

Bushveld Resources Limited

ANNUAL FINANCIAL STATEMENTS

For the year ended 29 February 2012

Bushveld Resources 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 have elected 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 of the Group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSHVELD RESOURCES LIMITED

We have audited the group financial statements of Bushveld Resources Limited for the year ended 29 February 2012 on pages 4 to 20. 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 2, 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's affairs as at 29 February 2012 and of the group's loss for the year 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.

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
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP, Auditor
Chartered Accountants and Registered Auditors
25 Farringdon Street
London
EC4A 4AB

23 August 2012

Bushveld Resources Limited

Consolidated Income Statement

for the year ended 29 February 2012

	29 February 2012 £	28 February 2011 £
Expenditure		
Legal and professional fees	(12,540)	-
Administration fees	(6,715)	(1,710)
Filing fees	(510)	-
Other	(13)	(551)
Total operating loss	(19,778)	(2,261)
Foreign exchange gain/(loss)	8,984	(54,205)
Finance income	1,872	1,360
Loss for the year	(8,922)	(55,106)
Attributable to:		
Owners of the parent company	(8,922)	(55,106)
Non-controlling interest	-	-

Operating losses all derive from continuing operations.

Consolidated Statement of Comprehensive Income

for the year ended 29 February 2012

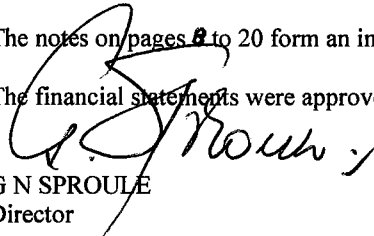
	29 February 2012 £	28 February 2011 £
Loss for the year	(8,922)	(55,106)
Foreign currency translation	(67,942)	-
Total comprehensive income for the year	(76,864)	(55,106)
Attributable to:		
Owners of the parent company	(76,864)	(55,106)
Non-controlling interest	-	-

Bushveld Resources Limited
Consolidated Statement of Financial Position
as at 29 February 2012

	Note	29 February 2012 £	28 February 2011 £
Assets			
Non-current assets			
Property, plant and equipment	3	1,772	2,259
Intangible assets	4	1,840,503	1,034,945
Total non-current assets		1,842,275	1,037,204
Current assets			
Trade and other receivables	5	69,282	95,557
Cash and cash equivalents		10,562	34,023
Total current assets		79,844	129,580
Total assets		1,922,119	1,166,784
Current liabilities			
Trade and other payables	6	(17,614)	(16,830)
Loans and advances due to related parties	6	(1,565,721)	(949,306)
Total current liabilities and total liabilities		(1,583,335)	(966,136)
Net assets		338,784	200,648
Equity			
Share capital	7	100	100
Retained loss	8	(70,592)	(61,670)
Foreign exchange translation reserve	8	(67,942)	-
Total equity attributable to:			
Owners of the parent company		(138,434)	(61,570)
Non-controlling interest		477,218	262,218
Total equity		338,784	200,648

The notes on pages 9 to 20 form an integral part of the consolidated financial statements.

The financial statements were approved and authorised for issue on 23 August 2012.


G N SPROULE
Director

Bushveld Resources Limited
Consolidated Statement of Changes in Equity
for the year ended 29 February 2012

	Attributable to owners of the parent company			Total	Non-Controlling Interests	Total Equity
	Share Capital	Retained Loss	Foreign Exchange Translation Reserve			
	£	£	£	£	£	£
Balance at 28 February 2010	100	(6,564)	-	(6,464)	6,872	408
Loss for the year	-	(55,106)	-	(55,106)	-	(55,106)
<u>Transactions with owners:</u>						
Non-controlling interest	-	-	-	-	255,347	255,347
Balance at 28 February 2011	100	(61,670)	-	(61,570)	262,219	200,649
Loss for the year	-	(8,922)	-	(8,922)	-	(8,922)
<u>Other comprehensive income:</u>						
Foreign currency translation	-	-	(67,942)	(67,942)	-	(67,942)
<u>Transactions with owners:</u>						
Non-controlling interest	-	-	-	-	214,999	214,999
Balance at 29 February 2012	100	(70,592)	(67,942)	(138,434)	477,218	338,784

There are no external impositions on capital.

