their country of residence and Australia.

(d) Lemur Shareholders holding Lemur Shares on Capital Account

In broad terms, the Australian tax consequences for Lemur Shareholders who hold their Lemur Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' CGT rollover relief is available and, if available, that this be elected. The following discussion considers the general Australian tax consequences for Lemur Shareholders where:

- (i) CGT rollover relief is not available or is not elected; and

- (ii) CGT rollover relief is available and is elected.

7.2 Acceptance of the Offer where Rollover Relief is Available and is Elected

Australian-resident Lemur Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to Bushveld Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Bushveld must make an offer to all shareholders in Lemur to acquire their voting shares on substantially the same terms and Bushveld must become the owner of at least 80% of the voting shares in Lemur as a consequence of the Offer. Note that other requirements must also be met to qualify for this relief.

If all the qualifying conditions are satisfied and a Lemur Shareholder elects for rollover relief to apply, the rollover relief is available and the capital gains arising are disregarded on the disposal of Lemur shareholders.

The effect of the rollover relief is that the Lemur Shareholder's total capital gain will be deferred until their Bushveld Shares are disposed of.

The CGT cost base of the new Bushveld Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the Lemur Shares for which a rollover was obtained. For example, the CGT cost base for one (1) Lemur Share will be apportioned to the three (3) Bushveld Share received for five (5) Lemur Shares. Further, the Lemur Shareholders will be taken to acquire their Bushveld Shares at the time they originally acquired their Lemur Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new Bushveld Shares).

Lemur Shareholders who elect for rollover relief will retain the cost base of their Lemur Shares as the cost base of their replacement Bushveld Shares. The cost base of a Lemur Shareholder's replacement Bushveld Shares is equal to the cost base of his Lemur Shares.

As discussed above, rollover relief will only be available if all the qualifying conditions are satisfied and Lemur Shareholders elect to apply for it. Rollover relief is not available if Lemur Shareholders realise a capital loss on the disposal of their Lemur Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Lemur Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident Lemur Shareholders could obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

7.3 Acceptance of the Offer where Rollover Relief is Not Available or is Not Elected

Acceptance of the Offer is likely to involve a disposal by a Lemur Shareholder of their Lemur Shares for CGT purposes.

An Australian-resident Lemur Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their Lemur Shares, or whether those capital proceeds are less than the cost base of those shares.

Lemur Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of Lemur Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in Lemur:

- (i) at the time of the sale; or
 - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the market value of Lemur's assets is attributable to taxable Australian property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that a Lemur Shareholder will be taken to have received in respect of the disposal of their Lemur Shares will generally be the market value of Bushveld Shares on the date of implementation of the Offer.

The cost base of Lemur Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by a Lemur Shareholder in respect of the disposal of their Lemur Shares is greater than the cost base of those Lemur Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a Lemur Shareholder in respect of the disposal of their Lemur Shares is less than the reduced cost base of those Lemur Shares, then the shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if a Lemur Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Lemur Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Lemur Shares by the CGT discount (see below).

Subject to the Lemur Shareholder having any capital losses or net capital losses from prior income years, where the CGT discount is available, eligible Lemur Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Lemur Shares by 50%. For individuals, this reduced gain will be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the Lemur Shareholder having any current year capital losses or net capital losses from prior income years, where Lemur Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any current year capital losses or net capital losses from prior income years. Lemur Shareholders having any capital losses or net capital losses from prior income years should seek independent advice in relation to the potential availability of the CGT discount.

Companies are not entitled to the CGT discount. The capital gain or capital loss realised by company shareholders will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from prior income years. We recommend that companies seek professional tax advice in relation to the availability and deductibility of capital losses.

7.4 GST

GST should not apply to the disposal of Lemur Shares under the Offer, the issue of Bushveld Shares under the Offer, or any subsequent disposal of Bushveld Shares.

Lemur Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Bushveld or Lemur. Lemur Shareholders should seek their own tax advice in this respect.

8. RISK FACTORS

8.1 Overview

If the Offer becomes unconditional, Lemur Shareholders who accept the Offer will become Bushveld Shareholders. In those circumstances, Lemur Shareholders will:

- (a) continue to be exposed to the risks associated with an investment in Lemur as a result of their indirect interest in Lemur through Bushveld;
- (b) be exposed to the risks which are specific to an investment in Bushveld; and
- (c) be exposed to additional risks relating to the Offer and the Combined Entity.

These risks are explained below. Lemur Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, Lemur Shareholders will be investing in Bushveld.

The business activities of Bushveld are subject to various risks that may impact on the future performance of Bushveld. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Bushveld and cannot be mitigated.

Accordingly, an investment in Bushveld carries no guarantee with respect to the payment of dividends, return of capital or the price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

8.2 Risks Relating to the Offer

(a) Issue of Bushveld Shares as consideration

Lemur Shareholders are being offered specific quantities of Bushveld Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Bushveld Shares and on the governing £ to A\$ exchange rate. Accordingly, the market value of the Bushveld Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

(b) Rollover relief

Bushveld may not acquire the number of Lemur Shares sufficient to bring its total interest in Lemur to at least 80% of Lemur Shares. In this case, scrip-for-scrip CGT rollover relief will not be available to holders of Lemur Shares.

(c) Sale of Bushveld Shares

If the Offer is successful Bushveld will issue a significant number of new Bushveld Shares. Some Shareholders of Lemur may not intend to continue to hold their Bushveld Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Bushveld Shares.

(d) Liquidity

The trading in Bushveld Shares may not be liquid. This risk is particularly high in this case as Bushveld, as it stands, has four significant Shareholders, who own (prior to the Offer) approximately 94% of Bushveld Shares as set out in Section 3.7. Accordingly there is a risk that a lack of liquidity in the market for Bushveld Shares may mean that Bushveld Shareholders may be unable to realise their investment in Bushveld. Further, Bushveld cannot forecast or guarantee the value of Bushveld Shares. However, in the event that Bushveld acquires less than 90% of the Lemur shares on issue, then Lemur shareholders should be aware that if they do not accept the Offer they may become a "locked in" minority after the end of the Offer Period (i.e. if the Company holds a majority of Lemur Shares but is not entitled to compulsorily acquire the remaining Lemur Shares.)

~~(d)~~(e) **Change in control risk**

If the Offer results in a change in control of Lemur, there may be adverse consequences for the Combined Entity. For example, the terms of the contracts to which Lemur is a party may entitle the other party to the contract to terminate the contract or revise its terms in the event of a change of control of Lemur.

~~(e)~~(f) **Acquisition of less than 50.1% of Lemur Shares**

It is possible that Bushveld could acquire less than 50.1% of Lemur Shares on issue under the Offer. The existence of a minority interest in Lemur may have an impact on the operations of the Combined Entity, although this impact will depend upon the ultimate level of Lemur ownership acquired by Bushveld.

~~(f)~~(g) **Dilution risk**

The consideration for the Offer is the Offer Consideration set out on the front page of this Bidder's Statement. If the Offer is completed, there will be a dilution for current Bushveld Shareholders. This is discussed further in 8.3(cc).

~~(g)~~(h) **Merger integration**

If Bushveld acquires a substantial interest in Lemur pursuant to the Offer, integrating Bushveld and Lemur may produce some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

~~(h)~~(i) **Stamp Duty and government charges**

Stamp duty and other government charges may be payable by Bushveld in relation to the Offer. The amount of these duties and charges may be material.

~~(i)~~(j) **Forward looking information**

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Combined Entity to be different from the expectations expressed or implied in this Bidder's Statement.

~~(j)~~(k) **Due diligence**

In preparing the information relating to Lemur contained in this Bidder's Statement, Bushveld has relied on publicly available information relating to Lemur. Risks may exist in relation to Lemur (which will affect the Combined Entity) of which Bushveld is unaware. If any material risks are known to the directors of Lemur, they must be disclosed in the target's statement to be issued by Lemur.

There is a risk that publicly available financial information provided by Lemur and utilised by Bushveld in formulating the Offer and preparing this Bidder's Statement is not materially correct. While Bushveld has conducted some due diligence, it has not conducted a comprehensive due diligence process.

8.3 Risks Relating to the Combined Entity

(a) Title risk

While Bushveld has attempted to diligently investigate the title to, and rights and interests in the concessions held by the Bushveld Group and, to the best of its knowledge, such title and interests are in good standing, this should not be construed as a guarantee of the same. The concessions may be subject to undetected defects. If a defect does exist it is possible that the Bushveld Group may lose all or part of its interest in those concessions to which the defect relates.

(b) Financing

The Bushveld Group is likely to remain cash flow negative for some time and, although the Directors have confidence in the future revenue earning potential of the Company from its interest in its projects, there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Company will need to raise additional capital in the future to fund the development of its

projects and future iron ore and tin prices, revenues, taxes, capital expenditures and operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it could result in a delay or indefinite postponement of exploration and development activities.

(c) Processing and beneficiation

Bushveld Iron Ore Project

The pyro-metallurgical and hydro-metallurgical processing of Ti-magnetite to produce pig iron, vanadium and titanium products are complex and require significant capital expenditure and test work. No assurance can be given that commercially viable processing and beneficiation options can be developed, or established technologies sufficiently modified, to realise the envisaged range of intermediate or refined products.

Mokopane Tin Project

At the Mokopane Tin Project, cassiterite recoveries will be affected by the grain size and mineralogical characteristics of the ore. These have not yet been established. The Company plans to undertake ore dressing studies to determine the recovery factors to be expected when processing the cassiterite ore. Similarly, pyro-metallurgical ~~testwork~~test work will be undertaken to determine the recoverability of tin from the cassiterite.

(d) Sovereign risk

The Company's projects are all situated in the Republic of South Africa and are thus subject to the risks associated with the country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in South Africa that affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production, may affect the viability and profitability of the Company. Any changes in regulations or shifts in political attitudes in South Africa are beyond the control of the Bushveld Group and may adversely affect its operations.

(e) BEE partnership

The minority interests in each of the Bushveld Iron Ore Project and the Mokopane Tin Project are held by BEE partners. These minority interests must continue to be held by BEE partners in accordance with the BEE program, which is implemented by the terms of the prospecting rights. There can be no guarantee that the BEE partners will retain their BEE status, in which case the Bushveld Group would be obliged to find alternative BEE investors and agree a transfer of the existing interest of the relevant BEE partner.

(f) Granting of Prospecting Right 2371

Renetype (Pty) Ltd, a subsidiary of Greenhills Resources Limited, is currently awaiting the granting of Prospecting Right 2371 and there can be no guarantee that this prospecting right will be granted.

(g) Renewal of Prospecting Right 438

Prospecting Right 438 (currently registered in the name of Afro Multi Minerals (Pty) Ltd (**AMM**)) has expired and is awaiting renewal, following which an application will be made to transfer it to Amaraka Investments No.85 (Pty) Ltd (**Amaraka**), a subsidiary of Bushveld Resources. There is no guarantee that this prospecting right will be renewed, or the transfer to Amaraka from AMM will be approved. This prospecting right continues in force until it is either renewed or the renewal application is refused.

Furthermore, in regard to this prospecting right, Bushveld Resources has been cited as the third respondent in court proceedings recently instituted by AMM, the holder of PR 438. The relief sought is *inter alia* for an order in restructuring directorships and shares in Amaraka and AMM, as well as setting aside all agreements in which Amaraka issued, transferred or sold 55% of its equity shares to Bushveld Resources. The Directors of Bushveld Minerals and its legal advisors are of the view that that the court proceedings instituted by AMM are devoid of merit and have filed an Answering Affidavit to oppose the proceedings. This matter remains to be resolved.

The Bushveld Group does not consider Prospecting Right 2371 or Prospecting Right 438 to be part of its core current activities.

(h) Surface rights

There are no formal leases in place for the Bushveld Group's occupation of the land. Izingwe Capital (Pty) Ltd (the BEE party that holds 36% of Pamish Investments No. 39 (Pty) Ltd) has the benefit of a letter from Bakenberg Traditional Council granting consent to prospect on the land used in the Bushveld Iron Ore Project, and VMI (who originally sourced and managed the Bushveld Iron Ore Project and Mokopane Tin Project) has previously held discussions with the Koka Matlou Community regarding the impact of the prospecting operations on the land used in the Mokopane Tin Project. The Bushveld Group has been informed that section 5(3) of the MPRDA gives the holder of the prospecting right surface use rights. If the landowner does not grant permission to the holder of the prospecting right to access the land, the holder can enforce its statutory rights in accordance with the provisions of the MPRDA.

(i) Infrastructure

Development and exploration activities depend on adequate infrastructure, including but not ~~exhausted~~exclusive to rail, power sources and water supply. The Bushveld Group's inability to secure adequate rail capacity, power and water resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Bushveld Group's operations and financial condition.

(j) Electricity

Electricity supply and distribution in South Africa is principally conducted by Eskom. South African electricity supply is under pressure and demand is greater than supply. If the Company is unable to source sufficient electricity to mine its projects to the extent envisaged in this Bidder's Statement it may need to apply to the South African Government for a licence to generate its own electricity through building a proper plant. This may involve extra cost, senior managerial resource and delays to developing the Company's projects.

(k) Rail

The Company intends to utilise the local railway line to transport tin and Ti-magnetite concentrate from the Bushveld Complex to the ports of Maputo, Richards Bay or Durban. Investment is needed to optimise the railway line to create sufficient capacity to transport effectively minerals in the volumes envisaged in this Bidder's Statement. In order to carry out the optimisation, certain third party collaboration will be needed. Inevitably, where third parties are involved there is a risk of delay, increased expense and the potential for disagreement.

(l) Mineral Resource and Ore Reserve estimates

Estimates of Ore Reserves and Mineral Resources for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, anticipated climatic conditions and other factors. The Mineral Resource estimates contained in this Bidder's Statement are estimates only and no assurance can be given that any particular grade, stripping ratio or grade of minerals will in fact be realised or that an identified Ore Reserve or Mineral Resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited.

(m) Exploration and development risks

Mineral exploration and development involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Success in increasing Mineral Resources is the result of a number of factors, including the level of geological and technical expertise and the quality of land available for exploration among other things. Once mineralisation is discovered it may take several years of drilling and development until production is possible, during which time the economic feasibility of production may change. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined, processing and beneficiation, fluctuations in the price of minerals produced, fluctuations in exchange rates, costs of development, infrastructure and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. As a result of these uncertainties, there can be no assurance that mineral exploration and development of the Company's projects will result in profitable commercial operations.

(n) Operational targets

The operational targets of the Bushveld Group will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of personnel, systems, procedures and controls. Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Bushveld Group. It is, therefore, possible that exploration and mining activity levels might fluctuate. Unscheduled interruptions in the Bushveld Group's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the financial performance of those operations. The Bushveld Group will not generate any material income until mining has successfully commenced. In the meantime, the Bushveld Group will continue to expend its cash reserves.

(o) Operating history

Despite the operating history of some of its wholly and partly owned Subsidiaries, Bushveld is a recently formed corporation with limited operating history in the mineral exploration and development business. There can be no assurance that the Company will produce revenue, operate profitably or provide a return on investment.

(p) Operating risks

The activities of the Bushveld Group are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated challenges in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses. Should any of these risks and hazards affect the Bushveld Group's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce resources from the Bushveld Group's properties, require the Bushveld Group to write-down the carrying value of one or more project, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability, any and all of which may have a material adverse effect on the Company.

(q) Environmental regulation

Environmental and safety legislation (e.g. in relation to reclamation, disposal of waste products, protection of wildlife and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from mining activities, which may be costly to remedy. If the Bushveld Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Bushveld Group. The Bushveld Group has not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from

exploration and production) as it is not generally available at a price which the Bushveld Group regards as reasonable.

(r) Iron ore and tin price volatility and exchange rate risks

If Bushveld achieves success leading to mineral production, the revenue it will derive through the sale of tin and iron ore exposes the potential income of Bushveld to iron ore and tin price and exchange rate risks. Tin and iron ore prices fluctuate and are affected by many factors beyond the control of Bushveld. Such factors include general world economic activity, world demand, supply and demand fluctuations for iron ore and tin, forward selling activities, costs of production by tin and iron ore producers, inflationary expectations, interest rates and other macro-economic and political factors.

Furthermore, the sale of tin and iron ore is principally in US Dollars throughout the world, and a significant portion of the Bushveld Group's expenses incurred in connection with its projects will be in South African Rand. As a result, fluctuations in currency exchange rates could have a material adverse effect on the financial condition, results of operation or cash flow of the Bushveld Group. The Bushveld Group does not currently intend to enter into any hedging arrangements with respect to foreign currencies.

(s) Government regulation and political risk

The Bushveld Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Directors believe that the Bushveld Group is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Bushveld Group or its properties, which could have a material adverse impact on the Bushveld Group's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Bushveld Group cannot assure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Bushveld Group from proceeding with any future exploration or development of its properties, including in particular its projects. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(t) Reliance on key personnel

The Company has a small management team and the loss of a key individual could have an adverse effect on the future of the Bushveld Group's business. The Bushveld Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Bushveld Group will be successful in attracting and retaining such personnel.

(u) Reliance on strategic relationships

In conducting its business, the Bushveld Group will rely on continuing existing strategic relationships and forming new ones with other entities in the tin and iron ore industry and South Africa and also certain regulatory and governmental departments. While the Bushveld Group has no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

(v) Joint ventures

The Bushveld Group may enter into joint venture arrangements with regards to future exploration, development and production properties (including potentially the Bushveld Group's concessions). There is a risk that any future joint venture partner does not meet its obligations and the Bushveld Group may therefore suffer additional costs or other losses. It is also possible that the interests of the Bushveld Group or future joint venture partners are not aligned resulting in project delays or additional costs and losses. The Bushveld Group may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.

(w) Insurance risk

Bushveld intends to insure its operations in accordance with industry practice. However, in certain circumstances, Bushveld's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Bushveld.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(x) Competition risk

The mineral exploration and mining business is competitive in all of its phases. The Bushveld Group competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Bushveld Group, in the search for and acquisition and development rights on attractive mineral properties. The Bushveld Group's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Bushveld Group will continue to be able to compete successfully in acquiring exploration and development rights on such properties.

The Bushveld Group faces strong competition from other mining companies in connection with the acquisition of mineral properties producing, or capable of producing, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Bushveld Group which may give them a competitive advantage.

(y) Trading price of Bushveld Shares

Bushveld's credit quality, operating results, economic and financial prospects and other factors will affect the trading price of the Bushveld Shares. In addition, the price of Bushveld Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar, the British Pound Sterling, South African Rand and United States dollar performance on world markets, commodity price fluctuations, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or British and Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Bushveld Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Bushveld's market performance will not be adversely affected by any such market fluctuations or factors.

(z) Litigation risks

Legal proceedings may arise from time to time in the course of the Bushveld Group's business, such as that disclosed in clause 8.3 (i). There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors cannot preclude that such litigation may not be brought against the Company in the future from time to time or that it may not be subject to any other form of litigation.

Due to the relatively undeveloped legal systems in some of the jurisdictions in which the Company may invest, the Company may find it difficult, impossible or very costly to enforce the rights it may have under agreements it may enter into.

(aa) Legal systems

South African and other jurisdictions in which the Bushveld Group might operate in the future may have less developed legal systems than more established economies which could result in risks such as:

- (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain;
- (ii) a higher degree of discretion on the part of governmental authorities;
- (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Bushveld Group's licences and agreements for business.

These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

(bb) Tax residency

The Company is managed and controlled from South Africa and is considered to be resident in Guernsey for tax purposes. However, the location of the management and control of the Company may change in the future and/or may be questioned by applicable tax authorities, either of which may affect the Company's tax residency and therefore the Company's tax position.

(cc) Dilution of Shareholders' interests

The Company may need to raise additional funds in the future to finance its activities, investments and/or acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders may be reduced, Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the ordinary shares of the Company.

The Directors intend that the Company should be able to issue new ordinary shares as consideration for further acquisitions and/or raise additional working capital for the Company as required. Insofar as such new ordinary shares are not offered first to existing Shareholders, then their interests in the Company will be diluted.

(dd) No Takeover Protection under the Corporations Act or City Takeover Code

As a company incorporated in Guernsey, the rights of Shareholders are governed by Guernsey law. The rights of shareholders under Guernsey law differ in some respects from the rights of shareholders of companies incorporated in Australia.

As Bushveld is incorporated in Guernsey, the takeover provisions in the Corporations Act do not apply to Bushveld.

The UK City Code on Takeovers and Mergers (the **City Takeover Code**) normally applies to a company whose shares are admitted to trading on AIM if its registered office is in the United Kingdom, the Channel Islands or the Isle of Man and if it is considered by the Panel on Takeovers and Mergers (the **City Takeover Panel**) to have its place of central management and control in one of these jurisdictions.

The City Takeover Code and the City Takeover Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The City Takeover Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The City Takeover Code does not apply to the Company as the place of central management and control of the Company is not considered to be in the United Kingdom, the Channel Islands or the Isle of Man. The

shareholders of Bushveld therefore do not benefit from the protections available under the City Takeover Code.

(ee) Economic, political, judicial, administrative, taxation or other regulatory factors

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Company may operate and hold its assets, as well as other unforeseen matters.

(ff) Lemur business risks

All the business risks which currently affect Lemur and an investment in Lemur Shares will continue to affect Lemur, whether or not it becomes a subsidiary of Bushveld.

9. ADDITIONAL INFORMATION

9.1 Bushveld's Interest in Lemur Shares

As at the date of this Bidder's Statement:

- Bushveld's voting power in Lemur was approximately 2.7%;
- Bushveld has a Relevant Interest in 5,150,000 Lemur Shares; and
- Bushveld has no Relevant Interest in Lemur Options.

Immediately before the first Offer is sent:

- Bushveld's voting power in Lemur was approximately ~~leave blank in lodged version~~ 2.7%;
- Bushveld has a Relevant Interest in ~~leave blank in lodged version~~ 5,150,000 Lemur Shares; and
- Bushveld has no Relevant Interest in Lemur Options.

9.2 Acquisitions of Lemur Shares by Bushveld and its Associates

(a) Previous Four Months

Neither Bushveld nor any Associate of Bushveld has provided, or agreed to provide, consideration for Lemur Shares under any purchase or agreement during the period beginning four months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

(b) Period Before Takeover Offer

Neither Bushveld nor any Associate of Bushveld has provided, or agreed to provide, consideration for Lemur Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer.

9.3 No Escalation Agreements

Neither Bushveld nor any Associate of Bushveld has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

9.4 Collateral Benefits

(a) Previous Four Months

During the period beginning four months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Bushveld nor any Associate of Bushveld gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Lemur Shares,

and which is not offered to all holders of Lemur Shares under the Takeover Offer.

(b) Period Before Takeover Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer, neither Bushveld nor any Associate of Bushveld gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or

- (ii) dispose of their Lemur Shares,
- and which is not offered to all holders of Lemur Shares under the Takeover Offer.

9.5 Effect of Offer on Lemur Options

The Offer does not extend to the Lemur Options. However, the Offer extends to all Lemur Shares that are issued during the period from the Record Date to the end of the Offer Period due to the exercise of the Lemur Options.

Bushveld may elect to make private treaty offers to holders of Lemur Options to acquire or cancel their options subject to the Offer becoming or being declared unconditional.

If not all the Lemur Options are exercised (or otherwise cancelled or acquired by Bushveld pursuant to private treaty agreements or other arrangements), and Bushveld is entitled to compulsorily acquire any outstanding Lemur Shares, Bushveld presently intends to seek to compulsorily acquire or cancel any outstanding Lemur Options pursuant to Part 6A.1 of the Corporations Act, although it reserves the right not to do so.

9.6 Disclosure of Information

Due to the fact that Bushveld is offering Bushveld Shares as consideration for the acquisition of Lemur Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Bushveld Shares under sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on AIM, Bushveld is subject to regular disclosure requirements. In particular, Bushveld is required to disclose information concerning its finances, activities and performance. This disclosure is available on Bushveld's website as well as on the London Stock Exchange website.

9.7 Interests and Benefits Relating to the Offer

(a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of Bushveld;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of Bushveld; or
- (iv) broker or underwriter in relation to the issue of Bushveld Shares pursuant to the Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of Bushveld Shares,

(together, the **Interested Persons**) has, or had within two years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of Bushveld;
- (ii) any property acquired or proposed to be acquired by Bushveld in connection with its formation or promotion or in connection with the offer of Bushveld Shares under the Offer; or
- (iii) the offer of Bushveld Shares under the Offer.

(b) Implied Value of the Offer

Based on the closing price of a Bushveld Share on AIM on 9 May ~~2012~~2013 (the last trading day before the announcement of the Offer and converted at a A\$ to £exchange rate of 1.518 (A\$1 = 0.659)), the implied value of the Offer is A\$0.099 per Lemur Share.

Based on the closing price of a Bushveld Share on AIM on 13 May 2013 (the last practicable trading day before this Bidder's Statement was lodged with ASIC), of 10.88 pence, the implied value of the Offer is A\$0.099 per Lemur Share.

The implied value of the Offer will change as a consequence of changes in the market price of Bushveld Shares and the currency exchange rate between the £ and A\$ from time to time. The following table may assist Lemur Shareholders to determine the implied value of the Offer at different Bushveld Share price levels. The table is not an indication of prices at which Bushveld Shares may trade – Bushveld Shares may trade within this range or at higher or lower levels.

Price of a Bushveld Share (£)	Price of a Bushveld Share* (A\$)	Implied offer price for a Lemur Share (A\$)
0.080	0.121	0.073
0.090	0.137	0.082
0.100	0.152	0.091
0.110	0.167	0.100
0.120	0.182	0.109
0.130	0.197	0.118
0.140	0.213	0.128
0.150	0.228	0.137
0.160	0.243	0.146
0.170	0.258	0.155
0.180	0.273	0.164
0.190	0.288	0.173
0.200	0.304	0.182

*Prices have been calculated using a constant £ to A\$ exchange rate of £1=A\$1.518.

(c) Disclosure of Fees and Benefits Received by Certain Persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of Bushveld to induce them to become, or to qualify as, a director of Bushveld; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of Bushveld or the offer of Bushveld Shares under the Offer.

Steinepreis Paganin has agreed to act as Australian legal adviser to Bushveld in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, Bushveld has paid or agreed to pay Steinepreis Paganin approximately A\$75,000 for services in respect of the Offer and will pay further amounts in accordance with standard agreements.

RFC Ambrian Limited has provided certain corporate advisory services to Bushveld in relation to the Offer. Bushveld has paid, or has agreed to pay, approximately A\$160,000 for these services. Further amounts may be payable in accordance with its normal time based charges.

Lewis Silkin LLP has agreed to act as UK legal adviser to Bushveld in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this Bidder's Statement, Bushveld has paid or agreed to pay Lewis Silkin LLP approximately £35,000 (approximately A\$53,000) for services and will pay further amounts in accordance with standard agreements.

Carey Olsen has agreed to act as Guernsey legal adviser to Bushveld in relation to the Offer and will be entitled to receive professional fees in accordance with its normal time based charges. At the date of this

Bidder's Statement, Bushveld has paid or agreed to pay Carey Olsen approximately £9,500 (approximately A\$14,500) for services and will pay further amounts in accordance with standard agreements.

Fox-Davies Capital Limited as Bushveld's AIM Nominated Adviser and AIM Broker has also incurred fees in accordance with standard agreements pursuant to this role.

9.8 Disclosure of Interests of Directors

The Directors of Bushveld have the following interests in Bushveld securities and Lemur securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Bushveld Director	Bushveld Shares	Lemur Shares	Lemur Options
Mr Ian Watson	Nil	Nil	Nil
Mr Fortune Mojapelo	8,160,000 ³	Nil	Nil
Mr Anthony Viljoen	8,160,000 ³	Nil	500,000 ⁴
Mr Geoff Sproule	Nil	Nil	Nil
Mr Jeremy Friedlander	Nil	Nil	Nil

Notes:

1. This table includes interests held by related parties of the Directors.
2. Bushveld has no options or warrants on issue as at the date of this Bidder's Statement
3. VM Investment Company (Pty) Limited currently holds 8,160,000 ordinary shares in Bushveld. Both Mr Mojapelo and Mr Viljoen beneficially own 50% each of VMI and as such each has an indirect interest in Bushveld through this one shareholding.
4. Of the Lemur Options held by Mr Viljoen, all are held directly, with 250,000 exercisable at A\$0.30 on or before 31 December 2013 and 250,000 exercisable at A\$0.40 on or before 31 December 2013.

9.9 Fees and Benefits of Directors

The Articles of Bushveld provide that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Bushveld in general meeting, to be divided among the Directors in such rate as the board determines.

The annual remuneration of the Directors for the last financial year and the current financial year is as follows:

Director	2013 Financial Year ¹	2014 Financial Year ^{2,3}
Mr Ian Watson	£36,667 (~A\$54,388)	£6,666 (~A\$9,985)
Mr Fortune Mojapelo	£91,667 (~A\$135,969)	£16,666 (~A\$24,964)
Mr Anthony Viljoen	£91,667 (~A\$135,969)	£16,666 (~A\$24,964)
Mr Geoff Sproule	£82,500 (~A\$122,372)	£15,000 (~A\$22,468)
Mr Jeremy Friedlander	£22,917 (~A\$33,993)	£4,166 (~A\$6,240)

Notes:

1. A\$ equivalent amounts converted at exchange rate on 28 February 2013 of 1£=A\$1.483.
2. This column sets out the remuneration of Directors for the period between 1 March 2013 and 30 April 2013.
3. A\$ equivalent amounts converted at exchange rate on 30 April 2013 of 1£=A\$1.498.
4. All Directors were appointed to the Company after 28 February 2012, and as such, received no remuneration for the 2012 financial year.
5. In South Africa, there is no compulsory superannuation, and the above remuneration does not include superannuation.

Bushveld's financial year end is 28 February.

Directors, companies associated with the Directors and/or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Bushveld and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by Bushveld. The figures for the 2014 Financial Year are current as at the date of this Bidder's Statement.

9.10 Expenses of the Offer

The total amount of cash that Bushveld may become obliged to pay to satisfy all expenses incurred by Bushveld and relating to the Offer will be provided from Bushveld's existing cash balances.

Bushveld estimates it will incur fees for services provided in connection with the Offer, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately A\$350,000 (excluding GST).

9.11 Material Litigation

Bushveld is not aware of any material litigation or threatened, or other legal proceedings in relation to Bushveld. Please refer to Section 8.3(g) for disclosure on court proceedings related to Prospecting Right 438. The Company does not consider these court proceedings to be material as it does not consider Prospecting Right 438 to be part of its core current activities.

9.12 Foreign Shareholders

Lemur Shareholders who are Foreign Shareholders will not be entitled to receive Bushveld Shares as consideration for their Lemur Shares pursuant to the Offer.

A Lemur Shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of Lemur is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be a Foreign Shareholder if Bushveld is satisfied that it is not legally or practically constrained from making the Offer to a Lemur Shareholder in the relevant jurisdiction and to issue Lemur Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Bushveld is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Bushveld Shares which would otherwise have been issued to Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Foreign Shareholders. See Section 8 of Annexure A for further details.

9.13 Unmarketable Parcels

If the total number of Bushveld Shares which a Lemur Shareholder is entitled to receive as consideration under the Offer is an Unmarketable Parcel, that Lemur Shareholder will be an Unmarketable Parcel Shareholder and will not be entitled to receive Bushveld Shares as consideration for its Lemur Shares pursuant to the Offer.

The Bushveld Shares which would otherwise have been issued to Unmarketable Parcel Shareholders will instead be issued to the Sale Nominee who will sell those shares. The net proceeds of the sale of such shares will then be remitted to the relevant Unmarketable Parcel Shareholders. See Section 9 of Annexure A for further details.

9.14 Status of Conditions

The conditions of the Offer are set out in Section 10(a) of Annexure A. Bushveld will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Bushveld is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Bushveld will give a notice of the status of the Conditions in accordance with the Corporations Act on ~~Heave~~ blank in lodged version 26 July 2013 (subject to extension if the Offer Period is extended).

9.15 Consents

Each of the parties referred to in this Section 9.15:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.15; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Each of the following has consented to being named in this Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) RFC Ambrian Limited as corporate adviser to the Company in relation to the Offer;
- (b) Steinepreis Paganin as Australian legal advisers to the Company in relation to the Offer;
- (c) Lewis Silkin LLP as UK legal advisers to the Company in relation to the Offer;
- (d) Carey Olsen as Guernsey legal advisers to the Company in relation to the Offer;
- (e) Computershare Investor Services Pty Limited as Australian share registrar for the Offer;
- (f) Capita Registrars Limited as share registrar to Bushveld;
- (g) Fox-Davies as AIM Nominated Adviser and AIM Broker to the Company;
- (h) Mr Morris Viljoen as consultant to the Company;
- (i) Mr Richard Viljoen as consultant to the Company;
- (j) Mr Jeremy Witley as competent person in relation to the Bushveld Iron Ore Project's Mineral Resource Estimate;
- (k) Dr Friedrich Reichhardt as competent person in relation to the Iron Ore Project's exploration program; and
- (l) Dr Leon Liebenberg as competent person in relation to the Mokopane Tin Project.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of the ASX. Under the Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact the Offer enquiry line on 1300 388 527 (or +61 3 9415 4037 for international callers).

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from the ASX without its consent.

9.16 ASX Listing Rule consents

Certain Lemur Shares, constituting 27.27% of the issued share capital of Lemur, are classed as restricted securities by the ASX. ASX consent will need to be obtained to release these securities from restriction provided the applicable conditions in ASX Listing Rule 9.18 are met. One of these conditions provides that holders of at least half of the unrestricted shares have accepted the Offer. To the extent that these conditions are not able to be satisfied by the end of the five business day period presently contemplated, the timing of these acceptances may be modified.

9.16.17 Other Material Information

There is no other information material to the making of a decision by a holder of Lemur Shares whether or not to accept the Offer being information that is known to Bushveld and which has not previously been disclosed to Lemur Shareholders other than as is contained elsewhere in this Bidder's Statement.

9.179.18 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

9.189.19 Date for Determining Holders

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

This Bidder's Statement is dated 15 May 2013 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Bushveld.

Signed for and on behalf of
Bushveld Minerals Limited

A handwritten signature in black ink, consisting of stylized, overlapping loops and curves, positioned to the right of a vertical line.

Fortune Mojapelo
Chief Executive Officer

10. DEFINITIONS AND INTERPRETATION

10.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

Acacia means Acacia Resources Limited a company incorporated and registered in Guernsey with registered number 48113.

Acceptance means a valid acceptance received from a retail Lemur Shareholder in connection with the Bushveld Offer.

AIM means the market of that name operated by the London Stock Exchange plc.

AIM Rules means the official listing rules of AIM, being the AIM Rules for Companies, as amended from time to time.

Amaraka means Amaraka Investments No. 85 (Proprietary) Limited, a company incorporated and registered in South Africa with registration number 2011/006732/07.

AMM means Afro Multi Minerals (Proprietary) Limited, a company incorporated and registered in South Africa with registered number 2004/005467/07.

Announcement Date means 13 May ~~2014~~2013, being the date the Offer was announced on AIM and the ASX.

Articles means the articles of incorporation of Bushveld adopted by special resolution on 12 March 2012, and as amended from time to time.

Associate(s) has the meaning given in chapter 6 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means the licensed securities exchange operated by ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of the ASX, as amended from time to time.

ASX Settlement Corporation means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

Australian Registrar means Computershare Investor Services Pty Limited, the Australian share registrar for the Offer.

BEE means the Black Economic Empowerment program launched by the Government of South Africa which embodies all Codes of Practice gazetted by the Government of South Africa and legislation.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures which incorporates into the Original Bidder's Statement all of the changes specified in the First Supplementary Bidder's Statement.

Bushveld or **Company** means Bushveld Minerals Limited (~~Registration Number~~Incorporated and Registered in Guernsey with registration number 54506). **Bushveld Group** means Bushveld and its Subsidiaries.

Bushveld Iron Ore Project means as defined in Section 2.9.

Bushveld Resources means Bushveld Resources Limited, a company incorporated and registered in Guernsey with registered number 48984.

Bushveld Share means a fully paid ordinary share in Bushveld.

Bushveld Shareholder means a holder of a Bushveld Share.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

CGT means capital gains tax as defined in the *Income Tax Assessment Act 1997*.

CHESS means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

CHESS Holding means a number of Lemur Shares which are registered on Lemur's share register being a register administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

City Takeover Code has the meaning provided in Section 3.3(e) and 3.5(g).

City Takeover Panel has the meaning provided in Section 3.3(e) and 3.5(g).

CMM means Coal Mining Madagascar SARL, a company incorporated in accordance with the laws of the Republic of Madagascar under registration number 43301813.

COM means Coal of Madagascar Limited, a company incorporated in accordance with the laws of Guernsey under registration number 48810.

Combined Entity means Bushveld and its Subsidiaries following the acquisition by Bushveld of all, or a portion of, Lemur Shares on issue.

Companies Law means *The Companies (Guernsey) Law 2008*, as amended.

Company or Bushveld means Bushveld Minerals Limited (Incorporated and Registered in Guernsey with registration number 54506).

Competent Person(s) Report means the reports prepared by MSA on the Bushveld Iron Project dated 12 April 2013 and on the Mokopane Tin project dated 4 June 2013 as the context requires.

Conditions means the conditions set out in Section 10(a) of Annexure A.

Controlling Participant in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules.

Corporations Act means the *Australian Corporations Act 2001* (Cth).

CREST means the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in the UK which is administered by Euroclear UK & Ireland Limited.

CREST Regulations means the *Uncertificated Securities Regulations 2001* (SI 2001 No. 3755), as amended from time to time.

Director means a director of Bushveld as at the date of this Bidder's Statement.

Disclosure and Transparency Rules means the disclosure and transparency rules made by the FCA in exercise of its function as competent authority pursuant to Part IV of FSMA.

DMR means the Department of Mineral Resources of the Republic of South Africa.

DSO means Direct Shipping Ore.

ENS means Edward Nathan Sonnenbergs Inc.

EST means Australian Eastern Standard Time.

FCA means the Financial Conduct Authority.

First Supplementary Bidder's Statement means the supplementary bidder's statement lodged with the ASIC on 1 July 2013.

Foreign Law means a law of a jurisdiction other than Australia.

Foreign Shareholder means any Lemur Shareholder whose address, as entered in the register of members of Lemur, is in a jurisdiction other than Australia (and its external Territories) and New Zealand, unless Bushveld otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Lemur Shareholder in the relevant jurisdiction and to issue Bushveld Shares to such a Lemur Shareholder on acceptance of the Offer, and that it is not unlawful for such a Lemur Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

Fox-Davies means Fox-Davies Capital Limited of 1 Tudor Street, London EC4Y 0AH, the Company's AIM nominated adviser and AIM broker, authorised and regulated by the FCA.

Frontier Platinum means Frontier Platinum Resources (Proprietary) Limited, a company registered and incorporated in South Africa with registered number 2008/008035/07.

FSMA means the Financial Services and Markets Act 2000, as amended.

Greenhills means Greenhills Resources Limited, a company incorporated and registered in Guernsey with registered number 52682.

GST means Goods and Services Tax.

HDSA means historically disadvantaged South African, as defined in the MPRDA.

Imaloto Coal Project means the Imaloto Coal Project and Extension as described in Section 4.6(a).

IOCG means iron oxide copper gold.

Interested Persons has the meaning provided in Section 9.7.

Issuer Sponsored Holding means a holding of Lemur Shares on Lemur's issuer sponsored subregister.

JORC Code means the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Lemur means Lemur Resources Limited (ACN 147 241 361).

Lemur Board means the board of directors of Lemur.

Lemur Group means Lemur and its Subsidiaries.

Lemur Option means an option to acquire a Lemur Share.

Lemur Share means a fully paid ordinary share in the capital of Lemur.

Lemur Shareholders means all persons who hold Lemur Shares.

London Stock Exchange or LSE means the London Stock Exchange plc.

Mineral Resources has the meaning given in the JORC Code.

Mining Title Report means the report prepared by ENS on the licenses held by Bushveld comprising the Bushveld Iron Ore Project and the Mokopane Tin Project dated 19 June 2013

Mokopane Tin Company means Mokopane Tin Company (Proprietary) Limited a company incorporated and registered in South Africa with registration number 2010/018622/07.

Mokopane Tin Project means as defined in Section 2.10.

MPRDA means the South African Mineral and Petroleum Resources Development Act (Act No. 28 of 2002).

MSA means MSA Geoservices Pty Ltd.

Mt means million tonnes.

MWI means Mineral Wealth International Limited, a company incorporated and registered in the British Virgin Islands with registered number 1557782.

Obtala means Obtala Resources Limited a company incorporated and registered in Guernsey with registered number 52184.

Offer means the off-market takeover offer by Bushveld of three (3) Bushveld Shares for every five (5) Lemur Shares on the terms and conditions set out in this Bidder's Statement.

Offer Consideration means three (3) Bushveld Shares for every five (5) Lemur Shares.

Offer Period means the period during which the Offer is open for acceptance.

Official List of the ASX means the official list of entities that the ASX has admitted and not removed.

Ordinary Share means a fully paid ordinary share in the capital of the relevant company.

Original Bidder's Statement means the bidder's statement lodged with ASIC on 15 May 2013.

Pamish 39 means Pamish Investments No. 39 (Proprietary) Limited, a company incorporated and registered in South Africa with registration number 2008/006931/07.

Participant means an entity admitted to participate in the Clearing House Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

PGM means Platinum Group Metals.

Pre-Announcement Price means the closing price of Lemur Shares on the ASX on 10 May 2013 or Bushveld Shares on AIM on 9 May 2013 being the last practicable trading day prior to the announcement of the Offer.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, the United Kingdom or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX, LSE or any other stock exchanges.

Record Date means the date set by Bushveld under section 633(2) of the Corporations Act, being 7:00pm (EST) on ~~leave blank in lodged version~~ 16 May 2013.

Relevant Interest has the meaning given in section 9 of the Corporations Act.

Renetype means Renetype (Proprietary) Limited a company incorporated and registered in South Africa with registration number 2009/011128/07.

Rights means all accreditations, benefits and rights attaching to or arising from Lemur Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by Lemur).

Sale Nominee has the meaning given in section 8 and 9 of Annexure A to this Bidder's Statement.

Scoping Study means the scoping study announced by Bushveld on AIM on 22 April 2013.

~~**Shareholder** means a holder of Bushveld Shares.~~

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

~~**Takeover Code** means the City Code on Takeovers and Mergers (as amended).~~

Takeover Offer means the same as Offer above.

Takeovers Panel means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Ti-magnetite is an iron oxide minerals (Fe_2O_3) of the spinel group with a high titanium content (generally in excess of 5% TiO_2).

Transfer and Acceptance Form means the form of acceptance for the Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a Lemur Shareholder by the Australian Registrar in relation to the Offer, as the context requires.

UK means the United Kingdom of Great Britain and Northern Ireland.

Unmarketable Parcel means a number of Bushveld Shares which is less than a "marketable parcel" under the market rules of the ASX (currently a parcel of less than A\$500), calculated based on the highest closing price for Bushveld Shares published during the Bid Period (or, in relation to Bushveld Shares issued in respect of accepting Lemur Shareholders during the Bid Period, based on the highest closing price for Bushveld Shares published between the start of the Bid Period until the last trading day before Bushveld issues those Bushveld Shares).

Unmarketable Parcel Shareholder means a Lemur Shareholder in respect of whom the total number of Bushveld Shares to which that Lemur Shareholder would be entitled to receive as consideration under the Offer is an Unmarketable Parcel.

VMI means VM Investment Company (Proprietary) Limited a company incorporated and registered in South Africa with registration number 2007/009061/07.

~~**VML** means VML Resources Limited a company incorporated and registered in Guernsey with registered number 48113.~~

VWAP means volume weighted average price of 'on-market' trades on the ASX and AIM (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

\$, AUD or A\$ means Australian dollars.

£ means British pounds sterling.

US\$ means United States dollars.

Your Shares means the Lemur Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Lemur at the opening of business (EST) on the Record Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

ZAR or Rand means the South African Rand.

10.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Australian Eastern Standard Time (EST) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;

- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A – TERMS OF OFFER

Set out below are the Terms of the Offer.

1. General Terms

- (a) Bushveld offers to acquire all of Your Shares, together with all Rights attached to them, on the following terms and conditions set out in this Offer.
- (b) The Offer Consideration being offered by Bushveld for the acquisition of all of Your Shares is three (3) Bushveld Shares for every five (5) Lemur Shares you own, subject to the terms and conditions set out in this Offer.
- (c) If, after aggregating all your holdings, you become entitled to a fraction of a Bushveld Share under the Offer, the number of Bushveld Shares will be rounded up to the nearest whole Bushveld Share (if equal to a fraction of 0.5 or greater) or rounded down (if equal to a fraction of less than 0.5).
- (d) If you are a Foreign Shareholder at the time the Offer is made to you then, despite any other provision of this Offer, you are offered and will receive for Your Shares a cash amount calculated under Section 8 of this Annexure A.
- (e) If you accept the Offer and are eligible under the Offer to be issued an Unmarketable Parcel of Bushveld Shares, the Bushveld Shares to which you would otherwise be entitled under the Offer will be sold by the Sale Nominee as if you were a Foreign Shareholder, with the net proceeds of the sale remitted to you in accordance with Section 9 of this Annexure A.
- (f) The Bushveld Shares to be issued pursuant to this Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Bushveld Shares currently on issue.
- (g) The rights and obligations of the Bushveld Shares to be issued under the Offer are summarised in Section 3 of the Bidder's Statement.
- (h) The Offer is dated ~~leave blank in lodged version~~ 8 July 2013.

2. Offer Period

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm (EST) on the later of:
 - (i) ~~leave blank in lodged version~~; or
 - (i) 9 August 2013; or
 - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) Bushveld reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) Bushveld's voting power in Lemur increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

3. Who May Accept

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of Lemur Shares on Lemur's register of members at open for business (EST) on the Record Date.
- (b) The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of Lemur Shares due to the conversion of, or exercise of rights conferred by options that are on issue at the Record Date and any person who becomes registered, or is entitled to be registered as the holder of Your Shares during the Offer Period.
- (c) A person who:
 - (i) is able during the Offer Period to give good title to a parcel of Lemur Shares; and
 - (ii) has not already accepted this Offer which relates to those Lemur Shares,may accept as if an Offer from Bushveld on terms identical with this Offer had been made to that person in relation to those Lemur Shares.
- (d) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Lemur Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Lemur Shares you hold to which the Offer relates; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered as the holder of one or more parcels of Lemur Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Transfer and Acceptance Form, please call the Bushveld Offer Information Line on 1300 388 527 (local call costs) from within Australia, or +61 3 9415 4037 (normal call charges apply) from outside Australia to request those additional copies. Calls to these numbers may be recorded.
- (f) This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New Zealand, but is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.
- (g) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Offer.

4. How to Accept this Offer

- (a) You may only accept this Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 Lemur Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 Lemur Shares.
- (b) You may accept this Offer at any time during the Offer Period.
- (c) **Lemur Shares held in your name on Lemur's issuer sponsored subregister**

To accept this Offer for Lemur Shares held in your name on Lemur's issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:

- (i) complete and sign the Transfer and Acceptance Form in accordance with the terms of this Offer and the instructions on the Transfer and Acceptance Form; and
- (ii) ensure that the Transfer and Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Transfer and Acceptance Form) is received before the end of the Offer Period, at the address shown on the Transfer and Acceptance Form.

(d) **Lemur Shares held in your name in a CHESS Holding**

- (i) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your Controlling Participant (this is normally the stockbroker either through whom you bought Your Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (ii) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iii) Alternatively, to accept this Offer for Lemur Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must:
 - (A) sign and complete the Transfer and Acceptance Form in accordance with the terms of this Offer and the instructions on the Transfer and Acceptance Form;
 - (B) ensure that it (including any documents required by the terms of this Offer and the instructions on the Transfer and Acceptance Form) is received before the end of the Offer Period, at the address shown on the Transfer and Acceptance Form.
- (iv) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

(e) **Transfer and Acceptance Form and Other Documents**

- (i) The Transfer and Acceptance Form forms part of the Offer. The requirements on the Transfer and Acceptance Form must be observed in accepting the Offer.
- (ii) For your acceptance to be valid you must ensure that your Transfer and Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Transfer and Acceptance Form) are posted or delivered in sufficient time for it to be received by Bushveld at the address shown on the Transfer and Acceptance Form before the end of the Offer Period. You may only return your Transfer and Acceptance Form by facsimile with the prior approval of Bushveld.
- (iii) The postage and transmission of the Transfer and Acceptance Form and other documents is at your own risk.
- (iv) When accepting the Offer, you must also forward for inspection:

- (A) if the Transfer and Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (B) if the Transfer and Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Lemur Shareholder, the relevant grant of probate or letters of administration.

5. Validity of Acceptances

- (a) Subject to this Section 5 of this Annexure A, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in Section 4 of this Annexure A.
- (b) Bushveld may, in its sole discretion, at any time deem any Transfer and Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) Bushveld may at any time in its sole discretion:
 - (i) treat the receipt by it of a Transfer and Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Lemur Shares, treat the acceptance as a valid acceptance in respect of all of your Lemur Shares.
- (d) In respect of any part of an acceptance treated by it as valid, Bushveld will provide you with the relevant consideration in accordance with Section 7(a) of this Annexure A, and the exercise of Bushveld's rights under this Section 5 of this Annexure A will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Bushveld.
- (e) This Section is not a condition of this Offer.

6. The Effect of Acceptance

- (a) Subject to Section 10(c) of this Annexure A, once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of Your Shares, except as follows:
 - (i) if, by the times specified in Section 6(b) of this Annexure A, the conditions in Section 10(a) of this Annexure A have not all been fulfilled or waived, the Offer will automatically terminate and Your Shares will be returned to you; or
 - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Bushveld has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the conditions in Section 10(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.
- (b) The relevant times for the purposes of Section 6(a) are:
 - (i) in relation to the condition in Section 10(a)(vi) of this Annexure A, the end of the third business day after the end of the Offer Period; and
 - (ii) in relation to all other conditions in Section 10(a) of this Annexure A, the end of the Offer Period.

- (c) By following the procedures described in Section 4 of this Annexure A, you will be deemed to have:
- (i) accepted this Offer (and any variation to it) in respect of the Lemur Shares registered in your name to which this Offer relates, regardless of the number of Lemur Shares specified in the Transfer and Acceptance Form;
 - (ii) agreed to the terms of the Offer and, subject to the conditions contained in Section 10(a) of this Annexure A being fulfilled or waived, agreed to transfer to Bushveld all of your Lemur Shares and all of the Rights attached to those Lemur Shares;
 - (iii) agreed to accept the consideration being offered by Bushveld and have authorised Bushveld to place your name on its register of shareholders in respect of Bushveld Shares offered by Bushveld as consideration, and agreed to be bound by the Articles of Bushveld;
 - (iv) authorised Bushveld to complete the Transfer and Acceptance Form by correcting any errors in or omissions from the Transfer and Acceptance Form as may be necessary:
 - (A) to make the Transfer and Acceptance Form an effective acceptance of this Offer; and/or
 - (B) to enable registration of the transfer to Bushveld of your Lemur Shares;
 - (v) irrevocably authorised and directed Lemur to pay to Bushveld or to account to Bushveld for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Offer in respect of your Lemur Shares (subject to Bushveld accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
 - (vi) represented and warranted to Bushveld that:
 - (A) Bushveld will acquire good title to and beneficial ownership of all of your Lemur Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid Lemur all amounts which are due in respect of your Lemur Shares;
 - (C) all of your Lemur Shares are fully paid; and
 - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of your Lemur Shares (together with all rights attached to them) to Bushveld;
 - (vii) unless you are a Foreign Shareholder (as that expression is defined in Section 10.1 of this Bidder's Statement), or entitled to an Unmarketable Parcel of Bushveld Shares under the Offer, agreed to accept the Bushveld Shares to which you become entitled by accepting this Offer subject to the Articles and the terms of issue of the Bushveld Shares and to have authorised Bushveld to place your name on its register of shareholders as the holder of the Bushveld Shares issued to you under the Offer;
 - (viii) acknowledged and agreed that if you are a Foreign Shareholder, Bushveld will arrange for any Bushveld Shares otherwise issuable to you to be issued and sold, and the net proceeds to be remitted to you, as described in Section 8 of this Annexure A;

- (ix) represented and warranted to Bushveld that the making by Bushveld to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
- (x) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Bushveld and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your Lemur Shares or in exercise of any right or power derived from the holding of your Lemur Shares including, without limitation:
 - (A) attend and vote in respect of your Lemur Shares at any and all meetings of Lemur;
 - (B) requisition or join with other holders of Lemur Shares in requisitioning and/or convening a meeting of the members of Lemur;
 - (C) demand a poll for any vote to be taken at any meeting of Lemur Shareholders;
 - (D) propose or second any resolutions to be considered at any, and all meetings of Lemur Shareholders;
 - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Bushveld as a proxy in respect of all or any of your Lemur Shares and a transfer form for your Lemur Shares), proxies, consents, agreements and resolutions relating to your Lemur Shares;
 - (F) request Lemur to register in the name of Bushveld or its nominee your Lemur Shares which you hold on any register of Lemur; and
 - (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Bushveld as the beneficial owner and intended registered holder of your Lemur Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that Bushveld may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Lemur) if requested by Bushveld. This appointment is irrevocable and terminates upon registration of a transfer to Bushveld of your Lemur Shares;
- (xi) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Lemur or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Bushveld and the directors, secretaries and other officers of Bushveld by Section 6(c)(x) of this Annexure A;
- (xii) irrevocably authorised Bushveld to notify Lemur on your behalf that your place of address for the purposes of serving notices in respect of your Lemur Shares is the address specified by Bushveld in the notification;
- (xiii) represented and warranted to Bushveld that, unless you have notified it in accordance with Section 3(e) of this Annexure A, your Lemur Shares do not consist of a separate parcel of shares; and

- (xiv) agreed, subject to the conditions of this Offer in Section 10(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Bushveld may consider necessary or desirable to convey your Lemur Shares registered in your name and Rights to Bushveld.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your Lemur Shares and after Bushveld becomes the register as the holder of them.

7. Payment of Consideration

- (a) Subject to the terms of this Offer and the Corporations Act, Bushveld will provide the consideration for Your Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within one month after this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) Where the Transfer and Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Bushveld will provide the consideration in accordance with Section 7(a) of this Annexure A;
 - (ii) if that document is given after acceptance and before the end of the Offer Period while this Offer is subject to a defeating condition, Bushveld will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Offer become unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Offer Period while this Offer is not subject to a defeating condition, Bushveld will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given to Bushveld; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Bushveld will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in section 652C(1) or (2) of the Corporations Act, Bushveld will provide the consideration for you within 21 days after the Offer becomes unconditional.
- (d) Subject to Sections 8 and 9 of this Annexure A, the obligation of Bushveld to allot and issue any Bushveld Shares to which you are entitled under the Offer will be satisfied:
 - (i) by entering your name on the register of members of Bushveld; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of Lemur's register of members after the Offer goes

unconditional, an uncertificated holding statement in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to the last recorded address on the most recent copy of Lemur's register of members.

- (e) If, at the time you accept the Offer, any of the following:
- (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth);
 - (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for Bushveld to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Bushveld.

As far as Bushveld is aware, as at the date of this Bidder's Statement, the persons to whom this Section 7(e) of this Annexure A will apply are: prescribed supporters of the former government of Yugoslavia; ministers and senior officials of the Government of Zimbabwe; persons associated with the former government of Iraq (including senior officials, immediate family members of senior officials, or entities controlled by any of those persons); the Taliban; members of the Al Qaida organisation; and a person named in the list maintained pursuant to section 2 of Resolution 1390 of the Security Council of the United Nations.

8. Foreign Shareholders

- (a) If you are a Foreign Shareholder (as that expression is defined in Section 10.1 of this Bidder's Statement), you will not be entitled to receive Bushveld Shares as the consideration for Your Shares as a result of accepting the Offer, and Bushveld will:
- (i) arrange for the issue to a nominee approved by ASIC (the Sale Nominee) of the number of Bushveld Shares to which you and all other Foreign Shareholders would have been entitled but for Section 1(d) of this Annexure A and the equivalent provision of each other offer under the Offer;
 - (ii) cause the Bushveld Shares so issued to be offered for sale by the Sale Nominee on AIM as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
 - (iii) cause the Sale Nominee to pay to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Foreign Shareholders who accept the Offer receive the same value per Lemur Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale}}{\text{TS}} \times \text{YS}$$

Where:

Net Proceeds of Sale is the amount received by the Sale Nominee upon the sale of Bushveld Shares under this Section 8 of this Annexure A, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

YS is the number of Bushveld Shares which would, but for Sections 8(a) and Section 1(d) of this Annexure A, have been allotted and issued to you; and

TS is the total number of Bushveld Shares allotted and issued to the Sale Nominee under this Section 8 of this Annexure A in respect of the Lemur Shares held by all Foreign Shareholders.

- (b) You will be paid your share of the proceeds of the sale of Bushveld Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to the address provided on your Transfer and Acceptance Form.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Bushveld Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

9. Unmarketable Parcels

If you accept the Offer and are eligible under the Offer to be issued an Unmarketable Parcel of Bushveld Shares, the Bushveld Shares to which you would otherwise be entitled under the Offer will be sold by the Sale Nominee as if you were a Foreign Shareholder, with the net proceeds of the sale remitted to you in accordance with Section 8 of this Annexure A with references to "Foreign Shareholder" read accordingly.

10. Conditions of this Offer

- (a) Subject to Sections 10(b), 10(c) and 10(d) of this annexure A, the Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:
 - (i) **Approvals:** Bushveld receives all regulatory and shareholder approvals or consents:
 - (A) that are necessary to permit the Offer to be lawfully made to and accepted by Lemur Shareholders and completed; or
 - (B) that are required as a result of the Offer or the successful acquisition of Lemur Shares and are necessary for the continued operation of the business of Lemur or Bushveld; or
 - (C) that are required or imposed by the ASX, ASIC, AIM or the Takeovers Panel,in each case on an unconditional basis, or on the basis of conditions that impose only non-material requirements incidental to approval or consent and, at the end of the Offer Period, all of those approvals and consents remain in full force and effect in all respects and are not subject to any notice of intention or indication of intention to revoke, suspend, restrict, modify or not renew those approvals or consents.
 - (ii) **No material adverse effect:** That no Specified Event or series of Specified Events occurs or becomes apparent that will, or is reasonably likely to, have a material adverse effect on the business, assets and liabilities, financial position and performance, profits and losses or prospects of Lemur and its Subsidiaries, including as a result of making the Offer or the acquisition of Lemur pursuant to the Offer. For these purposes, a "Specified Event" is:
 - (A) an event or occurrence that occurs on or after the Announcement Date and before the end of the Offer Period;
 - (B) an event or occurrence that occurs before the Announcement Date but only becomes apparent or is announced or publicly disclosed between the Announcement Date and the end of the Offer Period; or

- (C) an event or occurrence that will or is reasonably likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.
- (iii) **No material acquisitions, disposals, or new commitments:** Except for any proposed transaction or project publicly announced by Lemur before the Announcement Date, none of the following events occur during the period from the Announcement Date to the end of the Offer Period:
- (A) Lemur, or a Subsidiary of Lemur, acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$3.5 million or makes an announcement about such an acquisition offer or agreement;
 - (B) Lemur, or a Subsidiary of Lemur, disposes of, offers to dispose or agrees to dispose of one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in Lemur's balance sheet as at 31 December 2012) is, in aggregate greater than A\$3.5 million or makes an announcement about such a disposition, offer or agreement;
 - (C) Lemur, or a Subsidiary of Lemur, enters into, offers to enter into, or agrees to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by Lemur and/or its Subsidiaries of an amount which is, in aggregate, more than A\$3.5 million or makes an announcement in relation to such an entry, offer or agreement; or
 - (D) Lemur, or a Subsidiary of Lemur, increases its liabilities, borrowings or indebtedness by more than A\$3.5 million or makes an announcement in relation to any such increase of liabilities, borrowings or indebtedness;
 - (E) Lemur, or a Subsidiary of Lemur, incurs or commits to, or brings forward the time for incurring or committing to, or grants to another person a right to exercise of which would involve Lemur or any Subsidiary of Lemur incurring or committing to, any capital expenditure, borrowing or liability (or foregoes revenue) for one or more related items of in aggregate greater than A\$3.5 million or makes an announcement about such commitment;
 - (F) Lemur, or a Subsidiary of Lemur, enters into, or offers to enter into, or agrees to enter into, a transaction that has the same economic effect as any of the things in Sections 10(a)(iii)(A) to 10(a)(iii)(E) above or resolves to do any of the things in Sections 10(a)(iii)(A) to 10(a)(iii)(E) above or this Section 10(a)(iii)(F);
 - (G) Lemur, or a Subsidiary of Lemur, makes or announces any changes to its constitution or proposes or passes any special resolution;
 - (H) Lemur, or a Subsidiary of Lemur, issues or agrees to issue any equity, debt or hybrid security (other than on an exercise of a Lemur Option on issue at the Announcement Date);
 - (I) Lemur, or a Subsidiary of Lemur, gives or agrees to give any encumbrance over any of its assets otherwise than in the ordinary course of business;
 - (J) Lemur, or a Subsidiary of Lemur, enters into, agrees to enter into, or renews any contract of service or varies or agrees to vary any existing contract of service with any current or proposed director or manager;

- (K) Lemur, or a Subsidiary of Lemur, pays or agrees to pay any retirement benefit or allowance to any current or proposed director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration or the terms of redundancy or other employee entitlements of any current or proposed director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date); or
 - (L) Lemur, or a Subsidiary of Lemur, conducts its business otherwise than in the ordinary course.
- (iv) **No restraining orders:** Between the Announcement Date and the end of the Offer Period:
- (A) no court or Public Authority has issued, taken steps to issue, or threatened to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition;
 - (B) there is no preliminary or final decision, order or decree, ruling, legal restraint, prohibition, other action or refusal issued by a court or Public Authority in effect;
 - (C) no application is made to any court or Public Authority (other than by Bushveld or any of its Subsidiaries or related bodies corporate) or action, inquiry or investigation is announced, threatened or commenced by a court or Public Authority,
- in consequence of, or in connection with, the Offer (including a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
- (D) restrains or prohibits (or if granted or completed could reasonably be expected to restrain or prohibit or establish grounds for restraining or prohibiting), or delays or imposes material additional conditions or amendments to (or if granted or completed could reasonably be expected to delay or impose material additional conditions or amendments to), or otherwise materially adversely affects, or could reasonably be expected to materially adversely affect, the making of the Offer or the completion of any other transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Bushveld or any of its related bodies corporate in respect of Lemur and the Lemur Shares to be acquired under the Offer, or the business, assets, profits, financial or trading position or prospects of the Lemur Group as Bushveld or its related bodies corporate intend to operate the Lemur Group; or
 - (E) requires or prevents (or if granted or completed could reasonably be expected to require or prevent or establish grounds for requiring or preventing) the divestiture by Bushveld or any related body corporate of any Lemur Shares, or the divestiture of any assets of Bushveld or any related body corporate, the Lemur Group or otherwise.
- (v) **No person exercising rights under certain agreements or instruments:** Between the Announcement Date and the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights, or refuses to give any consent or approval, under any provision of any agreement or other instrument (including any permit or licence) to which Lemur or any Subsidiary of Lemur is a party, or by or to which Lemur or any Subsidiary of Lemur or any of their assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Lemur or the Lemur Group taken as a whole, in:

- (A) any monies borrowed by or indebtedness or liability (actual or contingent) of Lemur or any Subsidiary of Lemur being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (B) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (C) the interest of Lemur or any Subsidiary of Lemur in any firm, joint venture, trust, corporation or other entity or asset, property or estate (or any arrangements relating to such interest) being terminated, modified or ceasing to exist); or
- (D) the business, assets, profits, financial or trading position of Lemur or any Subsidiary of Lemur with any other person being adversely affected,

as a result of the acquisition of Lemur Shares by Bushveld or the change of any voting or management control over Lemur or its Subsidiaries.

(vi) **No prescribed occurrences:** None of the following events happen in the period between the Announcement Date and the end of the Offer Period:

- (A) Lemur converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (B) Lemur or a Subsidiary of Lemur resolving to reduce its share capital in any way;
- (C) Lemur or a Subsidiary of Lemur entering into a buyback agreement or resolving to approve the terms of a buyback agreement under sub-sections 257C(1) or 257D(1) of the Corporations Act;
- (D) Lemur or a Subsidiary of Lemur making an issue of shares or granting an option over its shares or agreeing to make such an issue or grant such an option, other than an exercise of a Lemur Option on issue at the Announcement Date;
- (E) Lemur or a Subsidiary of Lemur issuing, or agreeing to issue, convertible notes;
- (F) Lemur or a Subsidiary of Lemur disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (G) Lemur or a Subsidiary of Lemur charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (H) Lemur or a Subsidiary of Lemur resolving that it be wound up;
- (I) the appointment of a liquidator or provisional liquidator of Lemur or of a Subsidiary of Lemur;
- (J) the making of an order by a court for the winding up of Lemur or of a Subsidiary of Lemur;
- (K) an administrator of Lemur or of a Subsidiary of Lemur being appointed under sections 436A, 436B or 436C of the Corporations Act;
- (L) Lemur or a Subsidiary of Lemur executing a deed of company arrangement; or

- (M) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of Lemur or of a Subsidiary of Lemur.
- (b) Each condition in Section 10(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent (with the exception of the condition in Section 10(a)(i) of this Annexure A) and is for the benefit of Bushveld alone and may only be relied upon by Bushveld.
- (c) The condition at Section 10(a)(i) of this Annexure A is a condition precedent to the acquisition by Bushveld of any interest in Lemur Shares of a kind which would cause a breach of the provisions of laws referred to therein. Notwithstanding your acceptance of the Offer, unless and until the conditions in those sections are fulfilled:
 - (i) no contract for the sale of Your Shares will come into force or be binding on you or Bushveld;
 - (ii) Bushveld will have no rights (conditional or otherwise) in relation to Your Shares;
 - (iii) if any of Your Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those shares by having your Controlling Participant transmit a valid originating message to ASX Settlement Corporation specifying the shares to be released from the sub-position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the fulfilment of those conditions; and
 - (iv) if any of Your Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation providing that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Transfer and Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of those conditions.
- (d) Other than the condition in Section 10(a)(i) of this Annexure A all the conditions in Section 10(a) of this Annexure A are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the conditions in Section 10(a)(vi) of this Annexure A, until the end of the third business day after the end of the Offer Period), prevent a contract to sell Your Shares from arising, but entitles Bushveld by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

11. Freeing the Offer of Conditions

Bushveld may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 10(a) of this Annexure A by giving notice to Lemur declaring the Offer to be free from the relevant conditions specified in accordance with section 650F of the Corporations Act. This notice may be given:

- (a) in relation to the condition in Section 10(a)(vi) of this Annexure A that comprise an event or circumstance referred to in sections 652C(1) or (2) of the Corporations Act in relation to Lemur – not later than 3 business days after the end of the Offer Period; and
- (b) in relation to all other conditions in Section 10(a) not less than 7 days before the end of the Offer Period.

12. Freeing the Offer from Conditions

- (a) If, at the end of the Offer Period (or in the case of the condition at Section 10(a)(vi) of this Annexure A, at the end of the third business day after the end of the Offer Period), the conditions in Section 10(a) of this Annexure A have not been fulfilled and Bushveld has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

- (b) Subject to the provisions of the Corporations Act, Bushveld alone will be entitled to the benefit of the conditions in Section 10(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by Bushveld.

13. Notice of Status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is ~~leave blank in lodged version~~ 26 July 2013, subject to extension in accordance with section 630(2) if the Offer Period is extended.

14. Withdrawal of Offer

Bushveld may withdraw this Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Bushveld will give notice of the withdrawal to the ASX and to Lemur and comply with any other conditions imposed by ASIC.

15. Variation

Bushveld may vary this Offer in accordance with the Corporations Act.

16. Stamp Duty or Other Costs

- (a) All costs and expenses of the preparation, dispatch and circulation of this Offer and any stamp duty payable in respect of the transfers will be paid by Bushveld.
- (b) As long as your Lemur Shares are registered in your name and you deliver them directly to Bushveld, you will not incur any brokerage in connection with your acceptance of this Offer.

17. Governing Law

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Western Australia.

18. Date of Offer

This Offer is dated 8 July 2013.

ANNEXURE B - BUSHVELD'S AIM ANNOUNCEMENTS

Bushveld has lodged the following announcements with AIM since the lodgement of Bushveld's unaudited half-yearly financial report as at 31 August 2012.

Date Lodged	Description of Document
3 June 2013	Results of General Meeting
3 June 2013	Update: Take Over Offer for Lemur Resources
17 May 2013	Notice of General Meeting
17 May 2013	Publication of Bidder's Statement
13 May 2013	Takeover Offer for Lemur Resources Limited
22 April 2013	Scoping Study – Bushveld Iron Ore Project
15 April 2013	Holding(s) in Company
11 April 2013	Metallurgical Update on Iron Ore Project
27 March 2013	Mineral Resource Update – P-Q Weathered Zone
19 March 2013	Operations Update – Iron Ore project
7 February 2013	Resource Update - Bushveld Iron Ore
7 February 2013	Site Visit
28 January 2013	Metallurgical Testwork Test Work Results - Iron Ore Project
24 January 2013	Potential Phosphate Resource at Iron Ore Project
17 January 2013	Operations Update - Bushveld Iron Ore Project
13 December 2012	Mokopane Tin Project Update
5 December 2012	Bushveld Iron Ore Resource Update
4 December 2012	Mokopane Tin Project Update
23 November 2012	Half Year Results for the period to 31 August 2012
8 November 2012	Strategic Investment
2 November 2012	Drilling work results - Bushveld Iron Ore Project
22 October 2012	Positive Preliminary Metallurgical Testwork Test Work
11 October 2012	Drilling Programme and Resource Update



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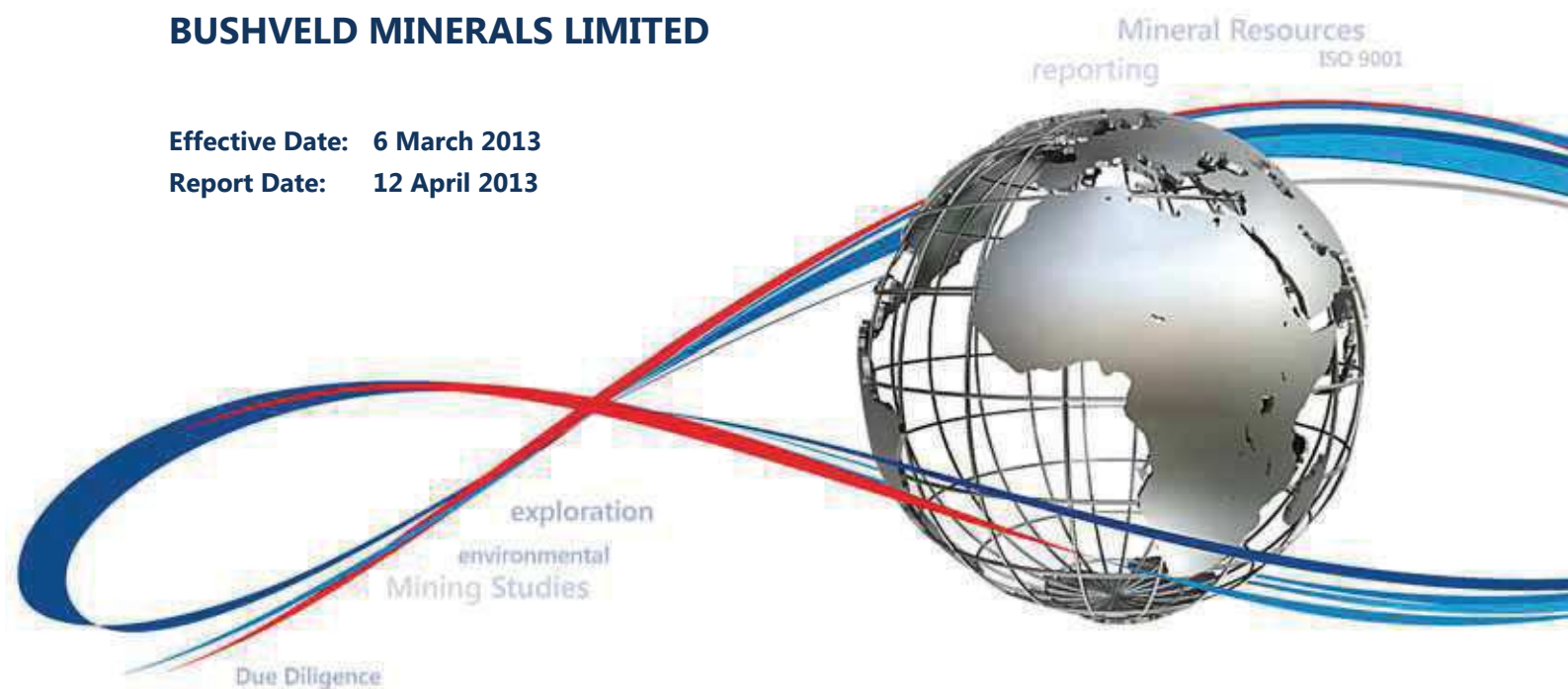
JORC Competent Person's Report and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project, Limpopo Province, South Africa

Prepared by The MSA Group (Pty) Ltd on behalf of:

BUSHVELD MINERALS LIMITED

Effective Date: 6 March 2013

Report Date: 12 April 2013



Competent Persons:

Friedrich J. Reichhardt
Jeremy Witley

Principal Consulting Geologist
Principal Resource Consultant

Pr.Sci.Nat., FGSSA, MGSG
Pr.Sci.Nat., MGSSA

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1 SUMMARY

1.1 Purpose of Report

In February 2013, The MSA Group ("MSA") was commissioned by Bushveld Minerals Limited ("BML") to provide a Competent Person's Report ("CPR") with updated Mineral Resource Estimates ("MRE") on BML's Mokopane Fe-V-Ti project ("Mokopane Project"), located in the Northern Limb of the Bushveld Complex in the Limpopo Province of South Africa. This report presents the results of BML's vanadiferous titanomagnetite exploration programme conducted during 2012 and 2013 and incorporates the findings from the 2010 to 2011 exploration campaign, which MSA previously reported in a CPR dated 25 November 2011.

MRE updates were completed for the Main Magnetite Layer and the Ti-magnetite-rich N-Q Zone on borehole data collected from the 2010 to 2013 diamond drilling campaigns. These Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), 2012 Edition.

1.2 Mineral Tenure

Mineral tenure in South Africa is governed by the regulations of the Mineral & Petroleum Resources Development Act, 2002 ("MPRDA"). The following Prospecting Rights ("PR") were granted in terms of Section 16 of the MPRDA and constitute the Project Area (Table 1-1):

- **95PR** covering the farms Vriesland 781LR, Vliegekraal 783LR and Vogelstruisfontein 765LR was granted for iron ore, vanadium, titanium, nickel, copper, cobalt, chrome, platinum group metals, gold and all minerals that may be found in intimate association with the latter
- **438PR** covering the farm Malokong 784LR was granted for iron ore, titanium, nickel, copper, cobalt and platinum group metals

Table 1-1
Details of the Prospecting Rights pertaining to the Mokopane Project

Company	BRL Interest (%)	Farm Names	Minerals	Area (ha)	PR No.	Status
Parnish Investments No 39 (Pty) Ltd	64%	Vogelstruisfontein 765LR, Vriesland 781LR and Vliegekraal 783 LR	Platinum Group Metals, Cobalt, Copper, Nickel, Chrome, Iron Ore, Vanadium, Titanium and all minerals that may be found in intimate association with the latter	5545,5600	95PR	Prospecting Right renewed on 30/05/2011 for 3 years An application to include two additional farms (Schoonoord 786 LR and Bellevue 808 LR), as well as the mineral phosphate, to the prospecting right approved in January 2013
Afro Multi Minerals (Pty) Ltd	68.5%	Malokong 784 LR	Copper Ore, Cobalt, Nickel, Iron Ore, Titanium Ore and Platinum Group Metals	1863,9378	438PR	Renewal Application submitted and application to transfer the prospecting right in terms of Section 11 of the MPRDA to be submitted upon approval of renewal

The status of tenements is based on information and copies of documents provided by BML. MSA has not independently verified, nor is it qualified to verify, the legal status of the Prospecting Rights and assumes that the Mokopane project will prove lawfully accessible for further exploration.

The Prospecting Rights for the Project are held under various licences, the details of which are shown in Table 1–1.

- A Strategic Association Agreement between BML's wholly owned holding company, Bushveld Resources Limited ("BRL"), and Izingwe Capital (Pty) Ltd, created Pamish Investments No 39 (Pty) Ltd to which the Prospecting Right LP95PR has been transferred in terms of Section 11 of the Mineral and Petroleum Resources Development Act , Act 28 of 2002 (MPRDA)
 - A Strategic Investment Agreement between Afro Multi Minerals (Pty) Ltd, Pamish Investments No. 63 (Pty) Ltd, Amaraka Investments No. 85 (Pty) Ltd and BRL, based on which BRL acquired a 68.5% equity interest in Amaraka Investments No. 85 (Pty) Ltd. Prospecting right LP438PR is currently under renewal application, after which transfer to Amaraka from Afro Multi Minerals in terms of Section 11 of the MPRDA will be processed
 - BRL has been cited as the third respondent in court proceedings recently instituted by Afro Multi Minerals (Pty) Limited ("AMM"), the holder of Prospecting Right 438 ("PR 438) that covers the farm, Malokong 784 LR, which forms part of BRL's licence areas
- Whilst MSA made sufficient inquiry about the legal status of these Rights, this does not constitute a legal opinion. However, MSA is satisfied that the Rights and the corporate structure presented is a fair reflection of the current holdings.

1.3 Location

The Mokopane Project is situated approximately 65 km west of Polokwane and 45 km north-west of Mokopane in the Mokopane District, Limpopo Province, South Africa.

The Project is located in the central portion of the Northern Limb of the Bushveld Complex ("BC") and has been established on a group of four adjacent farms namely Vogelstruisfontein 765LR, Malokong 784LR, Vliegekraal 783LR and Vriesland 781LR.

1.4 Geology

The Project area is situated within the Northern Limb of the BC and covers the top portion of the Main Zone ("MZ") and the entire Upper Zone ("UZ") of the Rustenburg Layered Suite ("RLS"). The UZ is approximately 1,250 m thick and dips gently (15° to 25°) to the west. The UZ is characterised by the presence of vanadiferous titanomagnetite ("VTM") layers hosted predominantly by VTM-enriched gabbros and gabbroanorites. The VTM layers include disseminated, semi-massive and massive VTM intervals of variable proportions and thicknesses.

The RLS is the world's largest and economically most important layered complex and is known for the remarkable geological and geochemical continuity of the magmatic stratigraphy. In

common with other layered intrusions, such as the Great Dyke in Zimbabwe (Wilson, 1997), Molopo Farms Complex in Botswana (Reichardt, 1994) and the Stillwater Complex in the USA (Irvine et al., 1983), the intrusive ultramafic to mafic magma has undergone a differentiation process which has resulted in the formation of magnesium-, chromium-, nickel- and precious metal-rich units in the lower part of the Complex with iron-, titanium-, vanadium- and phosphorus-rich layers in the upper portion of the intrusion.

The UZ consists of numerous cyclic units of alternating and well-layered rocks and is subdivided into three Subzones based on the presence of modal olivine in rocks of Subzone B and modal apatite in Subzone C. The rocks of the RLS show remarkable continuity and individual layers can generally be traced along strike for tens of kilometres and more.

Since 2010, exploration has focussed on the Main Magnetite Layer ("MML") and the stratigraphically higher semi-massive to massive Ti-magnetite Layers N to Q together with their enclosing gabbroic rocks (collectively termed the "N-Q Zone"), which can contain considerable quantities of medium- to coarse-grained disseminated Ti-magnetite.

The MML mineralised zone occurs near the base of the UZ and consists of an upper VTM-rich interval ("MAG3") which is separated from a lower VTM-rich interval ("MAG4") by a VTM-poorer leucogabbroanorite "parting". The MML was intersected during the 2010 to 2013 campaign in 13 vertical boreholes, VL2, VL3, VL5, VL8, VL11, VL12, VL13, VK5, VK20, VK22, VK23, MW1 and MW3, and has an average true thickness of 9.8 m including the VTM-poor parting and dips between 18° and 24° to the west. The MAG3 ranges between 2.59 m and 7.65 m and averages 4.09 m in true thickness. The MAG4 ranges between 2.48 m and 6.30 m and averages 3.59 m in true thickness. The parting ranges from 0.93 m to 4.06 m and averages 2.16 m in true thickness.

The N-Q Zone occurs near the top of the UZ and includes the two closely-associated leucogabbroanorite-hosted VTM-rich layers P and Q which are commonly separated by a leucogabbroanorite parting with a low VTM content. VTM-enriched gabbros and norites with up to 50% disseminated Ti-magnetite occur in the footwall and hangingwall sequence of the P-Q Layers and together with the latter more massive layers, and the massive but thin N and O Layers, form the so-called N-Q Zone.

The P and Q Layers consist of high-grade, semi-massive to massive VTM-rich intervals alternating with relatively narrow bands of gabbroanorite with variable amounts of disseminated VTM (<10% to >50%). A total of 10 distinct stratigraphic units within the N-Q Zone can be correlated between boreholes. These 10 units are correlated on the basis of their relative thicknesses, textural features and Ti-magnetite abundance. Although together these layers determine the overall VTM and hence Fe content of the N-Q Zone, each of the 10 layers has its specific Ti-magnetite content. During the 2012 drill campaign, the N to Q Layers and the VTM-enriched foot- and hanging-wall sequence ("N-Q Zone") were intersected in five boreholes as fresh, unweathered material. In addition, weathered portions (shallower than 30 m) of the N-Q Zone were intersected in a further 13 boreholes. The entire N-Q Zone has a downhole thickness ranging from approximately 58 m to 95 m with an average true thickness of approximately 78 m after correction for an average dip of 22°.

1.5 Previous Work

Prior to the start of BML's systematic drill campaign in 2010, the Project Area had not been explored for its Ti-magnetite potential but was covered by a regional geochemical soil sampling and geological mapping programme by the Council for Geoscience ("CGS"). The latter work was published in 1985 at 1:250,000 scale as the 2328 Pietersburg Geological Series map. The soil sampling was conducted at 1 km intervals and the samples were analysed by XRF and ICP-MS for over 40 elements including Fe_2O_3 , V, TiO_2 , Cu and Ni. Significant vanadium and titanium anomalies occur and generally coincide with areas mapped as the UZ, which is known to contain numerous semi-massive and massive Ti-magnetite layers interlayered with Ti-magnetite-bearing gabbroic and leuconoritic rocks.

A regional aeromagnetic and radiometric survey was conducted in the 1990's and processed by the CGS. The data show prominent northerly-trending magnetic zones which have been correlated with the two most Ti-magnetite-rich stratigraphic units, which in turn host groups of individual Ti-magnetite layers, namely the Main Magnetite Group and the N-Q Zone comprising the N, O, P and Q Ti-magnetite layers.

A stratigraphic borehole BV-1 was drilled by the CGS in 1991 on the farm Bellevue 808LR, some 2 km south-west of the Project Area. The 2,950 m deep hole covered the entire Upper Zone stratigraphy and intersected 32 discrete layers of Ti-magnetite or Ti-magnetite-rich rocks (>20% opaque minerals) ranging in thickness between 7 cm and 13 m (Ashwal *et al.*, 2005). Most prominent are the uppermost semi-massive Ti-magnetite layer (Q layer) which has a thickness of 13 m and an approximately 8 m thick vanadium-rich layer with variable Ti-magnetite content. The latter is some 175 m above the base of the UZ and can be correlated with the Main Magnetite Layer ("MML"). The occurrence of the two most prominent Ti-magnetite layers in borehole BV-1 at depths of approximately 600 m and 1,400 m illustrates the remarkable spatial continuity of these layers.

The N-Q Layers in the Project Area had not been identified prior to BML's exploration activities. The MML is only partially portrayed on existing maps and exposed in isolated outcrops and no historic Mineral Resource Estimates had been carried out in the Project Area.

1.6 Previous Mineral Resource Estimates

A total of 4,234.06 m were drilled in 17 diamond drillholes during the 2010-2011 drilling campaigns on the farms Vliegekraal and Vriesland. This included four drillholes totalling 902.02 m on the MML and 10 drillholes totalling 2,583.77 m on the P-Q Zone, which excluded the stratigraphically lower N and O Ti-magnetite Layers and the enclosing gabbroic units of the N-O Zone.

The results from these 17 boreholes together with detailed information about the Mokopane Project were presented in a report entitled "JORC Competent Person's Report and MRE for the Mokopane Fe-V-Ti Project covering the farms Vriesland 781LR, Vliegekraal 783LR, Malokong 784LR and Vogelstruisfontein 765LR near Mokopane, Limpopo Province, South Africa", dated 25

November 2011. The following Mineral Resources were reported for the MML (Table 1-2) and for P-Q Zone (Table 1-3 and Table 1-4) in November 2011.

