



INTEGRATED ANNUAL REPORT
2015

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**OAKBAY
RESOURCES
& ENERGY
LIMITED**

**INTEGRATED
ANNUAL REPORT
2015**



OUR VISION

To leverage, for the benefit of our stakeholders, one of the largest high quality uranium projects in South Africa and the world and to take advantage of rising uranium demand, while maintaining our exceptional safety record and helping build South Africa.

OUR CORE VALUES

People focus

Creating an engaged and enabling environment that recognises communities, individuals and teams and motivates them to achieve the highest performance and productivity.

Accountability

Taking individual and collective responsibility to deliver on our undertakings while maintaining the strictest ethics.

Excellence

Delivering value beyond expectations to create a mutually positive relationship with all of our stakeholders.

Safety

An enduring commitment to our people's safety and wellbeing.



OUR VALUE PROPOSITION

With its significant high quality uranium resource, as well as a world class uranium plant, Oakbay Resources and Energy Limited ('Oakbay Resources') is well placed to take advantage of the expected upswing in worldwide uranium demand and position itself as a low cost producer of U³O⁸ concentrates. Additionally by way of its listing on the JSE, Oakbay Resources offers shareholders one of the most significant exposure on the JSE to the high growth global nuclear market through our key asset, Shiva Uranium Proprietary Limited ('Shiva Uranium'), one of the most significant high quality uranium projects in Africa. Uranium is the key power source for nuclear reactors of which a large number are currently planned or under construction around the world.

“Oakbay Resources offers a transparent, regulated and affordable grassroots opportunity for intelligent investors who understand the long-term growth potential of uranium.”

Atul Gupta
Chairman

As a mining and exploration business, Oakbay Resources also focuses on gold mining and production as well as contract mining services, which diversify the company's revenue streams and fund the assets' ongoing management and development costs pending steady state uranium production.

<p>One of the top uranium projects in the world</p>	<p>High growth global uranium market</p>	<p>Only uranium plant in Africa using reverse pressure leaching technology</p>	<p>Superior safety record</p>	<p>Excellent labour relations record</p>	<p>Excellent regulatory compliance</p>	<p>Significant job creation</p>
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SCOPE & BOUNDARY

Corporate information

Oakbay Resources and Energy Limited
(‘Oakbay Resources’ or ‘the company’ or ‘the group’)
(Registration number: 2009/021537/06)
ISIN: ZAE000196085
Share code: ORL
Listing date: 28 November 2014
Shares in issue: 800 000 000 (28 February 2015)

Oakbay Resources’s Chairman is **Atul Gupta**. The executive directors are **George van der Merwe** (CEO), **Varun Gupta** (COO) and **Trevor Scott** (FD/CFO). The executive directors can be contacted at the registered office of the company.

This is Oakbay Resources’ first integrated annual report covering the year 1 March 2014 to 28 February 2015. It follows our listing on the JSE Main Board in the “General Mining” sector on 28 November 2014.

The report comprises an honest, measured account of the group’s approach to sustainability, including financial results and a review of all resources employed in our business activities and the impact that Oakbay Resources has on the world around us. This should enable our stakeholders to accurately evaluate Oakbay Resources’ ability to create and sustain value over the short, medium and long-term periods.

This report is primarily targeted at current stakeholders and potential investors in the group.

A hard copy of this integrated annual report is available on request from our corporate offices in Sandton, and is also available on the company’s website at www.oakbay.co.za.

We welcome your feedback and any suggestions for our future reports:

Contact: Envisage Investor & Corporate Relations

Email: investorrelations@envisagesa.co.za

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Reporting approach

In compiling this report we were guided by international and South African reporting guidelines and best practices, and South African legislation including:

- Companies Act
- JSE Limited Listings Requirements
- International Financial Reporting Standards (IFRS)
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee
- King III
- International Integrated Reporting Framework issued in December 2013
- The SAMREC code
- Global Reporting Initiative (GRI) G4

Assurance

The company’s external auditors, KPMG Inc., have independently audited the group financial statements for the year ended 28 February 2015. Their unqualified audit report is available for inspection (during normal business hours) at the company’s corporate office in Sandton, as well as on the company’s website. The scope of their audit is limited to the information set out in the financial statements on pages 74 to 115.

George van der Merwe
Chief Executive Officer

Trevor Scott CA(SA)
Financial Director

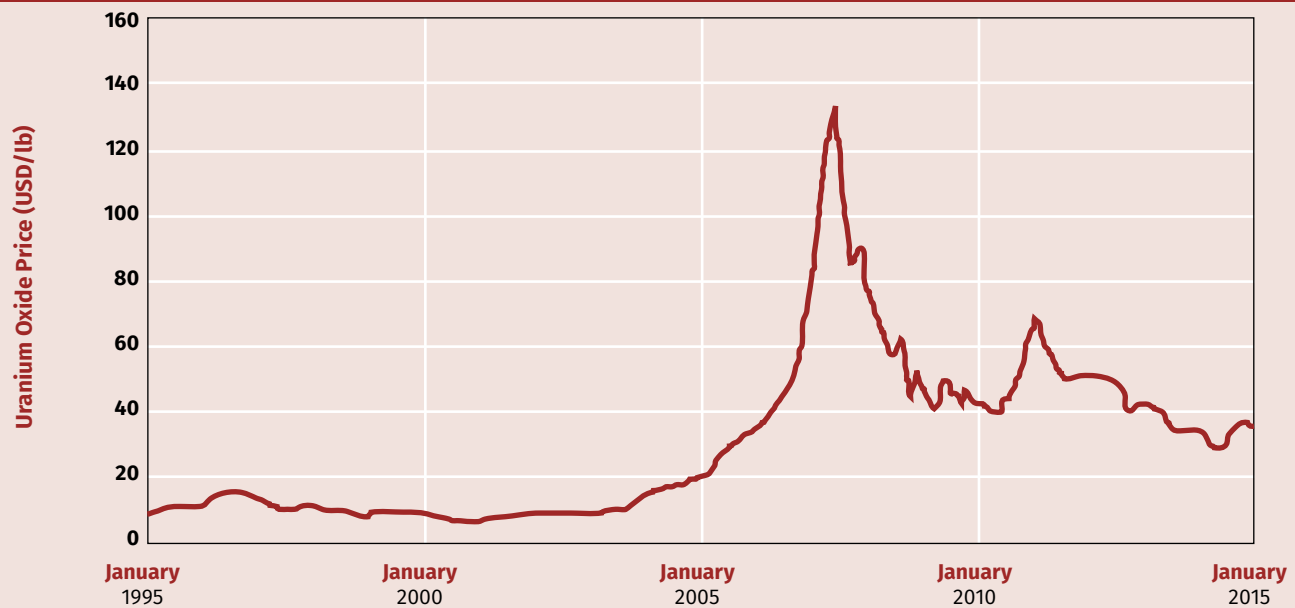
Mark Pamensky CA(SA)
Chairman Audit Committee
Lead Independent Director



UNDERSTANDING URANIUM

Uranium is used as fuel for nuclear power plants and is a key mineral for the aerospace and defence industries.

URANIUM OXIDE PRICE (1995-2015)



- Global demand is expected to outstrip supply by 50 million lbs per annum.
- By 2030 uranium demand will grow to 266 million lbs per annum.

Some fast facts about uranium

Africa produces 18% of global uranium demand.

It is estimated that by 2030 uranium demand will grow to 266.0 million pounds from 167.5 million pounds in 2014.

Uranium prices are forecast to rise by 65% to 85% by 2016 in order to stimulate increased production.

435+ commercial nuclear power reactors operate currently in 31 countries, with >375 000 MWe of total capacity.

+240 are research reactors and the remaining +-180 nuclear reactors power some 140 ships and submarines.

A record 40-65 new nuclear reactors are under construction globally.

A further 300 plants are being proposed for roll-out over the foreseeable future.

URANIUM ANALYST FORECAST - SPOT URANIUM PRICES (USD/LB)

Bank	2013	2014	2015	2016	2017
Dundee Capital	65.00	65.00	65.00		
Haywood Securities	60.00	70.00	75.00	75.00	70.00
JPM Australia	43.00	58.00	70.00	90.00	
Scotiabank	46.00	52.00			
Macquarie	45.00	52.50	63.00	70.00	70.00
RBC Capital Markets	45.00	65.00	75.00	75.00	80.00
UBS	50.00	55.00	65.00	65.00	65.00
Morgan Stanley	46.75	60.00	63.00	64.00	69.50
Raymond James	40.00	52.00	70.00	70.00	70.00
BMO	49.00	52.00	60.00	70.00	70.00
Canaccord Genuity	44.00	50.00	55.00	60.00	70.00
Cantor Fitzgerald	55.00	70.00			
TD Securities	41.30	48.00	55.00	70.00	70.00
Mean	48.47	57.65	65.09	70.90	70.50

A global nuclear snapshot

Country	Reactors operable	Reactors under construction	Reactors planned	Reactors proposed
US	99	5	5	17
France	58	1	1	1
Japan*	48	3	9	3
Russia	34	9	31	18
South Korea	23	5	8	0
China	22	27	64	123
India	21	6	22	35
Canada	19	0	2	3
UK	16	0	4	7
Ukraine	15	0	2	11
World total	355	56	148	218

Nuclear power plants use uranium fuel to generate electricity through a process called fission

- Global electricity demand is growing twice as fast as overall energy supply
- Worldwide demand for electricity will rise 75% by 2035
- China's demand for energy is expected to triple by 2050
- 1kg of uranium produces three million times the energy equivalent of oil or coal
- Nuclear power plants do not emit criteria pollutants or greenhouse gases
- Nuclear power is the cheapest energy source available, even factoring in the high costs of power station construction
- Japan recently restarted its No. 1 reactor at the Sendai nuclear power plant. It is expected that more reactors; which were de-activated following the Fukushima accident; will be restarted in the near future.
- The United States has recently renewed its commitment to generating power without generating carbon emission.
- According, further demand for nuclear power and uranium is expected to grow in the future.

Sources

BBC www.bbc.com/news/business IEA - International Energy Agency www.iea.org InfoMine - Mining Intelligence and Technology www.infomine.com/ Rockstone Research www.rockstone-research.com Uranium Investing News www.uraniuminvestingnews.com World Energy Council www.worldenergy.org World Nuclear Association www.world-nuclear.org

WHO WE ARE AND WHAT WE DO

Through Shiva Uranium, Oakbay Resources owns and operates one of the most significant uranium and gold mines in Southern Africa. Shiva Uranium which boasts one of the largest high quality uranium ore bodies in the world, as well as a world class uranium processing plant, is one of the biggest uranium projects in Africa. Shiva Uranium mines gold on an open cast basis as a by-product, and undertakes contract mining services; which comprises the majority of its current operations.

The company has the potential to become one of the largest and lowest net cost producers of uranium concentrates in the world by leveraging its existing gold mining and contract mining operations to partially fund uranium production in the future. Our primary market for uranium comprises the countries of the Nuclear Suppliers Group.

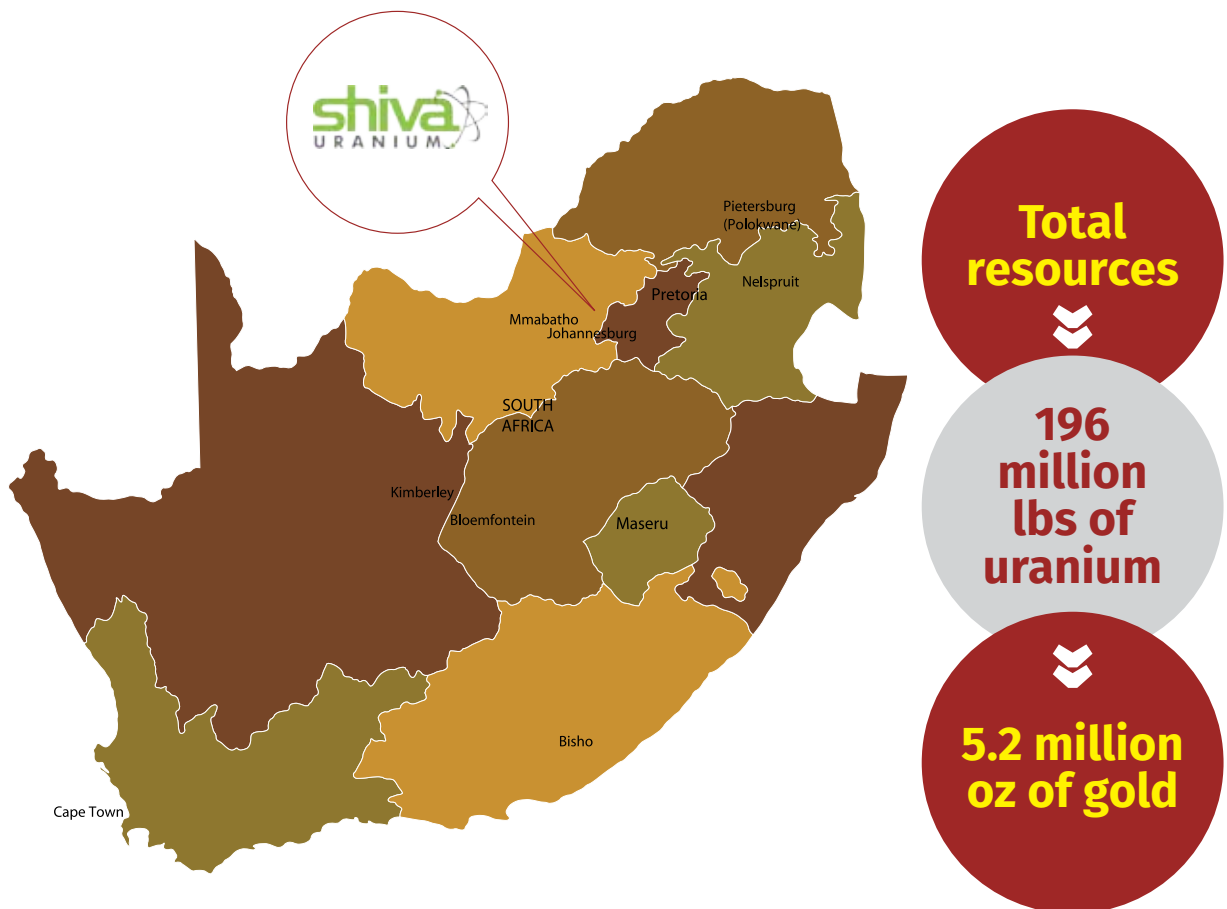
We will pursue our targeted growth responsibly, specifically within the context of the Oakbay Group's mandate to create new jobs in South Africa (across the full group in the long term). In the four years since acquiring Shiva Uranium, and with only gold production at present, Oakbay Resources alone has already created 800 new jobs.

About Shiva Uranium

Shiva Uranium is situated in the Hartbeesfontein District of North West province of South Africa, with total resources of **196 million lbs of uranium and 5.2 million oz of gold**. Its location is firmly within the world-renowned Witwatersrand Basin, specifically mining the Dominion Group and West Rand Group.

The uranium ore bodies are accessed through three decline shafts; while gold mining is performed on an open cast basis. At the mine Shiva Uranium conducts trackless / mechanised mining, track bound mining, breast mining and down-dip mining where applicable. Shiva Uranium also boasts both an onsite primary plant for uranium processing and a secondary gold treatment plant. The uranium plant is the only plant on the continent using reverse pressure leaching for extraction, which enables yields of up to 92% compared to 62-65% for the more standard atmospheric leach plants used by other uranium producers. The plant has historically been commissioned for the beneficiation of uranium to yellow cake stage, with a dedicated production line to further beneficiate the uranium to export stage. Shiva Uranium's total processing capacity for uranium is 250 000 tonnes of ore per month Run-of-Mine. The gold plant is currently processing approximately 65 000 tonnes of gold ore per month Run-of-Mine.