Bushveld Resources Limited
Consolidated Statement of Cash Flows
for the year ended 29 February 2012

	29 February 2012	28 February 2011
	£	£
Loss for the period	(8,922)	(55,106)
Increase in receivables	(599)	(3)
Increase / (decrease) in payables	784	(2,261)
	<hr/>	<hr/>
Net cash flows from operating activities	(8,737)	(57,370)
Investing activities		
Exploration Expenditure	(604,665)	(752,669)
Acquisition of property, plant and equipment	-	(3,226)
	<hr/>	<hr/>
Net cash flows from investing activities	(604,665)	(755,895)
Financing activities		
New loans raised from related parties	563,367	702,156
Loans repaid / (provided) to related parties	26,874	(95,554)
	<hr/>	<hr/>
Net cash flows from financing activities	590,241	606,602
Net decrease in cash and cash equivalents	(23,461)	(206,663)
Cash and cash equivalents at beginning of the year	34,023	240,686
Effect of foreign exchange rate changes	(300)	-
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	10,562	34,023
	<hr/> <hr/>	<hr/> <hr/>
Bank balances and cash	10,562	34,023
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Bushveld Resources Limited

Notes to the Financial Statements

for the year ended 29 February 2012

1. Significant accounting policies

Corporate information and activities

Bushveld Resources Limited ("Bushveld") was incorporated as Bushveld Platinum Limited on 3 June 2008. It changed its name to Bushveld Resources Limited on 18 February 2011.

The Bushveld Group comprises Bushveld Resources Limited, a company registered and domiciled in Guernsey, and its South African subsidiaries: Pamish Investments No 39 (Proprietary) Limited ("Pamish 39"), in which Bushveld holds a 64% equity interest; Amaraka Investments No 85 (Proprietary) Limited ("Amaraka"), in which Bushveld holds a 68.5% equity interest; and Frontier Platinum Resources (Proprietary) Limited, in which Bushveld holds a 100% equity interest.

The minority shareholder of Pamish 39 is Izingwe Capital (Proprietary) Limited ("Izingwe").

The minority shareholders of Amaraka are Pamish Investments No 63 (Proprietary) Limited (which is wholly owned by VM Investment Company (Proprietary) Limited ("VMI"), a related party) and Afro Multi Minerals (Proprietary) Limited ("AMM").

As at 29 February 2012 the Bushveld Group was comprised as follows:

<i>Company</i>	<i>Equity Holding and Voting rights</i>	<i>Country of incorporation</i>	<i>Nature of activities</i>
Bushveld Resources Limited	n/a	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

Basis of accounting

The Bushveld consolidated financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis of consolidation

The Bushveld consolidated financial statements include that of Bushveld and its subsidiaries. The results of the subsidiaries are included from the date that control passes.

On acquisition the Bushveld Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value. The excess of the cost of an acquisition over the fair values of the Group's share of identifiable assets and liabilities acquired is recognised as goodwill.

Goodwill is recognised as an asset and reviewed for impairment at least annually. It is allocated to cash generating units which represent the Bushveld Group's investment in each exploration project and jurisdiction. When determining whether goodwill is impaired, the carrying value of the cash generating unit is adjusted to include the goodwill attributable to the non-controlling interest when the non-controlling interest has been measured as a proportionate share of the net identifiable assets of the subsidiary. Impairment losses are recognised immediately in profit or loss and allocated to non-controlling interests on the same basis as the profit or loss of the subsidiary. Impairment losses are not subsequently reversed.

All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

1. Significant accounting policies *(continued)*

Foreign currencies

Functional and presentational currency

The Rand is the local currency in South Africa and is the functional currency of Bushveld's subsidiaries. For reporting purposes the financial statements have been presented in sterling ("GBP"), the currency of the United Kingdom, as the Bushveld Group's new parent entity, Bushveld Minerals Limited which listed in the AIM Market in London in March 2012.

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 year, 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.

Finance income

Interest revenue is recognised when it is probable that economic benefits will flow to the Bushveld 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.

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.