Table 1-2 MML Inferred Mineral Resources, <100 m deep at 40% Fe_2O_3 cut-off, as at 25 Nov 2011										
Cut Off Fe_2O_3 %	Million Tonnes	SG	Fe %	Fe_2O_3 %	P_2O_5 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	
40	66.21	3.83	37.1	53.1	0.01	9.2	1.24	17.9	11.1	

Table 1-3 P-Q Zone Indicated Mineral Resources, <200 m deep at 35% Fe_2O_3 cut-off, as at 25 Nov 2011										
Cut Off Fe_2O_3 %	Million Tonnes	SG	Fe %	Fe_2O_3 %	P_2O_5 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	
35	260.20	3.70	32.4	46.3	0.05	11.3	0.18	24.4	10.2	

Table 1-4 P-Q Zone Inferred Mineral Resources, <400 m deep at 35% Fe_2O_3 cut-off, as at 25 Nov 2011										
Cut Off Fe_2O_3 %	Million Tonnes	SG	Fe %	Fe_2O_3 %	P_2O_5 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	
35	307.23	3.75	31.9	45.7	0.05	11.5	0.19	23.4	10.2	

1.7 Recent Work and Current Mineral Resource Estimate

During 2012, a further 51 boreholes totalling 3,489.45 m were drilled on the farms Vliegekraal, Vriesland and Malokong. Of these, 13 boreholes totalling 927.49 m were drilled on the MML, of which nine intersected mineralisation, one hole was stopped approximately 100 m above the MML and three holes were drilled into the footwall to the MML.

BML considers the weathered and oxidised, near-surface mineralisation of the P-Q Zone as potentially "free-dig" material with possible advantages in the beneficiation process. In order to quantify the grade and volume of the weathered mineralisation and to obtain material for metallurgical test work, five fence lines totalling 33 boreholes and 1,036.57 m were drilled into the weathered portion of the N-Q Zone during 2012. Of these 33 boreholes, 13 intersected the P-Q Zone, while 20 holes intersected the weathered hangingwall and footwall succession including the N and O Layers. A further five boreholes totalling 1,525.39 m were drilled in 2012 in order to extend the strike length of the N-Q Zone and to increase the level of confidence in the geological and grade continuity.

An appropriate quality control programme was in place that followed industry best practice through the use of certified reference materials, field and laboratory duplicates, blanks, and check samples analysed at an independent laboratory. Based on these results, it is concluded that the sampling and assay data from the 2010-2012 drill programmes are acceptable for use in a Mineral Resource estimate.

In terms of the JORC code, Mineral Resource estimates may include not only mineralisation that has the potential to be economically viable using currently practised mining and extraction technology, but also mineralisation that in the opinion of the Competent Person has reasonable potential to become economically viable with advances in mining and extraction technology within the foreseeable future. Mineralisation within both the MML and N-Q Zones at the Mokopane Project appears to be fairly continuous to depths well below those currently considered to be of economic viability. In this Mineral Resource estimation exercise, cognisance has been taken of the substantial mineralisation that is likely to be present at depth, and depth cut-offs have been imposed based on simplistic bulk stripping ratios that, while considerably beyond the limits of current commercial mining practice, might conceivably become viable in the future. The estimates do not, however, take any account of the additional costs that might prove to be associated with the extraction of saleable metals from the mineralogically complex Ti-magnetite material (relative to more conventional iron ore deposits), irrespective of the metallurgical test work that has been undertaken to date.

The MML in the 2013 MRE has been subdivided into the two semi-massive to massive vanadiferous titaniferous-magnetite ("VTM") layers, namely MAG3 and MAG4 and the VTM-poor, feldspar-rich parting (the "Parting") between MAG3 and MAG4. The Parting has a low abundance of vanadiferous titaniferous-magnetite ("VTM"), ranging between 5% and 30%, whereas MAG3 and MAG4 contain between 35% and 90% VTM. As the Parting has average Fe₂O₃ grades below 30% it is not regarded as a Mineral Resource.

The drilling during 2012 on the farms Vliegekraal and Vriesland increased the confidence of the shallow mineralisation so that Indicated Mineral Resources can be declared for the MML from surface to a vertical depth of 120 m. Mineral Resources for the MML (Table 1-5) are reported at a cut-off-grade of 40% Fe₂O₃ and have been prepared in accordance with the guidelines of the 2012 Edition of the JORC Code.

MML Indicated Mineral Resources, <120 m deep, as at 20 March 2013												
Layer Name	Thickness m	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
MAG3	4.09	27.50	4.08	45.5	65.1	12.51	10.0	1.50	10.6	7.8	0.01	0.12
MAG4	3.59	24.31	4.00	43.9	62.7	10.66	9.3	1.46	11.8	8.9	0.01	0.24
Total	7.68	51.81	4.04	44.7	64.0	23.17	9.7	1.48	11.2	8.3	0.01	0.18

Table 1-6											
Grades and Tonnes* for MML Parting, <120 m deep, as at 20 March 2013											
Layer Name	Thickness m	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
PARTING	2.16	11.43	3.16	20.9	29.9	3.5	0.58	34.5	19.0	0.01	0.17

*Note: the MML parting does not constitute a Mineral Resource as the mineralisation is below the cut-off-grade of 40% Fe₂O₃

The shallow drilling on the farm Vliegekraal during 2012 increased the confidence of the near-surface mineralisation in terms of the subcrop position, thickness of the weathering profile and the respective grades of the individual layers constituting the N-Q Zone. Mineral Resources have been estimated for the N-Q Zone using the lithological and assay information of all boreholes drilled during the combined 2010 to 2013 field campaigns. Indicated Mineral Resources are declared individually for the weathered N-Q Zone (Table 1-7) and for the combined weathered and unweathered N-Q Zone to a depth of 200 m below surface (Table 1-8). Mineral Resources of the N-Q Zone between 200 m and 400 m below surface are classified as Inferred Resources (Table 1-9) in accordance with the guidelines of the 2012 JORC Code.

Table 1-7												
N-Q Zone (Weathered) Indicated Mineral Resources, as at 8 March 2013												
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
Q3	10.20	3.47	33.0	47.2	3.37	9.4	0.12	23.2	9.0	0.05	0.17	
Q2	8.83	3.77	40.2	57.5	3.55	13.5	0.23	14.5	6.9	0.02	0.10	
Q1	4.47	3.40	30.2	43.2	1.35	7.9	0.23	25.8	10.5	0.02	0.11	
PMAG	4.42	3.41	31.5	45.1	1.39	8.4	0.27	23.3	11.0	0.03	0.25	
PFWDISS*	10.38	3.29	27.5	39.3	2.85	6.0	0.22	30.4	12.5	0.03	0.09	
OMAG*	0.69	3.80	34.2	48.9	0.24	9.7	0.43	22.3	9.8	0.01	0.13	
NMAG	0.69	4.39	48.2	68.9	0.33	15.5	0.47	8.2	5.6	0.04	0.13	

*Layer reported at a 35% Fe₂O₃ cut-off

A cut-off grade of 35% Fe₂O₃ was applied to the PFWDISS and OMAG layers, which both contain significant portions below the cut-off grade. The massive to semi-massive Ti-magnetite layers (Q3, Q2, Q1, PMAG, NMAG) contain mineralisation in excess of 40% Fe₂O₃ and can potentially be mined as composite units or, in the case of OMAG and NMAG as individual high grade layers. The layers PQPART, PQFW and OFW are not declared as Mineral Resources as the estimated Fe₂O₃ grades are less than 35%, and are therefore regarded as waste.

Table 1-8												
N-Q Zone (Weathered+ Unweathered) Indicated Mineral Resources, <200 m deep, as at 8 Mar 2013												
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
Q3	138.63	3.61	31.7	45.4	43.99	10.2	0.13	25.2	9.9	0.06	0.40	
Q2	81.17	4.01	41.9	59.9	34.00	15.2	0.28	12.6	6.5	0.02	0.27	
Q1	26.36	3.59	32.5	46.6	8.58	10.5	0.28	22.3	9.9	0.02	0.27	
PMAG	34.44	3.62	32.4	46.3	11.15	10.1	0.29	21.3	10.5	0.03	0.80	
PFWDISS*	67.28	3.38	26.9	38.5	18.13	7.1	0.22	30.1	12.8	0.03	0.33	
OMAG*	2.63	4.00	37.2	53.2	0.98	11.1	0.49	18.5	7.9	0.01	0.12	
NMAG	4.58	4.41	48.7	69.6	2.23	16.0	0.56	6.9	5.3	0.03	0.11	

*Layer reported at a 35% Fe₂O₃ cut-off

Table 1–9 N-Q Zone (Unweathered) Inferred Mineral Resources, 200 m to 400 m deep, as at 8 March 2013													
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %		
Q3	139.03	3.59	30.2	43.3	42.05	8.8	0.09	28.3	10.3	0.13	0.61		
Q2	92.64	3.99	40.2	57.5	37.27	14.1	0.23	15.3	7.6	0.02	0.55		
Q1	23.42	3.64	32.7	46.8	7.66	10.8	0.27	22.2	10.6	0.02	0.36		
PMAG	38.28	3.58	30.6	43.7	11.70	9.8	0.26	23.5	11.5	0.04	0.74		
PPWDISS*	76.51	3.37	26.8	38.3	20.49	6.9	0.21	30.2	12.8	0.03	0.43		
OMAG*	1.87	3.77	32.4	46.3	0.61	9.5	0.40	23.1	10.4	0.02	0.10		
NMAG	7.22	4.32	46.3	66.2	3.34	15.6	0.49	8.3	5.8	0.02	0.14		

*Layer reported at a 35% Fe2O3 cut-off

1.7.1 Metallurgical Test Work

Metallurgical test work has shown that the weathered material is friable and the Ti-magnetite appears to be visually similar to the unweathered mineralisation while the gangue feldspars and pyroxenes are partly altered to secondary hydrous silicates. Scrubbing was therefore identified as a potential step for the upgrading of weathered material and a reduction in undesirable contaminants was achieved with SiO₂ grades being reduced by more than 2% for both the massive and disseminated samples. Davis Tube tests were also carried out on the samples to establish whether Ti-magnetite recovery in the weathered material is similar to the fresh material. Ti-magnetite recoveries for the weathered mineralisation compare favourably with the fresh material, with recoveries of 80% to 85% possible in the massive material, and 60% to 65% in the disseminated material.

1.8 Recommendations

Multi-element analyses should be carried out on samples from selected boreholes to determine concentration levels of all potentially deleterious elements.

Trenching, rather than drilling is recommended in order to expose and sample in-situ weathered material of the N-Q Zone for detailed ore characterisation test work and bulk density measurements.

Should Measured Mineral Resources be required, borehole fence lines spaced less than 250 m apart on strike will be needed for both the MML (to a depth of 120 m) and the N-Q Zone (to a depth of 200 m).

The N-Q Zone and MML can potentially be extended northwards into the farms Malokong and Vogelstruisfontein through a reconnaissance drill programme in conjunction with ground geophysical surveys. A southerly strike extension of the N-Q Zone onto the farm Schoonoord 786LR and Bellevue 808LR should also be considered.

Sampling intervals for the MML can be increased in future sampling programmes to at least one metre, instead of the current 50 centimetres, provided that the geological contacts are honoured.

It is recommended that internal vanadium standards are produced and the V₂O₅ concentrations are verified by several laboratories by means of a round-robin exercise. The standards should be inserted into future sample batches to monitor and verify concentrations above 0.5% V₂O₅ in samples from the MML.

The MAG1 and MAG2 layers in the hanging wall of the MML presents a further target for mineral resources, provided that their grade and geological continuity can be demonstrated over a large enough strike length of the Project Area.

BML plans to advance the Mokopane Project from its current exploration level through a Scoping Study to a Pre-feasibility Study and ultimately to Feasibility Study over a 2 year period. This will include the acquisition and evaluation of additional properties adjacent to the existing Project Area.

A budget has been proposed by BML in order to increase the current mineral resource base and to advance the Project to a level required for a Pre-Feasibility Study (Table 1–10). MSA has been presented with a detailed breakdown of the individual cost items and the proposed budget should be adequate to finance the planned activities as outlined in Table 1–10.

Table 1–10 Planned Budget for Mokopane Project		US \$
Geological and exploration work programme		
Additional drilling to increase Mineral Resource base and improve level of confidence		600,000
Assays for 20 additional boreholes		100,000
Mineral Resource update		150,000
Maintenance of PRs		50,000
Contingency 10%		90,000
Subtotal		990,000
Beneficiation and pyrometallurgical test work		
Drilling of 5 x 100 m boreholes for metallurgical test work		500,000
Extractive metallurgy		500,000
Pyrometallurgical test work		1,000,000
Contingency 20%		400,000
Subtotal		2,400,000
Pre-feasibility Study		
Infrastructure, power, water, mining, financial, environmental and other studies		4,000,000
Subtotal		4,000,000
Grand Total		7,390,000

Note: Above expenditure excludes Corporate and Administration costs

INTRODUCTION

In February 2013, The MSA Group ("MSA") was commissioned by Bushveld Minerals Limited ("BML") to provide an updated Competent Person's Report ("CPR") and Mineral Resource Estimate ("MRE") on the Mokopane Fe-V-Ti Project ("Mokopane Project"), located in the Northern Limb of the Bushveld Complex in the Limpopo Province of South Africa. This report presents the results of BML's vanadiferous titanite-magnetite exploration programme conducted during 2012 and 2013 and incorporates the findings from the 2010 to 2011 exploration campaign which MSA previously reported in a CPR dated 25 November 2011.

The Mokopane project is considered to represent an "Exploration Project" which is inherently speculative in nature. However, MSA considers that the property has been acquired on the basis of sound technical merit. The property is also considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of its economic potential, consistent with the recommended programmes. The Mokopane Project has evolved on the basis of a comprehensive review of historic data and systematic exploration since 2009 and MSA considers that the relevant areas have sufficient technical merit to justify further work and associated expenditure.

MSA has based its review on information provided by BML and its associate consultants together with technical reports by Government agencies and other relevant published and unpublished data.

A site visit and inspection of BML's core handling and storage facilities at Mokopane was undertaken by Dr. Frieder Reichardt on 12 May 2011 and on 16 August 2012. The visit included an examination of drill cores and an inspection of the Mokopane field office facilities. The Project Area containing the mineralisation is characterised by flat topography and the continuous soil cover prevents an inspection of geological exposures.

2.1 Scope of Work

The purpose of this report is to provide BML with a CPR on the Mokopane Fe-V-Ti Project with updated MREs for the two mineralised zones. The report collates and documents general and project-specific data and information pertaining to BML's VTM deposit, the quality and results of the work undertaken by BML to date, and makes recommendations on appropriate further work programmes designed to advance the Mokopane Project to a potential commercial development.

This report may be included in future equity financing plans by BML on the London Alternative Investment Market (AIM) in order to fund ongoing evaluation and development work for the Mokopane Project.

The metric system is used for all weight, height and distance measurements and monetary figures expressed in this report are in United States of America dollars (US\$), unless stated otherwise. A glossary of technical terms and abbreviations is included in Appendix 1.

2.2 Principal Sources of Information

Information and data in this report are derived from two Prospecting Rights (PR) granted by South Africa's Department of Mineral Resources ("DMR"), records of historical exploration conducted by the Council for Geoscience (CGS), a summary report prepared by consultant Peter Cheshire for Frontier Platinum Resources (Pty) Ltd ("Frontier", wholly owned by BRL) and ongoing fieldwork over the permit area carried out on behalf of the current PR holders, Pamish Investments No.39 (Pty) Ltd ("Pamish") and Afro Multi Minerals (Pty) Ltd ("AMM"). A listing of the principal sources of information is included at the end of this CPR.

MSA has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this CPR is based. A final draft of the report was provided to BML, along with a written request to identify any material errors or omissions prior to lodgement.

The Mineral Resource estimates have been prepared on information available up to and including 6 March, 2013.

2.3 Qualifications, Experience and Independence

This report has been compiled by Dr. Frieder Reichardt, who is a professional geologist with over 25 years' experience. He has been involved in the design, execution and management of exploration programmes and public reporting on various mineral deposit types and commodities and has the appropriate relevant qualifications, experience, competence and independence to be considered a "Competent Person" under the definitions provided in the 2012 Edition of the Australasian Code ("JORC Code") for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Reichardt is a Principal Consulting Geologist with MSA, a Member of the German Geological Society, is registered with the South African Council for Natural Scientific Professions ("SACNASP") and is a Fellow of the Geological Society of South Africa ("GSSA").

The Mineral Resource Estimates ("MREs") have been carried out under the supervision of Mr. Jeremy Witley who is a professional geologist with more than 20 years' experience in base and precious metals exploration and mining as well as Mineral Resource evaluation and reporting. He is Principal Resource Consultant for MSA, is registered with SACNASP and is a Member of the GSSA. Mr. Witley has the appropriate relevant qualifications, experience, competence and independence to be considered a "Competent Person" under the definitions provided in the 2012 Edition of the Australasian Code ("JORC Code") for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

MSA is an exploration and resource consulting and contracting firm, which has been providing services and advice to the international mineral industry and financial institutions since 1983. Neither MSA, nor the author of this report, has or has had previously, any material interest in BML or the mineral properties in which BML has an interest. Our relationship with BML is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

3 RELIANCE ON OTHER EXPERTS

Information and data for this Project was sourced from:

- Mr. Peter Cheshire, Geological Consultant to BML during 2010 and 2011
- Geological and geotechnical staff employed by BML
- Mr. Jan Rabe, metallurgical advisor to BML. Mr. Rabe has an Honours degree in metallurgy and over 11 years' experience as a practicing metallurgical engineer
- Council for Geosciences (CGS)
- Set Point Laboratories, Genalysis Laboratory and SGS Laboratory

Public domain information referenced in this report is listed in Section 21.

MSA has not independently verified, nor is it qualified to verify, the legal status of the Mokopane Project Prospecting Rights. The present status of tenements listed in this report is based on information and copies of documents provided by BML, and the report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation.

No warranty or guarantee, be it express or implied, is made by MSA with respect to the completeness or accuracy of the legal, license tenure or environmental aspects of this document. MSA does not undertake or accept any responsibility or liability in respect of these parts of this document, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever

MSA is satisfied that the geological and geochemical information supplied can be used in the estimation of Mineral Resources.

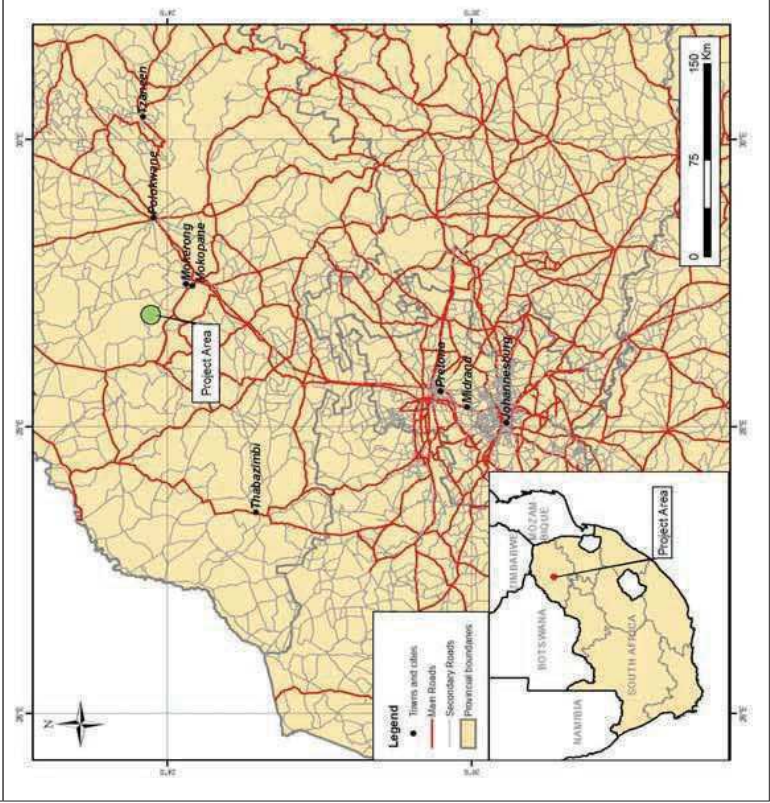
4 PROPERTY DESCRIPTION AND LOCATION

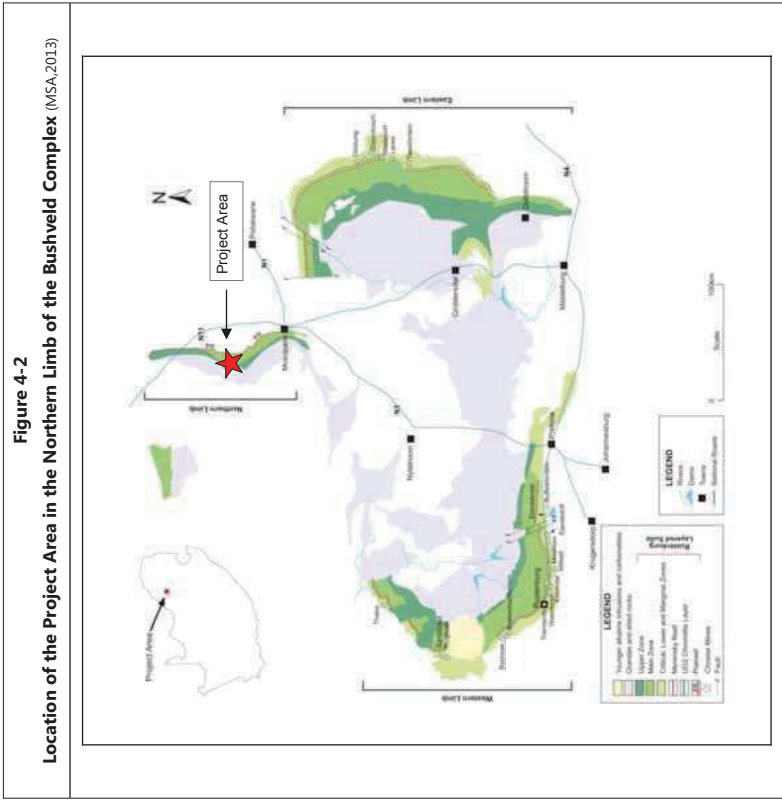
4.1 Location of the Prospecting Area

The Mokopane Ti-magnetite Project (the "Project Area") is situated approximately 65 km west of Polokwane and 45 km north-northwest of Mokopane in the Mokopane District, Limpopo Province, South Africa (Figure 4-1).

The Project Area is located in the central portion of the Northern Limb of the Bushveld Complex (Figure 4-2) and comprises a group of four adjacent farms namely Vogelstruisfontein 765LR, Malokong 784LR, Vliegekraal 783LR and Vriesland 781LR.

Figure 4-1
Location of Project Area (MSA, 2013)





The Project Area consists of two Prospecting Rights 95PR and 438PR comprising the following four farms (Figure 4-3):

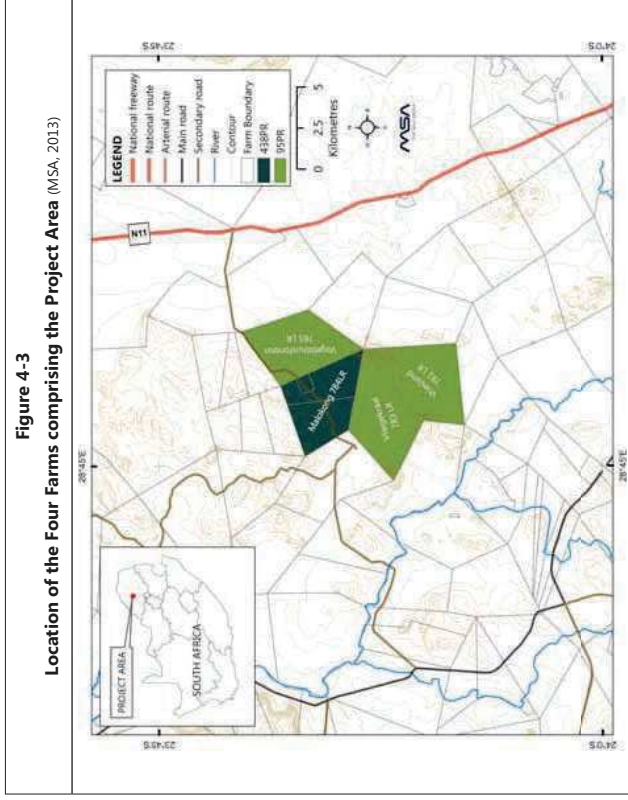
- Vriesland 781LR, Vliegekraal 783LR, Vogelstruisfontein 765LR (95PR) – 5545.5600 ha
- Malokong 784LR (438PR) – 1863.9378 ha

The four farms cover a total area of 7409.4978 ha. The coordinates of the corner points of the individual farms are given in Table 4–1 as registered with the Deeds Office in Pretoria. The farms are located on the Government 1:50,000 topo-cadastral Sheet 2328DD published by the Chief Directorate, Survey and Mapping

Table 4–1
Coordinates of the Corner Points of the Four Farms

Farm Name (corner point)	Latitude (South)	Longitude (East)
Vriesland (NW)	2644110.00	22699.18
Vriesland (NE)	2640372.17	18355.43
Vriesland (SE)	2646118.61	18004.64
Vriesland (SW)	2646658.43	22964.70
Vliegekraal (NW)	2639433.34	23253.23
Vliegekraal (NE)	2640372.17	18355.43
Vliegekraal (SE)	2644112.30	22699.18
Vliegekraal (SW)	2642255.74	26364.14
Malokong (NW)	2636729.21	24872.02
Malokong (NE)	2635214.37	20574.98
Malokong (SE)	2640372.17	18355.43
Malokong (SW)	2639433.34	23253.23
Vogelstruisfontein (NW)	2635214.37	20574.98
Vogelstruisfontein (NE)	2632743.98	17312.38
Vogelstruisfontein (SE)	2636929.69	15961.82
Vogelstruisfontein (SW)	2640372.59	18353.36

Note: South African National Coordinate system, central meridian Lo29° with WGS84 ellipsoid and Hartbeeshoek Datum



4.2 Mineral Rights over the Project Area and Agreements

Mineral tenure in South Africa is governed by the regulations of the Mineral & Petroleum Resources Development Act, 2002 ("MPRDA"). The following Prospecting Rights (PR) were granted in terms of Section 16 of the MPRDA and constitute the Project (Table 4-2):

- **95PR** covering the farms Vriesland 781LR, Vliegekraal 783LR and Vogelstruisfontein 765LR is granted for iron ore, vanadium, titanium, nickel, copper, cobalt, chrome, platinum group metals, gold and all minerals that may be found in intimate association with the latter
- **438PR** covering the farm Malokong 784LR is granted for iron ore, titanium, nickel, copper, cobalt and platinum group metals

Table 4-2
Details of Prospecting Rights pertaining to the Mokopane Project

Company	BRL Interest (%)	Farm Names	Minerals	Area (ha)	PR No.	Status
Pamish Investments No 39 (Pty) Ltd	64%	Vogelstruisfontein 765LR, Vriesland 781LR and Vliegekraal 783 LR	Platinum Group Metals, Cobalt, Copper, Nickel, Chrome, Iron Ore, Vanadium, Titanium and all minerals that may be found in intimate association with the latter	5545.5600	95PR	Prospecting Right renewed on 30/05/2011 for 3 years An application to include two additional farms (Schoonoord 786 LR and Bellevue 808 LR), as well as the mineral phosphate, to the prospecting right approved in January 2013
Afro Multi Minerals (Pty) Ltd	68.5%	Malokong 784 LR	Copper Ore, Cobalt, Nickel, Iron Ore, Titanium Ore and Platinum Group Metals	1863.9378	438PR	Renewal Application submitted and application to transfer the prospecting right in terms of Section 11 of the MPRDA to be submitted upon approval of renewal

Prospecting Right 95PR was initially granted for a period of 5 years to Izingwe Capital (Pty) Ltd on 19 November 2005 and transferred to Pamish Investments No. 39 (Pty) Ltd (Pamish) in terms of Section 11 of the MPRDA. The approval of a Section 11 transfer was granted on 27 July 2009 and an application for renewal for a further three year period has been submitted by Pamish in terms of Section 18 of the MPRDA. The application was acknowledged by the Department of Mineral Resources ("DMR") in a letter dated 14 January 2011.

Prospecting Right 438PR was granted on 7 March 2007 for an initial period of 4 years to Afro Multi Minerals (Pty) Ltd ("AMM"). On 3 March 2011 AMM submitted a renewal application in terms of Section 18 for a further period of 3 years, which is currently under consideration by the DMR. A Section 11 application to transfer the Prospecting Right to Pamish is planned but can only be submitted to the DMR after the Section 18 has been granted. Bushveld Resources Limited ("BRL"), a wholly owned subsidiary of BML, has been cited as the third respondent in court proceedings recently instituted by Afro Multi Minerals (Pty) Limited ("AMM"), the holder of Prospecting Right 438 ("PR 438") that covers the farm, Malokong 784 LR, which forms part of BRL's licence areas.

The status of tenements is based on information and copies of documents provided by BML. MSA has not independently verified, nor is it qualified to verify, the legal status of the Prospecting Rights and assumes that the Mokopane project will prove lawfully accessible for further exploration.

4.3 Surface Rights

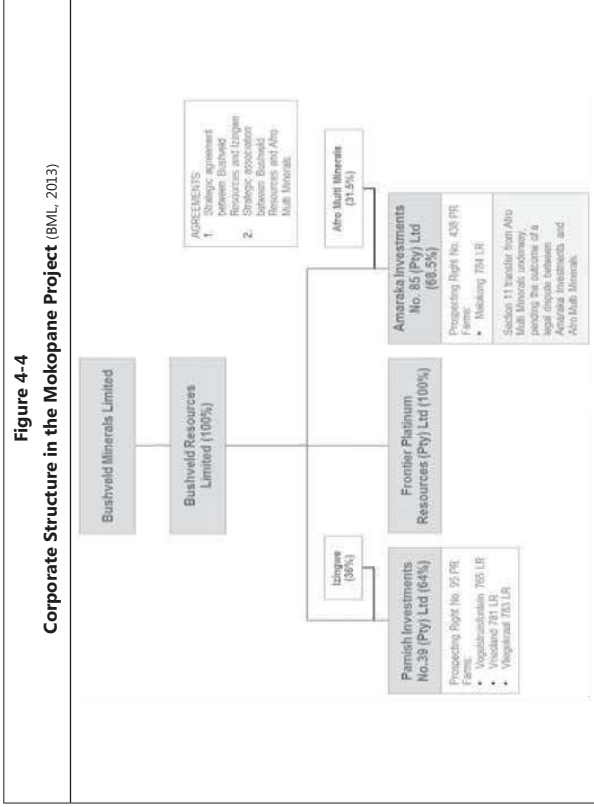
The surface rights to the four farms belong to the Langa Bakenberg community and the Department of Land Affairs. Consultation with interested and affected parties has been conducted in accordance with Section 16(4) of the MPRDA and is adequate for the level of current exploration activities. No objections to the intended prospecting were received from the surface owners and the land is currently used for grazing livestock and limited arable farming.

4.4 Mineral Resource

The Mineral Resource is vanadiferous Ti-magnetite ("VTM") which occurs as multiple massive to semi-massive layers and in disseminated form in the gabbroic rocks of the Upper Zone of the Northern Limb of the Bushveld Complex. No historical Mineral Resource estimations or mining of the mineralisation underlying the Project Area has been conducted.

4.5 Issuer's Interest

The holding structure of the Mokopane Project, as of the effective date of this report, is shown in Figure 4-4.





4.6 Royalties

MSA is not aware of any existing or future royalty agreements pertaining to the Mokopane Project, in addition to those due to the state.

4.7 Environmental Liabilities

An Environmental Management Plan (EMP) was submitted in 2004 by the then Prospecting Rights holder, Izingwe, and approved by the Department of Mineral Resources ("DMR") with respect to the farms Vriesland 781LR, Vliegekraal 783LR and Vogelstruisfontein 765LR. The original EMP was submitted by Pamish and approved by the DMR as part of the PR renewal application. An amended EMP can be lodged with the DMR to accommodate the planned exploration activities.

An EMP pertaining to the farm Malokong 784LR (438PR) was submitted by AMM and approved by the DMR in 2005. The exploration activities on 438PR are currently compliant with the approved EMP, which does not need to be amended at this stage. MSA is not aware of any existing environmental liabilities on the two PR areas.

A financial provision for rehabilitation for ZAR 3,000 for 95PR and ZAR 10,000 for 438PR has been paid to the DMR in February 2005 and June 2007, respectively.

An environmental compliance report for 95PR was submitted to the DMR in August 2010 and a compliance audit was conducted by the DMR in October 2010. An additional site inspection was carried out in November 2011. No areas of non-compliance with the approved EMP were identified.

The DMR carried out a site inspection on 438PR in November 2010. No environmental compliance issues were identified by the DMR. At that stage AMM's exploration programme consisted exclusively of data review and desk-top studies and no invasive field activities had been conducted.

4.8 Permits

From information provided by BML, MSA accepts that all necessary permits to carry out the proposed exploration activities have either been obtained, or are expected to be obtained without undue difficulty.

4.9 Project Risks

The legal proceedings between BRL and AMM regarding the dispute over ownership terms of PR438 could affect BRL's overall Project Area. MSA shares the view expressed in BRL's admission document to the London Alternative Investment Market ("AIM") that PR438, which remains to be renewed and transferred to BRL, through Amaraka, in terms of Section 11 of the MPRDA, is not considered material in the exploration and development strategy of BRL.



5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

The Project area lies approximately 45 km north-northwest of the town Mokopane in the magisterial districts of Mokopane and Mokerong 2 of the Limpopo Province, Republic of South Africa. Primary access to the Project Area is via a tarred road linking Mokopane and the village of Bakenberg and secondarily through a tarred road (main access to Malokong and Vogelstruisfontein farms) connecting with the N11 to Mokopane (Figure 4-3). This access is enhanced by a good network of secondary gravel roads and tracks that exist within the area.

5.2 Climate and Physiography

The Project Area is at an elevation of about 1,000 m above sea level and has a semi-arid climate. Average temperatures reach around 21–22 °C (70–72 °F) in January and fall to 11 °C (52 °F) in July. The area has a dry climate with a summer rainy season and a pronounced dry spell during winter. Average annual rainfall is 495 mm, with December and January being the wettest months and July the driest.

5.3 Physiography

The general area is characterised by flat lying to gently sloping ground punctuated by a series of northerly trending hills in the east and the higher plateau of Bushveld granite to the west. Drainage is from NNE to SSE via the seasonal Borobela River and its weak tributary network.

The area is classified as vegetation zone SVcb 20, Makhado Sweet Bushveld (Mucina and Rutherford, 2006). The hill areas are bush covered and flat lying areas support a mixture of bush and cultivated fields. Soil cover varies from thin brown residual soils with bedrock outcrop in the east, thick (> 5 m) residual and transported "black turf" soils along the broad valley of the Borobela River in the central portions and red residual soils in the west.

Land use is dominated by traditional grazing with summer dryland subsistence agriculture and is generally in a degraded condition.

5.4 Local Resources and Infrastructure

The Project Area is located approximately 260 km NNE of Johannesburg and is easily accessible through a tarred road network and in close proximity (about 10 km) to two mature opencast platinum mines operated by Anglo American Platinum and Anoroaq.

The closest railway link is at Mokopane, which is on the line connecting Polokwane (65 km east of the Project Area) to Johannesburg and other major centres.

Water resources include groundwater and a weak river network of which the seasonal Borobela River forms the major river within the Project Area. The Borobela River is occasionally in flood

during November to February. The ground water table in the greater area is on average 20 m below surface (Schutte, 1980).

Electricity can be accessed through the parastatal power supply company Eskom.

The region has a long history of mining going back to 1926 when mining of the Platreef for platinum group metals (PGM) started. The large-scale Platreef opencast Mogalakwena Mine is situated approximately 10 km to the south-east of the project area and has been operated by Anglo American since 1993. The Boikgantsho Platreef project, jointly owned by Anoroaq Resources and Anglo American, is at the pre-feasibility stage and is located approximately 10 km north-east of the Mokopane Project.

6

HISTORY

The Northern Limb of the BC has a strike length of about 110 km and has been exploited for its platinum-rich Platreef. The massive and disseminated Ti-magnetite layers, although well documented from the Eastern and Western Bushveld Limbs, received relatively little attention. The first detailed investigations were carried out in the 1970s and included mapping, ground geophysics, trenching and limited drilling in the area immediately south of the Mokopane Project.

The early work in the 1970s and subsequent exploration in the past decade in the Northern Limb focussed mainly on the Main Magnetite Layer ("MML") because of its high vanadium content (about 1.6% V_2O_5). It has been mined at the Mapochs Mine in the Eastern Bushveld since the 1950s and processed at the Steelworks (EVRAZ-owned Highveld Steel & Vanadium) at Emalahleni (formerly known as Witbank) into vanadium, pig iron and steel products.

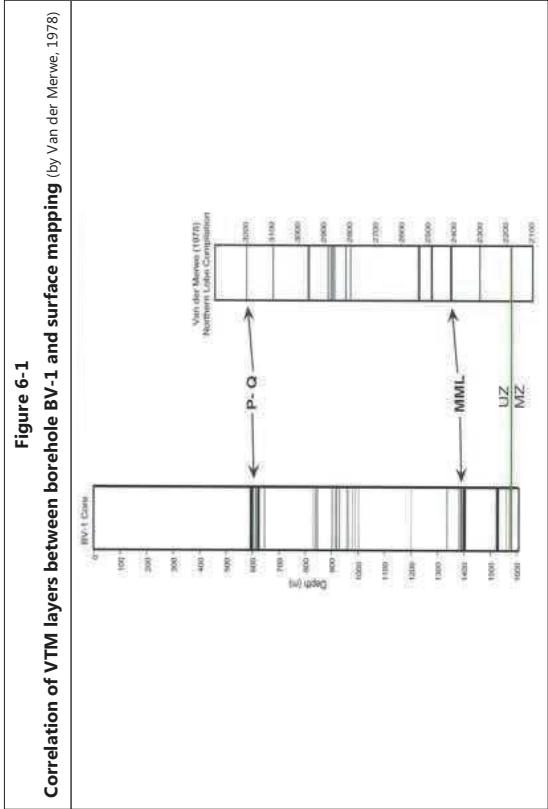
The strong global demand for iron ore has prompted a shift towards exploring various other Ti-magnetite layers as a potential source for pig iron rather than vanadium.

6.1 Early Work

The Project Area has not been previously explored for its Ti-magnetite potential but was covered by a regional geochemical soil sampling and mapping programme by the Council for Geoscience ("CGS"). The latter was published in 1985 at 1:250,000 scale as the 2328 Pietersburg Geological Series map. The soil sampling was conducted at 1 km intervals and the samples were analysed by XRF and ICP-MS for over 40 elements including Fe_2O_3 , V, TiO_2 , Cu and Ni. Significant vanadium and titanium anomalies occur and generally coincide with areas mapped as UZ of the BC that are known to contain numerous semi-massive and massive Ti-magnetite layers and strongly disseminated Ti-magnetite zones interlayered in Ti-magnetite gabbros and gabbroanorites.

A regional aeromagnetic and radiometric survey was conducted in the 1990s and processed by the CGS. The data shows prominent northerly-trending magnetic anomalies which have been correlated with the two most magnetite-rich stratigraphic units, which in turn host groups of individual magnetite layers namely the Main Magnetite Group and the P-Q Magnetite Group.

A stratigraphic borehole BV-1 was drilled in 1991 on the farm Bellevue some 2 km south-west of the Project Area. The hole covered the entire Upper Zone stratigraphy and intersected 32 discrete layers of Ti-magnetite or Ti-magnetite-rich rock (>20% opaque minerals) ranging in thickness between 7 cm and 13 m (Ashwal et al., 2005). Figure 6-1 shows the correlation of the layers in BV-1 with the 20 Ti-magnetite layers identified by Van der Merwe (1978) during his regional mapping of the Northern Limb. Most prominent of the semi-massive Ti-magnetite layers is the uppermost Q Layer, which has a thickness of 13 m, and an approximately 8 m thick vanadium-enriched layer with variable Ti-magnetite content. The latter is some 175 m above the base of the Upper Zone (Figure 6-1) and can be correlated with the Main Magnetite Layer.

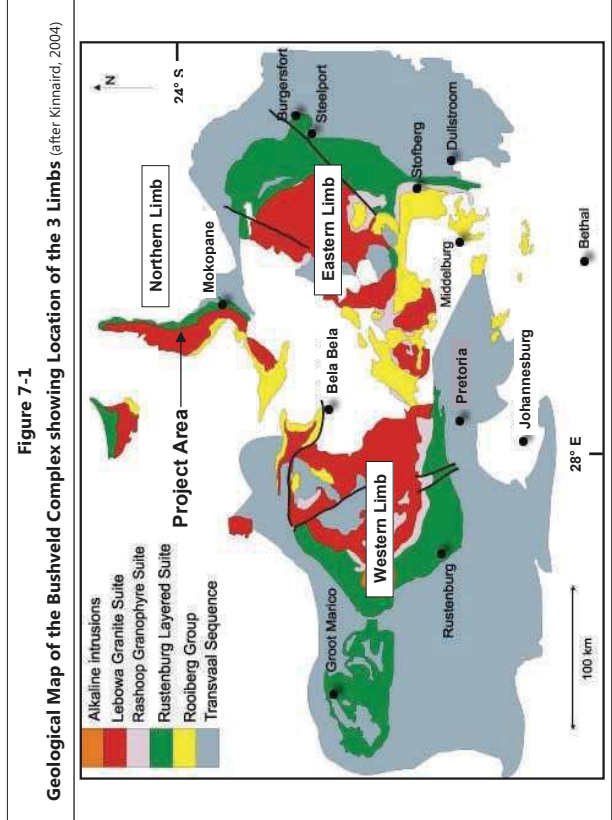


Note: The P-Q Layers do generally not outcrop and are therefore difficult to identify during field mapping
 Upper Zone (UZ) – Main Zone (MZ) boundary shown with a green line

7 GEOLOGICAL SETTING AND MINERALISATION

7.1 Regional Geology

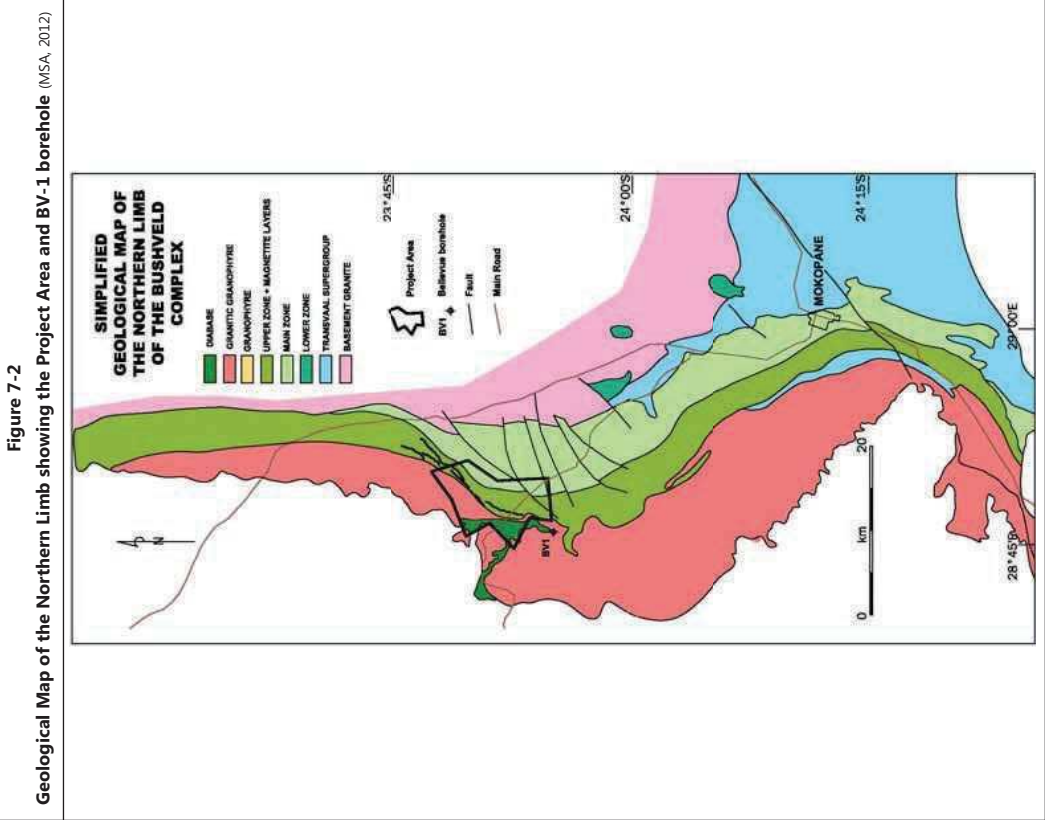
The Project Area is situated within the Northern Limb of the Bushveld Complex ("BC"), which is dated at 2,055 Million years ("Ma") and lies within the north-central Kaapvaal Craton as a series of interconnected intrusives comprising an ultramafic-mafic succession of layered rocks known as the Rustenburg Layered Suite ("RLS"), a series of quasi-contemporaneous granitic rocks (Lebowa Granite Suite) and felsic extrusive rocks (Rooiberg Group). The ultramafic-mafic layered rocks of the RLS outcrop in three main arcuate areas referred to as the Eastern, Western and Northern Limbs (Figure 7-1), which vary in thickness from less than 5 km to a maximum of 8 km.



The RLS is stratigraphically divided into five units:

- Marginal Zone, dominated by norites
- Lower Zone ("LZ"), consisting of an alternating series of dunite and harzburgite
- Critical Zone ("CZ"), comprising cyclic units of chromitite, pyroxenite, norite and anorthosite. The Lower Group chromitite layer LG6 and the Middle Group chromitite layer MG1 and/or MG2 are mined for their chromite content while the Upper Group chromitite layer UG2 and the Merensky Reef are exploited for platinum group elements ("PGE")
- Main Zone ("MZ"), containing gabbro norites and anorthosites and minor pyroxenite
- Upper Zone ("UZ"), dominated by gabbroic rocks with intercalated anorthosite and magnetite-rich layers

The Project Area is underlain by the top portion of the Main Zone ("MZ") and the entire Upper Zone ("UZ"). The latter is approximately 1,250 m thick and dips gently at 15° to 25° to the west. The UZ is characterised by the pervasive occurrence of vanadiferous titanomagnetite (VTM) present in disseminated form in highly variable amounts (1% to >20%) and as semi-massive and massive layers (>90%) of variable thicknesses.



The ultramafic and mafic rocks of the RLS in the Project area lie on Archaean Basement granite and gneiss to the east and are overlain by Bushveld granite sills (Lebowa Granite Suite) and younger post-Bushveld Waterberg Group and Quaternary cover rocks to the west (Figure 7-2).

The Upper Zone consists of numerous cyclic units of alternating and well-layered rocks and is subdivided into three Subzones (Table 7-1) based on the presence of modal olivine in rocks of Subzone B and modal apatite in Subzone C. The rocks show remarkable continuity and individual layers can generally be traced along strike for tens of kilometres.

Table 7-1 Generalised Stratigraphic Sequence of the Northern Limb of the Bushveld Complex (SACS, 1996)			
Suite	Zone	Subzone	Unit
Lebowa Granite Suite	Upper Zone	Subzone C	Nebo Granite (Mn)
		Subzone B	
		Subzone A	Molendraai Magnetite Gabbro (Vmo)
Rustenburg Layered Suite	Main Zone	Upper Subzone	Mapela Gabbro (Vn)
		Lower Subzone	
	Critical Zone	Upper Subzone	Grasvalley Norite-Anorthosite (Vro)
		Lower Subzone	
Lower Zone	Lower Zone	Upper Pyroxenite Subzone	Zoetveld Subsuite (Vz)
		Harzburgite Subzone	
		Lower Pyroxenite Subzone	

A comparison between borehole BV-1 on the farm Bellevue and the sequence intersected in boreholes on the farms Vliegekraal and Vriesland also shows very good down-dip continuity (Section 7.3.1).

7.2 Correlation of Ti-Magnetite Layers

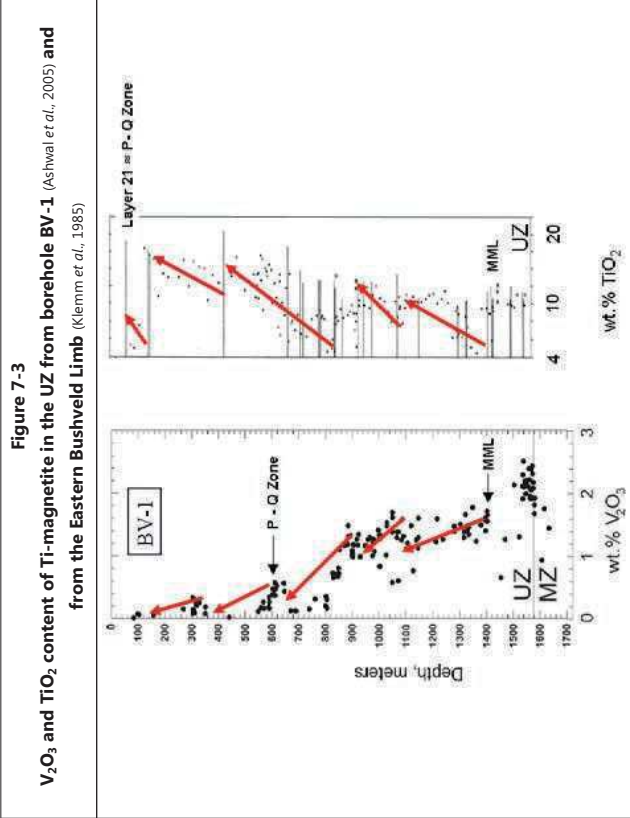
The variable and gradational nature of VTM abundance within individual layers and across their upper and lower contacts creates obvious ambiguities when comparing the widths of individual layers between boreholes unless a cut-off for the amount of VTM is consistently applied and reported. This has not been done by previous workers and it must be noted that visual estimates of total VTM content are inherently unreliable.

A definitive correlation of individual VTM layers is further compromised by the fact that virtually all layers are composite units. The layers invariably contain relatively VTM-poor (<30%) sections, or partings, and have mostly gradational hangingwall contacts with sharp footwall contacts which have resulted in rather arbitrary definitions of the thicknesses of the various VTM layers. The latter features prompted Molyneux (1970, 1974) and von Gruenewaldt (1973) to conclude that VTM layers in the Eastern Limb show considerable variation in thickness and Ti-magnetite concentration both vertically and along strike.

By convention, VTM-rich layers in the Eastern Limb are simply referred to by their order of stratigraphic occurrence (Layer 1 to 21). Barnes and co-workers (2004), who referred to the layers

intersected in borehole BV-1 by letters A to R, did not attempt a direct correlation between the VTM layers of the Northern Limb with those of the Eastern and Western Limbs.

It is important to note that VTM shows a decrease in V_2O_5 and simultaneous increase in TiO_2 (Figure 7-3) in a cyclical manner from the base to the top of the UZ. This antipathetic behaviour of V and Ti has been well documented (Klemm *et al.*, 1985; Cawthorn and Molyneux, 1986; Ashwal *et al.*, 2005) and the TiO_2 and V_2O_5 ratios can be used to broadly identify and correlate individual groups of VTM layers.



Note: V_2O_5 has been determined by electron microprobe analysis of Ti-magnetite grains and the vanadium concentrations are not comparable with whole rock vanadium contents. Solid lines in the TiO_2 plot indicate position and TiO_2 content of VTM layers

Layer 21 in the Eastern Limb and the P and Q Layers in the Northern Limb occur at equivalent stratigraphic positions. The massive portions of Layer 21 and the P and Q Layers have the highest TiO_2 (18% to 22%) and the lowest V_2O_5 (0.1% to 0.3%) of all VTM layers of the UZ. Layer 21 and Layer Q attain thicknesses well in excess of 10 m and consist of massive to semi-massive VTM units with relatively sharp basal contacts with the intercalated feldspar-rich intervals.

Similarities in the position, chemical composition and overall appearance between the vanadium-rich Main Magnetite Layer in the Eastern Limb (e.g. at Mapochs Mine) and the Main Group VTM layers in the Northern Limb (Schutte, 1980) strongly suggest that these layers are stratigraphic equivalents, despite their considerable geographic separation (>150 km).

7.3 Local Geology

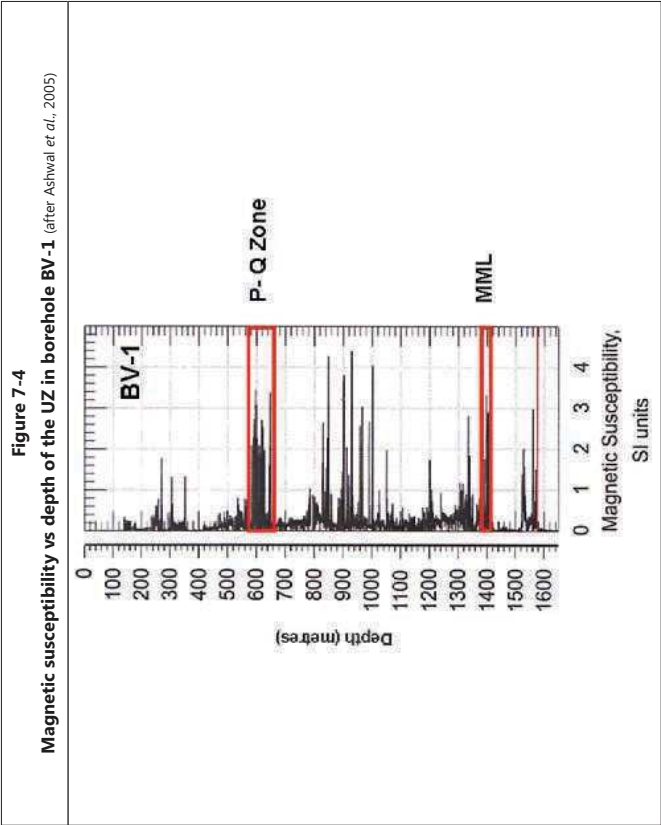
7.3.1 General

The Upper Zone of the RLS in the Project Area consists of gabbronorite, gabbro, Ti-magnetite gabbro (ferrogabbro), olivine-diorite, ferro-diorite, anorthosite and minor norite and contains intervals of disseminated, semi-massive and massive vanadiferous Ti-magnetite ("VTM"). These VTM-rich intercalations vary in thickness and VTM content and occur at irregular intervals in the lower half of Subzone A, the lower and upper third of Subzone B and are virtually absent in the apatite-bearing ferro-diorite of Subzone C (Table 7-2).

Table 7-2 Nomenclature and Correlation of Ti-magnetite Layers in the Upper Zone (after Cheshire, 2011)									
Upper Zone Stratigraphic Unit		Bellevue Farm Borehole BV-1		General Mining / Vanheg Mozambique Farm Ref Boreholes BH1M7 and BH1M8		BML Drilling 2010 and 2011 on Vlekkraal & Viesland Farms Ref. Boreholes VK1, VK2, VK3, VK2, VK3, VK2, VK3			
Subzone C	Ti-Magnetite Layers (Massive) Numbering A - R after Barnes et al. (2004)	Thickness m	Distance HW contact above Upper/Main Zone Contact m	Ore Unit	Ore Subunits	Thickness m	Ti-Magnetite Layers and units	Thickness m	
	R	0.83	1271	No Data	P - Q Zone	No Data	R	0.4	
	Apatite-bearing ferro-diorite							P-Q HW Disseminated Zone	20 - 44 m
	Q	13.03	985				Q		
	Magnetite gabbro midding		7.22				972	Magnetite gabbro midding	12 - 20 m
	P	0.60	965				P		
	P-Q FW Disseminated Zone						949	P-Q FW Disseminated Zone	8 - 17 m
	N and O	0.46	932				N and O	0.5	
	M	0.07	745				M	3.1	
	L	0.70	726				L	1.1	
	K	0.14	675				K	Not intersected	
J	0.18	673	J	Not intersected					
I	0.50	646	I	0.5					
H	0.29	574	H	0.3					
G	0.05	527	G	Not intersected					
Magnetite gabbro and F		34.0	274	Upper Magnetite Group	Top Zone	F	1.0		
			Ferrogabbro midding			Magnetite gabbro midding	18.6		
			Mid Zone			Unnamed magnetite layer	0.4		
E		0.05		Ferrogabbro midding Bottom Zone	Ferrogabbro midding		Magnetite gabbro midding	3.6	
Magnetite gabbro and anorthosite		45.0	239			E		Magnetite gabbro and anorthosite	71.9
Magnetite gabbro and D		17.40	196		Upper Marker	46	Upper Marker	1.5	
				Ferrogabbro	6.7	Ferrogabbro	8.2		
				Lower Marker	<1	Lower Marker	1.2		
				Ferrogabbro	6.3	Ferrogabbro	5.8		
Main Magnetite Layer (magnetite layers B & C and anorthositic midding)		6.40	179	Main Magnetite Group	Main Magnetite Layer (2 magnetite layers with anorthositic midding)	7.5	Main Magnetite Layer (2 magnetite layers with anorthositic midding)	7.42 - 8.24	
Anorthosite and magnetite gabbro		158.2	173		Ferrogabbro and anorthosite	120	Anorthosite and magnetite gabbro	No Data	
A		0.30	14	Lower Magnetite Group	Magnetite anorthosite	20	Not intersected	Not intersected	

The stratigraphic position of the individual VTM layers is shown in Figure 6-1 and their thicknesses are given in Table 7-2. The variable VTM content in the Upper Zone ("UZ") is probably best

documented by the magnetic intensity of the various rocks. Figure 7-4 shows the magnetic susceptibility variations in the UZ and highlights the particularly high VTM concentrations associated with the semi-massive to massive Main Magnetite Layer ("MML") and the P-Q Layers within the P-Q Zone.



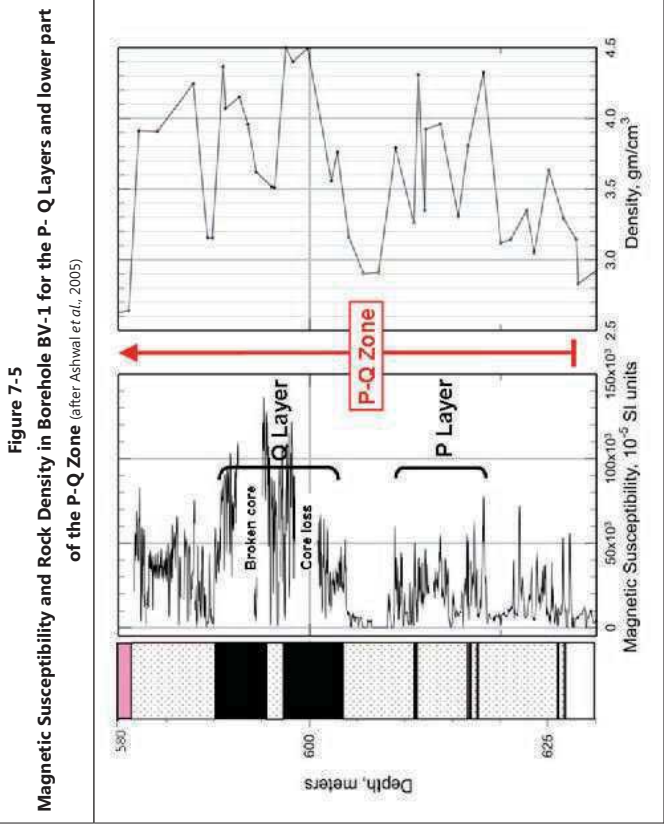
7.3.2 P-Q Ti-Magnetite Layers

This approximately 25 m thick VTM-rich interval was intersected in BV-1 and consists of the two semi-massive to massive VTM layers P and Q which are separated by an approximately 7 m thick "parting" of Ti-magnetite gabbro and anorthosite. Magnetic susceptibility and density measurements on BV-1 drill core were conducted by Ashwal and co-workers (2005; Figure 7-5). The semi-massive to massive P and Q Layers show generally high magnetic susceptibility values with considerable internal fluctuations in their VTM content. They generally have gradual contacts with footwall and hangingwall rocks, as illustrated in Figure 7-5.

The P-Q Layers in the Project Area occur in the wide, soil-covered plains between the Main Zone lithologies forming a range of hills to the east and the Nebo granite plateau to the west and are therefore not easily recognised in the field other than by the presence of a distinctive reddish-brown soil containing abundant Ti-magnetite. This could explain why this prominent group of

VTM layers has not been recorded in the Project Area and why the overall width has been grossly underestimated by previous workers (e.g. Van der Merwe, 1978).

The P-Q Layers have been intersected in 15 boreholes in the Project Area and range in apparent thickness from 15 m to 27 m including the generally VTM-poor parting between the two layers. The footwall and hangingwall lithologies of the P-Q Layers do contain considerable amounts of disseminated Ti-magnetite and increase the total thickness of the wider P-Q interval (the P-Q Zone) to between 40 m and 80 m. This zone constitutes the uppermost and dominant mineralised entity which has been assessed in this study.



7.3.3 Main Ti-Magnetite Group

This group of VTM layers in the lower portion of the Upper Zone was first investigated by Ruigroek Chrome Mines (Pty) Ltd south of the Mokopane Project between 1969 and 1970. During 1979 and 1980, the State-owned Mining Corporation completed geological mapping, magnetic surveys, and drilling over the five contiguous farms Gezond, Commandodrift, Molendraai, Mozambique (Portion 2) and Inhambane bordering the Mokopane Project to the south.

The results were summarised and published by Schutte (1980) who grouped the VTM layers in the 250 m thick, basal portion of the Upper Zone into a Lower, Main and Upper Group, according to their relative stratigraphic position. The latter two groups include several near-massive layers (75 to 88 weight percent Ti-magnetite) while the Lower Group consists of a 18 m to 25 m thick succession of predominantly feldspar-rich rocks which contain between 10% and 50% disseminated Ti-magnetite. Schutte (1980) described the Main Magnetite Group as consisting of two semi-massive to massive VTM layers (MAG3 and MAG4) with a feldspar-rich parting which are collectively referred to as the Main Magnetite Layer ("MML"), and two marker VTM layers, approximately 7 m ("MAG2") and 14 m ("MAG1") above the MML.

Schutte (1980) primarily investigated the vanadium potential of the VTM layers in the basal portion of the UZ and calculated a non-JORC-compliant mineral resource along the 16 km strike of the five farms of 419 million tonnes of VTM-rich material containing 6.5 million tonnes of V₂O₅. The tonnages represent the total estimated amount of Ti-magnetite "concentrate" potentially extractable from the Main Magnetite Group layers (MAG1 to MAG4) to a depth of 80 m and the Lower Magnetite Group to a depth of 200 m below surface.

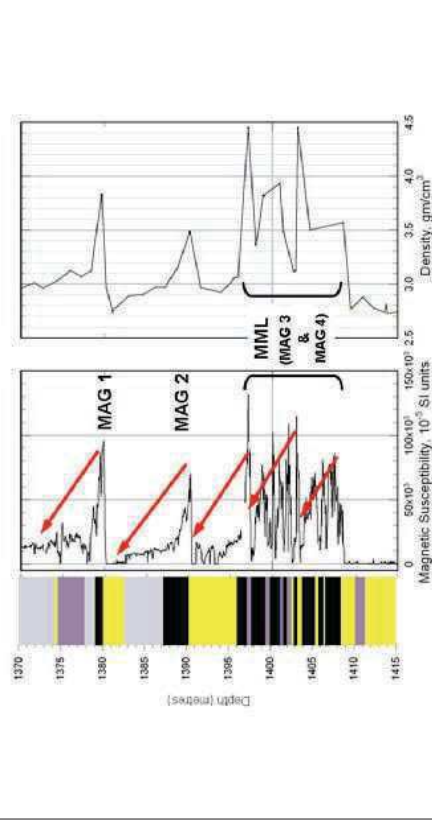
Trenching, bulk sampling and further drilling was conducted in the past 15 years and Vanadium and Magnetite Exploration and Development Co (SA) (Pty) Limited ("VanMag") now hold Mining Rights over the five farms to the south of the Project Area.

Borehole BV-1 intersected a virtually identical Main Magnetite Group to those described by Schutte (1980). Magnetic susceptibility and density measurements across the four VTM layers (MAG1 to MAG4) of the Main Group in borehole BV-1 were conducted by Ashwal *et al.* (2005). Figure 7-6 illustrates the variable VTM content (expressed as magnetic susceptibility) within the MML together with the cyclical pattern of high magnetic susceptibility with sharp contacts at the base of MAG4, MAG2 and MAG1 overlying footwall anorthosite characterised by low magnetic susceptibility ("MS"). A steady upwards decline in the MS from the base of the major Ti-magnetite layers is clearly evident and indicates a gradual upwards decrease in the amount of Ti-magnetite in each of the Ti-magnetite layers, which form the base of individual cyclic units.

The fact that borehole BV-1 intersected the Main Magnetite Group layers at a vertical depth of approximately 1,400 m highlights the down-dip continuity of the VTM layers. The thickness of the MML in BV-1 is approximately 10 m, which is comparable to the MML intersections in the 13 boreholes in the Project Area, which have an average thickness of approximately 9.8 m. The similarities in the stratigraphic position and overall appearance between the vanadium-rich Main Magnetite Layer in the Eastern Limb and the similarly vanadium-enriched MML in the Northern Limb, strongly suggest that these two layers are stratigraphic equivalents, despite their considerable geographic separation (>150 km) and substantial differences in their thicknesses, i.e. about 2 metres in the Eastern Limb versus 6 to 9 metres in the Northern Limb.

Figure 7-6

Magnetic Susceptibility and Rock Density in Borehole BV-1 for the Main Ti-Magnetite Group comprising MAG1, MAG2, MAG3 and MAG4 (after Ashwal *et al.*, 2005)



Note: Magnetic susceptibility measurements were collected every 2 cm on the Bellevue BV-1 drillcore. Density measurements were made at depth intervals of 1.7 m using core lengths of about 15 cm.
Black: Ti-magnetite-rich layers; Dark grey: Ti-magnetite gabbro and gabbroanorthite; Light grey: Ti-magnetite leuconorite and leucogabbro; Yellow: Anorthosite

7.3.4 Structure

The Northern Limb of the Bushveld Complex outcrops over an area approximately 120 km long and up to 15 km wide (Figure 7-2). The Lower and Critical Zones are only exposed at the southern portion of the Northern Limb while the volumetrically more substantial Main and Upper Zones occur along the entire length of the Limb which transgresses along its eastern flank from sediments of the Proterozoic Transvaal Supergroup in the south to Archaean granitic basement rocks in the north (Van der Merwe, 1978; Cawthorn *et al.*, 1986).

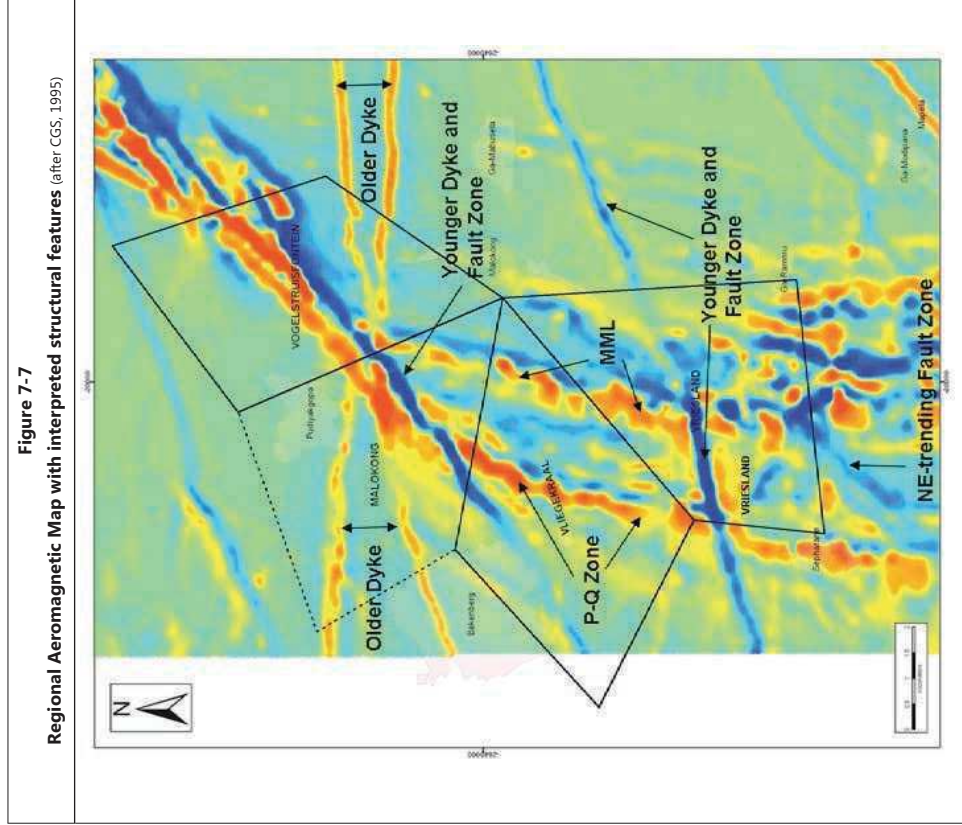
The VTM layers are conformable with the pseudo-stratification (magmatic layering) of the predominantly gabbroic rocks of the Main and Upper Zones and are postulated to extend down dip for several kilometres. The apparent dip of the strata ranges from 15° to 22° W, which corresponds well with the mean dip of 17.5° W reported from borehole BV-1 drilled in 1991 on the farm Bellevue (Ashwal *et al.*, 2005).

7.3.4.1 Faulting

Fault zones rarely outcrop but displacement of strata can be interpreted from aeromagnetic data (Figure 7-7) supported directly in some cases with evidence of displaced geological units encountered during mapping (Cheshire, 2011). Fault zones are often intruded by Late-Bushveld red granitic dykes, providing supporting field evidence for the occurrence and position of faults.

Faulting in the area is characterised by major regional and subordinate local to semi-regional fault sets (Cheshire, 2011):

- Major regional NE-SW to ENE-WSW striking sub-vertical fault zones with a right lateral sense of horizontal displacement (up to 2,600 m)
- Local to semi-regional ENE-WSW to E-W striking sub-vertical fault zones with both right and left lateral sense of horizontal displacement (up to 1,400 m)



Note: P-Q Zone and MML have a strong positive (red colours) magnetic signature; Younger, Karoo-aged dykes have negative (blue colours) signature; Faults and fault zones usually form positive magnetic anomalies

7.3.4.2

Dolerite and Granite Intrusions

The regional aeromagnetic image shows that the Project Area is intruded by two dolerite dyke sets. An earlier E-W trending dyke set (positive magnetic signature) is crosscut by a later ENE-WSW trending (negative signature) dyke set (Figure 7-7).

Late-stage red-coloured granitic Bushveld dykes, pegmatites and quartz veins intrude the area with a general NNE-SSW strike and a sub-vertical dip. Granitic dykes can have a thickness of more than 50 m and preferentially occupy NNE-SSW brittle fault zones (Cheshire, 2011).

7.4 Property Geology

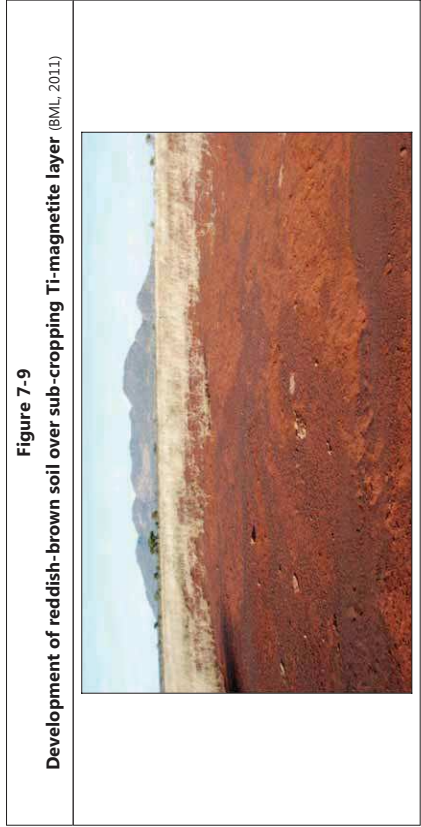
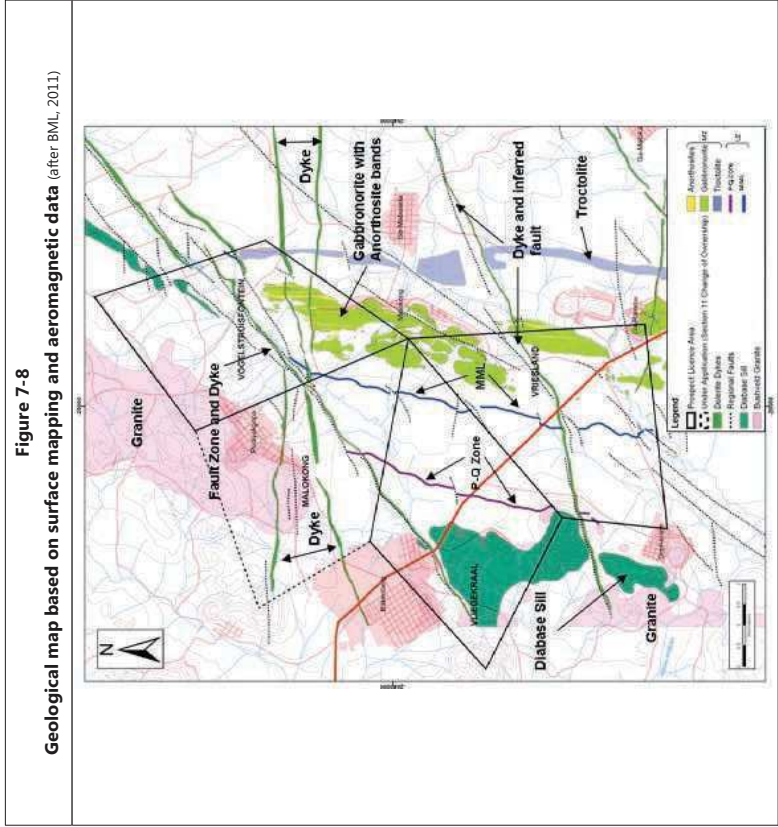
7.4.1 General

The gabbroite and anorthosite rocks of the Main Zone are well exposed in the hilly terrain and the adjacent thin residual soils within the eastern portions of the farms Vogelstruisfontein and Vriesland. A prominent troctolite unit, well documented from the Bellevue BV-1 stratigraphic borehole, outcrops on surface as a 200 m wide ridge in the eastern part of Vogelstruisfontein and can be traced southwards for tens of kilometres (Figure 7-8).

The Ti-magnetite-rich rocks of the Upper Zone in the central portion of the Project Area are generally not exposed due to between 3 m and 10 m of soil cover. Sparse outcrop of Ti-magnetite can be found along certain drainage courses, although magnetite float and fine debris is often present on surface. The position of sub-cropping Ti-magnetite layers is usually marked by a diagnostic reddish-brown soil which contains abundant weathered Ti-magnetite (haematite) grains (Figure 7-9).

A massive, medium-grained, post-Bushveld diabase sill and red-coloured Bushveld Nebo granite rocks outcrop in hilly terrain on the western portion of Vliegkraal and the northern part of Vogelstruisfontein farms, respectively. The diabase sill forms prominent flat-topped kopjes and is more than 100 m thick on Vliegkraal farm with shallow westerly dips of up to 20°.

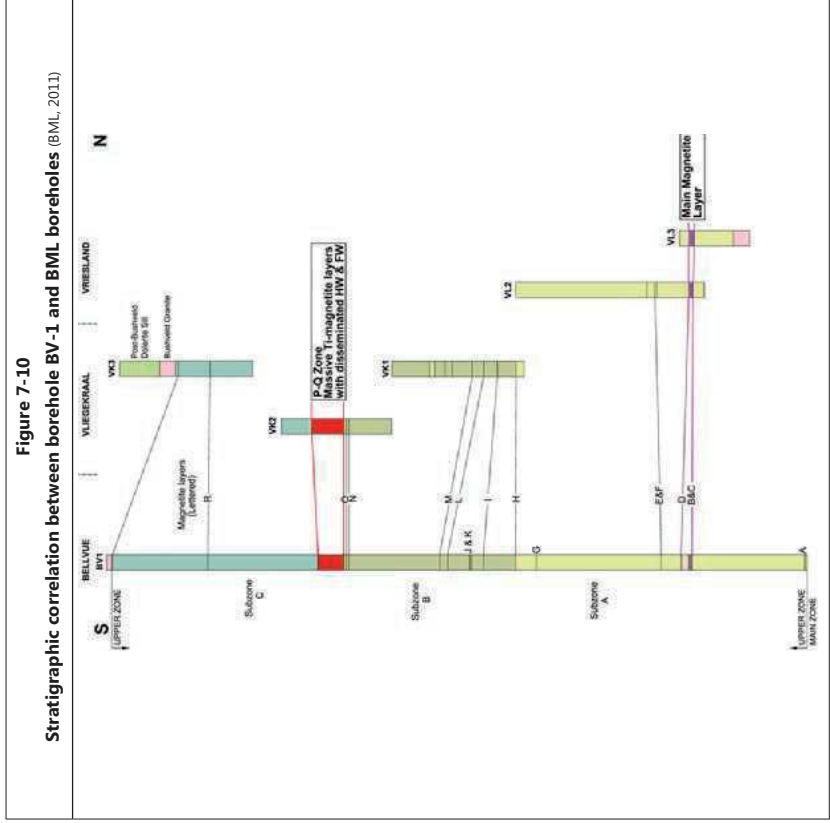
The geological map shown in Figure 7-8 is based on geological field mapping, aeromagnetic and core drilling data. The aeromagnetic data was particularly useful in locating the approximate position of the major Ti-magnetite layers and in constraining the location of structural features and dolerite intrusions.



The stratigraphic succession of cyclic magmatic units and Ti-magnetite-rich zones were established in the stratigraphic borehole BV-1. The succession was confirmed and adopted by BML to define the geological sequence encountered during mapping and exploration drilling in the Project Area where Upper Zone lithologies are generally not, or only poorly, exposed. The detailed descriptions of two stratiform zones of vanadium-titanium-magnetite (VTM) mineralisation and associated semi-massive VTM layers are therefore based entirely on drillhole intersections (Sections 7.4.1.1 and 7.4.1.2). The two significant VTM mineralised zones intersected are:

- Main Ti-magnetite Layer ("MML")
- P and Q Ti-magnetites (P- Q Layers) and disseminated foot- and hanging-wall (P-Q Zone)

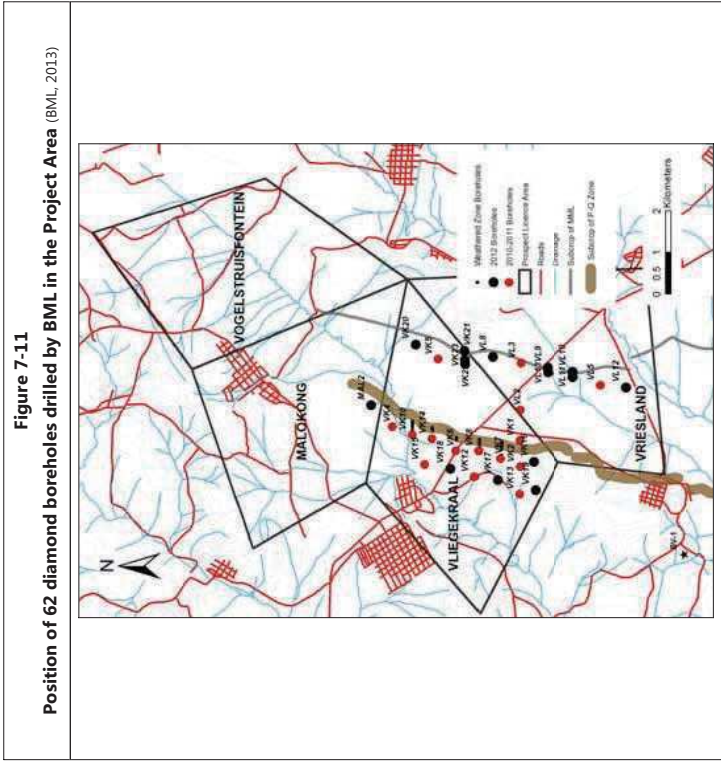
A stratigraphic correlation of prominent Ti-magnetite layers in borehole BV-1 with various boreholes drilled by BML is schematically shown in Figure 7-10.



7.4.2 Main Ti-Magnetite Layer (MML)

The MML mineralised zone occurs near the base of the Upper Zone and consists of an upper VTM-rich interval (MAG3) which is separated from the lower VTM-rich interval (MAG4) by a VTM-poorer leucogabbro-norite parting (Figure 7-12), similar to that intersection in BV-1 (Figure 7-6). The MML was intersected in 13 vertical boreholes in the Project Area and ranges in drilled thickness from 7.9 m to 11.3 m. The average true thickness of the MML is 9.8 m. The position of the boreholes in relation to the MML and P-Q Zone is shown in Figure 7-11.

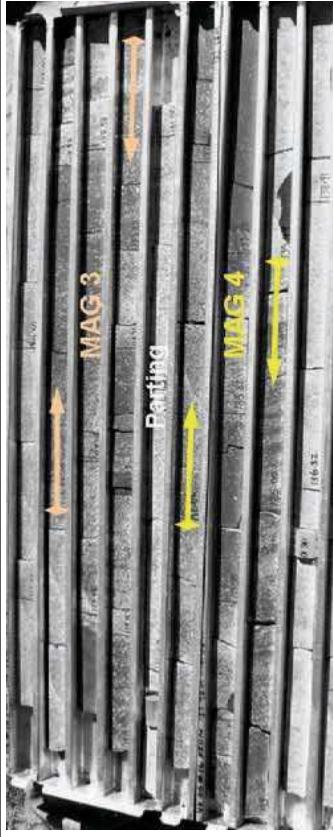
The MAG3 and MAG4 are composite layers, each consisting of bands of VTM-rich to massive VTM intervals alternating with VTM-poor sections. MAG3 and MAG4 are invariably separated by a VTM-poor "parting" (Figure 7-12) which has a thickness of about 2.3 m while the drilled thickness for the entire MML package (MAG3, MAG4 and parting) is in the order of 8 m to 11 m.



The entire MML package has an average vanadium content of approximately 1.3% V₂O₅ with maximum concentrations of 1.5% to 1.7% V₂O₅ in the massive VTM bands (>95% VTM). These values compare very favourably with the reported V₂O₅ grades from the Mapochs Mine in the Eastern Limb (see Section 6). A geological log and compositional variation of Fe₂O₃, TiO₂ and V₂O₅ through the MML are shown in Figure 7-13 for borehole VL5.

Figure 7-12

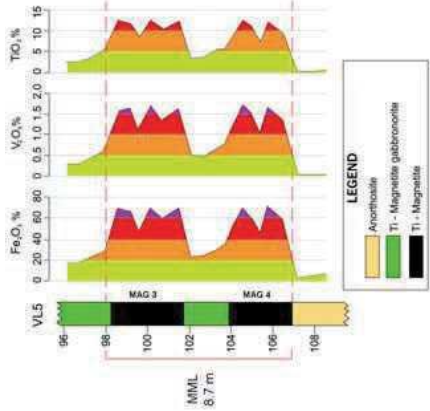
Example of MML (MAG3 – Parting- MAG4 from borehole VK5 (126 m – 135.4 m) (MSA, 2011)



Note: The Main Magnetite Layer (MML) comprises the semi massive to massive MAG3 (upper) and MAG4 (lower) layers and the VTM-poor leucogabbro-norite parting. The base of each arrow indicates top and bottom contacts and drillcore sampling intervals of the MAG3 and MAG4 Layers. Core diameter is 4.8 cm

Figure 7-13

Fe₂O₃, TiO₂ and V₂O₅ profile through MML in borehole VL5 (98.2 m – 106.9 m) (BML, 2011)



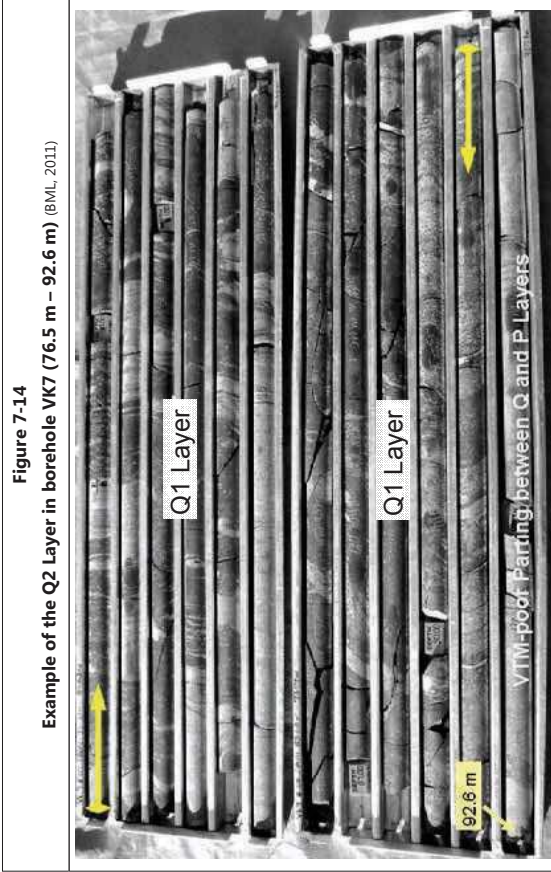
Note: Above element concentrations were assayed from continuous ±50 cm long drillhole samples. The 8.7 m is the apparent thickness in the borehole and not corrected for dip

Isolated (<0.5% visible sulphide) to weakly disseminated sulphides (1% to 2% visible sulphide) occur throughout the MML and are usually more evident in the leucogabbro-norite partings and towards the base of the MML. Average Ni and Cu concentrations within the MML are generally below 1,000 ppm (<0.1%) and Platinum Group Element (PGE) values are below 50 ppb. Phosphorus-bearing minerals, e.g. apatite, were not observed; this was geochemically confirmed by P₂O₅ concentrations of <100 ppm (<0.01% P₂O₅).