Nuclear Suppliers Group: A multinational body concerned with reducing nuclear proliferation by controlling the export and re-transfer of materials that may be applicable to nuclear weapon development, and by improving safeguards and protection on existing materials.





A brief history of Oakbay Resources and the Shiva Uranium Mine

1886		Gold discovered in Rietkuil
1930		Afrikander Lease is established when three mining companies consolidate into a single one in Rietkuil, South Africa
1953		First uranium processing plant established in South Africa in Rietkuil
1978		Anglo American establishes a second uranium plant near to Rietkuil
1980		Anglo American's uranium project decommissioned as global uranium prices collapse
1997		Anglo American sells its shareholding in Afrikander Lease
2005		Afrikander Lease changes name to Aflase Uranium One forms on the merger of Southern Cross Resources and Aflase
2006		Uranium One commences development of its underground uranium mine
2007		Uranium One starts uranium and gold recovery
2008		Uranium One mines placed on 'care and maintenance' as global uranium prices collapse following the global financial crisis
2010		Oakbay acquires a 74% interest in Uranium One, and renames it Shiva Uranium Shiva Uranium produces first gold ahead of target in August
2011		Shiva Uranium produces 1 tonne of gold in December
2012		Oakbay adds a further 1 450 000 ounces of gold and 26 million lbs uranium to Shiva Uranium's total mineral resources
2014		Oakbay lists on JSE
2015		Oakbay receives a safety commendation from the Department of Mineral Resources in recognition of being fatality free for four years.

OUR ACHIEVEMENTS 2010-2015

2015

2014

Listed on JSE Main Board in 'General Mining' sector in November 2014



Our people

1 000+
strong
workforce

800
new jobs
created since
2010

Zero
incidents of
labour unrest

Fatality free
(4.9 million
fatality-free man hours
or
4 941 fatality-free
shifts)

2010



Since acquiring Shiva Uranium in 2010

- **Successful turnaround** from 'care and maintenance' into a cash generating mining operation employing over 1 000 staff
- Significantly **cut operational costs**
- Employed local and international consultants and service providers for **optimum efficiency and development planning**
- **Refurbished** three underground decline shafts
- **Recommissioned** the gold plant to a milling capability of 1.4million tonnes of ore per annum
- **Invested R40 million** in uranium production (18-ft Velkor Mill)
- **Only uranium plant in Africa to use reverse pressure leaching - scores uranium yields 30% higher** than standard plants of peers worldwide
- Produced **first gold ahead of schedule and more gold in one year than our predecessors in four years**
- **Commissioned bankable feasibility study** for uranium production, to be completed 2016
- Planning for **local and international capital raising** to finance Shiva Uranium's expansion



OUR GROWTH STRATEGY

Strategic objectives	Deliverables	Achievements in FY15	Goals FY16
Short –term (0-1 years)			
Enhance safety environment	<ul style="list-style-type: none"> Increase safety awareness Roll-out additional safety initiatives Entrench hands-on approach to safety/accountability 	<ul style="list-style-type: none"> 4 941 fatality free shifts 4.9 million fatality free man hours Award from the DMR for safety record excellence 	<ul style="list-style-type: none"> Continue to the next goal of 5 000 fatality free shifts Improve LTIFR by 20%
Improve operational efficiency and production profile	<ul style="list-style-type: none"> Increase open cast gold mining efficiency and equipment availability Increase total milled tons Increase total gold production 	<ul style="list-style-type: none"> Open cast efficiency improved from 58% (low) to 92% (high) Milled tons increased by 23% Gold production increased by 10% 	<ul style="list-style-type: none"> Open cast target efficiency of 98% Increase of 25% volume of milled tons Increase of 20% gold production
Access capital markets	<ul style="list-style-type: none"> Listing on JSE 	<ul style="list-style-type: none"> Successfully listed on JSE in November 2014 	<ul style="list-style-type: none"> Increase share liquidity Commence capital raising programme Initiate offtake agreement negotiations (<i>industry norm for major purchasers to secure supply through funding arrangements</i>)
Diversify revenue streams	<ul style="list-style-type: none"> Pursue profitable contract mining opportunities Identify other value-add opportunities 	<ul style="list-style-type: none"> Secured contract mining project 	<ul style="list-style-type: none"> Establish significant revenue stream from contract mining opportunities
Strengthen Mineral Resources and Reserves	<ul style="list-style-type: none"> Commission a bankable feasibility study Increase exploration activity 	<ul style="list-style-type: none"> Scoping assessment for bankable feasibility study 	<ul style="list-style-type: none"> Completion of bankable feasibility study Upgrade of mineral resources and reserves
Mid-term (1-3 years)			
Complete uranium development	<ul style="list-style-type: none"> Complete underground development Re-commission uranium plant Ramp-up of uranium operations to steady state 	<ul style="list-style-type: none"> Approximately R150 million of self funded underground development 	<ul style="list-style-type: none"> Conclusion of capital raising programme 10% increase in self funded underground development
Reposition as a diversified miner of energy resources	<ul style="list-style-type: none"> Diversified revenue streams Value added strategic acquisitions 	<ul style="list-style-type: none"> Formalise strategy to maximise profitability from diversified revenue streams 	<ul style="list-style-type: none"> Identify potential energy-related value added acquisition targets
Encourage further liquidity	<ul style="list-style-type: none"> Strategic issue of further shares for cash / capital raising Stakeholder engagement 		<ul style="list-style-type: none"> Increase share liquidity Commence capital raising programme

Strategic objectives	Deliverables	Achievements in FY15	Goals FY16
Long-term (3-5 years)			
Cement Shiva Uranium's profile as a safe, profitable and sustainable mine	<ul style="list-style-type: none"> • Improve safety record • Add further mineral resources and reserves to resource portfolio • Create 2 000 jobs 	<ul style="list-style-type: none"> • 800 new jobs created 2010-end FY15 • See above 	<ul style="list-style-type: none"> • See above
Anchor Oakbay Resources on the radar of providers of capital	<ul style="list-style-type: none"> • Deliver exceptional returns to providers of capital 	<ul style="list-style-type: none"> • See above 	<ul style="list-style-type: none"> • See above



TOP RISKS

Significant risks to delivering the strategic plan and operational performance, is tabled below, and covers a summary of the exposures and current responses.

Key risk	Why is it important	Current response
Safety	Safety incidents affect employee morale, increase costs, reduce productivity and result in damage to reputation.	Overall, a good safety record with no fatalities in the 2015 financial year and 4 941 fatality free shifts. Effective leadership at all levels with safety being a high priority. Senior management chair a weekly Health and Safety Committee meeting.
Failure to deliver on operational and financial plans	Failure to complete projects on time and within budget will have a negative impact on our reputation, operational performance, future revenues and ability to fund future projects.	The opencast gold mining revenue has increased by 9% in 2015 and the operating loss has decreased significantly from R138 million to an operating profit of R23.8 million. The group milled 791 540 (2014: 576 986) tonnes and realised sales of 13 343 (2014:12 193) ounces of gold. Recent investment in additional milling equipment and related infrastructure will further increase production capacity at the mine.
Development of uranium deposits	Shiva Uranium seeks to undertake a bankable feasibility study and raise capital to fund further development of the uranium asset. This process may be delayed, or we may encounter other issues in executing this objective.	Uranium operations are in the development stage. Management intends to commission a bankable feasibility study on its mineral deposits with a view to raising additional capital in the foreseeable future. The capital will be raised from local and foreign investors. Oakbay Resources should be well placed to take advantage of the upswing in uranium prices.
Volatility in the gold and uranium prices, and foreign exchange rates	Market price for gold and uranium are subject to volatile fluctuations, affecting the profitability of Oakbay Resources' operations and the cash flows generated by those operations. Gold is traded in USD, with operating costs incurred in ZAR, exposing operating results and financial condition to currency risk and upside.	Insights into economic and market conditions utilised to manage the business. Rigorous management of cash and working capital, and a constant focus on cost efficiency.
Labour and trade union stability	Industrial action can disrupt operations, negatively impact profitability and damage relationships with employees.	No days lost to industrial action for 2015. Open communication and transparent relationship with the National Union of Mine Workers (NUM). All employees are covered by a collective bargaining agreement with NUM.
Maintaining legal mineral rights	Non-compliance with the Minerals and Petroleum Resources Development Act, the Mining Charter and environmental, health, safety, social and labour regulations could result in penalties or suspension of mining licences.	Implementation of Oakbay Resources' social and labour plans creates sustainable economic value for local communities. Social and Labour Plan's (SLP's) have been submitted to the Department of Mineral Resources and commitments have been met. 26% BEE ownership in Shiva Uranium.
Operating costs	Mines are subject to high fixed costs. It is therefore essential to contain operational costs as they affect the profitability of the business.	Enhance operational efficiency and manage costs in all areas over which we have control. Maintain optimal labour force.

Key risk	Why is it important	Current response
Reputation capital	Reputation capital resulting from stakeholder perceptions impacts the company's license to operate, employee relations, trade union relations, shareholder support, capital raising and sustainable growth.	Active engagement with employees, trade unions, local communities and investors together, with strong shareholder support.
Theft	Theft of gold bearing ore and illegal mining is difficult to control, disrupts production, causes loss and may expose the mine to third-party liability.	Improve access controls. Increase guarding complements at shafts.
Availability of power, and cost increases	Power stoppages, fluctuations and usage constraints may force Oakbay Resources to halt or curtail operations. Increased cost of power may adversely affect profitability.	Contingency planning to contain the impact of power outages. Implement projects to improve energy efficiency.
Ageing infrastructure	Breakdowns, stoppages and unplanned maintenance due to ageing infrastructure may result in production delays, increased costs and industrial accidents.	Capital expenditure linked to infrastructure risk assessment. Maintenance register and frequent infrastructure inspections.
Environmental and climate change	Environmental impact at operations must be effectively managed to maintain mining licenses and be rated a good corporate citizen.	Strict compliance with relevant environmental legislation, with audits conducted by the National Nuclear Regulator. 100% re-use of water through the return dam system. Shiva Uranium has not received any fines for non-compliance with environmental laws and regulations. All induction and refresher training includes environment training. To reduce energy consumption we pump out of peak times, restrict use of critical machinery during peak times, stop underground fans over weekends and we have installed daylight switch controls for flood lights. We have a 20 year water use license issued in 2006 which is reviewed every five years. Waste is crushed onsite and sold for application in road construction, which results in cost recoveries. No water containing waste from the tailings dam is discharged into the environment.
Nuclear disaster	A nuclear disaster locally or internationally could occur, leading to a change in the appetite and tighter legislation around the use of uranium. The global demand for uranium could be negatively affected.	No such nuclear disasters have occurred recently. The anticipated restart of the Fukushima reactors in Japan this year, after successful safety reviews in addition to construction projects in China and Japan should positively impact the nuclear market.



OUR OPERATING CONTEXT

Macroeconomic

In contrast to the general downturn in the commodities cycle, uranium is presenting a significant growth opportunity due to forecast rising demand resulting from significant nuclear power expansion, particularly in China and India.

Approximately 80% of the uranium market comprises long-term contracts (and is forecasted to remain so), which will secure higher pricing than the uranium spot price. With rising demand for uranium, the spot price is projected to increase significantly to \$66,03/lb by 2017 with contract prices to follow to \$70/lb.

Unlike other mineral investors, potential uranium investors are more forward-looking given the long-term contract scenario, which in turn gives value to “blue sky” exploration potential and not only ore from the ground.

Increasing demand for nuclear power is expected to be a key driver of the uranium price trajectory. Nuclear expansion is being compelled by the expected doubling of global electricity consumption between 2007 and 2030 as well as rising concern about climate change, which is encouraging the use of energy sources with lower carbon emissions (such as uranium). The restart of the Fukushima reactors in Japan this year, after successful safety reviews, as well as current construction projects in China and India, has reignited the market.

Further, as Russian sales of highly enriched uranium come to an end, prices are expected to lift. At present these Russian sales account for 24mlb of an 180mlb total estimated market. Possible US and EU threats of sanction on Russia pose a further threat to Russian supply and a potential boost to the price of uranium.

The outlook for general mineral exports remains negative with flagging macroeconomic growth indicators - weak economic statistics for China and the stagnation of the European economy - weighing heavily on the mining sector, despite the increasing strength of the US economy. In South Africa anticipated economic growth in the short- to medium-term remains challenging. The declining and maligned local mining sector faces its own challenges, with the shadow of labour unrest and the impact of the ongoing power crisis looming.

Where Oakbay fits in

Oakbay Resources, with its considerable mineral resources and world class plant infrastructure, is well positioned to take advantage of the expected rise in global demand for uranium. However, we require additional mining capacity to produce uranium in quantities demanded by long-term contracts, at a viable mining cost. With fundamentals in the uranium market having shifted so rapidly and our banking feasibility study only

recently commissioned, we face the risk of lagging the market upswing.

However, we are progressing well. From 2010 with a mine on ‘care and maintenance’, we have successfully recommissioned the gold mine and treatment plant, refurbished the three underground shafts, introduced open pits, hauled gold and still invested a self-funded R40 million sum into development of uranium production with a new 18-foot Velkor mill.

We have also commissioned a bankable feasibility study on our uranium deposits that will include a comprehensive risk assessment. From this we will develop risk mitigation procedures on a project level.

We will require at least R800 million to R1 billion investment, for optimum uranium production which we intend to raise from both local and foreign investors in 2015/2016. The completion of the feasibility study is expected to strengthen our investment case. We are also addressing a number of identified challenges regarding capital raising. We recognise that we need to target a distinct investor base, which we see as primarily non-local and non-institutional investors, and are implementing an appropriate strategy including communications to manage market perceptions. Further we will enhance awareness amongst South African investors of the commodity uranium and the potential in the global market.

Ensuring our sustainability

Our mandate from the Oakbay Group is to create a significant number of jobs group-wide over the long term.

To date we have created 800 jobs at Shiva Uranium. We are distinguished as the only gold mine in South Africa with zero incident of labour unrest to date. We attribute this to our open and transparent relationship with our majority union, NUM, and recognise that this takes ongoing commitment in order to sustain. (For further details see ‘The people who matter’ page 31 to 33)

Our workforce is key to our success and the safety and well being of our people is of paramount importance. To date we have recorded zero fatalities and strive to maintain this achievement. (For further details see ‘Keeping our people safe and well’ page 38).

Our approach to managing our environmental and social responsibilities is outlined in (‘Caring for the environment’ on page 40).