Where a third party has transferred control of a prospecting right to a subsidiary of the Bushveld Group in return for being granted a certain interest in that subsidiary, the resulting net asset value ascribed to the non-controlling interest is considered to be the relevant acquisition cost of the prospecting right, and is capitalised accordingly.

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 Bushveld, the related costs are recognised in profit or loss.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

1. Significant accounting policies *(continued)*

The recoverability of deferred exploration costs is dependent upon the discovery of economically viable ore reserves, the ability of Bushveld 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. 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.

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
- Bushveld determines that it no longer wishes to continue to evaluate or develop the field.

Property, plant and equipment

Property, plant and equipment assets are stated at historical cost.

Depreciation is provided on all plant and equipment assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

- Computers over 2 years

The estimated useful lives, residual values and depreciation methods are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

Financial assets and liabilities

Bushveld classifies its financial assets and liabilities as follows:

Trade and other receivables

Trade and other receivables are stated 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.

They are subsequently measured at amortised cost, less any impairment, using the effective interest rate method.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and deposits on a term of not greater than three months.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

1. Significant accounting policies *(continued)*

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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from proceeds.

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.

Segmental reporting

The reporting segments are identified by the directors of Bushveld (who are considered to be the chief operating decision makers) by the way that Bushveld's operations are organised. As at 29 February 2012 the Group operated within one operational division comprising the exploration for and development of iron ore assets in South Africa.

Use of estimates and judgements

The preparation of the Bushveld consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

1. Significant accounting policies *(continued)*

Management's only critical estimate and judgement in determining the value of assets, liabilities and equity is the valuation of intangible exploration assets.

The valuation of intangible exploration assets is dependent upon the discovery of economically recoverable deposits which, in turn, is dependent on future iron ore prices, future capital expenditures and environmental and regulatory restrictions.

Accounting standards and interpretations not applied

The following standards and interpretations relevant to the Bushveld Group were in issue but not yet effective or endorsed (unless otherwise stated) as at the date of the Bushveld consolidated financial statements, and have not been applied:

		Effective Date
IFRS 7	Financial Instruments: Disclosures – Amendments; Disclosures – Transfers of Financial Assets	1 Jan 13
IFRS 9	Financial Instruments	1 Jan 15
IFRS 10	Consolidated Financial Statements	1 Jan 13
IFRS 11	Joint Arrangements	1 Jan 13
IFRS 12	Disclosure of Interests in Other Entities	1 Jan 13
IFRS 13	Fair Value Measurement	1 Jan 13
IAS 27	Separate Financial Statements (as amended 2011)	1 Jan 13
IAS 28	Investments in Associates and Joint Ventures (as amended 2011)	1 Jan 13
IAS 1	Presentation of financial statements – Amendment; Presentation of items of other comprehensive income	1 Jul 12
IAS 19	Employee Benefits – Amendments	1 Jan 13
IAS 32	Financial Instruments – Presentation – Amendment; Offsetting	1 Jan 14
	Financial Assets and Financial Liabilities	
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 Jan 13

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information of the Bushveld Group.

Going concern

An assessment of going concern is made by the directors at the date the directors approve the financial statements, taking into account the relevant facts and circumstances at that date including:

- Review of cash flow forecasts for the year ahead
- Review of actual results against forecast
- Timing of cash flows
- Any financial or operational risks

After making enquiries the Directors have a reasonable expectation that the Group, and having received written support from its new parent company from its new parent company Bushveld Minerals Limited, has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements. The directors have satisfied themselves that Bushveld Minerals Limited is in a sound financial position given its recent AIM listing in March raising £5.5m and will be able to support the Group's foreseeable cash requirements.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

1. Significant accounting policies *(continued)*

Segmental information

The Bushveld Group has one segment being the exploration for Iron Ore in the Mogalakwena District located in the Limpopo Province of South Africa by its 64% subsidiary Pamish 39 and 68.5% subsidiary Amaraka. The Group's assets and liabilities solely relate to that segment.

2. Taxation

	29 February 2012 £	28 February 2011 £
Loss before tax	(8,922)	(55,106)
Tax calculated at domestic tax rates applicable to profits in the respective countries at 0% (2011 : 0%)	-	-
Tax charge	-	-

The applicable rate of taxation in Guernsey is Nil.