At distances of approximately 7 m and 14 m above the MML, two characteristic marker Ti-magnetite layers, MAG2 and MAG1 respectively, occur within VTM-poor anorthositic and leucogabbro (Figure 7-6). MAG2 ranges from 0.9 m to 1.35 m and has an average true thickness of 1.17 m, while MAG1 ranges from 1.08 m to 1.64 m and has an average true thickness of 1.45 m. The two layers contain an estimated 65% to 80% Ti-magnetite and are useful stratigraphic and geological markers to the MML. Although these marker layers contain less vanadium (0.9% to 1.2% V_2O_5 with an average of about 1% V_2O_5) compared to the Main Layers (MAG3 and MAG4), they may be economically exploitable after being exposed during deeper open cast extraction of the MML.

7.4.3 N-Q Ti-Magnetites (N-Q Layers) and disseminated foot- and hangingwall (N-Q Zone)

The N-Q Zone occurs near the top of the Upper Zone and includes the two leucogabbro-hosted VTM-rich layers P and Q which are commonly separated by a leucogabbro parting with a low VTM content (Figure 7-14). VTM-enriched gabbros and norites with up to 50% disseminated Ti-magnetite occur in the footwall and hangingwall sequence of the P-Q Layers and together with the P-Q Layers and the N and O Layers, form the so-called N-Q Zone. The 15 cm to 40 cm thick, semi-massive to massive N and O Layers occur between 15 m to 20 m below the base of the P Layer from which they are separated by gabbroic rocks with highly variable VTM content (Figure 7-16).



Note: An approximately 7 m thick VTM-poor leucogabbro parting from a depth of 92.6 m separates the approximately 16 m thick Q Layer (apparent thickness) from the underlying P Layer (not shown). The base of the yellow arrows indicates the top and bottom contacts of the Q1 Layer. Drillcore diameter is 4.8 cm

Figure 7-14
Example of the Q2 Layer in borehole VK7 (76.5 m – 92.6 m) (BML, 2011)

The P and Q Layers consist of high-grade VTM-rich intervals alternating with relatively narrow bands of gabbro with variable amounts of VTM (<10% to >50%). Individual VTM-rich and VTM-poor “sub-layers” within the P and Q Layers are difficult to correlate between boreholes, and their relative abundance determines the overall VTM abundance and hence the Fe, Ti and V contents of the P and Q Layers. The complexity of the relationship between VTM-rich and VTM-poor “sub-layers” is illustrated in Figure 7-15 which shows that the internal contacts can be gradational or sharp.

Figure 7-15

Close-up of VTM-rich and VTM-poor banding in the Q2 Layer in VK2 (121.5 – 127.5 m) (BML, 2011)



VTM-rich (up to 100% VTM) and VTM-poor (<20% VTM) bands vary in thickness from <1 cm to >50 cm. Core diameter is 4.8 cm

The footwall and hangingwall sequence of the P-Q Layers consists of VTM-enriched gabbros and gabbro-norites, which have visually estimated abundance of VTM ranging between 35% and 65%. Poorly mineralised intervals with less than 10% VTM occur sporadically within the footwall and hangingwall sequence but their apparent thickness is generally less than five metres. The interval between the N and O layers and the immediate hangingwall of the O layer is generally VTM-poor (Figure 7-16). Thin intervals (<50 cm) with semi-massive to massive VTM layers occur occasionally within 5 m to 10 m above and below the P-Q Layer but cannot be correlated between boreholes.

Despite mineralogical variations on a broader scale, BML has established a detailed stratigraphic section for the N-Q Zone which has been used for the logging of all boreholes drilled during 2012. The 10 holes drilled between 2010 and 2011 were re-logged in order to conform to the 2012 nomenclature. Individual layers are defined by their specific texture, mineralogy and Ti-magnetite abundance. A total of six distinct stratigraphic units are identified in the P-Q Zone and an additional four units in the footwall interval including the N and O Layers (Figure 7-16). These 10 stratigraphic units (known as the N-Q Zone) have thicknesses that remain fairly constant along strike and down-dip and they are also identifiable in the BV-1 drillhole core. Collectively these layers determine the overall VTM abundance and hence the Fe content of the N-Q Zone. Seven of the ten stratigraphic units are well mineralised while the remaining three units are generally VTM-poor intervals. A summary of the stratigraphic codes, thicknesses and descriptions of the N-Q layers is shown in Table 7-3.

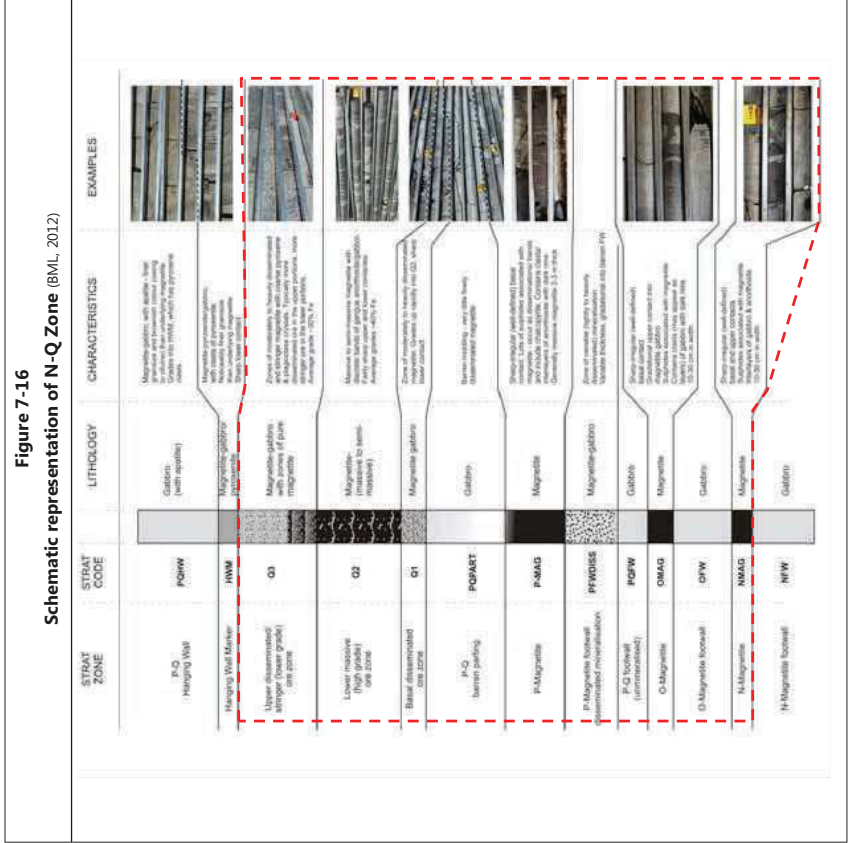


Table 7-3
Stratigraphic units within the N-Q Zone (BML and MSA, 2012)

Strat Code	Layer Name	Range of Thickness	Average Thickness	Description
Q3	Upper "low-grade" zone	0.6 to 26.4 m	12.2 m	Upper Q-Ti-magnetite zone, generally semi-massive Ti-magnetite. Contains significant internal waste in places
Q2	Lower "high-grade" zone	5.5 to 14.0 m	11.3 m	Lower Q-Ti-magnetite zone, generally massive ore
Q1	Basal disseminated zone	1.7 to 4.0 m	3.3 m	Basal zone, disseminated Ti-magnetite below the massive Q2 horizon
PQPART	Parting between the P and Q Ti-magnetites	1.2 to 6.5 m	3.8 m	Barren zone of gabbro separating the P and Q Ti-magnetite layers
PMAG	P - Ti-magnetite	0.6 to 9.0 m	2.8 m	P-Ti-magnetite zone, generally massive, but with some internal waste and often containing more sulphides than the Q horizon
PFWDISS	P - Ti-magnetite disseminated footwall mineralisation	3.7 to 19.0 m	14.1 m	A zone of disseminated mineralisation in the footwall to the more massive P-Ti-magnetite, lower grade but nonetheless significant
PQFW	P-Q footwall	3.4 to 36.1 m	14.1 m	Barren gabbro footwall below the disseminated footwall
OMAG	O - Ti-magnetite	0.1 to 1.2 m	0.3 m	Narrow Ti-magnetite marker band
OFW	O - Ti-magnetite footwall	1.5 to 15.1 m	11.3 m	Barren zone between the N and O Ti-magnetites
NMAG	N - Ti-magnetite	0.1 to 3.0 m	0.5 m	Narrow Ti-magnetite marker band

Note: Above thicknesses are true thicknesses as determined from the mineral resource block model

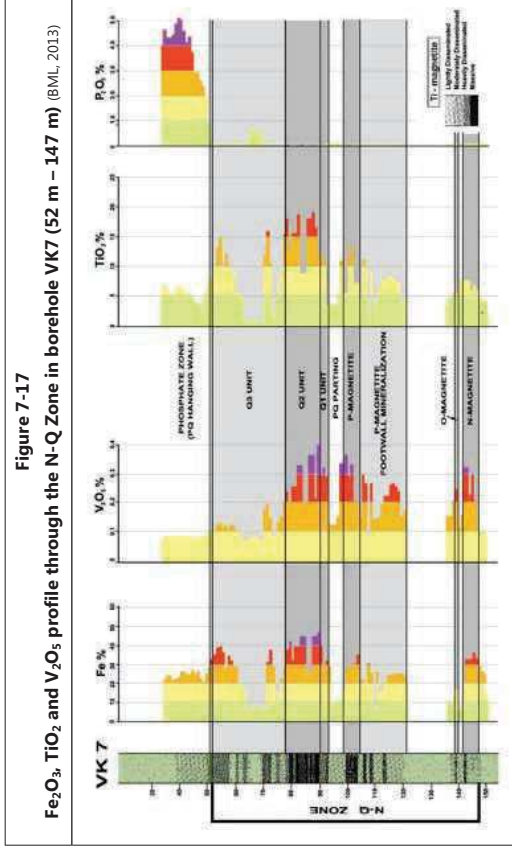
BML intersected the N-Q Zone in 15 deep boreholes with drilled thicknesses between 58 and 95 m and an average drilled thickness of approximately 78 m. The Mineral Resource estimations in Section 14 are estimated for each individual mineralised stratigraphic unit within the N-Q Zone.

The sulphide content in the P-Q Zone varies between trace (<0.5% visible sulphide) and moderately disseminated (2% to 5% visible sulphide) with rare occurrences of semi-massive bands or stringers which are generally less than a few centimetres wide and appear to be restricted to the base of the Ti-magnetite Layer P (PMAG).

Phosphorus-bearing minerals appear to be generally rare, or absent in the P-Q Zone except for a 6 m to 9 m wide, VTM-poor leucocratic interval which was only observed in the southernmost boreholes VK2 and VK16. This interval occurs within the Q3 unit and has average P_2O_5 concentrations of 0.5% and 0.7% for VK2 and VK16, respectively. Apatite-bearing rocks with P_2O_5 concentrations of between 1% and 5% occur immediately above the P-Q Zone and are a common feature in the overlying uppermost portion of the Upper Zone (Ashwal *et al.*, 2005).

A geological log and compositional variations of Fe_2O_3 , V_2O_5 , TiO_2 and P_2O_5 through the N-Q Zone are shown in Figure 7-17 for borehole VK7, which intersected a particularly thick N-Q Zone.

The N and O Layers in borehole VK7 are at borehole depths of approximately 143 m and 139 m, respectively.



Note: Above element concentrations were assayed from continuous 0.5 m to 1.0 m long drillhole core samples. The displayed thicknesses of the individual units are drillhole lengths not dip corrected

7.4.3.1 P-Q Zone in the weathered profile

A total of 15 boreholes were drilled between 2010 and 2012 in order to intersect the P-Q Zone well below the weathered zone. In order to evaluate the characteristics of the P-Q Zone in the weathered horizon (shallower than 30 m depth), 33 shallow boreholes were drilled on five east-west orientated lines which were 500 m apart in a north-south direction. The holes on each line were drilled at close intervals starting at the inferred subcrop position of the footwall of the P-Q Zone. Of these 33 boreholes, totalling 1,038.07 metres, 13 holes intersected stratigraphic portions of the P-Q Zone and eight holes intersected the weathered footwall interval to the P-Q Zone containing the N and O Layers. A further 11 holes were drilled in the hangingwall portion of the N-Q Zone and did not intersect Ti-magnetite mineralisation. The drillhole cores of four holes were used for metallurgical test work. The various stratigraphic layers of the P-Q Zone were observed in the 13 holes that intersected weathered portions of the P-Q Zone. Primary magmatic textures remain identifiable in the weathered material as illustrated in Figure 7-18.

Figure 7-18

Stratigraphic units Q2, Q1 and PQPART in weathered zone in VKW11 (13.5 m – 20.5 m) (BML, 2013)



7.4.4 Structure

Three sets of regional fault zones transect the Project Area (Figure 7-8):

- A NE-SW striking fault zone crosses the central part of Vogelstruisfontein, the south-central portion of Malokong and the northern part of Vliegekraal. This regional structure is partly intruded by a doleritic dyke and separates the NE-SW trending Upper Zone lithologies north of the fault from the roughly northerly striking Upper and Main Zone stratigraphy to the south of the fault. The fault structure is responsible for the abrupt truncation of the layered stratigraphy of the Upper and Main Zone rock units and their displacement to the northeast such that the Main Magnetite Layer abuts against the northern edge of the Main Zone troctolite layer on Vogelstruisfontein. This indicates an apparent vertical displacement of 1,400 m (downthrown to the NW) and an apparent horizontal displacement (right lateral) of 2,600 m (Cheshire, 2011). The general paucity of outcrop in the faulted area on Vogelstruisfontein does not allow for an assessment of the position and the extent of displacement of the Upper Zone lithologies, including the Ti-magnetite layers, without further drilling
- A NE-SW striking fault zone across Vriesland is inferred from a left lateral horizontal displacement of the Main Zone troctolite unit to the east of the Project Area (Cheshire, 2011). The effect of the latter structure and possible associated splays on the Upper Zone lithologies cannot be quantified without further drilling due to the poor outcrop conditions, although the aeromagnetic data do not indicate a large displacement on the P-Q Zone and the MML
- An ENE-WSW striking fault zone crosses the central part of Vriesland and has been intruded in part by a doleritic dyke with a distinct magnetically negative signature, usually diagnostic for



Karoo-aged dolerites (Figure 7-7). The fault resulted in a right lateral displacement of the diabase sill outcrop near the western boundary of Vriesland although limited displacement is evident for the P-Q Zone and the MML. The southern portion of Vriesland appears to be affected by block faulting as a result of the intersection of the regional NE-SW and ENE-WSW fault zones. Block faulting is generally linked to normal faults and the resulting structural blocks can differ slightly in their orientation and dip and usually have a strike extent of several hundred metres to several kilometres. Structural compartments are a common feature along the entire strike length of the Northern Limb (Schutte, 1980; Van der Merwe, 1978)

8

DEPOSIT TYPES AND MINERALISATION

The Project is situated within the Upper Zone of the Northern Limb of the Bushveld Complex ("BC") and targets several of the vanadiferous Ti-magnetite (VTM) Layers and VTM-enriched footwall and hangingwall rocks. Exploration has focussed on the semi-massive to massive Main Magnetite Layer and the P, Q, N and O Layers. The latter are enclosed by gabbroic rocks which may contain considerable quantities of medium- to coarse-grained disseminated Ti-magnetite.

The BC is the world's largest and economically most important layered complex and is known for the remarkable geological and geochemical continuity of the magmatic stratigraphy and of individual units and layers which can frequently be traced for tens of kilometres along strike. In common with other layered intrusions such as the Great Dyke in Zimbabwe (Wilson, 1997), Molopo Farms Complex in Botswana (Reichardt, 1994) and the Stillwater Complex in the USA (Irvine et al., 1983) the intrusive mafic to ultramafic magma has undergone a differentiation process which has resulted in the formation of magnesium-, chromium-, nickel- and precious metal-rich units in the lower part of the complex with iron-, titanium-, vanadium- and phosphorus-rich layers in the upper portion of the intrusion.

Gentle tilting due to tectonic processes and subsequent erosion has caused the entire stratigraphic sequence to be exposed on surface in form of shallow westerly dipping units and layers.

The targeted MML occurs close to the base of the Upper Zone and forms an 8 m to 10 m thick Ti-magnetite layer with high vanadium concentrations. The N, O, P and Q Ti-magnetite layers and associated Ti-magnetite-rich gabbroic rocks constitute the N-Q Zone which has an average true thickness of about 73 m. The N-Q Zone has notably lower vanadium but higher titanium concentrations compared to the MML and occurs stratigraphically near the top of the approximately 1,250 m thick Upper Zone.

Known styles of mineralisation in the Northern Limb of the Bushveld Complex and in the Project Area are summarised below:

- Vanadium-titanium-magnetite (VTM) mineralisation associated with the titaniferous and vanadiferous magnetite layers and Ti-magnetite-rich units of the Upper Zone which sub-outcrop in the licence area
- Platinum group element, copper-nickel (PGE-Cu-Ni) mineralisation sporadically recorded in the Main Zone and lower part of Upper Zone rocks which sub-outcrop in the licence area
- Platinum group element, copper-nickel (PGE-Cu-Ni) mineralisation occurring near the base of the Bushveld Complex, known as the Platreef. The Platreef would be expected to underlie the licence area at depths in excess of 1,000 m

Disseminated VTM occurs as an accessory mineral throughout the Upper Zone. Stratigraphic horizons with high concentrations of VTM are collectively referred to as Ti-magnetite layers

even though the amount of VTM varies considerably within individual layers and from layer to layer.

Virtually all layers are composite units and invariably contain relatively VTM-poor (<30%) sections, or partings, and have either gradational or sharp contacts with the surrounding rocks. The footwall contacts of the VTM layers tend to be reasonably sharp. VTM concentrations rarely exceed 90%, and only over short intervals, within certain layers. The complex nature of VTM distribution in an individual layer is shown in Figure 7-15.

Vanadium in Ti-magnetite layers is exclusively hosted in "solid solution" within the Ti-magnetite grains while titanium occurs partly within magnetite ("solid solution") and also as small, discrete grains of ilmenite commonly along the Ti-magnetite grain boundaries. Whole-rock vanadium concentrations are highest in the lowermost Ti-magnetite layers ($\pm 1.6\%$ V_2O_5) and decrease gradually upwards to less than 0.4% V_2O_5 . Titanium shows the opposite trend and increases from about 10% to 12% TiO_2 in the lowermost layers to concentrations in excess of 20% TiO_2 in the uppermost layers of the Upper Zone (Klemm *et al.*, 1985).

Total iron oxide (expressed as Fe_2O_3) in Ti-magnetite decreases from about 76% near the base of the Upper Zone to values of about 70% in the uppermost VTM layers. Similarly, Al_2O_3 in Ti-magnetite decreases with stratigraphic height from approximately 6% in the lower layers to about 4% Al_2O_3 in VTM layers near the top of the Upper Zone (Klemm *et al.*, 1985).

9 EXPLORATION

9.1 Exploration approach and methodology

The current exploration programme was subdivided into 5 phases and was undertaken between August 2009 and March 2013. The programme followed a phased and results driven approach, which is standard practice for early stage exploration projects:

- **Phase 1** – Desktop Information Review (August 2009 – January 2010)

Development of a geological and mineralisation model using published and unpublished geological, geochemical, geophysical, remote sensing and exploration data sourced from the CGS and other geological institutions, publications and private companies.

- **Phase 2** – Surface Field Investigation (September 2009 – April 2010)

Establishment of the geological setting and presence of surface mineralisation and identification of potential targets for further testing by geological mapping, soil sampling, air photo interpretation, rock chip sampling and interpretation of the data.

The laboratory analysis from a chip sample from an outcropping Ti-magnetite layer on the south-eastern farm boundary of Vogelstruisfontein confirmed that the latter layer is the MML. The MML is characterised by high vanadium and relatively low titanium concentrations compared to other Ti-magnetite layers in the Upper Zone (see Section 7.2).

Table 9-1

Assay results from a rock chip sample on Vogelstruisfontein

Easting Lo29 WGS84	Northing Lo29 WGS84	Fe_2O_3 %	V_2O_5 %	TiO_2 %	Cu ppm	Ni ppm	Cr ppm
-16396	-2636184	71.9	1.52	13.6	509	609	1,900

- **Phase 3** – Initial Target Testing (May 2010 – November 2010)

Diamond drilling was undertaken on selected geological and geophysical targets to investigate the presence of massive and disseminated Ti-magnetite mineralisation. A total of 6 boreholes with a total length of 1,582.25 m were drilled and provided an indication of type and width of Ti-magnetite mineralisation along an east-west section covering virtually the entire Upper Zone stratigraphy.

Of the six holes, VL3, VL4, VK1, VK2 and VK3 were drilled along an east-west profile (Figure 7-11) while VL4 was drilled about 1 km north of the latter line of holes. Holes VL2 provided a deep (± 400 m) and VL3 a shallow (± 30 m) intersection of the MML while VK2 intersected the base of the P-Q Zone at a depth of 157 m. VL4 was located in the footwall of the MML and is therefore excluded from this report.



VK1 and VK3 were drilled as stratigraphic holes in the hangingwall and footwall of the P-Q Zone to confirm that no further Ti-magnetite layers and/or VTM-enriched zones of potential economic interest occur between the MML and the P-Q Zone and above the P-Q Zone. As established in the stratigraphic CGS borehole BV-1, boreholes VK1 and VK3 intersected Ti-magnetite gabbros and several generally narrow Ti-magnetite layers. The stratigraphic intervals intersected in VK1 and VK3 are not material to this report and the boreholes are therefore excluded.

- **Phase 4** – Target Drilling (March 2011 – September 2011)

Diamond drilling during Phase 4 consisted of 9 holes targeting the P-Q Layers and the footwall and hangingwall sequence with disseminated VTM mineralisation (the “P-Q holes”) and 2 holes targeting the MML (the “MML holes”). The 11 boreholes had a total drill length of 2,651.82 m and the position of the individual holes is shown in Figure 7-11. Of the nine P-Q boreholes, six were drilled at regular intervals of 500 m to 600 m along strike to delineate the lateral continuity of the P-Q Zone at relatively shallow depths, while 3 boreholes were spaced at horizontal distances of 1,000 m to 1,200 m to establish the down-dip continuity of the P-Q Zone.

The two MML holes (VL5 and VK5) were spaced approximately 2,000 m apart to prove the lateral continuity of the latter mineralisation beyond the position of the MML established during the 2010 drilling campaign.

All 11 boreholes drilled during the 2011 drill programme intersected the targeted VTM mineralisation and the results were used together with the 3 boreholes from the initial 2010 drill campaign for the Mineral Resource estimation conducted by MSA in November 2011.

- **Phase 5** – Infill and Strike Extension Drilling (May 2012 – November 2012)

During 2012, a further 51 diamond boreholes totalling 3,490.95 m were drilled on the farms Vliegekraal, Vriesland and Malokong.

Of these, 13 boreholes totalling 927.49 m were drilled on the MML, of which 9 holes intersected mineralisation while three holes were inadvertently drilled into the footwall to the MML. One shallow hole was drilled into the hangingwall of the MML. These boreholes were spaced at regular intervals of approximately 600 m along strike and four holes were positioned to obtain intersections further down dip.

Five boreholes totalling 1,525.39 m were drilled to obtain deep intersections of the N-Q Zone. The holes were sited at intervals of approximately 500 m along strike.

A total of 33 holes, totalling 1,038.07 drilled metres, were drilled on five lines with a nominal strike spacing of 500 m with the aim of intersecting the weathered portion of the P-Q Zone. Of these 33 boreholes, 13 holes intersected portions of the weathered P-Q Zone, while 9 holes were drilled in the footwall of the P-Q Zone and intersected the stratigraphically lower interval containing the N and O Layers. An entire fence line with 11 holes (VKW12 to VKW22) was



positioned too far to the west and intersected the weathered hangingwall sequence of the P-Q Zone. Only borehole VKW31, positioned further east, intersected the targeted Ti-magnetite mineralisation of the P-Q Zone.

9.2 Geophysical Surveys

The CGS carried out a semi-regional aeromagnetic survey in the late 1990s and the results were used by BML to constrain the approximate position of the highly magnetic Ti-magnetite layers and to identify structural features (see Section 7.3.4).

A ground magnetic survey was conducted by the Mining Corporation Limited (“MCL”, a South African government company) and published by the Geological Survey of South Africa (Schutte, 1980) in the form of hand-contoured magnetic intensity maps. The data were used together with the aeromagnetic survey to locate the sub-outcropping Ti-magnetite layers and to guide the initial diamond drill programme in 2010.

10 DRILLING

10.1 Drilling Methods

Diamond core drilling during the initial exploration phase in 2010 (Section 9.1) was conducted by Drillcorp Africa (Pty) Ltd ("Drillcorp"). All six boreholes were drilled vertically with an NQ core size diameter of 47.5 mm to depths of between 148 m and 427 m. A Longyear 44 rig with a standard 6 m long core barrel was used for the drilling.

The target drilling during 2011 consisted of 11 vertical drill holes which were also drilled by Drillcorp. The boreholes were drilled with a NQ core diameter and ranged in depth from 150 m to 435 m. Removable HQ-sized casing was inserted to depths of 5 m to 8 m to protect the hole from collapsing while drilling through the unconsolidated soil and weathered bedrock. Table 10-1 lists the 17 boreholes drilled in 2010 and 2011 which were used for the MRE in 2011.

Table 10-1
Summary of boreholes drilled during the 2010 and 2011 exploration campaigns

Borehole ID	Farm	Easting Lo29 WGS84	Northing Lo29 WGS84	Elevation amsl (m)	Depth of Hole (m)	Ti-magnetite intersected	Year drilled
VK1	Vliegekraal	-22187.00	-2643158.00	1024.00	300.36	Strat hole*	2010
VK2	Vliegekraal	-22820.23	-2643172.30	1030.45	250.08	P-Q Zone	2010
VK3	Vliegekraal	-23749.00	-2643176.00	1016.00	299.91	Strat hole*	2010
VK4	Vliegekraal	-21898.75	-2640075.64	1010.13	224.38	P-Q Zone	2011
VK5	Vliegekraal	-20252.53	-2641159.00	1023.14	166.10	MML	2011
VK6	Vliegekraal	-22462.00	-2641623.35	1007.23	214.99	P-Q Zone	2011
VK7	Vliegekraal	-22630.56	-2642694.38	1019.04	150.00	P-Q Zone	2011
VK8	Vliegekraal	-22455.19	-2642170.17	1011.46	150.07	P-Q Zone	2011
VK10	Vliegekraal	-22088.30	-2640549.92	1007.54	211.05	P-Q Zone	2011
VK12	Vliegekraal	-23074.10	-2642074.81	1009.79	356.84	P-Q Zone	2011
VK13	Vliegekraal	-23473.49	-2643174.08	1020.49	391.55	P-Q Zone	2011
VK14	Vliegekraal	-22171.25	-2641035.28	1007.83	200.15	P-Q Zone	2011
VK15	Vliegekraal	-22799.75	-2640865.89	1003.35	434.66	P-Q Zone	2011
VL2	Vriesland	-21445.92	-2643156.63	1012.36	427.25	MML	2010
VL3	Vriesland	-20323.08	-2643160.33	1015.99	156.65	MML	2010
VL4	Vriesland	-19948.00	-2642158.00	1029.00	148.00	Strat hole*	2010
VL5	Vriesland	-20825.45	-2645113.59	1004.15	152.02	MML	2011
Total: all 17 boreholes					4234.06		

Strat hole*: borehole drilled in 2010 as part of the initial stratigraphic drill programme

During 2012, the five boreholes targeting deeper portions of the P-Q Zone were drilled by Drillcorp with a NQ core diameter and ranged in depth from 150 m to 427 m. Of the 13 boreholes drilled on the MML, 10 holes were drilled by Drillcorp with a NQ core diameter, and the remaining three shallow holes (MW1, MW2 and MW3) were drilled by Diabor (Pty) Ltd using a NWD4/TNW core diameter. The boreholes drilled during 2012 are listed in Table 10-2.

Table 10-2

Summary of holes drilled on the MML and N-Q Zone during the 2012 exploration campaign

Borehole ID	Farm	Easting Lo29 WGS84	Northing Lo29 WGS84	Elevation amsl (m)	Depth of Hole (m)	Ti-magnetite intersected	Year drilled
MAL2	Malokong	-21391.89	-2639552.79	1018.88	156.63	P-Q Zone	2012
VK16	Vliegekraal	-22696.57	-2643506.82	1046.54	150.09	P-Q Zone	2012
VK17	Vliegekraal	-23193.32	-2642651.75	1026.06	402.32	P-Q Zone	2012
VK18	Vliegekraal	-22926.64	-2641434.62	1004.19	427.27	P-Q Zone	2012
VK19	Vliegekraal	-23339.66	-2643568.22	1055.11	389.08	P-Q Zone	2012
MW01	Vriesland	-20264.89	-2643166.90	1015.44	14.00	MML	2012
MW02	Vliegekraal	-20161.13	-2641172.71	1023.07	25.20	-	2012
MW03	Vriesland	-20526.71	-2645099.00	1004.86	20.00	MML	2012
VK20	Vliegekraal	19915.53	2640610.33	1026.67	81.82	MML	2012
VK21	Vliegekraal	-20057.91	-2641793.14	1023.12	102.83	-	2012
VK22	Vliegekraal	-20264.93	-2641807.70	1020.38	99.95	MML	2012
VK23	Vliegekraal	-20364.74	-2641779.12	1019.29	150.82	MML	2012
VL8	Vriesland	-20185.52	-2642469.31	1019.52	88.21	MML	2012
VL9	Vriesland	-20422.76	-2643812.30	1011.21	93.61	-	2012
VL10	Vriesland	-20517.40	-2644439.92	1007.41	58.80	-	2012
VL11	Vriesland	-20693.84	-2644443.28	1005.82	51.85	MML	2012
VL12	Vriesland	-20881.61	-2645724.41	1001.56	99.94	MML	2012
VL13	Vriesland	-20541.46	-2643719.45	1010.48	40.46	MML	2012
Total: 18 boreholes					2452.88		

The 33 boreholes targeting the weathered P-Q Zone were either drilled by Diabor using a NWD4/TNW core barrel, or by Drillcorp using an HQ3 core barrel. The 2012 drilling on the weathered N-Q Zone is summarised in Table 10-3.

Table 10-3
Summary of holes drilled on the weathered N-Q Zone during the 2012 exploration campaign

Borehole ID	Farm	Easting Lo29 WGS84	Northing Lo29 WGS84	Elevation amsl (m)	Depth of Hole (m)	Ti-Magnetite intersected	Year drilled
VKW1	Vliegekraal	-223060	-2642712.31	1015.53	14.14	N-Q Zone*	2012
VKW2	Vliegekraal	-22238.92	-2642712.78	1015.68	15.00	N-Q Zone*	2012
VKW3	Vliegekraal	-22249.13	-2642713.24	1015.73	15.00	N-Q Zone*	2012
VKW4	Vliegekraal	-22260.65	-2642713.29	1015.83	15.00	N-Q Zone*	2012
VKW5	Vliegekraal	-22272.38	-2642713.36	1015.86	15.00	N-Q Zone*	2012
VKW6	Vliegekraal	-22280.29	-2642713.54	1015.89	15.00	N-Q Zone*	2012
VKW7	Vliegekraal	-22290.32	-2642714.28	1016.00	20.00	N-Q Zone*	2012
VKW8	Vliegekraal	-22301.85	-2642713.73	1016.11	25.00	N-Q Zone*	2012
VKW9	Vliegekraal	-22318.02	-2642712.54	1016.16	35.00	N-Q Zone	2012
VKW10	Vliegekraal	-22351.69	-2642711.06	1016.39	40.00	N-Q Zone	2012
VKW11	Vliegekraal	-22411.11	-2642712.62	1016.69	60.40	N-Q Zone	2012
VKW11.2	Vliegekraal	-22549.41	-2642716.03	1017.65	100.00	N-Q Zone	2012
VKW12	Vliegekraal	-21789.93	-2640545.01	1010.22	15.10	-	2012
VKW13	Vliegekraal	-21799.98	-2640546.18	1010.18	15.00	-	2012
VKW14	Vliegekraal	-21809.39	-2640547.02	1010.00	15.00	-	2012
VKW15	Vliegekraal	-21818.16	-2640546.29	1009.92	15.00	-	2012
VKW16	Vliegekraal	-21828.85	-2640545.89	1009.70	15.00	-	2012
VKW17	Vliegekraal	-21840.77	-2640547.45	1009.64	20.40	-	2012
VKW18	Vliegekraal	-21849.46	-2640545.80	1009.51	25.00	-	2012
VKW19	Vliegekraal	-21859.85	-2640546.10	1009.29	25.00	-	2012
VKW20	Vliegekraal	-21877.72	-2640547.62	1009.12	35.00	-	2012
VKW21	Vliegekraal	-21910.37	-2640547.62	1008.62	45.00	-	2012
VKW22	Vliegekraal	-21696.25	-2640548.00	1007.85	20.00	-	2012
VKW23	Vliegekraal	-21905.55	-2641033.33	1010.21	20.00	N-Q Zone	2012
VKW24	Vliegekraal	-21945.11	-2641034.23	1010.11	49.80	N-Q Zone	2012
VKW25	Vliegekraal	-21977.69	-2641036.79	1009.53	82.46	N-Q Zone	2012
VKW26	Vliegekraal	-22133.08	-2641620.53	1007.35	50.05	N-Q Zone	2012
VKW27	Vliegekraal	-22163.42	-2641625.07	1007.24	20.00	N-Q Zone	2012
VKW28	Vliegekraal	-22195.30	-2641621.43	1007.28	49.13	N-Q Zone	2012
VKW29	Vliegekraal	-22310.38	-2642169.00	1009.82	50.00	N-Q Zone	2012
VKW30	Vliegekraal	-22242.56	-2642168.48	1009.39	50.59	N-Q Zone	2012
VKW31	Vliegekraal	-22178.63	-2642167.60	1008.95	30.00	N-Q Zone*	2012
VKW32	Vliegekraal	-21762.19	-2640545.65	1010.71	21.00	N-Q Zone	2012
Total: 33 boreholes					1038.07		

N-Q Zone* = hole intersected the footwall to the P-Q Zone containing the N and O Layers
 - = hole intersected the hangingwall of the P-Q Zone

The collar positions of all 2010, 2011 and 2012 boreholes with MML and P-Q Zone intersections were surveyed by a registered professional land surveyor using a real-time differential GPS and a base station. The coordinates and elevations are shown in Table 10-1 to Table 10-3, together

with the borehole depths and the intersected Ti-magnetite mineralisation. The collar coordinates and elevations for stratigraphic holes VK1, VK3 and VL4 were determined with a handheld Garmin GPS and the accuracy is considered to be in the order of 5 m. These boreholes were not used for the Mineral Resource estimation (Section 14).

The borehole sites were rehabilitated and the position of the collars permanently marked with a cement beacon on which the borehole number was engraved (Figure 10-1).

Figure 10-1
Example of rehabilitated borehole site (VK6) with cement beacon



The core recoveries in the poorly consolidated overburden (3 m to 6 m) were relatively low (5% to 70%) but generally above 90% in the weathered and unweathered rocks. Core losses and core recovery percentages were recorded for the length of each borehole in geotechnical log sheets together with the rock hardness, degree of weathering and the number of fractures for each drill run. The hand written log sheets were captured digitally at the Mokopane field office into the Maxwell LogChief database which is linked to the Maxwell DataShed database hosted at MSA's offices in Johannesburg.

10.2 Density Measurements

No bulk density measurements were conducted. The specific gravity was determined on all drill core samples with a gas pycnometer by Set Point Laboratory in Johannesburg, South Africa.

10.3 Downhole Geophysical Logging

No downhole geophysical logging was carried out. Downhole orientation surveys were carried out using a Reflex EZ-track on most deep boreholes (VK10, VK12, VK13, VK14, VK15, VK16, VK17 and VK18). VK19 could not be surveyed as the borehole collar had collapsed, and VK13 had also collapsed below the collar at a depth of 36 m depth.

SAMPLE PREPARATION, ANALYSES AND SECURITY

Sampling of the drillhole core was undertaken after geotechnical logging, metre marking, geological logging and photographing of the core was completed. All core measuring, core cutting, sampling, bagging and despatch procedures were completed at the Mokopane exploration premises under the full time supervision of a qualified geologist. The cores were placed in suitable metal core trays and transported on a daily basis from the drill site to the Mokopane core yard with a pickup truck (Figure 11-1). Geological core logging followed a comprehensive protocol and the level of detail is appropriate and fully compliant with standard industry practice.



11.1 Sampling Approach

The objectives of core sampling were to provide suitable samples for laboratory analyses of the selected mineralised zones identified during logging. A primary concern was to be able to relate assay data with the geological layering and the relative abundance of the Ti-magnetite mineralisation which often varied on a decimetre scale. The following sampling approach and protocol was adopted by BML:

- Sample lengths in poorly-layered homogenous zones were kept at a 0.5 m or 1.0 m interval
- Sample lengths in well-layered zones or zones with variable lithologies were matched to lithological contacts and varied between 0.25 m and 1.0 m
- Half core (NQ core size) was sampled for geochemical analyses

11.2 Sampling Procedure

Drillhole core sampling was based on industry standard sampling methodology. The following protocols were used by BML at the Mokopane exploration office (Figure 11-2) for the individual stages of core sampling:

Core Marking and Cutting

- Core sections aligned to maintain core continuity, dip of layering identified and core metre-marked with a black waterproof pen
- Individual sampling zone identified by the geologist
- Median (longitudinal) cut line marked along the core axis with a blue waterproof wax pencil or black permanent marker perpendicular to the dip of layering
- Sampling intervals defined by the geologist and marked with a blue waterproof wax pencil across the core (cross cut lines)
- The cross cut lines marked with "from – to" depths on the outside of the core using a blue waterproof wax pencil
- Core cut along the median line and cross cut lines using a diamond core saw
- Sampling of core
- Remark of remaining half core in core trays with "from - to" depths



Bagging, Ticketing and Sampling

- Pre-numbered ticket book with tear-off triplicate sample ticket numbers is prepared by geologist with "from – to" depths and a brief description of sample against each number in ticket book. Ticket book preparation includes inclusion of QA/QC samples (Figure 11-3)

- Plastic sample bags prepared and laid out in numerical order with a sample number ticket placed inside bag, a second ticket stapled on the outside of the bag and sample number written on outside of bag with a permanent marker pen
- Core samples and QA/QC samples added to sample bags
- Final check for correct sample labelling and numbering by geologist
- Plastic sample bags sealed – triple folding of top of bags and stapling
- Sample bags placed into large polyweave sacks and sealed with cable ties for despatch to the laboratory. Each sack has project name, batch number, number of samples and range of sample numbers in permanent marker pen written on outside of polyweave sack

Figure 11-3

Sampling utensils; ticket book and Certified Reference Material (CRM) in inset (BML, 2011)



Documentation and Sample Delivery to Laboratory – Chain-of-Custody

- Sample details – borehole number, “from – to” depths, sample width, sample number, brief description are recorded in the project Sample Ledger
- Sample numbers, analyses requirements, date of delivery, person responsible for delivery are recorded in a Sample Submission Sheet which has a specific submission sheet number
- Samples delivered to Set Point Laboratory in Mokopane, about 800 m from the exploration premises, along with Sample Submission Sheet
- Set Point Laboratory checks the sample labelling and sample condition and issues a Sample Reception Record with a specific job number emailed to BML confirming the sample details and analyses requirements
- BML maintains a Sample Submission Summary sheet which matches the details of the laboratory Sample Reception Record

11.3 Sample Preparation

Core samples were delivered to the Set Point Laboratory (“SPL”) at Mokopane along with BML’s Sample Submission Sheet. Initial sample preparation was undertaken at SPL’s Mokopane laboratory facilities while the analytical process was conducted at SPL’s laboratory in Johannesburg. Sample preparation was carried out in a dust-controlled area with extractor systems in the crushing area.

SPL is an ISO 17025 accredited, independent analytical laboratory specialising in geochemical exploration analyses. SPL uses the following procedures and protocols for sample preparation:

- Checking of received samples
 - Correct samples are present
 - Samples labelled clearly
 - Sample bags in good condition, no spillage or leaking
 - Moisture content of samples noted
 - Client notified if any problems present
 - If above criteria are met then a Sample Reception Record is generated with a specific job number, date, sample details and analyses requirements which is emailed to client
- Samples dried at 110°C if required. SPL has a separate “Report for Drying of Samples”
- Samples weighed and recorded
- Samples crushed in Jaw Crusher and crushed material placed in new labelled plastic bag. Jaw crusher cleaned after every sample with crushed quartz and compressed air
- Coarse crushed material is further crushed in a Rhino Crusher to >80% <2.8mm
- Sample material split in a Jones Riffle Splitter. Split to be analysed placed in a new labelled bag. Remainder of sample material returned to original bag and stored for 3 months or returned to BML as Coarse Reject Split. Splitter and trays cleaned with compressed air. SPL has a separate protocol titled “Procedure for Splitting of Samples”
- Sample split to be analysed milled in a Labtech Essa LM2 mill for 5 minutes to achieve >90% <106µm. Equipment is cleaned with water and compressed air
- Milled sample is emptied into a tray or onto a paper sheet and returned to sample bag
- Aliquot for assay taken from milled sample bag and samples are repacked. SPL has a separate protocol titled “Procedure for Repacking of Samples”
- Sample aliquots are despatched to the SPL in Isando, Johannesburg for sample analyses three times per week using laboratory drivers and vehicles
- Performance of the Rhino crusher and mill is monitored and results of screening is reported and made available to the client on request. SPL has a separate protocol titled “Procedure for Screening of Samples”

11.4 Sample Analysis

Prepared sample aliquots were delivered from SPL's Mokopane facilities to SPL in Isando, Johannesburg for sample analyses.

Samples from the three boreholes VK2, VL2 and VL3 drilled during the 2010 campaign were analysed for Fe₂O₃, TiO₂, V₂O₅, P₂O₅, Cu and Ni.

Samples from the 11 boreholes drilling in 2011 were analysed for Fe₂O₃, TiO₂, V₂O₅, P₂O₅ and Cu and also for Al₂O₃, SiO₂, CaO and MgO.

Samples from the 2012 drilling campaign were analysed for Fe₂O₃, TiO₂, V₂O₅, P₂O₅, Al₂O₃, SiO₂, CaO, K₂O, MgO, Ni, Cu and S.

Specific Gravity (SG) measurements were conducted on all samples from the 2011 and 2012 drilling campaigns and were subsequently determined for the three boreholes drilled in 2010.

Sulphur (S) for the samples from the 2010 and 2011 drilling was only determined for boreholes VK10, VK13, VL2 and VL3.

SPL used the following analytical methods during 2010, 2011 and 2012:

- Fe₂O₃, TiO₂, V₂O₅, P₂O₅, Al₂O₃, SiO₂, CaO, K₂O and MgO were analysed on a fused glass disk with an X-ray fluorescence spectrometer (XRF)
- Cu, Ni were analysed by Inductively Coupled Plasma (ICP) after an aqua regia digestion
- S was analysed with a LECO induction furnace
- SG measurements were determined on pulverised material with a gas pycnometer

SPL is an accredited facility under the South African National Accreditation System ("SANAS") in accordance with the recognised international standard ISO/IEC 17025:2005. Table 11-1 shows the analytical techniques and the accredited range of concentrations.

SPL accreditation details for the various analytical methods				
Element	Method Code	Description	Detection Limit	Accreditation Range
Fe ₂ O ₃	M451	XRF fused disk	0.06%	0.1 – 52%
V ₂ O ₅	M451	XRF fused disk	0.23%	0.23 – 10%
TiO ₂	M451	XRF fused disk	0.03%	0.09 – 32.8%
SiO ₂	M451	XRF fused disk	0.82%	11.2 – 99.8%
Al ₂ O ₃	M451	XRF fused disk	0.20%	0.8 – 58.8%
CaO	M451	XRF fused disk	0.06%	0.14 – 65.3%
MgO	M451	XRF fused disk	0.30%	0.3 – 43%
P ₂ O ₅	M451	XRF fused disk	0.02%	0.07 – 11.9%
Cu	M445	Aqua Regia digest with ICP finish	10 ppm	10 – 10 000 ppm
Ni	M445	Aqua Regia digest with ICP finish	10 ppm	10 – 10 000 ppm
S	522	LECO		Not accredited
SG	805	Gas pycnometer		Not accredited

SPL reported the analytical results in MS Office Excel spread sheet format by electronic mail and printed hardcopies of the assays certificates on a SPL letterhead which were posted to BML.

SPL's spread sheet with sample numbers and assay results were merged with the sample records from BML's Sample Ledger which include the borehole number, sample "from – to" depth, sample width and sample number details. The combined data were then electronically stored for each borehole in a "Sample Analyses Sheet" and captured in the Maxwell DataShed database, hosted by MSA in Johannesburg.

11.5 Sample Security

All drillhole core is stored in stackable core trays inside the Mokopane field office (Figure 11-4), which is locked when work is not in progress. Sample pulps and coarse rejects are collected from SPL after the analyses are completed and are also stored in the field office (Figure 11-5). Only BML office and field staff has access to the premises which are in a relatively secure area of Mokopane.

The individual sample pulps for each borehole are kept in large plastic bags which are well labelled and sealed with cable ties. The coarse rejects are stored in labelled and sealed polyweave sacks.



Complete chain-of-custody documentation exists from the submission of the core samples to SPL's Mokopane sample preparation facilities to the receipt of the pulverised sub-samples by SPL analytical laboratory in Johannesburg and the return of excess coarse-crushed and pulp material to BML's office facilities in Mokopane.

Sample pulp and coarse rejects storage at Mokopane field office (BML 2011)



11.6 Quality Assurance and Quality Control

Appropriate quality assurance and quality control ("QA/QC") monitoring is a critical aspect of the sampling and assaying process in any exploration programme. Monitoring the quality of laboratory analyses is fundamental to ensuring the highest degree of confidence in the analytical data and providing the necessary confidence to make informed decisions when interpreting all the available information. Quality assurance ("QA") may be defined as information collected to demonstrate that the data used further in the project are valid. Quality control ("QC") comprises procedures designed to maintain a desired level of quality in the assay database. Effectively applied, QC leads to identification and corrections of errors or changes in procedures that improve overall data quality. Appropriate documentation of QC measures and regular scrutiny of quality control data are important as a safeguard for project data and form the basis for the quality assurance program implemented during exploration.

In order to ensure quality standards are met and maintained, planning and implementation of a range of external quality control measures is required. Such measures are essential for minimising uncertainty and improving the integrity of the assay database and are aimed to provide:

- An integrity check on the reliability of the data
- Quantification of accuracy and precision
- Confidence in the sample and assay database
- The necessary documentation to support database validation

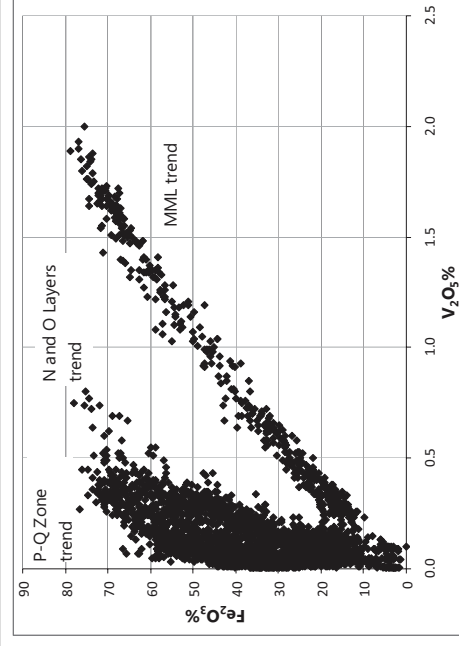
Certified reference material ("CRM"), quartz blanks and duplicate samples were randomly inserted into the 2011 and 2012 batches prior to submission to SPL. Samples from three boreholes VK2 (139 samples), VK4 (135 samples) and VK5 (181 samples), drilled during the initial exploration campaign, were submitted to SPL before a full suite of CRMs were routinely inserted.

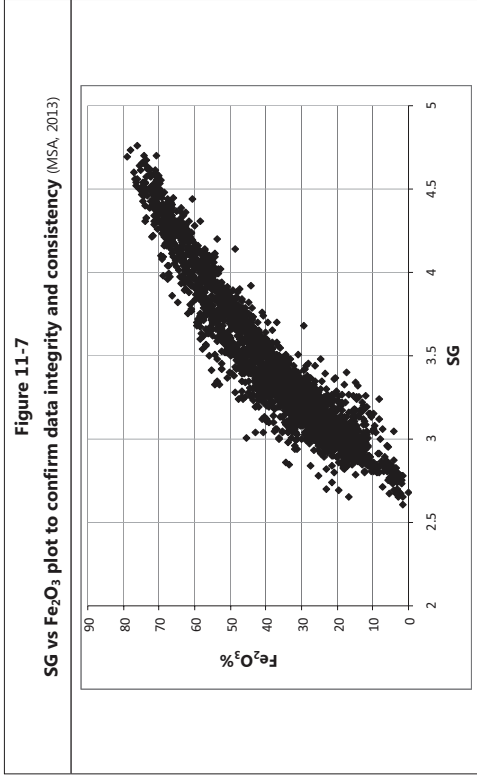
The control samples were inserted as part of a continuous sample number sequence and the laboratories were unaware which samples were QAQC samples and what their composition was. This allowed for monitoring of the sample preparation procedure as well as monitoring the accuracy and precision of analyses.

Based on industry best practice, CRMs were inserted into batches at a frequency of approximately 5% of the routine samples from 34 boreholes out of the 37 boreholes. Quartz blanks were inserted at a frequency of about 7% of the routine samples of all 37 boreholes. Coarse crushed and drill core duplicates were submitted to SPL to test the repeatability of the original assay results at a rate representing 6% of all routine samples. QAQC samples therefore constituted 18% of all samples analysed.

Additional tests were performed to query the consistency of the assay results. The Fe_2O_3 versus V_2O_5 concentrations and the Fe_2O_3 versus SG generally follow tightly constrained trends as shown in the X-Y plots in Figure 11-6 and Figure 11-7. These plots display 3067 samples from 37 boreholes with MML and P-Q Zone analyses and include assay data from the narrow Ti-magnetite layers N and O below the P-Q Zone. The results show the expected compositional patterns and a very good overall data integrity has therefore been achieved.

V₂O₅ vs Fe₂O₃ plot to confirm data integrity



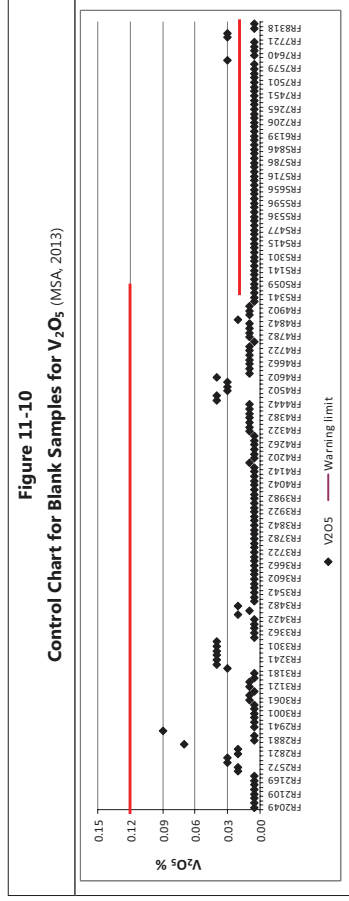
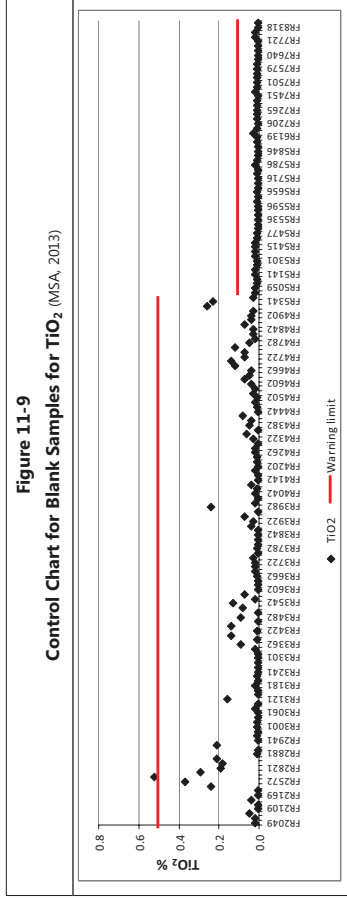
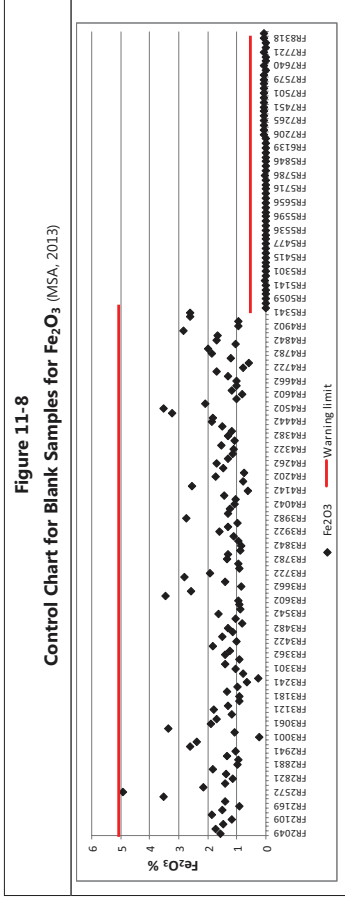


CRM, blank and duplicate sample compositions were plotted to evaluate the acceptability of the individual batches. Failures did occur, mostly relating to errors in the reporting of SG values and five cases of sample number switches were suspected. On request by MSA, SPL examined the anomalous assays and re-analysed the failed samples. All suspected sample switches and SG failures were confirmed and the re-determined SG and re-assay results produced acceptable values. The sample switches and SG failures were restricted to specific samples and a re-analysis of samples before and after the failures was therefore not required. No further action was taken or required.

As an additional QAQC measure, BML has adopted a set of documented standard operating procedures ("SOP"). These protocols cover all aspects of the exploration programme and are designed to ensure best practice and, ultimately, integrity of data. The specifics of the assay QAQC programme are discussed below.

11.6.1 Blanks

A total of 176 blank samples were submitted to monitor inadvertent or voluntary contamination of samples. Non-certified washed river sand was used for 115 blank samples during 2010 and 2011 and 61 AMIS108 certified blanks were inserted in the 2012 drilling campaign. The results for Fe_2O_3 , TiO_2 and V_2O_5 are plotted in control charts. Based on an assumed background value of 1% Fe_2O_3 and a warning limit of 5% Fe_2O_3 , all non-certified blanks and all 61 certified blanks pass the tests (Figure 11-8). TiO_2 and V_2O_5 have assumed background values of approximately 0.1% and 0.04% and a warning limit of 0.5% TiO_2 and 0.2% V_2O_5 respectively. Figure 11-9 shows that all certified blanks and all but one analysis from a non-certified blank are below the warning limits for TiO_2 . Figure 11-10 illustrates that all non-certified blanks and all but three of the certified blanks fall below the warning limits for V_2O_5 .



11.6.2 Duplicates

Field duplicates taken during the 2010 and 2011 sampling campaign were created by the splitting of excess coarse-crushed drill core material and quartered drillhole core. Field duplicates during 2012 were created by the splitting of excess pulp material which was re-bagged and re-submitted with new sample numbers to SPL. A total of 185 duplicate samples were submitted and analysed by SPL as four individual batches rather than inserted into the normal sample stream. The objective of the duplicate samples is to monitor sample preparation and analytical precision.

Results for field duplicate sample pairs are shown in Figure 11-11 to Figure 11-14 for Fe₂O₃, TiO₂, V₂O₅ and P₂O₅ by XRF analyses. The duplicate-original sample pairs are generally within the ±10% limits, with a square of the correlation coefficient of 0.9941 for Fe₂O₃, 0.9311 for TiO₂, 0.9925 for V₂O₅ and 0.9314 for P₂O₅. Good reproducibility of Fe₂O₃ and V₂O₅ results was thus achieved by SPL for XRF analyses.

TiO₂ shows a systematic negative bias (under-reporting) in the repeat analyses at concentrations between 0% and 14% TiO₂ when compared to the original analyses (Figure 11-12). SPL confirmed in writing that the calibration setting on the XRF was changed in May 2012 which is causing the discrepancies in element concentration between batches analysed before and after this date. SPL could not clarify which of the two sets of analyses are more accurate and because the difference only exceeds 20% below values of about 7% TiO₂ no further action was taken. TiO₂ concentrations below 7% will have to be verified as part of the metallurgical test work.

P₂O₅ in Figure 11-14 shows a generally good level of analytical precision except for several samples at low concentration levels. Repeat analyses reported P₂O₅ values of up to 0.1% while the original results were below the detection limit of 0.02% P₂O₅. The slight scatter at moderate Fe₂O₃ and at low V₂O₅ and P₂O₅ concentrations are not considered to be material.

Figure 11-12
Scatter Plot of 185 Field Duplicate Sample Pairs for TiO₂ (MSA, 2013)

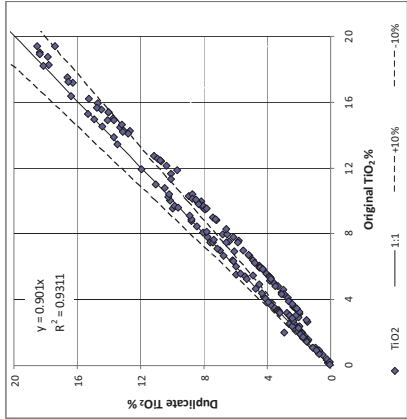


Figure 11-13
Scatter Plot of 185 Field Duplicate Sample Pairs for V₂O₅ (MSA, 2013)

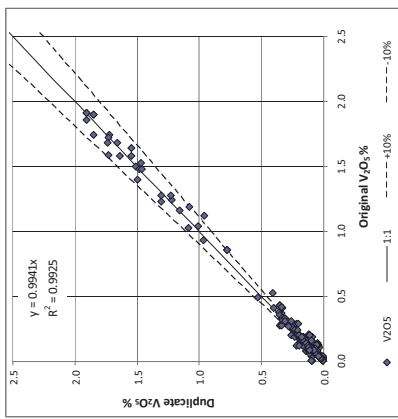
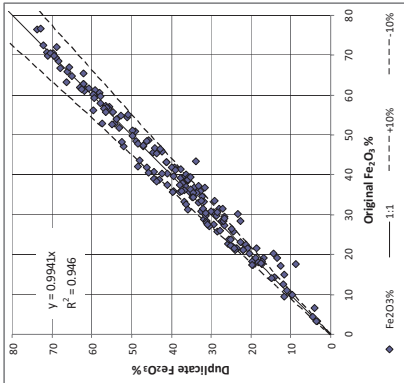
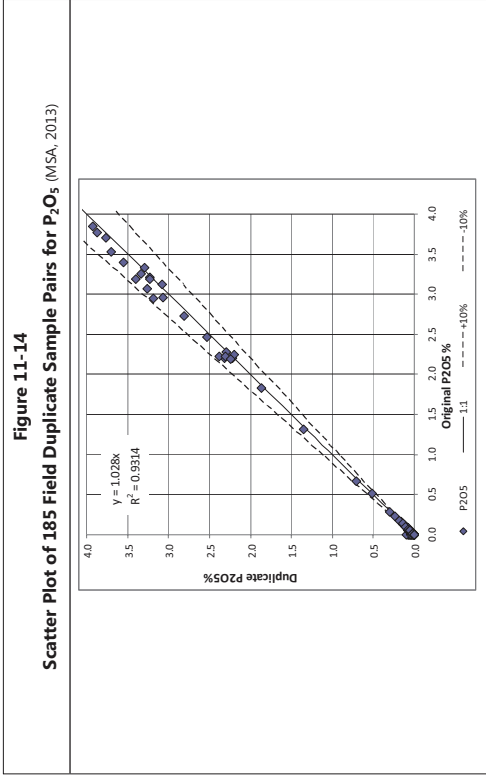


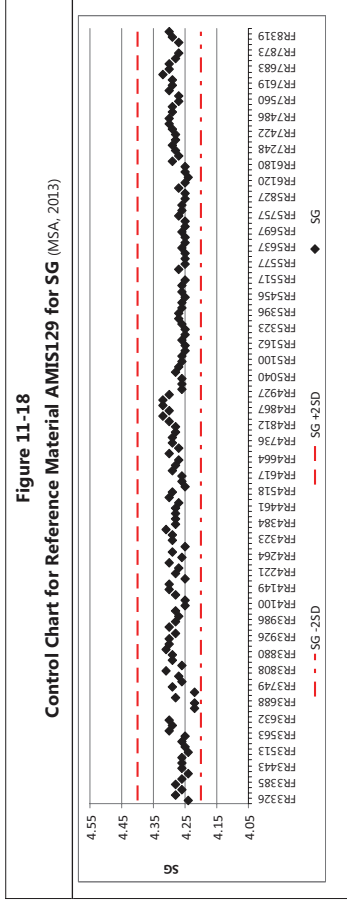
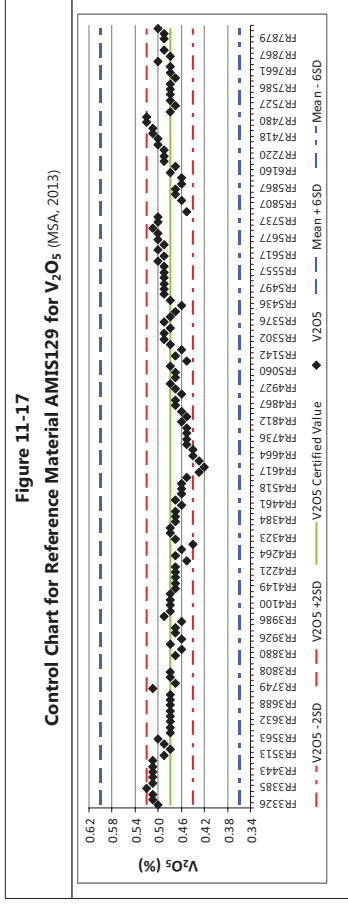
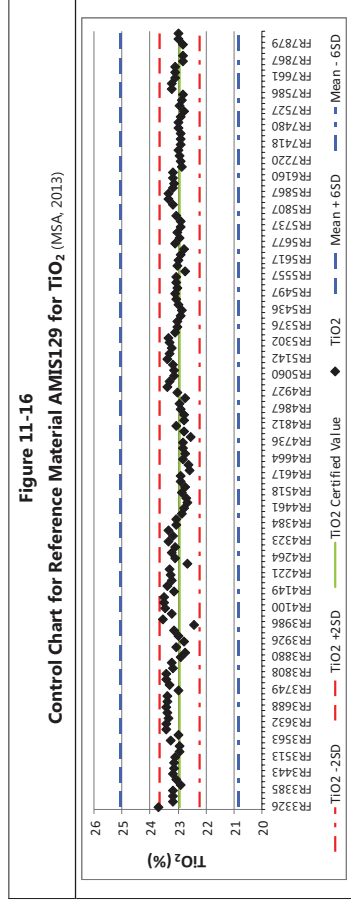
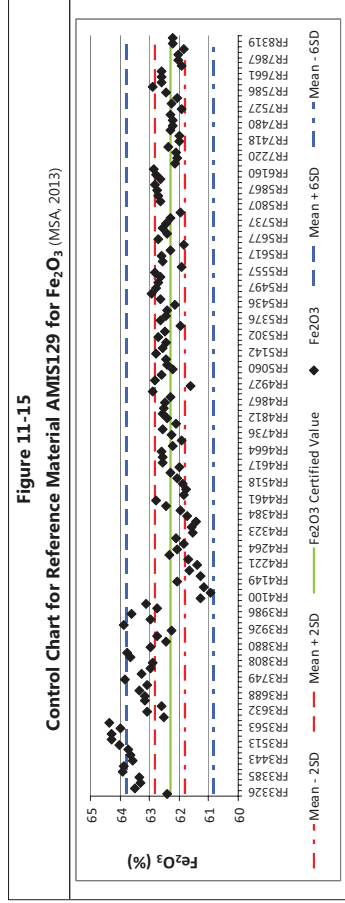
Figure 11-11
Scatter Plot of 185 Field Duplicate Sample Pairs for Fe₂O₃ (MSA, 2013)





11.6.3 Standards

African Mineral Standards (AMIS) in Johannesburg, South Africa manufactures AMIS129 which was used as CRM during the 2010–2012 sampling campaign, in order to monitor the accuracy of Fe₂O₃, TiO₂, V₂O₅ in the laboratory. The performance of 140 randomly inserted AMIS129 is shown in the control charts for Fe₂O₃, TiO₂, V₂O₅ and SG in Figure 11-15 to Figure 11-18. Results indicate that the analytical accuracy for TiO₂, V₂O₅ and SG is almost exclusively within 2 standard deviations. Fe₂O₃ over-reported by up to 2% Fe₂O₃ (Figure 11-15) in six batches submitted during 2011 with samples from boreholes VK7, VK8, VK10 and VK14. An under-reporting of Fe₂O₃ by up to 1.4% is observed in two batches from the 2011 assay campaign with samples from boreholes VK12 and VK13. The relatively poor accuracy for Fe₂O₃ in several batches analysed during 2011 is not considered to be material. The certified Fe₂O₃ value for AMIS129 is 62.31 ± 0.50% and the full Certificate of Analysis for AMIS129 is listed in Appendix 3.



11.6.4 Inter-Laboratory Comparison

A selection of 172 samples, representing about 5% of the samples submitted to SPL, was submitted to Genalysis in Johannesburg, South Africa during 2010 and 2011 and to SGS in Johannesburg during 2012 for umpire analyses. The objective of this exercise was a check on the primary laboratory, SPL, for the elements Fe₂O₃, TiO₂, V₂O₅, P₂O₅, Al₂O₃, SiO₂, CaO, MgO, S and specific gravity ("SG"). SGS and Genalysis Johannesburg are independent commercial laboratories and accredited in accordance with ISO/IEC 17025:2005, but full accreditation for the XRF analytical method is still pending for the Genalysis Johannesburg laboratory.

Genalysis and SGS used lithium borate fusion followed by standard XRF analyses. Genalysis reports wider ranges for several elements (Table 11-2) compared to the accredited ranges of SPL (Table 11-1) and SGS (Table 11-3).

Table 11-2 Genalysis Laboratory details for the various analytical methods				
Element	Method Code	Description	Detection Limit	Quoted Range
Fe ₂ O ₃	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
V ₂ O ₅	FB1/XRF10	XRF fused disk	0.005%	0.005 – 10%
TiO ₂	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
SiO ₂	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
Al ₂ O ₃	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
CaO	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
MgO	FB1/XRF10	XRF fused disk	0.01%	0.01 – 100%
P ₂ O ₅	FB1/XRF10	XRF fused disk	0.002%	0.002 – 100%
S	FB1/XRF10	XRF fused disk	0.001%	0.001 – 40%
SG	SG/PYCN	Gas pycnometer		Accredited

Note: Accreditation for XRF method and range of individual element concentrations are still pending

Table 11-3 SGS Laboratory accreditation details for the various analytical methods				
Element	Method Code	Description	Detection Limit	Quoted Range
Fe ₂ O ₃	XRF79C	XRF fused disk	0.01%	0.01 – 100%
V ₂ O ₅	XRF79C	XRF fused disk	0.01%	0.01 – 100%
TiO ₂	XRF79C	XRF fused disk	0.01%	0.01 – 100%
SiO ₂	XRF79C	XRF fused disk	0.05%	0.05 – 100%
Al ₂ O ₃	XRF79C	XRF fused disk	0.05%	0.05 – 100%
CaO	XRF79C	XRF fused disk	0.01%	0.01 – 100%
MgO	XRF79C	XRF fused disk	0.05%	0.05 – 100%
P ₂ O ₅	XRF79C	XRF fused disk	0.01%	0.01 – 10%
Cu	XRF75G	XRF pressed pellet	10 ppm	10 – 5,000 ppm
Ni	XRF75G	XRF pressed pellet	10 ppm	10 – 5,000 ppm
S	CSA06V	Leco	0.01%	0.01 – 100%
SG	PHY03V	Gas pycnometer		Accredited

A total of 172 samples excluding CRMs and blanks were analysed by Genalysis (2010-2011) and SGS (2012) by XRF and the SG for each sample was determined by gas pycnometry. The results between the primary and umpire laboratories agree closely for Fe₂O₃ (coefficient of correlation, with R² of 0.9647) for TiO₂ (R² of 0.975), for V₂O₅ (R² of 0.966), for P₂O₅ (R² of 0.999) and SG (R² of 0.998) and are shown in Figure 11-19 to Figure 11-23. The majority of the results lie within ±10% of a 1:1 line.

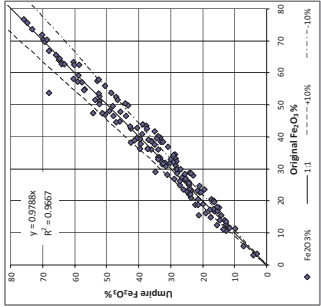
Suspect results for two sample pairs were excluded from the scatter plots because it was not possible to establish whether the sample material was swapped by BML or by the primary or umpire laboratories. Results reported in 2011 by the umpire lab (Genalysis) for a batch of 151 samples were rejected by MSA due to apparent sample switches during the preparation of fusion disks. The entire batch was re-analysed on newly prepared fusion disks and the revised results are included in Figure 11-19 to Figure 11-23.

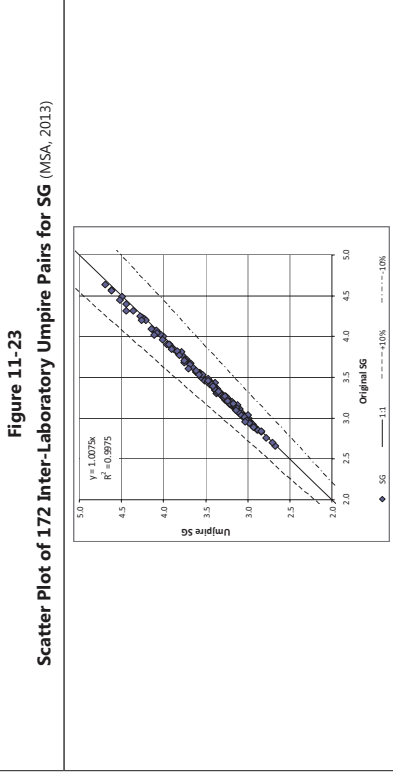
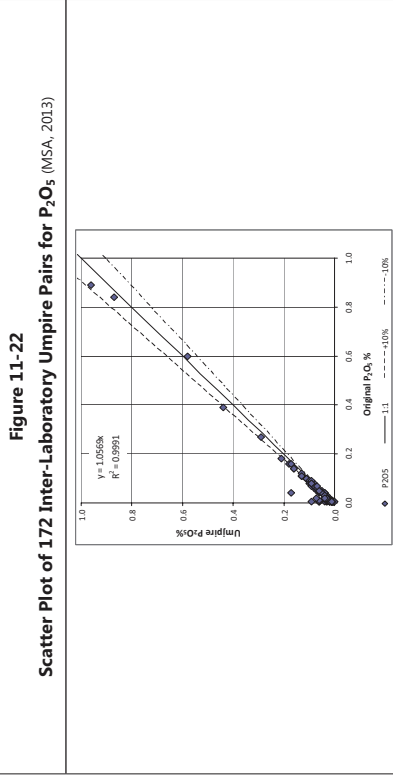
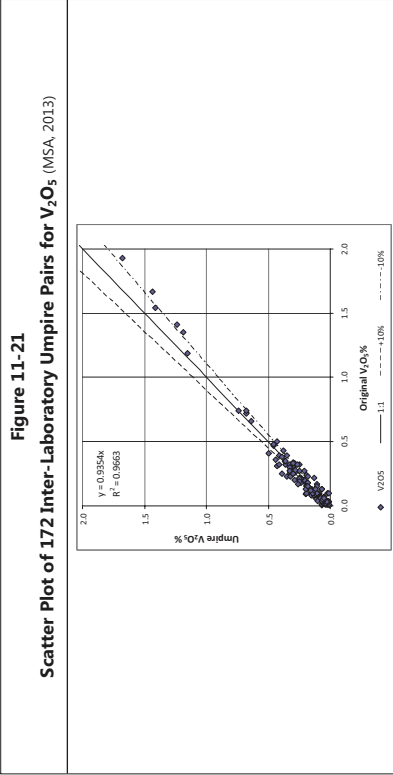
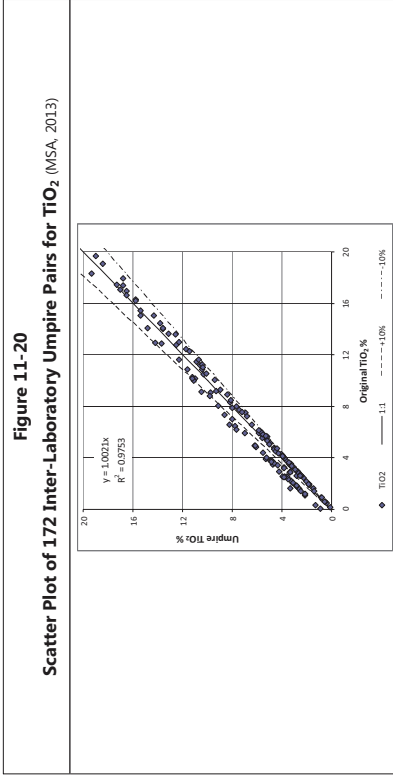
TiO₂ shows two opposing trends (Figure 11-12): the sample pairs from 2010 and 2011 display a systematic negative bias (under-reporting and below the 1:1 line) by the umpire lab (Genalysis) while the 2012 sample pairs (SPL vs SGS) fall above the 1:1 line at concentrations between 0% and 14% TiO₂. SPL confirmed in writing that the calibration setting on the XRF was changed in May 2012 which is most likely causing the discrepancies in TiO₂ concentration between SPL and SGS. Similar discrepancies for TiO₂ were observed in the field duplicates carried out by SPL.

A noteworthy feature is the slight but systematic over-reporting by SPL compared to both umpire laboratories for V₂O₅ concentrations above 0.5% (Figure 11-21). No higher grade certified reference material with a similar matrix to the vanadiferous Ti-magnetite samples is available and it is therefore not possible to determine which of the two laboratories reported accurate results. In order to monitor the range from 0.5% to 2.0% V₂O₅, it is recommended that BML creates an in-house standard from V-enriched MML material and analyses the latter sample by various laboratories and analytical techniques. This has been done successfully on other projects where similar V-rich Ti-magnetite material was analysed. The differences at high V₂O₅ values and the scatter of V₂O₅ and P₂O₅ at low concentrations are not considered to be material.

Figure 11-19

Scatter Plot of 172 Inter-Laboratory Umpire Pairs for Fe₂O₃ (MSA, 2013)





11.7 Adequacy of Sample Preparation, Security and Analytical Procedures

All aspects of core handling, marking, logging, cutting, bagging, labelling and submission to SPL's sample preparation facilities at Mokopane are covered by well-designed protocols to ensure that all routine activities are conducted with maximum consistency.

The current procedure to sample thin lithological layers resulted in very variable sample lengths (0.25 cm to 1 m) and it is suggested that a standard sample length of one metre is adopted for future sampling. Discretion can be used when sampling the MML and the P-Q Layers but the considerable thickness of these well-mineralised layers can be adequately sampled with one metre intervals, while honouring the lithological contacts. The generally VTM-poor parting between the MAG3 and MAG4 of the MML and the VTM-poor interval within the P-Q package could be sampled at two metre intervals.

Drillhole core handling and storage as well as core sampling and excess pulp storage are all conducted in a safe and secure manner. A point of concern is that the pulps and coarse rejects from the 2010 drilling were discarded, but BML has since undertaken to store all excess sample material at their Mokopane premises.

The analytical results from the primary and the umpire laboratories agree reasonably well and therefore validate the element concentrations and SGs obtained from the primary laboratory.

MSA is of the opinion that the sampling and analytical procedures and number of QAQC samples inserted into the sample stream are appropriate for the type of the deposit and for the analytical technique used. The majority of the CRMs and all quartz blanks show acceptable performance for Fe₂O₃, TiO₂ and V₂O₅ over the period of the sampling campaign and most field duplicate samples reported to within 10% of x=y slope on a scatter plot. The discrepancy for TiO₂ in the duplicate and umpire samples has been caused by a change by SPL in the calibration setting on the XRF. TiO₂ values below 7% will need to be verified as part of the planned met work.

Based on these results, it is concluded that the sampling and assay data from the drilling campaigns are acceptable for use in a Mineral Resource estimate.

DATA VERIFICATION

Verification activities were conducted at the MSA office and during two site visits to the Mokopane Project between 2011 and 2012 and included:

- Inspection of the drilling programme
- Review of core handling and core sampling procedures
- Review of borehole data collection protocols and QA/QC systems
- Checks of the database against the original borehole logs
- Checks of database against original Assay Certificates
- Examination of database used for Mineral Resource estimation

MSA undertook audits on the database and all identified errors were addressed by BML's database manager. The integrity of the Maxwell DataShed database has been declared as an accurate representation of the original data collected.

The assay database displays industry standard levels of precision and accuracy through the adoption of a stringent QA/QC program and therefore meets the requirements for use in Mineral Resource estimation. TiO_2 values below 7% are not common in the targeted mineralisation but the observed discrepancies between the primary and umpire labs should nevertheless be verified and validated as part of the planned metallurgical test work.

MSA has verified the data disclosed in this report that applies to logging and sampling methodologies, sample preparation, analytical methods and QA/QC methodologies implemented by BML.

Overall it is concluded that all exploration activities have been conducted and recorded in an appropriate manner and that all analytical issues have been identified and suitable remedial action taken. Industry standard practices have been followed and the quality of the database meets JORC Code standards and best practice guidelines.

MINERAL PROCESSING AND METALLURGICAL TESTING

A metallurgical testwork programme was undertaken by Mr. Jan Rabe (Senior Process Engineer at PESCO) on behalf of BML during 2012-2013 that focussed on both extractive metallurgy and pyro-metallurgy. Extractive metallurgical studies (to evaluate potential concentrate grades and titanomagnetite recoveries) were undertaken at SGS Laboratories ("SGS") in Johannesburg, South Africa, and were guided by the mineral resource model. Pyro-metallurgical studies (to test the potential for pre-reduction of concentrate products, as well as evaluate metal and slag compositions), have been undertaken at Mintek ("Mintek") in Johannesburg, South Africa, on magnetite products produced at SGS Laboratories.

13.1 Extractive Metallurgy

Of the five mineralised stratigraphic units identified within the P-Q Zone (PFWDISS, PMAG, Q1, Q2 and Q3), the Q2 and Q3 units make up the bulk of the mineral resource, are the thickest and most consistent zones of mineralisation and have the lowest sulphur contents. Hence, metallurgical testwork was focused on these two units. The Q2 unit is the highest-grade layer in the deposit, and consists largely of massive Ti-magnetite, with gangue minerals generally found in discrete bands. In contrast, the Q3 zone has a lower grade, and the Ti-magnetite and gangue minerals are intergrown, forming a disseminated style of mineralisation. Hence, extractive metallurgy has been done on two distinct types – Massive Ti-magnetite (Q2 unit) and Disseminated Ti-magnetite (Q3 unit).

The mineralisation dips at an angle of approximately 20° W, hence both the massive and disseminated zones subcrop beneath soil close to the surface. Material occurring closer to the surface has been subjected to weathering, with associated alteration to the textural properties. Additional extractive tests have been carried out on both disseminated and massive mineralisation in the weathered zone. The borehole intersections sampled for the metallurgical testwork programme are summarised in the Table 13-1:

Table 13-1
Boreholes sampled for the metallurgical testwork programme (Rabe, 2013)

WEATHERED MINERALISATION				
Borehole	Disseminated sample		Massive sample	
	From (m)	To (m)	From (m)	To (m)
VKW24	-	-	3.5	15
VKW25	3	8	-	-
VKW27	3	9	-	-
VKW28	19	21	-	-
UNWEATHERED MINERALISATION				
Borehole	Disseminated sample		Massive sample	
	From (m)	To (m)	From (m)	To (m)
VK08	59.70	70.56	70.56	81.00
VK06	110.00	126.50	126.50	136.74
VK10	111.35	127.26	127.26	137.15
VK14	77.50	88.96	88.96	100.38

All samples were subjected to Davis Tube tests to determine concentrate grades and iron and titanium recoveries. Owing to the relatively low grades of vanadium in the samples, vanadium recoveries are imprecise and have not been reported. For all Davis Tube tests, five top sizes were used; 80% passing 500 µm, 212 µm, 106 µm, 75 µm, 53 µm and 38 µm. Of these, the 80% passing 500 µm was determined to be the optimal size, as grinding to smaller sizes yielded no benefit with regards to product grade during testing.

For the 80% passing 500 µm size fraction, massive samples (both fresh and weathered) gave iron recoveries of >85%, with product grades shown in Table 13-2:

Table 13-2 Product grades for massive Ti-magnetite at a 80% <500 µm grind (Rabe, 2013)											
MASSIVE SAMPLE											
	Fe ^T	TiO ₂	V ₂ O ₅	SiO ₂	Al ₂ O ₃	CaO	MgO	Na ₂ O	P ₂ O ₅		
	%	%	%	%	%	%	%	%	%	%	%
Fresh	54.76	18.50	0.39	1.17	2.80	0.11	0.97	0.08	<0.01		
Weathered	53.00	19.40	0.11	2.09	2.90	0.15	0.71	0.05	0.00		

For the 80% passing 500 µm size fraction, disseminated samples (both fresh and weathered) gave iron recoveries of >60%, with product grades shown in Table 13-3

Table 13-3 Product grades for disseminated Ti-magnetite at a 80% <500 µm grind (Rabe, 2013)											
DISSEMINATED SAMPLE											
	Fe ^T	TiO ₂	V ₂ O ₅	SiO ₂	Al ₂ O ₃	CaO	MgO	Na ₂ O	P ₂ O ₅		
	%	%	%	%	%	%	%	%	%	%	%
Fresh	55.11	17.80	0.25	1.78	2.87	0.19	0.84	0.09	<0.01		
Weathered	51.50	17.40	0.20	4.63	3.81	0.73	0.92	0.17	0.01		

These results show that although iron recoveries are lower for the disseminated zone (possible owing to the fact that there may be more silicate-hosted iron present in pyroxenes within this zone), grades of between 51% and 55% Fe^T are possible in the products produced.

In addition, the sample of the massive fresh material was crushed to sizes of -6mm and -12 mm, and the sub 1 mm fractions were screened out. These samples underwent Heavy Liquid Separation ("HLS") tests at densities of 2.96 t/m³ and 3.6 t/m³ using combinations of tetra-bromo-ethane ("TBE") and Ferrosilicon ("FeSi"). This test produced the following samples:

- Material with SG higher than 3.6 t/m³
- Material with SG between 2.95 t/m³ and 3.6 t/m³
- Material with SG lower than 2.95 t/m³

The floats and sinks of each fraction were then dried, weighed and sub-sampled, with the sub-sample pulverised and submitted for analysis. HLS tests were used to assess the suitability of the mineralisation to processing by DMS, a separation process based on the difference in density of gangue (silicates) and valuable mineral particles (titanomagnetite) respectively.