**According to analysts polled by Bloomberg in July 2014*

ABRIDGED MINERAL RESOURCE STATEMENT

Highlights

Uranium and gold resources

Uranium resources (millions of lbs)



- Inferred 115 million lbs
- Indicated 82 million lbs

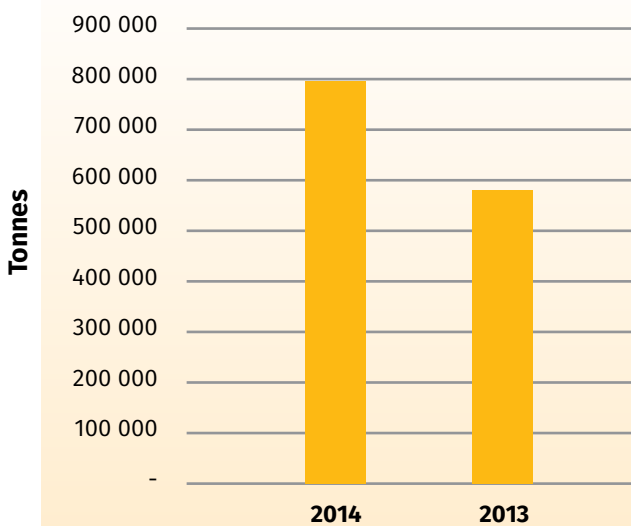
Gold resources (millions of ounces)



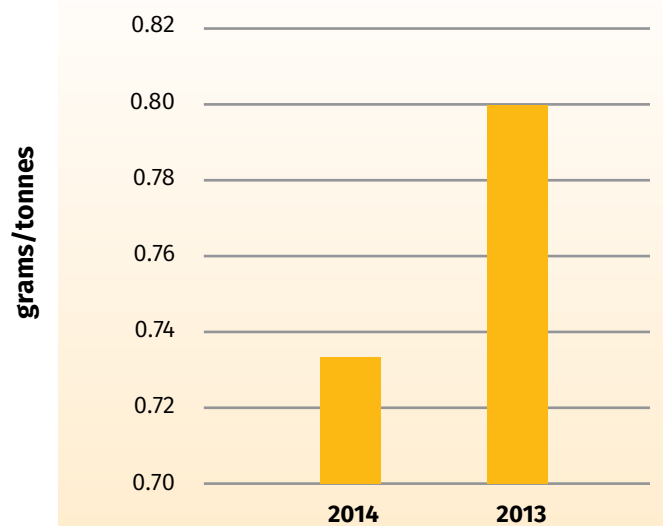
- Inferred 2.7 million oz
- Indicated 2.7 million oz

Production

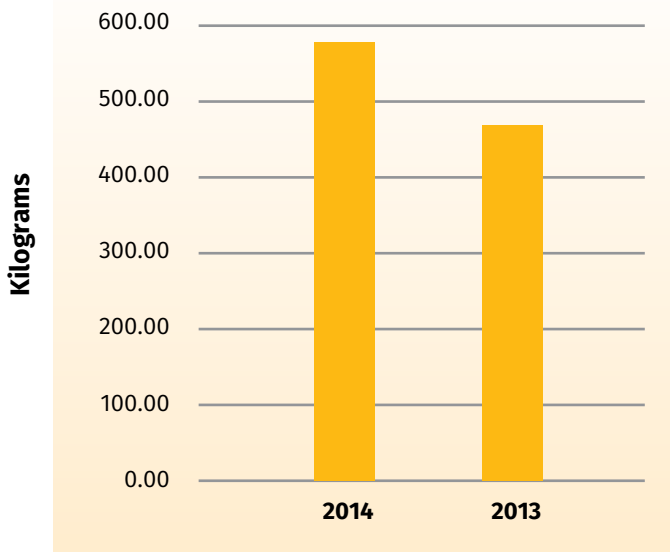
Gold tonnes milled



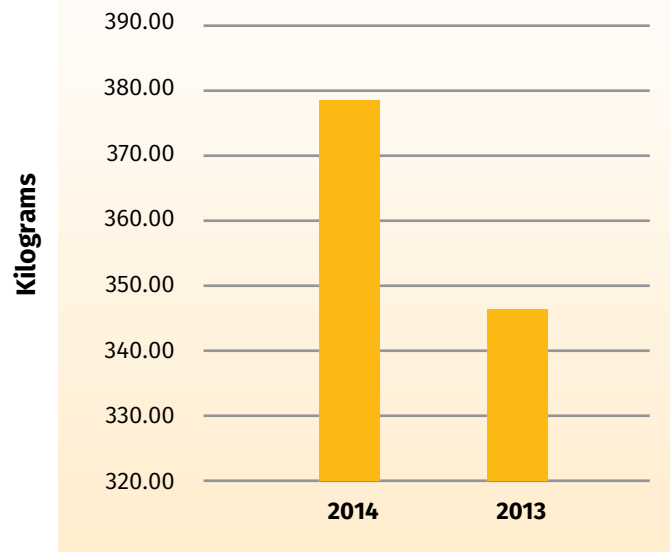
Gold average head grade



Gold kg milled



Gold kg recovered

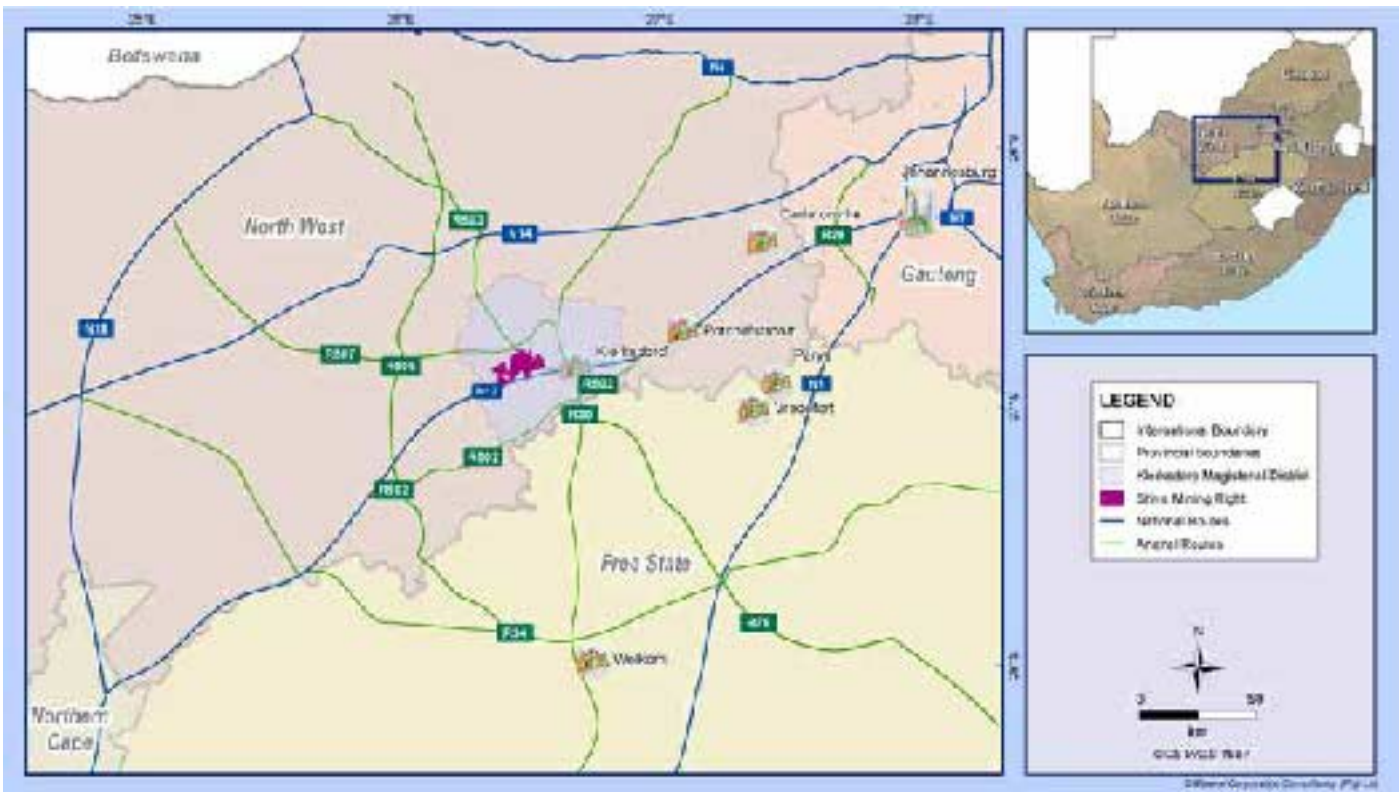


1. Introduction

A review of the group’s mineral resources is set out below. A Competent Person’s Report (“CPR”) covering the mineral resources was issued by The Mineral Corporation in November 2014. A copy of the CPR is available on the company’s website www.oakbay.co.za. Mr. Mark Austin (whose qualifications appear at the end of this report) of Applied Geology and Mining, has independently reviewed the group’s Mineral Resources for compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“SAMREC”), which sets out the internationally recognised procedures and standards for reporting mineral resources and ore/mineral reserves in South Africa. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for reserve and resource reporting for companies listed on the Johannesburg Stock Exchange.

2. Location, mine history, and regional geology

Shiva Uranium Mine is located 165 kilometres southwest of Johannesburg and 30 kilometres northwest of the Klerksdorp Goldfield, and comprises 20 131 hectares of consolidated Mining Rights.



Various mining operations in the area started in 1888 with an eventual consolidation into the Afrikander Lease Limited in 1957. Underground operations closed down in 1964 until the Anglo American Corporation acquisition during the 1970s, who were interested in the uranium resources on the property. In 1997, Anglo sold its shareholding resulting in various ownerships of the mine during the 2000s. In May 2010, Oakbay purchased the property and formed Shiva Uranium. In November 2014 The Mineral Corporation conducted a CPR from which the current resources are based.

Currently Shiva Uranium is mining approximately 65 000 tonnes of ore per month from the Rietkuil Syncline which is being processed at the gold plant. It is also carrying out limited development of about 20m per month at the Rietkuil Shaft Section. The Dominion Section is under care and maintenance.

The Shiva Uranium property hosts the lower portions of the Witwatersrand Supergroup which are represented by the Dominion Group, plus a sliver of the Central Rand Group, which are juxtaposed due to large-scale structural features. This locality marks the northwestern edge of the Witwatersrand Gold Basin.

Shiva has three main production areas:

- a. Dominion Section
- b. Rietkuil Shaft Section
- c. Rietkuil Syncline

the location of which are shown in Figure 1.

Shiva Uranium production sections

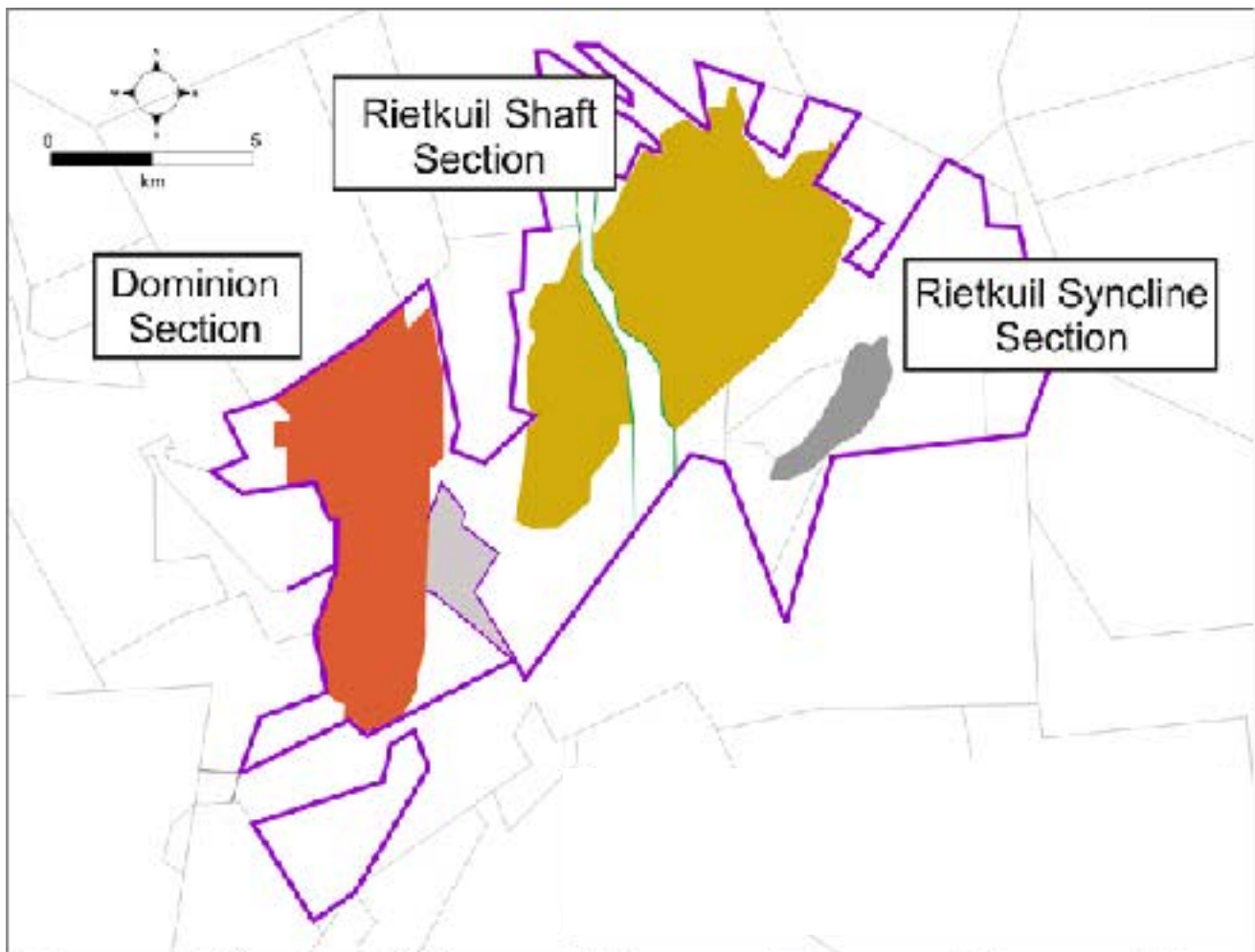


Figure 1 – Location of production sections

The Dominion and Rietkuil Shaft Sections access the Dominion Reef and host both gold and uranium resources. The Rietkuil Syncline is located in the stratigraphically higher Buffelsdoorn Formation, which is situated within the Central Rand Group, and is comprised of a suite of five conglomeratic reefs separated by partially auriferous quartzites. The Rietkuil Syncline production area has previously been mined underground, but more lately by open pit and produces gold only. Figure 2 shows the stratigraphy of the Witwatersrand Supergroup and the positions of the Dominion Reef and the Buffelsdoorn Reef as well as detail of these reefs.

Shiva Uranium Local Stratigraphy

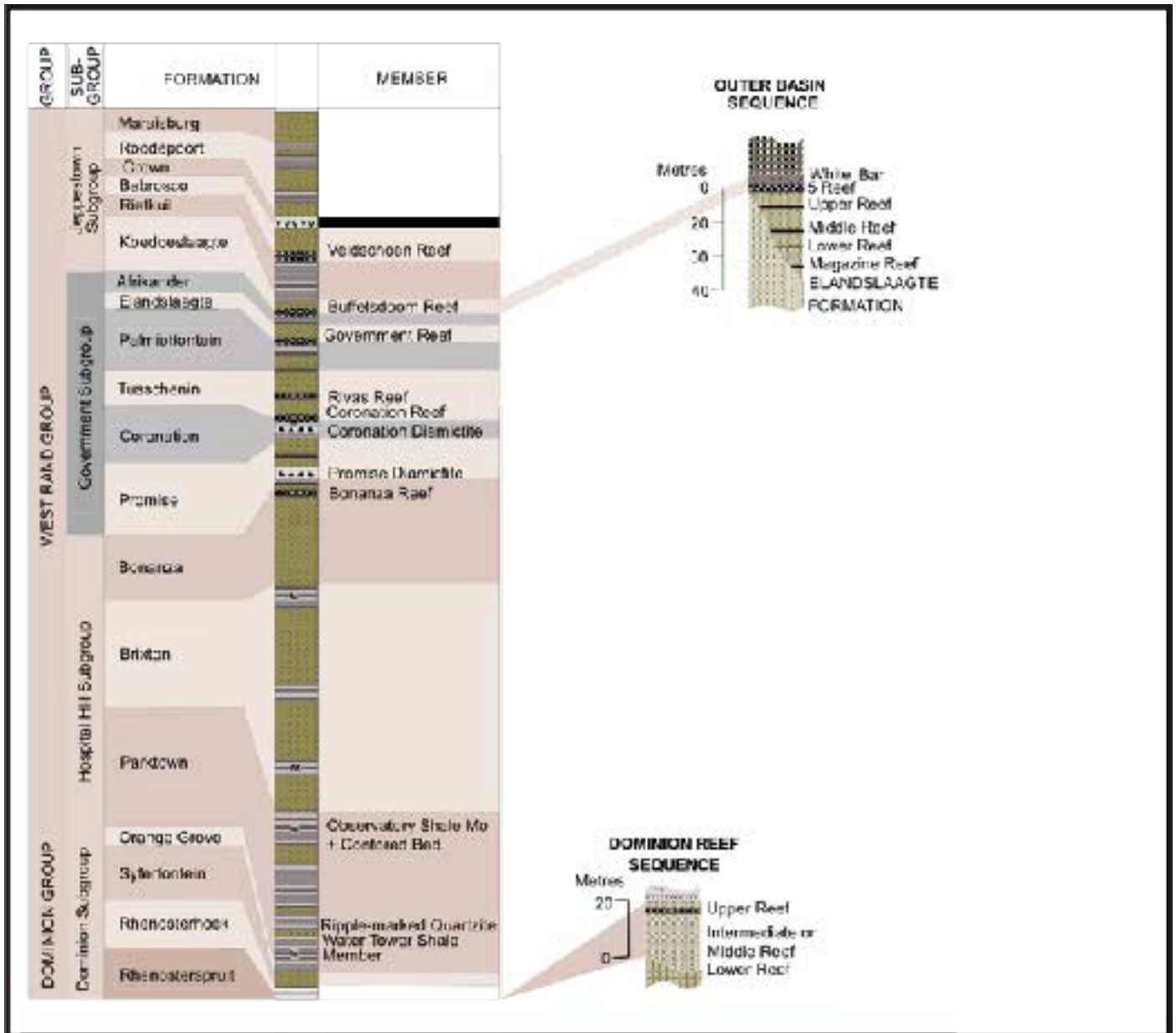


Figure 2 – Mine stratigraphy

The Shiva Uranium area is structurally complex due to the presence of thrusting from the northwest which has thrust the Dominion Reef over the Central Rand Group and has folded the latter into a steep-sided syncline (the Rietkuil Syncline). The Dominion Reef sections are separated by a sympathetic thrust which strikes N-S. The Dominion Reefs dip gently at 20-35° to the south west. Figure 3 depicts a schematic E-W cross-section through the mine which shows the structure of the mine.