The applicable rate of taxation in South Africa is 28%.

Although the application of corporation tax legislation in South Africa may give rise to an assessable tax loss in respect of capitalised exploration expenditure and consequently a deferred tax asset as at 29 February 2012 of £525,000 (based on the current applicable tax rate of 28%), no such deferred tax asset has been recognised due to the uncertainty of future taxable income arising from such activities.

Similarly, no deferred tax asset has been recognised in respect of unrealised exchange losses arising in the period given uncertainty over the timing and quantum of their potential reversal.

Bushveld Resources Limited

Notes to the Financial Statements (continued)

for the year ended 29 February 2012

3. Property, plant and equipment

	Computer equipment £
Cost	
As at 28 February 2010	-
Additions	3,226
At 28 February 2011 and 29 February 2012	<u>3,226</u>
Depreciation	
As at 28 February 2010	-
Charge for period	(967)
As at 28 February 2011	<u>(967)</u>
Charge for period	(487)
As at 29 February 2012	<u>(1,454)</u>
Net Book Value	
As at 28 February 2011	<u>2,259</u>
Net Book Value	
At 29 February 2012	<u>1,772</u>

4. Intangible assets

	Exploration expenditure		
	Amaraka 85 £	Pamish 39 £	Total £
Cost			
As at 28 February 2010	-	-	-
Additions	-	1,034,945	1,034,945
As at 28 February 2011	<u>-</u>	<u>1,034,945</u>	<u>1,034,945</u>
Asset acquisition	107,105	-	107,105
Additions	293,848	525,816	819,664
Foreign exchange translation	(10,339)	(110,872)	(121,211)
As at 29 February 2012	<u>390,614</u>	<u>1,449,889</u>	<u>1,840,503</u>

Bushveld's 64% subsidiary Pamish Investment No 39 (Proprietary) Limited ("Pamish") holds the interest in Prospecting right 95 ("Pamish 39"). The additions to exploration expenditure in the year funded by additional equity to Pamish incorporates £121,684 (2011 £262,219) in respect to non-controlling interest.

Bushveld's 68.5% subsidiary Amaraka Investment No 85 (Proprietary) Limited ("Amaraka") holds the interest in Prospecting right 438 ("Amaraka 85"). The additions to exploration expenditure in the year funded by additional equity to Pamish incorporates £93,315 in respect to non-controlling interest.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

5. Trade and other receivables

	29 February 2012	28 February 2011
	£	£
Loans and advances due from related parties	68,680	95,554
Other	602	3
	<u>69,282</u>	<u>95,557</u>

The above related party receivables are owed by VMI and Greenhills Resources Limited and its subsidiaries ("Greenhills"), as set out in note 10.

6. Current liabilities

	29 February 2012	28 February 2011
	£	£
Trade and other payables	17,614	16,830
Loans and advance due to related entities	1,565,721	949,306
	<u>1,583,335</u>	<u>996,136</u>

The above loans and advance were owed to Mineral Wealth International Limited ("MWI"), VML Resources Limited ("VML Resources"), Greenhills and African Resources Consulting Limited ("African Resources"), as set out in note 10.

7. Share capital

	Number	£
Authorised ordinary shares of £1.00 each:		
As at 1 March 2010, 1 March 2011 and 29 February 2012	1,000	1,000
Allotted, issued and fully paid ordinary shares of £1.00 each:		
As at 1 March 2010, 1 March 2011 and 29 February 2012	<u>100</u>	<u>100</u>

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 Resources Limited

Notes to the Financial Statements (continued)

for the year ended 29 February 2012

8. Capital reserves

	Foreign exchange translation reserve £	Retained Loss £
Balance at 1 March 2011	-	(61,670)
Movement in foreign exchange translation reserve	(67,942)	-
Loss for the year	-	(8,922)
Balance at 29 February 2012	(67,942)	(70,592)

The foreign exchange translation reserve records the cumulative exchange differences arising upon translation of the assets and liabilities of the foreign subsidiaries at the exchange rates prevailing at the end of the reporting period.