The HLS tests show that for both a 6 mm and 12 mm topsize, iron recoveries exceed 85 %, and the difference between the 12 mm and 6 mm topsizes' behaviour when separated by HLS is fairly small, with a grade benefit of roughly one percent at the 6 mm topsize compared to the 12 mm topsize. Based on these results DMS appears to have a high potential to produce an acceptable product grade at a fairly coarse top size, or to form a pre-concentration stage in the Ti-magnetite recovery process.

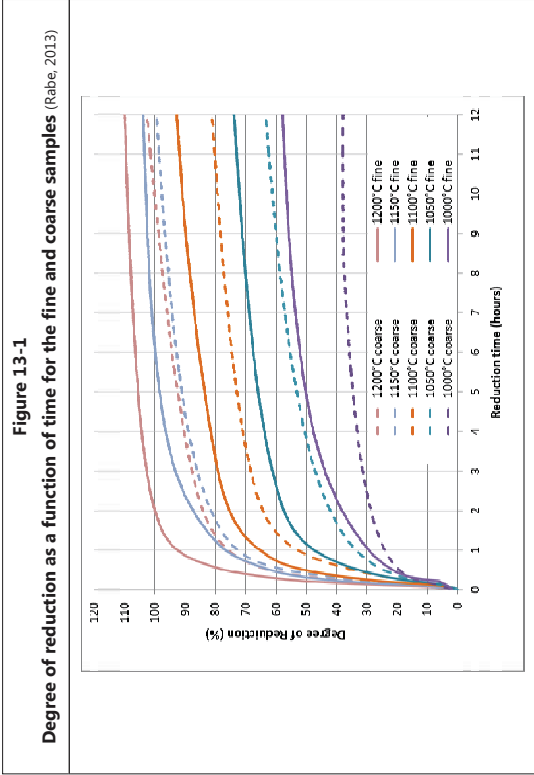
Table 13-4 HLS test results for 12>1 mm and 6>1 mm samples (Rabe, 2013)											
TOP SIZE	Fe	TiO ₂	SiO ₂	Al ₂ O ₃	CaO	MgO					
	%	%	%	%	%	%					
PRODUCT GRADES (@ 3.6 t/m ³)											
12 mm	48.9	18.5	5.9	3.3	0.96	1.73					
6 mm	50.1	19.0	4.7	2.9	0.75	1.65					
PRODUCT RECOVERIES (3.6 t/m ³)											
12 mm	89	92	35	42	32	60					
6 mm	86	89	28	37	24	55					

The extractive metallurgy results show that for massive mineralisation, significant upgrading of the iron grade could be achieved at a fairly coarse top size though DMS. The DMS product may be an acceptable saleable product, or could form the feed to further processing (i.e. magnetic separation). For both massive and disseminated ores, further upgrading to concentrate grades of 51-55% Fe (with a lowering of SiO₂ to <2%) can be achieved through magnetic separation on both the weathered and unweathered material

13.2 Pyro-metallurgy

BML approached Mintek to undertake pre-reduction tests on Ti-magnetite concentrate samples from the P-Q Zone. This involves low temperature (solid state) reduction to produce a metallised product without melting the ore. Tests were run at temperatures of 1,000 °C, 1,050 °C, 1,100 °C, 1,150 °C and 1,200°C on each of the samples, and the degree of reduction ("DOR") was calculated by comparing actual mass loss of the sample with the theoretical mass loss, assuming all iron as Ti-magnetite. Both fine (-45 µm) and coarse (-6 mm) products were tested.

The results of the pre-reduction for both the fine and coarse products show that temperatures of at least 1,150 °C are required for > 90 % reduction to take place. For the coarse concentrate, ~90% reduction occurs after ~4 hours at 1,150 °C, whilst for the fine concentrate, ~90% reduction occurs after ~2.5 hours (Figure 13-1).



14 MINERAL RESOURCE ESTIMATES

14.1 Previous Mineral Resource Estimate

14.1.1 MML

The Mineral Resource Estimate on the MML was originally undertaken on 25 November 2011. The MML was modelled as a single composite unit comprising the MAG3 and MAG4 layers and the VTM-poor parting between the MAG3 and MAG4 Layers, which have the highest Fe_2O_3 grade. Resource estimations were undertaken on the MML down to a depth of 100 m below surface, at a 40% Fe_2O_3 cut-off.

The results for the MRE from November 2011 on the farms Vliegekraal 783LR and Vriesland 781LR are shown in Table 14-1 for the Inferred Mineral Resources.

Table 14-1 MML Inferred Mineral Resources, <100 m deep, as at 25 November 2011										
Cut off $\text{Fe}_2\text{O}_3\%$	Tonnes million	SG g/cm^3	Fe %	Fe_2O_3 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	P_2O_5 %	
40	66.21	3.83	37.1	53.1	9.2	1.24	17.9	11.1	0.01	

Note: No geological losses applied

14.1.2 P-Q Zone

The Mineral Resource Estimate on the P-Q Zone was originally undertaken on 25 November 2011. The P-Q Zone was modelled as a single composite unit comprising the semi-massive to massive P and Q Layers, the VTM-poor parting between these two layers and the footwall of the P and hangingwall to the Q Layers, which have variable VTM concentrations and were modelled at a 35% Fe_2O_3 cut-off to a depth of 400 m below surface.

The results for the P-Q Zone from November 2011 on the farm Vliegekraal 783LR are shown in Table 14-2 and Table 14-3 for Indicated and Inferred Mineral Resources.

Table 14-2 P-Q Zone Indicated Mineral Resources, <200 m deep at 35% Fe_2O_3 cut-off, as at 25 Nov 2011										
Cut Off $\text{Fe}_2\text{O}_3\%$	Tonnes million	SG	Fe %	Fe_2O_3 %	P_2O_5 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	
35	260.20	3.70	32.4	46.3	0.05	11.3	0.18	24.4	10.2	

Note: No geological losses applied

Table 14-3 P-Q Zone Inferred Mineral Resources, <400 m deep at 35% Fe_2O_3 cut-off, as at 25 Nov 2011										
Cut Off $\text{Fe}_2\text{O}_3\%$	Tonnes million	SG	Fe %	Fe_2O_3 %	P_2O_5 %	TiO_2 %	V_2O_5 %	SiO_2 %	Al_2O_3 %	
35	307.23	3.75	31.9	45.7	0.05	11.5	0.19	23.4	10.2	

Note: No geological losses applied

A Mineral Resource update was carried out in December 2012 to include the results from five boreholes which extended the P-Q Zone northwards onto the farm Malokong 784LR and slightly southwards on Vliegekraal and provided a better definition of the P-Q Zone at depth through the drilling of three deep in-fill holes on the farm Vliegekraal. The additional drilling increased the combined Indicated and Inferred Resources by approximately 107 million tonnes. The updated Indicated and Inferred Mineral Resources for the P-Q Zone at depths of 200 m and 200 m to 400 m below surface are presented in Table 14-4 and Table 14-5, respectively.

Table 14-4												
P-Q Zone Indicated Mineral Resources, <200 m deep at 35% Fe ₂ O ₃ cut-off, as at 3 Dec 2012												
Cut Off Fe ₂ O ₃ %	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
35	350.01	3.65	31.2	44.6	109.06	9.8	0.18	27.2	10.7	0.07	0.54	

Note: No geological losses applied

Table 14-5												
P-Q Zone Inferred Mineral Resources, 200 to 400 m deep at 35% Fe ₂ O ₃ cut-off, as at 3 Dec 2012												
Cut Off Fe ₂ O ₃ %	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
35	324.62	3.59	30.4	43.5	98.58	9.2	0.16	26.6	11.3	0.06	0.56	

Note: No geological losses applied

14.1.3 N-Q Zone

The MRE for the P-Q Zone from 3 December 2012, which was updated with the additional on-strike and in-fill holes, was revised in February 2013 to include the stratigraphic interval with the two narrow Ti-magnetite layers N and O below the P-Q Zone. Most importantly, the newly defined N-Q Zone was sub-divided into 10 individual stratigraphic units or layers, based on BML's detailed petrographic studies and logging.

The 10 layers (NMAG to Q3), comprising the N-Q Zone, were modelled individually and reported in an updated MRE, dated 13 February 2013. The results for the latter MRE on the farms Vliegekraal 783LR and Malokong 784LR are shown in Table 14-6 for the Indicated Mineral Resource while the Inferred Mineral Resource is shown in Table 14-7.

A cut-off grade of 35% Fe₂O₃ was applied. Portions of the PFWDISS and OMAG layer block model estimates are below 35% Fe₂O₃ and therefore areas of below cut-off grade occur. All of the block estimates for the massive to semi-massive magnetite layers (Q3, Q2, Q1, PMAG, NMAG) are greater than 40% Fe₂O₃ and therefore no mineralisation is below the cut-off grade in these layers. All of the PQPART, PQFW and OFW layer block model estimates are less than 35% Fe₂O₃ and are therefore not reported as mineral resources.

Table 14-6

N-Q Layers Indicated Mineral Resources, <200 m deep, as at 12 February 2013

Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
Q3	157.15	3.62	31.5	45.0	49.44	9.5	0.11	26.7	10.0	0.07	0.60
Q2	89.19	4.07	42.1	60.2	37.52	15.3	0.27	12.8	6.8	0.02	0.54
Q1	24.87	3.68	33.2	47.5	8.26	11.5	0.29	21.3	9.9	0.03	0.51
PMAG	40.14	3.66	32.0	45.8	12.85	10.3	0.28	22.0	10.9	0.04	0.94
PFWDISS*	65.72	3.42	27.3	39.0	17.92	7.6	0.22	29.7	12.9	0.03	0.47
OMAG*	1.86	4.04	37.5	53.7	0.70	11.4	0.49	17.9	7.6	0.01	0.12
NMAG	4.72	4.41	48.3	69.0	2.28	16.1	0.55	6.8	5.3	0.02	0.12

*Layer reported at a 35% Fe₂O₃ cut-off; No geological losses applied

Table 14-7

N-Q Layers Inferred Mineral Resources, 200 m to 400 m deep, as at 12 February 2013

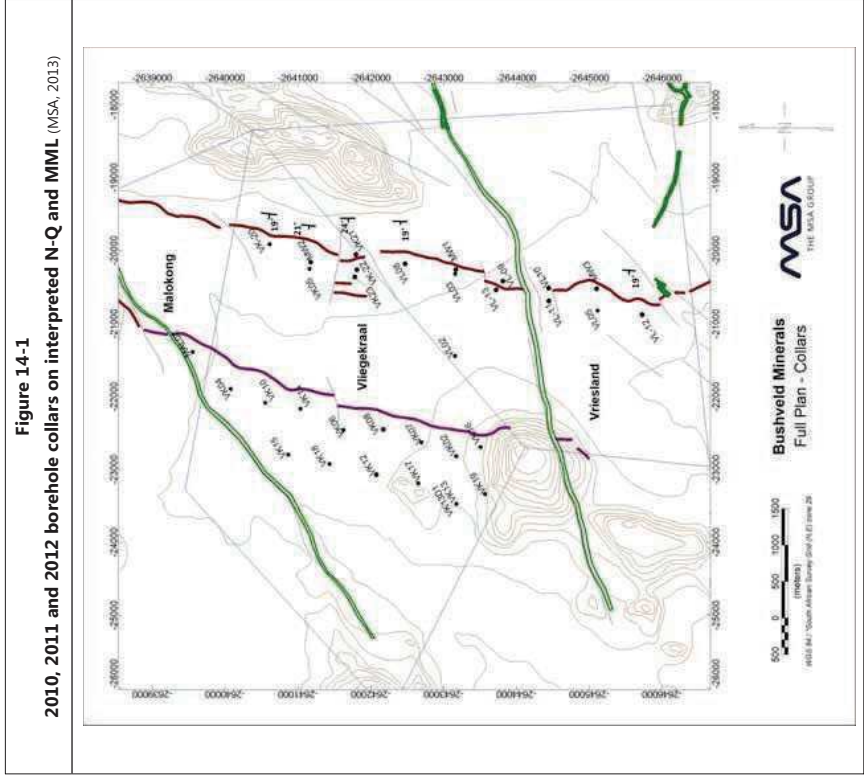
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
Q3	143.84	3.57	30.2	43.3	43.49	8.8	0.09	28.3	10.3	0.13	0.62
Q2	94.76	3.99	40.3	57.6	38.14	14.1	0.24	15.3	7.6	0.02	0.61
Q1	23.70	3.67	33.2	47.5	7.87	11.3	0.27	21.6	10.5	0.02	0.52
PMAG	38.41	3.58	30.5	43.6	11.71	9.9	0.27	23.4	11.5	0.04	0.83
PFWDISS*	73.88	3.37	26.8	38.3	19.78	6.9	0.21	30.2	12.8	0.03	0.43
OMAG*	2.04	3.80	32.9	47.1	0.67	9.7	0.40	22.5	10.1	0.02	0.11
NMAG	7.22	4.32	46.2	66.1	3.34	15.6	0.49	8.3	5.9	0.02	0.14

*Layer reported at a 35% Fe₂O₃ cut-off; No geological losses applied

14.2 Current Mineral Resource Estimate for MML

The current MRE for the MML is based on borehole data from 13 additional shallow diamond drill holes, which reduced the average spacing along strike to 600 m for the MML (Figure 14-1). This drilling assisted in increasing the confidence of the MML from Inferred to Indicated. The original four holes on the MML, drilled in 2011, are also incorporated in the MRE.

The updated MRE, like the MRE from November 2011, pertains to mineralisation contained within the MML on the farms Vliegekraal 783LR and Vriesland 781LR over the drill-confirmed strike length.

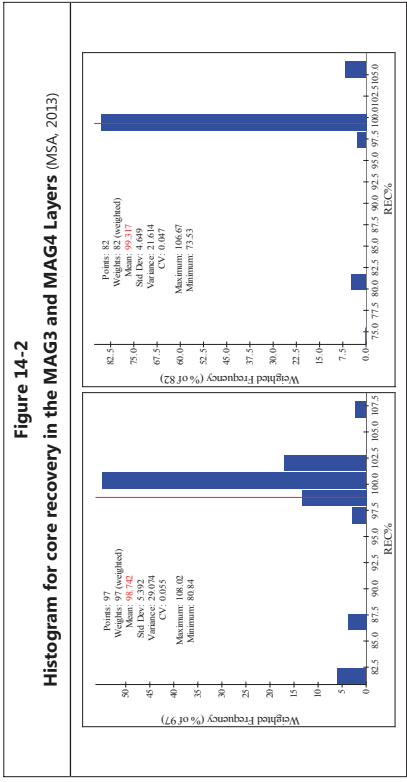


14.2.1.1 Specific Gravity

Representative specific gravity ("SG") measurements on pulp material were undertaken by gas pycnometry at the Set Point Laboratories in Johannesburg. The density measurements correlate well with the Fe2O3 assay results and therefore confirm the integrity of the SG determinations (Figure 11-7).

14.2.1.2 Core Recovery

Core recoveries within the MML were generally good and in excess of 95% (Figure 14-2).



14.2.1.3 Oxidation and weathering

Only two drillholes intersected the MML within the weathering profile and the data is therefore insufficient to calculate separate mineral resources for the weathered and unweathered portions of the MML. The depth of weathering of the MML ranges between 12 m and 30 m and was visually determined from the drillhole intersections as part of the core logging procedures.

14.2.1.4 Topography

The topography model was derived from the borehole collar elevations and topographic contours. The collar heights compare well with the available digital contours.

The depth of the overburden in the borehole intersections ranges from 3 m to 5 m and this soil horizon was excluded from the Mineral Resource estimation.

14.2.2 Geological interpretation and Mineral Resource modelling

Datamine Studio 3 software was utilised for the three-dimensional modelling. The wireframes were constructed primarily based on whole rock geochemistry and lithostratigraphy.

The MML consists of two massive to semi-massive Ti-magnetite layers separated by a parting with low concentrations of disseminated Ti-magnetite.

14.2.1 Input Database validation

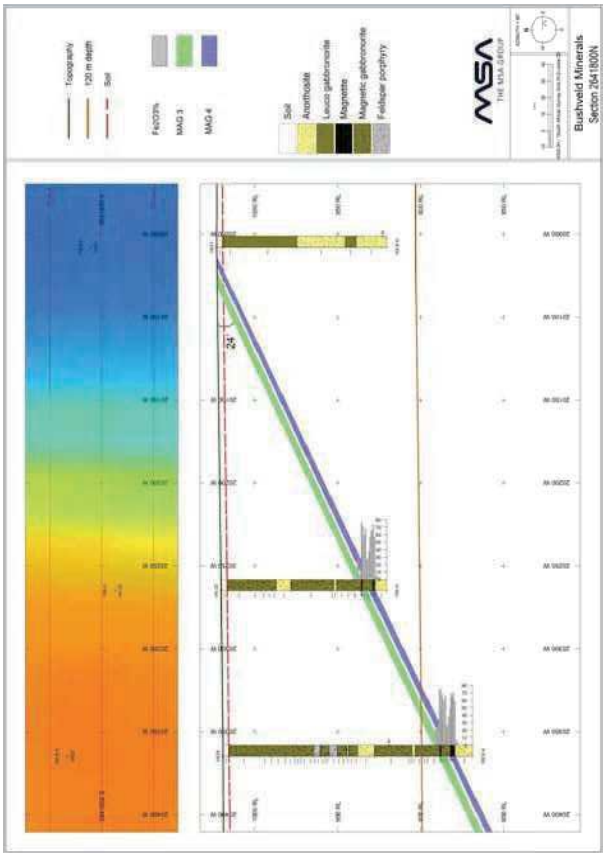
The database comprises collar, lithology, survey, sampling and assay data which were subjected to QC checks and validations. All relevant protocols and procedures are discussed in Sections 11 and 12. The input database for the MRE consists of 1,822.26 m of drillhole core including 4 drillholes from 2011 totalling 894.77 m, which were previously used for the MRE dated 25 November 2011. This amounted to a total of 227 samples representing 162.57 m of the total metres drilled.

The average sample length of the drillhole core is approximately 50 cm.

The collar coordinates of all boreholes used in the MRE were surveyed by a registered professional land surveyor using a real-time differential GPS with a base station. The coordinates and collar elevations are presented in Table 10-1 and Table 10-2.

The lithostratigraphic sub-division and correlation developed by BML was applied to define the MAG3 and MAG4 layers. The VTM-poor parting was defined by the base of the MAG3, which is usually characterised by an abrupt decrease in Fe₂O₃ content to below 35%, and by the top of the MAG4, which is accompanied by a sudden downwards increase in Fe₂O₃ content to above 60% (Figure 14-3 to Figure 14-5). The VTM-poor parting is excluded from the Mineral Resource and the MAG3 and MAG4 are modelled and reported separately.

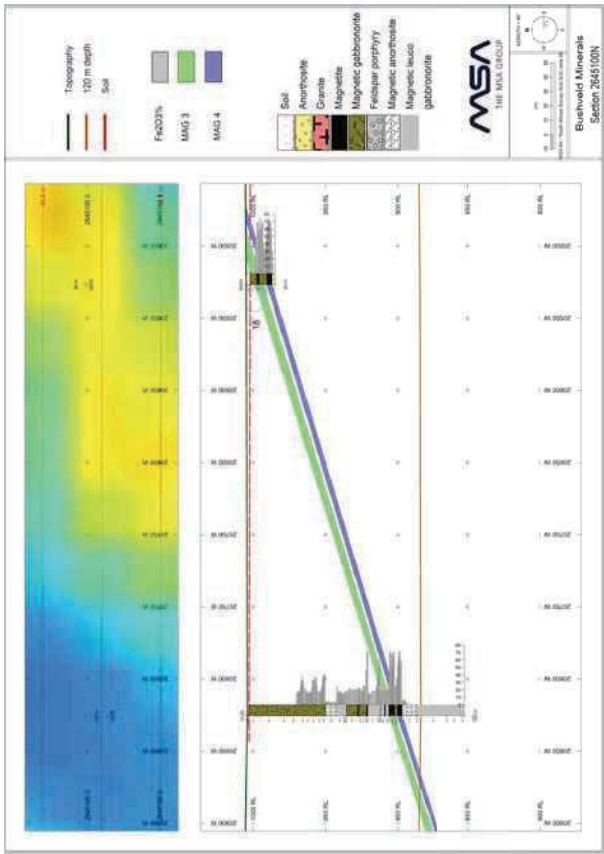
Figure 14-3
Section Line -2641800N (looking north) showing geochemical and stratigraphic profile for MML wireframes. Profile shows gridded airborne magnetics (MSA, 2013)

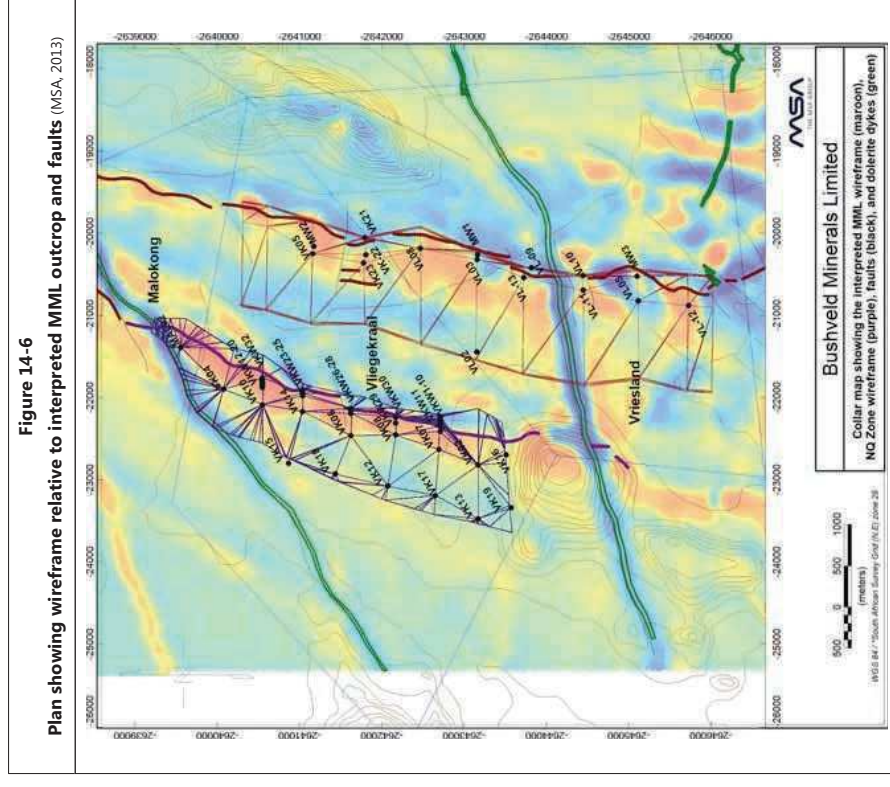
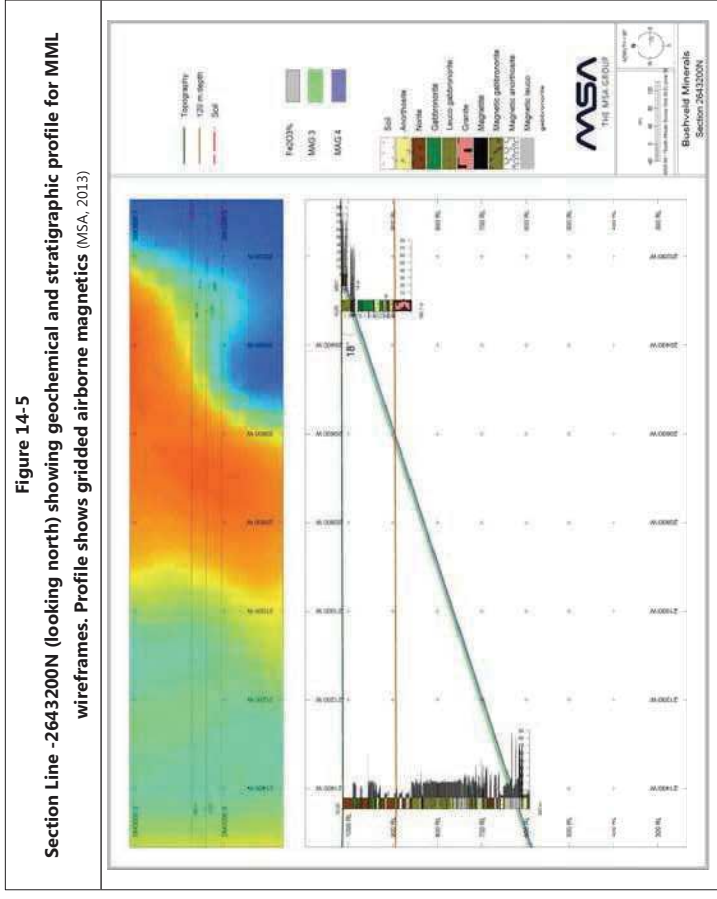


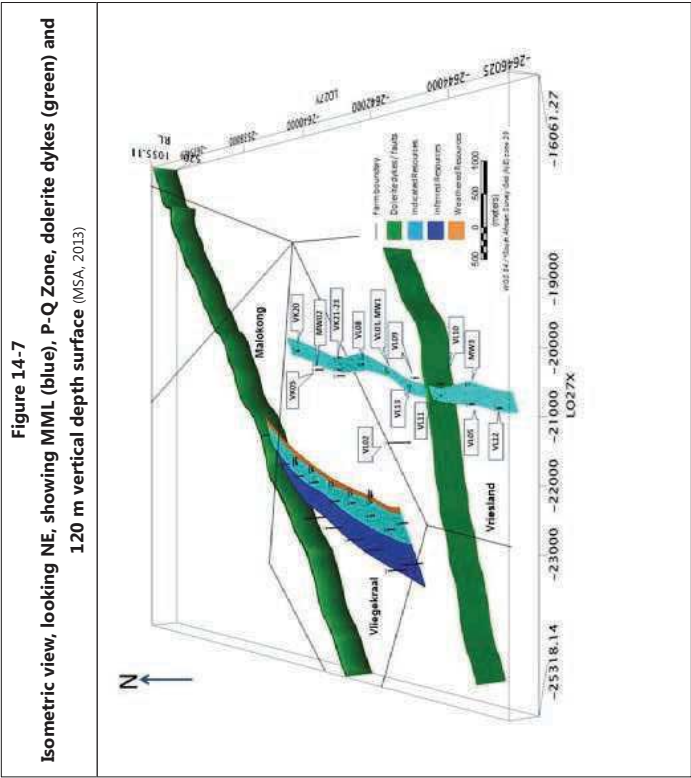
The composite MML including the parting has an average true thickness of 9.8 m. The MAG3 ranges between 2.59 m and 7.65 m and averages 4.09 m in true thickness. The MAG4 ranges between 2.48 m and 6.30 m and averages 3.59 m in true thickness. The parting ranges from 0.93 m to 4.06 m and averages 2.16 m in true thickness. The interpretation from the aeromagnetic survey correlates reasonably well with the modelled sub-crop position of the Ti-magnetite layers. These show continuity along strike with some off-sets due to possible faulting. Figure 14-3 shows section line -2641800N with a dip of 24° which is steeper than the previously inferred dip of 18° used in the November 2011 MRE. VK21 did not intersect the MML due to this change in dip. The steeper dip resulted in a decrease in tonnages compared to the mineral

resource estimated in November 2011. Figure 14-6 shows the plan view and Figure 14-7 shows isometric views of the wireframes.

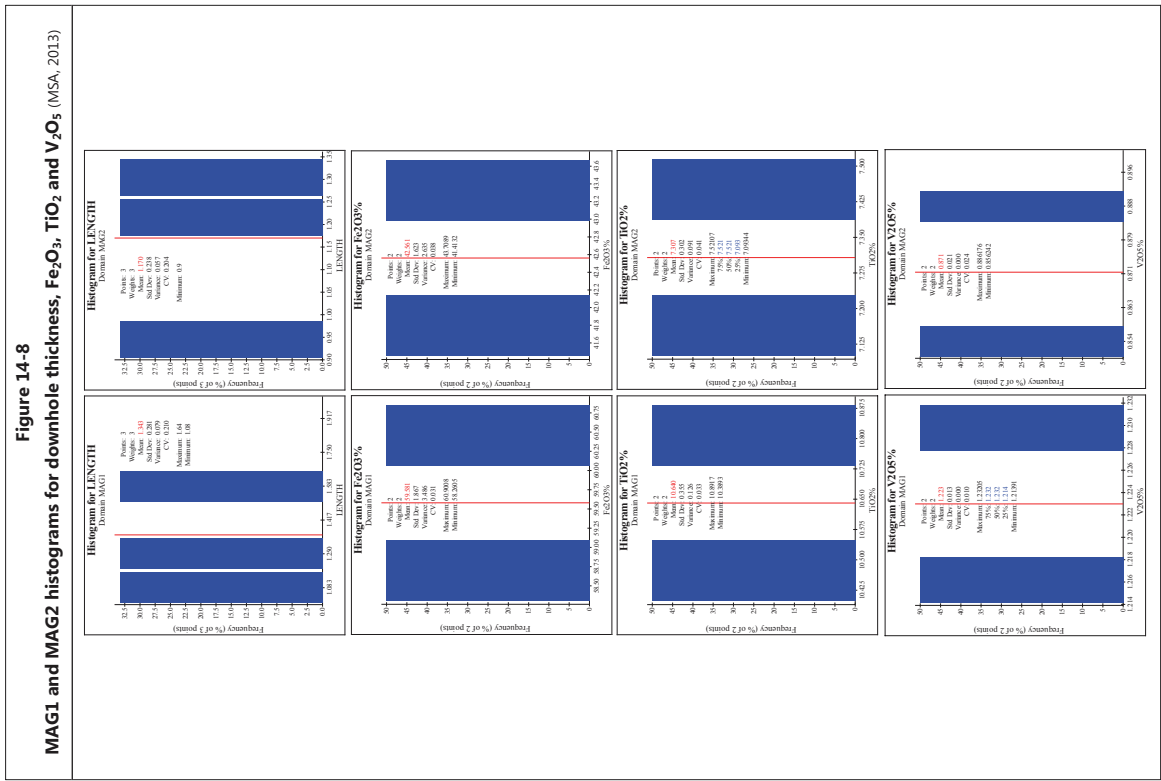
Figure 14-4
Section Line -2645100N (looking north) showing geochemical and stratigraphic profile for MML wireframes. Profile shows gridded airborne magnetics (MSA, 2013)







The MAG1 and MAG2 Ti-magnetite layers (Section 7.4.2) occur approximately 15 m and 23 m respectively above the MAG3 and could add potential tonnages in an open pit scenario when mining of the MML advances to deeper levels. The MAG1 and MAG2 were only sampled in three drillholes and are currently not sufficiently well defined for mineral resource modelling. Figure 14-8 shows the histograms for width and element concentrations for MAG1 and MAG2.



14.2.3 Block Model

The common origin for all the block models for the MML is:

- Easting (X): -22 300
- Northing (Y): -2 646 200
- Elevation (Z): 500 m above mean sea level

The block models were not rotated. The parent block model was 100 m (easting or X) by 100 m (northing or Y) by 10 m (for the Z height), the block height being in excess of the mineralisation thickness so that a single cell for each layer existed in this direction. The MAG3 and MAG4 wireframes were used to generate the block models. Sub-celling of the parent blocks was subsequently applied in the XY plane in order to achieve optimal block model fitting into the wireframes. This resulted in a minimum of 5 m (X) x 5 m (Y) and 0.2 m Z-height sub-blocks.

14.2.4 Statistical Data Analysis

14.2.4.1 Statistical Analysis

Snowden Supervisor software was utilised for the statistical analysis.

The MML was drilled at 600 m x 50 m drillhole spacing. This difference in the borehole spacing influenced the grade estimation exercise and resulted in areas of varying confidence in grade estimation.

Compositing of the drilling data was undertaken for the full intervals for the MAG3 and MAG4. Statistical data analysis per elemental constituent was undertaken on length-weighted samples. Owing to the large lateral borehole separation along strike and paucity of data, variography was not conducted for the MML.

The raw sample assays were used as the input data for the initial data analysis study. Statistics of the input data for Fe2O3 and other elements are shown as histograms in Appendix 4.

14.2.4.2 Estimation Parameters and Grade Estimation

In the absence of adequately defined variography, inverse distance weighting, to the power of 2 (IDW-2), was used for the grade estimation for all elements.

A minimum of two and a maximum of ten sample composites were utilised for the estimate for each layer. Borehole information was constrained by the wireframes, such that only borehole information from the specific layers is used for each respective layer.

A search ellipsoid was generated in order to include at least 2 drillholes at 600 m spacing in an estimate. Grades were interpolated by sample composites for the respective layers, selected within a search ellipse of 800 m by 800 m by 50 m. The search ellipse was rotated in order to match the dip and dip direction of the wireframes. This was clockwise by 10° around the Z axis (strike) and 20° around the Y axis (dip).

Due to the paucity of SG data from the 2010/2011 borehole samples, a multiplier of up to 4 was used for the search radii in order to populate all blocks with SG estimates.

14.2.4.3 Validation of Block Model Grade Distribution

Statistics on the drillhole and global block model estimate Fe2O3 grade distributions for the MML are presented below in Table 14-8. It is noted that there is good agreement between the block model values and those in the borehole database.

Histograms for block model distributions for other elements also compare well with the drillhole distributions.

Table 14-8			
Input data for Fe ₂ O ₃ in borehole intersections compared with the block model for MML			
Stratigraphic Layer	Drillholes Fe ₂ O ₃ %	Block Model Fe ₂ O ₃ %	Difference %
MAG3	64.4	65.1	1.09
MAG4	62.1	62.7	0.97
PARTING	30.2	29.9	1.00

14.2.5 Mineral Resource Classification

For bulk commodities, MSA applies a borehole spacing of 300 m or less to delineate Measured Mineral Resources, 600 m or less for Indicated Mineral Resources and greater than 600 m for Inferred Mineral Resources, assuming that there are no other complications that add to the uncertainty in the estimate.

Mineral Resources occurring at a vertical depth of greater than 120 m have lower confidence in their potential for economic extraction, in the absence of detailed mining, metallurgical and financial studies. Theoretical stripping ratios for the MML have been calculated to a depth of 120 m below surface, taking into account that the MAG1 and MAG2 layers could be extracted as they become exposed during progressive mining of the MML.

14.2.5.1 Geological Losses

A geological loss factor of 2% was applied for MML mineral resources to account for geological features such as dykes, faults and other disruptive structural elements.

14.2.6 Mineral Resource Statement

No cut-off grade was applied to the massive to semi-massive MAG3 and MAG4 Ti-magnetite layers as these contain mineralisation in excess of 40% Fe₂O₃ and can potentially be mined as individual layers. The VTM-poor parting is not considered as a mineral resource as the average Fe₂O₃ content in the parting is less than the cut-off grade of 40%, and the parting is therefore regarded as waste.

The following Indicated Mineral Resources are declared for the MML down to a vertical depth of 120 m (Table 14-9). These Mineral Resources have been prepared in accordance with the guidelines of the 2012 Edition of the JORC Code.

Table 14-9 Combined MML Indicated Mineral Resources, <120 m deep, as at 20 March 2013												
Layer Name	Thickness (m)	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
MAG3	4.09	27.50	4.08	45.5	65.1	12.51	10.0	1.50	10.6	7.8	0.01	0.01
MAG4	3.59	24.31	4.00	43.9	62.7	10.66	9.3	1.46	11.8	8.9	0.01	0.01
Total	7.68	51.81	4.04	44.7	64.0	23.17	9.7	1.48	11.2	8.3	0.01	0.01

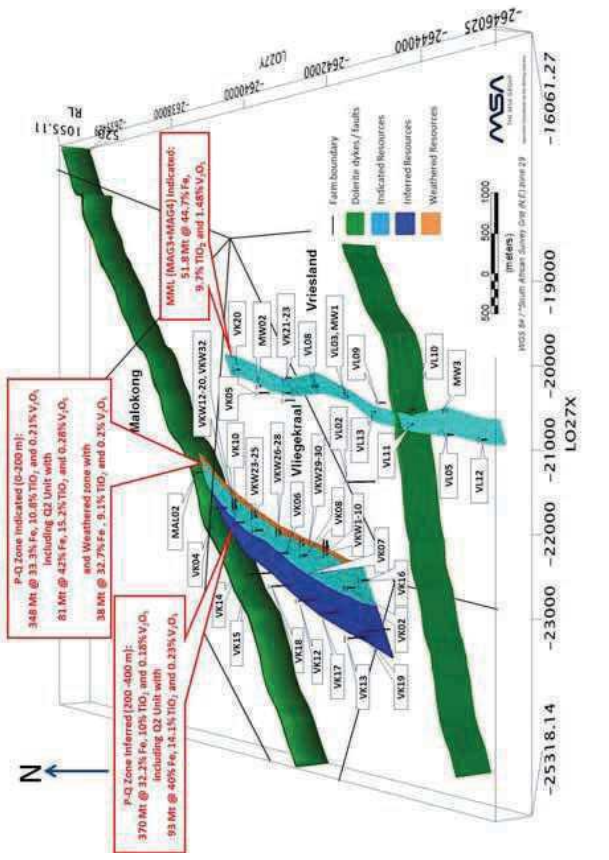
The MML parting has average Fe₂O₃ grades below 30% and can therefore not be declared a mineral resource. The following grades and tonnages were calculated for the MML parting (Table 14-10).

Table 14-10 Grades and tonnages for MML parting, <120 m deep, as at 20 March 2013											
Layer Name	Thickness (m)	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
MAG3	4.09	27.50	4.08	45.5	65.1	10.0	1.50	10.6	7.8	0.01	0.01
MAG4	3.59	24.31	4.00	43.9	62.7	9.3	1.46	11.8	8.9	0.01	0.01
Total	7.68	51.81	4.04	44.7	64.0	9.7	1.48	11.2	8.3	0.01	0.01

Figure 14-9 shows an isometric view of all drillholes for the Mokopane Project relative to the MML and N-Q Zone classification.

Figure 14-9

Isometric view showing collar positions relative to Mineral Resource classification for the MML and N-Q Zone (MSA, 2013)



14.2.7 Checklist of Assessment and Reporting Criteria

Criteria for assessing the validity of data used in the mineral resource estimation are presented in Table 14-3 and include the relevant aspects of Table 1 of the JORC code, 2012 Edition.

Table 14-3 Check list of assessment and reporting criteria	
Criteria	Comment/Description
Drilling techniques	NQ diameter vertical diamond drillholes
Logging	All drillholes were geologically logged by qualified geologists. The logging was of an appropriate standard for resource estimation
Drill sample recovery	Recoveries are documented in borehole logs for all boreholes. The average recovery in the mineralised zone was in excess of 97%
Sampling methods	Core samples were collected continuously through the mineralised zone with an average sample length ranging from 50 cm to 120 cm. MSA observed that the routine sampling methods were of a high standard and suitable for evaluation purposes
Quality of assay data and laboratory tests	The assay database displays industry standard levels of precision and accuracy and meets the requirements for use in a Mineral Resource estimate. Verification of sample assay data was carried out by means of inserting approximately 5% CRMs, 7% Blanks and 6% field duplicates into the sample stream adhering to a stringent QA/QC protocol
Verification of sampling and assaying	Verification of assay data was performed at an umpire laboratory for more than 5% of the total samples analysed at the original laboratory
Location of data points	All of the drillhole collars have been surveyed by a qualified surveyor. Selected borehole collars have been observed by MSA in the field. One borehole from the 2011 campaigns was surveyed down-the-hole using an electronic multi-shot device. Vertical boreholes drilled to 200 m below surface were not surveyed down-the-hole but were accepted as being vertical for their entire length given that deviation is minimal at such shallow depths
Tonnage factors (in situ bulk densities)	An acceptable number of specific gravity measurements were gathered for the mineral resource estimation
Data density and distribution	The drillholes were spaced at an average of 600 m apart, which is sufficient to assume geological and grade continuity for this type of mineralisation but insufficient for grade continuity to be confirmed. The drillholes for the resource were spaced at drill fences approximately 600 m apart with collars 50 m apart along a drill fence
Database integrity	Data were provided in a DataShed database and MSA has checked the integrity of the database and considers that the database is an accurate representation of the original data collected
Dimensions	The mineral resource for the MML occurs over a north to south strike length of approximately 5,800 m and east to west breadth of 1,200 m. Including the VTM-poor Parting the MML averages 9.8 m in true thickness and dips between 18° to 20° to the west. The mineral resource occurs from surface and its thickness has been constrained by lithostratigraphic contacts. The MAG3 averages 4.1 m in true thickness and the MAG4 averages 3.6 m in true thickness, while the parting ranges from 0.93 m to 4.06 m and averages 2.16 m in true thickness.
Geological interpretation	The mineral resource is a shallow dipping package of layers that is typical for this style of mineralisation in the Bushveld Complex. This has been confirmed by the diamond drilling
Domains	The Project Area is composed of one contiguous block for the MML

Criteria	Comment/Description
Compositing	Drillhole samples were composited to single length intervals for each drillhole for the MAG3 and MAG4 layers for use in grade estimation
Statistics and variography	There were insufficient data to calculate reliable variograms in the plane of the mineralisation
Top or bottom cuts for grades	Due to the lack of outlier values in the dataset, the data were not modified by bottom or top cuts
Data clustering	Drillholes were drilled on a near-regular grid
Block size	Grades were estimated into a 100 m N by 100 m E by 10 m RL three dimensional block model. The block model was split into sub cells of 5 mE by 5 mN by 0.2 m RL in order to accurately represent the volume of the mineralised body
Grade estimation	Grades were estimated using inverse-distance weighting to the power of 2. Grades were interpolated by sample composites for the respective layers, selected within a search ellipse of 800 m by 800 m by 20 m, rotated to match the dip direction and dip of the layers
Mineral Resource Classification	The classification incorporated the confidence in the quality of the drillhole data, the data distribution, and consideration of reasonable prospects for eventual economic extraction. No mineral resources have been declared below a depth of 120 m largely due to uncertainty on the potential for economic extraction beyond these depths
Cut-off grades	A cut-off grade of 40% Fe ₂ O ₃ has been applied. The two well mineralised layers all contain block estimates in excess of 40% Fe ₂ O ₃
Mining Cuts	No mining cuts have been applied
Metallurgical factors or assumptions	Metallurgical studies are currently being undertaken on samples from the MML
Audits and reviews	The following audit and review work was completed by MSA: - a review of the database - a review of drillhole data collection protocols and QA/QC procedures - a site-based review of the drillhole data and two site visits to the Project Area - QA/QC check conducted by MSA

14.3 Current Mineral Resource Estimate for N-Q Zone

The current MRE for the N-Q Zone is based on borehole data from 29 additional shallow boreholes, which targeted the weathered portion of the N-Q Zone. This drilling assisted in constraining the sub-outcrop positions and to distinguish between weathered and non-weathered portions of the N-Q Zone. The original 18 deeper holes on the N-Q layers, drilled between 2011 and 2012 are also incorporated in the MRE.

The data was generated from MSA-managed DataShed database software and MSA has checked the integrity of the database and considers that the database is an accurate representation of the original data collected. The project database is considered appropriate for geological modelling and Mineral Resource estimations.

This Report includes Mineral Resource estimates for the weathered N-Q Zone covering the farms Vliegekraal 783LR and Malokong 784LR over the drill-confirmed strike length.

14.3.1 Input Database validation

The database comprises collar, lithology, survey, sampling and assay data which were subjected to QC checks and validations. The data collection was done in accordance with the client's procedures. The input database for the MRE consists of 4,875.53 m of drill core from 18 deeper diamond boreholes (Table 10-2) which were previously used for the MRE, dated 13 February 2013. This amounted to a total of 2,060 samples representing 1,139 m of drillhole core.

A further 224 samples, representing 208.10 m of drillhole core from 9 out of 29 shallow holes were included in the database. The average sample width of the drillhole core is approximately 50 cm.

Samples for the thick VTM-rich PFWDISS, PMAG, Q1, Q2 and Q3 layers were composited to 200 cm whereas compositing to 25 cm was necessary to accommodate the relatively thin OMAG and NMAG layers.

The new geological information necessitated a remodelling of the entire N-Q Zone that was previously declared in the MRE from 13 February 2013.

The collar coordinates of all boreholes used in the MRE were surveyed by a registered professional land surveyor using a real-time differential GPS with a base station. The coordinates and collar elevations are presented in Table 10-1, Table 10-2 and Table 10-3.

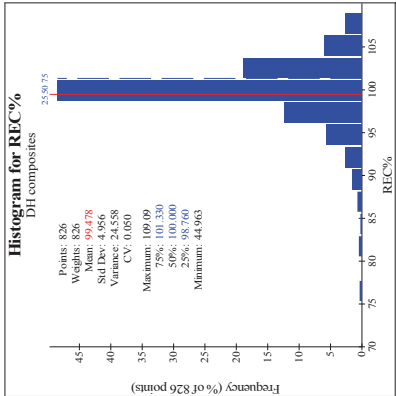
14.3.1.1 Specific Gravity

Representative specific gravity ("SG") measurements on pulp material were undertaken by gas pycnometry at the Set Point Laboratories in Johannesburg. The density measurements correlate well with the Fe₂O₃ assay results and therefore confirm the integrity of the SG determinations (Figure 11-7).

14.3.1.2 Core Recovery

Core recoveries within the N-Q Zone were generally good and in excess of 95% (Figure 14-10).

Figure 14-10
Histogram for core recovery in the N-Q Zone (MSA, 2013)

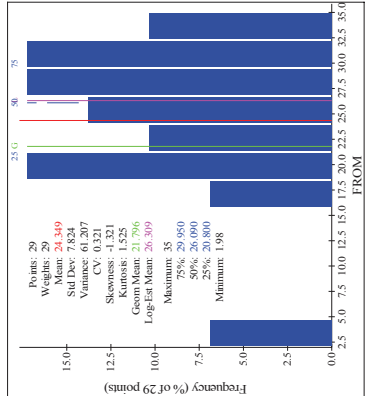


14.3.1.3 Oxidation and weathering

The results from the shallow drilling were used to define a weathering zone which ranges between 3 m and 30 m with an average depth of 25 m (Figure 14-11). This surface defines the boundary between the weathered zone and the fresh zone. Lithological logging has differentiated levels of weathering, which correspond to the weathered and non-weathered rock interface.

Figure 14-11

Histogram showing depths of weathering for the N-Q Zone (MSA, 2013)



14.3.1.4 Topography

The topography model was derived from the borehole collar elevations and topographic contours. The collar heights compare well with the available digital contours.

The depth of the overburden in the borehole intersections ranges from 3 m to 5 m and this soil horizon was excluded from the Mineral Resource estimation.

14.3.2 Geological interpretation and Mineral Resource modelling

Datamine Studio 3 software was utilised for the three-dimensional modelling. The wireframes were constructed primarily on whole rock geochemistry and the lithotypes.

The N-Q Zone is a composite zone comprised of several massive to semi-massive Ti-magnetite layers and associated layers with highly variable concentrations of disseminated Ti-magnetite.

The lithostratigraphic correlation developed by BVL was applied to define the N-Q layers (see Table 7-3 for the stratigraphy and codes). For the upper contact the base of the N-Q Zone hanging-wall marker (HWM), which is usually coupled with an abrupt increase in P_2O_5 and decrease in Fe_2O_3 content to below 35%, was used (Figure 14-12 to Figure 14-14). The base of the narrow but massive NMAG Layer was used to define the base of the N-Q Zone.

A phosphorus-enriched lithological unit in the P-Q Zone was intersected in boreholes VK2 and VK16, with thicknesses of 6 m and 8 m, respectively. This unit is well-defined with an elevated P_2O_5 content coincident with lower Fe_2O_3 . This unit was included in the N-Q Zone wireframes.

The N-Q Zone was not split nor compartmentalised into Northern and Southern blocks, as had been done previously in the MRE dated 25 November 2011. The previously inferred fault immediate north of VK06 does not have an obvious effect on the N-Q Zone (Figure 14-6). The off-set of the N-Q outcrop, as previously interpreted from geophysical data, is not apparent in the wireframe, or the block model. Drilling of VK18 has confirmed a gentle change in dip from the south (18°) to north (22°). The N-Q Zone is truncated in the north by a fault and dyke system (Figure 14-15).

Figure 14-14 shows a cross-section of the N-Q Zone based on borehole intersections, which determine thickness and dip of this Ti-magnetite assemblage.

The modelled surfaces were used to extrapolate the Mineral Resource to vertical depths of 200 m and 400 m in order to limit the wireframes and Mineral Resource envelopes to those specific depths below surface.

Figure 14-12

Line -2642170N (looking north) with geochemical and stratigraphic profile for N-Q Zone (MSA, 2013)

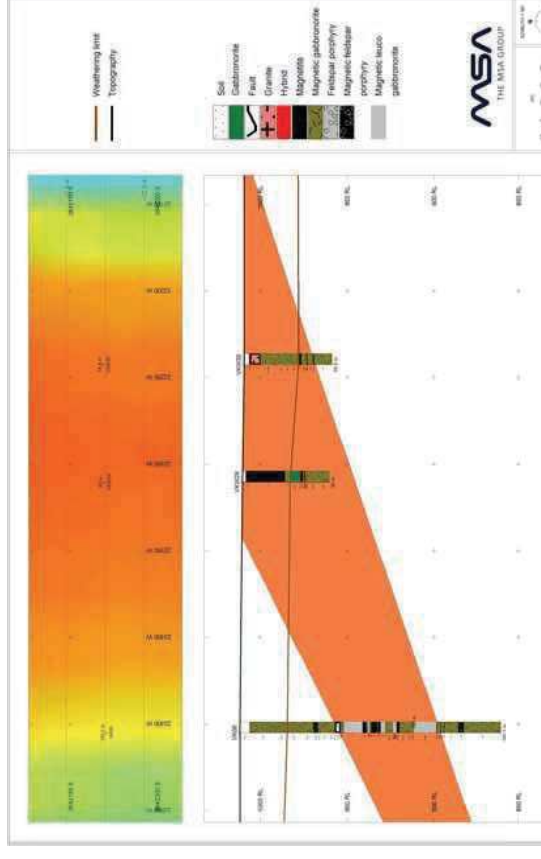


Figure 14-13

Line -2642700N (north), geochemical and stratigraphic profile for weathered N-Q Zone (MSA, 2013)

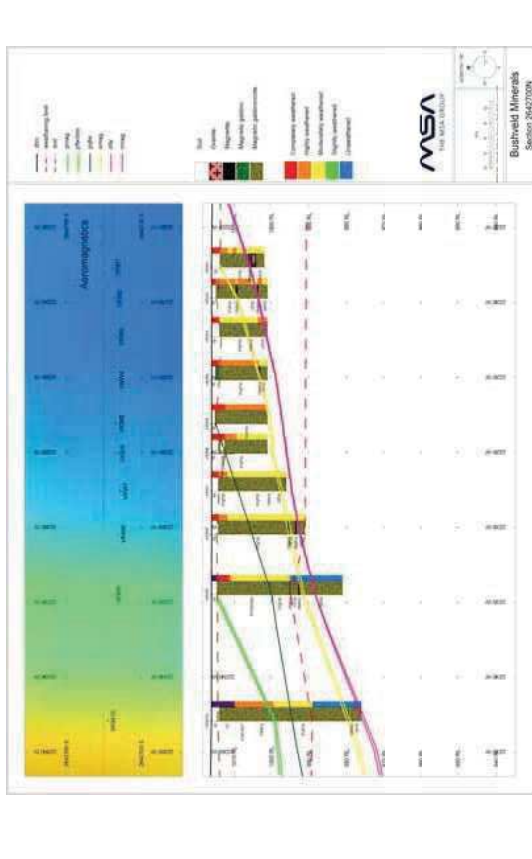


Figure 14-14

Line -2641620N (looking north) showing P-Q interpretation in the N-Q to the south (MSA, 2013)

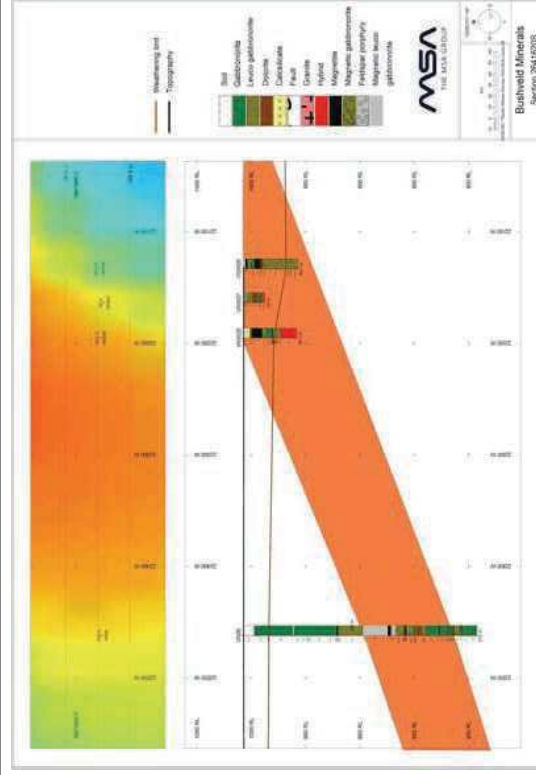
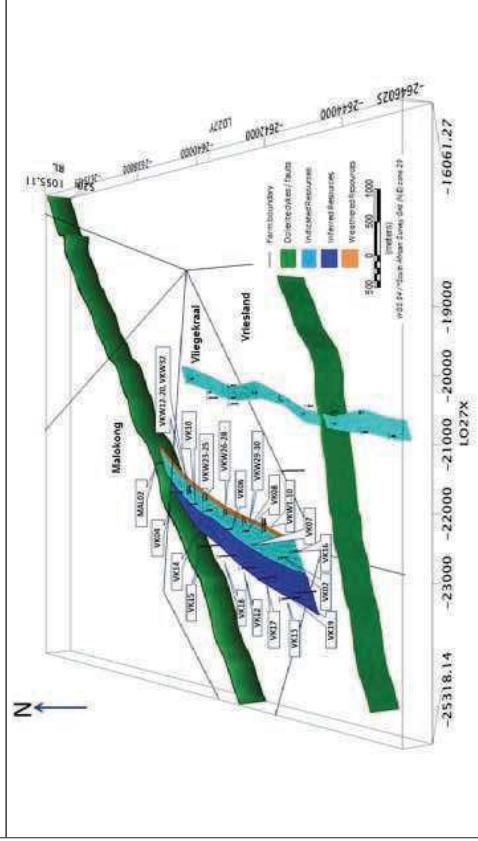


Figure 14-15
Isometric view showing borehole collar position relative to Mineral Resource classification of the N-Q Zone and the MML (MSA, 2013)



14.3.3 Block Model

The common origin for all the block models for the N-Q Zone is:

Easting (X): -24 400
Northing (Y): -2 646 600
Elevation (Z): 100 m above mean sea level

The parent block model was 100 m (easting or X) x 100 m (northing or Y) x 5 m (for the Z height). The 10 Ti-magnetite layer wireframes were used to generate the block models. Sub-cellings of the parent blocks were subsequently applied in the XY plane in order to achieve optimal block model fitting into the wireframes. This resulted in a minimum of 5 m (X) x 5 m (Y) and exact fitting for the Z height sub-blocks.

14.3.4 Statistical Data Analysis

14.3.4.1 Statistical Analysis

Snowden Supervisor software was utilised for the statistical analysis.

The weathered N-Q Zone was drilled at an approximately 500 m x 50 m drillhole spacing. This difference in the borehole spacing influenced the grade estimation exercise and resulted in areas of varying confidence in grade estimation.

Compositing of the drilling data was undertaken at 2 m intervals for the Q3, Q2, Q1, PQPART, PMAG, PFWDISS, PQFW and OFW. Compositing was undertaken at 0.25 m for the relatively thinner OMAG and NMAG layers. Statistical data analysis per elemental constituent was undertaken on length-weighted samples.

Each targeted element was investigated in order to assess the mean values of the mineralisation as well as to determine any spatial trends and variations in grade. The elements investigated included Al_2O_3 , CaO, Fe_2O_3 , MgO, P_2O_5 , S, SiO_2 , TiO_2 , V_2O_5 , Cu and Ni. Length and Core Recovery as well as SG.

In the absence of sufficient data the variographic analysis did not result in robust variograms.

The raw sample assays were used as the input data for the initial data analysis study. Statistics of the input data for Fe_2O_3 and other elements are shown as histograms in Appendix 4.

14.3.4.2 Estimation Parameters and Grade Estimation

In the absence of adequately defined variography, inverse distance weighting to the power of 2 (IDW-2) was used for the grade estimation for all elements for the non-weathered domain. In order to limit influence for the weathered domain, inverse distance weighting to the power of 3 (IDW-3) was used.

A minimum of five and a maximum of thirty samples were utilised for the estimate for each layer in the non-weathered portion. Due to limited sampling of shallow boreholes, a minimum of one and a maximum of ten samples were utilised for the estimate of each layer in the weathered

portion. Borehole information was constrained by the wireframes and thus lithostratigraphy for each individual layer, such that only borehole information from the specific layers is used for the respective layer. A multiplier of up to 8 was used for the search radii in order to populate all blocks with SG data.

For bulk commodities, MSA has applied a borehole spacing of 250 m or less to delineate Measured Mineral Resources, 500 m or less for Indicated Mineral Resources and greater than 500 m for Inferred Mineral Resources.

A search ellipsoid was generated in order to include at least 2 drillholes at 500 m spacing in an estimate. Grades were interpolated by sample composites for the respective layers, selected within a search ellipse of 800 m by 800 m by 20 m, with the long axis orientated in the plane of the mineralisation for the non-weathered domain. For the weathered domain, a search ellipse of 50 m by 800 m by 20 m, with the long axis orientated along strike. The search ellipse was rotated in order to match the dip and dip direction of the wireframes. This was clockwise by 20° around the Z axis (strike) and 20° around the Y axis (dip).

14.3.4.3 Validation of Block Model Grade Distribution

Comparisons between average grades of the layer composites and average estimated grades indicate that the Mineral Resources are appropriately estimated on a global scale.

Statistics on the drillhole and global block model estimate Fe₂O₃ grade distributions for N-Q Zone are presented below in Table 14-4. It is noted that there is good agreement between the block model values and those in the borehole database. The difference is due to the minimal influence of the deeper intersections, as Fe₂O₃ grades increase with depth. The shallow drilling for the weathered horizon did not intersect the NMAG and OMAG layers, and thus the deeper N-Q intersections were used for the block model.

Histograms for block model distributions for other elements also compare well with the drillhole distributions. These are shown in Appendix 4.

Table 14-4 Input data for Fe ₂ O ₃ in borehole intersections compared with the block model for N-Q			
Stratigraphic Layer	Drillholes Fe ₂ O ₃ %	Block Model Fe ₂ O ₃ %	Difference %
Q3	45.0	47.2	4.7
Q2	56.1	57.5	2.4
Q1	40.6	43.2	6.1
PMAG	46.4	45.1	2.9
PFWDISS	38.1	39.3	3.1

14.3.5 Mineral Resource Classification

Mineral Resources occurring deeper than 200 m below surface have been categorised as Inferred, due to the lower confidence in their potential for economic extraction in the absence of detailed mining, metallurgical and financial studies. Inferred Mineral Resources are declared for the N-Q Zone from a vertical depth of 200 m down to a vertical depth of 400 m. These Mineral Resources have been prepared in accordance with the guidelines of the 2012 Edition of the JORC Code.

14.3.5.1 Geological Losses

No geological losses were applied for N-Q Zone Mineral Resources. Geological features such as dykes, faults and other disruptive phenomena are poorly-defined at present due to the wide spacing of the drillholes along strike.

14.3.6 Mineral Resource Statement

A cut-off grade of 35% Fe₂O₃ was applied. Portions of the PFWDISS and OMAG layer block model estimates are below 35% Fe₂O₃ and therefore areas of below cut-off grade occur. All of the block estimates for the massive to semi-massive magnetite layers (Q3, Q2, Q1, PMAG, NMAG) are greater than 40% Fe₂O₃ and therefore no mineralisation is below the cut-off grade in these layers. All of the PQPART, PQFW and OFW layer block model estimates are less than 35% and are therefore not reported as mineral resources.

Indicated Mineral Resources are declared for the N-Q Zone down to a depth of 200 m below surface (Table 14-5). These Mineral Resources have been prepared in accordance with the guidelines of the 2012 Edition of the JORC Code.

Table 14-5
N-Q Zone (Weathered and Unweathered) Indicated Mineral Resources <200 m deep, as at 8 March 2013

Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %
Q3	138.63	3.61	31.7	45.4	43.99	10.2	0.13	25.2	9.9	0.06	0.40
Q2	81.17	4.01	41.9	59.9	34.00	15.2	0.28	12.6	6.5	0.02	0.27
Q1	26.36	3.59	32.5	46.6	8.58	10.5	0.28	22.3	9.9	0.02	0.27
PMAG	34.44	3.62	32.4	46.3	11.15	10.1	0.29	21.3	10.5	0.03	0.80
PFWDISS*	67.28	3.38	26.9	38.5	18.13	7.1	0.22	30.1	12.8	0.03	0.33
OMAG*	2.63	4.00	37.2	53.2	0.98	11.1	0.49	18.5	7.9	0.01	0.12
NMAG	4.58	4.41	48.7	69.6	2.23	16.0	0.56	6.9	5.3	0.03	0.11

*Layer reported at a 35% Fe₂O₃ cut-off; No geological losses applied

The Indicated Mineral Resources in Table 14-5 include the following weathered N-Q Mineral Resources (Table 14-6).

Table 14-6 N-Q Zone (Weathered) Indicated Mineral Resources, as at 8 March 2013												
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
Q3	10.20	3.47	33.0	47.2	3.37	9.4	0.12	23.2	9.0	0.05	0.17	
Q2	8.83	3.77	40.2	57.5	3.55	13.5	0.23	14.5	6.9	0.02	0.10	
Q1	4.47	3.40	30.2	43.2	1.35	7.9	0.23	25.8	10.5	0.02	0.11	
PMAG	4.42	3.41	31.5	45.1	1.39	8.4	0.27	23.3	11.0	0.03	0.25	
PFWDISS*	10.38	3.29	27.5	39.3	2.85	6.0	0.22	30.4	12.5	0.03	0.09	
OMAG*	0.69	3.80	34.2	48.9	0.24	9.7	0.43	22.3	9.8	0.01	0.13	
NMAG	0.69	4.39	48.2	68.9	0.33	15.5	0.47	8.2	5.6	0.04	0.13	

*Layer reported at a 35% Fe₂O₃ cut-off; No geological losses applied

Mineral resources occurring at a depth of greater than 200 m below surface have been categorised as Inferred, due to the lower confidence in their potential for economic extraction in the absence of detailed mining, metallurgical and financial studies. Inferred Mineral Resources are declared for the N-Q Zone from 200 m to 400 m below surface (Table 14-7).

Table 14-7 N-Q Zone (Non-weathered) Inferred Mineral Resources, 200 m to 400 m deep, as at 8 Mar 2013												
Layer Name	Tonnes million	SG g/cm ³	Fe %	Fe ₂ O ₃ %	Fe Metal Tonnes million	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	S %	
Q3	139.03	3.59	30.2	43.3	42.05	8.8	0.09	28.3	10.3	0.13	0.61	
Q2	92.64	3.99	40.2	57.5	37.27	14.1	0.23	15.3	7.6	0.02	0.55	
Q1	23.42	3.64	32.7	46.8	7.66	10.8	0.27	22.2	10.6	0.02	0.36	
PMAG	38.28	3.58	30.6	43.7	11.70	9.8	0.26	23.5	11.5	0.04	0.74	
PFWDISS*	76.51	3.37	26.8	38.3	20.49	6.9	0.21	30.2	12.8	0.03	0.43	
OMAG*	1.87	3.77	32.4	46.3	0.61	9.5	0.40	23.1	10.4	0.02	0.10	
NMAG	7.22	4.32	46.3	66.2	3.34	15.6	0.49	8.3	5.8	0.02	0.14	

*Layer reported at a 35% Fe₂O₃ cut-off; No geological losses applied

14.3.7 Checklist of Assessment and Reporting Criteria

Criteria for assessing the validity of data used in the mineral resource estimation are presented in Table 14-8 and include the relevant aspects of Table 1 of the JORC code, 2012 Edition.

Table 14-8 Check list of assessment and reporting criteria	
Criteria	Comment/Description
Drilling techniques	NQ diameter vertical diamond drillholes
Logging	All drillholes were geologically logged by qualified geologists. The logging was of an appropriate standard for resource estimation
Drill sample recovery	Recoveries are documented in borehole logs for all boreholes. The average recovery in the mineralised zone was in excess of 95%
Sampling methods	Core samples were collected continuously through the mineralised zone with an average sample length ranging from 50 cm to 120 cm. MSA observed that the routine sampling methods were of a high standard and suitable for evaluation purposes
Quality of assay data and laboratory tests	The assay database displays industry standard levels of precision and accuracy and meets the requirements for use in a Mineral Resource estimate. Verification of sample assay data was carried out by means of inserting approximately 5% CRMs, 7% Blanks and 6% field duplicates into the sample stream adhering to a stringent QA/QC protocol
Verification of sampling and assaying	Verification of assay data was performed at an umpire laboratory for more than 5% of the total samples analysed at the original laboratory.
Location of data points	All of the drillhole collars have been surveyed by a qualified surveyor. Selected borehole collars have been observed by MSA in the field. Seven boreholes from the 2012 campaigns were surveyed down-the-hole using an electronic multi-shot device. Vertical boreholes drilled to 200 m below surface were not surveyed down-the-hole but were accepted as being vertical for their entire length given that deviation is minimal at such shallow depths.
Tonnage factors (in situ bulk densities)	An acceptable number of specific gravity measurements were gathered for the mineral resource estimation.
Data density and distribution	The deep drillholes were spaced at an average of 500 m apart, which is sufficient to assume geological and grade continuity for this type of mineralisation but insufficient for grade continuity to be confirmed. The shallow drillholes for the weathered resource were spaced at drill fences approximately 500 m apart with collars 50 m apart along a drill fence.
Database integrity	Data were provided in a DataShed database and MSA has checked the integrity of the database and considers that the database is an accurate representation of the original data collected.
Dimensions	The mineral resource for the N-Q Layers occurs over a north to south strike length of approximately 5,000 m and east to west breadth of 1,200 m. It averages 73 m in true thickness and dips at an average of 20 degrees to the west. The mineral resource occurs from surface and its thickness has been constrained by lithostratigraphic contacts and a dyke along an interpreted fault
Geological interpretation	The mineral resource is a shallow dipping package of layers that is typical for this style of mineralisation in the Bushveld Complex. This has been confirmed by the diamond drilling.
Domains	The Project Area is composed of one contiguous block for the N-Q Zone truncated by a fault to the north. The mineral resources down to 200 m are divided into a weathered and a non-weathered domain based on BML's visual classification.

15 ADJACENT PROPERTIES

Considerable work on Ti-magnetite layers was carried out on five contiguous farms immediately south of the Project area by Mining Corporation Ltd ("MCL") during 1979 and 1980. MCL completed geological mapping, magnetic surveys, trenching and drilling over the mineralised strike distance of approximately 16 km.

Sixteen diamond drill holes totalling 2,141 m and 158 percussion holes totalling 2,687 m were drilled. The results were summarised in 1980 by Schutte in a Report for the Geological Survey of South Africa. The Schutte report does not describe or include any metallurgical or techno-economic results.

Criteria	Comment/Description
Compositing	Drillhole samples were composited to 2 metre length intervals for the Q3, Q2, Q1, PMAG and PWDISS layers for use in grade estimation. For the OMAG and NMAG, the samples were composited to 0.25 m length intervals
Statistics and variography	Downhole variography was applied to the N-Q Zone, which indicates the short range in the direction across layering. The short range across the layers was used to limit the search distance in this direction. There were insufficient data to calculate reliable variograms in the plane of the mineralisation
Top or bottom cuts for grades	Due to the lack of outlier values in the dataset, the data were not modified by bottom or top cuts
Data clustering	Drillholes were drilled on a near-regular grid
Block size	Grades were estimated into a 100 m N by 100 m E by 5 m RL three dimensional block model. The block model was split into sub cells of 5 mE by 5 mN with exact fitting for the RL in order to accurately represent the volume of the mineralised body
Grade estimation	Grades were estimated using inverse-distance weighting to the power of 2 for the fresh zone, and 3 for the weathered zone. Grades were interpolated by sample composites for the respective layers, selected within a search ellipse of 800 m by 800 m by 20 m, with the long axis orientated in the plane of the mineralisation for the fresh horizon. For the weathered horizon, a search ellipse of 50 m by 800 m by 20 m, with the long axis orientated along strike
Mineral Resource Classification	The classification incorporated the confidence in the quality of the drillhole data, the data distribution, and consideration of reasonable prospects for eventual economic extraction. All blocks that occur beyond a depth of 200 m below surface have been classified as Inferred, largely due to uncertainty on the potential for economic extraction beyond these depths
Cut-off grades	The mineral resource has been reported using a base case cut-off grade of 35% Fe ₂ O ₃ for all massive, semi-massive and disseminated layers
Mining Cuts	No mining cuts have been applied
Metallurgical factors or assumptions	Metallurgical studies have been undertaken on weathered samples from the N-Q Zone to assess if the specific physical properties require less processing compared to non-weathered material
Audits and reviews	The following audit and review work was completed by MSA: - a review of the database - a review of drillhole data collection protocols and QA/QC procedures - a site-based review of the drillhole data and two site visits to the Project Area - QA/QC check conducted by MSA

16 OTHER RELEVANT DATA AND INFORMATION

The regional NE-SW-trending dyke and fault zone crossing the farms Malokong and Vogelstruisfontein are responsible for significant structural disturbances, which according to BML, were found to compromise the continuity of the mineralisation. A decision was taken by BML that the mineralisation to the north of the fault zone on the farms Malokong and Vogelstruisfontein would not be investigated further during the 2012 exploration phase. According to information provided by BML, two boreholes were drilled and completed on Vogelstruisfontein and one borehole on Malokong. MSA has not been provided with the location nor geological and structural information with respect to the latter boreholes as they are still of a reconnaissance nature.

No further additional information or explanation is deemed necessary for this technical report.

17 INTERPRETATION AND CONCLUSIONS

17.1 General

The drilling, drillhole core sampling and assay programme conducted by BML has been critically reviewed and no material issues which could impact on the Mineral Resource have been identified.

The interpretation from the aeromagnetic survey correlates reasonably well with the modelled sub-crop position of the Ti-magnetite layers. These show continuity along strike, with some off-sets due to possible faulting.

Variography documents downhole continuity of the Ti-magnetite mineralisation and sampling intervals can be increased in future borehole sampling programmes to 1 metre or more, instead of the current 0.5 metre.

Core recoveries in the mineralised intersections were generally above 90%

17.2 MML

Additional to the four diamond drill holes completed in 2010 and 2011, a further 13 cored boreholes were drilled on the MML Ti-magnetite mineralisation on the farms Vliegekraal 783LR and Vriesland 781LR in order to define the MML Mineral Resources. The boreholes increased the confidence and continuity of the MML and were utilised for VTM resource estimations.

The MML consists of two semi-massive to massive Ti-magnetite layers MAG3 and MAG4 which are separated by a parting with low concentrations of disseminated Ti-magnetite. The VTM-poor parting is excluded from the Mineral Resource estimate and the MAG3 and MAG4 are modelled and reported separately.

An average true width of 9.8 m and westerly dips of 18° to 24° have been calculated for the combined MML which includes the VTM-poor parting.

Strike continuity has been demonstrated for the individual Ti-magnetite layers MAG3 and MAG4.

The MML can generally be categorised as an Indicated Mineral Resource down to a depth of 120 m below surface. The prospects for eventual economic extraction are limiting factors to declare Mineral Resources beyond a depth of 120 m.

17.3 N-Q Zone

In addition to the 15 holes intersecting the N-Q Zone well below the weathering profile, a further 29 shallow boreholes were drilled on the farm Vliegekraal 783LR, to define the weathered Mineral Resources of the N-Q Zone Ti-magnetite mineralisation. The boreholes increased the confidence and continuity of the outcrop of the N-Q Zone and were utilised for VTM resource estimations. Westerly dips of 18° to 22° and an average true width of 55 m have been calculated for the N-Q Zone.



The N-Q Zone has been subdivided on textural and mineralogical criteria into ten layers. These layers differ considerably in their abundance of vanadiferous titaniferous-magnetite ("VTM") from massive to semi-massive, to layers with disseminated VTM ranging from less than 5% to more than 30%. The extension of the P-Q Zone to include the stratigraphically lower Ti-magnetite layers N and O has only marginally added to the Mineral Resource base due to the generally low VTM concentrations in this approximately 30 m thick interval.

The northernmost part of the N-Q Zone is truncated by a north-east trending, sub-vertical dolerite dyke near the northern border of Vliegekraal which reduces the size of the Mineral Resource slightly at depth on this farm.

The N-Q Zone can generally be categorised as an Indicated Mineral Resource down to a vertical depth of 200 m, including the weathered portion. The N-Q Zone can be categorised as an Inferred Mineral Resource from depths of 200 m to 400 m. Additional in-fill drilling has the potential to increase the level of confidence on the declared Mineral Resources. However, uncertainty in the prospects for eventual economic extraction currently limits the declaration of Indicated Mineral Resources to depths of greater than 200 m.

18

RECOMMENDATIONS

Multi-element analyses should be carried out on samples from selected boreholes to determine concentration levels of all potentially deleterious elements.

Trenching, rather than drilling is recommended in order to expose and sample in-situ weathered material of the N-Q Zone for detailed ore characterisation test work and bulk density measurements.

Should Measured Mineral Resources be required, borehole fence lines spaced less than 250 m apart on strike will be needed for both the MML (to a depth of 120 m) and the N-Q Zone (to a depth of 200 m).

The N-Q Zone and MML can potentially be extended northwards into the farms Malokong and Vogelstruisfontein through a reconnaissance drill programme in conjunction with ground geophysical surveys. A southerly strike extension of the N-Q Zone onto the farm Schoonoord 786LR and Bellevue 808LR should also be considered.

Sampling intervals for the MML can be increased in future sampling programmes to at least one metre, instead of the current 50 centimetres, provided that the geological contacts are honoured.

It is recommended that internal vanadium standards are produced and the V_2O_5 concentrations are verified by several laboratories by means of a round-robin exercise. The standards should be inserted into future sample batches to monitor and verify concentrations above 0.5% V_2O_5 in samples from the MML.

Due to the observed differences in TiO_2 values in the duplicate samples of the primary lab and between the primary and umpire lab, it is recommended to verify and validate TiO_2 values below 7% as part of the metallurgical test work.

The MAG1 and MAG2 layers in the hanging wall of the MML presents a further target for mineral resources, provided that their grade and geological continuity can be demonstrated over a large enough strike length of the Project Area.

18.1 Scope and Budget for future Exploration Activities

BML plans to advance the Mokopane Project from its current exploration level through a Scoping Study to a Pre-feasibility Study and ultimately to Feasibility Study over a 2 year period. This will include the acquisition and evaluation of additional properties adjacent to the existing Project area.

The following budget is proposed by BML to increase the current Mineral Resource base and to advance the Project to a level required for a Pre-Feasibility Study:

Table 18-1 Planned Budget for Mokopane Project	
	US \$
Geological and exploration work programme	
Additional drilling to increase Mineral Resource base and improve level of confidence	600,000
Assays for 20 additional boreholes	100,000
Mineral Resource update	150,000
Maintenance of PRs	50,000
Contingency 10%	90,000
Subtotal	990,000
Beneficiation and pyrometallurgical test work	
Drilling of 5 x 100 m boreholes for metallurgical test work	500,000
Extractive metallurgy	500,000
Pyrometallurgical test work	1,000,000
Contingency 20%	400,000
Subtotal	2,400,000
Pre-feasibility Study	
Infrastructure, power, water, mining, financial, environmental and other studies	4,000,000
Subtotal	4,000,000
Grand Total	7,390,000

Note: Above expenditure excludes Corporate and Administration costs

MSA has been presented with a detailed breakdown of the individual cost items and the proposed budget should be adequate to finance the planned activities outlined in Table 18–1.

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20 DATE AND SIGNATURE PAGE

The undersigned, Frieder Johannes Reichardt, compiled Sections 1 to 13 inclusive and Sections 15 to 24 of this technical report, titled "JORC Competent Person's Report and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project, Limpopo Province, South Africa", with an effective date of 6 March, 2013 in support of the public disclosure of technical aspects of the Mokopane Property.

Signed,



.....

Frieder Johannes Reichardt

12 April, 2013

The undersigned, Jeremy Witley, compiled Section 14 and contributed to Sections 1 and 19 of this technical report, titled "JORC Competent Person's Report and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project, Limpopo Province, South Africa", with an effective date of 6 March, 2013, in support of the public disclosure of technical aspects of the Mokopane Property.

Signed,



.....

Jeremy Witley

12 April, 2013

Glossary of Technical Terms

<i>aeromagnetic survey</i>	Surveys flown by helicopter or fixed wing aircraft to measure the magnetic susceptibility of rocks at or near the earth's surface
<i>amsl</i>	Above mean sea level; refers to the elevation of any object, relative to the average sea level datum
<i>anorthosite</i>	Intrusive igneous rock characterized by a predominance of plagioclase feldspar (90–100%), and a minimal mafic component
<i>apatite</i>	Apatite is the principal phosphate mineral, $\text{Ca}_5(\text{PO}_4)_3(\text{F,Cl,OH})$ and used in the manufacture of fertilizer
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2,500 Ma
<i>basalt</i>	A common volcanic rock, dark and fine grained, relatively low in silica. May form very extensive lava flows.
<i>basement</i>	The igneous and metamorphic crust of the earth, underlying sedimentary deposits
<i>bedrock</i>	The first hard and solid rock underlying soil or unconsolidated overburden
<i>breccia</i>	A coarse grained rock made up of large angular fragments, sometimes of various rock types
<i>carbonate</i>	A rock, usually of sedimentary origin, composed primarily of calcium, magnesium or iron and CO_3 . Essential component of limestones and marbles
<i>core drilling</i>	Method of obtaining cylindrical core of rock by drilling with a diamond set or diamond impregnated bit
<i>chromite</i>	An oxide of chromium, $(\text{Mg,Fe})\text{Cr}_2\text{O}_4$
<i>craton</i>	Large, and usually ancient, stable mass of the earth's crust comprised of various crustal blocks amalgamated by tectonic processes. A cratonic nucleus is an older, core region embedded within a larger craton
<i>diamond drilling</i>	synonymous with <i>core drilling</i>
<i>Dip and dip direction</i>	The dip direction is the azimuth of the direction of the dip as projected to the horizontal, which is 90° off the strike angle
<i>dyke</i>	A vertical or near vertical sheet of igneous rock, the widths of which may range from centimetres to hundreds of meters
<i>EIA</i>	Environmental Impact Assessment

APPENDIX 1:
Glossary of Technical Terms

eluvium Sediment derived from the physical and/or chemical decomposition of the underlying bedrock

EMP Environmental Management Plan

facies The sum of the lithological (and palaeontological) characters of a particular rock

fault A fracture or fracture zone, along which displacement of opposing sides has occurred

feldspar A rock-forming, light-coloured mineral belonging to the family of silicate minerals which occur in igneous rocks; $(\text{KAlSi}_3\text{O}_8 - \text{NaAlSi}_3\text{O}_8 - \text{CaAl}_2\text{Si}_2\text{O}_8)$

Ga Giga years (1 Ga = 1,000 million years)

gabbro Belongs to a group of dark, coarse-grained, intrusive mafic igneous rocks chemically equivalent to basalt. Clinopyroxene is the dominant mafic mineral

gabbronorite Belongs to a group of dark, coarse-grained, intrusive mafic igneous rocks chemically equivalent to basalt. Clinopyroxene and orthopyroxene are the dominant mafic mineral

geophysical surveys Instrumental surveys measuring small variations in the earth's magnetic field, gravity field or electrical conductivity (in addition to some other properties) related to local variations in rock type. Magnetic and some electrical methods can be carried out from an aircraft

gneiss A coarse-grained, banded, high grade metamorphic rock

gravity survey A geophysical survey technique which detects variations in the earth's gravity field due to variations in the specific gravity of the underlying rock

GPS Global Positioning System. A satellite based navigation system able to give real time positions to approx ± 5 m in X and Y using simple hand held instruments

ha Hectare = 10 000 m²

ilmenite An iron, magnesium and titanium oxide ($(\text{Fe,Mg})\text{TiO}_3$)

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. (CIM definition)

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. (CIM definition)

intrusion

Liquid rock (magma) that forms below the surface of earth and slowly cools into a solid rock mass

joints

Regular planar fractures or fracture sets in massive rocks, usually created by unloading, along which no relative displacement has occurred

Layered Complex

A body of igneous rock which exhibits vertical layering or differences in composition and texture and shows evidence of fractional crystallisation. Ideally, the stratigraphic sequence of an ultramafic-mafic intrusive complex consists of ultramafic peridotites and pyroxenites toward the base with more mafic norites, gabbros and anorthosites in the upper layers

lineament

A significant linear feature of the earth's crust

Ma

Million years

mafic

Descriptive of rocks composed dominantly of magnesium and iron rock-forming silicates

magmatic

Rock formed from crystallization of molten magma; an igneous rock

magnetic survey

A geophysical survey which measures variations in the earth's magnetic field caused by differences in the magnetic susceptibilities of underlying rock. Kimberlite may be detected by this method, as its susceptibility may be higher or lower than surrounding rock types

magnetic susceptibility

A dimensionless constant that indicates the degree of magnetisation of a material in response to an applied magnetic field

Measured Mineral Resource

A Measured Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. (CIM definition)

metamorphism

Alteration of rock and changes in mineral composition, most generally due to increase in pressure and/or temperature

norite

Belongs to a group of dark, coarse-grained, intrusive mafic igneous rocks chemically equivalent to basalt. Orthopyroxene is the dominant mafic mineral

olivine

A dark-coloured magnesium iron silicate with the formula $(\text{Mg,Fe})_2\text{SiO}_4$

Palaeozoic

An era of geologic time between the Late Precambrian and the Mesozoic era, 545 Ma to 251 Ma ago

petrography

The description and classification of rocks

Percussion drilling

Drilling by means of an air hammer which breaks the rock into chips which are brought to surface by air circulation

plagioclase

A rock-forming, light-coloured mineral belonging to the family of silicate minerals which occur in igneous rocks; $(\text{NaAlSi}_3\text{O}_8 - \text{CaAl}_2\text{Si}_2\text{O}_8)$

Precambrian

Pertaining to all rocks formed before Cambrian time (older than 545 Ma)

Proterozoic

An era of geological time spanning the period from 2 500 Ma to 545 Ma before present

ppm

Parts per million. Measure used to describe very low concentrations of a particular element in a rock

PR

Prospecting Right

pyroxene (ortho- and clino-)

Important dark-coloured rock-forming silicate mineral, occurring in both orthorhombic, orthopyroxene $(\text{Mg,Fe})_2\text{Si}_2\text{O}_6$ and monoclinic, clinopyroxene form $\text{Ca}(\text{Mg,Fe})\text{Si}_2\text{O}_6$

RC drilling

Reverse circulation drilling. A percussion drilling technique in which the sample is brought to surface by air and/or water through the centre of the drill pipe

SG or RD (relative density)

Specific gravity (SG) is the ratio of the density of a rock or any other substance to the density of a reference substance (normally water which has a relative density or specific gravity of 1). SG is a dimensionless unit

spinel

A group of oxide minerals of various compositions, $(\text{Mg,Fe,Mn})(\text{Al,Fe,Cr})_2\text{O}_4$, commonly occurring as an accessory in basic igneous rocks

strike

Horizontal direction or trend of a geological structure

thickness (apparent and true thickness)

The thickness of a tabular formation as determined by borehole intercepts. The apparent thickness will always be greater than the true thickness if the borehole intersects the tabular body at any direction and angle other than perpendicular to the surface of the body. An intersection perpendicular (at a 90° angle) to the tabular body will provide the true thickness of this formation

Ti-magnetite

An iron oxide minerals (Fe_2O_3) of the spinel group with a high titanium content (generally in excess of 5% TiO_2)

tonne

A metric tonne, 1,000 kg

tectonic

Pertaining to the forces involved in, or the resulting structures of, movement in the earth's crust

Transvaal Supergroup

The Transvaal Supergroup consists of 2.65–2.05 Ga clastic, pelitic and chemical sediments with minor lava flows that surface in the Transvaal Basin which circumscribes the Bushveld Complex

troctolite

Mafic intrusive rock consisting of olivine, plagioclase and minor pyroxene

ultramafic

Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.

variography

In spatial statistics, a process of graphing statistics which relate to the variance of the difference in value between pairs of samples to the distance between them. Allows the weighting of a sample value in terms of its distance from the point where an estimate of sample value is required

VTM

Vanadiferous and titaniferous magnetite; vanadium and titanium occur in the magnetite crystal structure as “solid solution”

vanadium

A chemical element with the symbol V and atomic number 23. It is a hard, silvery gray, ductile and malleable transition metal

Waterberg Group

The Waterberg Group consists of 2.0–1.8 Ga old clastic and minor pelitic sediments

APPENDIX 2:

Certificate of Authors



CERTIFICATE of COMPETENT PERSON

I, Frieder Johannes Reichhardt, Pr.Sci.Nat, FGSSA, MGGS do hereby certify that:

1. I am a Principal Consulting Geologist of:

The MSA Group
20B Rothersey Avenue,
Craighall Park,
Johannesburg, 2196

2. I graduated with a degree in MSc in Geology from the Ludwig-Maximilian University of Munich, Germany in 1984. In addition, I obtained an PhD in Geology at the University of Pretoria, South Africa, in 1989 as part of my studies at the former Bushveld Research Institute in Pretoria, South Africa
3. I am a fellow of the Geological Society of South Africa, a member of the German Geological Society and a Professional Natural Scientist (Pr.Sci.Nat.) registered with the South African Council for Natural Scientific Professions.
4. I have worked as a geologist for a total of 27 years since my graduation from university.
5. I have read the definition of "competent person" set out in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and certify that by reason of my education, affiliation with a professional association (as defined in the JORC Code) and past relevant work experience, I fulfil the requirements to be a "competent person" for the purposes of the JORC Code.
6. I am responsible for the preparation of Sections 1 to 13 and 15 to 20 of the Report titled "JORC Competent Person's Report and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project, Limpopo Province, South Africa" and dated 12 April, 2013 (the "Technical Report") relating to the Mokopane Fe-V-Ti properties. I visited the properties on 12th May 2011 and 16th August 2012.
7. I have had prior involvement with the property that is the subject of the Technical Report. The nature of my prior involvement is that of providing geological consulting services to BML since 2011 and have compiled a Report titled "JORC CPR and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project" dated November 25, 2011.
8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
9. I am independent of the issuer applying all of the tests in Table 1 of the JORC Code.
10. I have read the JORC Code and the Technical Report has been prepared in compliance with the guidelines contained in that Code.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 12th Day of April, 2013



Frieder Johannes Reichhardt



CERTIFICATE of COMPETENT PERSON

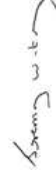
I, Jeremy Witley, Pr.Sci.Nat, MGSSA, do hereby certify that:

1. I am a Principal Mineral Resource Consultant for:

The MSA Group
20B Rothersey Avenue,
Craighall Park,
Johannesburg, 2196

1. I graduated in 1988 with a BSc, (Hons), Mining Geology, University of Leicester, 1988 and obtained a Graduate Diploma in Mining Engineering from the University of Witwatersrand in 2007
2. I am a member of the Geological Society of South Africa and a Professional Natural Scientist (Pr.Sci.Nat.) registered with the South African Council for Natural Scientific Professions.
3. I have worked as a geologist for more than 20 years in the base and precious metals mining industry.
4. I have read the definition of "competent person" set out in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and certify that by reason of my education, affiliation with a professional association (as defined in the JORC Code) and past relevant work experience, I fulfil the requirements to be a "competent person" for the purposes of the JORC Code.
5. I am responsible for the preparation of Sections 14 of the Report titled "JORC Competent Person's Report and Mineral Resource Estimate for the Mokopane Fe-V-Ti Project, Limpopo Province, South Africa" and dated 12 April, 2013 (the "Technical Report") relating to the Mokopane Fe-V-Ti properties.
6. I have not had prior involvement with the property that is the subject of the Technical Report.
7. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
8. I am independent of the issuer applying all of the tests in Table 1 of the JORC Code.
9. I have read the JORC Code and the Technical Report has been prepared in compliance with the guidelines contained in that Code.
10. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 12th Day of April, 2013



Jeremy Witley



African Mineral Standards

Vanadium bearing Titaniferous Iron Ore Standard
Rooiwater Complex
South Africa

AMIS0129

Certificate of Analysis

Recommended Concentration and two "Between Laboratory" Standard Deviations

Certified Concentrations

Al ₂ O ₃	2.75	±	0.10	%
CaO	0.80	±	0.02	%
Fe ₂ O ₃	62.31	±	0.50	%
MgO	2.07	±	0.18	%
MnO	0.36	±	0.02	%
SiO ₂	9.57	±	0.24	%
TiO ₂	22.94	±	0.70	%
V ₂ O ₅	0.48	±	0.04	%

Provisional Concentration

LOI	1.51	±	0.24	%
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Indicated Means

Cr ₂ O ₃	0.03	%
K ₂ O	0.02	%
Na ₂ O	0.03	%

APPENDIX 3:

Certificate of CRM AMIS129

Intended use: AMIS0129 is suitable for monitoring the accuracy of a single analysis of vanadium bearing titaniferous iron ores. The material can be used for routine quality control by inserting within a batch of samples.