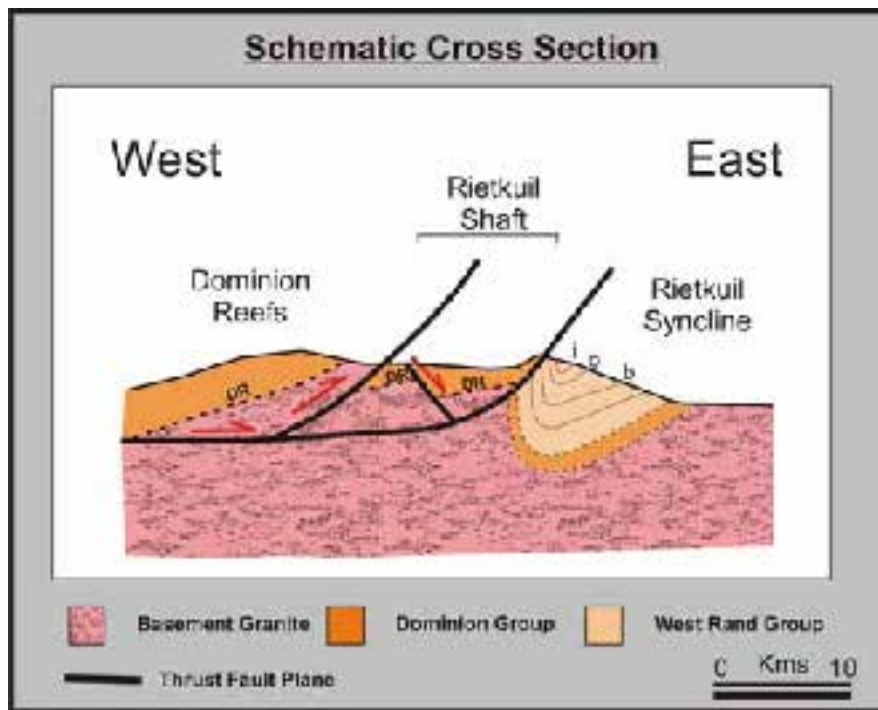


Figure 3 – Schematic cross section through Shiva Uranium Mine

3. Local geology

The Dominion Reef, a package approximately 20m thick, comprises a discrete basal quartz pebble conglomerate (LDOM), ranging from 0.1m to 1m thick, and quartz pebble upper conglomerate (UDOM), rarely more than 2m thick, separated by a quartzitic unit locally termed the Middle Reef. This latter unit has occasional auriferous lenses of conglomerate developed. Both the LDOM and the UDOM are mineralised with gold and uranium.

The Dominion Reef lies directly on a granitic footwall which displays undulating topography. This topography has created palaeotopographic highs and lows which have affected the depositional extent of the LDOM. In some cases the LDOM is only present in topographic lows and is separated by topographic highs where there is no conglomerate developed. The LDOM and the overlying Middle Reefs have filled in the depressions and thus the UDOM is present as a blanket of conglomerate not actually affected by the underlying topography. Figure 4 depicts the relationship of the LDOM, UDOM, and the topography. The current resource reflects this relationship.

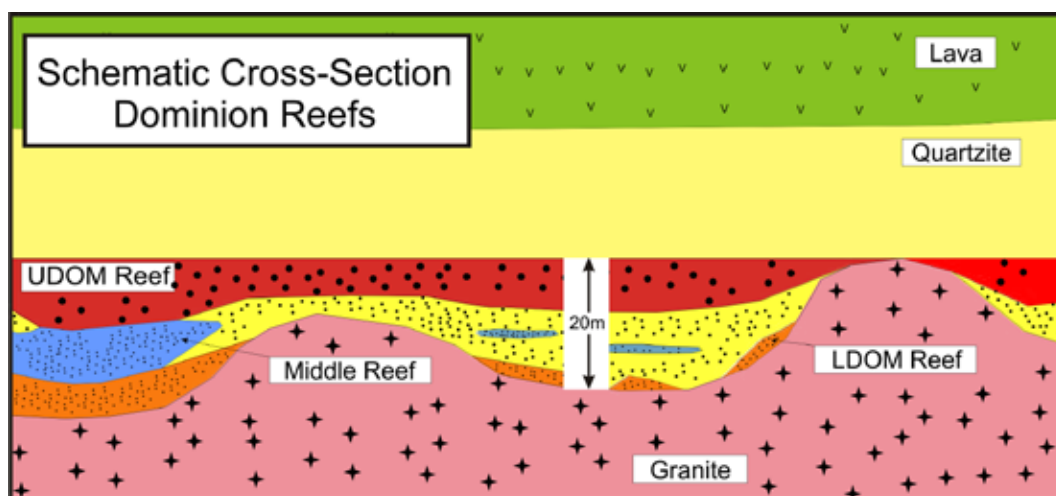


Figure 4 – Schematic section through the Dominion Reef



The Rietkuil Syncline is an asymmetrical syncline opening to the east and gently plunging to the southwest. Within the syncline the Buffelsdoorn Reef package has been separated into the Inner Basin and the Outer Basin Reefs, which combine to form a 40m thick package of quartz pebble conglomerates interbedded with occasionally auriferous quartzites. As shown in Figure 2 the Buffelsdoorn Reef lies at the base of the Jeppestown Shale Formation on an unconformity. The lowermost reef is the Magazine Reef which comprises a quartz pebble reef up to 8m thick and has been mined on a limited basis. The major auriferous reefs are the Lower, Middle, Upper, and the five Reefs which are separated by occasionally auriferous quartzites.

4. Mineral resources

4.1. Previous work

In 2005, a resource estimation, audited by SRK Consulting, was declared for previous owners Alease Gold and Uranium Resources Limited. In November 2009, a resource estimation for the Dominion Reefs only was undertaken by Deiss as part of a Technical Report in support of a mining feasibility commissioned by Oakbay Investment Proprietary Limited.

4.2. Uranium (Dominion Section and Rietkuil Shaft Section)

Only the LDOM and the UDOM have been considered for the uranium resource calculation.

As a result of the lack of accurate records regarding QA/QC, the Mineral Corporation selected to exclude the historical underground chip sampling in its calculation of the resources. The data that the Mineral Corporation regarded as dependable and had verifiable QAQC and sampling protocols was the borehole data from the 2004 Anglo American Corporation (AAC) exploration drilling programme and the subsequent Uranium One Inc. drill programme. The Mineral Corporation concluded that a lack of verifiable records precluded the declaration of a Measured Resource thus resulting in Indicated and Inferred being the resource categories reported.

In its database validation, the Mineral Corporation chose four methods to identify any data capture errors resulting in a meticulous selection of boreholes for the evaluation process. In some cases, boreholes excluded for evaluation were used in the structural interpretation and domain selection i.e. intersections that were faulted etc.

It was verified by the author that the purpose built core yard housing the exploration core was of very good quality, the core boxes being staked well, the core suitably labelled and referenced. The Mineral Corporation were also diligent in verifying the borehole logging. The data control and retrieval was also adequately covered by the Competent Person. Borehole collar positions were checked on site and the downhole survey techniques considered suitable and recorded correctly.

The QAQC of the data was thoroughly checked by the Mineral Corporation.

Although no density measurements were recorded, the measurements specified by Deiss (2009) have been considered to be of a rigorous nature and consistent with other Witwatersrand operations and thus taken as appropriate and suitable for reporting Indicated resources.

The Mineral Corporation has included an assessment of the structural data using the mine plans plus data from a seismic survey as well as confirmation by the Shiva geological staff. It has been noted that palaeotopographic highs (see Figure 4) limit the development of the LDOM and, in the absence of any better information, the highs are determined by the borehole intersections. The resource has honoured the limited extent of the LDOM by only including the LDOM where it is developed in boreholes. There is limited data from the mined out areas as to the extent and effect of the palaeo-highs and therefore the resource has not made any assumptions as to the distribution but rather taken verifiable data only.

The resources declared are to a maximum depth of 1400m BS with a maximum extrapolation of 1000m from the last data point, which was based on data spacing and variogram ranges, but also supported by data outside of the range.

Data manipulation included data compositing, with a minimum width of 100cms. The data indicates that the LDOM is bottom-loaded with respect to $U^{3}O^{8}$ and Au, so a maximum width of 160 cms from the bottom contact has been used. The UDOM is conversely top loaded so the maximum width is calculated from top contact downwards – this is realistic and reflects local mining conditions. Dip correction was applied as was top cutting to remove value outliers.

Geological losses were measured from both plans for major faults and intrusions and topographic highs were as indicated by boreholes. In addition, implicit losses were also included as indicated by pillar lines against minor faults. A loss of 6% was assumed for the Dominion Section and 14% for the Rietkuil Section.

Where data was densely packed a block size of 250m x 250m was used and 500m x 500m for areas of sparse data points.

Ordinary kriging was used as the estimation technique.

Mineral continuity has been demonstrated by the borehole data, stratigraphic correlation, data distribution, and geostatistical parameters. The $U^{3}O^{8}$ displayed good continuity with ranges up to 2000m and the Au with ranges up to 500m.

Two geostatistical domains were applied for the uranium resource (Dominion Section and Rietkuil Section) and four domains for the gold resource.

The SAMREC compliant mineral resources for the Dominion and Rietkuil Shaft Sections are declared by the Mineral Corporation in November 2014 are as follows:

Mineral Resource Classification		Cut-off U ³ O ⁸ (g/t)	Density (t/m ³)	Tonnes (Mt)	Thickness (m)	Grade U ³ O ⁸ (g/t)	Content U ³ O ⁸ (Mlbs)	Grade Au (g/t)	Content Au (Moz)
Indicated	Rietkuil Upper Reef	250	2.75	62.26	1.42	482	66.142	0.58	1.16
	Rietkuil Lower Reef	250	2.72	11.24	1.08	402	9.964	0.5	0.179
	Dominion Upper Reef	200	2.75	28.59	1.39	379	23.867	0.61	0.558
	Dominion Lower Reef	250	2.72	16.03	1.16	428	15.139	0.42	0.217
	Sub total Indicated Resources	238	2.74	118.11	1.34	442	115.112	0.56	2.115
Inferred	Rietkuil Upper Reef	200	2.75	47.56	1.39	423	44.383	0.6	0.923
	Rietkuil Lower Reef	300	2.72	15.66	1.38	389	13.442	0.63	0.316
	Dominion Upper Reef	325	2.75	26.55	1.42	392	22.922	0.55	0.472
	Dominion Lower Reef	425	2.72	1.04	1.09	471	1.076	0.31	0.01
	Sub total Inferred Resources	256	2.74	90.81	1.39	409	81.822	0.59	1.721
Total Mineral Resources		246	2.74	208.92	1.36	428	196.934	0.57	3.836

4.3. Gold (Rietkuil Syncline)

The resource for the Rietkuil Syncline has been calculated per reef plus the 5Q (quartzite) as standalone and the other quartzites have been combined – see Figure 2 for stratigraphic reference.

The resource estimation is for gold only.

AAC mined the syncline as an underground operation as well as doing some exploration drilling. The Mineral Corporation have adjudged this data as being relevant and applicable for use in the resource calculation. In addition the exploration drilling by Uranium One Inc. and the in-pit sampling done by Shiva has also been included.

The Mineral Corporation performed the same validation procedures on the Rietkuil Syncline data as they did on the Dominion Reef data. For example, for each dataset all boreholes were scrutinized for location, logging, and sampling and those not passing all necessary criteria were excluded. In addition the QA/QC data was analyzed with CRM plots and retesting of pulp material. The Shiva sampling methodology and accuracy was checked on-site with sample sections being located by differential GPS and the chip sampling honouring the Storer methodology used by South Africa's gold mining industry as the de facto standard.

During the course of mining the Shiva geologists may pick up gold values in the quartzites intermediate to the conglomerate

horizons. Because of this a resource has been compiled to include the quartzites as a separate entity.

The structural model is supported by the AAC underground mapping and is thus considered to be superior to a model compiled from borehole data alone. Fault losses were considered but not included into the resource and are considered to be small.

The data for the conglomerate units was composited over the full reef unit length and that of the quartzite into 1m units.

The 'payshoot' direction for all the units showed a strong NW – SE direction.

Due to the paucity of information generally, each horizon was assigned one domain.

The lack of high values dictated that top capping was unnecessary.

Ordinary kriging using Datamine software was used to produce 100m x 100m blocks with data ranges varying from 50m for the Upper and Middle Reef to 200m for the 5 Reef. All resource blocks are to a maximum of 75m below surface. Only Indicated and Inferred resources with kriging efficiency used as the primary indicator of confidence but with other parameters being considered, such as geological confidence, QA/QC etc.



The resource declared by Mineral Corporation November 2014 is shown below in Figure 6:

Gold Resource Estimation - Mineral Corporation 2014					
Classification	Unit	Tonnage (Mt)	Density (t/m3)	Grade (g/t)	Au (Moz)
Indicated	Quartzite	11.84	2.75	1.03	0.391
	5Q	0.91	2.78	0.72	0.021
	Reef 5	0.18	2.78	3.74	0.021
	Upper Reef	0.09	2.78	0.86	0.002
	Middle Reef	0.10	2.78	1.73	0.006
	Lower Reef	1.23	2.78	1.56	0.062
	Magazine Reef	1.06	2.78	0.70	0.024
	Sub-total	15.41	2.76	1.06	0.527
Inferred	Quartzite	22.17	2.75	0.68	0.481
	5Q	2.36	2.78	0.51	0.039
	Reef 5	2.03	2.78	2.00	0.130
	Upper Reef	2.41	2.78	0.82	0.064
	Middle Reef	1.39	2.78	1.14	0.051
	Lower Reef	1.43	2.78	1.07	0.049
	Magazine Reef	4.14	2.78	0.64	0.086
	Sub-total	35.94	2.76	0.78	0.900
Total		51.35	2.76	0.86	1.427

Figure 6 - Rietkuil Syncline Resource as at November 2014

4.4. Depletions

Since November 2014, when the resource statement was declared, Shiva have been mining from the Rietkuil Syncline. The following table quantifies the production as from December 2014 to end February 2015:

Gold Resource Depletion - December 2014 – February 2015					
Classification	Unit	Tonnes (Mt)	Density (t/m3)	Grade (g/t)	Au (Moz)
Indicated	Quartzite	0.080	2.75	1.26	0.0033
	5Q	0.001	2.78	0.90	0.0001
	Reef 5	0.006	2.78	0.81	0.0002
	Upper Reef	-	-	-	0.0000
	Middle Reef	-	-	-	0.0000
	Lower Reef	-	-	-	0.0000
	Magazine Reef	-	-	-	0.0000
	Sub-total	0.088		1.22	0.0036
Inferred	Quartzite	-	-	-	0.0000
	5Q	-	-	-	0.0000
	Reef 5	-	-	-	0.0000
	Upper Reef	0.058	2.78	1.10	0.0024
	Middle Reef	0.004	2.78	1.05	0.0001
	Lower Reef	-	-	-	0.0000
	Magazine Reef	-	-	-	0.0000
	Sub-total	0.062		1.10	0.0026
Total		0.149		1.17	0.0062

Figure 7 – Ore Depletions December 2014 to end February 2015

Figure 8 shows the current resource after mining depletions since December 2014.