9. Financial instruments

Capital risk management

Bushveld manages its capital to ensure that entities in the Bushveld Group will be able to continue as a going concern while maximising the return to stakeholders. The overall capital risk management strategy of Bushveld and the Group is to minimise costs and liquidity risk.

The capital structure of the Bushveld Group consists of equity attributable to equity holders of the parent, comprising issued share capital, as disclosed in note 7, the Statement of Changes in Equity, and the capital reserves per note 8.

The Bushveld Group is exposed to a number of risks through its normal operations, the most significant of which are credit, liquidity and foreign exchange risks. The management of these risks is vested in the Board of Directors.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 29 February 2012 was:

	£
Due from related parties (VMI)	10,866
Due from related parties (Greenhills)	57,814
Other receivables	602
Cash and cash equivalents	10,562
	79,844

Credit risk is managed through only providing funding to related parties and/or only holding cash balances at recognised financial institutions with high credit ratings.

No age analysis is presented as no financial assets are past due at this reporting date.

Liquidity risk

The following are the contractual maturities of financial liabilities as at each year end.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

9. Financial instruments *(continued)*

	29 February 2012 £	28 February 2011 £
No fixed repayment date	1,565,721	963,929
Settled in financial year following incurrence	17,614	2,206
	<u>1,583,335</u>	<u>966,135</u>

The majority of the above balances are due to related parties (see notes 5, 6 and 10).

Management of market risk

Loans received from related entities are unsecured and non-interest bearing. As such the group is not exposed to movements in the interest rates.

Management of foreign exchange risk

The Group conducts its operations in other jurisdictions where the local currency is different from the Group's reporting currency and therefore is subject to fluctuations in exchange rates. These risks are monitored by the board on a regular basis. The Group does not hedge against the effects of exchange rates.

The exposure of the Group's financial assets and liabilities to currency risk is as follows:

	US\$ £	ZAR £	Total £
Cash and cash equivalents	-	10,562	10,562
Loans receivable	-	68,680	68,680
Other receivables		602	602
Total financial assets at 29 February 2012	-	79,844	79,844
Other payables and accruals	-	17,614	17,614
Loans and advances from related entities	980,200	585,521	1,565,721
Total financial liabilities at 29 February 2012	980,200	603,134	1,583,335
	US\$ £	ZAR £	Total £
Cash and cash equivalents	-	34,023	34,023
Loans receivable	-	95,554	95,554
Other receivables		3	3
Total financial assets at 29 February 2011	-	129,580	129,580
Other payables and accruals	-	16,830	16,830
Loans and advances from related entities	940,491	8,815	949,306
Total financial liabilities at 28 February 2011	940,491	19,467	996,136

Bushveld Resources Limited

Notes to the Financial Statements (continued)

for the year ended 29 February 2012

9. Financial instruments (continued)

The table below summarises the impact of a 1 per cent increase / decrease in the relevant foreign exchange rates versus the pound sterling rate on the Group's pre tax loss for the year and on equity.

	29 February 2012 £	28 February 2011 £
Impact of 1 per cent rate change	9,802	-

Fair values

The fair values of the financial assets and liabilities are materially consistent with the carrying values.

10. Related party transactions

Balance due from related parties at the end of the period:

	29 February 2012 £	28 February 2011 £
Greenhills	57,814	41,627
VMI	10,866	53,927
	<u>68,680</u>	<u>95,554</u>

VMI is considered to be a related party to the Bushveld Group due to common directorships and shareholders.

Balance due to related parties at the end of the period:

	29 February 2012 £	28 February 2011 £
MWI	951,400	940,491
Greenhills Resources Limited	605,360	-
VML Resources Limited	6,904	4,660
Oak Trust	-	2,206
African Resources Limited	2,057	1,949
	<u>1,565,721</u>	<u>949,306</u>

Mineral Wealth International Limited ("MWI") is related as the parent company and ultimate controlling party of Bushveld Resources Limited for the year ended 29 February 2012.

Greenhills Resources Limited and its subsidiaries ("Greenhills"), VML Resources Limited, African Resources Limited are related by way of common directorships and shareholders.