The recommended mean and "Between Lab" standard deviations for this standard reflect the average results from the laboratories that participated in the round robin. Slight variations in analytical procedures between laboratories will reflect as slight biases to the recommended concentrations and this is acceptable. Good laboratories however will report results within the two standard deviation levels with a failure of <10 %.

Origin of material: The material for this standard was provided by Tivani (Pty) Ltd. from an exploration project in the late-Archean Rooiwater Complex situated in the eastern sector of the Murchison Range 10km north of Gravelotte in the Limpopo Province of South Africa. The material was collected off stockpiles resulting from exploration development into vanadium-bearing, Ti-magnetite rich layers that are present within the upper portion of the mafic Novengilla Gabbro Suite.

Mineral and chemical composition: The two major titaniferous magnetite layers are relatively pure, containing minor chlorite towards the edges. The upper layer contains minor apatite. The ore comprises smaller limonite crystals located interstitially between larger Ti-magnetite crystals.

Ref: Reynolds, I.M. (1986). Vanadium-bearing titaniferous iron ores of the Rooiwater Complex, North-Eastern Transvaal. In Anhauser, C.R., and Maske, S. (eds) (1986), Mineral Deposits of Southern Africa, 451-460.

Appearance: The material is a very fine powder coloured Dark Grey (Corstor Colour Gauge).

Method of preparation: The material was crushed, dry-milled and air-classified to 100% <54µm. Wet sieve particle size analysis of random samples confirmed the material was 100% <54µm. It was then blended in a bi-conical mixer, systematically divided and then sealed into 1kg Laboratory Packs. Samples were randomly selected for homogeneity testing and third party analysis. Statistical analysis for the consensus test results were carried out by an independent statistician. Explorer Packs are subdivided from the Laboratory packs as required.

Methods of analysis requested:

1. LOI 1000C.
2. Majors (Al₂O₃, CaO, Cr₂O₃, Fe₂O₃, K₂O, MgO, MnO, Na₂O, SiO₂, TiO₂, V₂O₅) XRF fusion.

Method of certification: Twelve laboratories were each given eight randomly selected packages of sample. The results from the ten laboratories that issued results timeously were used for the certification.

The mean and standard deviation for all data was calculated. Outliers were defined as samples beyond the mean ± 2 Standard Deviations from all data. These outliers were removed from the data and a new mean and standard deviation was determined.

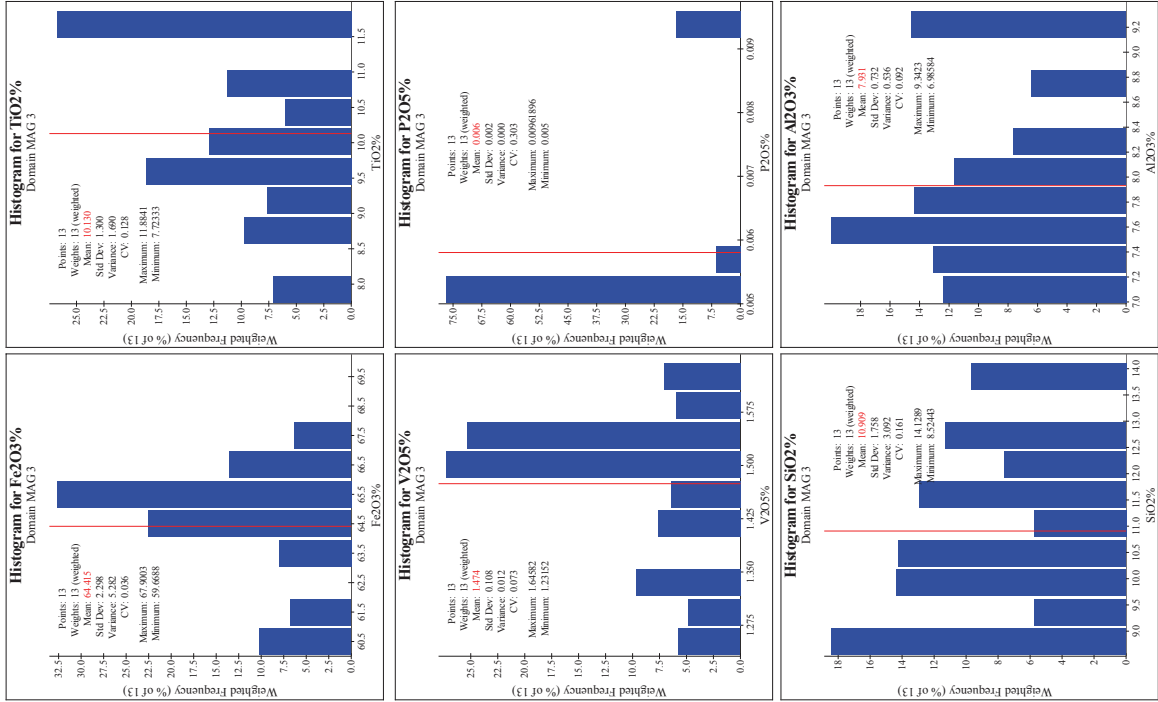
Standards with an RSD of near or less than 5 % are then certified, RSD's of between near 5 % and 15 % are given Provisional Concentrations and limits, those with RSD's over 15 % are given Indicated Concentrations.

This method is different from that used to calculate the Confidence Interval shown on many Government-produced standards in that the actual "between-laboratory" standard deviation is used in the calculations.

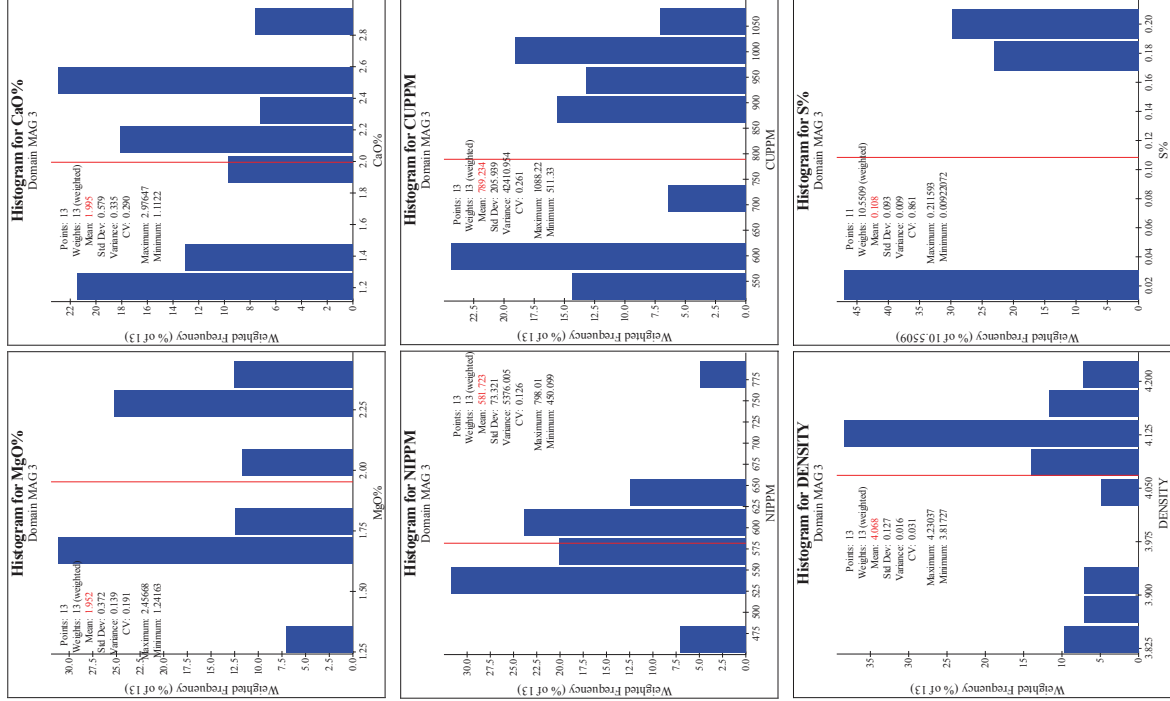
APPENDIX 4:

Histograms of the elemental population distribution in drillholes for MML and N-Q Zone (weathered and non-weathered)

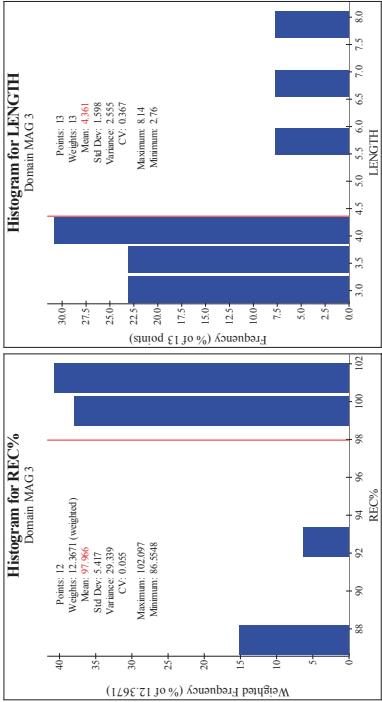
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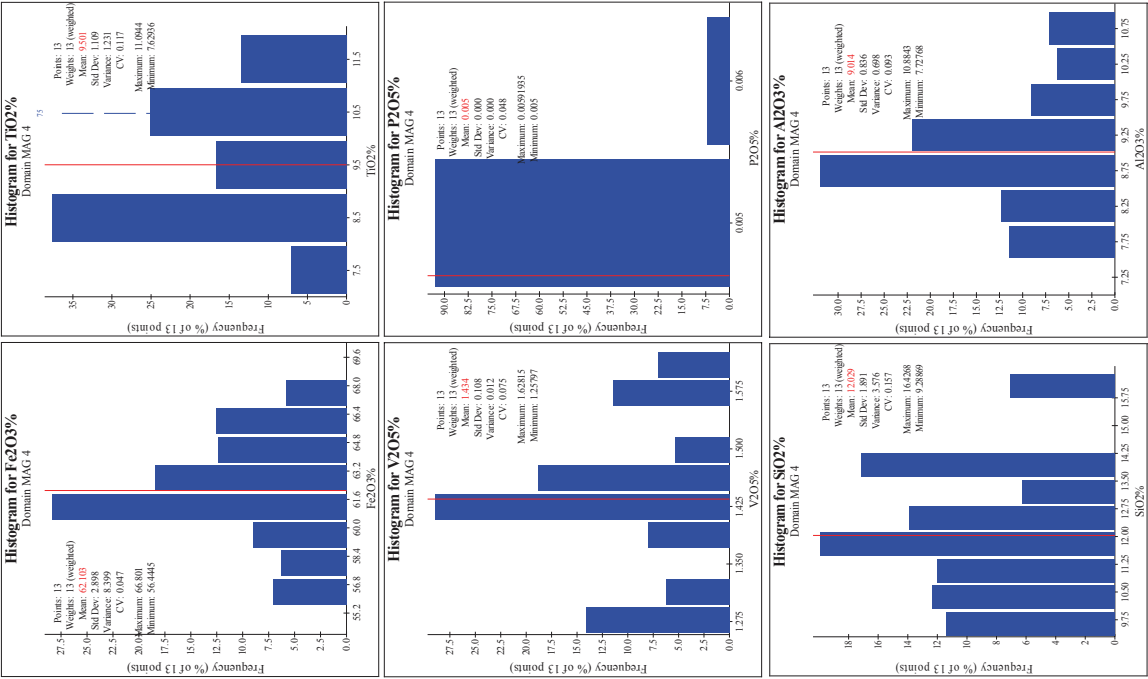
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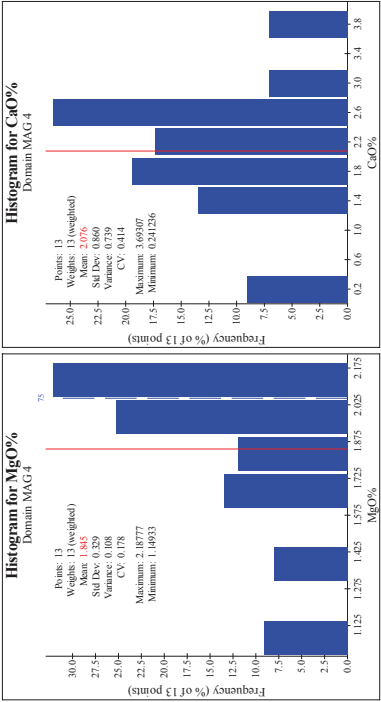
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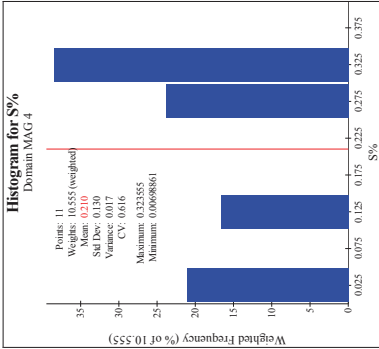
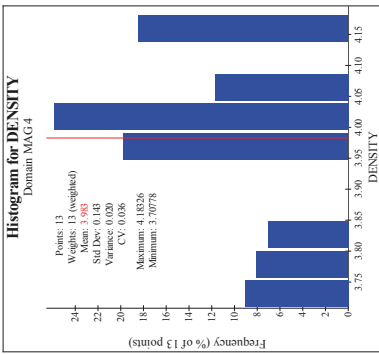
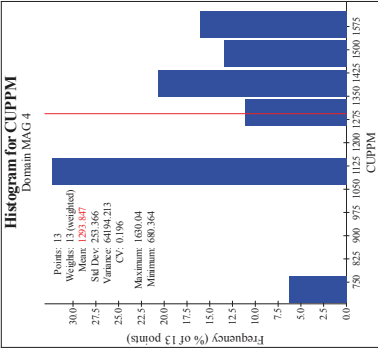
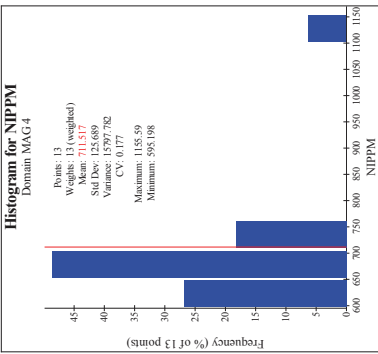
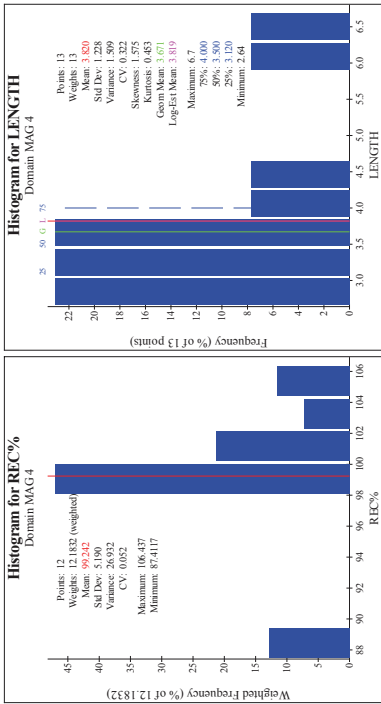
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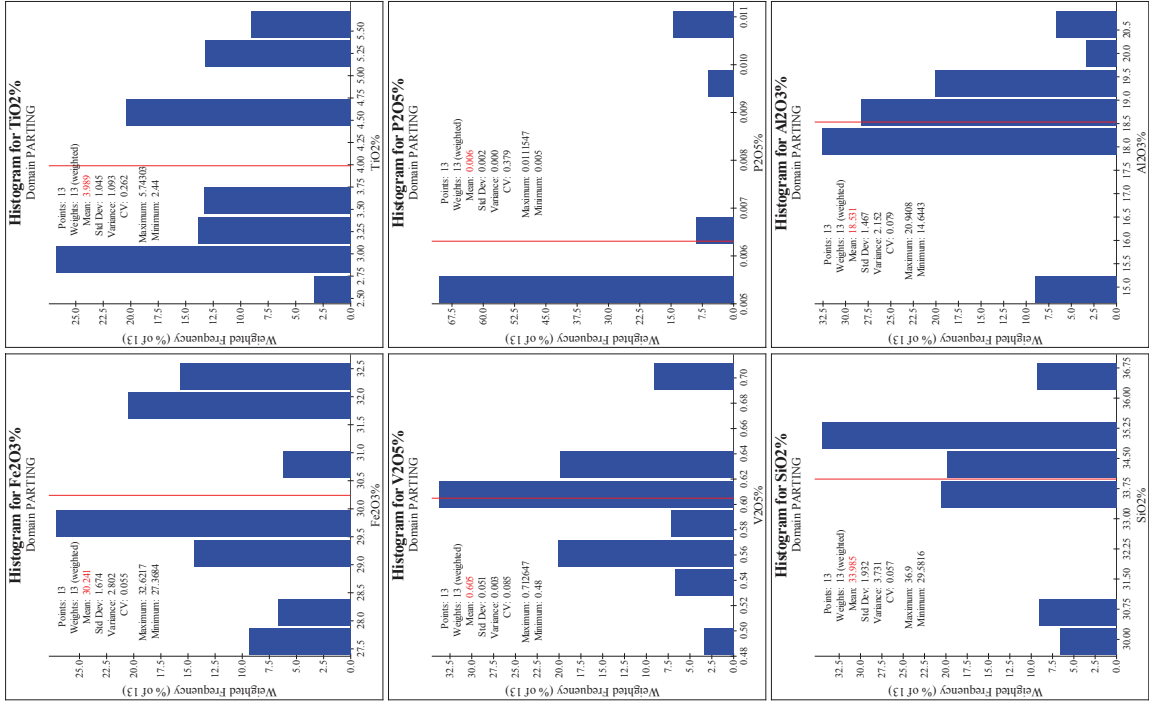
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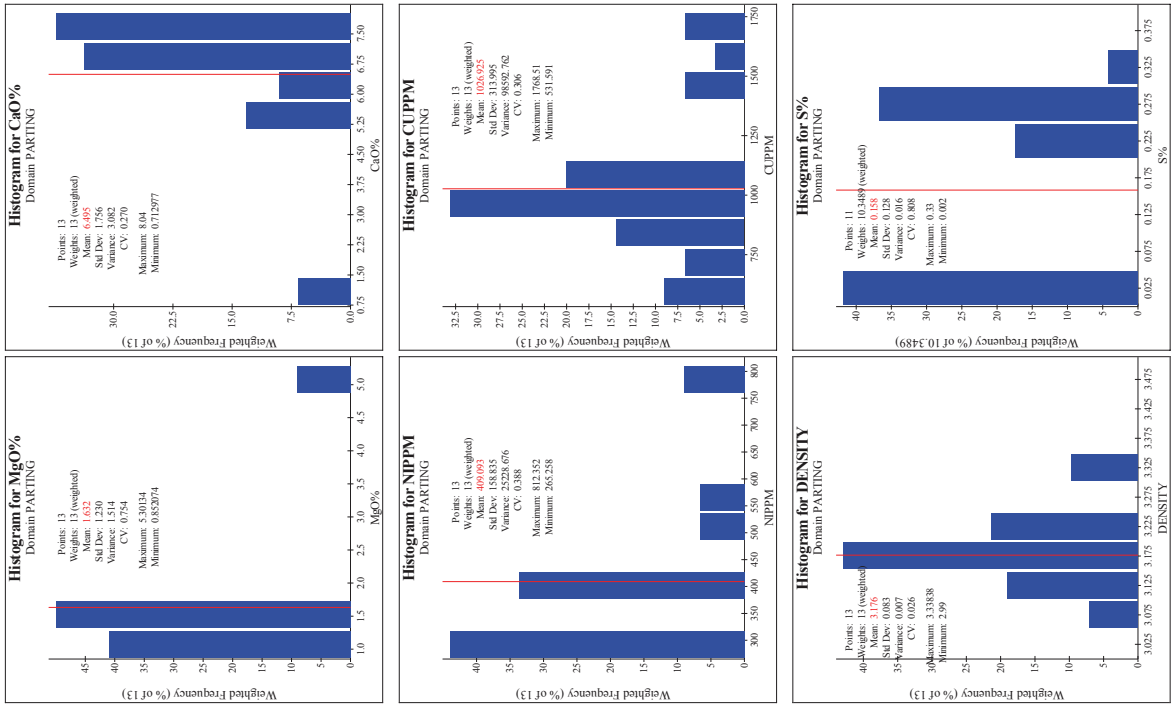
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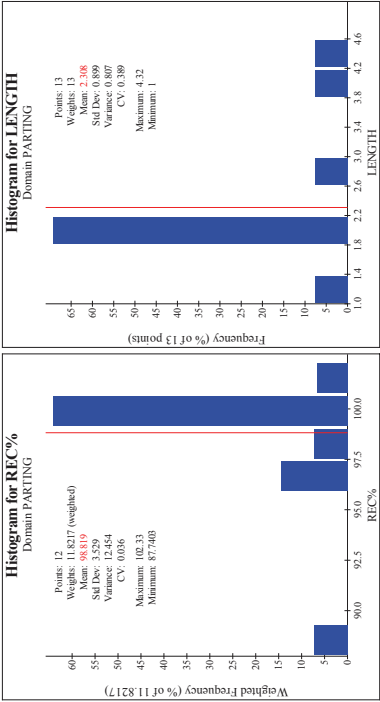
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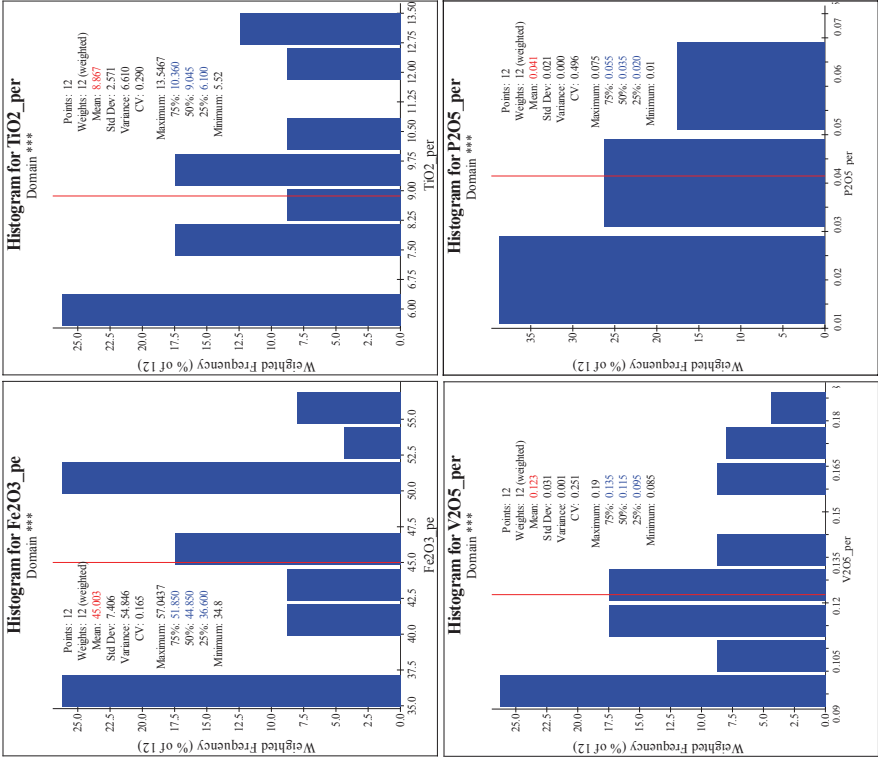
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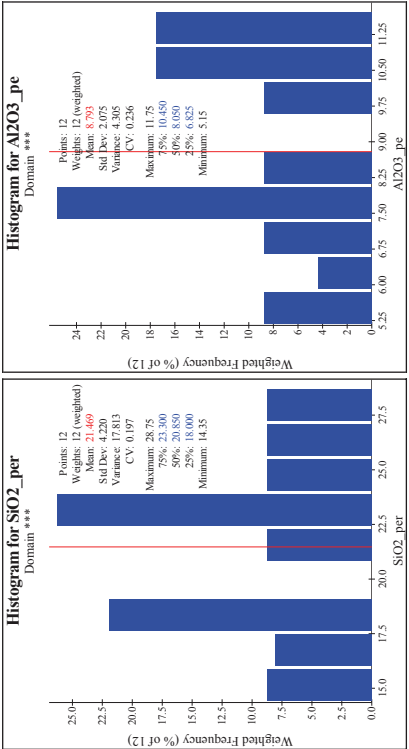
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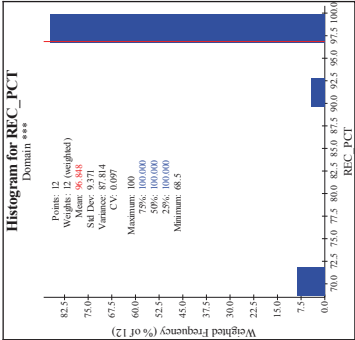
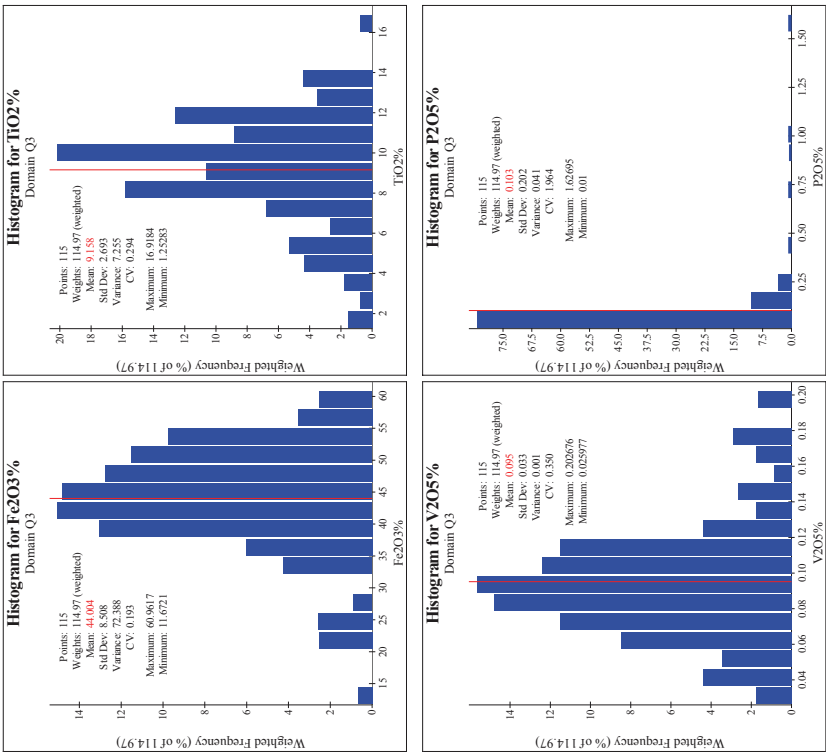
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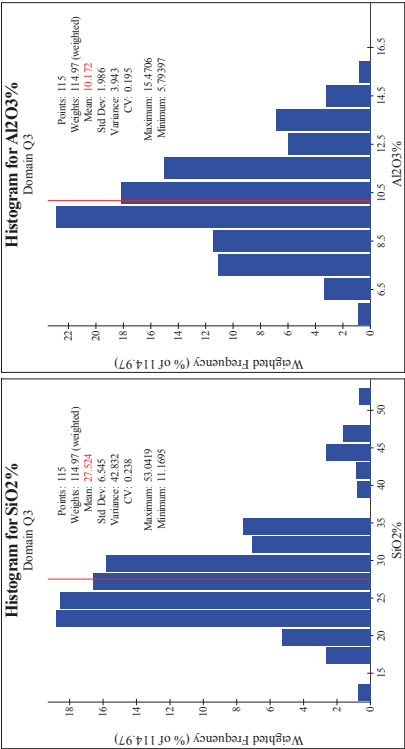
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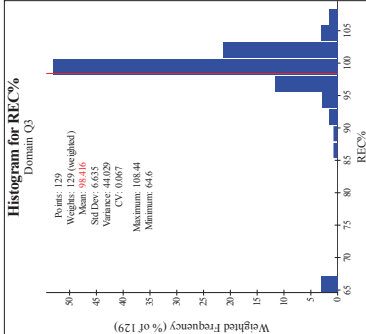
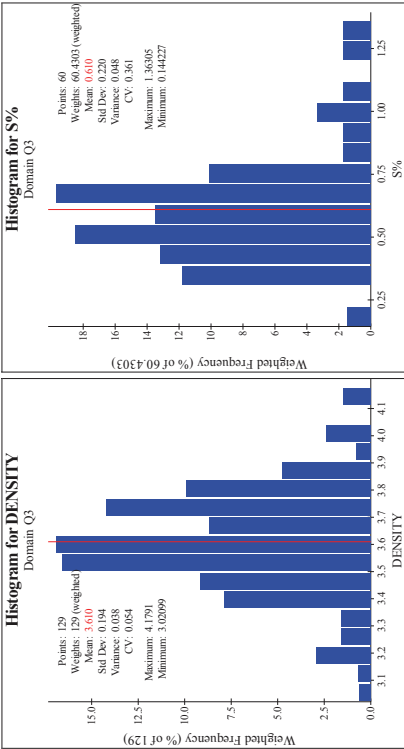
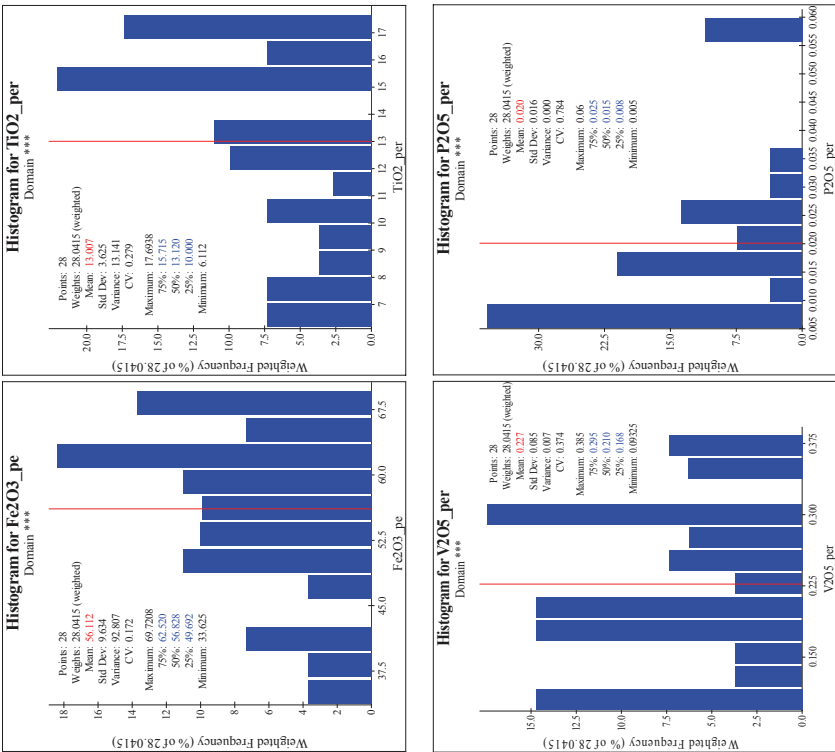
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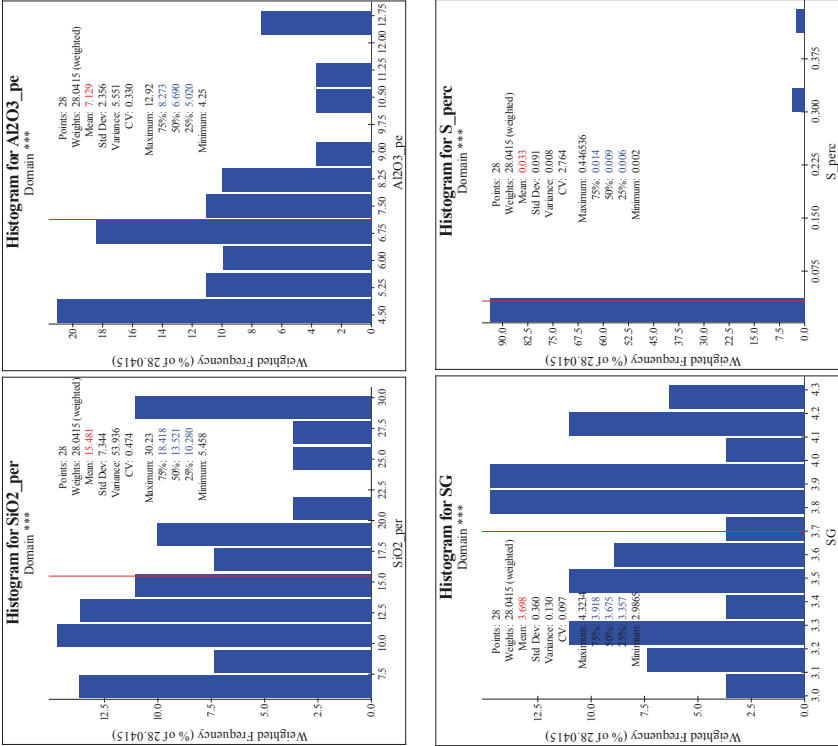
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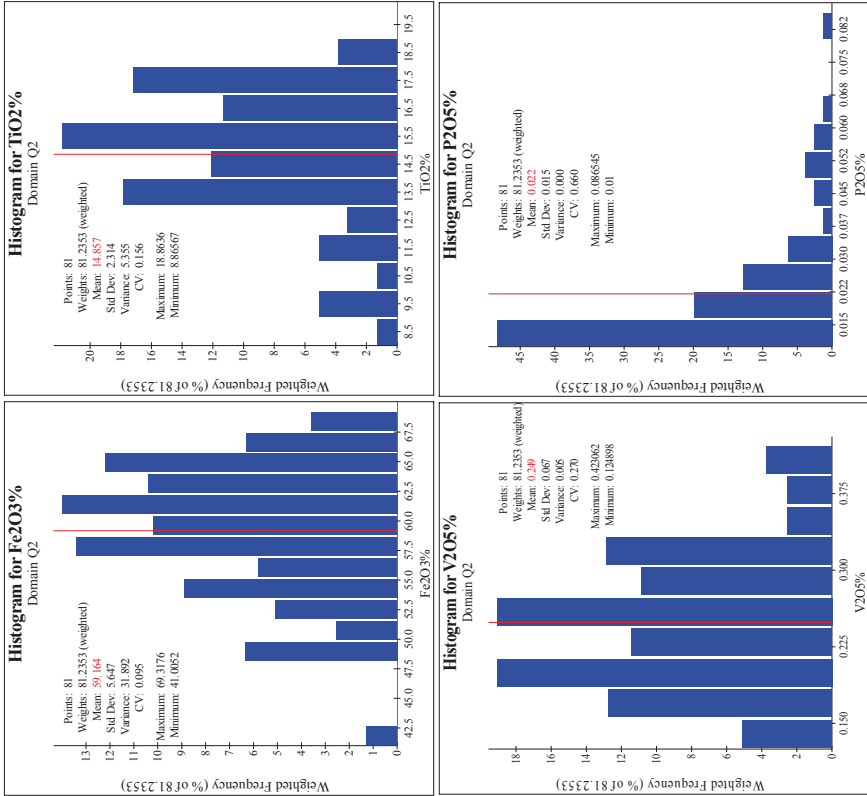
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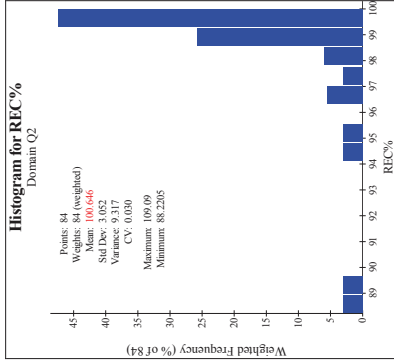
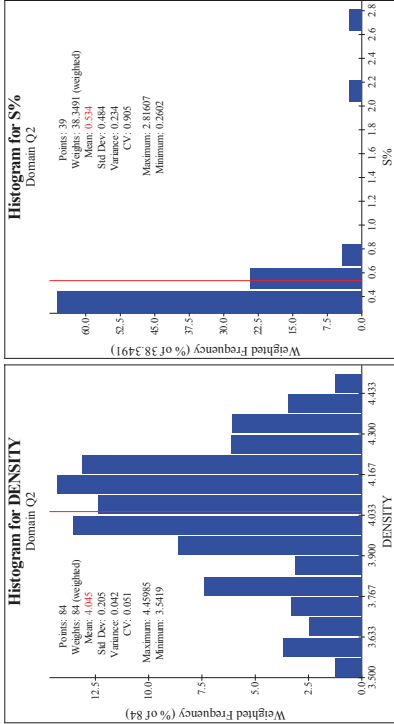
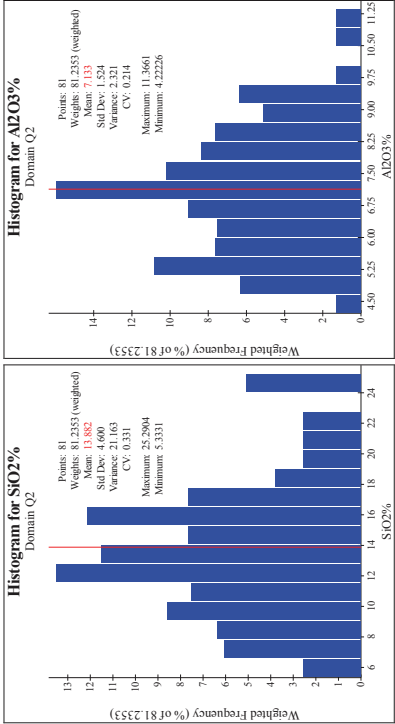
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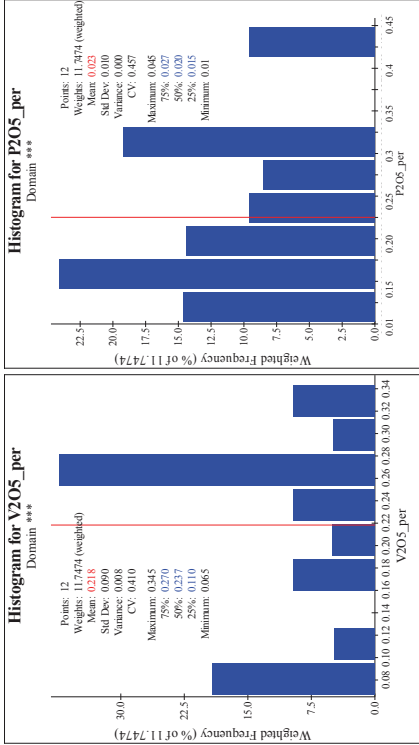
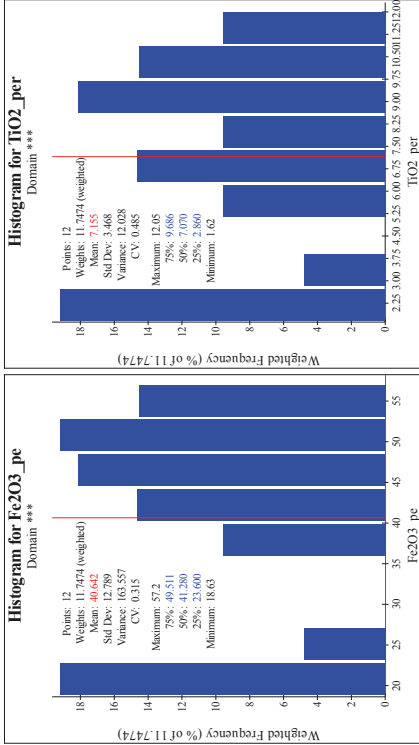
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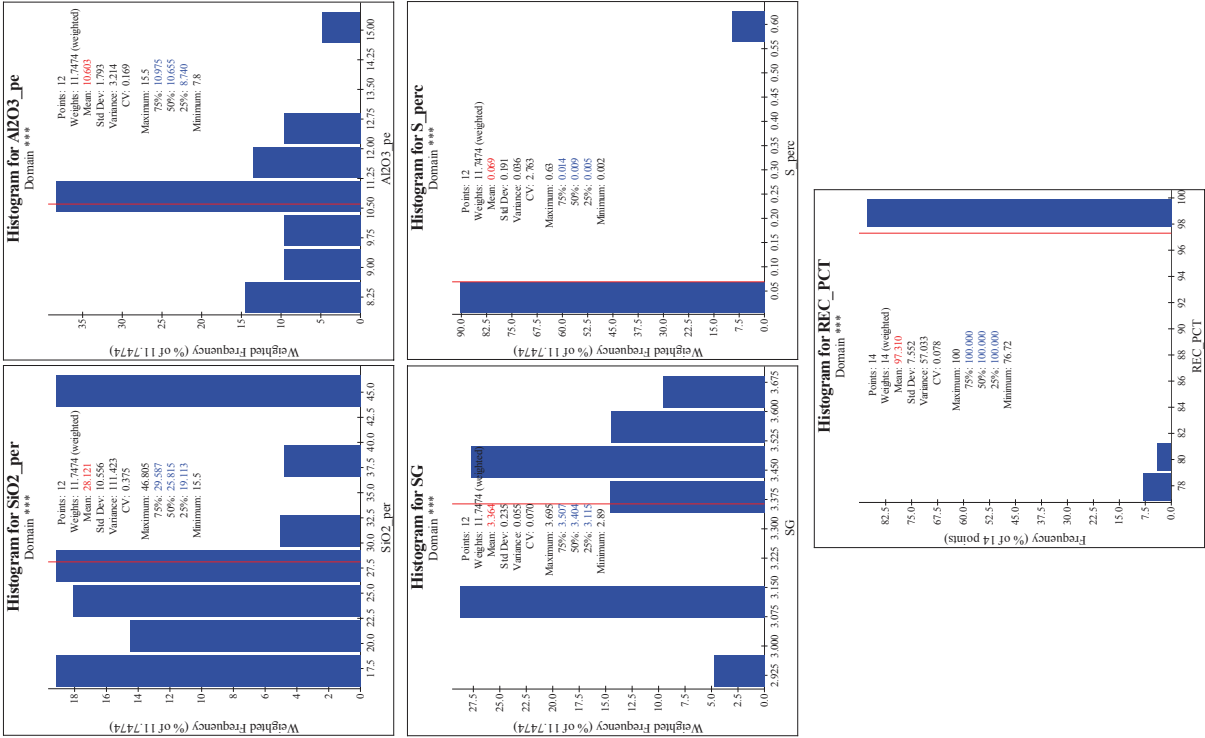
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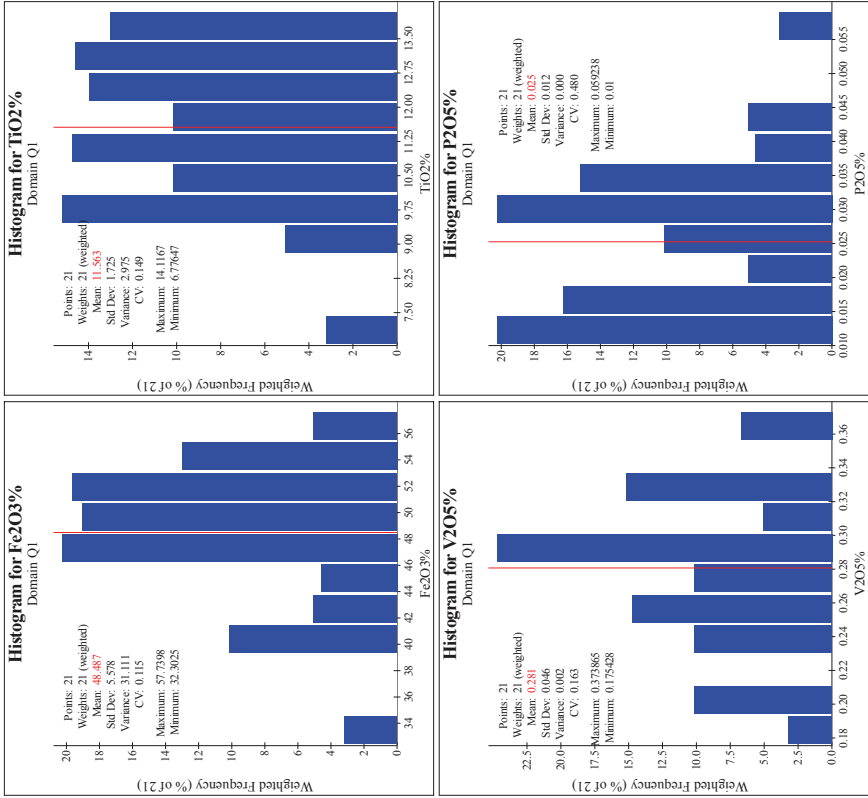
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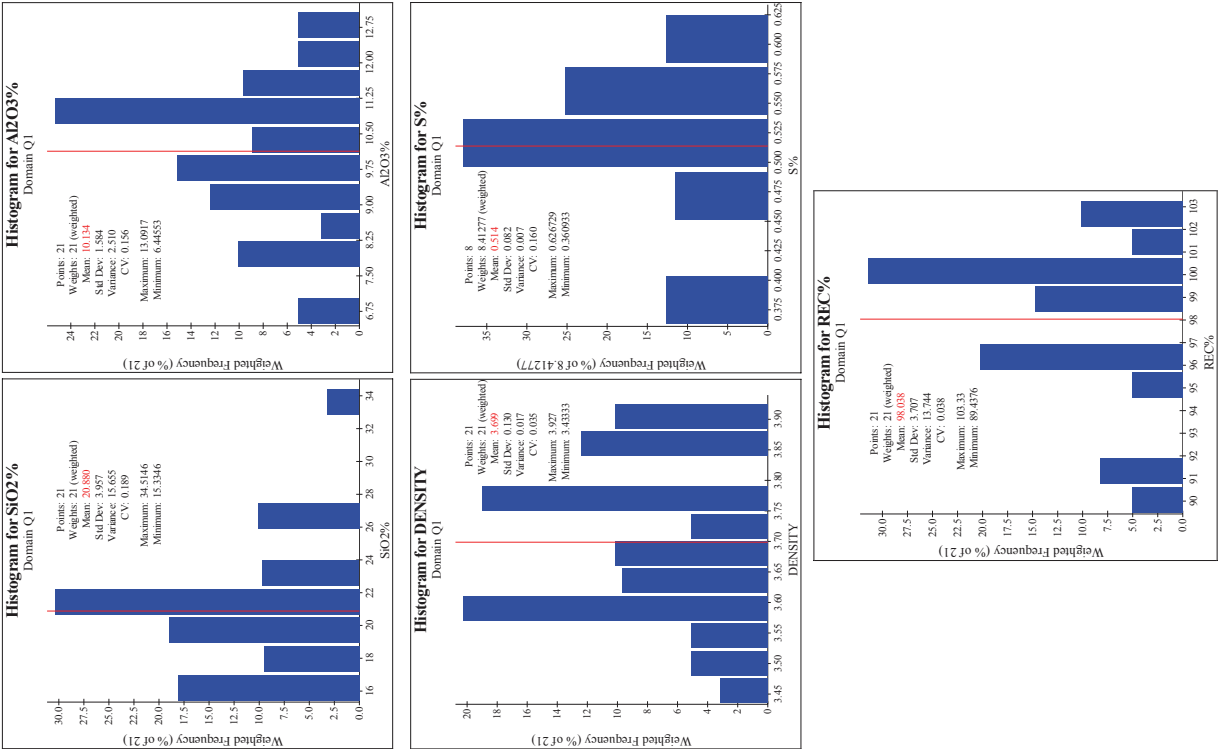
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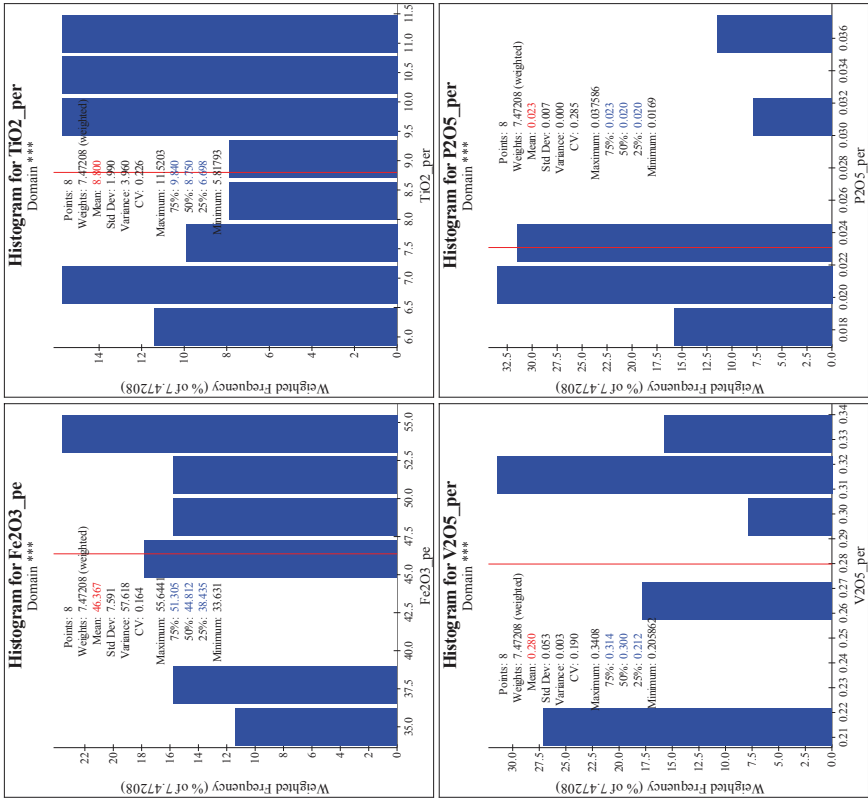
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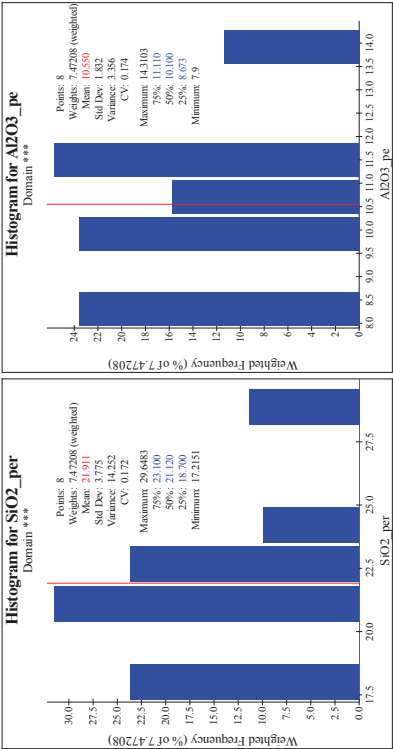
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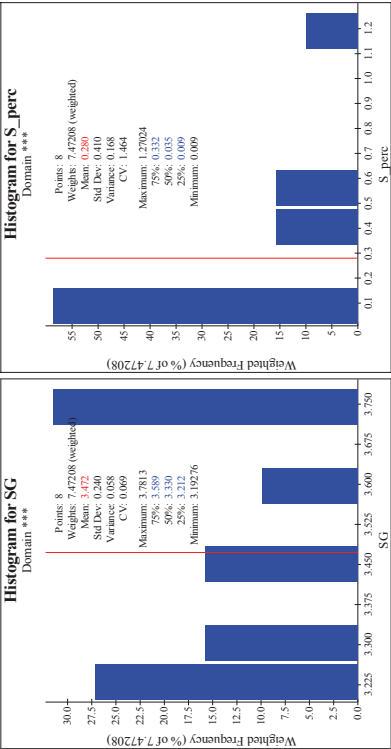
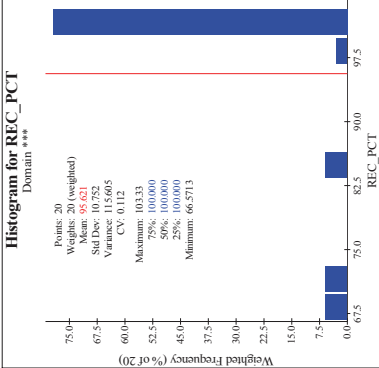
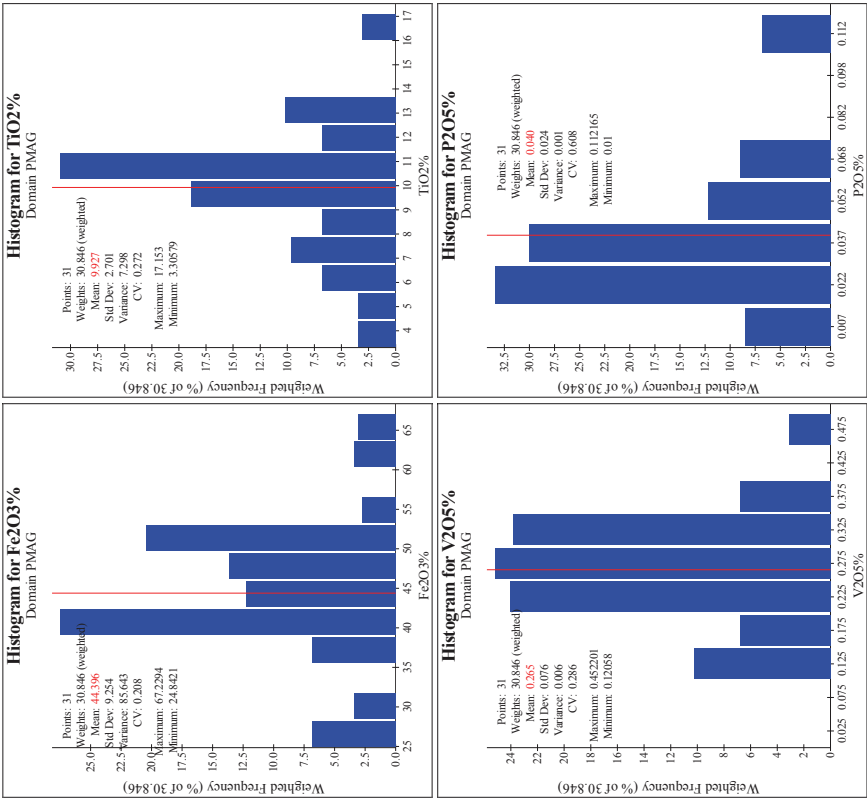
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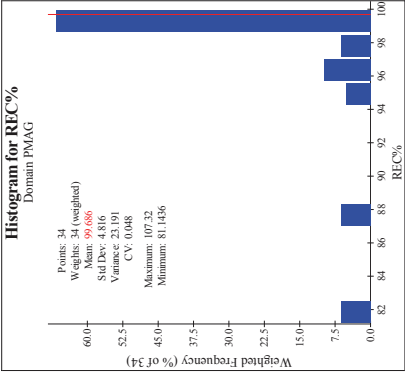
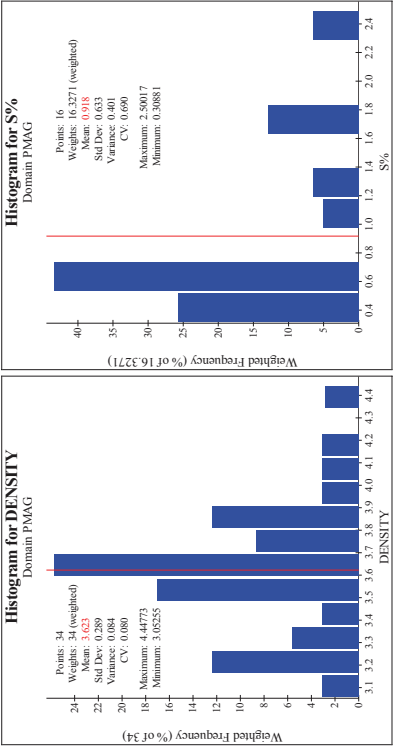
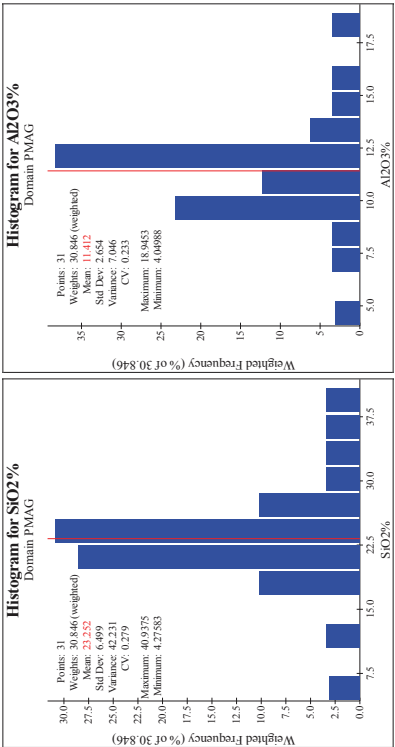
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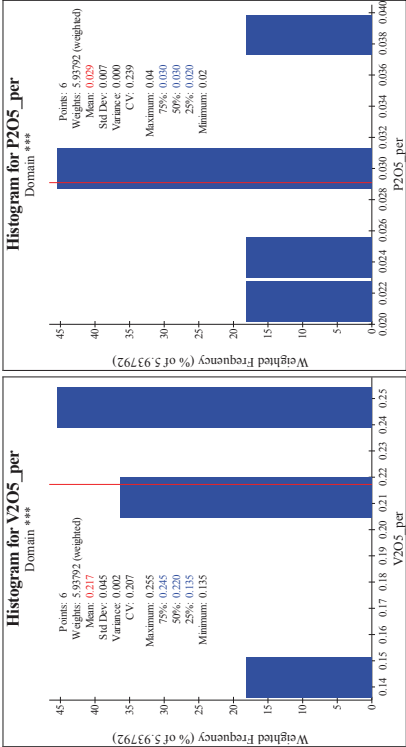
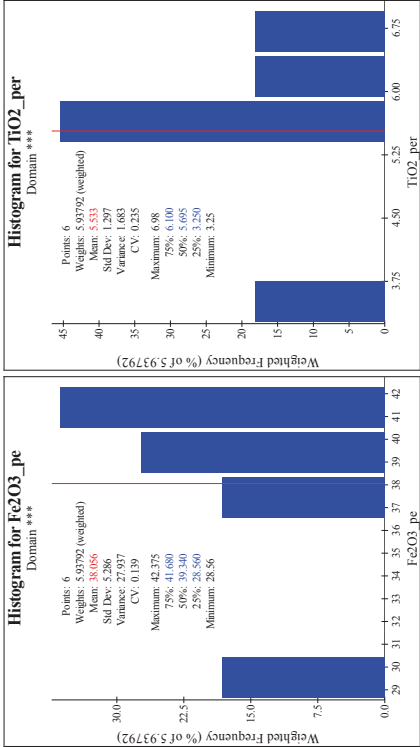
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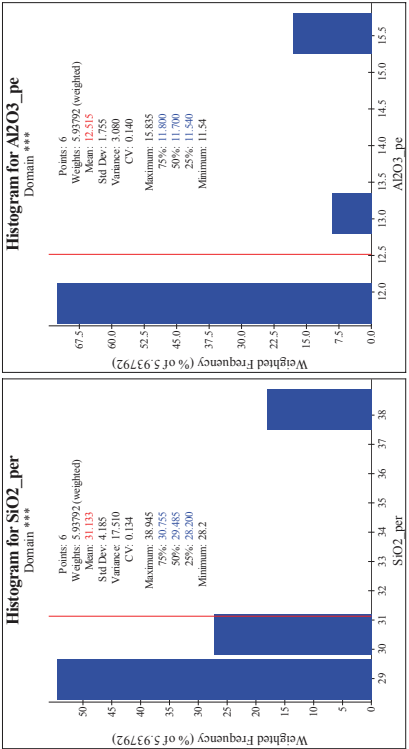
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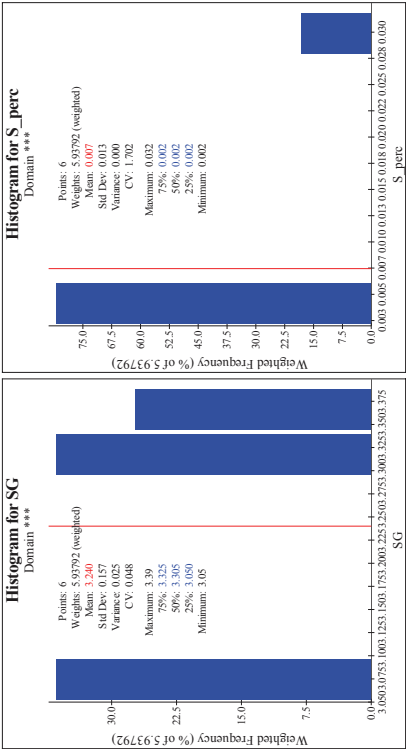
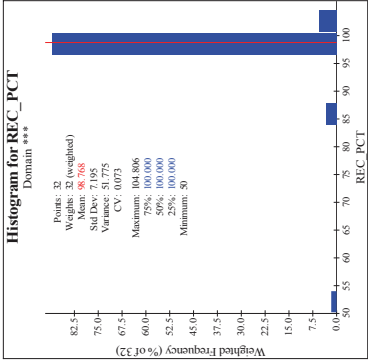
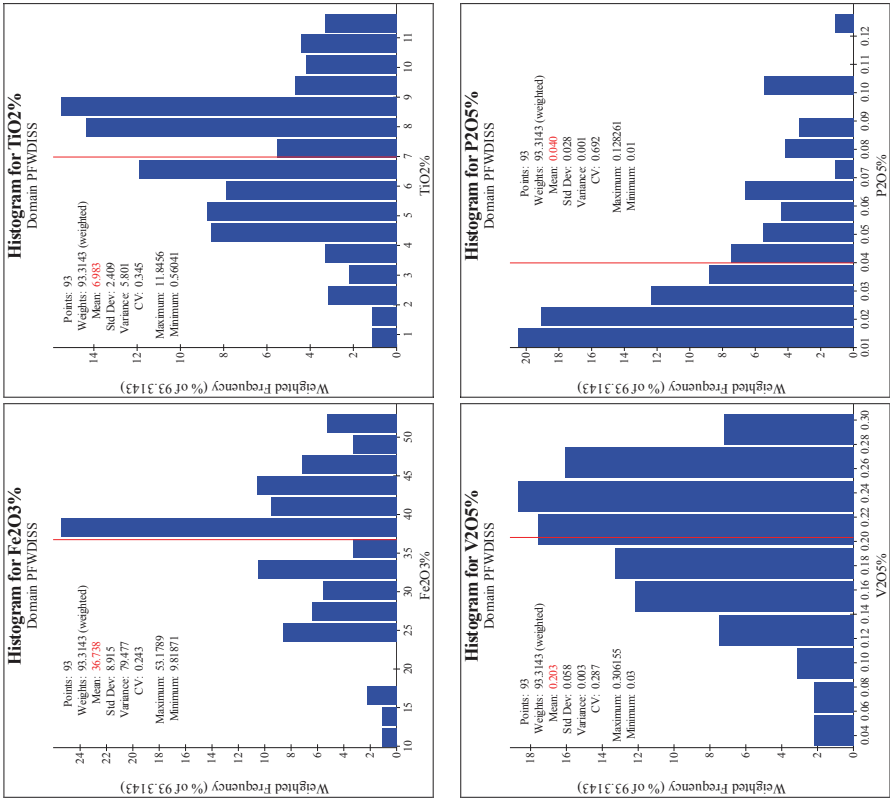
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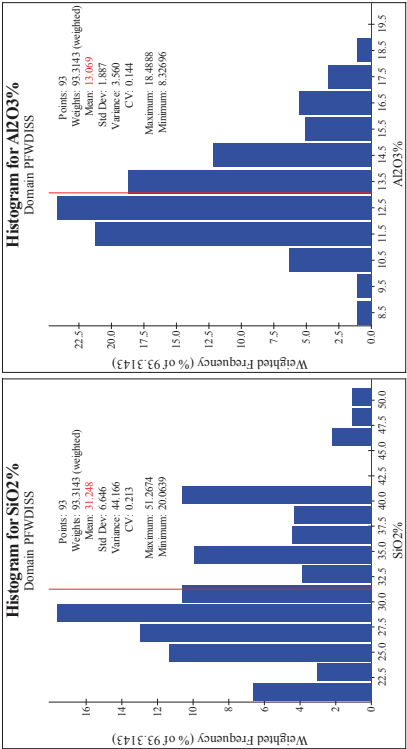
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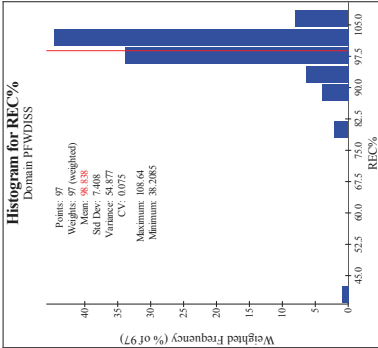
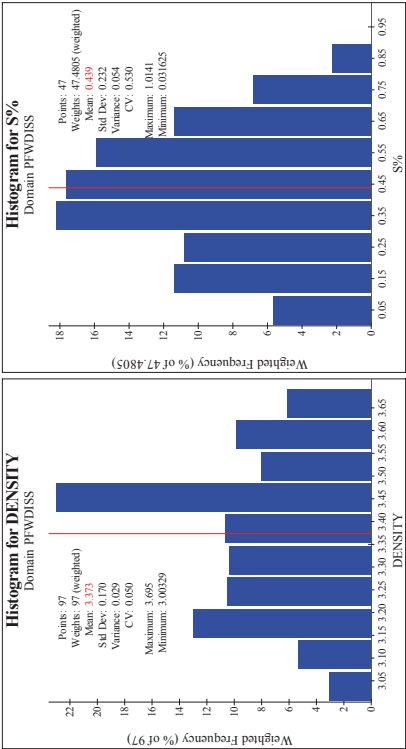
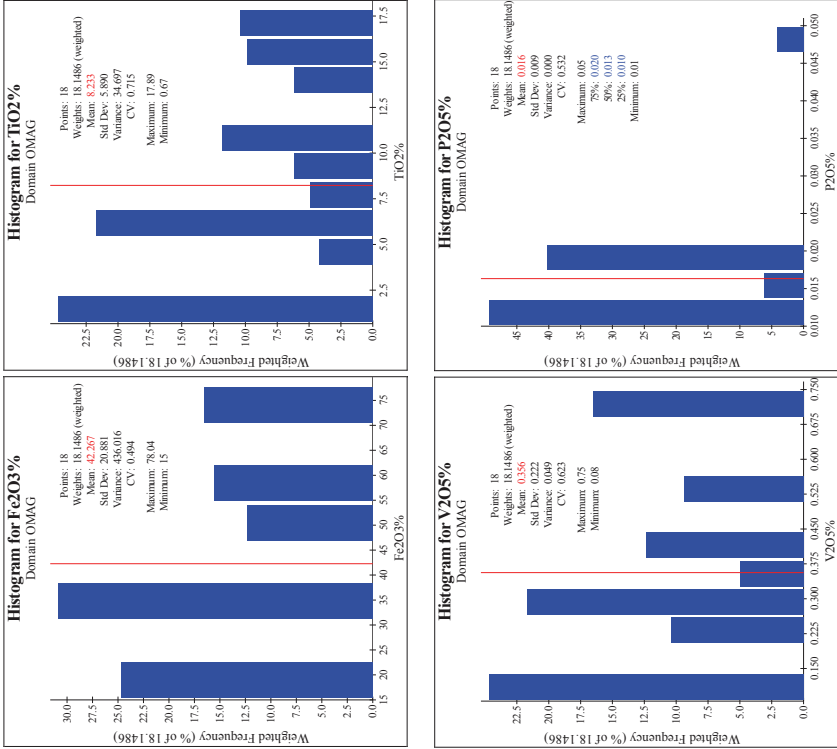
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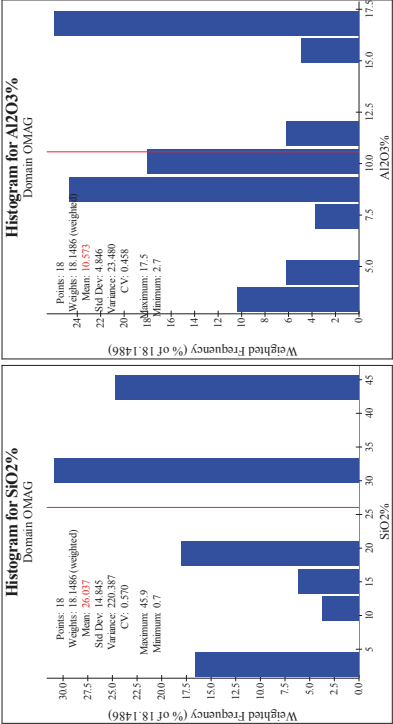
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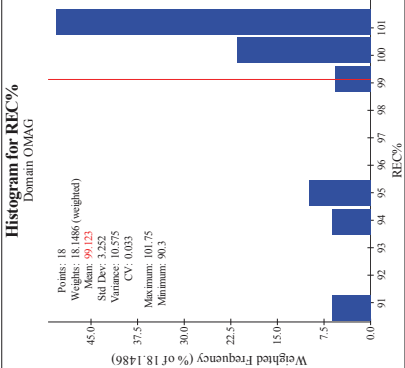
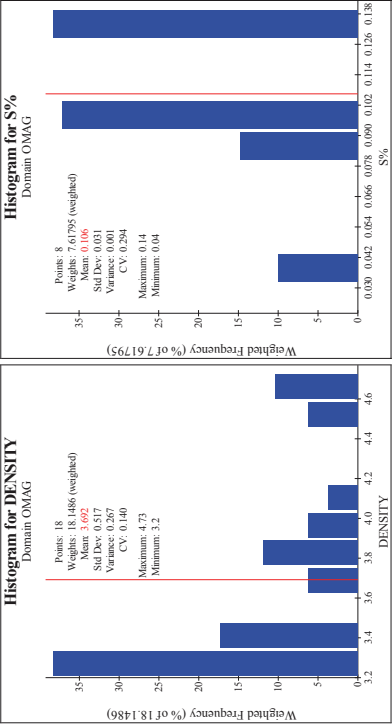
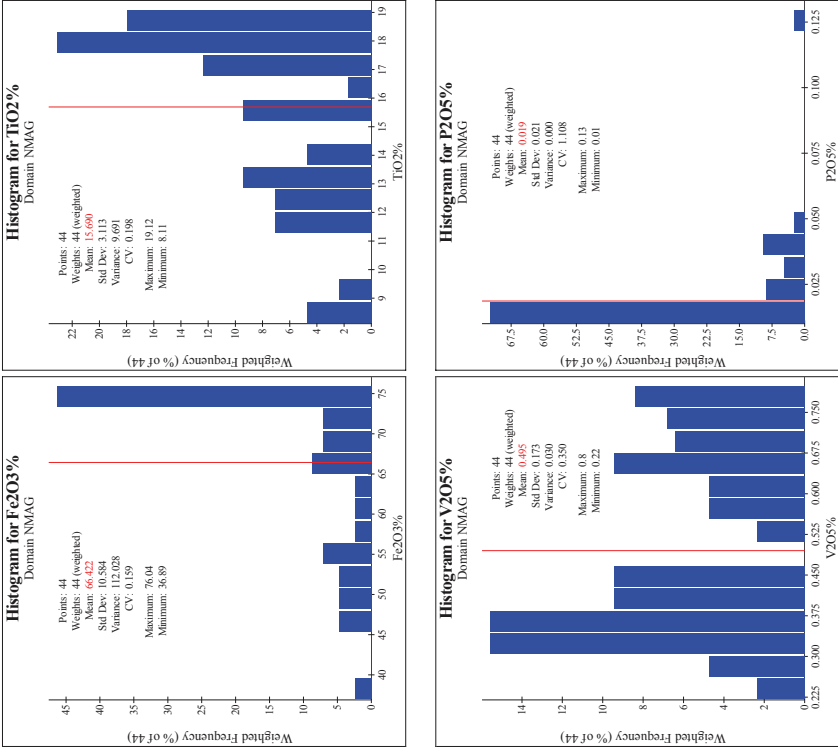
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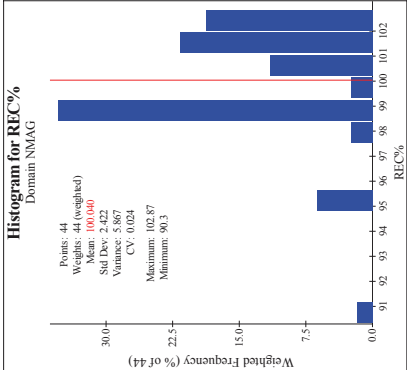
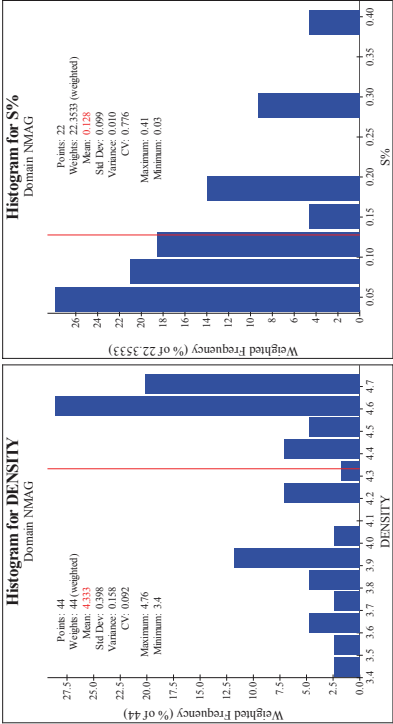
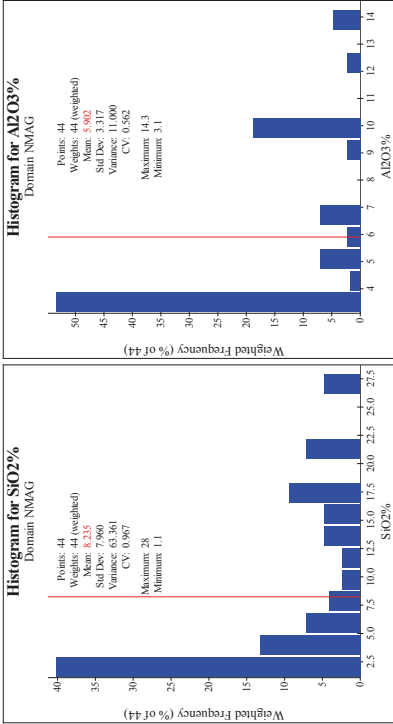
OMAG (non-weathered)



NMAG (non-weathered)



NMAG (non-weathered)





Specialist Consultants to the Mining Industry

J2170

Mokopane Tin Project, South Africa

Competent Person's Report

Prepared by The MSA Group (Pty) Ltd on behalf of:

Bushveld Minerals Limited

Effective Date: 31 May 2013

Report Date: 4 June 2013



Qualified Person(s):

Dr Leon Liebenberg

Mr Mike Hall

Mr Mike Lynn

Associate Consultant

Resource Consultant

Principal Consultant

Pr.Sci.Nat.

AusIMM, Pr.Sci.Nat.

Pr.Sci.Nat.

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Appendix 1 : Geological sections of the Mokopane Tin Project Groenfontein mineral resource.

1 SUMMARY

This Competent Persons Report (CPR) is a re-issue of a previously issued report.

The information in the current report is extracted from the report entitled "Mokopane Tin Project, South Africa Independent Technical Report Prepared by MSA Geoservices (Pty) Ltd on behalf of Greenhills Resources Ltd." and dated 26 September 2011. It is available to view on www.bushveldminerals.com. MSA confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that with respect to the Mineral Resource estimate in that report, all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. MSA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Supplementary information included in this report comprises a summary of additional drilling undertaken on the Zaaiplaats tin target adjacent to the previously reported Mineral Resource and the results of some metallurgical testwork.

The Mokopane Tin Project property comprises six farms situated over the acid phase rocks of the Bushveld Complex. The property is approximately 13,422 ha in extent. The equivalent of nearly 22,000 tonnes of tin metal has been historically produced from four of the farms, from high grade pipe-like mineralisation, and from lower grade disseminated mineralisation occurring near the upper parts of a granite sheet.

Prospecting Right (PR) LP 2205 PR is held in the name of VM Investment Company (Pty) Ltd (VMIC). The license is valid for a period of five years, from 14 July 2010 to 13 July 2015, and grants exclusive prospecting rights to the holder. The PR gives the holder rights to explore for tin, rare earth metals, fluorspar, molybdenum, gold, arsenic, uranium, zirconium, iron ore and zinc. Greenhills Resources Ltd has access to PR 2205 PR through its 100% shareholding of the Mokopane Tin Company as shown in the following shareholding structure.



The high grade tin mineralisation has mostly been mined out. However, at least two areas of lower grade disseminated tin mineralisation remain on the farms Groendoom 225KR and Groenfontein 227KR. This deposit represents only one of five targets identified in the project area. The identified Mineral Resources may be increased through further exploration on these targets. The current Mineral Resource contains Measured, Indicated and Inferred Mineral Resources (JORC-compliant) which were estimated in the Lease Granite at Groenfontein as shown in the following tables.

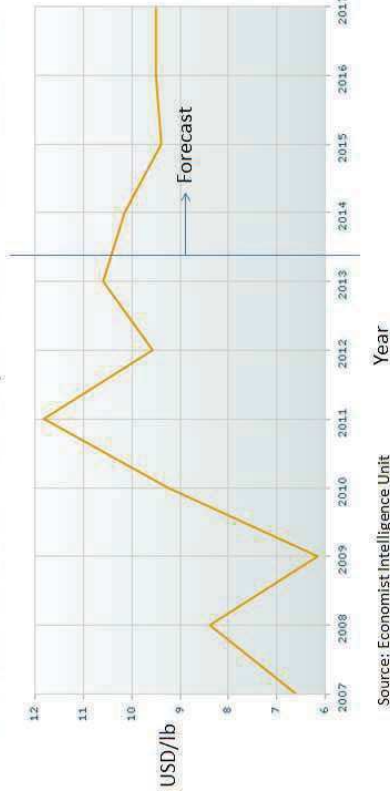
Measured					Indicated					Inferred				
Cut-off (%Sn)	Tonnes	Grade (%Sn)	Sn tonnes		Cut-off (%Sn)	Tonnes	Grade (%Sn)	Sn tonnes		Cut-off (%Sn)	Tonnes	Grade (%Sn)	Sn tonnes	
0	10,289,000	0.062	5,350		0	85,384,000	0.018	15,369		0	49,073,000	0.017	8,342	
0.01	8,459,000	0.062	5,245		0.01	61,591,000	0.023	14,166		0.01	35,681,000	0.021	7,493	
0.02	7,359,000	0.069	5,078		0.02	18,954,000	0.05	9,477		0.02	9,843,000	0.046	4,528	
0.03	6,153,000	0.078	4,799		0.03	12,168,000	0.064	7,788		0.03	5,745,000	0.062	3,562	
0.04	4,802,000	0.09	4,322		0.04	8,451,000	0.078	6,592		0.04	3,901,000	0.075	2,926	
0.05	3,722,000	0.104	3,871		0.05	6,550,000	0.088	5,764		0.05	2,990,000	0.085	2,542	
0.06	2,894,000	0.118	3,403		0.06	4,683,000	0.101	4,730		0.06	2,078,000	0.099	2,057	
0.07	2,267,000	0.132	2,992		0.07	3,506,000	0.114	3,999		0.07	1,442,000	0.115	1,658	
0.08	1,817,000	0.147	2,671		0.08	2,798,000	0.124	3,470		0.08	1,203,000	0.123	1,480	
0.09	1,434,000	0.163	2,337		0.09	2,290,000	0.132	3,023		0.09	1,027,000	0.129	1,325	
0.1	1,177,000	0.179	2,107		0.1	1,918,000	0.14	2,685		0.1	898,000	0.134	1,203	
0.11	1,001,000	0.192	1,922		0.11	1,247,000	0.16	1,995		0.11	536,000	0.157	842	
0.12	840,000	0.206	1,730		0.12	1,058,000	0.168	1,777		0.12	467,000	0.163	761	
0.13	717,000	0.221	1,585		0.13	880,000	0.177	1,558		0.13	352,000	0.176	620	
0.14	632,000	0.232	1,466		0.14	731,000	0.186	1,360		0.14	271,000	0.188	509	
0.15	561,000	0.243	1,363		0.15	591,000	0.196	1,158		0.15	244,000	0.193	471	
0.16	486,000	0.255	1,265		0.16	472,000	0.206	972		0.16	206,000	0.201	414	
0.17	430,000	0.269	1,157		0.17	387,000	0.215	832		0.17	174,000	0.207	360	
0.18	391,000	0.278	1,087		0.18	313,000	0.225	704		0.18	111,000	0.225	250	
0.19	357,000	0.287	1,025		0.19	245,000	0.236	578		0.19	75,000	0.246	185	
0.2	322,000	0.297	956		0.2	193,000	0.248	479		0.2	68,000	0.251	171	

In the Lease Granite at the Groenfontein target, a Measured + Indicated Mineral Resource of 3,095,000 tonnes, containing 4,792 tonnes tin (at 0.1% Sn cut-off) has been estimated, at an average grade of 0.15% Sn. A further 898,000 tonnes is estimated in the Inferred Mineral Resource category, at an average grade of 0.13% Sn. A preferred cut-off of 0.1% Sn has been selected by benchmarking the project against similar tin projects elsewhere in the world, and by estimating the in situ value of mineralisation based on a three year average tin price. Locally, drilling has intersected relatively high-grade mineralisation with grades reaching up to 0.46% Sn over 11 m, and 0.41% Sn over 16 m.