Gold Resource - March 2015					
Classification	Unit	Tonnage (Mt)	Density (t/m ³)	Grade (g/t)	Au (Moz)
Indicated	Quartzite	11.76	2.75	1.03	0.389
	5Q	0.91	2.78	0.72	0.021
	Reef 5	0.17	2.78	3.84	0.021
	Upper Reef	0.09	2.78	0.86	0.002
	Middle Reef	0.10	2.78	1.73	0.006
	Lower Reef	1.23	2.78	1.56	0.062
	Magazine Reef	1.06	2.78	0.70	0.024
	Sub-total	15.32	2.76	1.06	0.525
Inferred	Quartzite	22.17	2.75	0.68	0.485
	5Q	2.36	2.78	0.51	0.039
	Reef 5	2.03	2.78	2.00	0.131
	Upper Reef	2.35	2.78	0.81	0.061
	Middle Reef	1.39	2.78	1.14	0.051
	Lower Reef	1.43	2.78	1.07	0.049
	Magazine Reef	4.14	2.78	0.64	0.085
	Sub-total	35.87	2.76	0.78	0.901
Total		51.19	2.76	0.86	1.426

Figure 8 - Depleted Rietkuil Syncline Resource as of end February 2015

4.5. Total Resources

The total Shiva Uranium (Pty) Ltd resource (gold and uranium) as at end February 2015, is as follows:

Mineral Resource Classification		Cut-off U ³ O ⁸ (g/t)	Density (t/m ³)	Tonnes (Mt)	Thickness (m)	Grade U ³ O ⁸ (g/t)	Content U ³ O ⁸ (Mlbs)	Grade Au (g/t)	Content Au (Moz)
Indicated	Rietkuil Upper Reef	250	2.75	62.26	1.42	482	66.142	0.58	1.16
	Rietkuil Lower Reef	250	2.72	11.24	1.08	402	9.964	0.5	0.179
	Dominion Upper Reef	200	2.75	28.59	1.39	379	23.867	0.61	0.558
	Dominion Lower Reef	250	2.72	16.03	1.16	428	15.139	0.42	0.217
	Rietkuil Syncline	>0.4g/t Au	2.76	15.32	-	-	-	1.07	0.525
	Sub total Indicated Resources		238	2.75	133.44	1.34	442	115.112	0.62
Inferred	Rietkuil Upper Reef	200	2.75	47.56	1.39	423	44.383	0.6	0.923
	Rietkuil Lower Reef	300	2.72	15.66	1.38	389	13.442	0.63	0.316
	Dominion Upper Reef	325	2.75	26.55	1.42	392	22.922	0.55	0.472
	Dominion Lower Reef	425	2.72	1.04	1.09	471	1.076	0.31	0.01
	Rietkuil Syncline	>0.4g/t Au	2.76	35.87	-	-	-	0.78	0.901
	Sub total Inferred Resources		256	2.75	126.68	1.39	409	81.822	0.64
Total Mineral Resources		246	2.75	260.12	1.36	428	196.934	0.63	5.261

Figure 9 – Ore Resources for Shiva Uranium (Pty) Ltd as of end February 2015



5. RISK ASSESSMENT

5.1. Background

Mineral projects, by their nature, possess a certain degree of operational, political, economic and other risks, some of which may have the potential to detract from the project plans. What is critical is that the project owners be aware of the risks and develop appropriate risk mitigation measures.

The Mineral Corporation identified potential risks to the uranium and gold projects at Shiva, and these are described below. It is understood that Shiva is aware of these risks and is planning to complete a feasibility study within which it plans to undertake a comprehensive risk assessment as well as develop risk mitigation procedures for the projects.

5.2. Tenure

No immediate risks to tenure have been identified in the review. However, in order for Shiva to comply with the MPRDA, it will need to update and report changes where applicable, particularly but not limited to the SLPs and EMPs. At the date of this report, this process is currently underway as a result of subsequent requirements (as stipulated by the DMR) arising from the ongoing Section 102 application.

The Minister of Mineral Resources has indicated that uranium may become a “strategic” mineral due to its energy related attributes, but it is not known how this could affect the project development if this circumstance was to occur.

5.3. Environmental

Inconsistencies between the existing and planned future mining operations and those described within the approved EIA and EMP have been identified, the most significant of which being the opencast gold mining activities on 400MR and 401MR. A Section 102 application to the DMR requesting the consolidation of all the company’s mining and prospecting rights in the area, has been acknowledged by the DMR on 18 February 2015. The DMR, as per normal procedure, further required “an addendum to the approved Environmental Management Programme (EMP), which caters for the additional properties”, as well as the opencast gold mining activities on 400MR and 401MR which is currently ongoing. The update of the EMP is in process and will soon be submitted to the DMR to conform to the application’s total requirements. The necessary Section 55 (2) reports have not been submitted to the DMR as a result of the Section 102 process.

To this end, the company has also instructed its environmental consultants to perform a full environmental assessment and management programme audit. This has also been recently completed and the “gaps” thus identified are currently being attended to.

The WUL was issued for the water uses at the mine in 2006 (License No. 23011606/11) and pertained largely to activities undertaken in terms of the underground uranium mining, processing, residue handling and water management thereof, as described above. As mining activities progressed, a number of additional water uses are being undertaken in terms of the gold mining activities within the 400MR/401MR section, which are not contemplated in the existing WUL. To address

this, meetings were already held with senior officials from the Department of Water Affairs, Bloemfontein and the complete update of the WUL is currently in process.

The environmental risks are mostly considered to be related to compliance issues that may invoke delays to development of the project or production with knock-on effects to revenues and costs.

5.4. Geology and Mineral Resources

Geological data that has been used for the estimation of Mineral Resources for Shiva was generated from several exploration campaigns and historical mining. There are issues with regards to the quality of the assay data, which has precluded the reporting of Measured Mineral Resources in areas where there is not sufficiently high confidence in the geological and structural models. Furthermore, the use of assumed densities for tonnage estimation has also precluded the reporting of Measured Mineral Resources. Accordingly, the available Mineral Resources at Shiva can only be converted to Probable Mineral Reserves. The Mineral Corporation is of the view that additional work in respect of drilling, sampling and assaying and density determinations will be required to address these issues. Shiva is aware of these data quality issues and is currently exploring mitigation measures to improve the quality of the data.

5.5. Plant and ore processing

Mineralogical and metallurgical test work completed at Shiva formed the basis for the existing uranium ore processing plant designs and process routes. There is a variation of the plant design from conventional plants employed to treat Witwatersrand uranium ores, which relates to the inclusion of autoclave units. The plant is in good mechanical condition. However, it has not been in operation for sufficient time by the previous owners to allow for the optimisation of throughputs, metal recoveries, reagents mix and recoveries. As a result, there are uncertainties regarding these aspects, which may result in the requirement to reconfigure the plant design, particularly the replacement of autoclave units with pressure leach tanks, if it fails to achieve design targets. While this does not represent a fatal flaw in the design, the reconfiguration may require significant capital expenditure. Furthermore, the plant is a high-technology plant, requiring appropriately skilled personnel to run it, which may not be readily available to Shiva. This can be mitigated by upgrading the skills of the current metallurgists at the mine.

In respect of the gold ore processing plant, the crushing unit and steel works are not in a good mechanical condition. Refurbishment of the plant infrastructure, which may require significant capital expenditure, will be required if the plant is to be run at its nameplate production capacity of 120ktpm.

5.6. Mining

There are uncertainties regarding the quantity of groundwater and the costs of pumping water from underground excavations. It is understood that these uncertainties will be dealt with in detail in the envisaged feasibility study.

There is a national shortage of electricity supply by ESKOM and this may impact Shiva’s plans to commence production.

5.7. Marketing

Most U³O₈ is traded through long-term bilateral agreements between mining companies and nuclear power utilities seeking security of supply. Following the Fukushima nuclear disaster, the spot prices of U³O₈ have dropped 51% to near industry breakeven prices. Accordingly, the success of the uranium project at Shiva could be tied to Shiva's ability to secure offtake arrangements with end users for long term supplies, which tend to offer better prices that can provide sufficient headroom over costs.

6. Production for the year

Key production statistics for the year are set below for gold production. No uranium production took place during the year under review.

	2014	2013	% Change
Tons milled	791 540	576 986	37%
Average head grade	0.73	0.80	-8%
Kg Au milled	571.20	463.02	23%
Kg Au recovered	378.82	345.67	10%

7. Exploration activities

Since Shiva took ownership of the project in 2010 it has spent significant amounts on underground development, underground drilling and surface drilling as contained in the table below:

Item	Amount (metres)	Cost (R'm)
Underground development	7 797	19.620
Underground drilling	3 429	2.150
Surface drilling	25 827	22.044
Total	37 053	43.814

Limited exploration activity was undertaken during the year under review, with a total expenditure for the year ended 28 February 2015 of R1.9 million mainly on slimes prospects located on the Shiva property. Exploration results are still in the process of being reviewed at the date of this report.

8. Potential additional targets

There is considerable potential to expand the current resource. The following areas are considered to be prospectable:

- The Dominion Reef outside of the current resource areas i.e. to the west
- Middle Reef in the Dominion and Rietkuil sections
- Bonanza Reef which lies below the Buffelsdoorn Reefs and has been located outside of the limits of the Rietkuil Syncline.

9. Legal entitlement - prospecting and surface rights

The group has legal entitlement to the minerals reported on and as at the date of the issue of the Integrated Report, the company was not aware of any impediments thereto.

Prospecting rights

Shiva is the holder of eleven prospecting rights granted in terms of section 17(1) of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) as amended ("MPRDA"). These rights were renewed in terms of section 18(3) of the MPRDA for a period of three (3) years and expired in March 2012. However, prior to their expiry in March 2012, these rights formed part of a

consolidation (via a Section 102 application – see below) with the company's mining rights.

Section 102 Application

An application in terms of Section 102 of the MPRDA was submitted to the South African Department of Mineral Resources ("DMR") on 29 March 2012, requesting consent from the minister to consolidate Mining Rights 400MR and 401MR, along with prospecting rights NW 30/5/1/1/2/928PR, 929PR, 930PR, 932PR, 934PR, 935PR, 936PR, 938PR, 940PR, 941PR and 1044PR into the NW 30/5/1/2/228MR mining right. Included in the Section 102 application was the standardisation of the minerals to be "gold ore and allied minerals, uranium ore and allied minerals, rare earths and monazite ("heavy minerals")".

Consent from the Minister has yet to be provided in terms of the Section 102 application, as the application is currently being processed by the DMR. The company recently received a letter dated 18 February 2015 from the DMR; which acknowledged the Section 102 application. Shareholders will be further advised in the future as to the ongoing progress of the Section 102 application.

Surface rights

Surface right ownership over the mining area (including MR228, MR400 and MR401) is held by Uranium One, the State, and privately. Portion 60 of the Farm Rietkuil 397 (situated in MR400) is held by Suvuka Mining. However, this does not impact on the area being mined. Uranium One is the holder of surface rights where opencast mining is taking place on MR400 and MR401.

10. Legal proceedings or other material conditions that may impact mining or exploration activities

As at the date of issue of the Integrated Report, the directors of Oakbay were not aware of any legal proceedings or other material conditions that may impact the mining or exploration activities of the group.

11. Summary of environmental management and funding

Oakbay's long-term obligations are based on environmental plans, in compliance with current environmental and regulatory requirements. The group provides for decommissioning and restoration liabilities based on an annual measurement conducted by independent specialists using latest available information. The balance of these liabilities is presented on page (95) of the annual financial statements. The group contributes toward a rehabilitation fund, managed by Guardrisk, the details of which appear on page (90) of the annual financial statements.

12. Declaration

The company confirms that the Lead Competent Person, Mr. Mark Austin, SACNASP registration number 400235/06 and employed by Applied Geology and Mining (Pty) Ltd., 4a Coombe Place, Rivonia, Johannesburg, South Africa has 34 years' experience as a geologist, including 15 years directly involved with the geology and economic assessment of the Witwatersrand geology. The company also declares that he visited the mine site on 13 and 14 April 2015.

Mr. Mark Austin hereby gives his consent for extracts of his report to be included in Oakbay Resources and Energy Limited Integrated Report in the form and context in which it is intended.



THE PEOPLE WHO MATTER

KEY STAKEHOLDERS

Accountability is a core Oakbay Resources value, and proper and proactive stakeholder engagement is critical for corporate accountability. We have therefore identified key stakeholder groups who may impact on or be impacted by our business strategy. To be a profitable and sustainable business we must have mutually beneficial and sustainable relationships with our various stakeholders, and understand and meet their needs where possible.



External

Shareholders: Sustainability, profitability, ROI (share price & dividends), cash generation, corporate governance and compliance, risk management, growth prospects, accessibility of leadership, succession and the uranium market

Funders: Solvency and liquidity, capital management, sustainability, credit rating

Contractors and suppliers: Timeous payment, fair business practices

Customers: Reliability, security of supply

Government, regulators and industry bodies: Employment equity, environmental impact, taxation, compliance, adherence to the JSE Listings Requirements and company legislation

Local communities: Job creation, impact on the communities and environment

Internal

Employees and contractors: Job security, sustainability, skills development, remuneration and incentives, working conditions and safety

Issues raised in 2015

- Job creation
- Socio-economic development
- Good governance practices

OUR PEOPLE

Highlights so far



Job creation

We are proud to be helping achieve the Oakbay Group's mandate to create a significant number of jobs group-wide over the long term. Since acquiring Shiva Uranium in 2010, Oakbay Resources has employed 800 new staff to take total number of employees to over 1 000. We are looking to further employ a significant number of employees in the years ahead as Shiva Uranium expands. In the year under review, we created 23 new permanent jobs despite the uranium mining operation essentially being in a development phase.

Permanent jobs created FY 15

Jobs created	No.
Admin assistant	3
Boilermaker	6
Chief surveyor	1
Diesel mechanic	2
Electrician	1
Eng foreman	1
Fitter	1
Furnace room supervisor	1
HR officer	1
Met foreman	1
Metallurgist trainee	1
Personal assistant	1
Receptionist	1
Shift foreman	1
Trackless foreman	1
Total	23



As Shiva Uranium is surrounded by larger mines, the workforce is typically quite fluid and it can be difficult at times to retain staff. However, our overall track record in this regard is encouraging. A certain percentage of the insignificant staff turnover can also be attributed to dismissals as a result of misconduct.

At Oakbay Resources we promote family values, which includes making possible that our employees live with their families. Local communities are therefore targeted for employment and skills training is provided to upskill residents. During recruitment, potential candidates are closely scrutinised and their residential addresses verified in conjunction with the local municipality and the Department of Labour to ensure they are local. Full time employees are members of a provident fund that includes funeral cover for immediate family members. The company also encourages employees to take family responsibility leave where necessary and attend to family needs.

Temporary jobs are created on an ongoing basis, which further assists in reducing unemployment in local communities.