Oak Trust is an entity related to Oak Directors Ltd, the nominee director of Bushveld acting on behalf of its parent company, and is accordingly considered a related party to the Bushveld Group.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

10. Related party transactions *(continued)*

All of the balances owing to and from related entities are considered to be unsecured, non interest bearing and with no fixed repayment date.

Amaraka was acquired by the Bushveld Group after 28 February 2011, and again due to common shareholdings is also considered to be a related party to the Bushveld Group.

All of the above balances are considered to be unsecured, non interest bearing and with no fixed repayment date.

Transactions and balances with related parties during the period:

	Loan balance as at 28 February 2011 £	(Advanced) /received £	Eliminated on acquisition £	Loan balance as at 29 February 2012 £
Amaraka	41,627	46,913	(88,540)	-
VMI	53,927	(43,366)	-	10,561
MWI	(940,401)	(10,999)	-	(951,400)
Greenhills	-	(605,360)	-	(605,360)
VML Resources	(4,660)	(2,245)	-	(6,905)
Oak Trust	(2,206)	2,206	-	-
African Resources	(1,949)	(107)	-	(2,056)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Bushveld Group utilises office space leased by VMI, for which no charge is levied against the Bushveld Group.

There has been no remuneration of key management personnel through this company. Key management will be remunerated through Bushveld Minerals Limited.

11. Contingent liabilities

There were no contingent liabilities as at 29 February 2012.

12. Capital and operating lease commitments

There were no capital commitments as at 29 February 2012.

Licence fees in respect of Prospecting Right 95 are payable annually to the Department of Mineral Resources of the Republic of South Africa.

Future fees payable are:

Year ended 28 February 2013	£26,000
Year ended 28 February 2014	£26,000

Prospecting Right 438 is currently being renewed, and only once this renewal procedure is complete will the relevant prospecting fees be finalised. However it is believed that they will be of the same quantum as those for Prospecting Right 95.

Bushveld Resources Limited

Notes to the Financial Statements *(continued)*

for the year ended 29 February 2012

13. Acquisition of subsidiary

On 13 May 2011 Bushveld acquired a 55% equity interest in Amaraka. Amaraka had previously been owned by Pamish 63 (a wholly owned subsidiary of VMI) (30%) and AMM (70%).

Under the terms of this contract Bushveld became committed to financially support the exploration and development of Prospecting Right 438, in return for AMM transferring this prospecting right into Amaraka.

This transaction involved the issue of new shares to all three parties such that the resultant shareholdings were 55% (Bushveld), 31% (AMM) and 14% (Pamish 63).

The primary reason for the acquisition of Amaraka was to obtain Prospecting Right 438.

The book value and fair values of the net assets of Amaraka on acquisition were:

	£
Capitalised exploration costs	88,540
Other debtors	9
Loan from Bushveld Group	(88,540)
Net assets	9
Share capital	9

14. Events after the reporting date

Change in parent undertaking

On 15 March 2012, Bushveld Minerals Limited (BML) a company registered in Guernsey, entered into a share for share exchange agreement with Obtala Resources Limited ("Obtala") and Mineral Wealth International Limited ("MWI") pursuant to which Bushveld Minerals Limited agreed to acquire the entire issued share capital of Bushveld Resources Limited. The agreement contains an indemnity from MWI to Bushveld Minerals Limited, Bushveld Resources, Pamish 39, Frontier Platinum and Amarak, in relation to historic liabilities owed to it and third parties and warranties in favour of the Bushveld Minerals Limited from Obtala and MWI.

The amounts due to MWI of £955,840 has been converted into equity on 15 March 2012 with the increase of authorised share capital to 10,000 ordinary share of £1 each and the issue of 9,900 ordinary shares in Bushveld Resources Limited.

Additional investment in Amaraka

In March 2012 Pamish 63 transferred its 13.5 per cent interest in Amaraka to Bushveld Resources Limited for ZAR 1,000,000 (c. £91,000). Prior to this, Pamish 63 had settled all its obligations arising from original acquisition of its holding, and no further commitments in respect to Amaraka or Prospecting Rights 438 were therefore assumed by Bushveld Resources Limited.