No economic study of the project has yet been undertaken. The Mineral Resource that has been defined crops out at surface and occurs at shallow depth.

Examination of the tin market indicates that the tin price has fallen from its all-time high in early 2011. Tin was the best-performing base metal on the London Metals Exchange (LME) in terms of price in 2012, rising about 24% from USD 9 per pound at the end of 2011, to a final price of USD 11.20 per pound at the end of 2012. Forecasts indicate that the metal will remain well above USD 9 per pound in the medium term (see chart below).

Refined Tin Price – last 6 years and forecast to 2017



Because the Mokopane Project is situated in South Africa, it would be subject to exchange risk as the Rand / US Dollar exchange rate fluctuates. Operating costs would be in Rands, but the sales revenue for tin produced would be based on an international pricing model. Also, the deposit that has been defined is relatively small and low grade. This provides little margin should negative factors impact a future mine.

It is recommended that further investigation of the other targets within the Project should be investigated to determine whether the total JORC Code-compliant Mineral Resource can be increased. It is further recommended that a scoping study is undertaken on the Mineral Resource to determine whether a proportion of the Mineral Resources can be mined economically. Further metallurgical studies should be undertaken to establish the grain size of the cassiterite and its recoverability.



2 INTRODUCTION AND TERMS OF REFERENCE

2.1 Scope of Work

This Competent Persons Report (CPR) is a re-issue of a previously issued report. "Mokopane Tin Project, South Africa Independent Technical Report Prepared by MSA Geoservices (Pty) Ltd on behalf of Greenhills Resources Ltd." and dated 26 September 2011.

The MSA Group (MSA) was commissioned by Bushveld Minerals Ltd (Bushveld) to provide an updated independent Competent Person's report (CPR) on the Mokopane Tin Project in the Limpopo Province of South Africa to also include additional drilling information on an adjoining area to the stated Mineral Resources in that report. MSA was engaged by Bushveld (which owns 100% of Greenhills Resources Ltd) to complete the CPR for the purposes of the report's inclusion in the Bidder's Statement to be published in relation to Bushveld Minerals Ltd's takeover offer for Lemur Resources Limited.

This CPR is intended to comply with standards set forth by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of Australia, in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 edition.

2.2 Principal Sources of Information

The information in this report is extracted from the report entitled "Mokopane Tin Project, South Africa Independent Technical Report Prepared by MSA Geoservices (Pty) Ltd on behalf of Greenhills Resources Ltd." and dated 26 September 2011. It is available to view on www.bushveldminerals.com. MSA confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that with respect to the Mineral Resource estimate in that report, all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. MSA confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Supplementary information included in this report comprises a summary of additional drilling undertaken on the Zaaipplaats tin target adjacent to the previously reported Mineral Resource, some metallurgical testwork, and a tin market update.

Tin mining in the vicinity of the Mokopane Tin Project commenced in 1906 and most recently ended in about 1990 as a result of depressed tin prices at that time. A significant volume of both published and unpublished scientific and commercial information has been produced on mines in the area and MSA believes that a representative and relevant proportion of this information has been collated for use in the preparation of the report. The documents used in this review are listed in section 16 of the report.

2.3 Qualifications, Experience and Independence



MSA is an exploration and resource consulting and contracting firm which has been providing services and advice to the international minerals industry and financial institutions since 1983. This CPR was compiled by Dr Leon Liebenberg and Mr Michael Lynn. The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Dr Leon Liebenberg, who is a registered Member of the South African Council for Natural Scientific Professions (SACNASP), a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. His registration number is 401139/83.

Dr Liebenberg is a professional geologist with 43 years' industry experience with a number of multinational mining and exploration companies and in a variety of commodities. He worked at the Zaaipplaats Tin Mine for a short period early in his career and has worked on tin projects in South Africa and elsewhere. He is an Associate Consulting Geologist with MSA. Dr Liebenberg has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as Competent Person as defined in the 2004 Edition of the JORC Code. Dr Liebenberg consents to the inclusion in this document of the matters based on the information in the form and context in which it appears, and approves such disclosures.

Mr Lynn is a professional geologist with 25 years' experience, primarily in the exploration for and evaluation of mineral deposits in Southern, Central, West and East Africa and India. This includes work on tin-tantalum granites and pegmatites in the Democratic Republic of Congo, Mozambique and South Africa. He is a Fellow of the Geological Society of South Africa, and a member of the Society of Economic Geologists. He is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions (400148/11). His contributions to this CPR were signed off by Dr Liebenberg.

The Mineral Resource work has been reviewed by Mr Michael Hall. Mr Hall is a resource geologist with over 30 years' experience in multi-commodity mineral exploration and resource management. He is Principal Consultant, Mineral Resources, with MSA, a registered professional scientist with South African Council for Natural Scientific Professions (SACNASP), a Member of the Geological Society of South Africa (MGSSA) and of the Australian Institute of Mining and Metallurgy (AIMM). Mr Hall has the appropriate relevant qualifications and experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as Competent Person as defined in the 2004 Edition of the JORC Code. Mr Hall consents to the inclusion in this document of the matters based on the information in the form and context in which it appears, and approves such disclosures.

Peer review has been undertaken by Mr Robert Croll, who is a professional mining engineer and a Competent Valuator as that term is defined by the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

(CIMVAL), with over 35 years' experience in mining and valuation of mineral projects within Africa and elsewhere internationally. Mr Croll is a Fellow of the South African Institute of Mining and Metallurgy.

Neither MSA, nor the authors of this CPR, have or have had previously, any material interest in Greenhills or the mineral properties in which Greenhills has an interest. Our relationship with Greenhills is solely one of professional association between client and independent consultant. This CPR is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this CPR.

2.4 Current Personal Inspection

A site visit was made on 11 April 2011 to the Mokopane Tin Project by Dr. Leon Liebenberg DSc MSc Pr.Sci.Nat, a 'Competent Person' as that term is defined in the JORC Code, and Mr Mike Lynn MSc of MSA, accompanied by Professors Morris and Richard Viljoen, representatives of Greenhills, and also 'Competent Persons'. A visit was made to the historical marked drill locations and current verification drilling activities on the property, and to the core store situated in the nearby town of Mokopane.

3 RELIANCE ON OTHER EXPERTS

The information and conclusions contained in this CPR are based on information available to MSA at the time of preparation of the report. MSA assumed that all of the information and technical documents reviewed and listed in the "References" are accurate and complete in all material aspects. While MSA carefully reviewed all of this information, MSA has not concluded any extensive independent investigation to verify their accuracy and completeness. The Mineral Resource was independently estimated by Mr Dexter Ferreira of IRES, and reviewed by Mr Mike Hall of MSA.

Greenhills has warranted that a full disclosure of all material information in its possession or control has been made to MSA. Greenhills has agreed that neither it nor its associates will make any claim against MSA to recover any loss or damage suffered as a result of MSA's reliance upon the information provided by Greenhills for use in preparation of this report. Greenhills has also indemnified MSA against any claim arising out of the assignment to prepare this report, except where the claim arises as a result of proved wilful misconduct or negligence on the part of MSA. This indemnity is also applied to any consequential extension of work through queries, questions, public hearings or additional work required arising from MSA's performance of the engagement.

Greenhills has reviewed draft copies of this report for factual errors. Any changes made as a result of these reviews did not involve any alteration to the conclusions made. Hence the statements and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false and misleading at the date of this report.

MSA reserves the right to, but will not be obligated to, revise this report and conclusions thereto if additional information becomes known to MSA subsequent to the date of this report.

4 PROPERTY DESCRIPTION AND LOCATION

MSA has obtained a copy of Prospecting Right (PR) LP 2205 PR with protocol reference 47/2010, issued by the Department of Minerals and Energy (DME) in the name of VM Investment Company (Pty) Ltd (VMIC), as evidence that the licence is valid and in good standing. However, MSA has not independently verified the legal status of this license, nor is it qualified to do so. The present status of tenements listed in this report is based on information and copies of documents provided by Greenhills, and the report has been prepared on the assumption that the licenses are lawfully accessible for evaluation. The license is valid for a period of five years, from 14 July 2010 to 13 July 2015, and grants exclusive prospecting rights to the holder. The PR gives VMIC the right to explore for tin, rare earth metals, fluorspar, molybdenum, gold, arsenic, uranium, zirconium, iron ore and zinc.

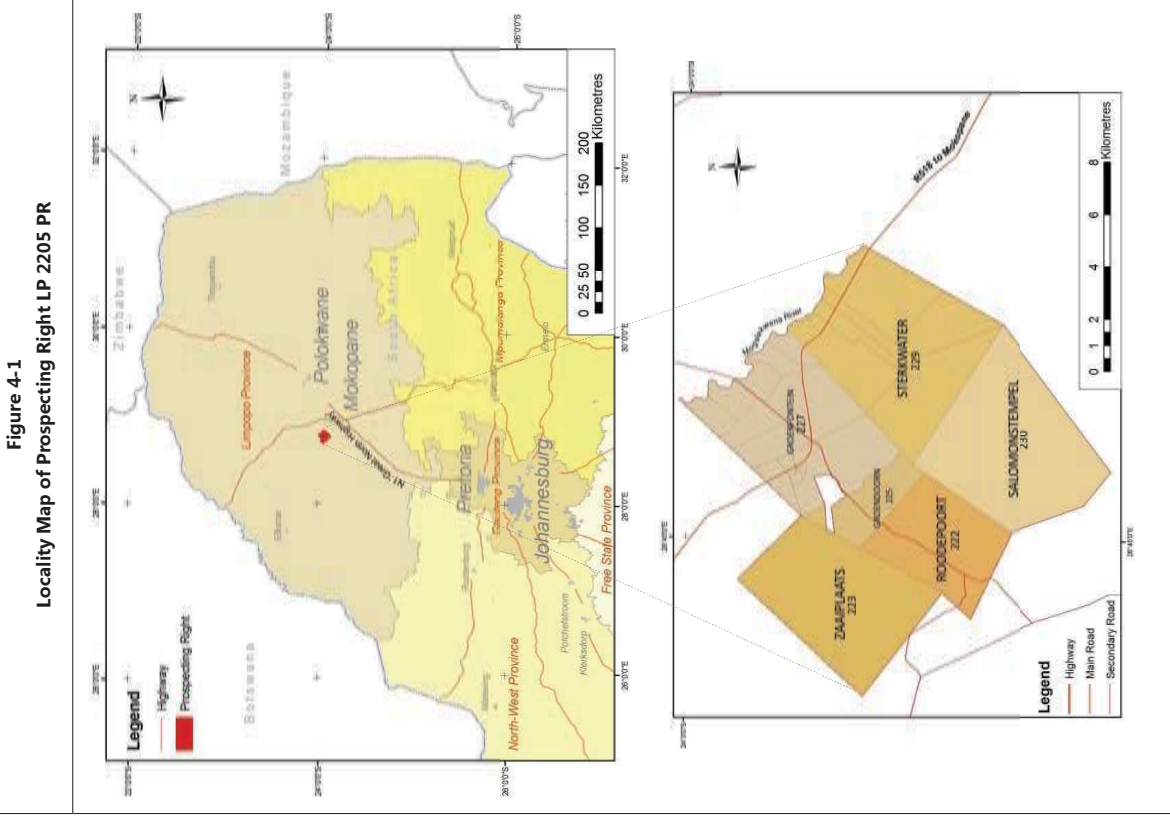
4.1 Area and Demarcation of Property

The area of the PR is defined by farm boundaries. The PR comprises the farms Groendoorn 225 KR (excluding Portion 05), Groenfontein 227 KR (excluding Portion 25), Sterkwater 229 KR, Salomon's temple 230 KR, Roodepoort 222 KR and Zaaiploaats 223 KR. According to the PR, the property totals 13,421.7362 ha. A locality map and map of the property as defined by the description in the Prospecting Right is shown in Figure 4-1.

4.2 Shareholding

In terms of an agreement with the Department of Mines and Energy (DME), provision needs to be made to incorporate Black Economic Empowerment (BEE) partners in the project. This provision is being fulfilled through a transfer to Renetype (Pty) Ltd, which was set up for the specific purpose of developing the prospecting right 2205 PR, and in which 26% of the shares are held by BEE companies. Mokopane Tin Company (Pty) Ltd is a 74% shareholder of Renetype.





5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

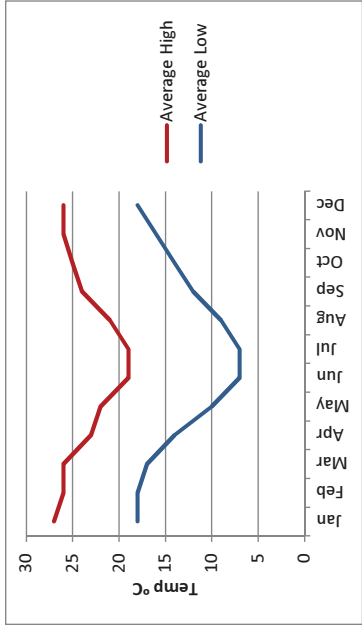
5.1 Access

Access to the property is via the N1 motorway from Johannesburg to Mokopane (formerly Potgietersrus), and then via the R518 tarred secondary road which passes through the property (Figure 4-1). The journey time is approximately three-and-a-half hours by car. Jeep tracks provide access to various parts of the property and most of these are not suitable for normal 2WD road vehicles. There is a cellular phone signal for the major networks.

5.2 Climate

Mokopane experiences a semi-arid climate with hot to very hot summer months. Average rainfall is 350-400 mm and mostly occurs as afternoon thunderstorms during the months from November to March. Winter months are generally cool to warm and sunny during the day with temperatures dropping considerably in the evenings (**Error! Reference source not found.**).

Figure 5-1
Average Temperature chart for Mokopane



5.3 Physiography

The property is hilly with elevation ranging between 1,565 m in the southern ridges, and 990 m in the valley of the Mogalakwena River at the northern tip of the property. The hills are formed by the resistive granophyre that forms the roof of the mineralised Bobbejaankop and Lease Granites.



5.4 Local Resources and Infrastructure

Mining services and human resources are available in Mokopane and surrounding areas, which have a long history of mining, being situated within the Bushveld Complex. There are nearby operating platinum, chrome and gold mines. Drilling contractors, services and consultants are available in Johannesburg and the greater Gauteng area.

The region is served by major existing power infrastructure. The 765 kV Matimba-Witkop power line passes 25 km north of the property. In addition, further infrastructure is in development to transmit power from the Matimba power station (situated some 120 km to the northwest of the property) to accommodate the increased demand in the Mokopane area, to satisfy the platinum mining industry. Various options are under review, and one of these options passes within 5 km of the property (Diamond, 2008).

Water availability may be limited due to the semi-arid environment. However, the old underground mine workings are flooded, and the property is flanked by the Mogolakwena and Sterk Rivers. It is therefore probable that sufficient process water could be sourced locally.

6 DEPOSIT TYPE

The principal tin deposits of the world occur in association with evolved calc-alkaline granites emplaced late in orogenic cycles (also termed post-kinematic or anorogenic granites). These 'tin granites' commonly occur in composite batholiths in old continental mobile zones. The granites associated with tin deposits are the most highly evolved and the latest intrusion in the composite batholith. They tend to be discordant to bedding, regional structure, regional metamorphic isograds and older foliated granites.

6.1 Geochemistry

Tin granites have a number of geochemical features in common, which helps distinguish them from unmineralised granites. They are generally enriched in: SiO₂, alkalis, fluorine (F), lithium (Li), boron (B), beryllium (Be), tin (Sn), tantalum (Ta), niobium (Nb), rubidium (Rb), gallium (Ga), yttrium (Y), light rare earth elements (REE), uranium (U), thorium (Th), tungsten (W) and lead (Pb). They are generally depleted in: TiO₂, Al₂O₃, MgO, CaO, H₂O, P₂O₅, strontium (Sr), barium (Ba), cobalt (Co), nickel (Ni) and europium (Eu) when compared to associated unmineralised granites. This enrichment and depletion is related to proximity to the upper contact of the batholith and is enhanced in upward projections of the batholith into the surrounding and overlying country rocks. The source granite rocks for tin deposits are characterised by an enrichment in the most incompatible large-ion lithophile elements (such as U, Th and Rb), large, highly charged ions (such as Sn⁴⁺, W⁶⁺ and U⁴⁺) and small ions (such as Li⁺, Be²⁺ and B³⁺).

6.2 Mineralogy

Tin granites are usually multiphase intrusions. The most commonly recognised early phase is a porphyritic granite characterised by large quartz and K-feldspar phenocrysts in a finer grained groundmass. This type of granite commonly grades into a more seriate textured granite from the outside of the intrusion, inwards.

Tin granites usually contain abundant large (often pinkish) potassium (K) feldspar crystals with a perthitic texture, in a groundmass of K feldspar, quartz and zoned plagioclase (with sodic rims) and biotite. Accessory minerals include muscovite, tourmaline, fluorite, F-apatite, ilmenite, topaz, monazite, zircon, xenotime, andalusite and cordierite.

6.3 Tin Mineral Resources

Examples of current tin projects around the world are shown in Table 6-1.

Table 6-1 Current Tin Projects						
Project	Country	Measured plus Indicated Resources (Mt)	Inferred Resources (Mt)	Cut-off (% Sn)	Avg Grade (% Sn)	Contained Sn (t)
Heemskirk	Australia	1.8	5.5	0.1%	0.60%	33 000
Admmach	Morocco	-	7.0	0.5%	0.80%	56 000t
Oropesa	Spain	-	7.0	0.2%	0.64%	44 800
Doradillo	Spain	-	7.81	0.1%	0.25%	22 300t
Godfrey	Australia	-	2.8	-	0.42%	11 760
						Underground
						Shallow
						Underground
						Shallow
						Shallow
						Underground

7 GEOLOGICAL SETTING

7.1 Regional Geology

The Bushveld Complex ("BC"; 2.06 Ga) in South Africa is the largest layered intrusion in the world. It covers an area of 65 000 km² and comprises a mafic sequence, the Rustenburg Layered Suite ("RLS"), overlain by the felsic rocks of the Lebowa Granite Suite. The BC is geographically divided into a Western Limb, Eastern Limb, and Northern Limb (Figure 7-1). The Mokopane project is situated on the granitic rocks of the Northern Limb.

The granites of the Lebowa Granite Suite in the Northern Limb of the BC comprise a thick, sheet-like composite pluton dipping gently towards the west and southwest. The granite sheet separates the mafic rocks of the RLS below, from their original roof of felsites of the Rooiberg Group (Figure 7-1).

Two distinct suites of granitic rocks occur: the older unit is the Rashedooph Granophyre Suite which predates the mafic rocks of the RLS, and the younger unit is the Lebowa Granite Suite which post-dates the RLS. The granite lies below the granophyre and mineralisation is restricted to the uppermost portion of the granites.

The Lebowa Granite Suite is overlain to the west by sedimentary rocks of the Waterberg Group (circa 2.0 Ga).



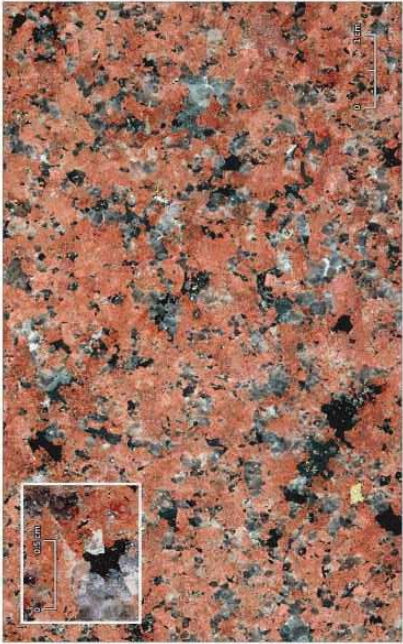
7.2 Local and Property Geology

Three major types of granite occur within the Lebowa Granite Suite: the Nebo, Bobbejaankop, and Lease Granites. The Nebo (or Main) Granite is a coarse-grained rock composed of quartz and perthite with lesser amounts of sodic plagioclase, hornblende and biotite.

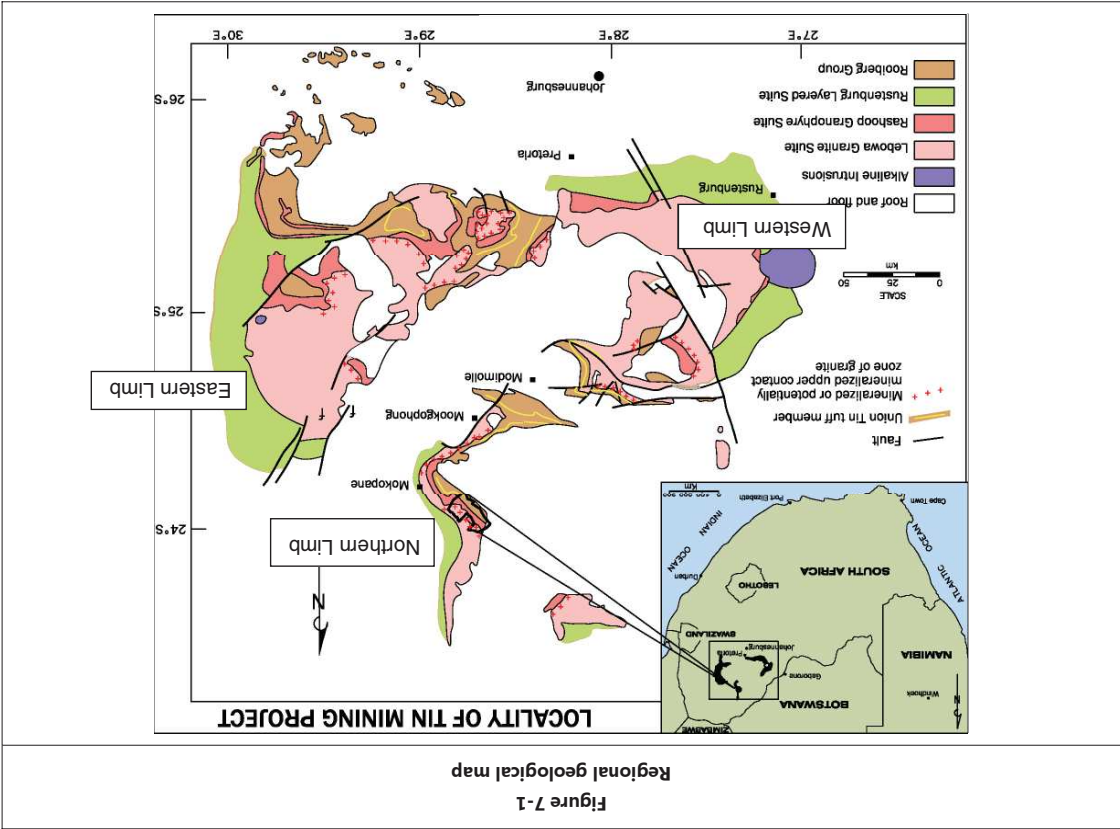
The Bobbejaankop Granite (Figure 7-2) is a hydrothermally altered facies equivalent of the Nebo Granite. On a regional scale, it usually occurs in the upper part of the sheetlike Nebo Granite pluton. The Bobbejaankop Granite is host to the disseminated cassiterite mineralisation on the farm Zaaiplaats 223KR, and it also contains high-grade pipes of hydrothermal origin, that cross-cut the disseminated deposits. The Bobbejaankop Granite is confined to the uppermost part of the composite pluton and shows gradational contacts with the underlying Nebo Granite. It is a medium- to coarse-grained deep red rock with a distinctive texture composed of linked chains of quartz.

Figure 7-2
Bobbejaankop Granite

The rock is hydrothermally altered and is composed of complex K-feldspar-albite intergrowths (red) and quartz (grey/white), with minor dark biotite which has largely been altered to chlorite. The dark areas are cavities filled with hydrothermal minerals including cassiterite, scheelite, sericite, and fluorite.



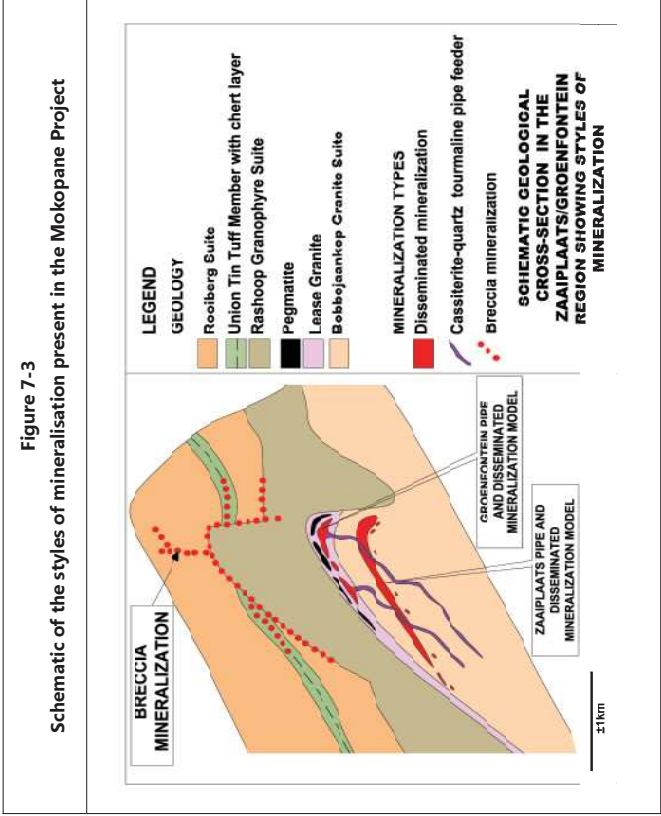
The Lease Granite is a fine-grained aplite that forms a thin (up to 120 m) but continuous hood facies to the Bobbejaankop Granite. The contact between the Bobbejaankop and Lease Granites may be sharp or gradational. The contact between the Lease Granite and the overlying Rashoop



Granophyre Suite is always sharp and marked by a coarse quartz-feldspar pegmatite. The high-grade pipe mineralisation may penetrate into the Lease Granite, but do not penetrate into the older, overlying granophyre.

7.2.1 Styles of Mineralisation

Tin mineralisation is restricted to the Lease and Bobbejaankop Granites where it occurs in pipe-like bodies, sub-horizontal lenticular bodies and as a sub-horizontal disseminated low grade bodies within both granites. All tin mineralisation is in the form of cassiterite (SnO₂) and is of endogenic and syngenetic origin within the granites (Figure 7-3).



Pipe-like bodies are prominent in the Lease Granite but also occur in the Bobbejaankop granite on Zaaiplaats 223KR. The cassiterite concentration is up to 70% with an average of between 12% and 30%. These are restricted, bodies, roughly circular in cross-section with diameters varying from a few centimetres up to 12 m and lengths from a few metres up to 1 200 m. The attitude varies from horizontal to vertical.

Lenticular mineralised bodies occur in the Lease Granite immediately below the pegmatite zone and appear to be the product of “bubbles” of tin bearing fluids which were trapped beneath the impermeable pegmatite. These were the main source of ore at the Groenfontein Mine.

Alluvial deposits existed in the past but have largely been mined out. They do not constitute a target for the current programme. Figure 7-4 shows the local geology in the area of the project and Figure 7-5 is a geological map of the property.

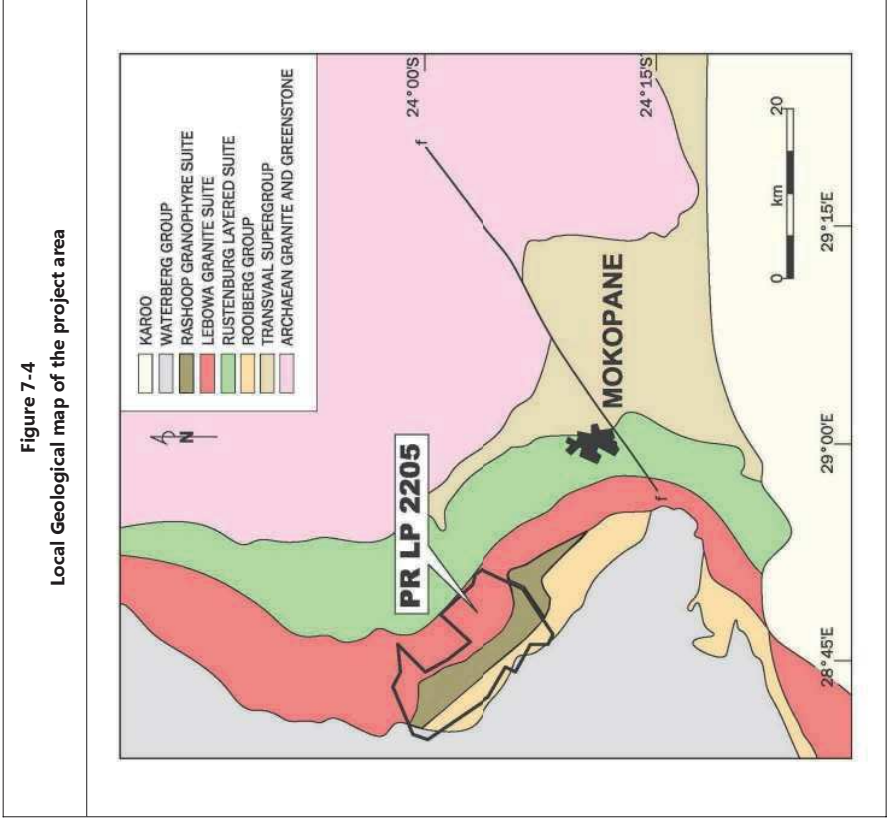
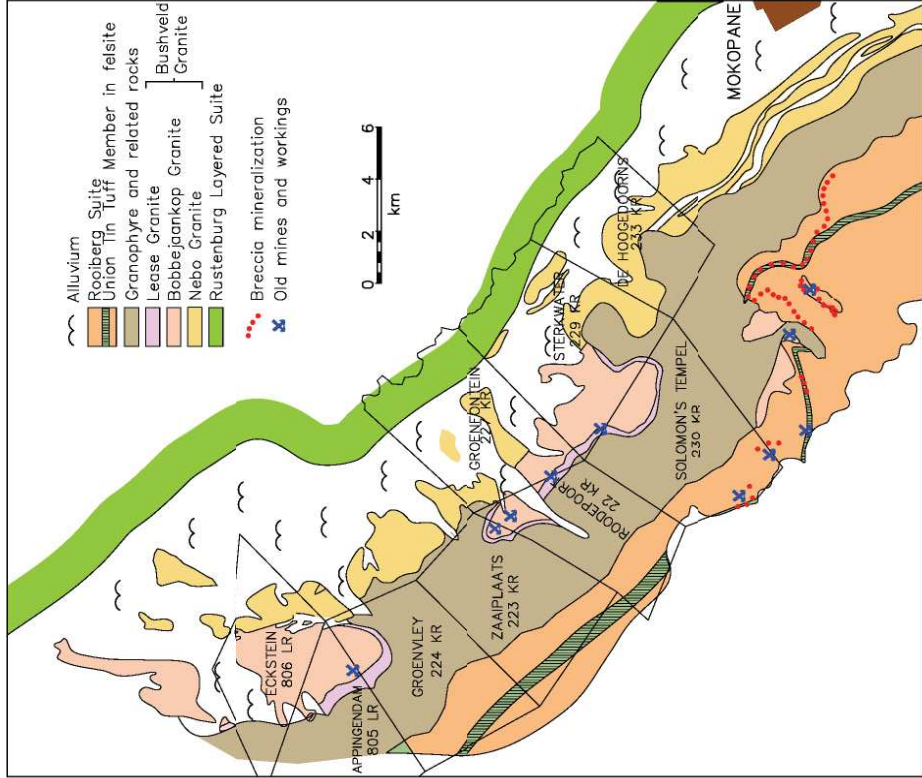


Figure 7-5
Geological map of the property



8 HISTORY

8.1 Mining History

Cassiterite was discovered in 1905 by prospectors on the farms Roodepoort 222KR, Groenfontein 227 KR and Zaaipplaats 223KR. This lead to the establishment of the Groenfontein

Tin Mine and the Zaaipplaats Tin Mining Company. Subsequently, further tin deposits were discovered on adjacent farms, including Salomon's Temple 230KR. The Zaaipplaats Tin Mining Company produced cassiterite concentrate and tin metal continuously from its inception to its closure in 1989. **Error! Reference source not found.** summarises production from the area.

Table 8-1

Total tin production from the Mokopane Tin Field (source: Crocker, 1986)

Farm properties highlighted in light green are included in the Greenhills property, whilst those highlighted in pink, are not.

Farm Property	Part of LP2205 PR	Concentrate (t)	Tin Metal (t)
Zaaipplaats 223KR	Yes	25 929	17 300
Groenfontein 227KR	Yes	6 395	4 463
Roodepoort 222KR	Yes	116	48
Salomon's Temple 230KR	No	235	125
Waterval 250KR	No	19	12
Welgevonden 232 KR	No		
Groenvley 224KR	No		
Appingendam 805LR	No		
Total		32 694	21 948

Mineral resource drilling of the disseminated cassiterite deposit on the farm Groenfontein 227KR was undertaken during the 1970s. This work was validated by redrilling to establish the current JORC Code-compliant Mineral Resource estimate.

8.2 Exploration History

In 1962 a targeting exercise was conducted by Transvaal Consolidated Lands (TCL) which identified the Roodepoort 222KR and Groenfontein 227KR as targets for further exploration (Kriel, 1962). The report identified four types of mineralisation, viz;

- Pipe-like bodies: The pipe like mineralised zones in the Lease Granite or Bobbejaankop Granite were not considered to be a major source of ore for a large-scale operation due to their small size, irregularity and unpredictable nature.
- Lenticular mineralised bodies in Lease Granite: The lenticular zones in Lease Granite were not considered to be prime targets for exploration because of their unpredictable nature.

- Disseminated Cassiterite: The disseminated zones were considered to be the most attractive exploration targets because of their potential for large volumes of predictably mineralized granite. This fact was enhanced by the possibility of lenticular

mineralised zones being associated with areas of disseminated cassiterite within the Lease granite acting as sweeteners for any mining operation.

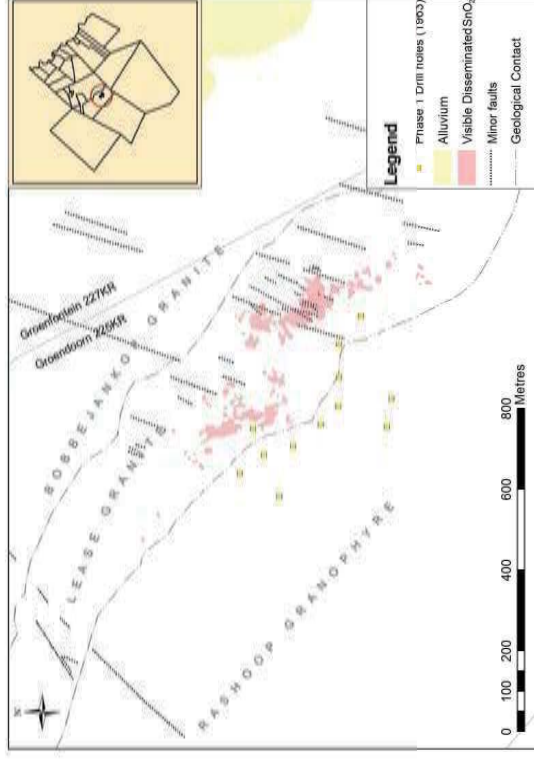
- Alluvial Deposits: Two alluvial targets, to the north and north east of Groenfontein Tin Mine were identified for investigation for workable alluvial tin deposits.

The major conclusion of this work was that an area of disseminated cassiterite identified in outcrop along the boundary between the farms Groenfontein 227KR and Roodepoort 222KR was an attractive target. This area has subsequently been proclaimed as a separate farm called Groendoom 225KR (Figure 4-1).

8.3 Follow-up Work Programme

A wide spaced percussion drilling programme comprising 12 boreholes was conducted in 1963 over the disseminated cassiterite target on Groendoom 225KR. The details of the sampling and assay methodology are not available. However, the programme established an anomalous zone of tin mineralisation which was demonstrated to continue down dip beneath the Rashoop Granophyre (Figure 8-1). This programme was subsequently followed up by surface geochemical sampling in 1976, to establish whether further areas of shallow disseminated tin mineralisation occur.

Figure 8-1
Map of the surface outcrop of visible disseminated tin and Phase 1 drill holes



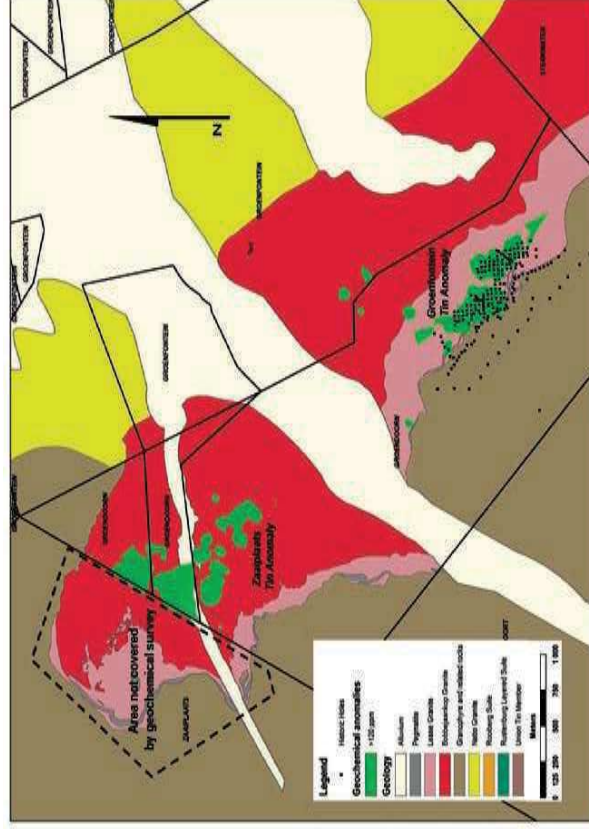
8.3.1 Geochemical Sampling Programme

In 1976, a detailed systematic surface sampling programme was carried out over the southern part of Groenfontein 227KR and what is now the farm Groendoom 225KR. The entire area was sampled except the areas covered by alluvium and tailings from the Zaaiplaats Tin Mine. Granite chip samples and soil/alluvial/elluvial samples were collected, initially on a 50 m by 50 m grid and later on a 10 m by 5 m grid on some of the more interesting areas.

The results of the 50 m by 50 m grid sampling only confirmed known cassiterite occurrences which had already been identified from mapping of the disseminated tin mineralisation on surface. These were associated with disseminated tin mineralisation in the Bobbejaankop Granite, which is an extension of the mineralisation on the farm Zaaiplaats 223KR, and with the disseminated mineralisation within the Lease Granite on the farm Groendoom 225KR (Figure 8-2). The results of the geochemical sampling programme prompted the planning and execution of a phased drilling programme during 1978, to further investigate the disseminated tin mineralisation in the Lease Granite.

Figure 8-2

Map of the two anomalies defined by the 1976 geochemical sampling programme



8.3.2 1978 Drilling Programme

The drilling conducted in 1963 and 1978 is summarised in Table 8-2 and shown in Figure 8-3. All of the holes were drilled vertically.

The 1978 drilling programme was undertaken by Rand Mines Ltd and was divided into four phases (Phases 2 to 5 in Table 8-2 and Figure 8-3) carried out with the aim of investigating the economic viability of the disseminated tin deposit on the farms Roodepoort 222KR and Groenfontein 227KR in an area that is today on the farm Groendoom 225KR. The programme background, implementation and results were assessed and reported on by I.M. Clementson in February 1979.

Table 8-2

Summary of historical drilling on the property

Phase Hole Nos.	Objective	Number of Holes	Total Metres	Average Hole Depth (m)	Drilling Type	Year
1 RDP 1-12	To investigate outcropping disseminated Sn mineralisation on the farm Groendoom 225KR	12	1400.91	116.74	Percussion /Core	1963
2* RDP 13-53	To investigate the down dip extension of the tabular tin mineralisation identified in Phase 1	40	2356.36	58.91	Percussion /Core	1978
3 RDP 54-67	To investigate the down dip extension of the tabular tin mineralisation identified in Phase 2	14	2007.08	143.36	Percussion /Core	1978
4 RDP 68-97	To confirm the directional trend of mineralisation	30	1131.76	37.73	Percussion	1978
5** RDP 98-213	To develop a "reserve" in the shallow disseminated Sn mineralisation	107	1396.00	13.05	Percussion	1978
Total		203	8292.11	40.85		

* one hole not drilled, ** 9 holes not drilled

Figure 8-3

Map of the five drilling phases drilled in 1963 and 1978 on the Lease Granite target

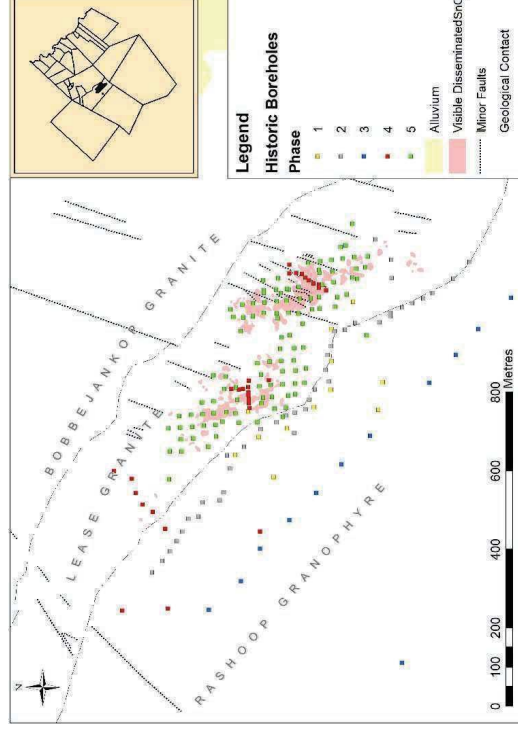
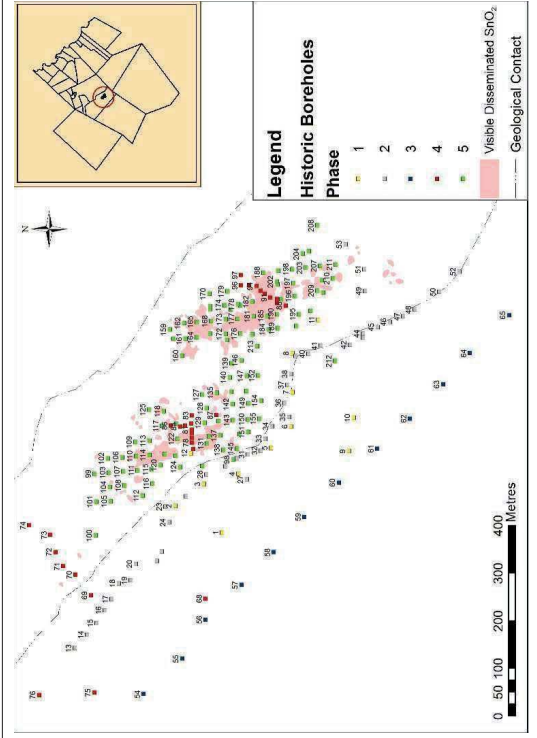


Figure 8-4
Borehole numbers of the historical drilling phases



Phase 2 of drilling (RDP 13 to 53) was a line of diamond holes alternating with percussion holes drilled above the contact of the Lease Granite with its roof of Rashoop Granophyre, roughly parallel to the Granophyre-Lease Granite contact, to investigate the down-dip extension of the mineralisation in the Lease Granite. The holes were placed at 30 m intervals and BX sized core was recovered. The diamond holes were drilled to about 40 m below the upper contact of the Lease Granite which is defined by an immediately overlying pegmatite zone. Previous knowledge revealed that mineralisation is restricted to a zone about 30 m thick at the top of the Lease Granite. The core was logged and sampled from the top of the pegmatite to the end of the hole. Sampling involved splitting the core in half and sampling continuously over 1 m intervals. All of the pegmatite and the intersected portion of the Lease Granite were sampled. The unsampled half core was apparently stored at Groenfontein Tin Mine. However, the core is no longer available.

Samples were initially analysed for Sn, Cu and CaF_2 but later for Sn only. There was no correlation between Sn and Cu or between Sn and CaF_2 . Cu values in the pegmatite and Lease Granite were low, averaging 44 ppm Cu. The Lease Granite contains CaF_2 , the maximum recorded result being 4.4% CaF_2 .

Alternate 4.5 inch (approximately 113 mm) percussion drill holes were sampled by a cyclone system or an enclosed system of catch trays over every metre drilled. The sample material was split using a riffle splitter and one half submitted for analysis while the other half was stored in the labelled bags at Groenfontein Tin Mine. Most of the holes were drilled to about 40 m below the calculated depth of the top of the Lease Granite, based on the measured dip if the contact. However, boreholes RDP49, 51 and 53 were drilled off the main line of holes, being drilled further to the east directly over the geochemical anomaly on the Lease Granite to a depth of approximately 60 m and were collared in Lease Granite. This was done to check if the mineralisation persisted at depth to the east. RDP47 was drilled to a depth of 72 m below the Granophyre-Lease contact to check the assumption that mineralisation was restricted to the upper 30 m of the Lease Granite. RDP25 was not drilled as it fell adjacent to RDP2 (drilled during the first phase of drilling in 1963). Several holes, which were sited over underground workings were repositioned as close to the original site as possible.

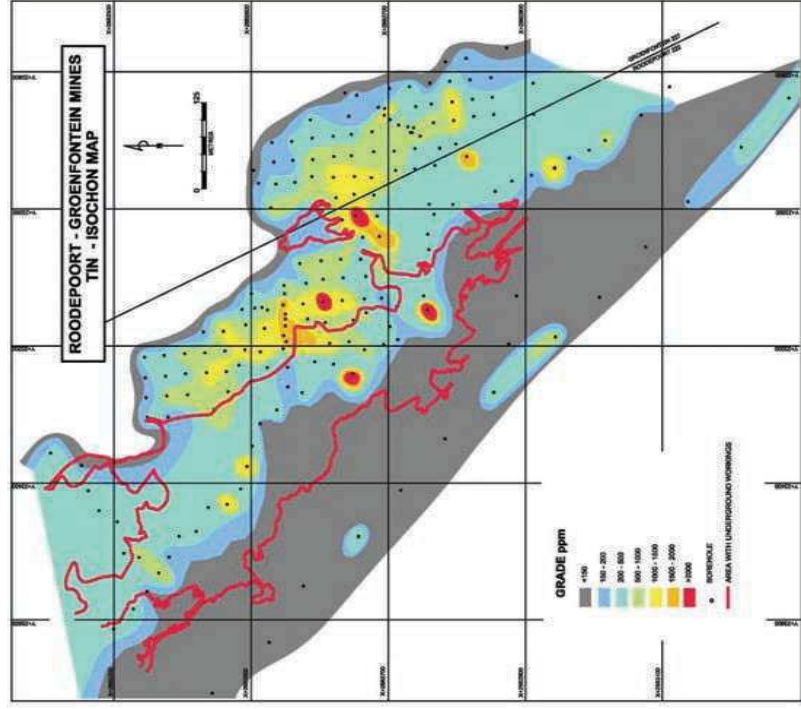
Phase 3 (RDP 54 to 67) was a second line of holes drilled 200 m further down dip to Phase 2 and to the southwest. This line of holes was planned to intersect the projected mineralisation further down dip from the Phase 2 holes. The holes were spaced at 100 m intervals, each hole piloted by percussion drilling to about 20 m above the Main-Lease contact, as calculated from contact intersections in Phase 1 diamond holes, then diamond drilled to about 40 m below the contact. Logging and sampling procedures were the same as in Phase 2.

The information gathered about the deposit was as follows:

- The Rashoop Granophyre-Lease Granite contact is sharp with an average dip of 21° to the SW.
- Phase 2, RDP 13-52, excluding 49 and 51 gave anomalous results and a correlation of tin values is possible. However values are low except for RDP 29 to 35.
- Phase 3 holes were all barren and demonstrate that any mineralisation in the Lease Granite is restricted to the surface outcrop area and only extends for a limited distance down dip.
- Pegmatite grades are variable, with RDP 16, 17 and 20 giving high tin grades associated with pegmatite.
- Boreholes RDP 23, 43 and 45 are anomalous outliers, being surrounded by barren areas. However these boreholes lie within an area of underground workings.

The results of Phases 1, 2 and 3 revealed that mineralisation in the upper fine grained Lease Granite is largely restricted to the surface outcrop area of an exposed elongate dome-like structure that only extends to a limited depth and limited distance down dip (Figure 8-5).

Figure 8-5
Grade map showing the contiguous zones of anomalous tin (>500 ppm)



Phase 4 of drilling was a series of close spaced boreholes designed to check whether surface geological anomalies presumed to extend south-southwest had not been misinterpreted and actually trend northwest in Lease or Bobbejaankop Granite. RDP68 to RDP74 were drilled at 30 to 50m intervals in a line extending northeast from RDP16 (Figure 8-4). In addition RDP77-87 and RDP 88-97 were percussion-drilled to depths of approximately 10 m over the two geochemical anomalies where disseminated cassiterite is visible in Lease Granite. RDP86 was deepened to 166.2 m in Bobbejaankop Granite to check for possible mineralisation.

Phase 4 proved that the disseminated mineralisation does not extend northwest.

The final phase of drilling, Phase 5, was a 30 m by 30 m grid pattern over the major portion of the surface geochemical anomaly. Boreholes RDP098 to RDP213 were drilled and most of them intersected significant disseminated tin mineralisation, with only four holes out of 107 not intersecting anomalous tin values (>150 ppm Sn).

8.3.3 Composite Drilling Results

Drilling defined an approximately 200 m wide, northwest-southeast trending zone of anomalous tin mineralisation (>200 ppm) extending for over 1 km and open ended on both ends (Figure 8-2). Within this zone is a core of mineralisation with a 500 ppm cut-off grade that extends for over 600m, and within this core are two contiguous more highly mineralised zones defined by a cut-off grade of 1000 ppm Sn. These cover a combined area of approximately 125 m x 325 m in extent and broadly correspond to the surface outcrop of the disseminated tin mineralisation.

8.3.4 Overburden

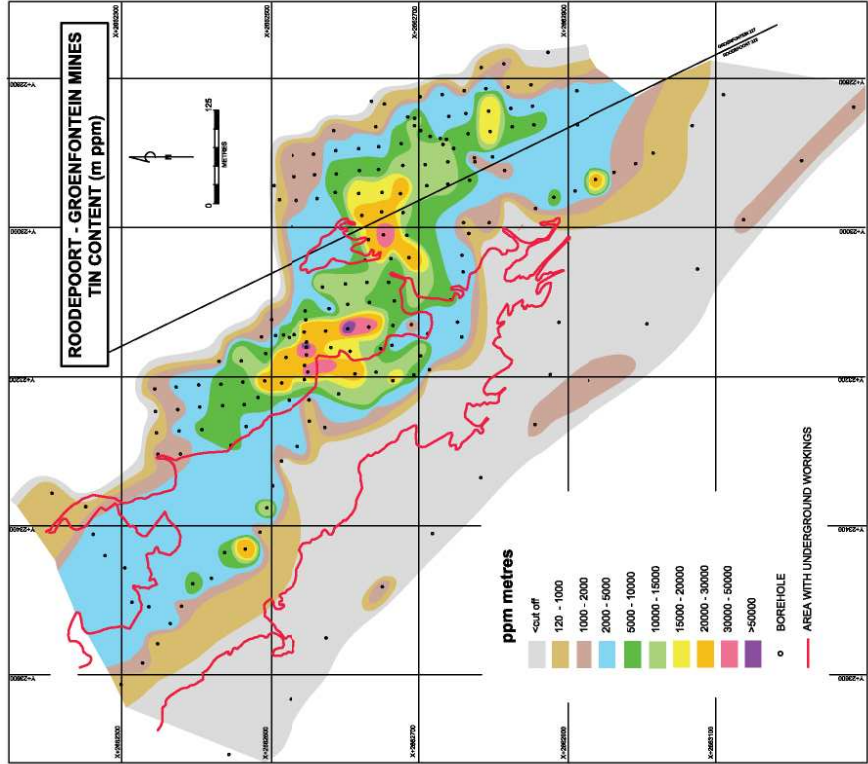
The mineralised tin granite is largely exposed on the surface and takes the form of a broad anticlinal structure with a north-west trend. Three limbs can be observed:

- A southwest limb of the main mineralised zone with a general dip of about 10° to 15° to the southwest, which is the general dip of rocks of the BJC rocks in the area.
- An eastern limb with a general dip of about 10° to 15° to the northeast.
- A north-northwest limb with a north-northwest general dip direction.

The overburden thickness increases down dip to the southwest as the mineralised Lease Granite dips beneath the barren Rashoop Granophyre. The overburden thickness is shown in relation to the 200 ppm Sn cut-off contour in Figure 8-6. The 200 ppm cut-off is at an average depth of 40m below overlying barren rocks in the south western limb of the mineralised zone and is mostly exposed on surface on the north east side of the antclinal structure.

Figure 8-6 is a composite map showing the tin content isochon (expressed as tin metres ppm) in relation to the axis of maximum grade (grade isochon), and thickness (isopach). The axes show that the areas of thickest development of mineralisation corresponds to the best grades. The tin content is also shown in relation to the 200 ppm contour. The extent of exposed mineralisation as well as the extent of area with underground working is also shown.

Figure 8-6
Composite map of drilling results



9 HISTORICAL ESTIMATE

The drilling data gathered during the drill programmes in 1963 and 1978 has been used by Greenhills to formulate an indicative historical estimate. It should be noted that this historical estimate does not comply with JORC standards, since none of the QAQC, assay, or procedural documentation is available for verification. The historical estimate was compiled from scanned plans and sections compiled from the original drilling. Nevertheless, the historical estimate which was produced was the basis for recent exploration work which led to the estimation of a JORC Code-compliant Mineral Resource estimate and is described here for reference.

9.1 Historical Estimate Model

Greenhills commissioned modelling through Shava Mining Enterprise (Pty) Ltd. A 3D model was constructed from files supplied in a portable document format (pdf). A total of 32 pdf files were received. Of these files, two were surface maps and 30 were section maps. All section information contained the following:

- Colour coded grade distribution of tin (Sn) ppm (tin parts per million).
- Scale bars used in registering section information into Vulcan.
- Section number information.
- Borehole number information.

These files were captured into Vulcan and a grade model was created. The pdf map was geo-referenced into Vulcan. Due to software setup, all co-ordinates are negative within Vulcan and positive within the maps. Section information was captured into Vulcan. No grid information was captured on the original section maps. Scaling of distances was used to create the referencing parameters for the vertical section registering. Borehole position information was used to reference the sections horizontally. Once all sections were captured within Vulcan, all Sn intercepts were digitized and polygons of mineralised zones created. This was done from 250 Sn ppm to 2000 Sn ppm.

The grade model was further delineated by breaking down triangulations in smaller sections to match grade distribution. Based on the information used, all triangulations have been assigned separate values. All available digitised section information was used in this way to generate a 3D wireframe model for each mineralisation grade intercept. The models were all validated to check closure and intersections.

Using a priority-based boundary construction, a block model was constructed from the various triangulations into six grade groupings: 250 – 500 ppm; 500 -750 ppm; 750-1 000 ppm; 1 000 – 1 500 ppm; 1 500-2 000 ppm; and >2 000 ppm. From the historical data-derived block model, an indicative historical estimate was defined (Table 9-1 and Table 9-2). Again it is stressed that

this historical estimate is not JORC compliant. However, it forms the basis of the current exploration programme which is designed to validate these results to produce a JORC Code-compliant Mineral Resource estimate.

Table 9-1
Historical Estimate grade distribution (not JORC compliant)

Grade Interval (ppm)	Average Grade (ppm)	Volume (m ³)	Metric Tonnes (SG of 2.65)	Tonnes of Tin metal
250-500	386	836 150	2 215 798	856
500-750	609	646 650	1 713 623	1 044
750-1000	874	244 900	648 985	567
1000-1500	1 175	259 900	688 735	810
1500-2000	1 776	120 500	319 325	567
>2000	4 652	29 650	78 573	366
Totals	-	2 137 750	5 665 038	4 210

Table 9-2
Cumulative volume and tonnage estimates based on historical data (not JORC compliant)

Grade Cut-off (ppm)	Volume (m ³)	Metric Tonnes (SG of 2.65)
>250	2 137 750	5 665 038
>500	1 301 600	3 449 240
>750	654 950	1 735 618
>1000	387 050	1 025 683
>1500	150 150	397 898
>2000	29 650	78 573

10

CURRENT EXPLORATION PROGRAMME

In 2010, VMIC was granted a new order prospecting right (No. 2205 PR) to conduct prospecting programmes on the property comprising the six farms: Zaaiplaats 223KR, Roodepoort 222KR, Groenfontein 227KR, Groendoom 225KR, Sterkwater 229KR and Salomon's Temple 230 KR (Figure 4 1). Two recent exploration programmes have been conducted:

- Investigation of the Zaaiplaats target through:
 - Surface geochemical sampling
 - Surveying of two open pits and a portion of the underground workings at the old Zaaiplaats Mine
 - Chip sampling of a number of vertical profiles of the walls of the large (eastern) open pit at Zaaiplaats
 - Chip sampling of a number of vertical profiles in the surveyed underground workings
 - Drilling of the surface geochemical anomaly defined by surface sampling
- A validation drilling programme focused on the farms Groenfontein 222KR and Roodepoort 227KR, and aimed at defining a JORC Code-compliant Mineral Resource of disseminated cassiterite within Lease Granite, by means of the twinning of a number of the 1978 Rand Mines boreholes and by drilling a number of new boreholes.

These exploration programmes will be discussed in turn.

10.1 Zaaiplaats Target

The Zaaiplaats Target was historically mined for tin in both the Bobbiejaankop and Lease Granites. This target was previously covered by the Rand Mines geochemical sampling programme during the 1970s. The sampling data from the current exploration programme has not yet been used to estimate a Mineral Resource, and is summarised here only for information and to demonstrate that exploration is ongoing on the Project.

The Zaaiplaats target is located in the Bushveld Granites, approximately 3 km northwest of the Groenfontein Mineral Resource. The Zaaiplaats target is located around the abandoned Zaaiplaats tin mine, formerly South Africa's largest tin producer. Bushveld Minerals has carried out initial geological investigations on this target, ahead of a planned drilling phase. This work included:

- A surface geochemical sampling programme, aimed at collecting rock-chip and soil samples across the Bobbejaankop and Lease granites, both of which are thought to host tin mineralisation
- Surveying of two open pits and a portion of the underground workings at Zaaiplaats, in order to confirm existing plans of these workings and identify unmined pillars
- Chip sampling of a number of vertical profiles of the walls of the large (eastern) open pit at Zaaiplaats
- Chip sampling of a number of vertical profiles in the surveyed underground workings
- Planning and execution of a drill programme in late 2012 to early 2013

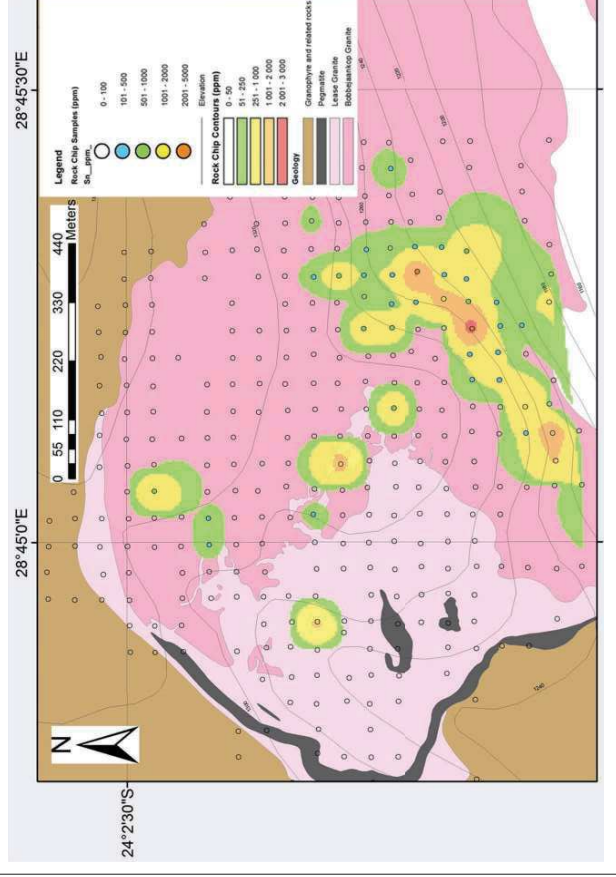
The results of each of these phases of work are presented below.

10.1.1 Surface geochemical sampling

Surface sampling was carried out over the Zaaiplaats mine area so that surface mineralization could be better delineated. Since the majority of the area is bare granite with no soil cover, most samples were rock chips. Soil samples were collected in areas where granite did not crop out. The results (Figure 10-1) confirm that mineralisation largely occurs in the Bobbejaankop Granite, and that at the surface, it follows a contour along the southeastern slope of the hill and is present between two open pits. Some tin anomalies are found in the Lease Granite, where tin mineralisation occurs in scattered vug-like bodies.

Figure 10-1

Results of rock chip geochemical survey over the Zaaiplaats target. The majority of anomalous values occur in the Bobbejaankop Granite.



10.1.2 Surveying

Bushveld Minerals commissioned Badger Mining and Consulting (Pty) Ltd to conduct a detailed survey of the old working of the Zaaiplaats Mine. This survey included two open pits (a smaller western pit and a larger eastern pit), and underground workings which connect these two pits. These workings are found in the area of outcropping mineralisation, as revealed by the rock chip geochemical survey. Old plans (Figure 10-2) of the workings of the Zaaiplaats Mine showed a network of underground workings connecting the two open pits, with a number of unmined pillars of potentially mineralised material remaining in the underground workings. The underground survey was commissioned in order to ascertain the accuracy of the old plans, to better understand the past mining methodology, to identify any unmined pillars, and to ensure that future drilling would avoid the underground cavities.

The survey of the underground working revealed that the old mine plan is reasonably accurate, and that a number of unmined pillars exist in the underground workings which extend between the

open pits. By following the survey, navigation of the underground workings was possible, and underground chip sampling profiles were carried out to better understand the grades in the worked out areas.

Figure 10-2
Plan of the old underground workings at the Zaaipplaats Mine, overlain on the geology and showing the results of the rock-chip geochemical survey.

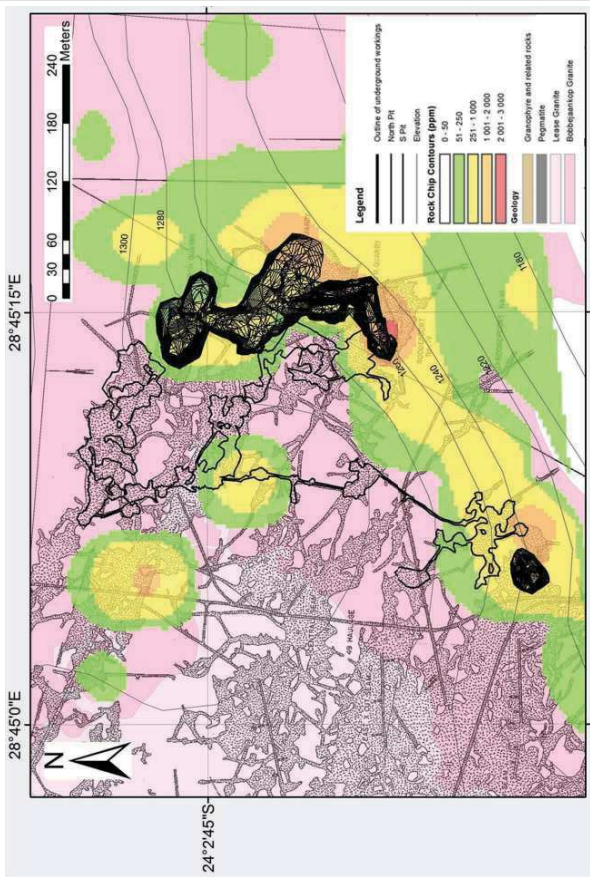


Figure 10-3
Locations of the vertical profiles taken in the open pit, shown relative to the surveyed workings at Zaaipplaats Mine.

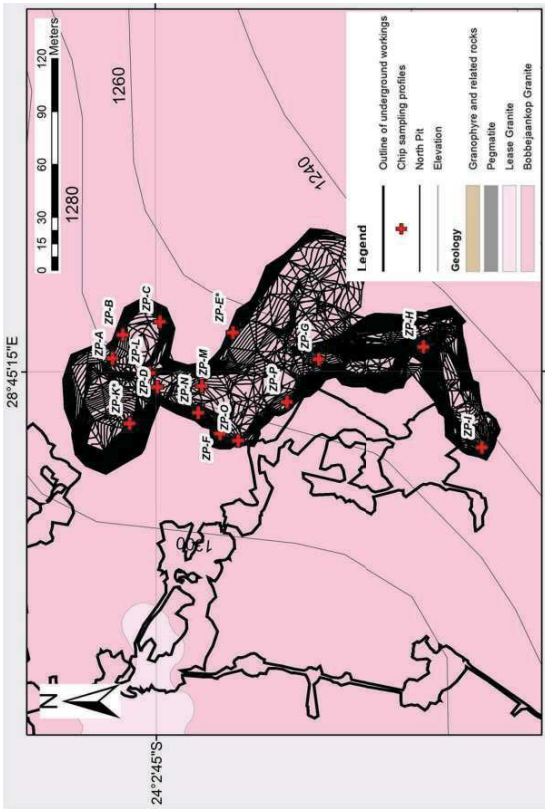


Table 10-1
Grade intersections reported from vertical channel chip sampling of the eastern open pit of the old Zaaipplaats Mine

Profile	Intersection	Including
A	4m @ 0.11%	
B	6m @ 0.69%	
C	8m @ 0.16%	2m @ 0.31%
D	4m @ 0.12%	
E	11m @ 0.18%	5m @ 0.27%
F	5m @ 0.21%	2m @ 0.30%
G	14m @ 0.14%	2m @ 0.23%
H	7m @ 0.19%	4m @ 0.25%
I	7m @ 0.25%	5m @ 0.29%
J	7m @ 0.30%	3m @ 0.43%
K	3m @ 0.45%	
L	3m @ 0.33%	
M	6m @ 0.40%	
N	4m @ 0.10%	
O	9m @ 0.17%	4m @ 0.2%

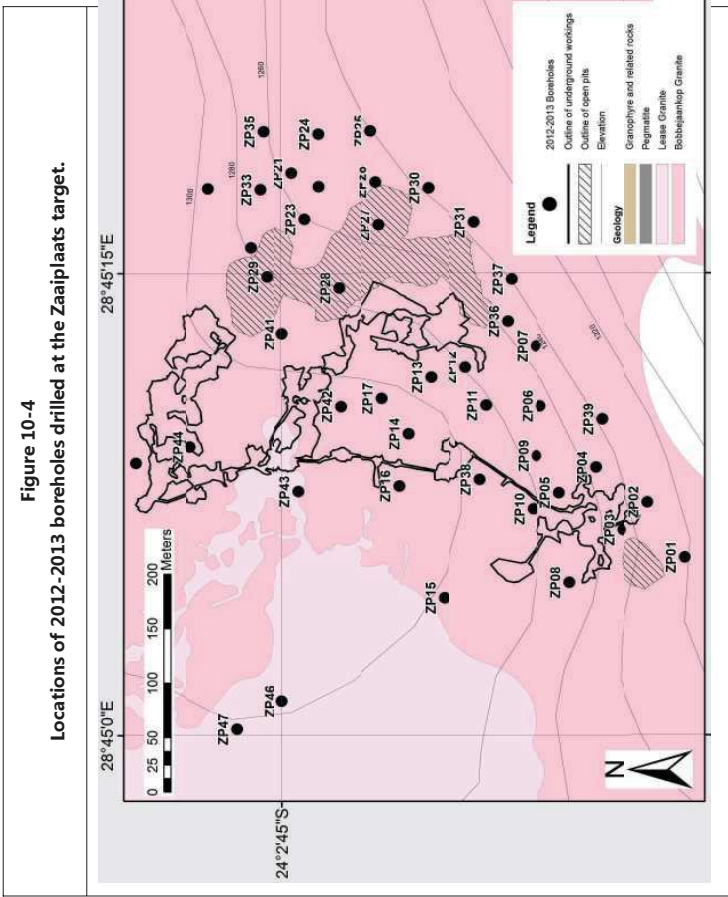
10.1.3 Chip sampling profiles in the eastern open pit

Fifteen vertical profiles were sampled from within the larger eastern open pit, in order to give an indication of the grades remaining at the Zaaipplaats Mine. A map of the open pit with the locations of these profiles is shown in Figure 10 3. Each metre of the profile was sampled separately. The samples were milled and assayed using a Niton handheld XRF analyser. Selected grade intersections are presented in Table 10 1 from the vertical profiles from the Eastern pit.

10.1.4 Drilling programme

A total of 43 drill holes ranging in depth from 19.95 m to 141.11 m (total of 2,067.26 m) were drilled during a 2012-2013 drilling programme. These holes primarily focussed on delineating near surface mineralization with a few deeper holes to confirm the thickness and depth extent of mineralization. These holes were placed as close to a 50m by 50m grid as possible while using the information gathered by the underground survey to ensure that the drill holes did not intersect mined out areas. It is planned to incorporate the results of this drilling programme into a future Mineral Resource estimate.

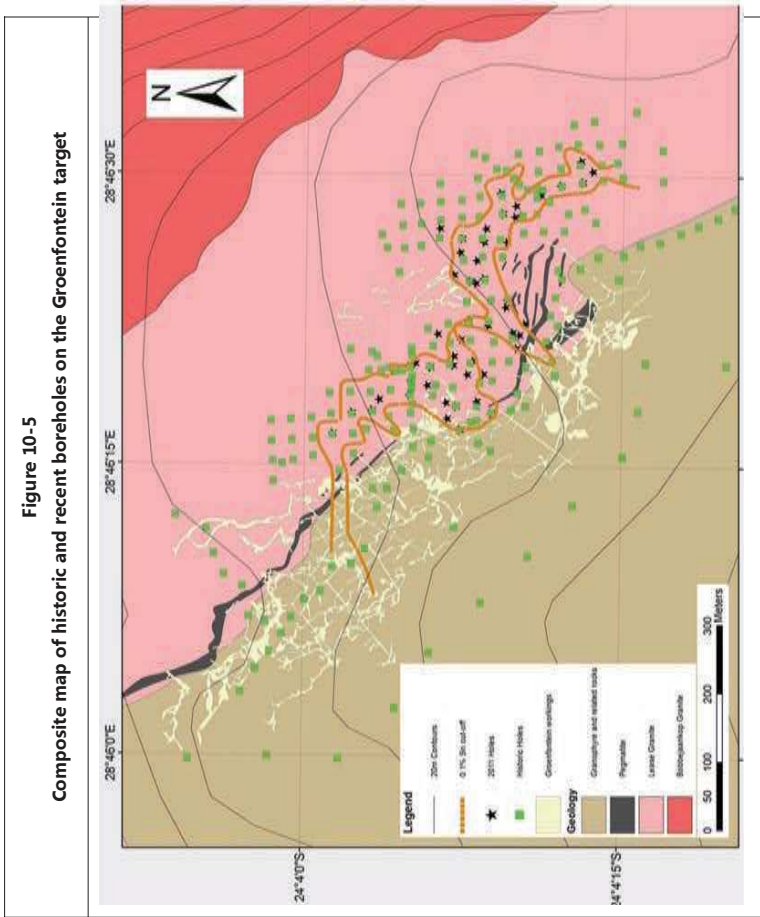
Figure 10 4 shows the location of the 2012-2013 boreholes relative to the surveyed underground and open pit workings.



10.2 Validation Drilling of the Groenfontein Target

The data from the Groenfontein Target validation programme was used to produce the current JORC Code-compliant Mineral Resource estimate. It was focused on an area where extensive

mining activity has taken place in the past. Much of this previous mining was focused on the extraction of high-grade pipe-like ore bodies, and only limited mining of disseminated ore was carried out. The exploration programme targeted the disseminated tin mineralisation occurring in the Lease Granite. It was proposed that a cut-off grade of 0.1% Sn would be used and drilling was therefore focused within a well-defined targeted area identified from historical drilling work (Figure 10 5).



The exploration programme entailed the drilling and sampling of 53 boreholes (22 twinned with historic boreholes) during 2011. The core from the boreholes was analysed by Set Point Laboratories in Johannesburg. Analytical data obtained from the 22 twinned boreholes were compared to the historical borehole assay data in order to justify the incorporation of the historical data into the Mineral Resource estimation exercise. Twinning of boreholes followed by the application of comparative and correlative statistics by Independent Resource Estimations (IRES) determined that the old data is "useable". Statistical analysis between the previous drilling results and the 22 twin boreholes from the current programme indicate a very good correlation.

The geological model and Mineral Resource estimate compiled by IRES includes the historical data together with drill information and assay data from the 2011 exploration programme. The geological model and Mineral Resource estimate have been reviewed by MSA and in MSA's opinion, they reflect a fair representation of the project.

10.2.1 Diamond drilling and site management

Diamond drilling by means of the wireline method was undertaken by Drillcorp Africa (Pty) Ltd (Figure 10 6). Boreholes were sited using geological cross-sections, previous analytical information and soil and rock chip geochemistry. ArcGIS was used to manage all spatial data and final drill site confirmation was performed using ArcGIS. All drill sites were demarcated and made known to the contractor by a geologist or geological technician, with the borehole number being supplied, before the start of each borehole. Downhole surveys were not routinely undertaken since initial surveys indicated no significant deviation in the shallow holes that were drilled. Core orientation was not carried out.

Figure 10-6
Drilling underway during the Groenfontein target exploration programme

Top left – the drill site was well managed with high HSE standards. Top right – the Drillcorp rig. Bottom left – close up of the Lease Granite drill core; Bottom right – Dr Leon Liebenberg examines the drill core.



The following procedures were applied during diamond drilling:

- Drill sites were plotted on large scale ArcGIS generated field plans, accompanied with an Excel table consisting of the borehole ID, the coordinates (using WGS84 datum, LO29 coordinate system) and the planned drilling depths for each hole. A digital copy was then supplied to the exploration office in Mokopane.
- Layout of the drill sites were performed by means of a handheld GPS by either the geological technician or geologist.
- Drill sites were indicated to the drillers to ensure correct placement of the drills.
- All drilled boreholes were vertically inclined, HQ in size (63.5 mm internal diameter) and PQ size (85 mm internal diameter) within the weathered zone.
- The drill core was retrieved from the core barrels after each drill run and laid out in steel core trays provided by the driller.
- The driller recorded the end of run depth, drilled core length and core loss or gain. The end of each borehole was indicated and marked by a plastic marker.
- The driller marked each core box with borehole ID number, box number and the depth intervals (from and to).
- The drilling process and core recovered was monitored by a geologist on a daily basis with the core quality and driller's measurements verified by the geological technician or geologist.
- A provisional field geological log – hand written Excel quicklog template was maintained where deemed necessary by the geologist. The quicklog assisted with the decisions to stop or continue drilling the boreholes.
- A daily progress report was completed based on the borehole ID, metres drilled, drilled borehole position, core size, date drilled and date processed (sampled).
- The core trays were transferred to the Mokopane core yard either by the geologist or geological technician. Detailed logging and sampling were performed on a regular basis.
- The instruction to cease drilling was issued by the geologist to the driller in charge at which point the drill contractor dismantled the rig and moved to the next site.

- A hand held GPS was used in the determination of the coordinates of the boreholes with the final co-ordinates being determined by the surveyor.
- The driller was responsible for cleaning up of the immediate surroundings and borehole site rehabilitation.
- The rehabilitated drill site was then again visited by the geologist in charge, verifying that the rehabilitation has been performed as per the rehabilitation protocol.

10.2.2 Borehole Survey

Boreholes drilled during this project, as well as visible historical boreholes, visible old mine workings and shafts were surveyed by Exact Survey Services using a real time differential GPS. All existing historic borehole data was converted from the Cape System LO 29 Clarke to WGS/29 and visible historic boreholes were also re-surveyed. All the boreholes were surveyed on the edge of the casing and the elevation determined on the top of the concrete cover. The survey was conducted using a single control beacon (located on the farm Solomon's Tempel) approximately 1.5 km from the drilling site.

10.2.3 Core logging and sampling

All core measuring, core cutting, sampling, bagging and despatch procedures were completed at the Mokopane exploration premises under the full time supervision of a qualified geologist.

Prior to the commencement of the logging, the core was clearly marked with a longitudinal line showing the orientation of the core (later used by core cutters) and sprayed with water. The orientation and arrangement of the core was also verified by identifying any abrupt changes in lithological appearances and also by "fitting" core pieces to verify the correct position.

Sampling of the core was undertaken after the completion of geotechnical logging, geological logging and metre- marking of the core. Core logging was performed by the onsite geologist, utilizing a pro-forma quick log and geotechnical log sheet. The quick log was used to give a rapid overview of the borehole lithologies encountered, and the nature of mineralisation.

Photographs of the core were either taken before or after sampling.

10.2.3.1 Geotechnical logging

Each driller's run was measured against the actual core length, enabling the calculation of core gain and or loss. The intactness of the core was noted, i.e. was the core solid or fractured. Fractured core pieces less than 10 cm in length (twice the diameter of the core) were summed and deducted from the total solid core length in order to determine rock quality designation (RQD). In addition joints and natural fractures were also measured (angle and spacing).

10.2.3.2 Geological logging

Geological logging only commenced once the core was washed, cleaned, photographed, geotechnically logged and split.

The following procedures were applied during geological logging:

- Core was sprayed with water in order to assist with the identification and description of lithology, mineralization, alteration, colour and texture.
- Different colours were used in the log sheets to indicate different information on the core:
 - o Yellow - Comments on the lithology, colour, alteration, veins, mineralogy etc.
 - o Red - Utilised to mark potential ore minerals such as sulphides. Cassiterite is mostly disseminated throughout the core.
 - o Blue - Indicated cutting marks, specifically for sampling.
- The core logging process was facilitated by the use of a geological log sheet designed according to standard look-up tables and formats, to guide the geologist through a standard set of logging requirements. Core logging standards were developed by VMIC.

10.2.3.3 Sampling

The objective of core sampling was to provide suitable samples for laboratory analyses of the selected mineralised zones identified during logging. Sample lengths were standardised to 1 m intervals. However, sample lengths in well-mineralized zones or zones with variable mineralization were matched accordingly and these normally varied between 0.15 m and 1.0 m. Sample intervals were chosen at the supervising geologist's discretion.

The following procedure was applied during sampling of the core:

- The median (longitudinal) cut line was marked with a blue waterproof wax pencil (china marker) along the length of the core.
- Sampling intervals were defined by the geologist, who recorded a unique sample number on the core with a blue waterproof wax pencil.
- Once the mineralised zone was identified by the geologist, the zone was split and sampled.
- Core was cut along the median line using a diamond core saw.

- Sampling of core was performed once the ticket and bag preparation were completed.
- Remarking of the split core halves in the core-trays were performed before the remainder of the core was stored.
- Pre-numbered sample ticket books containing a unique sample numbering range with tear off duplicate sample ticket numbers were utilised by the geologists. In order to retain vital information, the from- and to- depths, together with a brief description of the samples, were written in the sample ticket book next to the appropriate sample number. QA/QC samples were also included in the ticket book system.
- Plastic sample bags were prepared and laid out in numerical order with a sample number ticket placed inside each bag, a second ticket folded in and stapled at the top of the bag. Each sample bag contained the sample number written on the outside of the sample bag by means of a permanent marker pen.
- Core samples and QA/QC samples were placed and dispatched in the same sample bags.
- Regular checks were performed by the geologists to ensure that the correct sample labelling and numbering was performed.
- Plastic sample bags were sealed by means of triple folding of the top layer of the sample bags and pinned together. The sample bags were then placed into large polyweave bags and sealed with cable ties for dispatch to the laboratory. Each bag was identified by the project name, batch number, number of samples and the sample number interval in permanent black marker pen on the outside of the polyweave bag.

10.2.3.4 Chain of Custody

Chain of custody of samples is important to show who has accountability for the samples at different stages of the process, and to provide assurance that the samples have not been interfered with. The following procedures were followed:

- Sample details (borehole number, from and to depths, sample length, sample number, brief description, mineralization and where the sample was taken) were recorded in the Mokopane Tin Project sample ledger.
- Sample numbers were presented to the laboratory requesting the required analyses and date of delivery. The responsible person was identified and recorded on each

sample submission sheet. Each sample submission sheet contained a specific submission sheet number.

- The samples were delivered by the geologist or designated person to Set Point Laboratories in Mokopane, approximately 800 m from the exploration premises. The sample submission sheets were presented with the samples.
- Set Point Laboratories checked the sample labelling and sample condition and issued a sample reception record with a specific job number confirming the sample details and analyses requirements.

10.2.4 **Laboratory**

Sample preparation and was conducted by Set Point Laboratories prep lab in Mokopane, Half core samples were sent to Set Point Laboratories in isando, Johannesburg, an ISO17025 accredited laboratory for analyses of Sn, W, Cu and F..

10.2.4.1 Laboratory sample preparation

The laboratory procedures for sample preparation consisted of:

- Checking of received samples for number, labelling, sample bag condition and spillage.
- The moisture content of samples is recorded.
- Receipt report issued to client.
- If the above criteria are met then a Sample Reception Record is generated with a specific job number, date, sample details and analyses requirements which is emailed to the client.
- Samples are dried at 110°C.
- Samples are weighed and recorded.
- Samples are crushed in a jaw crusher and crushed material is placed in new labelled plastic bags. The jaw crusher is cleaned after every sample with crushed quartz and compressed air.
- Crushed material is further reduced in a Rhino Crusher down to <2.8 mm (>80%).
- Sample material is split in a Johnsons Riffle Splitter. The split for analysis is placed in a new labelled bag. The remainder of the sample material is returned to the original bag and then to the client as Coarse Reject Split.

- Sample splits to be analysed are milled in a Labtech Essa LM2 mill for 5 minutes to achieve >90% <106 µm. Equipment is cleaned with water and compressed air after each sample.
- The milled sample is emptied into a tray or onto a paper sheet and returned to the sample bag.
- The aliquot for assay is taken from the milled sample bag and samples are repacked.
- Sample aliquots are despatched to the Set Point Laboratory in Isando, Johannesburg for sample analyses 3 times per week using Set Point Laboratory drivers and vehicles.
- Performance of the Rhino Crusher and mill was constantly monitored, with the results of screening being reported and made available to the client upon request.

10.2.4.2 Laboratory QA/QC

In addition to the Quality Assurance / Quality Control (QAQC) samples included into the sampling stream at Greenhills' core yard, an internal QAQC procedure is followed by Set Point Laboratories to ensure confidence with the sampling and analytical data. This includes:

- The laboratory also made use of commercial certificated and laboratory prepared standards on a basis of approximately 1 in 20 (5%) samples. The details of the standards used by the laboratory are shown in Table 10-1;
- The laboratory carried out duplicate analysis of the sample aliquot's were performed on a basis of 1 in every 10 (10%) samples;
- The laboratory introduced a blank sample on a basis of 1 in 20 (5%) samples.