Workforce snapshot

We are committed to equal opportunity and in particular promote the employment of women at the mine.

Top management	2	Permanent Gauteng & North West	SA : 1 Foreign: 1
Senior management	5	Permanent Gauteng & North West	SA : 5 Foreign: 0
Middle management	6	Permanent North West	SA : 6 Foreign: 0
Junior management	106	Permanent Free State & North West	SA : 106 Foreign: 0
Semi-skilled and discretionary decision making	37	Permanent North West, N. Cape and Free State	SA : 37 Foreign: 0
Unskilled and defined decision making	52	Permanent North West	SA : 52 Foreign: 0

Representation of HDSA (%)	2015	2014
Senior management	20%	20%
Middle management	66.6%	66.6%
Junior management	36%	36%
Representation of women		
Women employed at mine	26%	25%

Labour relations

Our Manager of Human Resources and Transformation, Joseph Mtshali, is responsible for employee relations and has been instrumental in ensuring we are one of the only gold mines in South Africa to have had zero incidents of labour unrest in past few years.

The group supports every employee's right to belong to a union and demonstrates this through an open and transparent relationship with NUM, the only union with an official membership on the mine. Management and the union hold monthly formal meetings as well as engage daily in informal interactions.

All employees are covered by a collective bargaining agreement between management and NUM.

There are disciplinary and grievance policies in place that were formulated in consultation with NUM. The disciplinary policy allows for management to implement behavioural correctness, counselling, and various stages of written warnings culminating in dismissal. The grievance policy promotes the protection of employees from ill treatment by colleagues or seniors. Both policies are communicated to employees during induction at the Shiva Uranium training centre.

Oakbay does not tolerate any form of discrimination. We expect all our employees and associates to respect that people have different backgrounds, beliefs and cultures. When recruiting and promoting, we try as far as possible to be fair, balancing this with our obligation to address the imbalances of the past.

No incidents of discrimination were reported on during the year.

Skills development

The skills development focus during the year was on practical on-the-job training (given our financial constraint with part of the mine remaining under 'care and maintenance'). Oakbay Resources invested R3.1 million, averaging 120 hours of training per employee. This is in line with previous years.

Shiva Uranium has a well-equipped onsite training centre that provides courses in line with the Mining Qualification Authority (MQA). An accredited training provider is appointed with qualified instructors to run these programmes.

22 people received trackless machines training, of which 20 graduated successfully. Four people received scaffolding training, all of whom passed as specialist scaffolding erectors and inspectors. This course focused on building scaffolding and declaring it safe to use.

We also provided learnerships for 12 employees in the electrical trade and boiler making as well as an apprenticeship programme. In addition we have provided training and qualification for 25 electricians. They were also provided practical experience to ensure their future employability.

ADDING VALUE

VALUE ADDED STATEMENT

In thousands of Rands	2015	%	2014	%
Turnover & other income	180 066		159 164	
Net cost of products & services (note 2)	(97 914)		(221 686)	
Value Added	82 152		(62 523)	
Add income from investments & associates	56 519		53 121	
Wealth Created	138 670		(9 402)	
Applied to:				
Employees				
Salaries, wages & benefits	72 108	52%	73 220	-779%
Providers of capital				
Interest on borrowings	68 685	50%	83 553	-889%
Dividends & capital distributions to non-controlling interests	-	0%	-	0%
Dividends to ordinary share Holders	-	0%	-	0%
Government				
Taxation (note 1)	3 169	2%	1 861	-20%
Retained in the group	(5 291)	-4%	(168 036)	1787%
	138 670	100%	(9 402)	100%
Note 1				
Income taxation (excluding deferred tax)	-		-	
Skill development levies	452		427	
Rates & taxes paid to local authorities	999		678	
Royalty tax	1,718		756	
Gross contribution to government	3 169		1 861	
Payments to government exclude:				
Taxation deducted from employees' remuneration	8 001		7 404	
UIF	518		511	
Note 2				
Production costs	56 213		87 315	
Less: rates & taxes	(999)		(678)	
General expenditure	22 053		11 665	
Exploration cost excluding staff costs	1 962		3 313	
Bad debts	64		202	
Depreciation	28 815		80 223	
Rehabilitation costs	24 277		29 450	
Foreign exchange loss	2 826		23 454	
Value adjustments	(39 108)		-	
Metal inventory movement	1 777		(13 257)	
Social development responsibility	33		-	
Net cost of products & services	97 914		221 686	



KEEPING OUR PEOPLE SAFE AND WELL

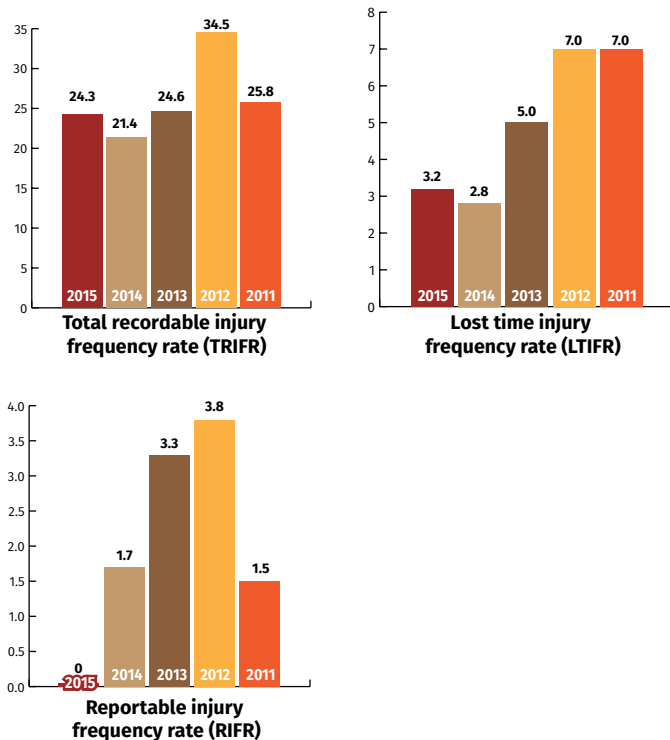
Safety achievements

 Fatality-free since August 2010	 Surpassed 4,5 million fatality free man hours (4 581 Fatality Free Production Shifts in 1 527 days)	 Operated underground operations for a total of 726 days injury-free	 Awarded the Mine Health and Safety Council Safety Trophy for achieving 4000 Fatality Free Production Shifts	 Lost Time Injury Frequency Rate (LTIFR) of 10.23% at October 2014 compared to industry average of 19%	 Focused on communication and competency-based training
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Safety is of utmost importance at Oakbay Resources and is a core value. We go further than vigorously encouraging a culture of zero harm, we demand participation as a prerequisite of being part of our team. Mining and its related activities in the ordinary course expose our employees to hazards that can cause illness, injury or even death. To combat this, our safety strategy is built on leadership and competency but depends on every single employee's assumption of responsibility, another of our core values, for his/her own and his/her colleagues' safety.

Safety is managed by a top down approach with the mine manager heading weekly safety meeting.

Our LTIR rate is below the industry average of 3.8



Providing a safe and healthy working environment is a key concern for our employees, contractors and their families, as well as our investors, government and regulators.

Key aspects of our safety strategy

Oversight, evaluation and insight

Clear compliant policies are in place that are reviewed annually, and if necessary, amended. Further, regular health and safety inspections are conducted. Any deviations identified are compiled into action logs and remedial action is implemented as required. In addition all reported injuries are investigated and 'lessons learnt' are communicated to the workforce to prevent recurrence. Safety meetings are held on a weekly basis at which basic causes of incidents and mitigations are discussed, and remedial action underway is monitored. In addition, monthly legal audits are conducted by the DMR.

We instigate comprehensive training, in order to ensure that our workforce is competent and can identify and mitigate risks.

A culture of safety

Management leads by example through participation in 'safety declarations' and hands-on pre-shift inspections, where staff can raise issues concerning safety. The Oakbay Resources Safety Department also maintains a high visibility profile in all working areas of the mine and, together with supervisors and workforce safety representatives, selects a monthly generic safety theme and a weekly site-specific topic to highlight compliance with safe operating procedures.

Daily safety talks, together with weekly safety meetings with supervisors and workforce safety representatives keep the focus on Zero Harm.

Every employee is trained in task-specific risks and hazards before starting work and in order to maintain a competent workforce - an effective weapon in our safety arsenal - supervisors conduct ongoing plan task observation.

Training

Safety training is provided at Shiva Uranium's own training centre through an accredited service provider, Safe Sure. All new employees undergo mandatory induction training and employees returning from annual leave undergo refresher courses. All supervisors are certificated in First Aid competency.

Health

Health highlights



Shiva Uranium has a fully equipped onsite primary health care clinic. It is staffed by a medical practitioner, occupational health practitioners and administrative staff, which care for not only 1 000 Oakbay Resources employees but also the farming communities in close proximity of the mine. Medical surveillance and monitoring of diseases is ongoing and the clinic monitors, reports and makes employees aware of the risks and mitigations in our operations, including the use of indicated Personal Protective Equipment (PPE). We also have a formal HIV/AIDS policy based on the guidelines issued jointly by the World Health Organisation and the International Labour Organisation.

Reported occupational diseases*

Disease	2013	2014
TB	7	2
Silicosis	1	0
TB and PN	3	1
NIHL	3	3
COAD	1	1
Total incidence	15	7

* The year-on-year decrease in incidence is in part due to a decrease in employee numbers in certain areas of the operation which remain under care and maintenance

Monitoring occupational health risks

Noise levels are regularly measured and controlled by the Occupational Hygiene Department. The noise control programme focuses on silencing machinery and the use of correct PPE, as well as proper demarcation of noisy areas. The clinic performs audiometric screening. In addition any shifts higher than 5% PLH are investigated and the employee is referred for diagnostic audiometric testing as indicated. Cases of NIHL are reported to the applicable compensation body.

Heat-tolerance and acclimatisation programmes are not required as the thermal environment falls below 27.5 degrees celcius. However, a Cold Stress Management programme is in place.

Dust exposure is monitored and PPE is issued to all applicable employees. Radon exposure is also closely monitored and all operations comply with the minimum exposure standards.

There is a minimal risk of radioactive exposure in uranium mining which is managed by decontamination procedures. Monthly radiation monitoring is conducted to ensure levels are below international standards. In addition ventilation systems are in place to ensure minimal exposure. In addition Annual medicals monitor affected employees for any effects of radiation exposure.

Managing the 'big five' (HIV/AIDS, TB, diabetes, hypertension and silicosis)

Employees have biannual or exit examinations for occupational diseases and strict confidentiality is observed.

Employees requesting an **HIV** screening test are referred to the local clinic where testing is performed together with counselling, and treatment begins when necessary. The employee is not obligated in any way to report the results to Shiva Uranium's onsite clinic. Should the employee require hospitalisation, he or she is referred to the state facilities for further management.

TB is diagnosed through x-rays as part of the medical surveillance of all mine employees. Infected employees are referred to the local health facilities and in this instance the onsite clinic is involved in order to monitor the employee's regular attendance at check-ups. The employee may return to work only once he or she is confirmed not to be contagious. The mine medical services retain and submit records of TB to the Medical Bureau for Occupational Disease ("MBOD").

Silicosis is diagnosed through the medical surveillance programme and all suspected cases are sent for testing before notification to the MBOD.

Hypertension and diabetes are similarly diagnosed through medical surveillance or when an employee presents at the clinic with specific complaints requiring investigation. The employee is referred to the local medical facilities for treatment and in this instance is obligated to report back to the onsite clinic. Treatment is provided by the local clinics or as per the employee's medical aid. The clinic conducts monthly follow-ups to ensure that the condition is controlled. Records of all readings and referrals are kept onsite.

Ensuring health and wellness awareness

Induction programmes are in place to educate all employees on relevant diseases and special ad hoc awareness programs are conducted by the Department of Health.

The management, training and programmes for HIV awareness and peer educators is handled by the Wellness Co-ordinator on the mine.



CARING FOR THE ENVIRONMENT

Environmental preservation highlights



Uranium mining and milling has evolved significantly over the years and can fortunately today be conducted in a way that protects workers, the public and the environment. Our approach to environmental management is based on international best practice, legal compliance and maintaining our environmental and social licence to operate. Certain additional requirements to our EMPs have been identified in terms of the National Environmental Management Act, and we will apply for authorisation once the EMPs awaiting approval with the DMR are finalised.

Shiva Uranium has not received any fines for non-compliance with environmental laws and regulations.

Limiting the impact of our mining activities on the environment is a key concern for the communities surrounding our mine, as well as our investors, government and regulators.

Key aspects of our environmental management

Independent monitoring

Annual environmental audits are conducted by Prime Resources and Cabanga Concepts a third party specialising in environmental audits.

Environmental training

All induction and refresher training includes environment training. Also, the weekly safety meetings include discussion of environmental and hygiene matters led by the occupational hygienist.

How we consume and save energy

We consume 220 000 litres of diesel per month, of which +/-44 000 litres is biofuel produced in-house. (This amounts to a cost saving of around R1 million pa.) We use 4.1 million kilo-watt hours of energy per month with a maximum demand of 10 000 kilo-watts. In order to reduce indirect energy consumption, we pump during out of peak times, restrict the use of critical machinery during peak times, stop the underground fans over weekends,

halt compressors while our workforce is not underground and have installed daylight switch controls of flood lights.

How we use and conserve water

We have in hand a 20 year water use licence issued in 2006 by the Department of Water Affairs and Forestry, which is reviewed every five years. It encompasses the consumption of water from resources, storing of water and disposing or discharging of underground water.

100% of water is recycled and re-used. All normal water discharged accumulates in return water dams and is re-used in the mining process via return to the plant or for dust suppression on haul roads. Dirty water run-off trenches ensure that contaminated water remains within the mining area.

As per regulations, we are authorised to use 2 230 m³ per day of water from our local water resources and a daily average of 172 8000 m³ of underground water from the portals specified. Our onsite water resources comprise different boreholes and mine shafts and we have permission to withdraw and dispose of water from the Bob Gardner Dam, located on site.

The hypothetical quality and impact of water containing waste are monitored monthly and immediate action would be instituted if necessary. To date this has not been required.

How we manage waste

Waste is crushed onsite and sold for application in road construction, which results in cost efficiencies as well as additional profit of around R10 million per year. The mine is authorised to dispose of a maximum quantity of 1 200 000 m³ of slurry pa into the tailings dam located onsite. The supernatant must be discharged into a return water dam. No water containing waste from the tailings dam is discharged into the environment.

There were no significant spills during the year, under review.

Environmental indicators

MATERIALS	2015 Kilo tonnes	2014 Kilo tonnes
Rock broken – managed operations (100%)	106 000	112 000
Ore milled – managed operations (100%)	34 000	36 000
Accumulated low-grade stockpiles	36 000	19 500
Coal	19 500	145
Liquid petroleum gas (LPG)	6.23	4.48
Grease	0.39	0.54
Fuels	55.63	59.68
Lubricating and hydraulic oils	6.92	7.91
ENERGY		
Energy from electricity purchased	18 362	19 049
Energy from processes and fossil fuels	6 000	7 117
Total energy consumed	24 000	26 000
WATER	Mega litres	Mega litres
Total new water use	33,555	36 555
Water used for primary activities	27 000	31 000
Water used for non-primary activities	6 100	5 000
Potable water from an external source	18 437	18 983
Non-potable water from an external source	1 300	920
Waste or second-class water used	9 000	10 000
Surface water used	1 502	1 535
Groundwater used	4 407	4 323
Water recycled in processes	53 731	51 260
EMISSIONS	Kilo tonnes	Kilo tonnes
GHG emissions, CO ² equivalent	5 500	5 900
From electricity purchased	5 100	5 500
Internally generated	520	545
Nitrous oxides	NM*	NM*
Sulphur dioxide	19.08	1.77
Particulates (point sources)	0.43	0.42
DISCHARGE	Mega litres	Mega litres
Discharge to surface water	765	1761
Quality of environment		
Surface water quality monitored at all operations	Yes	Yes
Surface water quality deterioration off-site	Yes	Yes
Adverse surface water impact on humans	No	No
Groundwater quality monitored at all operations	Yes	Yes
Groundwater quality deterioration	Yes	Yes
Adverse groundwater impact on humans	No	No
WASTE	Kilo tonnes	Kilo tonnes
Mineral waste accumulated in:		
Tailings dams (active and inactive)	893 600	752 349
Rock dumps	840 266	810 639
Slag dumps	3 985	3 047
Non-mineral waste generated:		
Hazardous to landfill	7.82	18.26
Hazardous incinerated	3.71	0.8
Non-hazardous to landfill	14.26	19.14
Non-hazardous incinerated	–	–



ENVIRONMENTAL INCIDENTS AND COMPLAINTS	(2015) Number	(2014) Number
Level 1 and 2	350	309
Level 3	–	–
Level 4 and 5	–	–
Formal complaints	10	20
Substandard acts and condition	875	976

PRODUCTS		
Total refined products	440 000	410 000

BUILDING SOUTH AFRICA

Social highlights to date

R5 million
spent on
community
upliftment
projects

Launch of
**new
enterprise
development
project**

**Training
programmes**

Certain senior positions
reserved for
**previously
disadvantaged
people**

BEE scorecard

BEE code	Progress	Scorecard rating (%)	Targets
Ownership	<p>Shiva Uranium is 26% black owned, of which</p> <div style="display: flex; align-items: center;"> <div style="flex: 1;"> <p>Islandsite Management 254 comprises Oakbay Resources employees in junior, middle and senior management</p> </div> <div style="flex: 1; text-align: center;"> </div> <div style="flex: 1;"> <p>Community trust</p> <p>Workers trust for employees in lower categories</p> </div> </div>	100%	Management is currently assessing new policies for increased empowerment targets.
Management Control	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>14%</p> <p>Top management (board)</p> </div> <div style="text-align: center;"> <p>25%</p> <p>Senior management (Exco)</p> </div> <div style="text-align: center;"> <p>66.6%</p> <p>Middle management</p> </div> <div style="text-align: center;"> <p>36%</p> <p>Junior management</p> </div> </div> <p>Four previously disadvantaged employees are undergoing management training with mentorship.</p> <p>We acknowledge that progress has been slow and will drive improvement as we grow.</p>	18%	



BEE scorecard

BEE code	Progress	Overall rating (%)	Targets
Employment Equity	<p>We have an employment equity policy in place in line with the five year employment equity plan. The policy was drafted and approved in consultation with organised labour. It promotes certain senior positions must be reserved for black people and in some areas for women. It allows for employees to raise issues on employment equity without any fear of victimisation.</p> <p>The policy is communicated to all employees during induction at the Shiva Uranium training centre and copies are made available on request. It is also given to all relevant labour organisations.</p>	<p>*Top management (board) – 14% *Senior management (Exco) – 25% *Middle management – 66.6% *Junior management – 36% *Core Skills – 38%</p>	<p>Mining Charter: 40% HDSA representation from core skills to top management</p>
Skills Development	<p>We continue to make good progress in this area, with learnerships, apprenticeships and graduate development programmes all in place.</p>	<p>The company is currently paying 3% of its payroll to skills development</p>	<p>Mining Charter: 5%</p>
Preferential Procurement	<p>Our targets are in line with the Mining Charter. Progress is slower than we had hoped due to situational challenges such as finding suitable BEE suppliers in the North West province. Measures to address this have been implemented.</p> <p>As the mine is still under 'care and maintenance' on uranium production, spend capacity remains limited.</p>	<p>15% of capital goods (over Mining Charter requirement), 35% of services, and 17% of consumables</p>	<p>Mining Charter: 70% for services 50% for consumables</p>
Enterprise Development	<p>We are partnering with the local municipality to establish an enterprise development centre. The centre will cater for small enterprises from the surrounding communities</p>	<p>Project commenced in April 2015</p>	<p>Mining Charter: 0.5% levy</p>
Socio-Economic Development	<p>Good progress has been made in this area. See 'some of our projects' below.</p>	<p>100% agricultural and bricklaying projects implemented and infrastructure development in progress</p>	<p>Mining Charter: various</p>

Giving back

Giving back is part of Oakbay Resources' core value of accountability. There are many ways we are committed to helping build our country, from job creation to enterprise development and CSI projects. While some of our initiatives will only gain traction when the mine becomes fully operational, we have nonetheless to date spent R5 million on community projects. To ensure that we work actively with our local communities, we hold monthly meetings with the local municipalities as well as with counsellors representing local communities. Meetings are held with various formal community stakeholders and formal community structures when the need arises. Oakbay Resources is also represented at mayoral community meetings, which is an invaluable platform to engage with our communities.

Some of our projects

Skilling of unemployed community members

Oakbay provided skills training to unemployed community members from the surrounding areas to the value of R1 million. The recipients received certified training on operating trackless equipment. Some of the successful course graduates were employed by Oakbay Resources.

Matlosana development forum business week

Oakbay sponsored the Matlosana Business week organised by the Matlosana Development Forum, in support of promoting enterprise development. All formal and informal businesses in the mine area attended the business week, gaining network exposure and additional business skills.

Mandela Day at an Orange Farm primary school

On Mandela Day, Oakbay Resources participated in a programme to support a primary school in Orange Farm and donated a significant amount of food parcels, stationery and school uniforms.

Rethabile Children's Home

We assist the Rethabile Children's home in Lenasia, Gauteng, with their day-to-day needs. The home cares for orphans and vulnerable children.

School refurbishment and farm establishment

Oakbay Resources recently refurbished local school facilities and has developed a farming project for the local community.

FROM THE EXECUTIVE

DIRECTORATE & EXECUTIVE MANAGEMENT

Executive



George van der Merwe (38)*

Chief Executive Officer (CEO)
MBA, Bachelor of Business Management
 Appointed: 25 September 2014

George has been COO of Oakbay Resources since the acquisition of Shiva Uranium from Uranium One in 2010, and was appointed CEO in 2012. He has vast local and international experience in project and technical management. Previously he was Technical Director of Outsourced Technology Solutions, CIO for Sahara Computers and COO at SES Technologies in Mumbai.



Varun Gupta (28)**

Chief Operating Officer (COO)
BSc (Electrical & Electronic Engineering, Mining and Processing Management)
 Appointed: 25 September 2014

Varun is responsible for operations. He joined Oakbay Resources in 2011 from Sahara Computers and like George van der Merwe, was intimately involved in the refurbishment of the three underground shafts. Varun has served as a director for a number of private companies.



Trevor Scott (36)

Financial Director (FD)
BCom Acc (Hons), CA(SA), Member of the IoD
 Appointed: 25 September 2014

Trevor is an experienced financial director with 10 years' experience as a director of JSE listed mining companies.

A chartered accountant, he completed his articles at KPMG Inc. where he gained international experience through secondments in Miami, Luanda and Maputo. From 2005, Trevor served as a non-executive director and later Financial Director at Chrometco Limited, where he was involved in the listing of the company on the JSE and gained extensive experience in the mining industry.

* Resigned effective 31 August 2015

** Appointed as CEO effective 1 September 2015


Atul Gupta (46)

Chairman

BSc

Appointed: 25 September 2014

Atul was previously Managing Director of SKG Marketing in New Delhi. In 1993 he immigrated to South Africa where he became Managing Director at Correct Marketing, the forerunner of Sahara Computers. He still holds the position today and has established significant subsidiaries. He is Chairman of a number of other companies including TNA Media Proprietary Limited.

Independent non-executive
Mark Pamensky (42)

Lead independent director

BCom Acc (Hons), CA(SA), Member of Young Presidents Organisation

Appointed: 25 September 2014

Mark has 18 years' ongoing experience in management, operations, strategy, sales and marketing, specifically directed towards start-ups and turnarounds. He completed his articles at PriceWaterhouseCoopers before moving to the corporate finance department of Mercantile Bank in 1998. In 2000 Mark joined a boutique corporate advisory firm, Nucleus Corporate Finance, and in 2001 moved to Blue Label Investments (later Blue Label Telecoms Limited), where he was appointed to his current position of COO in 2004. He is a director of a number of private companies. Mark is also a non-executive director of Eskom SOC Limited.

Terence Rensen (67)

Chartered Accountant (*Retired*)

Appointed: 25 September 2014

With over 40 years' experience, mainly in the South African and international construction, mining and engineering industries, Terence is a chartered accountant by profession. After leaving the auditing profession, he spent many years with various Anglo American subsidiaries and Rolls-Royce plc before joining Murray & Roberts in 2002. Here he was appointed as a director of the local and international companies with an overall executive responsibility for enterprise risk. He retired in 2010 and now acts as an independent non-executive for a number of companies, both in South Africa and internationally, and also consults on mergers, acquisitions and disposals.

Dudu Nyamane (57)

MBA, Bachelor of Arts in Social Sciences, Management Advanced Programme

Appointed: 25 September 2014

Dudu has 29 years' experience with IBM in South Africa and the United Kingdom, Old Mutual and SARS. She has served in roles such as Group Human Resources Director, corporate communications and corporate social responsibility. Dudu serves as a non-executive director of Datacentrix Holdings Limited, the Vaal University of Technology, and is Chair of the newly formed board of Trustees for Joy Global South Africa.



SENIOR MANAGEMENT

Jacobus Kotze

General Mine Manager

Mining and Mine Environmental Engineer, Chamber of Mines Certificate in Environmental Control, Mine Managers Certificate, Member of Association of Mine Managers, Fellow of Mine Ventilation Society

36 years' industry experience

Jacobus has extensive mine production, health and safety and environmental control experience on all types of mining operations. He served 23 years as a Government Official with the Department of Minerals and Resources and also participated in drafting the current mining legislation. Jacobus was appointed General Mine Manager at Shiva Uranium in 2010.

Leon Du Preez

Engineering Manager

Bachelor of Commerce, Management Development Program Diploma, Higher National Diploma Technician, Government Certificate of Competency - Electrical

34 years' industry experience

Leon previously worked as a Junior Engineer at Prieska Copper Mines and went on to be a Resident Engineer and later Section Engineer at Loraine Gold Mines. He has also held the position of Shaft Engineer at Goldfields West, Driefontein Mine. Leon was appointed Engineering Manager at Shiva Uranium in 2012.

Joseph Mtshali

Human Resources and Transformation Manager

National Diploma in Human Resources Management

14 years' industry experience

Joseph started his career as a Manpower Official and went on to become the Human Resources Officer at New Kleinfontein Gold Mine. He was then appointed Superintendent Human Resources Manager when the mine became Uranium One Africa (later Shiva Uranium).

Paul Richardson

Production Manager

Blasting Certificate, Onsetters Certificate, Mine Overseers Certificate

35 years' industry experience

Paul has 25 years' experience at Mine Overseer level. In 1989 he was appointed as a Production Mine Overseer at Hartbeefontein Mine. In 2005 Paul was a Mine Overseer for Goldfields in charge of all the statistics and logistics on Driefontein 5 shaft and later became acting shaft manager. He was later Mine Overseer for Simmer and Jack and was promoted to Technical Assistant. Paul was appointed Senior Mine Overseer at Shiva Uranium in 2011 and later Production Manager.

Izak Marais

Mineral Resources Manager

Advanced Geology, Elementary Geology, Mineral Resources Management Certificate, Member of South African Council for Natural Scientific Professions

32 years' industry experience

Izak worked as a Senior Geological Officer, Sectional Geological Technician and later as a Project Geologist at Vaal Reef's East Mine (Anglo American). He progressed to become Leader Mineral Resource Manager at ARMGold and later Ore Reserve Manager. Izak was then appointed Ore Reserve Manager at Orkney Operations (Harmony Gold). In 2007 he was appointed Ore Reserve Manager at Elandsrand Gold Mine (Harmony Gold) and moved to Dominion Reef Uranium Mine (Uranium One Africa – later Shiva Uranium) in 2008 as the Mineral Resources Manager

Hendrik Grobler

Gold Plant Manager

National Diploma in Fitting and Turning

44 years' industry experience

Hendrik completed an apprenticeship in fitting, turning at the Kinross Mine and later worked in the construction department from 1970-1974. He moved to the Grootvlei Mine in 1974 where he worked as a fitter and turner in the gold plant for three years. Hendrik was then appointed as fitter and turner at the gold plant at Consolidated Modderfontein and later Metallurgical Foreman. He moved back to the Grootvlei Mine in 1997 where he was appointed the Business Unit Leader in the gold plant. Hendrik was appointed Gold Plant Manager at Shiva Uranium in 2010.



Atul Gupta
Chairman

CHAIRMAN'S REPORT

Making our mark

It is a pleasure to present our first annual report, following Oakbay Resources' successful debut in November on the JSE in the 'General Mining' sector. This marked a significant milestone in our growth path as the start of the next phase in the group's development.

Our group is the majority owner of Shiva Uranium, one of the most significant uranium mines in South Africa, which boasts one of the largest high quality uranium ore bodies on the continent and in the world. I do not highlight this coincidentally. In recent months, uranium has been one of the very few well performing commodities, with prices rising against the backdrop of a severe commodities downtrend. They have already risen 11,8% in the first quarter of 2015, and are still well below long term averages and analyst forecasts

Since acquiring the mine in 2010, we have successfully turned around its performance from a status of under 'care and maintenance' to an active and profitable gold producer with developing uranium mining operations. We are progressing well to a position in which we will take full advantage of the robust uranium market, supported by our steady income from gold production.

Given that uranium is the main fuel source for nuclear reactors, we will become a key South African-based platform offering investors exposure to the high growth global nuclear market.

Over the last four years we have invested R200 million in the mine including R40 million for an 18-ft Velkor Mill to increase production. We have refurbished the three underground decline shafts, recommissioned the gold plant – which is capable of milling up to 220 thousand tons per annum - and upgraded and recommissioned the uranium plant to become the only one of its kind on the continent. It is now the only uranium plant in Africa using reverse pressure leaching technology which can produce 30% higher yields of uranium than most other existing plants.

The mine's performance in the second half of the year was pleasing and our ambitious strategic goal of becoming a world player in uranium supply is within our reach. (Please see the CEO's report for more details) However, our most laudable achievement must be that we that we have reached this point in 4 000 fatality free shifts, a remarkable record for which Shiva Uranium was recognised by a DMR award. And further, with zero incidents of labour unrest, giving credence to our commitment to ensuring the safety and wellbeing of our people as a priority.

How we will create value

While the stabilising spot price makes uranium an increasingly attractive investment prospect, it is the compelling long-term outlook that really highlights the intelligence of investing now in this commodity. (See Understanding Uranium on page 6).

To recap, the state of the nuclear market majorly influences uranium demand and pricing. While it is true that the uranium spot price is rising from an all-time low, cautioning us as to how much we should read into the recent growth, recent milestones such as Japan restarting two reactors after Fukushima and extensive construction and planning for new reactors worldwide, especially in China and India, indicate more sustainable fundamentals for our optimism.

China, Russia, India and Brazil, as well as Saudi Arabia and the UAE have extensive nuclear energy plans underway. China, the primary driver of demand, is forging ahead with its nuclear energy programme, which is also essential in its quest to cap emissions by 2030. Even the co-founder of Greenpeace, Patrick Moore, supports nuclear power as a means of mitigating climate change. Nuclear energy is the key to meeting the exponentially increasing world-wide energy demand over the next 20 years with 'clean' power. It is an accepted fact that by 2020 uranium demand will far exceed supply. Simply put, we're operating in the ideal growth market and uranium is the place to be.

The uranium market is impacted by diverse dynamics. As uranium prices start rising, as per today, long-term contracts become

increasingly more attractive to energy producers. Contract-price uranium is therefore at a premium to the spot price based on guaranteed price stability and source of supply. This in turn gives producers, such as our group, guaranteed annuity income providing in turn earnings visibility and sustainability. Offtake agreements are first prize, and unlike other minerals, for uranium these are forward-looking. Accordingly, a key focus area for the Group is to initiate the process of securing a favourable offtake agreement in order to realise the best possible range of uranium prices as opposed to selling at the prevailing spot price.