Table 10-1
AMIS 0020 and 0021 certified sample standards

Sample standard	Sn% (XRF)	Sn% (other methods)	Zn ppm (XRF)	Zn ppm (other methods)	Cu ppm (other methods)	Cu ppm (XRF)	Ag ppm (other methods)
Certified concentration	0.68 ± 0.04%	0.698 ± 0.056%	2164 ± 199 ppm	2286 ± 190 ppm	260 ± 23 ppm		
AMIS0020							
Provisional concentrations						274 ± 50 ppm	17.6 ± 3.1 ppm
Certified concentration	0.27 ± 0.026%			352 ± 42 ppm			
AMIS0021							
Provisional concentrations		0.29 ± 0.043%			54 ± 7.9 ppm		

10.2.5 Specific gravity and bulk tonnage data

The specific gravity of each sample was determined by Set Point Laboratories, an ISO17025 accredited laboratory. Gas pycnometry is the analytical technique used at Set Point Laboratories to measure specific gravity on soils or pulp (already milled) material. This data was incorporated into the mineral resource estimation.

10.2.6 Results of the 2011 drilling programme

The results of the 2011 drilling programme confirmed the results of the historical drilling data:

- Low-grade disseminated tin mineralisation is found in the Lease Granite. The zone of mineralisation crops out at surface and extends NE-SW along the strike of the tabular Lease Granite for over 500 m. This forms the bulk of mineralisation identified.
- A second zone of disseminated mineralisation is also found in the Lease Granite immediately below the contact with a pegmatite which is a discontinuous feature in the roof of the Lease Granite close to the contact with the overlying Rashoop Granophyre. This zone of mineralisation is more irregular than the larger

disseminated body and does not generally crop out at surface. It has been locally mined in the past.

- Local high-grade pipe-like bodies exist within and below the lower-grade mineralised zones. Although high-grade, they are not voluminous and do not make up a significant resource.
- Locally, drilling has intersected high-grade mineralisation with grades reaching up to 16.86% Sn over 1 m (a probable pipe), 0.46% Sn over 11 m, and 0.41% Sn over 16 m.

A number of cross-sections depicting geology and grade distribution have been constructed along NE-SW lines perpendicular to the strike of the mineralisation (Appendix 1). On each cross-section, grades have been contoured at 100 ppm, 500 ppm and 1000 ppm levels to add geological constraints to the resource calculation.

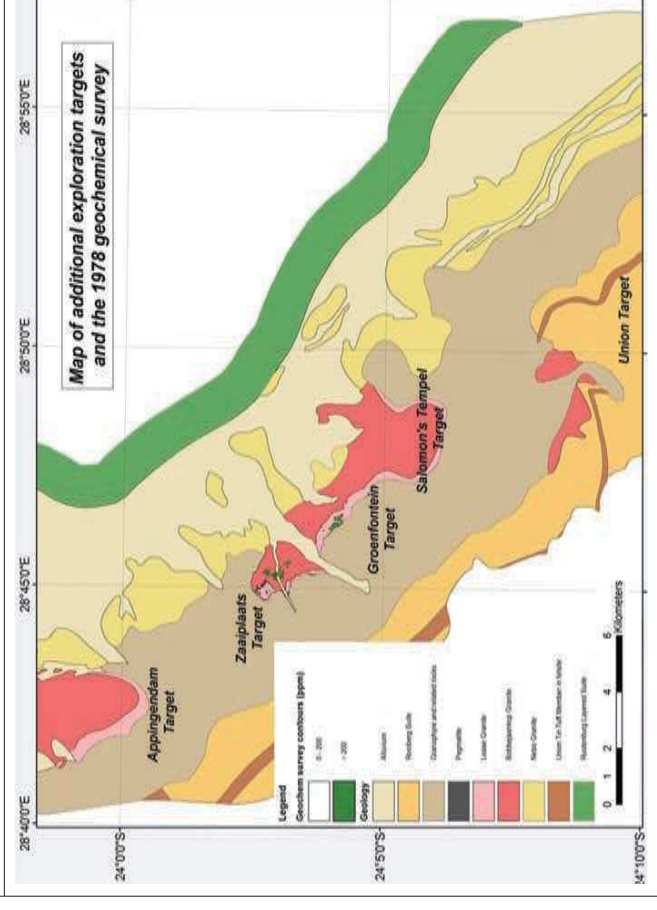
10.3 Future Exploration Targets

In addition to the Groenfontein Target, which is the focus of the recent drilling, three targets have been identified regionally in the project area (Figure 10-7). These are the:

- Zaaiplaats Target – historically mined for tin in both the Bobbejaankop and Lease Granites, this target was partly covered by the Rand Mines geochemical sampling programme
- Salomon's Tempel Target – historically mined on a limited scale for tin in the Lease Granite
- Appingendam Target – vein systems historically mined for tin, molybdenum and rare earth elements in the Bobbejaankop and Lease Granites
- Union Shale Target – historically mined on a limited scale for tin from breccia bodies and structures associated with the Union Tin Shale unit in the overlying felsites of the Rooiberg Group

Higher-grade parts of each of these targets have been partially mined historically on various scales for tin and other elements. Apart from a portion of the Zaaiplaats Target (covered by the Rand Mines programme), none of these targets have been previously investigated for lower-grade styles of mineralisation. They are therefore key targets for further exploration and expansion of the tin resource in the project area.

Figure 10-7
Map showing additional targets on the property



11

MINERAL RESOURCE ESTIMATION

The Mineral Resource estimation was undertaken by Mr Dexter Ferreira of IRES, a senior geostatistician with over 20 years' experience in project evaluation internationally, including extensive involvement with mineral projects throughout South America and Africa. He is a member of the South African Council for Natural Scientific Professions, and qualifies as a 'Competent Person' and 'Qualified Person' as defined in the JORC Code and National Instrument 43-101 respectively. MSA has reviewed the estimation undertaken by Mr Ferreira and is satisfied that the Mineral Resources presented are a fair representation of the tin deposit investigated on the Project.

11.1 Data Validation

The datasets available for the Mokopane Tin Project consist of current and historical drillholes.

Data verification was carried out by checking whether the 'Froms' and 'Tos' were consistent for each drillhole sample. The data was reviewed to check for zero grades (none in database), and other obviously erroneous data such as negative grades. Drillhole numbering was checked within Datamine™ in order to ensure no duplication of collar identifiers.

The location of each surface drillhole was checked and verified by site staff as well as the lithological and assay tagging within those drillholes. Survey points denoting the locations of the holes were received and plotted in three dimensions using Datamine™ alongside images obtained from the mine site in order to assess whether or not the drillhole collars were in the correct place. No issues were discovered with data location.

11.1.1

Geological Modelling

Although the mineralisation occurs within a homogeneous rock type, there are a number of mineralised intersections along the western flank of the project area which occur near the contact of the pegmatitic granite with the lease granite. This mineralisation has been differentiated geologically, and given that the rocktype is identical to that of the main disseminated mineralization, it was decided to differentiate this mineralisation by constructing a digital terrain model ("DTM") which demarked the bottom contact of the pegmatitic granite with the lease granite. This would allow for the separation of mineralization populations and would prevent the smearing of the contact mineralisation with the disseminated mineralisation.

11.1.2

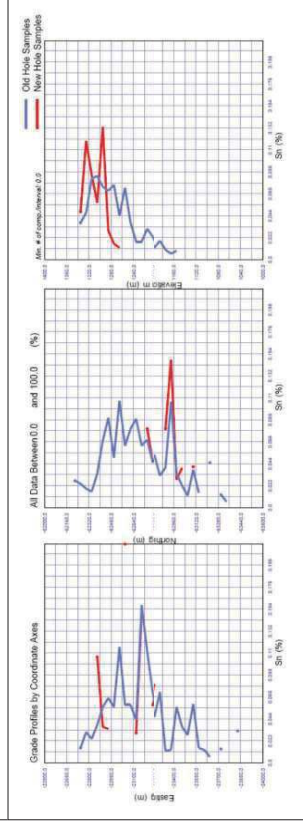
Validation of Historical Data

Since two datasets were used for this study, it was important to compare them using bivariate statistics to ensure that the historical dataset is valid, and that both datasets could be concatenated into one dataset. This was achieved by making swath plots – plotting one dataset against another versus Northings, Eastings and Elevations.

The swath plot reveals that the different datasets appear to be quite similar in all three directions (Figure 12-1).

Figure 12-1

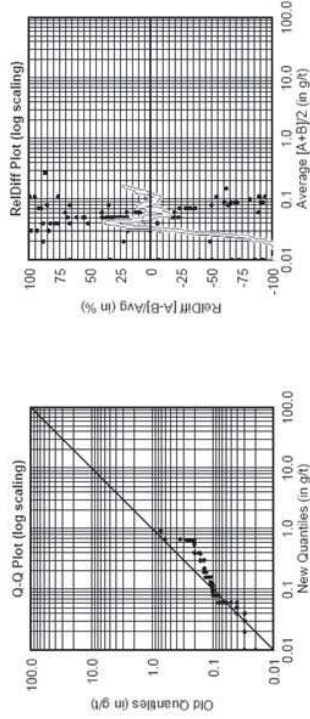
Grade profiles of the historical and current drillhole data



A second validation test was to use the equation of least squares to pair samples from different datasets while computing three dimensional distances between them (i.e. Euclidean spacing). This was done using a FORTRAN routine and the output files sorted on ascending distance from one another then plotted on arithmetic and logarithmic scattergrams, quantile-quantile plots ("QQ"), and relative difference plots. The results for Sn samples from current and historical drillholes are shown in Figure 11-2. Assay A refers to 'New' samples and Assay B refer to 'Old' samples (left plot is in arithmetic scale – right plot is in logarithmic scale).

Figure 11-2

QQ Plot (left) and relative difference plot (right) for Sn values.



Although the QQ plot suggests that at the higher Sn grade thresholds, the current Sn assays are higher than the old assays, the relative difference plot tells us that there is no bias between the current and historical assay datasets. The main difference between the 2 datasets is that the clustering of the current assays is tighter than the historical data. In addition, the sample lengths of the current data are mostly of uniform lengths, whilst that of the historical data varies considerably. In summary, the comparative statistics suggested that both datasets can be combined into one dataset for statistical and estimation purposes.

11.2 Statistical Analysis - Naïve Statistics

A complete set of naïve statistics was performed on the drillhole database that was contained within the following limits: -24100N and -22400NS, -2664000E to -2662100E, and 1000 m elevation to 1400 m elevation. These statistics examine the characteristics of Sn grade values as original samples, and as sample composites. Table 11-1 indicates the naïve statistics for samples contained within the project limits.

Table 11-1
Naïve statistics of uncut samples (Sn)

STATISTIC	Current Drillholes	Historical Drillholes
Number of Data	263	1778
Mean (%)	0.059	0.066
Standard Deviation	0.087	0.200
Coeff. Of Variation	1.475	3.012
Maximum (‰t)	0.718	3.807
Upper Quartile (%)	0.063	0.050
Median (g/t)	0.035	0.017
Lower Quartile (%)	0.014	0.004
Minimum (%)	0.002	0.001
Number of Holes	202	53

Table 11-1 reveals a lower mean Sn grade for the current samples compared to the historical ones.

11.3 Sample Compositing

Statistics were compiled on the sample lengths of drillhole data (Table 12-2).

Sample length statistics for the drillholes reveal median values around 1.0m for the current holes, whilst the historical holes reveal a much broader range resulting in a higher mean of ~15.0m. A detailed look at the historical drillhole database shows us that the only well-defined samples (i.e. the From and To intervals specified) are the composite assays. However, within these larger composite values are notes referring to high and low Sn grades and their respective sample lengths. The problem with the latter is that nowhere in the database does it reveal where these "selected" lengths fit in within the longer composite lengths.



Table 12-2 Naïve statistics of sample lengths (Sn)			
STATISTIC	Historical Drillholes	Current Drillholes	
Number of Data	555	1796	
Mean (m)	14.941	0.956	
Standard Deviation	20.613	1.136	
Coeff. Of Variation	1.379	1.188	
Maximum (m)	124.000	47.000	
Upper Quartile (m)	17.000	1.000	
Median (m)	8.000	1.000	
Lower Quartile (m)	3.785	1.000	
Minimum (m)	0.020	0.040	

It is obvious that an original database that reveals every smaller sample length exists and was then used to generate the broader historical database received for this study. Given the limitations regarding these selected samples, only the larger composite assays could be used in this study.

The samples were thus composited at 1 m lengths beginning at the collar of the drillhole. The results are shown in Table 12-3 below for composites (composited within the wireframes). The composite statistics were done in order to assess whether the compositing has maintained the distribution characteristics of the original samples.



Table 11-3 Naïve statistics of uncut 1 m composites (Sn)			
STATISTIC	Historical Drillholes	Current Drillholes	
Number of Data	3239	1647	
Mean (%)	0.052	0.062	
Standard Deviation	0.079	0.161	
Coeff. Of Variation	1.527	2.608	
Maximum (%)	0.718	2.393	
Upper Quartile (%)	0.062	0.050	
Median (g/t)	0.027	0.017	
Lower Quartile (%)	0.010	0.004	
Minimum (%)	0.002	0.001	
Number of Holes	202	53	

The naïve statistics reveal a strong coefficient of variation which tells us that there is significant variability within the grade population. This is expected in this kind of mineral deposit.

11.4 Sample Spacing

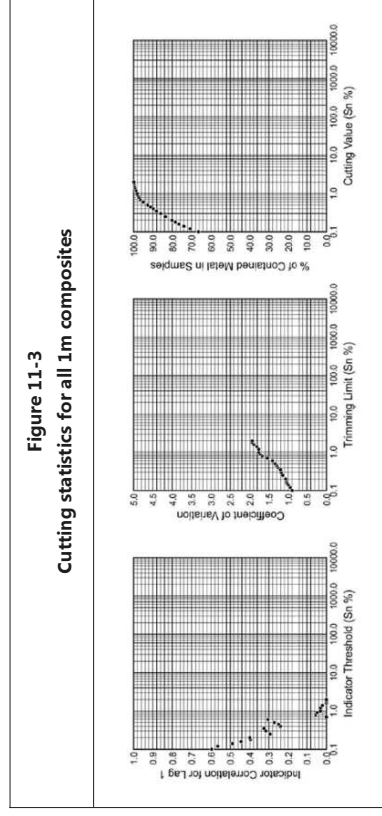
The Euclidean spacing between samples was examined. Overall, the distances are typically 21 m to 38 m (averages). Table 12-4 shows the spacing between samples in three-dimensional space for all types of composited surface drillholes.

A block size of 10 m x 10 m x 2 m was chosen to discretise the block model. This dimension is based on not having more than 2 unsupported blocks in between 3 supported blocks (i.e. blocks pierced by drillholes). Therefore, since the median distance between drillhole samples is approximately 14 m, which would imply no blocks in between drillhole pierce points. The smaller Z dimension used was based on the grade variability down each hole. A consistent block size was utilized throughout.

Table 11-4 Euclidean Spacing – 1 m Composites					
Data Type	Average Metres	Maximum Metres	Lower Quart. Metres	Median Metres	Upper Quart. Metres
Historical	38.39	461.13	20.79	27.18	33.77
Current	21.10	41.37	15.59	20.80	26.28
ALL	16.66	461.13	9.14	14.08	19.98

11.5 Cutting Limits

Cutting statistics were performed with the help of cumulative log probability plots, indicator correlation for lag 1 plots, coefficient of variation plots and finally percent metal contained plots. These plots are found in Figure 11-3. It should be noted that these are merely guidelines and that ultimately, the cutting limit chosen is a grade limit suggested by these plots.



The indicator correlation for lag 1 plots show the correlation between samples for the first lag set. Plotting this indicator against increasing minimum thresholds for Sn grades leads to a line tending closer towards zero. In other words, at ever increasing thresholds of Sn grades, there are fewer and fewer samples of similar grade. At this point, it indicates a lack of correlation between samples within the first lag set, and suggests an ideal cutting limit for assay values.

The coefficient of variation plots shows the change in this coefficient with increasing Sn values. A rapid change in this coefficient indicates a rapid change in the standard deviation and/or a change in the mean. This suggests an ideal cutting limit for Sn grades.

Kinks, plateaus and/or changes in the cumulative log probability plots also suggest changes in populations (perhaps subpopulations) and serve as a good indicator of cutting limits for Sn values. A slightly different plot is the percent of contained metal in samples versus increasing trimming levels for metal grades. This plot enables one to check how much metal is being lost to cutting at a certain Sn grade thresholds.

Table 12-5 lists the all the final cutting thresholds suggested by all methodologies described, and their impact on the overall database. The reasons for choosing one methodology over another is primarily based on how well defined that limit is depicted on the appropriate plot.

Table 11-5 Euclidean Spacing – 1 m Composites			
Sn Grade Limit	# of Original Data	# of Comps cut	% of Data
0.70%	4886	38	0.78

11.6 Estimation Parameters

11.6.1 Variography

The models were estimated using data only contained within the defined limits. Pairwise relative variograms were used in this study; therefore no data transformation was necessary. Variography was done on the entire dataset beginning at 0° and calculating clockwise in 20° increments using a horizontal and vertical tolerance of $\pm 12.5^\circ$ at 50m lags; also for a maximum of 30 lags. An additional series of runs were done with a wider tolerance set at $\pm 22.5^\circ$. Nugget contribution was taken from downhole variograms.

Directional variography revealed relatively strong continuity at 140° and weaker anisotropy in the 50° direction. No visible anisotropy was seen for plunges or dips.

Once the major direction of anisotropy was selected, a final plot revealing all three directions was generated; referred to as a triplet. A double spherical model was fitted for all three directions while maintaining 3D consistency and the contributions of each range were used in the estimation process.

11.6.2 Interpolation

Ordinary kriging was selected as the final estimation method of interpolating Sn grades into a three-dimensional block model. The block size chosen was identical to that discretizing the geological model for both models, 10 m x 10 m x 2 m (Northing x Easting x Elevation). Within the project area there were 150 rows of blocks in the X direction, 160 rows of blocks in the Y direction and 201 columns of blocks in the Z direction, for a total of 4 824 000 blocks. The project area consists of an area from: -2663600N and -2662000N, 24000E to 22500E, and 1 000 m to 1 400 m elevation.

A minimum of three and a maximum of ten composites were utilized for an estimate. Ordinary kriging was performed with a discretisation of 5 x 5 x 1 (XYZ). The search radii used approximately equalled the variogram ranges in the plane of the deposit. The search strategies utilized in the ordinary kriging runs are shown in Table 11-6; the radii shown relate to ellipse dimensions used.

Table 11-6
Estimation search strategy

Metal	Principal Direction		Minor Direction		Vertical Direction	
	Radius Meters	Azimuth/Dip Degrees	Radius Meters	Azimuth/Dip Degrees	Radius Meters	Azimuth/Dip Degrees
Sn	120.0	140°/0°	60.0	50°/0°	2.0	50°/90°

Tests were previously performed to investigate the effects of certain interpolation parameters on the variability of the estimates. Firstly, the maximum number of samples utilized for an estimate was examined. In this estimation model, the maximum is set to 10 composites, with an average of 8 composites used. A number of ordinary kriging runs with various maximum sample values were done, and the average variance of each run was compared to the maximum number of samples utilized. As the maximum number of samples is increased, the change in the variance decreased. The maximum number of samples is then selected from the area where a change in slope (becomes flatter) occurs, which is in this case, anything more than 10 samples. At this point, the addition of more samples does not significantly change the variance at all. Thus, a maximum of 10 samples was chosen in order to generate an estimate.

Another series of estimation runs were done, but with a more relaxed search ellipsoid size. The ranges were increased to 200 m in the 140° direction, 90 m in the 50° direction and 3 m in the vertical direction - and the model re-estimated. The minimum and maximum number of

composites required to inform a block were kept the same but with the added restriction that no more than two composites could be taken from the same drillhole. These blocks were given a special code since they would be denoted as Inferred Mineral Resources.

Another series of estimation runs were done, but with a much more restrictive search ellipsoid size. The ranges were decreased to 50 m in the 140° direction, 25 m in the 50° direction and 1 m in the vertical direction - and the model re-estimated. The estimates were given the additional restriction of not sourcing more than two composites from any one drillhole. These blocks were given a special code since they would be denoted as Measured Mineral Resources.

11.7 Validation

11.7.1 Cross Validation

Cross validation tests were performed on the model. Naïve cross-validation consists of removing one sample and using the parameters to estimate it, and then comparing it to the original sample. This was done systematically for all samples. Overall, the correlation for the entire project area has a correlation coefficient of 0.763 for Sn, which indicates an acceptable amount of variability.

Simple cross validation takes all the samples that contribute to an estimated block, weights them by length and then compares them to the estimated block. This test is done to examine the smoothing of the estimate. Samples occurring within an estimated block should have a grade similar to the block estimate itself. This test was done for all the segregated geological sub-units. The result was a correlation coefficient of 0.94, which demonstrates that little smoothing has taken place within the estimates.

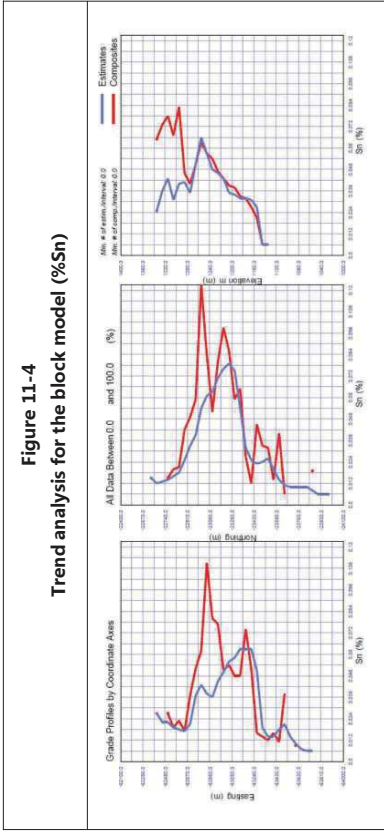
11.7.2 Residuals

Residual bias was studied by determining the difference between the actual grade and the estimated grade; a test done via naïve cross-validation. These differences are then plotted on a frequency distribution plot and the mean established. An unbiased estimate would have a mean of zero. The model has a mean of -0.0006% Sn, which indicates negligible bias.

11.7.3 Trend Analysis

Trend analysis was undertaken on the block model. This examines the composites used in the estimation process by comparing them to the final block model. Northings, Eastings and Elevation versus Sn grades are all analysed (Figure 11-4). This is done to ensure that any trends present within the dataset are reflected in the final block model.

The trend analysis indicates that the estimated block model closely follows the trends as present in the composites – in all three directions.

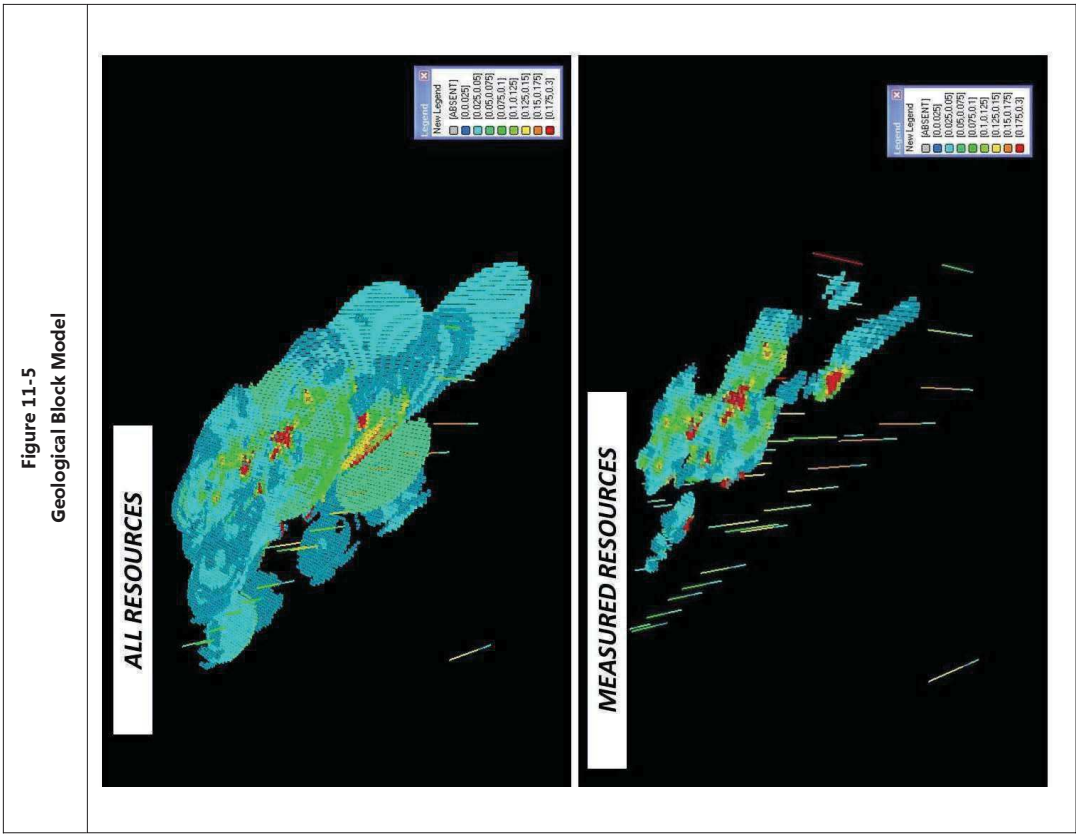


11.8 Specific Gravity

A specific gravity value of 2.65 was applied on a per block basis in order to convert block volumes into tonnages. This figure is based on the gas pycnometry data derived from the sample pulps (Section 10.2.5).

11.9 Geological Block Model

Images of the Mokopane Tin Project block model are shown below (Figure 11-5).



11.10 Mineral Resource Statement

The Mineral Resources estimated within the Mokopane Tin Project are classified as Measured, Indicated and Inferred by applying different variogram ranges to the double structure spherical



models. The criteria utilized were as follows: block estimates estimated within the first variogram range of the double structure spherical models were classified as being within the measured category. This principle range of 50m approximately represents two thirds of the total variance. Visual inspection of these blocks will reveal that they are quite contiguous along strike throughout the deposit, and not prevalent in isolated clusters.

Mineral Resources estimated using the range of the second structure of the double spherical model were classified as indicated whilst resources estimated at about one and half times the longest variogram ranges were classified as inferred. The Mineral Resources tabulated (Table 12-7) are for estimates occurring below the rock/overburden surface and are shown for a range of Sn cut-off grades.

In the Lease Granite on Groenfontein 227KR (the Groenfontein target), an Indicated + Measured Mineral Resource of 3 095 000 tonnes, containing 4 792 tonnes of tin (at 0.1% Sn cut-off) has been estimated, with a further 898 000 tonnes, containing 1 203 tonnes of tin (at 0.1% Sn cut-off), in the inferred category. This Mineral Resource represents only one of five targets identified, and may be significantly increased through further exploration on these targets.

A preferred cut-off of 0.1% tin has been applied by benchmarking the project against other projects worldwide, and by applying an average cash buyer (London Metal Exchange) tin value over the past three years (~USD 17 800). However, there is upside to the resource should the tin price remain high.

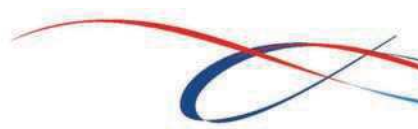


Table 11-7
Mineral Resources for the Mokopane Tin Project

Measured				Indicated				Inferred			
Cut-off Grade Sn (%)	Tonnes	Sn Grade (%)	Sn Tonnes	Cut-off Grade Sn (%)	Tonnes	Sn Grade (%)	Sn Tonnes	Cut-off Grade Sn (%)	Tonnes	Sn Grade (%)	Sn Tonnes
0	10,289,000	0.052	5,350	0	85,384,000	0.018	15,369	0	49,073,000	0.017	8,342
0.01	8,459,000	0.062	5,245	0.01	61,591,000	0.023	14,166	0.01	35,681,000	0.021	7,493
0.02	7,359,000	0.069	5,078	0.02	18,954,000	0.050	9,477	0.02	9,843,000	0.046	4,528
0.03	6,153,000	0.078	4,799	0.03	12,169,000	0.064	7,788	0.03	5,745,000	0.062	3,562
0.04	4,802,000	0.090	4,322	0.04	8,451,000	0.078	6,592	0.04	3,901,000	0.075	2,926
0.05	3,722,000	0.104	3,871	0.05	6,550,000	0.088	5,764	0.05	2,990,000	0.085	2,542
0.06	2,884,000	0.118	3,403	0.06	4,683,000	0.101	4,730	0.06	2,078,000	0.099	2,057
0.07	2,267,000	0.132	2,992	0.07	3,508,000	0.114	3,999	0.07	1,442,000	0.115	1,658
0.08	1,817,000	0.147	2,671	0.08	2,798,000	0.124	3,470	0.08	1,203,000	0.123	1,480
0.09	1,434,000	0.163	2,337	0.09	2,290,000	0.132	3,023	0.09	1,027,000	0.129	1,325
0.1	1,177,000	0.179	2,107	0.1	1,918,000	0.140	2,685	0.1	898,000	0.134	1,203
0.11	1,001,000	0.192	1,922	0.11	1,247,000	0.160	1,995	0.11	536,000	0.157	842
0.12	840,000	0.206	1,730	0.12	1,058,000	0.168	1,777	0.12	467,000	0.163	761
0.13	717,000	0.221	1,585	0.13	880,000	0.177	1,558	0.13	352,000	0.176	620
0.14	632,000	0.232	1,466	0.14	731,000	0.186	1,360	0.14	271,000	0.188	509
0.15	561,000	0.243	1,363	0.15	591,000	0.196	1,158	0.15	244,000	0.193	471
0.16	496,000	0.255	1,265	0.16	472,000	0.206	972	0.16	206,000	0.201	414
0.17	430,000	0.269	1,157	0.17	387,000	0.215	832	0.17	174,000	0.207	360
0.18	391,000	0.278	1,087	0.18	313,000	0.225	704	0.18	111,000	0.225	250
0.19	357,000	0.287	1,025	0.19	245,000	0.236	578	0.19	75,000	0.246	185
0.2	322,000	0.297	956	0.2	193,000	0.248	479	0.2	68,000	0.251	171

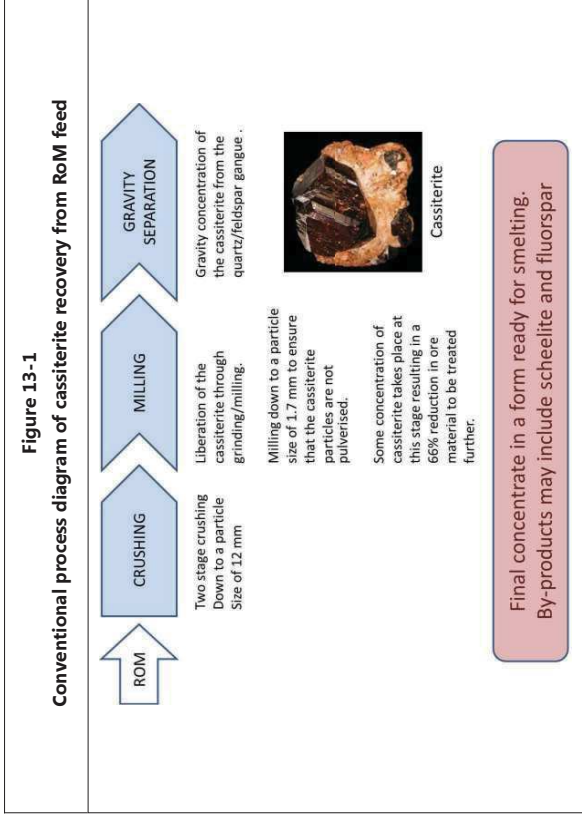
Limited metallurgical studies have been undertaken to date. In this section, conventional tin recovery and processing is discussed, and the limited work undertaken to date is summarised.

Cassiterite has a high relative density (typically 7.0) and is thus recoverable using gravity separation techniques. However, it is also relatively hard and very brittle and has a tendency to create ultrafines during the grinding process, which must be allowed for during crushing and grinding operations prior to gravity concentration. Furthermore, cassiterite is often strongly intergrown with other minerals, and the accompanying minerals behave similarly to cassiterite during processing. Typically these may include columbite-tantalite, scheelite, wolframite and iron minerals.

12.1 Gravity Concentration

Current technologies are characterized by controlled multistage size reduction of the target minerals and separation of the cassiterite released after each size reduction stage using sorting methods based on density. For the best recovery, cassiterite grains should be recovered at the earliest possible stage and at their largest size. The efficiency of gravity concentration processes decreases markedly once the size of the particles is reduced to below about 30 µm.

Conventional crushing and grinding methods can be used to liberate cassiterite in Run-of-Mine (RoM) feed from associated gangue materials (Figure 13-1). Different combinations of crushing and milling equipment, followed by a wide variety of gravity concentration devices for further beneficiation are used in most hard rock tin concentrators. The process would need to be tailored to the character of the mineralisation at Mokopane.



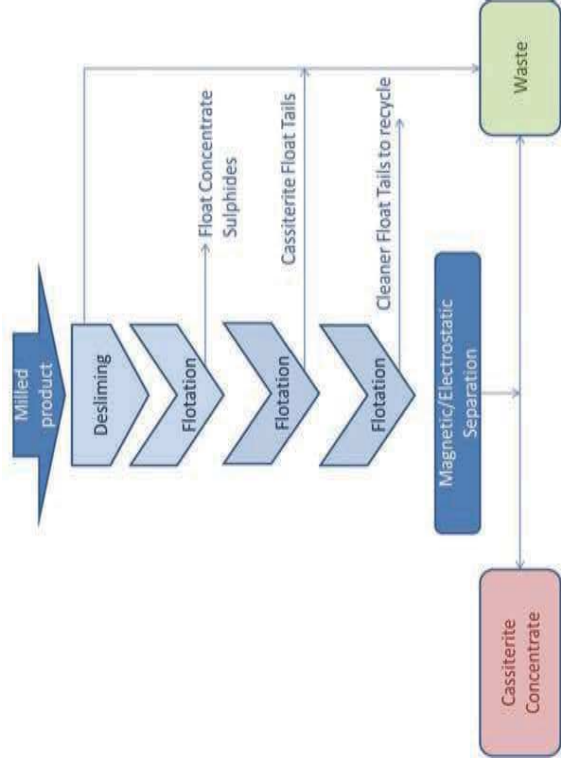
12.2 Froth Flotation of Fine Particles

Very small particles (< 30 µm) cannot be processed to give satisfactory yields and production rates using conventional tin recovery methods. If the degree of intergrowth of the ores requires finer grinding, the flotation method for sorting particles < 100 µm is sometimes used. Due to its extreme brittleness, a significant amount of very fine cassiterite particles can be produced resulting in losses of tin in succeeding processing stages. Froth flotation can be used to upgrade particles less than 30 µm but cannot treat particles less than 6 µm in size. The less than 6 µm particles can account for a significant proportion of the metallic tin entering the plant.

Flotation is increasingly used to separate fine-grained material and ground middlings obtained by the density-based sorting process, and has now become the preferred method for treating the most finely intergrown, complex tin ores. Flotation of cassiterite with particle sizes between 40 and 10 µm is mainly carried out with arsenic acids.

The flow diagram (Figure 12-2) shows the flotation of primary tin concentrates to remove sulphides of similar paragenesis, followed by flotation of cassiterite from the pre-concentrate and magnetic separation of paramagnetic minerals from the flotation product.

Figure 12-2
Conventional process of froth flotation to recover fine cassiterite



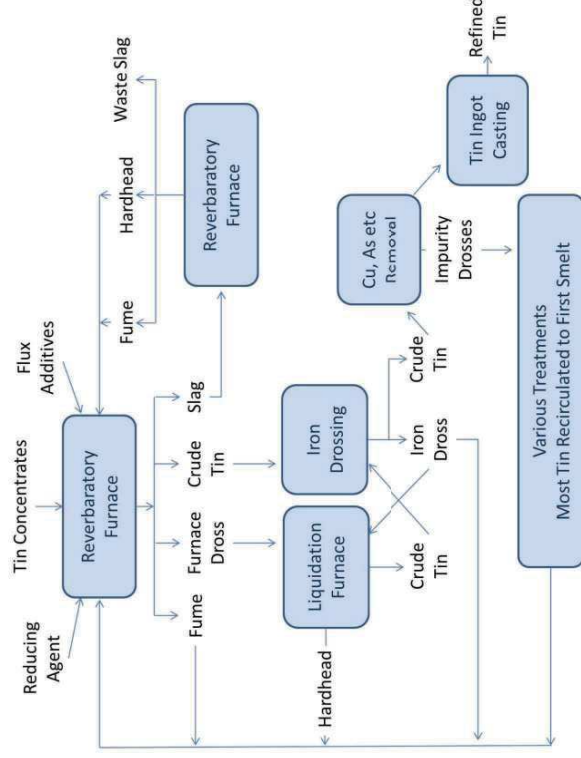
12.3 Smelting

Cassiterite is smelted to metal by reduction with carbon using the carbothermic reaction:



This is most commonly achieved in a reverberatory furnace (Figure 12-3). Temperatures in excess of 1200°C are required. The difficulty is that cassiterite is hardly ever produced entirely free from other minerals and many of these are reduced to metal at the same time forming alloys with the tin. It is therefore necessary to refine the tin to make it commercially useful. The smelted low grade matte product is generally upgraded to an LME grade product via a converting or refining process. Very impure tin can be refined by electrolysis to very high purity.

Figure 12-3
Conventional reverberatory circuit for tin smelting



12.4 Characterisation of the Mokopane Mineralisation

Three samples from the Groenfontein Mineral Resource were submitted to SGS South Africa and reported under Min 0912/192 Groenfontein, Amended Mineralogical Report, SGS South Africa, 28 March 2013.

The tin grades reported are low compared with current commercial deposits, with the reconstructed head grade of the sample reported as 1150ppm (0.1115% Sn content) and 0.14% Sn by chemical analysis, whilst the QEMSCAN results indicate a 0.05% tin content.

The tin content appears to be distributed across the entire sample, precluding any pre-concentration by screening at a 2mm grind without significant loss of tin units, this is illustrated in Figure 12-4.

Figure 12-4
Cumulative size and tin distributions

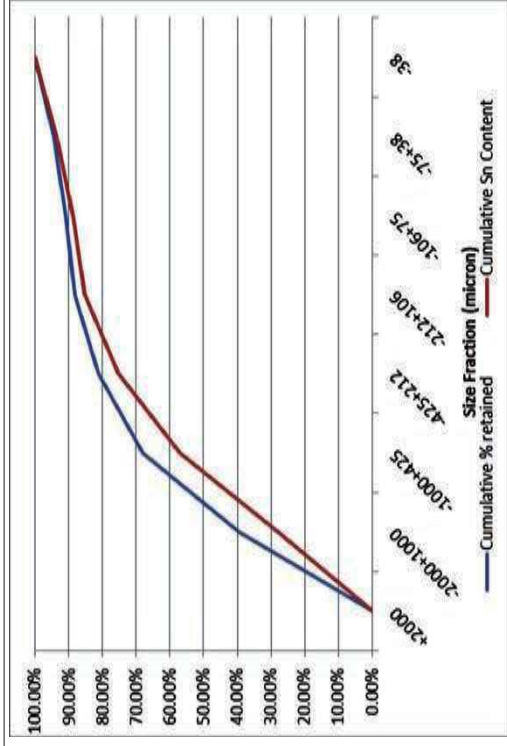


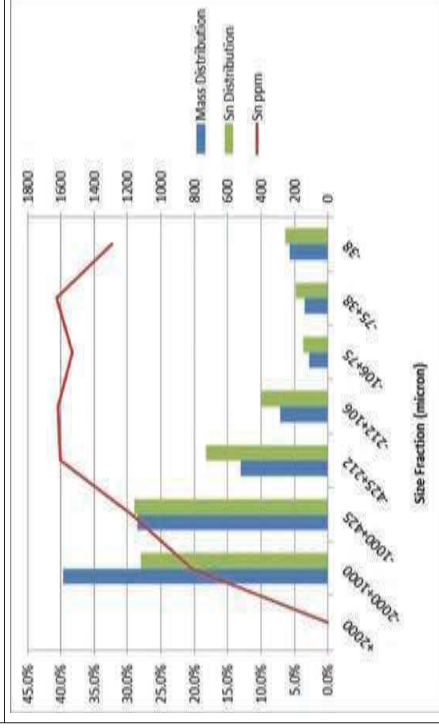
Table 12-1 presents the liberation characteristics of the cassiterite in the Groenfontein sample, it may be seen that a bimodal liberation distribution was reported by SGS, with greater than 50% of the cassiterite liberated in the -1000+75µm fraction, zero liberation above 1000 µm, and only 29% liberation below 75µm.

Table 12-1
Liberation of cassiterite

	Definition	Head %	Mass % Cassiterite			
			+1000	+212	+75	-75
Liberated	>80% of area is mineral	44.0	0.0	51.7	54.7	28.9
Hi Middling	50-80% of area is	11.1	0.0	0.5	7.3	39.0
Low	30-50% of area is	16.6	0.0	24.7	0.0	27.0
Locked	<30% of area is mineral	28.3	100.0	23.1	38.0	5.1

Figure 12-5 presents the distribution of mass and tin by size fraction, together with the tin grade in each size fraction, it may be seen that the tin grade is significantly lower in the +1000 µm and

Figure 12-5
Distribution and grade of tin by size fraction



The grain size of the tin as measured by QEMSCAN is presented in Table 12-2. However it should be noted that this result is skewed by the presence of five large grains, more information is required to establish the distribution of the majority of the cassiterite grains in the finer sizes below 75µm.

Table 12-2
Cassiterite grain size distribution

Fraction (µm)	Mass % Cassiterite	No of Grains
+1000	0	0
+212	0	0
+75	37.4	5
-75	62.6	385

13

MARKET ANALYSIS

The name tin is derived from the Old High German zin and the Norse tin. The symbol Sn comes from the Latin stannum. Historically tin is of major cultural importance, being an essential component of the copper alloy bronze which gave its name to the Bronze Age. The first bronze objects appeared in Egyptian tombs dating from the end of the 4th millennium BC.

Tin was one of the first metals mined and its qualities and shiny finish made it a highly sought after commodity which was traded in many parts of the world. Today it is mainly used for the production of solders (53%), for tin plating of iron and steel products (16%), in the chemicals industry (14%), whilst only 6% is used in the production of brass and bronze.

13.1 Tin Demand

Key issues that have affected tin demand in recent years were the ban on using lead in certain types of solder in 2006, and the local demand in China in recent years far exceeding local supply.

Tin demand saw a significant growth of approximately 10% during 2010 to a total of approximately 350 000 tonnes (Economist Intelligence Unit - EIU). Forecasts for growth in tin demand going forward remain positive in the short to medium term. According to the EIU, growth in global tin consumption will continue to increase in 2011 (3.1%) and 2012 (3.7%). Deleveraging of over-indebted consumers in Europe and the US, coupled with weak labour markets, are likely to act as a brake on the rate of growth in consumer spending, which is the key driver of tin demand. As a result, tin demand is likely level out in the medium term.

13.2 Tin Supply

Tin production is mainly from underground mines (56%) as secondary eluvial and alluvial resources (38%) have been depleted over the past 30 years. Only 6% of production is currently from open cast mines. China (45%) and Indonesia (30%) are the major producers, with South American countries accounting for most of the balance (Peru, 11%; Bolivia, 5%; and Brazil, 4%) and the Democratic Republic of Congo the balance (5%).

Issues that have impacted tin supply recently include the introduction of new environmental legislation in Indonesia, dwindling high grade resources, political risk in countries that do have high grade ore (e.g. the DRC), and mine output falling sharply in Brazil.

The increased environmental regulatory environment in Indonesia has resulted in the closure of 18 out of 31 exporting smelters, whilst the largest producer, PT Timah, has reduced output by 20%.

Whilst the DRC has the resource potential to fill a global supply deficit, tin is included in a group of 'conflict minerals' which are produced there. A new set of rules for mineral suppliers in

Central Africa backed by the world's leading electronics companies came into effect on 1 April 2011 to end the trade's contribution to violence in the DRC. Mineral trade in the DRC has been a central feature of conflict in the country, with combatant groups fighting for control of mines, perpetrating abuses against local populations to ensure control, and using profits from the trade to obtain weapons and drive armed conflict. The "Conflict-Free Smelter Program" requires participating mineral processing players in the DRC and neighbouring countries to provide proof that their supply purchases do not contribute to conflict in the country by funding militia groups. The programme covers tin, tungsten, gold and coltan.

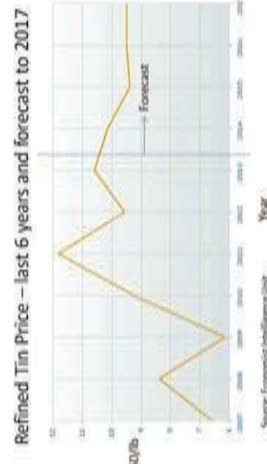
New tin mine projects are scheduled to come on stream in 2013, with total mineral resources of over 1 Mt of tin metal. However, assuming the world does not experience a double-dip recession and short term demand continues to grow, global tin supply is likely to remain stressed.

13.3 Tin price

The price of refined tin metal on the LME rose from the region of USD 7 per pound in 2007 to nearly USD 11 per pound in 2011. Prices have subsequently fallen to the current level in the region of USD 10 per pound (Figure 13-1). Divergent forecasts exist for the tin price going forward. The EIU forecasts that prices will continue to fall to the USD 9.50 per pound level in 2015, whereafter the price will stabilise. However, tin was the best-performing base metal in terms of price in 2012, rising about 24 percent from USD 9 per pound at the end of 2011 to a final price of USD 11.20 per pound at the end of 2012 and some analysts predict continued price rises through 2013. Hartley's Ltd, (an Australian financial services company) predicted in February 2013 that "Though the price of tin could be volatile in the short term, medium- and longer- term fundamentals remain strong for continued improved prices, with every prospect of a supply deficit this year."

Figure 13-1

Chart of tin price with medium term forecast (source, Economist Intelligence Unit)





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ENVIRONMENTAL CONSIDERATIONS

Greenhills submitted an Environmental Impact Assessment (EIA) and an Environmental Management Plan (EMP) as part of the application process for their Prospecting Right. These were accepted by the Department of Minerals and Energy.

The property has a history of mining and MSA is not aware of any environmental risks associated with the project. However, MSA has not undertaken an independent environmental assessment of the property.

15

INTERPRETATION AND CONCLUSIONS

The Mokopane Tin Project is a property comprising six farms, four of which report significant historical tin mining with a total of nearly 22 000 tonnes of tin metal produced from a series of high grade mineralised pipes and areas of lower grade disseminated mineralisation.

The high grade mineralisation has mostly been mined out. However, at least two areas of lower grade disseminated tin mineralisation remain on the farms Groendoorn 225KR and Groenfontein 227KR. One of these deposits occurs in the Bobbejaankop Granite and has not yet been investigated in detail. The second occurs in the overlying Lease Granite and has been effectively sampled during drilling campaigns undertaken during the 1970s, and verified and enhanced during 2011. Measured, Indicated and Inferred Mineral Resources have been defined in the Lease Granite occurrence.

15.1 Project Risks

Because this project is situated in South Africa, it would be subject to exchange risk as the Rand / US Dollar exchange rate fluctuates. Operating costs would be in Rand, but the sales revenue for tin produced would be based on an international pricing model.

The deposit that has been defined is relatively small and low grade. This provides little margin should negative factors impact a future mine.

15.2 Project Opportunities

The tin price is at an all-time high and the fundamentals suggest that the price will remain strong in at least the medium term. The Mineral Resource that has been defined occurs at shallow depth. The stripping ratio and mining costs would therefore be relatively low. Further targets have been identified on the property that have the potential to enhance the Mineral Resource base.

15.3 Recommendations

The 2011 drilling programme was successful in determining Measured and Indicated Mineral Resources. It is recommended that a scoping study is undertaken on the identified Mineral Resource to determine whether a proportion of the Mineral Resources can be mined economically. A preliminary metallurgical study should be undertaken to establish the grain size of the cassiterite and its recoverability.

There is potential to increase the defined Mineral Resources by modelling the results of the recently completed drilling over the low grade disseminated Zaaiplaats target, and by drilling of other identified targets on the property.

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DATE AND SIGNATURE PAGE

The undersigned, Dr Leon Liebenberg, contributed to sections 1-19 of this technical report, titled Independent Technical Report on the Mokopane Tin Project, South Africa, with an effective date of 26 September 2011, in support of the public disclosure of technical aspects of the Mokopane Tin Property. The format and content of this report are intended to conform to the JORC Code.

I consent to the filing of this Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of this Technical Report.

Signed,



.....

Name: Dr Leon Liebenberg

Date: 26 September 2011

<i>alkaline rock</i>	an igneous rock containing an excess of sodium and or potassium
<i>alluvial</i>	Transported and deposited in a river system, e.g. diamonds eroded from kimberlites and deposited in river gravel.
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2 500 Ma.
<i>basement</i>	The igneous and metamorphic crust of the earth, underlying sedimentary deposits.
<i>bedrock</i>	the first hard and solid rock underlying soil or unconsolidated overburden
<i>core drilling</i>	Method of obtaining cylindrical core of rock by drilling with a diamond set or diamond impregnated bit.
<i>colluvium</i>	sediment transported downslope by gravity; usually proximal to its source
<i>diamond drilling</i>	synonymous with <i>core drilling</i>
<i>dyke</i>	A vertical or near vertical sheet of igneous rock, the widths of which may range from centimeters to hundreds of meters. One of the typical modes of occurrence of kimberlite, in the case of which widths are usually narrow, less than 2 m.
<i>EIA</i>	Environmental Impact Assessment.
<i>eluvium</i>	sediment derived from the physical and/or chemical decomposition of the underlying bedrock.
<i>EMP</i>	Environmental Management Plan.
<i>Equator Principles</i>	A set of voluntary governance rules for managing social and environmental risk in project finance (see www.equator-principles.com).
<i>facies</i>	The sum of the lithological (and palaeontological) characters of a particular rock.
<i>fault</i>	A fracture or fracture zone, along which displacement of opposing sides has occurred.
<i>Ga</i>	Giga years (1 Ga = 1,000 million years)
<i>geophysical surveys</i>	Instrumental surveys measuring small variations in the earth's magnetic field, gravity field or electrical conductivity (in addition to some other properties) related to local variations in rock type. Widely

	used to discover kimberlite pipes. Magnetic and some electrical methods can be carried out from an aircraft.
<i>gneiss</i>	A coarse grained, banded, high grade metamorphic rock.
<i>GPS</i>	Global Positioning System. A satellite based navigation system able to give real time positions to approx ± 5 m in X and Y using simple hand held instruments.
<i>ha</i>	Hectare = $10,000 \text{ m}^2$. A common unit for expressing the surface area of a kimberlite pipe.
<i>Indicated Resource</i> (<i>Indicated Mineral Resource</i>)	An Indicated Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. (CIM definition).
<i>Inferred Resource</i> (<i>Inferred Mineral Resource</i>)	An Inferred Mineral Resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. (CIM definition).
<i>isotope dating</i>	A method of dating rocks by quantifying the relative ratio of isotopes.
<i>joints</i>	Regular planar fractures or fracture sets in massive rocks, usually created by unloading, along which no relative displacement has occurred.
<i>kriging</i>	A mathematical technique which uses spatial statistics to calculate estimations of mineral resources.
<i>limestone</i>	A sedimentary rock containing at least 50% calcium or calcium-magnesium carbonates.
<i>lineament</i>	A significant linear feature of the earth's crust.
<i>loam sampling</i>	Sampling the soil profile to recover resistant minerals. In the case of diamond exploration, loam sampling is intended to recover kimberlite indicator minerals.
<i>Ma</i>	Million years.



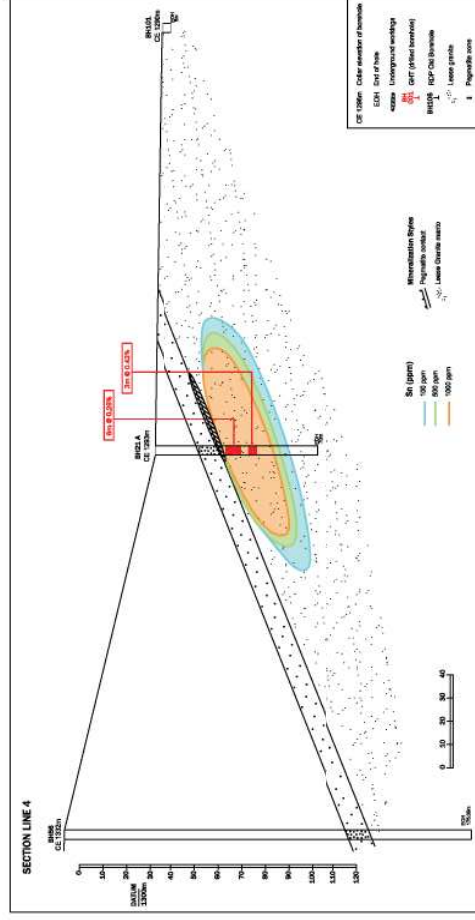
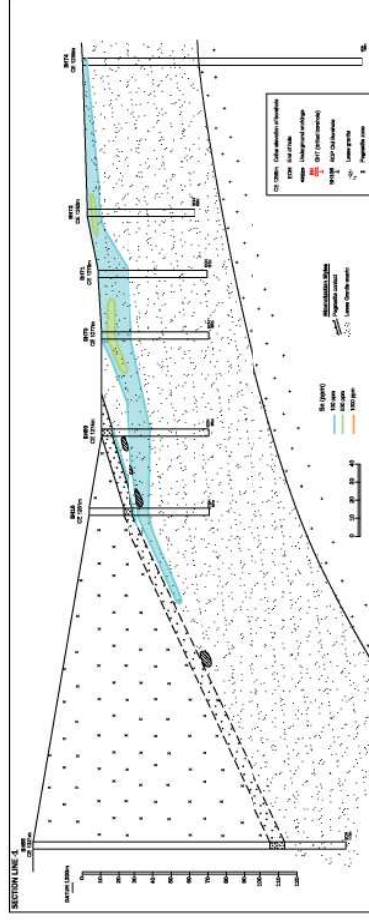
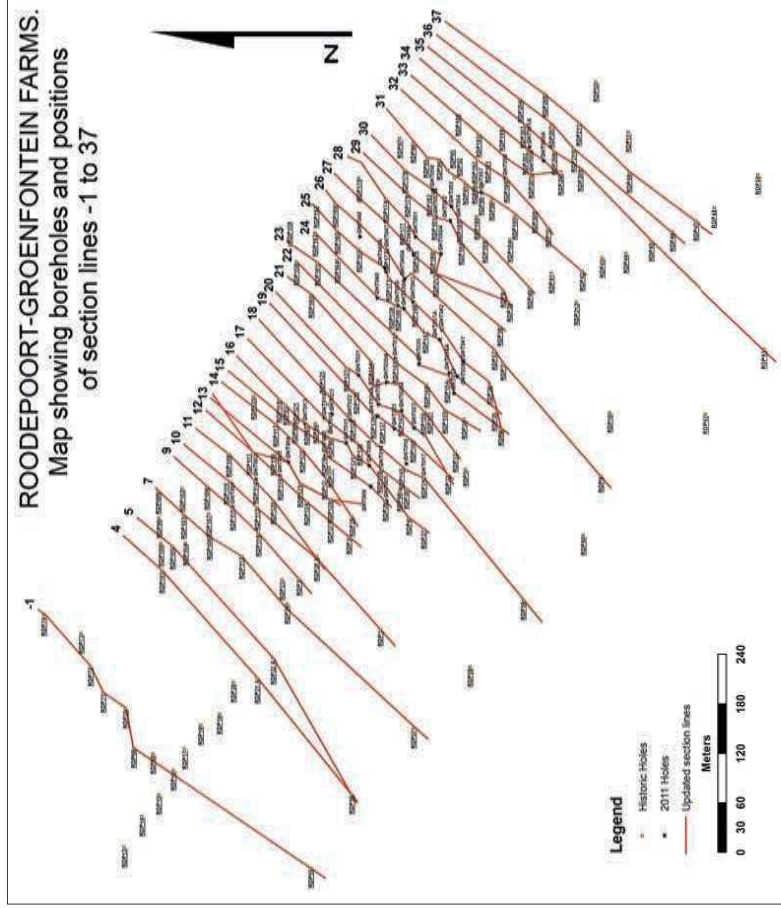
<i>mafic</i>	Descriptive of rocks composed dominantly of magnesium and iron rock-forming silicates.
<i>magmatic</i>	Rock formed from crystallization of molten magma; an igneous rock. A descriptive of some kimberlite types which have crystallized without exploding. (Compare <i>volcaniclastic</i> kimberlite).
<i>magnetic survey</i>	A geophysical survey which measures variations in the earth's magnetic field caused by differences in the magnetic susceptibilities of underlying rock. Kimberlite may be detected by this method, as its susceptibility may be higher or lower than surrounding rock types.
<i>Measured Resource</i> (<i>Measured Mineral Resource</i>)	A Measured Mineral Resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. (CIM definition).
<i>metamorphism</i>	Alteration of rock and changes in mineral composition, most generally due to increase in pressure and/or temperature.
<i>mobile belt</i>	An elongate belt in the earth's crust, usually occurring at the collision zone between two crustal blocks, within which major deformation, igneous activity and metamorphism has occurred.
<i>orogeny</i>	A deformation and/or magmatic event in the earth's crust, usually caused by collision between tectonic plates.
<i>Percussion drilling</i>	Drilling by means of an air hammer which breaks the rock into chips which are brought to surface by air circulation.
<i>Probable Reserve</i> (<i>Probable Mineral Reserve</i>)	A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource, demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. (CIM Definition)
<i>Proven Reserve</i>	A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary

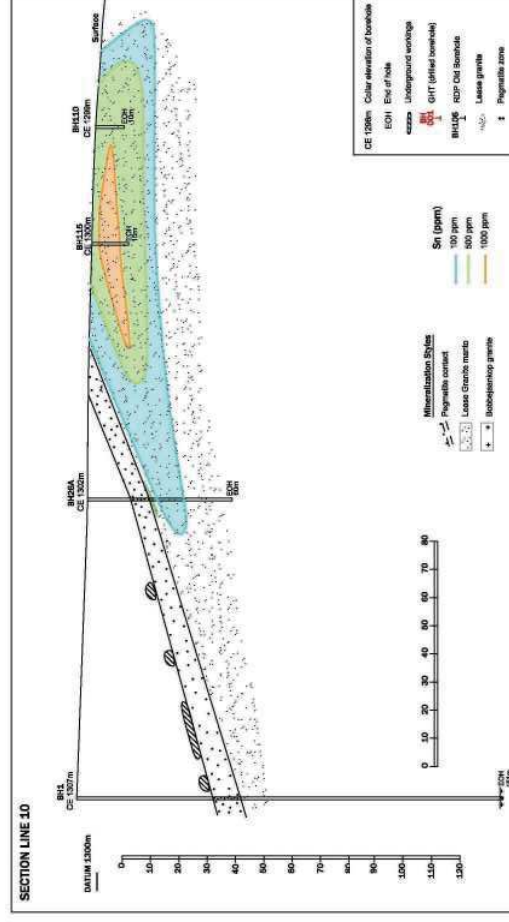
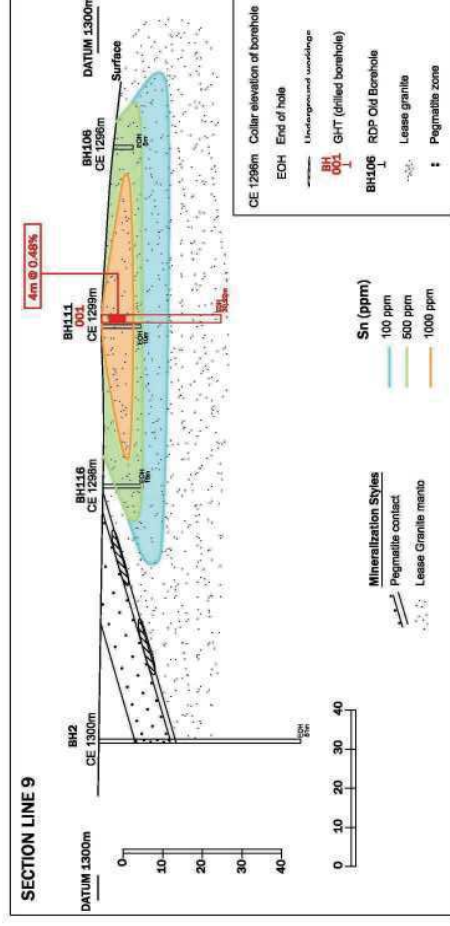
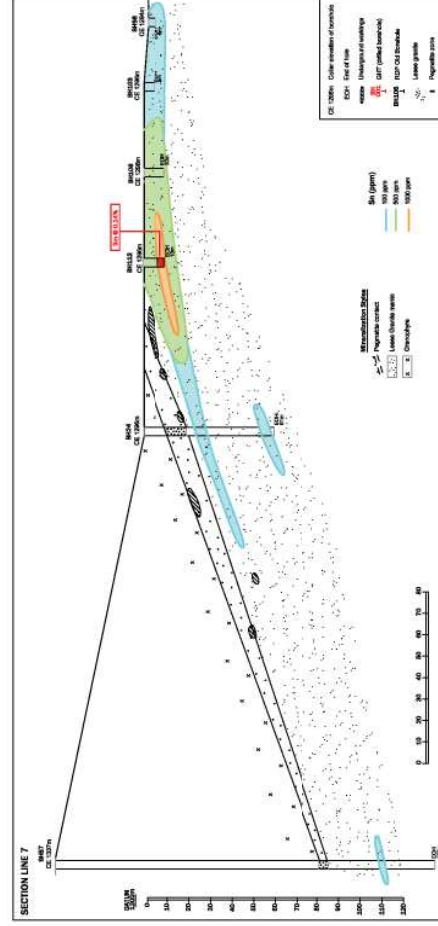
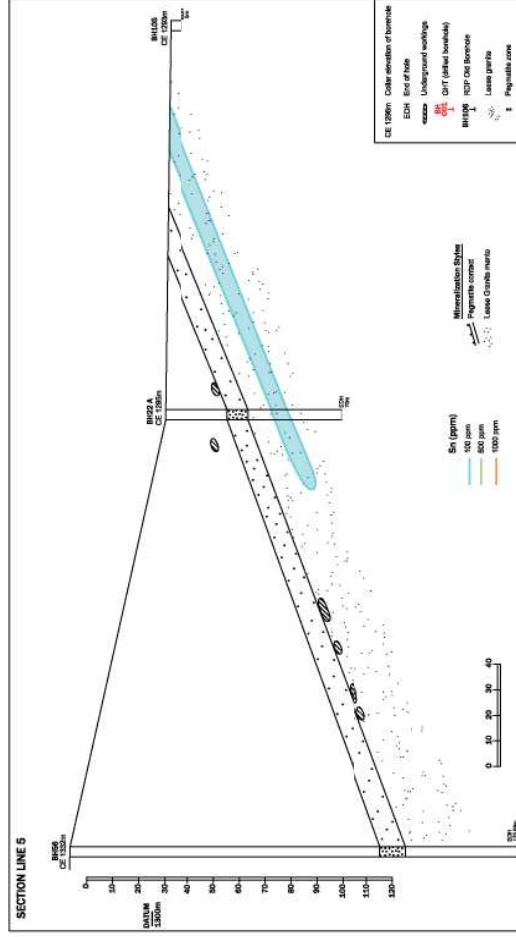


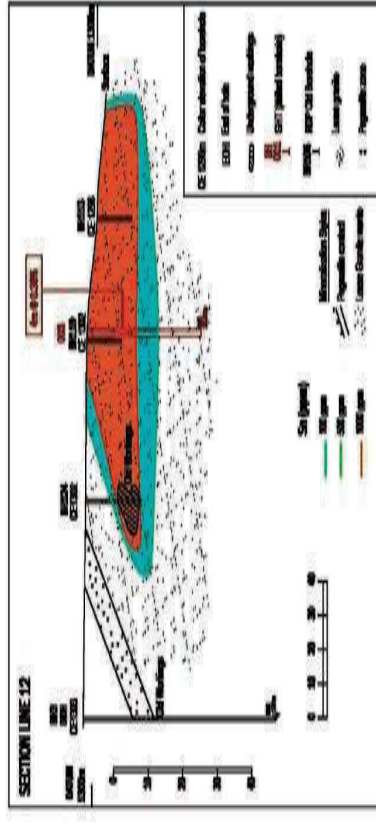
(<i>Proven Mineral Reserve</i>)	Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified (CIM Definition).
<i>Proterozoic</i>	An era of geological time spanning the period from 2 500 Ma to 545 Ma before present.
<i>PL</i>	Prospecting Licence
<i>RC drilling</i>	Reverse circulation drilling. A percussion drilling technique in which the sample is brought to surface by air and/or water through the centre of the drill pipe. Used when accurate sampling is required as the method minimizes cross contamination of samples.
<i>schist</i>	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of constituent minerals.
<i>SAMREC</i>	The South African code for the reporting of exploration results committee
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>tonne</i>	A metric tonne, 1,000 kg
<i>tectonic</i>	Pertaining to the forces involved in, or the resulting structures of, movement in the earth's crust.
<i>ultramafic</i>	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
<i>variogram</i>	In spatial statistics, a graph which relates the variance of the difference in value between pairs of samples to the distance between them. Allows the weighting of a sample value in terms of its distance from the point where an estimate of sample value is required.

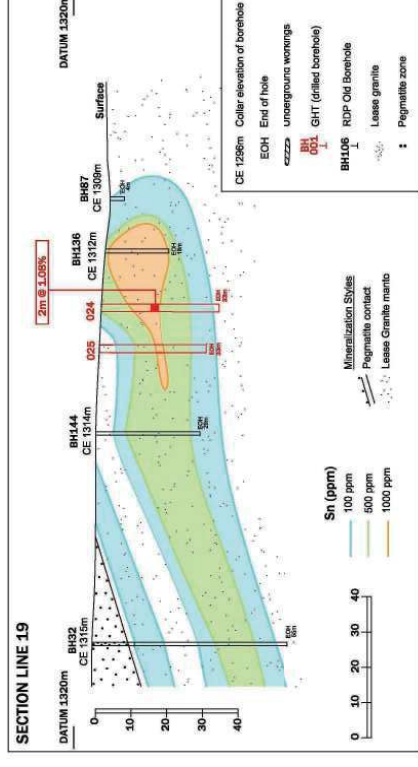
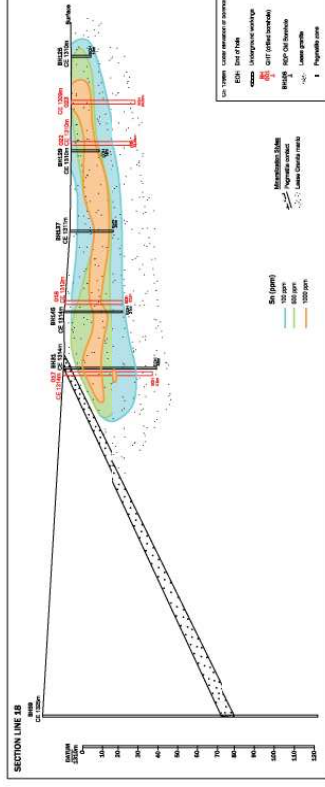
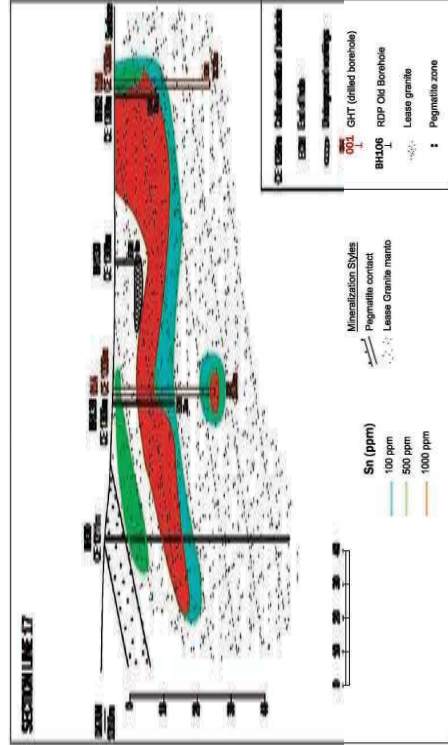
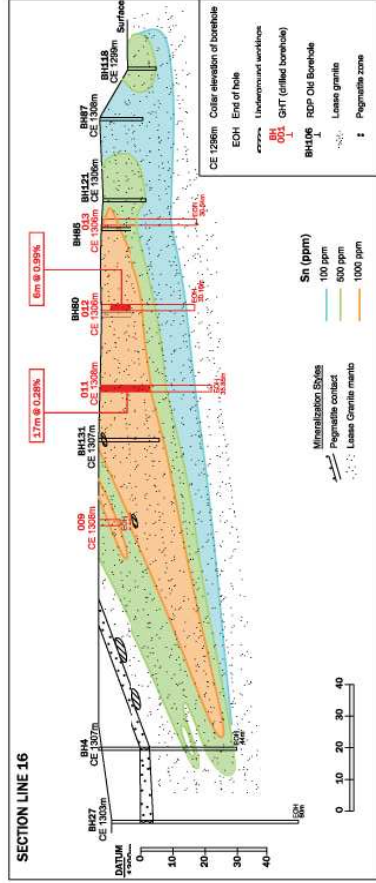
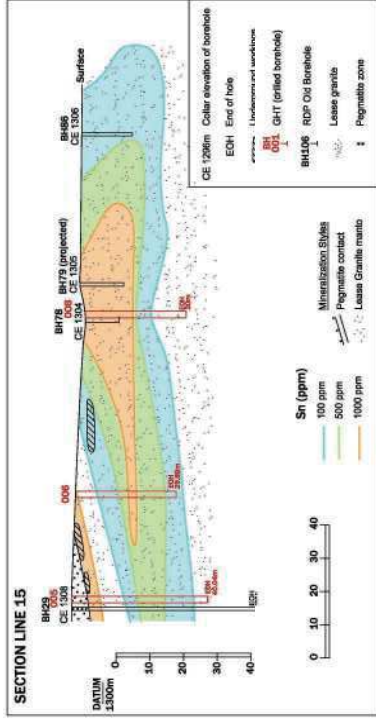
APPENDIX 1:

Geological sections of the Mokopane Tin Project Groenfontein mineral resource



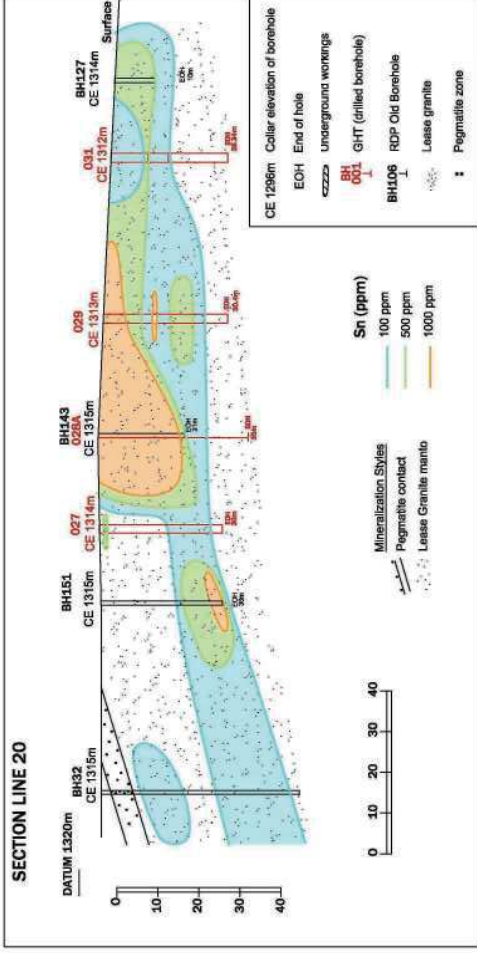




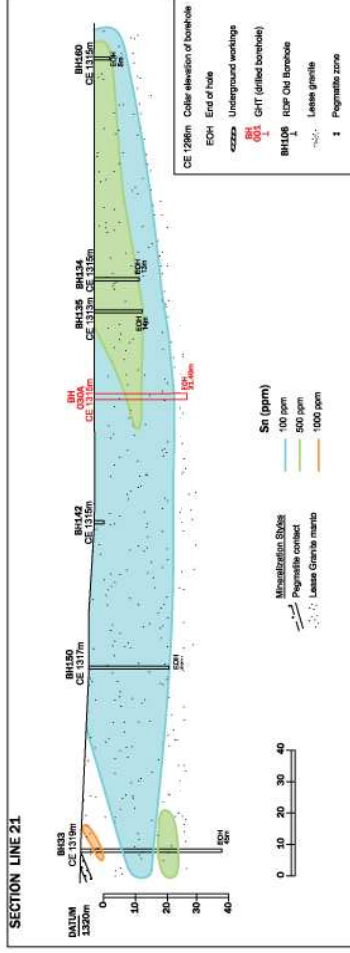




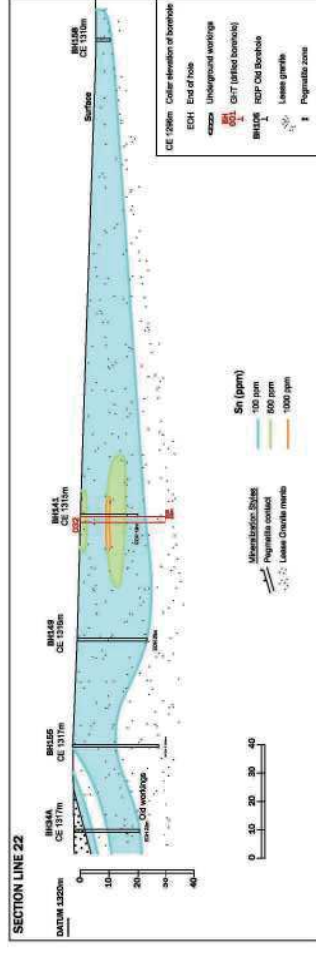
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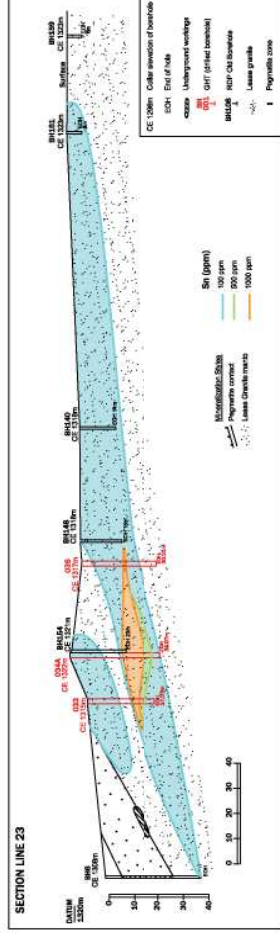
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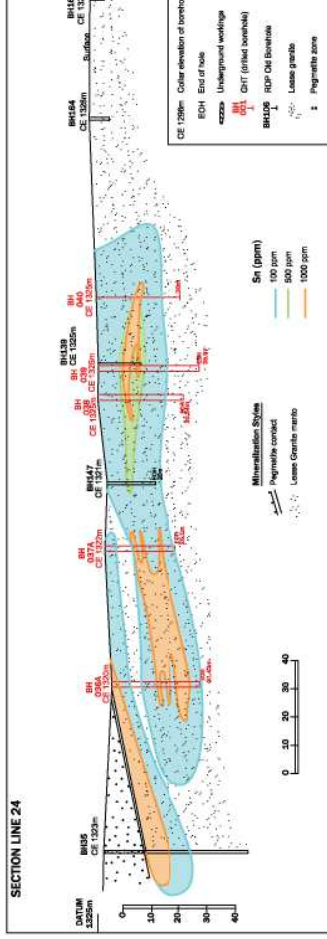
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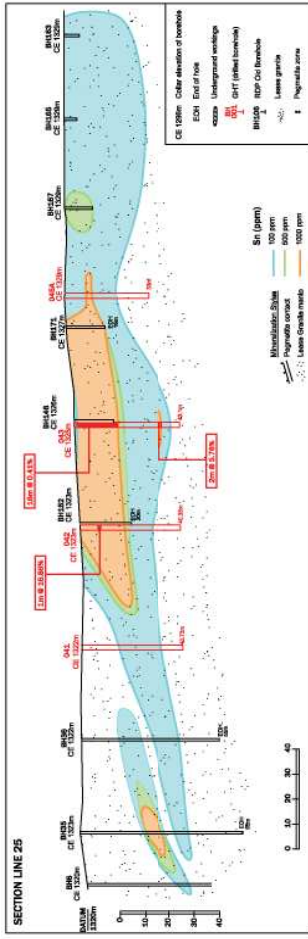
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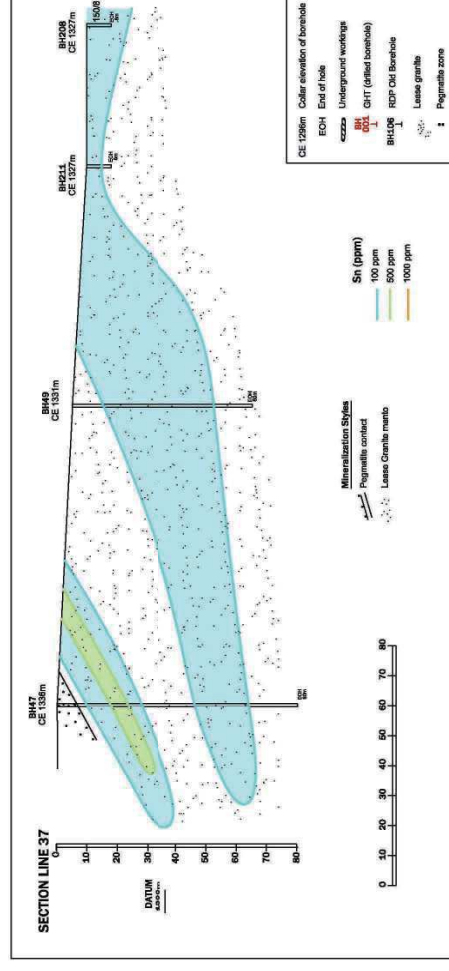
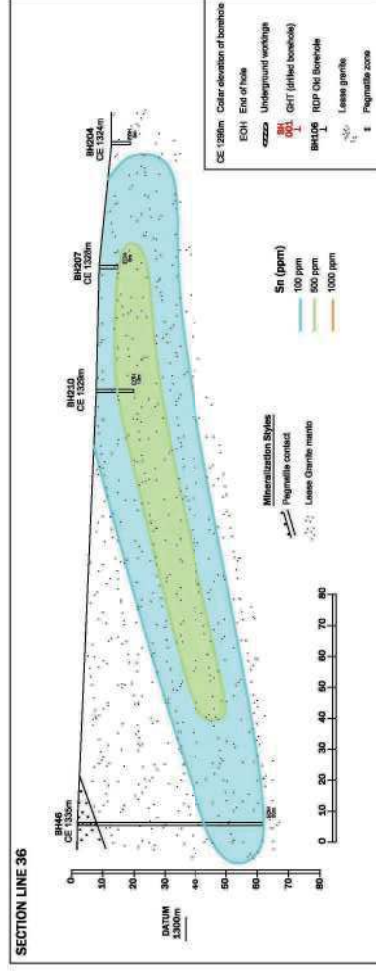
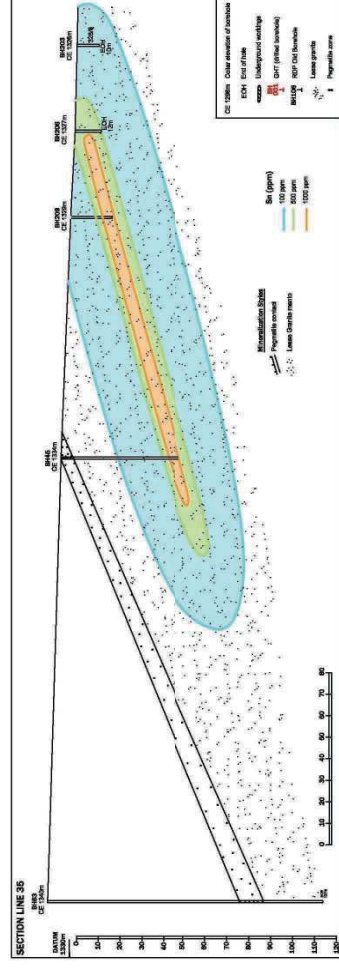
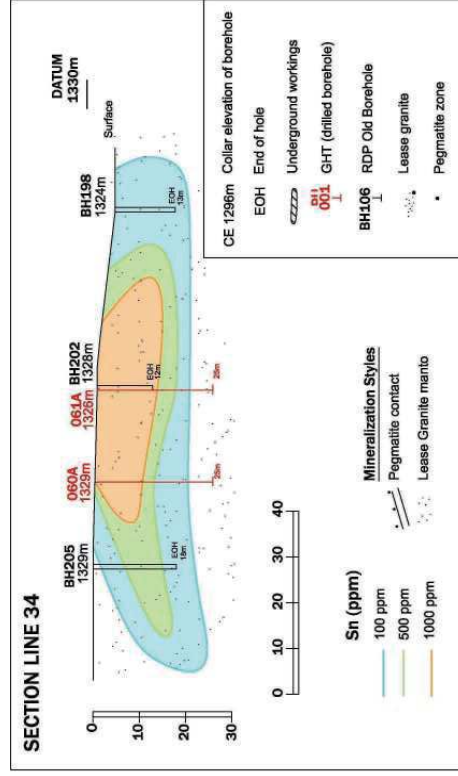
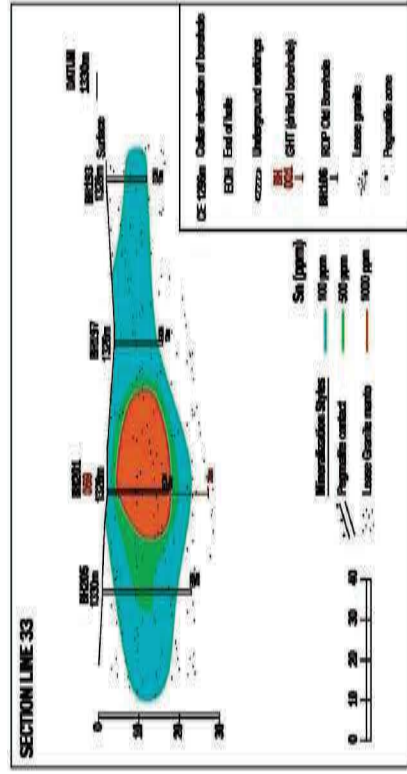
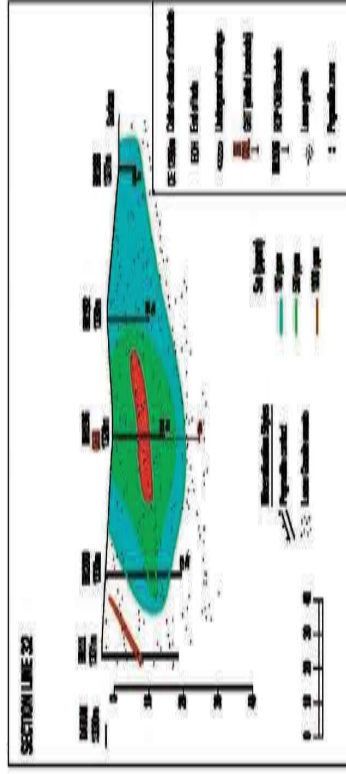


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0314579 O Matlou/
 N Adonisi-Kgame

our ref
 your ref

The Board of Directors
 Bushveld Minerals Limited
 Block A, 24 Fricker Road
 Illovo
 2116, Johannesburg
 South Africa

19 June 2013

Dear Sirs

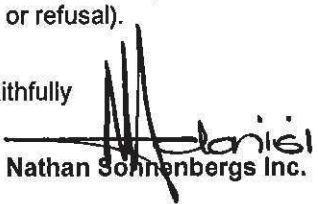
BUSHVELD MINERALS' LIMITED SCOPE MINING TITLE REPORT

We attach a report that has been prepared for inclusion in the Bidder's Statement in relation to an offer by Bushveld Minerals Limited (the "Bidder's Statement") to acquire all of the ordinary shares in Lemur Resources Limited.

We reviewed only three mining titles (LP 95 PR; LP 2205 PR and LP 438 PR) ("Mining Titles") and a prospecting right application (LP 2371 PR). As will appear from the report itself, Bushveld Minerals Limited has a valid interest in each of the Mining Titles. Additionally, the Mining Titles appear to have been validly granted and comply with the requirements of the Mineral and Petroleum Resources Development Act, 28 of 2002.

In regard to the prospecting right application, it has been accepted by the Department of Mineral Resources (which means it complies with the requirements for acceptance and is being assessed for purposes of granting or refusal).

Yours faithfully


 Edward Nathan Sonnenbergs Inc.

Per: Ntsiki Adonisi-Kgame

law | tax | forensics | IP | africa

edward nathan sonnenbergs incorporated registration number 2006/018200/21

directors
 executives
 and
 consultants

M.M. Katz (chairman) P.C. Faber (chief executive) M. Mgudhwa (deputy chief executive) K. Abarder A. Aguiar R.J. Alcock A.C. Alexander D.B. Allaway S. Anthony C.J. Atkinson G.C. Badenhorst J. Balkin D. Band F.M. Bassa C. Becker A.F. Bembidge A. Bennett L.J. Bitchitz Z.D. Bladen L. Blignaut R. Boda A. Boshoff J. Brodbeck T. Buchter C.M. Bull A. Camay D.H. Carmichael V.O. Chaplin D. Chetty L. Christa C.L. Colas P.G.H. Colyn B.J. Croome P.H. Cronin P.J. Dachs C. Daniels M.S. Darsot T.M. Desmond R. de la Harpe G.E. de Smit P. Descroizilles M.D.F.D.S. Domingos B. du Plessis I. du Plessis J.C. du Preez Z. Ebrahim E. Ellis A. Erasmus H. Farrand A.C. Feinstein M.J. Feinstein G.S. Felthun I.P. Fenyane J.B. Ferraz J.S. Ferraz-Cardoso A.F.M. Ferreira J.R. Flax R.I. Forster M.R. Friedman R.M. Gad M.J. Garden C. Gelbart R. Goodman P.F.L. Geromont M.W. Graddidge C.L. Green I.D. Gwaunza S.E.M. Hanif S.W. Harrison S. Harley J.T.P. Haydock I.K. Hayes S.B. Hayes L. Helman J.D. Herbert G.R. Herholdt H.M. Herholdt E. Haystek A.C. Hoebe Prof D.B. Hutchison A.V. Ismail Prof A.J. Itzikowitz D. Joffe C.V. Johnson E.A. Johnson J.C. Jones D. Kamanzi S. Kassen J. Katz L.C. Katz G.P.J. Kellerman R.H. Kelly L. Kruger E.J.P. Lal King N. Lalla D.M. Lambert J.M. Langford I.B.W. Lawrence E.S. Le Grange S.C. Lederman A. Lee P.A.K. le Roux W.P. le Roux S.B. Levstam S.A. Lewis N. Lopes J.D. Loubser L. Louw S.A. Mackay-Davidson D. MacRobert V. Magubane K.W. Makhubela G.F. Malan K. Markman D.H. Masher M.W. Matlou S.L. Mbatha Y.A. Mendelsohn A.T. Meyerov D.B. Messerschmidt A. Minnaar M.D. Molepo C. Morgan J.C. Morrissey M.G. Morrison M.A.C. Murphy M. Murray Chinelli N.A. Napier J.S. Naude J.S. Nelson N.H. Nolan A.J.L. Norton C.M. Ntula G. Nyazanyi G.J. Oertel J.T. Oosthuizen S.P. Osborne T. Papanikolaou T.D. Papler M. Parker B.G. Patterson N. Pillay C.V. Pitman J.A. Pousson J.P. Pretorius G.W. Reid P. Reyburn A.D. Richards A. Rocher P. Rogers A.G. Rubin R.B. Rudolph J. Rusch M.L. Sarenbock G.C. Scott R.A. Scott H.B. Senekal B.J. Serebro L. Shadrach K.L. Simpson S. Singh N. Smit H.M. Snyckers S.J. Spamer R.T. Stein M.T. Steyn V. Stilwell A.W. Symington S.P.M. Thouvenot L. Tibshraeny M.S. Tucker J.M. Valkin W.S.B. van der Colff V.L. van Coppenhagen L.M. van der Merwe C. van Loggerenberg A. van Niekerk G.M. van Niekerk R. van Rensburg L.W. Viljoen J. Viviers G. Vogelmann S.R. von Schimding L. Vorster D.A. Wanblad S. Weldeman H. Wessels P.A. Winer C.L. Witsch M. Yudaken J.M. Zieff

* not attorney/not director, * executive consultant, * consultant, * special IP counsel

level 3 BBBEE rating

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BUSHVELD MINERALS' LIMITED SCOPE MINING TITLE REPORT

SECTION ONE – INTRODUCTORY MATTERS

1. Introduction

1.1. This Report has been prepared for inclusion in the Bidder's Statement in relation to an offer by Bushveld Minerals Limited (the "**Bidder's Statement**") to acquire all of the ordinary shares in Lemur Resources Limited (the "Review"). It is prepared for the purpose of identifying risks associated with the Mining Titles held by Bushveld Minerals. This Report is rendered solely for purposes of the Proposed Transaction, and may not be used or relied upon for any other purposes. Save for all and every document necessary to give effect to the Proposed Transaction, this Report may not be quoted or referred to in any document without our prior written consent.

1.2. The scope of the Review conducted by ENS was limited to the information and documentation made available to ENS by Bushveld Minerals, the Bushveld Group, the Greenhills Group, Pamish 39 and Amaraka or available publicly, and by the scope of the instructions provided to ENS by Bushveld Minerals.

1.3. In conducting the Review, we have relied on such information and documentation made available to us as being complete and genuine and on the basis that the content of such documents and information is correct in all material respects. We have assumed the genuineness of all signatures. We do not express any views as to the accuracy, completeness, legality or economic rationality of any financial, accounting, statistical or other information or any due diligence report and/or investigation conducted by any third party.

1.4. We do not accept responsibility for assessing the commercial or technical implications of the documents reviewed by us (as such a review would require, amongst other things, commercial and industry knowledge and expertise as well as a full understanding of Bushveld Resource's commercial plans), although we have sought, where possible, to highlight matters which we consider to be commercially significant. Accordingly, the Review should not be seen as a substitute for examination by appropriate commercial and technical personnel.

- 1.5. This Report has been prepared based solely on the documentation and information made available to us by Bushveld Minerals, the Bushveld Group, the Greenhills Group, Pamish 39 and Amaraka and any information available to the public. Without derogating from the provisions of paragraph 4 of this Section One, to the extent that any of the documentation and/or information made available to us turns out to be inaccurate, incorrect or false, we make no representation as to the accuracy and the completeness of the Report. Furthermore, we have no obligation to notify any party if any matters come to our attention which might affect the continuing validity of the comments in the Report.
- 1.6. Furthermore, we note that the Review will not necessarily disclose all significant matters concerning the Bushveld Group and the Greenhills Group and ENS is not in a position to judge whether any material information which has not been identified by ENS to be material or has been withheld by Bushveld Minerals, the Bushveld Group, the Greenhills Group, Pamish 39 and Amaraka.
- 1.7. In preparing the above we have been furnished only with copies, not the originals, of the titles and documents listed in Section 5 and we have not been instructed to peruse, and have therefore not perused, the originals. The originals are with Bushveld Minerals, the Bushveld Group, the Greenhills Group, Pamish 39 and Amaraka or with the relevant regulatory bodies.
- 1.8. As a standard caveat for a report of this nature by legal practitioners, we state that we are not able to plot the relevant farms in relation to the prospecting and mining operations, operations incidental thereto, or surface use. The information required to do so is not available from the MPTRO and the necessary verification in that regard will need to be undertaken by suitably qualified technical experts if required. We have conducted a limited scope desk top review only.
- 1.9. We cannot comment on whether the Bushveld Group and the Greenhills Group is in compliance with or in breach of its obligations in terms of its titles or authorisations or its statutory obligations in terms of applicable legislation since such compliance or otherwise does not appear from a simple reading of the documents, and have no knowledge whether or not there have been allegations of breach, repudiation, or non-compliance.
- 1.10. We are qualified to render opinions only as to the laws of the Republic of South Africa and we express no opinion as to any laws or matters governed by any laws other than

the laws of the Republic of South Africa as such laws exist and are construed as at the date hereof.

2. Format of this document

2.1. This Report is divided into 4 (four) sections, namely:

2.1.1. Section One - Introductory Matters (being this section): Sets out various introductory matters, including certain assumptions that ENS has made in preparing this Report;

2.1.2. Section Two - Definitions: Sets out the definitions used in this Report;

2.1.3. Section Three - Mining and Mining Titles: Contains a summary of all Mining Titles reviewed and also deals with mining regulatory aspects arising from the Review; and

2.1.4. Section Four - Reviewed Documents: Lists the documentation made available to us and reviewed by us for the purposes of the preparation of the Report.

3. Descriptions and Diagrams

All descriptions, diagrams and organograms (if any) included in this Report have been prepared for the purposes of this Report and are indicative only.

4. Assumptions

4.1. This Report has been prepared on the basis of the following assumptions, namely:

4.1.1. that the information contained in the Reviewed Documents is complete, accurate and authentic;

4.1.2. the authenticity of all signatures and dates, and of any marking;

4.1.3. the completeness and conformity of all the Reviewed Documents;

4.1.4. that details contained in the Reviewed Documents have been properly and accurately recorded in those Reviewed Documents, and that those Reviewed Documents are up to date;

4.1.5. that all documents are within the capacity and power of, and have been or will be validly authorised executed and delivered by each party to

them, and constitute legal, valid and binding obligations of those parties, enforceable in accordance with their terms, under all applicable laws;

4.1.6. that any power of attorney that may have been relied on to execute any document has not been revoked and that, to the extent necessary, it has been or will be registered;

4.1.7. that anyone signing a document for or on behalf of another person or entity was duly authorised;

4.1.8. each entity signing a document was duly incorporated and remained so at all relevant times;

4.1.9. that no entries have been made in the excerpt of any of the Reviewed Documents since the date these excerpts were so reviewed by ENS. ENS has assumed the correctness and/or accuracy of all information reviewed by it, and has not independently verified the correctness or accuracy of any such information.

4.2. As to any facts material to the Review which were not independently established or verified by ENS, statements and representations of shareholders, directors, officers and other representatives of the Bushveld Group and the Greenhills Group have been relied upon.

4.3. In preparation of this Report we have only reviewed the documents listed in Section Four. In addition, we were not instructed to -

4.3.1. conduct any review of any of the Reviewed Documents from a competition law perspective; and

4.3.2. obtain copies of the title deeds in respect of the Properties in order to ascertain whether there are any restrictive title conditions contained therein that may impact on Prospecting or Mining.

4.4. The potential that the documents and/or information not considered in paragraph 4.3 above may constitute a material risk for the Bushveld Group in relation to the Proposed Transaction.

SECTION TWO – DEFINITIONS

1. In the instances where the full legal names and/or descriptions have not been utilised in the Report, we set out below a list of the abbreviations most commonly used in this Report. In certain instances additional definitions may have been added, which definitions are to be used only for the purposes of the summary in question.
2. The terms defined in this Report shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings and such defined terms shall bear the same meanings in schedules or annexures to this Report which do not themselves contain their own conflicting definitions.

Defined Term	Meaning
African Women Enterprise Investment	African Women Enterprise Investment (Proprietary) Limited, Registration No. 2005/039148/07, being a company duly registered and incorporated in accordance with the laws of the RSA.
AMM	Afro Multi Minerals (Proprietary) Limited, Registration No. 2004/005467/07, being a company duly registered and incorporated in accordance with the laws of the RSA, whose registered office is at 16 Matshinga Street, Atteridgeville, Pretoria West, 0008.
Amaraka	Amaraka Investments No. 85 (Proprietary) Limited, Registration No.2011/006732/07, being a company duly registered and incorporated in accordance with the laws of the RSA, whose registered office is at Suite 7, Denavo House, 15 York Street, Kensington B, Randburg, 2194.
Amended Mining Charter	The Amendment of the Broad Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 30 September 2010.

Defined Term	Meaning
Annual Prospecting Operations Reports	The reports contemplated in section 21(1)(b) of the MPRDA.
BBBEE	Broad-based black economic empowerment policy of the government of MPRDA as articulated in BBBEE Act and the Codes as well as other regulatory instruments including the Mining Charter.
BBBEE Act	The Broad Based Black Economic Empowerment Act, 2003.
BEE Entity	An entity of which a minimum of 25% plus one vote of share capital is directly owned by HDSA as measured in accordance with flow through principle.
Bushveld Resources	Bushveld Resources Limited, a company registered in Guernsey, with number 48984, whose registered office is at 18-20 Le Pollet, St Peter Port, Guernsey GY1 1WH.
Bushveld Group	Bushveld Resources and its South African subsidiaries, Pamish 39 and Amaraka.
Bushveld Minerals	Bushveld Minerals Limited, a company registered and incorporated in Guernsey, with number 54506, listed on the AIM Market of the London Stock Exchange.
DG	The Director General of the DMR.
DDG	The Deputy Director-General : Mineral Regulations of the MPRDA.
DMR	Department of Mineral Resources of the RSA.
Eckstein Prospecting Right Application	The prospecting right application made by Renetype in terms of section 16 of the MPRDA under DMR

Defined Term	Meaning
	reference: LP30/5/1/1/2/2371.
EMP	Environmental Management Plan.
Greenhills	Greenhills Resources Limited, a company registered in Guernsey, with number: 52682, whose registered office is at 18-20 Le Pollet, St Peter Port, Guernsey GY1 1WH.
Greenhills Group	Greenhills and its South African subsidiaries, MTC and Renetype.
Groendoom Prospecting Right	The notarial prospecting right MPT No. 52/2012PR (DMR reference: 30/5/1/1/2/2205PR) over the farms Groendoom 225 KR (excluding Portion 05), Groentfontein 227 KR (excluding Portion 25), Sterkwater 229 KR, Salomon's Tempel 230 KR, Roodepoort 222 KR and Zaaiplets 223 KR, situated in the magisterial district of Mogalakwena, measuring 13421.7362 hectares in extent .
HDSA	Historically disadvantaged South African as defined in the Mining Charter.
Izingwe	Izingwe Capital Investment (Proprietary) Limited, Registration No.2003/028048/07, being a company duly registered and incorporated in accordance with the laws of the RSA , whose registered office is at 1 Rockridge Road, Parktown, 2193.
Mining	Any process by which any mineral deposit is exploited in any manner for purposes of winning a mineral and includes any exploration or prospecting activities.

Defined Term	Meaning
Mining Charter	Collectively the Original Mining Charter read with the Amended Mining Charter.
Mining Titles	The Groendoom Prospecting Right, Molokong Prospecting Right and Vliegekraal Prospecting Right.
Minister	The Minister of Mineral Resources of the RSA.
Molokong Prospecting Right	The notarial prospecting right (DMR Ref.: LP30/5/1/1/3/2/438PR) over the farm Molokong 784 LR situated in the Magisterial district of Mokopane measuring 1863.9378 hectares in extent.
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, as amended.
MPTRO	Mineral and Petroleum Titles Registration Office of the DMR, which is an office performing a registry function in relation to Mining Titles.
MTC	Mokopane Tin Company (Proprietary) Limited, Registration No.2010/018622/07, being a company duly registered and incorporated in accordance with the laws of the RSA , whose registered office is at Suite 7 De Navo House, 15 York Street, Kensington B, Randburg, 2194.
MTRA	The Mining Titles Registration Act, 1967.
Original Mining Charter	The Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry, 2002 (which was gazetted on 13 MPRDA 2004 as the charter contemplated in section 100(2)(a) of the MPRDA.

Defined Term	Meaning
Pamish 39	Pamish Investments No. 39 (Proprietary) Limited, Registration No.2008/006931/07, being a company duly registered and incorporated in accordance with the laws of the RSA, whose registered office is at Suite 7, Denavo House, 15 York Street, Kensington B, Randburg, 2194.
Pamish 63	Pamish Investments No. 63 (Proprietary) Limited, Registration No.2010/005345/07, being a company duly registered and incorporated in accordance with the laws of the RSA, whose registered office is at Suite 7, Denavo House, 15 York Street, Kensington B, Randburg, 2194.
Proposed Transaction	Bushveld Minerals' offer to acquire all of the ordinary shares in Lemur Resources Limited.
Prospecting	Any process of intentionally searching for minerals for the purpose of exploitation.
PWP	The Prospecting Work Programme.
Regional Manager	Regional Manager of the Limpopo Region of the DMR.
Report	This report prepared by ENS.
RSA	The Republic of South Africa.
Vliegekraal Prospecting Right	The notarial prospecting right MPT No. (DMR ref: 30/5/11/13/2/95PR)over the farms Vliegekraal 783 LR, Vogelstruisfontein 765 LR and Vriesland 781 LR situated in the magisterial district of Mokopane, measuring 5545.5600 hectares in extent (DMR ref: 30/5/11/13/2/95PR).

Defined Term	Meaning
VMI	VM Investment (Proprietary) Limited, a company registered in RSA, with number 2007/009061/07, whose registered office is at 24 Fricker Road, Illovo, 2116.

SECTION THREE: MINING AND MINING TITLES

We have been asked to investigate the mining title position of the Bushveld Group and the Greenhills Group and to report thereon (including commenting on the extent of compliance by the subsidiaries with the terms and conditions of the Mining Titles). The scope of the investigation conducted was limited to the information and documentation made available by the subsidiaries and searches made. It is not possible to comment on compliance on the basis of a review of documents.

1. Applicable Mining Law

1.1. Legal Framework

1.1.1. The primary legislation governing Prospecting, Mining and Mining Titles in RSA is the MPRDA. The MPRDA came into force on 1 May 2004 and replaced the Minerals Act, 1991. The MPRDA is not a "Mining Code" because it does not codify mining law in RSA. As such, and although the MPRDA is the starting point, the common law remains applicable.

1.1.2. Other important pieces of legislation include the Precious Metals Act 2005, the Diamonds Act 1986, the National Water Act 1998 (the "NWA"), the National Environmental Management Act, 1998 ("NEMA"), the National Environmental Management: Air Quality Act 2004 (the "Air Quality Act"), the National Environmental Management: Waste Act 2008 (the "Waste Act"), the Mineral and Petroleum Resources Royalty Act 2008, (the "Royalty Act") the Mine Health and Safety Act 1996 (the "MHSA") and the MTRA 1967.

1.1.3. The objects of the MPRDA are contained in section 2, which provides that:

"The objects of this Act are to-

- (a) recognise the internationally accepted right of the State to exercise sovereignty over all the mineral and petroleum resources within the Republic;*

- (b) give effect to the principle of the State's custodianship of the nation's mineral and petroleum resources;*
- (c) promote equitable access to the nation's mineral and petroleum resources to all the people of South Africa;*
- (d) substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, to enter the mineral and petroleum industries and to benefit from the exploitation of the nation's mineral and petroleum resources;*
- (e) promote economic growth and mineral and petroleum resources development in the Republic;*
- (f) promote employment and advance the social and economic welfare of all South Africans;*
- (g) provide for security of tenure in respect of prospecting, exploration, mining and production operations;*
- (h) give effect to section 24 of the [RSA] Constitution by ensuring that the nation's mineral and petroleum resources are developed in an orderly and ecologically sustainable manner while promoting justifiable social and economic development; and*
- (i) ensure that holders of mining and production rights contribute towards the socio-economic development of the areas in which they are operating."*

1.1.4. The MPRDA has introduced an administratively based system of mineral regulation in RSA.

1.2. Powers to grant Prospecting and Mining Rights

1.2.1. Sections 17 and 23 of the MPRDA give the Minister powers to grant Prospecting and Mining Rights respectively. Section 103(1) of the

MPRDA gives the Minister powers to delegate her powers. On 12 May 2004 and in terms of section 103(1) the Minister delegated her powers to grant prospecting rights to the Deputy Director-General: Mineral Regulation ("DDG") and her powers to grant mining rights to the Director-General, DMR ("DG") subject to, amongst others, the condition that powers so delegated may not be further delegated without the Minister's consent. No such consent to any such further delegation exists.

1.3. Law Applicable to Empowerment

1.3.1. Section 2(d) of the MPRDA, read with section 100(2)(a) and the Mining Charter, constituted the law that governs BBBEE in the Mining industry in the Republic of South Africa. The BBBEE Act and the Codes do not, with respect, apply to mining companies because there is a sector specific code in the mining industry.

1.3.2. Section 2 (d) of the MPRDA provides that:

"The objects of this Act are to -

substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, to enter the mineral and petroleum industries and to benefit from the exploitation of the nation's mineral and petroleum resources;"

1.4. Mining Titles Registration

1.4.1. The primary legislation governing registration of Mining Titles is the MTRA. Under this law, the MPTRRO is established as a Mining Titles deeds registry.

1.4.2. Mining Titles must be registered in the MPTRRO.

1.4.3. In terms of section 5 of the MTRA, the DG must perform all tasks associated with the registration of deeds (prospecting and mining

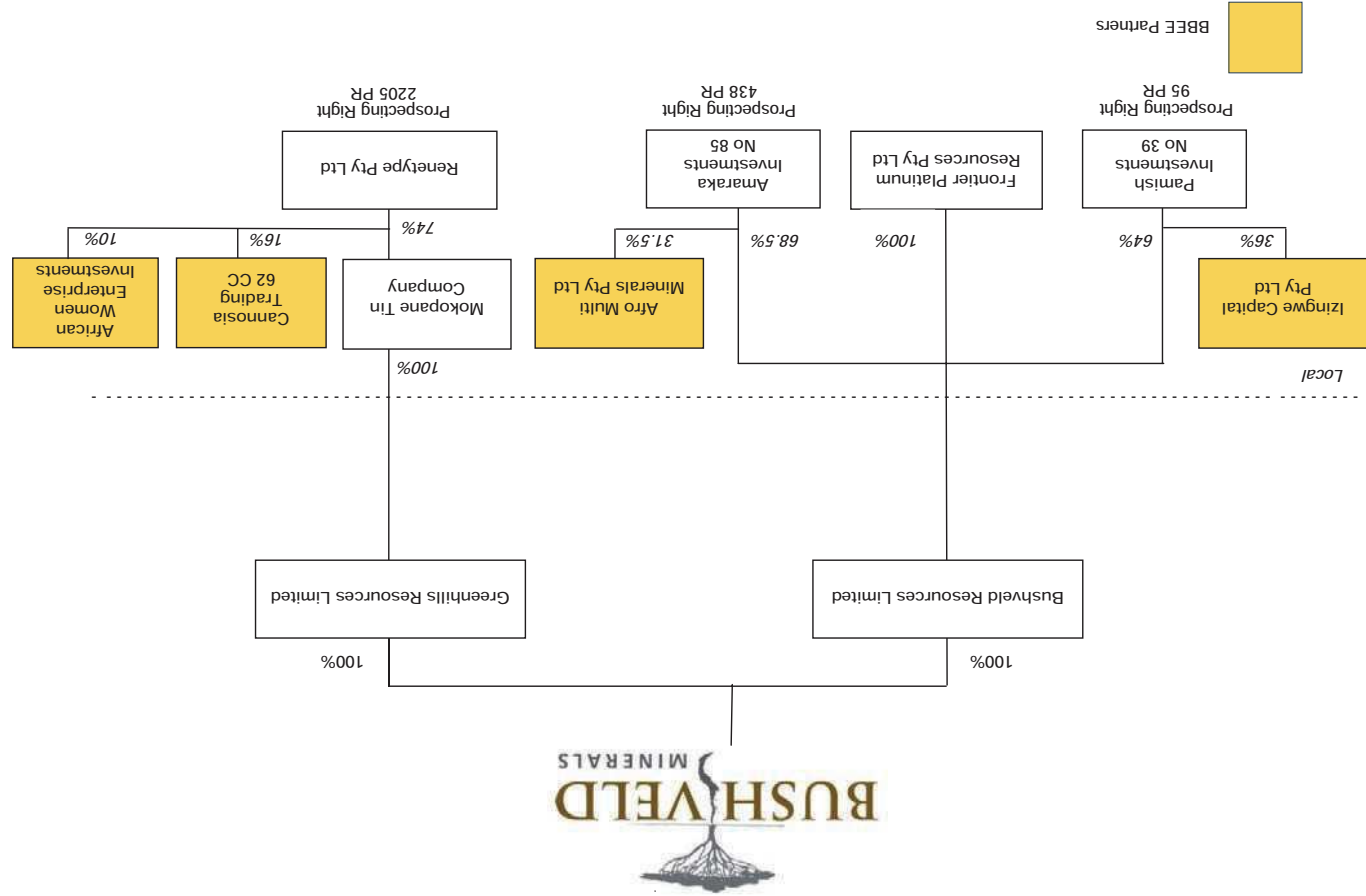
rights) and shall, in essence, be the registrar of mining titles. In terms of section 3(1) (b) of the MTRA, the DG must designate one or more officers in the services of the DMR to perform the functions of the DG under the MTRA. In other words, the DG must appoint an officer or officers to perform the functions of registering, administering and keeping mining titles. The DG has appointed an officer called Director: Mineral and Petroleum Titles Registration Office (the "DMPTRRO"). The DMPTRRO is the head of the MPTRRO.

1.4.4. The role of the MPTRRO is to register prospecting and mining rights that have been granted to holders by the Minister or her delegate and which have been notorially executed. The MPTRRO is, therefore, a deeds registry.

1.4.5. The importance of the registration of rights in terms of the MTRA can be gleaned from section 2(4) thereof which provides that the registration of a right at the MPTRRO shall constitute a limited real right binding on third parties. In other words, registration of a right is not requisite for the validity of that right. It is necessary in order to make it a limited real right.

1.4.6. In practice, the challenges that are encountered in the process of registration of rights include the following:

1.4.6.1. Regulations 34 and 35 of the regulations to the MTRA provide that deeds lodged for registration must, if circumstances permit, be registered within 10 working days. Save for exceptional cases, hardly any rights are registered within the stipulated time. Reasons for this delay include deeds executed with errors (such as where the property description in the right and the description in the diagram are not the same). Usually, these registration challenges are resolved via an interactive procedure between the MPTRRO, the holder of the right and the regional office of the DMR (i.e. the region where the right was notorially executed, in this case Limpopo).



1.4.6.2. The risks that the holder may be exposed to because of the "interactive relationship" between the MPTR0 and the DMR are minimal. This is because, in theory, once rights have been granted, even before execution, let alone registration, no other application in respect of the same area and mineral can be dealt with by the DMR. In practice, however, there have been instances where competing rights have been granted and even registered in respect of the same area and mineral. The only way of resolving this situation is to apply to court to set aside the grant, execution and registration of the second right. We have not seen anything that suggests that any of the rights suffer from this sort of risk.

2. The Bushveld Group and the Greenhills Group company structure is as follows:

3. Vliegekraal Prospecting Right (LP 95 PR)

- 3.1. Pamish 39 is the holder of the Vliegekraal Prospecting Right in respect of platinum group metals, gold, cobalt, copper, nickel, chrome, iron ore, vanadium, titanium and all minerals that may be found in intimate association with the latter.
- 3.2. Bushveld Resources concluded a Strategic Investment Agreement with Izingwe to acquire a 64% interest in the Vliegekraal Prospecting Right. Bushveld Resources and Izingwe agreed to establish Pamish 39 on the basis that Bushveld Resources would provide geological and technical skills and expertise as well as financial and other support of a capital nature and up to the conclusion of the definitive feasibility study. Izingwe was to transfer to Pamish 39 the Vliegekraal Prospecting Right.
- 3.3. Izingwe owns 36% of Pamish 39. Izingwe applied and was granted a section 11 consent to cede the Vliegekraal Prospecting Right to Pamish 39. The Ministerial Consent was granted on 27 July 2009. The Vliegekraal Prospecting Right was ceded by Izingwe to Pamish 39 by way of a notarial deed of cession of prospecting right on 30 April 2012 and was registered at the MPTR0 under MPT No.19/2012.
- 3.4. Pamish 39 complies with s2 (d) of the MPRDA read with the Mining Charter in that 36% of Pamish 39 is currently held by a BEE Entity.
- 3.5. The Vliegekraal Prospecting Right was duly registered at the MPTR0 under 62/2006 PR on 9 February 2006. The Vliegekraal Prospecting Right was effective from 9 November 2005 and continued to be in force for a period of five years ending on 8 November 2010. The renewal of the Vliegekraal Prospecting Right was lodged at the DMR on 16 August 2010 and granted in terms of s18(3) of the MPRDA on 30 May 2011.
- 3.6. The notarial deed of renewal of the Vliegekraal Prospecting Right was executed on 16 March 2012. The Vliegekraal Prospecting Right will therefore expire on 15 March 2015.

- 3.7. The Vliegekraal Prospecting Right is in full force and effect. Nothing in our investigation revealed that any government or regulatory body or any person has taken any action to cancel the Vliegekraal Prospecting Right.
- 3.8. We are not aware of any material agreements that affect the interest in the Vliegekraal Prospecting Right.
- 3.9. In terms of clause 5.1 of the Vliegekraal Prospecting Right, prospecting fees contemplated in section 19(2)(f) of the MPRDA read with regulation 76 of the regulations in terms of the MPRDA, prospecting fees are payable.
- 3.10. The prospecting fees in the amount of R33,276 (thirty three thousand two hundred and seventy six rand) (approximately A\$3,478) have been paid for 2013 in accordance with the regulations in force under the MPRDA for the payment of prospecting fees.
- 3.11. The holder must commence with prospecting operations within 120 days from the date on which the prospecting right becomes effective in terms of section 17 (5) of the MPRDA or any later date as may, upon a written request by the holder, be authorised in writing by the Minister in terms of the MPRDA, failing which this right will automatically lapse.
- 3.12. The EMP has been approved by the DMR and a financial guarantee of R40 000 (forty thousand rand) (approximately A\$4181) has been provided for rehabilitation.
- 3.13. The PWP complies with the regulation 7 of the MPRDA and has been approved by the DMR.
- 3.14. Pamish 39 submitted a letter in respect of an application in terms of section 102 of the MPRDA for an extension of the prospecting area by including farms Schoonoord 786 LR and Bellevue 808 LR in the Vliegekraal Prospecting Right. It further made an application to include phosphate ore in respect of the Vliegekraal Prospecting Right.
- 3.15. The section 102 consent was granted on 19 February 2013.

4. Molokong Prospecting Right (LP 438 PR)

- 4.1. AMM is the current holder of the Molokong Prospecting Right. AMM was granted the Molokong Prospecting Right in terms of s17(1) of the MPRDA in respect of copper ore, cobalt, nickel, iron ore, titanium ore and platinum group metals. The Molokong Prospecting Right commenced on 7 March 2007 and was in force for a period of 4 (four) years ending 6 March 2011.
- 4.2. In terms of the Strategic Investment Agreement entered into between AMM, Pamish 63, Amaraka and Bushveld Resources. Bushveld Resources is required to provide up to R14 000 000 (fourteen million) (approximately A\$1,1463,252) to fund the prospecting study in return of the 55% equity interest. Pamish 63 is appointed as the operator for the Project. Bushveld Resources is required to simultaneously enter into a Subscription Agreement in terms of which it subscribes for shares in Amaraka.
- 4.3. In terms of the Strategic Association Agreement (a shareholders' agreement type) in respect of Amaraka, the Parties intend to establish Amaraka for the purposes of carrying out the mining project relating to the farm Molokong 784 in respect of platinum group metals and other minerals that may be found on such a farm. Furthermore, in terms of this Agreement AMM was to transfer to Amaraka the Molokong Prospecting Right and Pamish 63, on the other hand will, *inter alia*: (i) provide to Amaraka technical skills and expertise in respect of the Project; (ii) manage the operations of Amaraka, provide financial and other support in regard to such operations; and (iii) identify and secure an additional shareholder for further funding of the Project, which additional shareholder is now considered to be Bushveld Resources.
- 4.4. The Agreement envisages that the shareholding in Amaraka will, after the introduction of Bushveld Resources, be held as follows:

- 4.4.1. AMM – 31.5%;
- 4.4.2. Bushveld Resources – 55%; and
- 4.4.3. Pamish 63 – 13.5%.
- 4.5. The Agreement requires that AMM should remain an HDSA as such term is defined in the MPRDA. Failure to do so, will trigger a deemed offer of the shares held by AMM in favour of Pamish 63 at a 25% discount.
- 4.6. The Agreement incorporates a mandate in terms of which Pamish 63 shall be appointed as the operator for the operations of Amaraka and the Project.
- 4.7. Furthermore, it is worth noting that Bushveld Resources is not a party to this Agreement and thus a change of control in the shareholding will not require the consents or waivers of the parties to this Agreement.
- 4.8. Bushveld Resources concluded a sale of shares agreement with Pamish 63 in terms of which Pamish 63 sold its shares constituting 13.5% in the issued share capital of Amaraka to Bushveld Resources. Bushveld Resources therefore owns 68.5% of Amaraka and the remaining 31.5% is held by AMM.
- 4.9. An application for renewal of the Molokong Prospecting Right must, in terms of clause 3.3 of the Molokong Prospecting Right, be submitted to the office of the Regional Manager not later than 60 working days prior to the date of expiry (6 March 2011) of the Molokong Prospecting Right.
- 4.10. The renewal of the Molokong Prospecting Right was lodged at the DMR on 3 March 2011 and therefore, not in compliance with clause 3.3 of the Molokong Prospecting Right. Section 18 of the MPRDA, which deals with renewal of prospecting rights, does not prescribe a period within which the renewal application must be made. The DMR seems to have not raised this as an issue and will in all likelihood not raise it. Until the application is decided by the DMR, we do not know how they will deal with it. In practice, the DMR has, in other matters, processed and granted renewals of rights

the applications of which were lodged after the 60 day period but before the expiry of the rights. However, this remains a risk.

4.11. The Molokong Prospecting Right has not yet been renewed and will therefore continue in force until it is either renewed or the renewal application is refused. We are instructed that following renewal of the Molokong Prospecting Right, an application in terms of section 11 of the MPRDA will be made to transfer the right to Amaraka. In terms of clause 5.1 of the Molokong Prospecting Right, prospecting fees contemplated in section 19(2)(f) of the MPRDA read with regulation 76 of the regulations to the MPRDA, are payable. The prospecting fees were paid in 2011 and we have not seen proof of payment for the prospecting fees for the period from 2012 to 2013. Prospecting fees must be paid annually. Non-payment of the fees is a breach of the terms and conditions of the rights which may result in the DMR issuing a compliance directive under section 93 of the MPRDA and, if they remain unpaid after this, the Minister may suspend or cancel the rights under section 47 of the MPRDA.

4.12. The PWP complies with regulation 7 of the MPRDA and has been approved by the DMR.

4.13. The EMP has been approved by the DMR.

4.14. This right is subject to pending litigation in the South Gauteng High Court, Johannesburg, South Africa under case number 48194/2012. Bushveld Resources, Pamish 63 and Amaraka have been cited as respondents in court proceedings that have been instituted by AMM. The relief sought is, *inter alia*, for an order in restructuring directorship and shares in Amaraka and AMM, as well as setting aside all agreements in which Amaraka issued, transferred or sold 55% of its equity shares to Bushveld Resources. The directors of Bushveld Minerals are of the view that the court proceedings instituted by AMM are devoid of merit and their legal advisors have filed an answering affidavit to oppose the proceedings.

5. Groendoorn Prospecting Right (LP 2205 PR)

- 5.1. Renetype is the holder of the Groendoorn Prospecting Right in respect of tin, rare earth metals, fluorspar, molybdenum, gold, arsenic, zirconium, iron ore and zinc.
- 5.2. Greenhills holds 74% of Renetype and the remaining 26% is held by Cannosia (16%) and African Women Enterprise Investments (10%), who are both BEE Entities.
- 5.3. VMI entered into the Sale of Shares Agreement with MTC in terms of which MTC acquired VMI's controlling interest in Renetype. In addition to this, and in terms of the Sale of Prospecting Right Agreement, VMI ceded the Groendoorn Prospecting Right to Renetype. VMI prepared and lodged an application in terms of section 11 of the MPRDA for the Minister's consent to these transactions. The application was lodged on 3 August 2011 and the Ministerial Consent was granted on 1 December 2011. VMI and Renetype entered into the notarial deed of cession of the Groendoorn Prospecting Right on 12 March 2012.
- 5.4. The Groendoorn Prospecting Right was duly registered at the MPTRD under 52/2012 PR on 12 March 2012.
- 5.5. The Groendoorn Prospecting Right was ceded by VMI to Renetype by way of a notarial deed of cession of prospecting right on 27 March 2012 and was registered at the MPTRD under MPT No.18/2012.
- 5.6. Groendoorn Prospecting Right was executed on 14 July 2010 and will expire on 13 July 2015. An application for renewal of the Groendoorn Prospecting Right must be submitted to the office of the Regional Manager not later than 60 working days prior to the date of expiry (13 July 2015) of the Groendoorn Prospecting Right.
- 5.7. In terms of clause 3.2 of the Groendoorn Prospecting Right, the holder must commence with prospecting operations within 120 days from the date on which the prospecting right becomes effective in terms of section 17(5) of the MPRDA or any later date as may, upon a written request by the

holder, be authorised in writing by the Minister in terms of the MPRDA, failing which this right may be cancelled or suspended. The prospecting annual report states that prospecting operations commenced in September 2010.

5.8. The Groendoom Prospecting Right is in full force and effect and has been validly granted and registered. Nothing in our investigation revealed that any government or regulatory body or any person has taken any action to cancel the Groendoom Prospecting Right.

5.9. We are not aware of any material agreements that affect the interest in the Groendoom Prospecting Right.

5.10. The EMP has been approved by the DMR and a financial guarantee of R149,400 (one hundred and forty nine thousand four hundred rand) (approximately A\$ 15,615) has been provided for rehabilitation.

5.11. In terms of clause 5.1 of the Groendoom Prospecting Right, prospecting fees contemplated in section 19(2)(f) of the MPRDA read with regulation 76 of the regulations in terms of the MPRDA are payable. The prospecting fees in the amount of R26 844 (twenty six thousand eight hundred and forty four rand) (approximately A\$ 2,806) have been paid for 2012 in accordance with the regulations in force under the MPRDA for the payment of prospecting fees. The 2013 prospecting fees in the amount of R33 555 (thirty three thousand five hundred and fifty five rand) (approximately A\$3,507) are only due on or before 13 August 2013.

5.12. Section 2(d), (e) and (f) of the MPRDA, read with s100 thereof, is the foundational provision for the BBBEE of HDSAs. The Original Mining Charter and the Amended Mining Charter, read together, articulate the empowerment object of the MPRDA. In addition, paragraph 16 of the Groendoom Prospecting Right further articulates this object and makes the empowerment object a term and condition of the Groendoom Prospecting Right.

5.13. Paragraph 16 of the Groendoom Prospecting Right provides that in furthering the objects of the MPRDA, the holder is bound by the provisions of an agreement entered into between VMI (74%), Cannosia (16%) and African Women Enterprise Investment (10%) (the empowerment partners) which agreement was taken into consideration for purposes of compliance with the requirements of the MPRDA and or the Mining Charter developed in terms of the Act and such agreement shall form part of this right.

5.14. Renetype complies with s2 (d) of the MPRDA read with the Mining Charter in that 26% of Renetype is currently held by HDSA entities namely, Cannosia and African Women Enterprise Investment.

6. Eckstein Prospecting Right Application (LP 2371 PR)

6.1. We have conducted a search on the DMR website and the results indicate that the DMR is in receipt of the Eckstein Prospecting Right Application made by Renetype.

6.2. The application is in terms of section 16 (1) of the MPRDA in respect of the following minerals: rare earth metals, tin ore, fluorspar, molybdenum, gold ore, platinum group metals, iron ore, zirconium ore, titanium and uranium over the Farm Eckstein No. 806 LR, Farm Appingdam No. 805 LR and the Farm Groenvley No.224 KR, in the magisterial district of Mogalakwena.

6.3. This prospecting right application was accepted by the DMR on 10 July 2009.

6.4. In terms of section 17 (1) of the MPRDA, the Minister must grant a prospecting right if:-

6.4.1. the applicant has access to financial resources and has the technical ability to conduct the proposed prospecting operation optimally in accordance with the prospecting work programme;

Summary of the Projects relating to the Bidder's Statement:

Licence	Bushveld Interest	Farm Name	Minerals	Area (ha)	Licence Expiry Date
Bushveld Iron Ore Project					
95 PR	64% held through Pamish 39	Vliegekraal 78 3LR Vogelstruisfontein 765 LR Vriesland 781 LR	PGMs, cobalt, copper, nickel, chrome, iron ore, vanadium, titanium and all minerals that may be found in intimate association with the latter	9,921	Rights renewed on 30/05/2011 for 3 years. A Section 102 application to include two additional farms (Schoonoord 788 LR and Bellevue 808 LR) as well as the mineral phosphate to the prospecting right was granted on 19 February 2013
438 PR	Currently held by Afro Multi Minerals Pty Ltd. Following successful assignment will be held 68.5% by Bushveld Resources through Amaraka	Malokong 784 LR	Copper, ore, cobalt, nickel, iron ore, titanium ore and PGMs	1,864	Renewal Application submitted. Application to transfer the prospecting right in terms of section 11 of the MPRDA to be submitted upon approval of renewal
Mokopane Tin Project					
2205 PR	74% through Renetype	Groendoorn 225 KR (excluding Portion 05), Groenfontein 227 KR (excluding Portion 25), Sterkwater 229 KR, Salomon's Temple 230 KR, Roodepoort 222 KR, Zaalplaats 223 KE	Tin, rare earth metals, fluorspar, molybdenum, gold, arsenic, uranium, zirconium, iron ore and zinc	13,422	Valid Due for renewal in July 2015

- 6.4.2. the estimated expenditure is compatible with the proposed prospecting operation and duration of the prospecting work programme;
- 6.4.3. the prospecting will not result in unacceptable pollution, ecological degradation or damage to the environment;
- 6.4.4. the applicant has the ability to comply with the relevant provisions of the MHSA; and
- 6.4.5. the applicant is not in contravention of any relevant provision of the MPRDA.
- 6.5. In essence the Minister must refuse to grant a prospecting right if the application does not meet the requirements in section 17(1) of the MPRDA or if the granting of such right will result in an exclusionary act; prevent fair competition; or result in the concentration of the mineral resources in question under the control of the applicant. Should this be the case, the Minister must within 30 days, in writing notify the applicant of the decision with reasons for refusing to grant a prospecting right.
- 6.6. The application appears to have met all the requirements of the MPRDA, in the absence of special circumstances such as the existence of a competing right; there does not appear to be any reason why the Minister cannot grant the application.
- 6.7. This prospecting right has not been granted by the Minister. Renetype has advised that it submitted its results for public consultation in January 2013 and awaits a decision by the Minister.

Signed at Sandton on 19 June 2013

Ntsiki Adonisi-Kgame

SECTION FOUR - REVIEWED DOCUMENTS

1. We have reviewed the following documents:
 - 1.1. Vliegekraal Prospecting Right granted in terms of s17(1) of the MPRDA;
 - 1.2. Section 102 consent relating to the Vliegekraal Prospecting Right;
 - 1.3. DMR Letter dated 15 May 2013 relating to the prospecting fees in respect of Vliegekraal Prospecting Right ;
 - 1.4. Proof of payment of the prospecting fees in respect of Vliegekraal Prospecting Right;
 - 1.5. DMR Letter dated 9 May 2013 relating to the revision of financial provision for remediation of environmental damage in terms of section 41 of the MPRDA;
 - 1.6. Proof of payment of the rehabilitation financial provision;
 - 1.7. Proposed PWP for Vliegekraal Prospecting Right ;
 - 1.8. Prospecting Area Plan (DMR Reference LP 95 PR);
 - 1.9. Vliegekraal Prospecting Right (EMP);
 - 1.10. Consent of section 11(1) of the MPRDA to cede the Vliegekraal Prospecting Right held by Izingwe to Pamish 39;
 - 1.11. Notarial Deed of Renewal of Vliegekraal Prospecting Right;
 - 1.12. Registered Notarial Deed of Cession of the Vliegekraal Prospecting Right;
 - 1.13. Annual Prospecting Operations Report;
 - 1.14. Molokong Prospecting Right granted in terms of s17(1) of the MPRDA;
 - 1.15. Proposed PWP for Molokong Prospecting Right;
 - 1.16. Prospecting Area Plan for Molokong Prospecting Right;
 - 1.17. Molokong Prospecting Right (EMP);
 - 1.18. Groendoorn Prospecting Right granted in terms of s17(1) of the MPRDA;

- 1.19. Registered Notarial Deed of Cession of the Groendoorn Prospecting Right between VMI and Renetype;
- 1.20. Groendoorn EMP;
- 1.21. Annual Prospecting Operations Report;
- 1.22. Letter dated 3 August 2011 from the DMR;
- 1.23. Proof of Payment;
- 1.24. Section 11 application (cession from VMI to Renetype);
- 1.25. Minutes of a public meeting held on 17 February 2011;
- 1.26. Application for a Prospecting Right (DMR Reference LP 30/5/11/12/2371 PR);
- 1.27. DMR Acceptance Letter dated 10 July 2009 in respect of the Eckstein Prospecting Application;
- 1.28. Strategic Association Agreement between Izingwe, Bushveld and Pamish 39;
- 1.29. Strategic Association Agreement between AMM, Pamish 63 and Newco (Amaraka);
- 1.30. Strategic Investment Agreement between AMM, Pamish 63, Amaraka and Bushveld;
- 1.31. Sale of Shares Agreement between Pamish 63 and Bushveld;
- 1.32. Sale of the Groendoorn Prospecting Right Agreement; and
- 1.33. Sale of Shares Agreement between VMI, MTC, Cannosia, African Women Enterprise Investment and Renetype.

The following financial information has been extracted from Bushveld's Financial Statements for the period ended 28 February 2013, which were announced on AIM on 28 June 2013.

Bushveld Minerals Limited

DIRECTORS' REPORT

The directors of Bushveld Minerals Limited ("Bushveld" or the "Company") hereby present their report together with the consolidated financial statements for the period from incorporation from 5 January 2012 to 28 February 2013.

Principal activities, business review and future developments

The principal activity of the Group is mineral project development focused on exploring and developing mineral projects in the Bushveld Complex in South Africa. A review of the Group's progress, key performance indicators and prospects is given in the CEO's Statement and Operations Review on pages 4 to 8.

A review of the risks and uncertainties impacting on the Group's long term performance will be included in the Corporate Governance report. Details of the Group's exposure to foreign exchange and other financial risks are included in note 20.

Exploration costs

The Group continues to devote considerable resources to exploration costs.

Results and dividend

The Group results show a loss for the period attributable to the equity holders of the Company of £2.6m. The directors are unable to recommend a dividend.

Share capital and funding

Full details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in notes 17 and 18. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

The Company has unlimited authorised share capital divided into ordinary shares of 1p each, of which 283,969,110 had been issued as at 28 February 2013.

At a general meeting held on 3 June 2013, two resolutions were passed. The first authorized the directors to allot and issue up to 125,000,000 ordinary shares of 1p each for the acquisition by the Company of the share capital in Lemur Resources Limited. By special resolution, the directors are generally and unconditionally authorized to issue 150,000,000 shares for a period of 12 months at their discretion.

Directors

The directors who served the Company since its incorporation on the 5 January 2012 are as follows:

Fortune Mojapelo	Chief Executive Officer	(appointed 1 March 2012)
Geoffrey Sproule	Chief Financial Officer	(appointed 1 March 2012)
Anthony Viljoen	Chief Operations Officer	(appointed 1 March 2012)
Ian Watson	Chairman and Independent Non-Executive Director	(appointed 1 March 2012)
Jeremy Friedlander	Independent Non-Executive Director	(appointed 1 March 2012)

Oak Directors Limited were appointed as director on incorporation and resigned on 1 March 2012.

Bushveld Minerals Limited

DIRECTORS' REPORT (continued)

Directors' interests

The directors' beneficial interests in the shares of the Company at 28 February 2013 were:

	Ordinary shares of 1p each
Fortune Mojapelo	8,160,000
Geoffrey Sproule	nil
Anthony Viljoen	8,160,000
Ian Watson	nil
Jeremy Friedlander	nil

None of the directors have been awarded share options of the Company since inception to 28 February 2013.

Directors' indemnity insurance

The Group has maintained insurance throughout the year for its directors and officers against the consequences of actions brought against them in relation to their duties for the Group.

Employee involvement policies

The Group places considerable value on the awareness and involvement of its employees in the Group's exploration and development activities. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and that are of interest and concern to them as employees.

Creditors payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment policy to abide by the terms of payment agreed with suppliers when agreeing the terms of each transaction. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 28 February 2013 was 30 days.

Related party transactions

Details of related party transactions are detailed in note 22.

Share issues

On 15 March 2012 255,304,110 ordinary shares of 1 pence were issued at 20 pence per share as fully paid in exchange for the acquisition of Bushveld Resources Limited and Greenhills Resources Limited for total consideration of £51,060,822. Share premium of £48,507,781 arose as a result of the transaction.

On admission to the AIM Market of the London Stock Exchange on 26 March 2012 a further 28,665,000 ordinary shares of 1 pence each were issued at 20 pence per share. Of this amount, 27,300,000 were issued for cash consideration and fully paid on admission raising £5,460,000. 1,365,000 shares were issued for non cash consideration. Share premium of £5,446,350 arose as a result of the transactions.

Post balance sheet events

Post balance sheet events are detailed in note 21 to the financial statements.

Bushveld Minerals Limited

DIRECTORS' REPORT (continued)

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The Company's auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office.

Electronic communications

The maintenance and integrity of the Group's website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Group's website is maintained in compliance with AIM Rule 26.

By order of the Board



G N SPROULE

Director

27 June 2013

Bushveld Minerals Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies (Guernsey) Law 2008, as amended (the "2008 Law") requires the directors to ensure that the financial statements are prepared properly and in accordance with any relevant enactment for the time being in force. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by IFRS as adopted by the EU to present fairly the financial position and the financial performance of the Group. Applicable law provides in relation to such financial statements that references to financial statements giving a true and fair view are references to their achieving a fair presentation.

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and accounting estimates that are reasonable and prudent;
- iii. state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- iv. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm they have discharged their responsibilities as noted above.

Bushveld Minerals Limited

CORPORATE GOVERNANCE REPORT

As an AIM-quoted Company, Bushveld is not required to produce a Corporate Governance Report that satisfies all the requirements of the Combined Code. However, the directors are committed to providing information on an open basis and present their Corporate Governance Report as follows:

- the Group Board will conduct a review (at least annually) of the effectiveness of the Group's systems of internal controls. A review should cover all material controls, including financial, operational and compliance controls and risk management systems. The review will also incorporate an analysis of the regulatory and fiscal position in the countries in which the Group operates.
- the roles of chairman and chief executive are not exercised by the same individual.
- the Group has two independent non-executive directors and the Group Board is not be dominated by one person or group of people.
- all directors will be submitted for re-election at regular intervals subject to continued satisfactory performance. The Group Board will ensure planned and progressive refreshing of the Group Board.

The Board of Directors

The Board currently is comprised as follows:

Executive Directors

- | | |
|--------------------|--------------------------|
| • Fortune Mojapelo | Chief Executive Officer |
| • Geoffrey Sproule | Chief Financial Officer |
| • Anthony Viljoen | Chief Operations Officer |

Non-Executive Directors

- | | |
|----------------------|---|
| • Ian Watson | Chairman and Independent Non-Executive Director |
| • Jeremy Friedlander | Independent Non-Executive Director |

Operational management in South Africa is led by Fortune Mojapelo as operations director supported by a senior Geologist and two assistants. Operational Management is also supported technically through the consultancy agreement with V M Investment Company (Proprietary) Limited.

Group Board Meetings

The Group Board meets quarterly and more often if required. Group Board meetings may be held via teleconference although whenever practically possible the directors will endeavour to attend in person.

The Group Board has taken professional international tax advice as to maintaining the tax residency of the Company in Guernsey. The Company is managed and centrally controlled in Guernsey. All Group Board meetings are held outside the UK.

Bushveld Minerals Limited

CORPORATE GOVERNANCE REPORT (continued)

The matters reserved for the attention of the Group Board include, inter alia:

- the approval of financial statements, dividends and significant changes in accounting practices;
- Group Board membership and powers including the appointment and removal of Group Board members, determining the terms of reference of the Group Board and establishing the overall control framework;
- stock exchange related issues including the approval of the Company's announcements and communications with both shareholders and the Stock exchange;
- senior management and subsidiary Board appointments and remuneration, contracts and the grant of share options;
- key commercial matters;
- risk assessment;
- financial matters including the approval of the budget and financial plans, changes to the Group's capital structure, the group's business strategy, acquisitions and disposals of businesses and capital expenditure; and
- other matters including health and safety policy, insurance and legal compliance.

The Audit Committee

The Audit Committee meets at least twice a year and comprises exclusively non-executive directors, Mr Watson (Chairman) and Mr Friedlander. Finance Director, Mr Sproule attends Audit Committee meetings by invitation. This committee is responsible for:

- review of the annual financial statements and interim reports prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, Stock Exchange and legal requirements;
- receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Board;
- consider the appointment of the auditors and their remuneration including reviewing and monitoring of independence and objectivity;
- meet with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise; and
- develop and implement policy on the engagement of the external auditor to supply non-audit services.

The Audit Committee is provided with details of any proposed related party transactions in order to consider and approve the terms and conditions of such transactions.

The Remuneration Committee

The Remuneration Committee comprises exclusively non-executive directors and has the following key duties:

- reviewing and recommending the emoluments, pension entitlements and other benefits of the executive directors and as appropriate other senior executives; and
- reviewing the operation of share option schemes and the granting of such options.

Bushveld Minerals Limited

REMUNERATION REPORT

As an AIM-quoted Company, Bushveld Minerals is not required to produce a Remuneration Report that satisfies all the requirements of the Companies Act.

However, the directors are committed to providing information on an open basis and present their Remuneration Report as follows:

Remuneration Committee

The Remuneration Committee comprises exclusively non-executive directors, Mr Watson (Chairman) and Mr Friedlander. The CEO, Mr Mojapelo attends Remuneration Committee meetings by invitation. The Committee has the following key duties:

- reviewing and recommending the emoluments, pension entitlements and other benefits of the executive directors and as appropriate other senior executives; and
- reviewing the operation of share option schemes and the granting of such options.

Remuneration policy

The Company's policy is that the remuneration arrangements, including pensions, for subsequent financial years should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Company's objectives, thereby enhancing shareholder value.

Directors' service contracts

Set out below are summary details of the Company's current terms of appointment with each Executive Director:

- on 20 March 2012, Fortune Mojapelo entered into a service agreement with the Company under the terms of which he agreed to act as the Chief Executive Officer. The service agreement shall be terminable by either party giving to the other not less than six months' written notice. Mr Mojapelo may also be entitled to a bonus at the absolute discretion of the Company's remuneration committee
- on 20 March 2012, Anthony Viljoen entered into a service agreement with the Company under the terms of which he agreed to act as an Executive Director. The service agreement shall be terminable by either party giving to the other not less than six months' written notice. Mr Viljoen may also be entitled to a bonus at the absolute discretion of the Company's remuneration committee
- on 20 March 2012, Geoff Sproule entered into a service agreement with the Company under the terms of which he agreed to act as the Chief Financial Officer. The service agreement shall be terminable by either party giving to the other not less than six months' written notice. Mr Sproule may also be entitled to a bonus at the absolute discretion of the Company's remuneration committee

Incentive schemes/share option schemes

The Company intends to enter into share options agreements granting options to several people, including employees, management and Directors, subject to the terms that:

- (a) the total number of options shall not exceed 10% of the Enlarged Share Capital;
- (b) the options are exercisable at an option price of 30 pence per Ordinary Share;
- (c) half of the number of Ordinary Shares comprised in each option will vest two years from Admission and the remaining half of the Ordinary Shares comprised in the option will vest three years following Admission;

Bushveld Minerals Limited

REMUNERATION REPORT (continued)

- (d) the options will lapse five years following Admission (unless exercised earlier); and
- (e) if the option is granted to an employee of the Group and that employee leaves their employment, the option will lapse immediately if that employee is dismissed for cause, and after six months of the termination of employment otherwise.

All such options will be granted at the discretion of the Board and may include options granted to employees of the Group in the ordinary course of business as part of remuneration arrangements with employees.

Directors' emoluments

The remuneration of the individual directors who served in the year to 28 February 2013 was:

	Salary and fees £	Bonus £	Share based payment £	Total £
Fortune Mojapelo	94,920	-	-	94,920
Geoffrey Sproule	72,000	-	-	72,000
Anthony Viljoen	94,920	-	-	94,920
Ian Watson	37,620	-	-	37,620
Jeremy Friedlander	22,917	-	-	22,917
	<u>322,377</u>			<u>322,377</u>

The aggregate fees of all of the directors for their services (excluding any amounts payable as salary) shall not exceed £500,000 per annum, or such higher amount as may be determined by ordinary resolution (excluding amounts payable under any other provision of the Articles). Any director who performs services, which in the opinion of the Board, goes beyond the ordinary duties of a director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may, in its discretion, determine.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSHVELD MINERALS LIMITED

We have audited the group financial statements of Bushveld Minerals Limited for the year ended 28 February 2013 on pages 19 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements within them.

Scope of the audit

A description of the scope of an audit of financial statements arising from the requirements of International Standards on Auditing (UK and Ireland) is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group affairs as at 28 February 2013 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Group financial statements have been prepared in accordance with the requirements of The Companies (Guernsey) Law 2008.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies on page 26 of the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss for the period ended 28 February 2013 of £2,253,939 and is currently in a process of raising additional capital funding. These conditions, along with the other matters explained on page 26 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the The Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the company individual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit



BAKER TILLY UK AUDIT LLP, Auditor
Chartered Accountants and Registered Auditors
25 Farringdon Street
London
EC4A 4AB

27 June 2013

Bushveld Minerals Limited

CONSOLIDATED INCOME STATEMENT for the period to 28 February 2013

		5 January 2012 to 28 February 2013 £
	Note	
Continuing operations		
Administrative expenses	7	(2,358,639)
Operating loss		<u>(2,358,639)</u>
Investment income	8	104,700
Loss before tax		<u>(2,253,939)</u>
Tax	9	-
Total loss for the period		<u><u>(2,253,939)</u></u>
Attributable to:		
Owners of the Company		(2,253,939)
Non-controlling interests		-
		<u><u>(2,253,939)</u></u>
Loss per ordinary share		
Basic and diluted loss per share (in pence)	10	(0.96)

All results relate to continuing activities.

The notes on pages 24 to 42 form part of these financial statements.

Bushveld Minerals Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period to 28 February 2013

	5 January 2012 to 28 February 2013 £
Loss for the period	(2,253,939)
Currency translation differences on translation of foreign operations	(234,021)
Fair value loss on available for sale investments	(138,628)
Total comprehensive loss for the period	<u>(2,626,588)</u>
Attributable to:	
Owners of the Company	(2,626,588)
Non-controlling interests	-
	<u>(2,626,588)</u>

Bushveld Minerals Limited

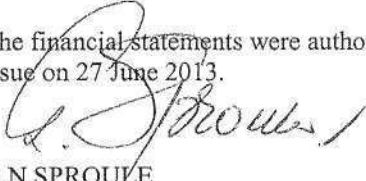
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2013

	Note	28 February 2013 £
Assets		
Non-current assets		
Intangible assets: exploration activities	11	53,313,928
Investments	12	248,854
Property, plant and equipment	13	74,487
Total non-current assets		53,637,269
Current assets		
Trade and other receivables	14	50,157
Cash and cash equivalents	15	1,305,089
Total current assets		1,355,246
Total assets		54,992,515
Equity and liabilities		
Current liabilities		
Trade and other payables	16	(199,142)
Total current liabilities		(199,142)
Net assets		54,793,373
Equity		
Share capital	17	2,839,691
Share premium	18	53,811,401
Accumulated deficit		(2,253,939)
Revaluation reserve		(138,628)
Foreign exchange translation reserve		(234,021)
Equity attributable to the owners of the Company		54,024,504
Non-controlling interests		768,869
Total equity		54,793,373

The notes on pages 24 to 42 form part of these financial statements.

The financial statements were authorised and approved for issue by the Board of Directors and authorised for issue on 27 June 2013.


G N SPROULE
Director
27 June 2013

Bushveld Minerals Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 28 February 2013

Equity attributable to owners of the parent company							
	Share capital	Share premium	Accumulated deficit	Revaluation reserve	Foreign exchange translation reserve	Total	Non-controlling interests
	£	£	£	£	£	£	£
Loss for the period	-	-	(2,253,939)	-	-	(2,253,939)	-
Foreign currency translation	-	-	-	-	(234,021)	(234,021)	-
Fair value loss on available for sale investment	-	-	-	(138,628)	-	(138,628)	-
Total recognised income and expense for the period							
	-	-	(2,253,939)	(138,628)	(234,021)	(2,626,588)	-
Transactions with Owners:							
Non-controlling interests	-	-	-	-	-	-	768,869
Issue of shares	2,839,691	53,954,131	-	-	-	56,793,822	-
Less issue costs	-	(142,730)	-	-	-	(142,730)	-
Balance at 28 February 2013	2,839,691	53,811,401	(2,253,939)	(138,628)	(234,021)	54,024,504	768,869
							54,793,373

Bushveld Minerals Limited

CONSOLIDATED STATEMENT OF CASH FLOWS for the period ended 28 February 2013

		Period ended 28 February 2013 £
	Note	
Loss before taxation		(2,253,939)
Adjustments for:		
AIM listing expenses settled with shares		273,000
Interest income	8	(104,700)
Operating cash flows before movements in working capital		(2,085,639)
Decrease in receivables		33,487
Increase in payables		199,142
Net cash used in operating activities		(1,853,010)
Cash flows from investing activities		
Interest received	8	104,700
Purchase of exploration and evaluation assets	11	(2,100,284)
Purchase of tangible fixed assets	13	(62,975)
Cash acquired on acquisition of subsidiary	19	266,267
Purchase of available for sale investments	12	(386,053)
Net cash used in from investing activities		(2,178,345)
Cash flows from financing activities		
Proceeds from issue of shares	17	5,460,000
Costs taken against share premium from issue of shares		(142,730)
Net cash generated from financing activities		5,317,270
Net increase in cash and cash equivalents		1,285,915
Cash and cash equivalents at the beginning of the period		-
Effect of foreign exchange rates		19,174
Cash and cash equivalents at end of the period	15	1,305,089

The notes on pages 24 to 42 form part of these financial statements.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

1. Corporate information and principal activities

Bushveld Minerals Limited ("Bushveld") was incorporated and domiciled in Guernsey on 5 January 2012, and admitted to the AIM market in London on 26 March 2012.

The Bushveld Group comprises Bushveld Minerals Limited and its wholly owned subsidiaries headed by Bushveld Resources Limited ("BRL") and Greenhills Resources Limited ("GRL"), companies registered and domiciled in Guernsey together with their South African subsidiaries.

The wholly owned Guernsey subsidiaries BRL and GRL were acquired by Bushveld under the terms of a Share Exchange Agreement entered into on 15 March 2012.

BRL is an investment holding company formed to invest in resource-based iron ore exploration companies in South Africa. The South African subsidiaries are Pamish Investments No. 39 (Proprietary) Limited ("Parish 39") in which BRL holds a 64% equity interest, Amaraka Investments No. 85 (Proprietary) Limited ("Amaraka 85") in which BRL holds 68.5% and Frontier Platinum Resources (Proprietary) Limited in which BRL holds 100% equity interest. The minority shareholder in Pamish 39 is Izingwe Capital (Proprietary) Limited and the minority shareholders of Amaraka 85 is Afro Multi Minerals (Proprietary) Limited.

GRL is an investment holding company formed to invest in resource-based tin exploration companies in South Africa. The South African subsidiaries are Mokopane Tin Company (Proprietary) Limited in which GRL holds 100% equity interest and Renetype (Proprietary) Limited ("Renetype") in which GRL holds a 74% equity interest. The minority shareholders in Renetype are African Women Enterprises Investments (Proprietary) Limited and Cannosia Trading 62 CC who own 10% and 16% respectively.

As at 28 February 2013, the Bushveld Group was comprised as follows:

Company	Equity Holding and Voting Rights	Country of Incorporation	Nature of Activities
Bushveld Minerals Limited	N/A	Guernsey	Ultimate Holding Company
BRL	100%	Guernsey	Holding Company
Pamish 39	64%	South Africa	Iron Ore Exploration Prospecting Right 95
Amaraka	68.5%	South Africa	Iron Ore Exploration Prospecting Right 438
Frontier Platinum	100%	South Africa	Group Support Services
GRL	100%	Guernsey	Holding Company
Mokopane	100%	South Africa	Holding Company
Renetype	74%	South Africa	Tin Exploration Prospecting Right 2205

These financial statements are presented in pounds sterling because that is the currency the Group has raised funding on the AIM market. Foreign operations are included in accordance with the policies set out in note 3.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

2. Adoption of new and revised standards

Standards issued but not yet effective

The following standards and amendments to existing standards have been published and are mandatory from the financial year on or after the effective dates shown below but are not currently relevant to the Company (although they may affect the accounting for future transactions and events).

Topic	Key requirements	Effective date
IFRS 7, Financial Instruments: Offsetting Financial Assets and Financial Liabilities'	The amendments require entities to disclose information about the rights of offset and related arrangements for financial instruments, under an enforceable master netting agreement or similar agreement.	1 January 2013
IFRS 9, Financial Instruments	The standard is the first standard issued as part of a wider project to replace IAS 39. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.	1 January 2015
IFRS 10, Consolidated financial statements	The standard's objective is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
IFRS 11, Joint arrangements	IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.	1 January 2013
IFRS 12 – Disclosures of interests in other entities	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013
IFRS 13 – Fair value measurement	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.	1 January 2013
IAS 27 (revised 2011) – Separate financial statements	IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	1 January 2013

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

2. Adoption of new and revised standards (continued)

Topic	Key requirements	Effective date
Amendment to IAS 1, Financial statement presentation regarding other comprehensive income	The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.	1 July 2012
IAS 28 (revised 2011) – Associates and joint ventures	IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	1 January 2013

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB.

The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

Going concern

In preparing the financial statements, the directors have considered the current financial position of the Group and the likely future cash flows for the period to 30 June 2014. The cashflow forecasts to 30 June 2014 assume that a cash injection of circa £1.5m completes in July 2013. The purpose of the cash injection by means of a round of fundraising currently in discussion is to focus on the Group's strategy is to create commodity focused platforms that can attract project specific funding post a Scoping Study. With the Scoping Study for the Iron Ore Project complete, as announced to the market on 22 April 2013, the Group is now in discussions with several potential strategic partners for funding the project to completion of feasibility studies.

The Tin Project is currently in a resource definition and metallurgical studies stage with a scoping study expected to be completed within Q4 2013, after which a strategic partner will be sought for the further development of the project.

The directors are therefore confident the cash injection of circa £1.5m will be successful and that this will ensure that the Group will have adequate cash resources to pay debts as they fall due and to continue its operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

With the current cash position of around £430,000, without the cash injection the Group would not be able to complete all its intended projects and certain expenditure planned will need to be curtailed. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 February. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition. Where necessary, the adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of the net assets upon liquidation are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Foreign currencies

Functional and presentational currency

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions and balances

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currency are translated into the reporting currency at the rate prevailing on that date. Non-monetary assets and liabilities are carried at cost and are translated into the reporting currency at the rate prevailing on the reporting date.

Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the period, in which case the exchange rate at the date of the transaction is used. Exchange differences arising, if any, are taken to other comprehensive income and the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

3. Significant accounting policies (continued)

Finance income

Interest revenue is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax charge is based on taxable profit for the year. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the "balance sheet liability" method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items credited or charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Intangible exploration and evaluation assets

All costs associated with mineral exploration and evaluation including the costs of acquiring prospecting licences, mineral production licences and annual licences fees, rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource, are capitalised as intangible exploration and evaluation assets and subsequently measured at cost.

If an exploration project is successful, the related expenditures will be transferred at cost to property, plant and equipment and amortised over the estimated life of the commercial ore reserves on a unit of production basis (with this charge being taken through profit or loss). Where a project does not lead to the discovery of commercially viable quantities of mineral resources and is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are recognised in profit or loss.

The recoverability of deferred exploration costs is dependent upon the discovery of economically viable ore reserves, the ability of the Group to obtain necessary financing to complete the development of ore reserves and future profitable production or proceeds from the extraction or disposal thereof.

Impairment of exploration and evaluation assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the asset is reviewed for impairment. Assets are also reviewed for impairment at each balance sheet date in accordance with IFRS 6. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

3. Significant accounting policies (continued)

An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic; or
- title to the asset is compromised; or
- variations in mineral prices that render the project uneconomic; or
- variations in the foreign currency rates; or
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is provided on all plant and equipment at rates calculated to write each asset down to its estimated residual value, using the straight-line method over their estimated useful life of the asset as follows:

- Geological Equipment over 2 years;
- Motor Vehicles over 3 years; and
- Office Equipment and Computers over 2 years.

The estimated useful lives, residual values and depreciation methods are reviewed at each period end and adjusted if necessary.

Gains or losses on disposal are included in profit or loss.

Impairment of property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where there has been a change in economic conditions that indicate a possible impairment in a cash-generating unit, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil prices and future costs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

3. Significant accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are classified into specified categories dependent upon the nature and purpose of the instruments and are determined at the time of initial recognition. All financial assets are recognised as loans and receivables or available for sale investments and all financial liabilities are recognised as other financial liabilities.

Trade and other receivables

Trade and other receivables are stated initially recognised at the fair value of the consideration receivable less any impairment. Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Trade and other receivables are subsequently measured at amortised cost, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than three months.

Trade and other payables

Trade and other payables are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

Available for sale financial assets

Listed shares held by the Group that are traded in an active market are classified as being available for sale and are stated at fair value. The fair value of such investments is determined by reference to quoted market prices.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Financial liabilities and equity

Financial liabilities (including loans and advances due to related parties) and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. When the terms of a financial liability are negotiated with the creditor and settlement occurs through the issue of the Company's equity instruments, the equity instruments are measured at fair value and treated as consideration for the extinguishment of the liability. Any difference between the carrying amount of the liability and the fair value of the equity instruments issued is recognised in profit or loss.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

4. Use of estimates and judgements

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Management's critical estimates and judgements in determining the value of assets, liabilities and equity within the financial statements relate to the valuation of intangible exploration assets of £53.3 million and the going concern assumptions.

The valuation of intangible exploration assets is dependent upon the discovery of economically recoverable deposits which, in turn, is dependent on future iron ore and tin prices, future capital expenditures and environmental and regulatory restrictions.

5. Segmental reporting

The reporting segments are identified by the directors of the Group (who are considered to be the chief operating decision makers) by the way that Group's operations are organised. As at 28 February 2013 the Group operated within two operating segments, mineral exploration activities for Iron Ore and for Tin. All exploration activities take place in South Africa.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Iron Ore exploration £	Tin exploration £	Total £
As at 28 February 2013			
Revenue			
External sales	-	-	-
Results			
Operating profit / (loss)	15,813	(182,497)	(166,684)

The reconciliation of segmental gross loss to the Group's loss before tax is as follows:

	Period ended 28 February 2013 £
Gross loss	(166,684)
Unallocated administration expenses	(2,191,955)
Finance income	104,700
Loss before tax	(2,253,939)

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

5. Segmental reporting (continued)

Other segmental information

Segmental assets and liabilities disclosed in the reports to the Board of Directors for the purpose of resource allocation and assessment of segmental performance consist of the amounts capitalised as intangible exploration expenditure. All other assets and liabilities are classified as unallocated.

	Iron Ore exploration £	Tin exploration £	Consolidated Group £
Period ended 28 February 2013			
NBV of capitalised exploration expenditure	16,950,113	36,363,815	53,313,928
Total reportable segmental net assets	(6,599)	94,757	88,158
Unallocated net assets			1,391,287
Total consolidated net assets			<u>54,793,373</u>

All of the Group's operations are based in South Africa.

6. Loss for the period

The loss for the period has been arrived at after charging:

	Period ended 28 February 2013 £
Foreign exchange loss	171,795
Staff costs (see note 7)	250,377
	<u>422,172</u>

No depreciation charge has been recognised in the consolidated income statement. The whole charge has been capitalised as part of intangible exploration expenditure.

7. Administrative expenses by nature

	Period ended 28 February 2013 £
AIM listing expenses	1,443,097
Professional fees	322,815
Employee benefits expense	250,377
Travelling expenses	20,586
Foreign exchange loss	171,795
Other costs	149,969
	<u>2,358,639</u>

Key management personnel have been identified as the Board of Directors. Details of key management remuneration is shown in note 22.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

8. Investment revenue

Interest revenue:

Period ended
28 February
2013
£

Bank interest

104,700

9. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax charge is based on taxable profit for the year. The Bushveld Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the "balance sheet liability" method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items credited or charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The provision for income taxes is different to the expected provision for income taxes for the following reasons:

Period ended
28 February
2013
£

Factors affecting tax for the period

The tax assessed for the period at the Guernsey corporation tax charge rate of 0%, as explained below:

Loss before taxation (2,253,939)

Loss before taxation multiplied by the Guernsey corporation tax charge rate of 0%

Effects of:

Non deductible expenses -

Deferred tax assets not recognised -

Tax for the year -

10. Loss per share

From continuing operations

The calculation of a basic loss per share of 0.96 pence, is calculated using the total loss for the period attributable to the owners of the company of £2,253,939 and the weighted average number of shares in issue during the period of 235,900,175. There are no potentially dilutive shares in issue.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

11. Intangible assets

	Exploration activities – Iron Ore £	Exploration activities – Tin £	Total £
Cost			
As at 5 January 2012	-	-	-
Acquired on acquisition of a subsidiary	34,932,526	16,415,872	51,348,398
Additions	1,593,370	625,090	2,218,460
Foreign exchange translation	(162,081)	(90,849)	(252,930)
As at 28 February 2013	<u>36,363,815</u>	<u>16,950,113</u>	<u>53,313,928</u>

The Company's subsidiary, Bushveld Resources Limited has a 64% interest in Pamish Investment No 39 (Proprietary) Limited ("Pamish") which holds an interest in Prospecting right 95 ("Pamish 39"). Bushveld Resources Limited also has a 68.5% interest in Amaraka Investment No 85 (Proprietary) Limited ("Amaraka") which holds an interest in Prospecting right 438 ("Amaraka 85").

Under the agreements to acquire the licenses within Bushveld Resources, the group is required to fully fund the exploration activities up to the issue of the corresponding mining licenses. As the non controlling interest party retains their equity interest, the funding of their interest is accounted as deemed purchased consideration and is included in the additions in the period to exploration activities. A corresponding increase is credited to non controlling interest.

The Company's other directly owned subsidiary, Greenhills Resources Limited, has a 74% interest in Renetype (Proprietary) Limited ("Renetype") which holds an interest in Prospecting right 2205 ("Renetype 2205").

12. Investments

	Available for sale investments £
As at 5 January 2012	-
Additions	386,053
Fair value loss	(138,628)
Foreign exchange movement	<u>1,429</u>
As at 28 February 2013	<u>248,854</u>

On 8 November 2012, the Group acquired 5,150,000 shares in Lemur Resources Limited for a consideration of £386,053. This holding represents a strategic non-controlling interest of 2.67%. This investment is not held for trading and accordingly is classified as an available for sale investment.

The fair value of this holding as at 28 February 2013 is based on the quoted market price as at that date resulting in a fair value loss to be recognised in the statement of comprehensive income of £138,628.

Further information on the Group's shareholding in Lemur Resources Limited can be found in note 21 to these financial statements.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

13. Property, plant and equipment

	Motor vehicles £	Geological equipment £	Fixtures and fittings £	Total £
Cost				
As at 5 January 2012	-	-	-	-
Additions	40,961	7,676	2,700	51,337
Acquisition of subsidiary	26,078	27,069	9,828	62,975
Exchange differences	(1,491)	(773)	(279)	(2,543)
At 28 February 2013	65,548	33,972	12,249	111,769
Depreciation				
As at 5 January 2012	-	-	-	-
Charge for the year	22,374	8,079	7,678	38,131
Exchange differences	(498)	(180)	(171)	(849)
At 28 February 2013	21,876	7,899	7,507	37,282
Net book value				
At 28 February 2013	43,672	26,073	4,742	74,487

Depreciation of £38,131 has been capitalized as exploration activities in the period.

14. Trade and other receivables

	28 February 2013 £
Other receivables	50,157
	50,157

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short term nature. As at the period end, no receivables are past their due date, hence no allowance for doubtful receivables is provided.

The amount of trade and other receivables denominated in South African Rand amount to £27,976.

15. Cash and cash equivalents

	28 February 2013 £
Cash at hand and in bank	1,305,089

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less. The director's consider that the carrying amount of cash and cash equivalents approximates their fair value. The amount of cash and cash equivalents denominated in South African Rand amount to £723,078.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

16. Trade and other payables

	28 February 2013 £
Trade payables	107,383
Other payables	23,846
Accruals	67,913
	199,142

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-arranged credit terms. No interest has been charged by any suppliers as a result of late payment of invoices during the period.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The amount of trade and other payables denominated in South African Rand amount to £79,333.

17. Share capital

Issued and fully paid	£
283,969,110 ordinary shares of 1 pence each	2,839,691

The Company was incorporated on 5 January 2012 with unlimited authorised share capital. On incorporation 100 ordinary shares of £1.00 each were issued at par. On 12 March 2012 the ordinary shares were subsequently converted into 10,000 ordinary shares of 1 pence each.

On 15 March 2012 255,304,110 ordinary shares of 1 pence were issued at 20 pence per share as fully paid in exchange for the acquisition of Bushveld Resources Limited and Greenhills Resources Limited for total consideration of £51,060,822. Share premium of £48,507,781 arose as a result of the transaction.

On admission to the AIM Market of the London Stock Exchange ('AIM') on 26 March 2012 a further 28,665,000 ordinary shares of 1 pence each were issued at 20 pence per share. Of this amount, 27,300,000 were issued for cash consideration and fully paid on admission raising £5,460,000. 1,365,000 shares were issued for non cash consideration. Share premium of £5,446,350 arose as a result of the transactions.

The board may, subject to Guernsey Law, issue shares or grant rights to subscribe for or convert securities into shares. It may issue different classes of shares ranking equally with existing shares. It may convert all or any classes of shares into redeemable shares. The Company may also hold treasury shares in accordance with the law. Dividends may be paid in proportion to the amount paid up on each class of shares.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

18. Share premium account

	Share premium £
Balance on incorporation	-
Premium arising on issue of equity shares	53,954,131
Expenses of issue of equity shares	(142,730)
Balance as at 28 February 2013	53,811,401

19. Acquisition of subsidiaries

On 15 March 2012 the Company acquired a 100 per cent shareholding in Bushveld Resources Limited ('BRL') and Greenhills Resources Limited ('GRL') obtaining control of these companies. Both BRL and GRL are mineral development groups which hold various prospecting licences in South Africa. The acquisitions have been accounted for as asset acquisitions as they do not meet the definition of a business combination set out in IFRS3.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£
Intangible assets acquired – Prospecting licences	51,348,398
Cash	266,267
Other receivables	83,644
Property, plant and equipment	51,337
Non-controlling interest	(688,824)
Net assets acquired	51,060,822
Satisfied by:	
Equity instruments (issue of 255,304,110 ordinary shares of 1 pence each)	51,060,822

The fair value of the ordinary shares issued as the consideration for the acquisitions of 20 pence per share was determined on the basis of the value of the shares of the Company issued on admission to the AIM Market on 26 March 2013.

Acquisition related costs included in administrative expenses amount to £1,443,097.

Neither of the acquired Companies contributed any revenue to the Group for the period between the date of acquisition and the Statement of financial position date. Bushveld Resources Limited contributed £15,813 of profit and Greenhills Resources Limited contributed £182,497 of loss to the Group's loss for the period between the date of acquisition and the Statement of Financial Position date.

If the acquisition of both Companies had been completed on the first day of the financial period, Group revenues for the period would have been £nil and the Group loss for the period would have remained at £2,392,567.

The non-controlling interest relates to the interest held by the minority shareholders of the South African subsidiaries as set out in note 1.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

20. Financial instruments

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares or arrange debt financing. Currently the Group has £nil net debt.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital and retained losses.

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash at bank
- Trade and other payables
- Available for sale investments

Categories of financial instruments

At 28 February 2013, the Group held the following financial assets:

	28 February 2013 £
Loans and receivables	
Trade and other receivables	50,157
Cash and cash equivalents	1,305,089
	1,355,246
Available for sale	
Investments	248,854
Total financial assets	<u>1,604,100</u>

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

20. Financial instruments (continued)

At 28 February 2013, the Group held the following financial liabilities:

	28 February 2013 £
Other financial liabilities	
Trade and other payables	199,142
Total financial liabilities	199,142

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Board receives reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

The Group's principal financial assets are bank balances, trade and other receivables and available for sale investments.

Credit risk arises principally from the Group's cash balances with further risk arising due to its other receivables and available for sale investments. Credit risk is the risk that the counterparty fails to repay its obligation to the Group in respect of the amounts owed. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. The Group has no sales hence credit risk relating to other receivables is minimal. There are no formal procedures in place for monitoring and collecting amounts owed to the Group. A risk management framework will be developed over time, as appropriate to the size and complexity of the business.

The concentration of the Group's credit risk is considered by counterparty, geography and by currency. The Group has a significant concentration of cash held on deposit with large banks in South Africa and the United Kingdom with A ratings and above (Standard and Poor). At 28 February 2013 the concentration of credit risk was as follows:

	28 February 2013 £
Counterparty	
Investec Bank Plc	1,187,951
Hambros Bank	28,299
Other banks	88,839
	1,305,089

Of the above amounts £634,239 of the balance held with Investec was held in South African Rand, the remaining amount being held in £ Sterling. Of the remaining balances £88,839 was held in Rand with the remainder held in £ Sterling.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

20. Financial instruments (continued)

There are no other significant concentrations of credit risk at the balance sheet date.

At 28 February 2013, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At 28 February 2013, no financial assets were past their due date. As a result, there has been no impairment of financial assets during the year. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The board manages liquidity risk by regularly reviewing the Group's gearing levels, cash flow projections and associated headroom and ensuring that excess banking facilities are available for future use.

The Group maintains good relationships with its banks, which have high credit ratings and its cash requirements are anticipated via the budgetary process. At 28 February 2013, the Group had £1,305,089 of cash reserves.

Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates.

Interest rate risk

With the exception of cash and cash equivalents, the Group has no interest bearing assets or liabilities. The Group was therefore exposed to minimal interest rate risk during the period. For this reason, no sensitivity analysis has been performed regarding interest rate risk.

Foreign exchange risk

As highlighted earlier in these financial statements, the functional currency of the Group is £Sterling. The Group also has foreign currency denominated assets and liabilities. Exposures to exchange rate fluctuations therefore arise. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities, all in £Sterling, are shown below in the Group's functional currency:

	28 February 2013 £
Cash and cash equivalents	722,540
Other receivables	27,967
Trade and other payables	(103,135)
	647,372

The Group suffers from a level of foreign currency risk. Due to the minimal level of foreign transactions; the directors currently believe that foreign currency risk is at an acceptable level.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

20. Financial instruments (continued)

The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

The following table details the Group's sensitivity to a 10% increase and decrease in £Sterling against the Rand. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The table below shows the effect of a 10% weakening and strengthening of £Sterling against the Rand:

	Rand Currency impact strengthening £	Rand Currency impact weakening £
2013		
Assets	(68,228)	83,390
Liabilities	9,376	(11,459)
	<u>(58,852)</u>	<u>71,931</u>

Maturity of financial liabilities

All of the Group's financial liabilities and its financial assets in the period to 28 February 2013 are either payable or receivable within one year, with the exception of the available for sale investments totalling £248,854.

21. Events after the balance sheet date

On 13 May 2013, the company announced the launch of an off-market take-over bid for Lemur Resources Limited, a coal project development company listed on the ASX. This bid follows the acquisition by Bushveld Minerals of 5.15 million shares in Lemur Resources (for the sum of £386,053), which was announced on 8 November 2012.

The all-scrip offer of three Bushveld shares for every five Lemur shares values Lemur at A\$19.1 million or A\$0.099 per share, which is a 65.5% premium to Lemur's closing price on Friday May 10, 2013. Lemur Resources has a 136 million tonne thermal coal project in Madagascar, known as the Imaloto coal project, as well as A\$17.5m in cash.

Bushveld Minerals Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the period ended 28 February 2013

22. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

VM Investments is a related party due to two of the Executive Directors of Bushveld Minerals Limited being majority shareholders of VM Investments. At the period end, the Group owed VM Investments Ltd £23,261. During the period, VM Investments charged the Group £112,771 for office accommodation and other office services.

Oak Trust is also a related party. During the year, £29,981 was paid to Oak Trust for secretarial fees. The Group did not owe Oak Trust any monies at 28 February 2013.

The remuneration of the directors, who are the key management personnel of the Group, is set out below. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on page 17.

	28 February 2013 £
Fees for services as directors	60,538
Short-term employee benefits	<u>261,839</u>
	<u><u>322,377</u></u>

Included within the above figure of short-term employee benefits is an amount of £72,000 which has been capitalised as part of intangible exploration expenditure.

23. Comparative Figures

The financial statements as presented are for the period 5 January 2012 to 28 February 2013. As these are the first financial statements of the Group no comparative figures are reflected.

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