On the supply-side many of the existing major ore bodies are in countries which carry geopolitical risk, which may compromise continuity of supply.

Oakbay Resources offers a transparent, regulated grassroots opportunity for investors to capitalise on the long-term growth potential in uranium. Shiva Uranium's strong fundamentals position us to lead in this arena. We have a vast resource of high grade uranium, with superior processing capacity that ensures a significantly higher yield per ton. Supported by our onsite gold production, growing year-on-year, Shiva Uranium has the potential to become one of the lowest net cost producer of uranium in the world.

Sustaining long-term

We recognise the importance of sound governance to our long-term growth and prior to listing, formed a new board to enrich the group with deeper governance, financial, and mining capability.

I welcome our new independent non-executive directors. Mark Pamensky, our lead independent director and chair of the Audit Committee, is a CA who brings a wealth of financial expertise in a listed environment, as well as broad business experience. Terence Rensen, chair of the Risk Committee, is a 40-year veteran of the South African mining and construction industries with wide-ranging expertise and an accomplished track record in risk management. Dudu Nyamane, chair of the Social, Ethics and Remuneration Committee, has a 30-year track record in HR, communications and corporate social responsibility at large groups in South Africa and the UK. All are seasoned independent non-executives, serving on a number of local and international boards.

Our exceptional track record in safety and industrial relations reinforces the value we place on the wellbeing of our people. However, we are committed to all the people of South Africa beyond the group. With unemployment an economic concern in our country, the greater Oakbay Group (of which Oakbay Resources forms part) has set a mandate to create new jobs in South Africa. We are already making our contribution felt, with 800 new jobs created in just four years and more on our agenda in the medium-term.

The year ahead

Our listing on the JSE enhances Oakbay Resources' ability to access capital to take advantage of rising uranium prices. To underpin future capital raising, we are in the process of commissioning a bankable feasibility study. For us this is a long-term investment. As part of the capital raising process, we intend to dilute rather than sell off any of our shareholding to new investors, as well as to create liquidity in the share.

We expect to initiate full development of our uranium operations in the next 18 months.. With uranium not a well understood commodity in South Africa, as it is for instance in France, Canada and Australia, we want to use the opportunity to educate both local and foreign investors about this high value commodity and prospects for growth.

Together with our business commitments we are dedicated to building South Africa, through job creation, socio-economic development and contribution to the economy.

Changes to the board

Mr. Varun Gupta will replace Mr. George van der Merwe as Chief Executive Officer with effect from 1 September 2015. We are delighted that the Company is fortunate enough to have an experienced and talented executive of Mr. Varun Gupta's caliber holding the position of Chief Executive Officer. The appointment forms part of the Company's succession plan and looks forward to Mr. Varun Gupta's injection of new energy and vision into our efforts as we embark on a strategic turnaround of the Company to complete the development of the Company's uranium prospects and recommission uranium production in the short to medium term future. On behalf of the Board, I extend a warm welcome to Mr. Varun Gupta and wish to also thank Mr. George van der Merwe for his efforts over the past five years and wish him well in his future role.

My thanks

I would like to thank the executive team for their unwavering support in translating our vision into reality. They deserve recognition for their efforts in reviving Shiva Uranium in just four years where previous owner teams had not succeeded. They have also focused successfully on the important areas of safety, health and environment and have achieved a remarkable achievement of over 4 000 fatality free shifts. I would also like to thank our new investors for their confidence in the group that we will deliver the shareholder value we have undertaken to provide.

Atul Gupta
Chairman

28 August 2015



CEO'S REPORT

In our debut annual report to shareholders, it is heartening to be able to report on our progress in the year towards our vision of becoming a world contender in the mining, beneficiation and supply of energy related natural resources. Against the backdrop of a fundamental positive shift in the global uranium market, contra the downtrend of commodities globally, and with the successful turnaround of the open cast gold operation at the Shiva Uranium mine under our belts, we are on track to be well placed to take advantage of the expected upswing in global uranium prices.

Our primary focus in the year was strengthening our foundation for growth. We increased capacity in our gold mining operations with the completion of our milling plant overhaul. We further boosted efficiencies, improved productivity, entrenched cost controls and developed new business opportunities to diversify our revenue stream pending the planned future recommencement of uranium mining operations.

Our continued strong balance sheet and diversified mining business, including gold mining and outsourced contract mining services, support the sustainability of the mine in the long term.

Priority No.1: Safety

Simply, our goal is Zero Harm. Safety is a core value of the group and an integral part of our culture. I am very pleased to report that we have recently achieved our target of 4 000 fatality free shifts, and received a commendation from the Department of Mineral Resources for this achievement. This equates to 4.9 million fatality free man hours and we look forward to our next safety target of 5 000 fatality free shifts. Our LTIFR for the year was 3,2 below the industry average of 3,8. Incorporating another core value - accountability - we expect each and every employee, from leadership down, to take responsibility for their individual and their colleagues' safety. We constantly re-evaluate our safety procedures in line with our philosophy of zero tolerance of unsafe acts and strive to reduce safety risk to its lowest possible level.

Operational review

Gold Production

Key indicators

2015	2014	% increase
791,540 tonnes ore milled	576 986 tonnes ore milled	37%
571.2kg gold milled	463.02kg gold milled	23%
378.82kg gold sold	345.67kg gold sold	10%

Mainly as a result of concerted effort to boost efficiencies, improve productivity and aggressively manage costs, our gold mining operations returned to profitability despite the challenge of a low grade cycle, with head grades as low as 0,64g/tonne. Our dual focus on increasing volumes of milled ore and identifying the highest grade mining opportunities in this cycle has resulted in a promising improvement in profitability. Our focus on quality mining initiatives has also assisted the mine in securing consistently achievable grades. Happily there is now some tangible improvement in the grade, with higher grades coming through in recent months.

Production was further affected in the first half of the year by critical operational upgrades in the mine's milling section. Since the completion of the upgrades, production greatly improved to reverse the losses incurred in the first half of the year. The R16 million upgrade to the crushing plant necessitated a planned shutdown for several weeks. During this period the gold operations focused on processing slime resources, which in a two-fold benefit provided an income stream while simultaneously reducing our environmental liability related to slimes dams. We also used the lull opportunity to focus on safety and rehabilitation programmes.

Our intensified efforts to control costs also contributed to our credible performance.

The consequent overhaul of the plant will ensure improved efficiencies going forward. This advantage is already evident in our gold performance, which reflects some benefit of larger volumes processed in the latter part of the year as a result of the extra milling capacity.

Our outlook for gold production is promising as further improvements in operational efficiencies should translate into increased production and operating output. Accordingly, given our ability to profitably mine low grade gold resources, the Group is well positioned to achieve low net cost uranium mining and production once re-commencement of the uranium business takes place.

Revenue diversification

During the year we successfully embarked on a programme to diversify our revenue streams from mining activities in order to augment the income underpin for our expansion into uranium. Utilizing spare capacity while the uranium project remains under development, we started to allocate excess plant resources and personnel onto contract mining projects; the benefits of which will be realised in the forthcoming financial year.

We further employed our newly installed foundry to create grinding media and our crusher plant to make road aggregate from the waste product, diminishing our environmental footprint while bolstering revenue and strengthening our drive to become one of the lowest net cost uranium producers in the world.

Uranium

We are currently in the process of commissioning a bankable feasibility study on our mineral deposits, which is expected to

be completed in late 2015. We anticipate that the study will show demand for at least R800 million capital investment at a minimum. Pending the raising of capital, we continued with our self-funded development of the underground infrastructure for Rietkuil uranium operations on a smaller scale. Advanced development on the underground Rietkuil infrastructure will take place upon the conclusion of our bankable feasibility study and capital raising programme.

In the prevailing commodities climate, development of new mining projects is generally a dead area with exploration and development having come to a standstill. In contrast, the Shiva Uranium operation has existing developed infrastructure, including an existing world class uranium plant as well as a high quality uranium resource. Accordingly, the Group is well positioned to commence discussions on long-term supply agreements with energy industry stakeholders. With optimal development, being planned in consultation with leading global experts in the field and our own homegrown skills and experience, we are confident we will be positioned to exploit the sizable deposits of high grade uranium ore at low cost.

Financial performance

The operating financial performance of the group improved substantially in the second half of the financial year under review as a result of the initiatives described above, as well as the effect of increased milling capacity in the second half of the financial year under review.

Revenue increased by approximately 9% year-on-year mainly as a result of increased production.

Inclusive of the effect of once-off inventory impairment reversals totalling approximately R50m, the year under review saw a reversal from the prior period gross loss of R64.7 million to the current year gross profit of R41.8 million. Operating losses decreased from R137.6 million in the prior year compared with a current year operating profit of R23.1 million in the current period.

Looking ahead

The Group, supported by its strong balance sheet and improving prospects of gold production and contract mining operations

is presenting a positive landscape ahead. Our contract mining operations are expected to successfully bolster top and bottom line, given the benefits of diversification and the cost-effective utilisation of existing capacity.

The fundamental shift in the uranium market is an exciting development, as our Chairman has aptly explained, and we believe we are well poised to take advantage of the expected upswing in demand. We are excited at the prospect of developing the uranium project in this climate and we are cautiously optimistic regarding developments in this area. If the existing uranium market conditions continue to improve, we may see a dramatic turnaround in the economic prospects of our uranium project. Our business strategy of developing our uranium mine and getting into production, supported by our secondary gold and contract mining activities, will continue to create value for our shareholders.

We are in the process of formalising a capital raising programme and expect to initiate it in the second half of the current year. In parallel, we are taking steps to secure a long-term uranium offtake agreement.

Thanks

I thank our Chairman, Mr Atul Gupta, for his vision and guidance and my management team for their hard work and commitment. In line with the company's succession plan for the position of Chief Executive Officer, Mr. Varun Gupta will be taking over the role of Chief Executive Officer with effect from 1 September 2015. Varun and I have worked closely together at the Shiva Uranium mine for the past five years, and I now leave the executive leadership responsibility of the company in his more than capable hands. We are shaping Oakbay Resources into a world leader in uranium and we are looking forward to reaching our next horizon. I extend my deepest appreciation to our newly constituted board for diligently ensuring our governance, compliance and strategic growth.

George van der Merwe

CEO (Outgoing 1 September 2015)

28 August 2015



FD'S REPORT

Overview

The financial year under review was defined by the listing of Oakbay Resources and Energy on the JSE, as well as a promising shift in the outlook for uranium prices. Additionally, existing gold mining operations at the Shiva Uranium mine were restored to profitability from August 2014, due to milling plant upgrades as well as concerted effort by management to improve production, create efficiencies and cut costs.

Given the promising outlook for uranium prices, as well our ability to profitably mine our gold resources under difficult circumstances, we are well placed to deliver value to our shareholders by:

- advancing the uranium development,
- maintaining existing operations,
- establishing diversified income streams from contract mining opportunities by making use of spare capacity where possible;
- high value-adding acquisitions that are complementary to our vision and strengths.

Financial performance

The financial performance of the year was characterised by an improvement in profitability from gold mining operations and the fair value effect of conversion of IDC debt to equity.

Revenue increased by 9% year-on-year from R 151.2 million to R 165.0 million. The increase was primarily due to an increase in production volumes, with limited increases attributable to fluctuations in the rand price of gold.

Gross profit increased year-on-year from a loss of R 64.7 million in the prior year, to a profit of R 41.9 million in the year under review. The increase in profitability is due to the improvement in the profitability of gold operations from August 2014, as well as the effect of a R 50 million once-off inventory impairment reversal.

Operating expenditure decreased from R 80.8 million in the prior year, to R 51.1 million in the year under review. Depreciation charges decreased from R 80.2 million in the prior year to R 28.8 million, mainly as a result of a number of assets becoming fully depreciated. Foreign exchange gain decreased from R 23.5 million in the prior year to a loss of R 2.8 million in the current year.

Expenses of R 24.3 million relating to the re-measurement of environmental rehabilitation obligations were relatively consistent with the prior year expense of R 29.4 million.

The general decrease in operating expenditure was offset by rising electricity costs; which have increased by 8% year-on-year. Management has initiated an intensive programme to identify cost saving opportunities with regard to power saving projects.

Additionally, adverse fair value adjustments relating to the IDC loan accounted for an expense of R 60.3 million for the year under review.

Other income increased significantly from R 7.9 million in the prior year (comprised of investment returns on environmental rehabilitation funds) to R 32.4 million for the current year, mainly as a result of the once-off recognition of R 26 million worth of income relating to the construction of shared mining infrastructure. The income was recorded net of fair value adjustments of R 8.7 million and related costs of R 7 million.

Finance charges decreased from R 100.5 million in the prior year to R 68.7 million in the current year, mainly as a result of the effect of the conversion of approximately R 225 million of IDC borrowings to equity upon listing in November 2014.

Loss and headline loss per share decreased from R19.2 million per share in the prior year to 18.78 cents per share in the current year. Both loss per share and headline loss per share figure comparisons are abnormally affected by the increase in the weighted average number of shares for the year relating to the effect of the listing on the JSE. An adjusted prior year loss and headline loss per share figure of 96.16 cents per share, shows an adjusted improvement of 80% in loss and headline loss per share.

Long term financing

Stated capital increased from R 56 million to R466 million as a result of the issue of shares for cash of R185 million upon listing, as well as the conversion of R 225 million of IDC borrowings (measured at fair value) to equity. Repayments of IDC debt for the period amounted to R 80 million.

Borrowings increased by approximately R 144.9 million relating to draw downs on the Bank of Baroda loan facility.

A substantial portion of the Group's funding was attributable to an increase in interest free loans from Oakbay Investments, the holding company of Oakbay Resources. The holding company loan increased from R 252 million to R 366 million as a result of operating expenditure and debt repayment funding requirements for the year, primarily in the period March 2014 to August 2014.

Capital expenditure

During the year under review, the Group invested approximately R 89.7 million (2014: R63.4 million) in mine infrastructure and plant and equipment assets. Capital expenditure for the period was split between R28.6 million (2014: R 38.4 million) spent on underground development, and R 61.1 million (2014: R 24.9 million) on additions to plant and equipment.

Capital expenditure for the year was undertaken primarily to

continue ongoing development of underground uranium mine infrastructure, as well as to improve operational production capabilities.

The capital expenditure outlook for the forthcoming financial year will primarily focus on the upgrade of our uranium resources, as well as the refurbishment of plant and machinery.

Conclusion

While the current year financial performance has been substantially impacted by the effect of once off accounting

adjustments, the overall performance of the Group has been positive and represents a significant change in Shiva Uranium's operating performance and future economic outlook compared to prior periods. The Group's financial position is sound with a strong balance sheet underpinning the Group's future prospects.

Trevor Scott CA (SA)
Financial Director and Chief Financial Officer

28 August 2015

GOVERNANCE AT OAKBAY RESOURCES

We believe that a sustainable business can only be built on an ethical foundation aligned with best practice governance. Prior to the company's listing on the JSE, Oakbay Resources' board was reconstituted in line with King III requirements. In addition to compliance, the new board adds depth of commercial and industry experience, diversity and energy and the executive is highly motivated at current and future prospects.

The board formally committed itself to upholding the basic principles of good governance being transparency, accountability, responsibility and fairness, in all its activities, processes and procedures.

Governance achievements to date

- Addressed board composition in terms of independence of directors and separation of CEO and Chairman's roles and responsibilities
- Appointed a Lead Independent Director
- Adopted a Board Charter
- Appointed a competent, qualified and experienced company secretary
- Established board sub-committees, each with an approved Terms of Reference and suitably independent members
- Adopted a policy on trading in the group's securities based on the provisions of the JSE Listings Requirements.
- Adopted a whistle-blowing hotline

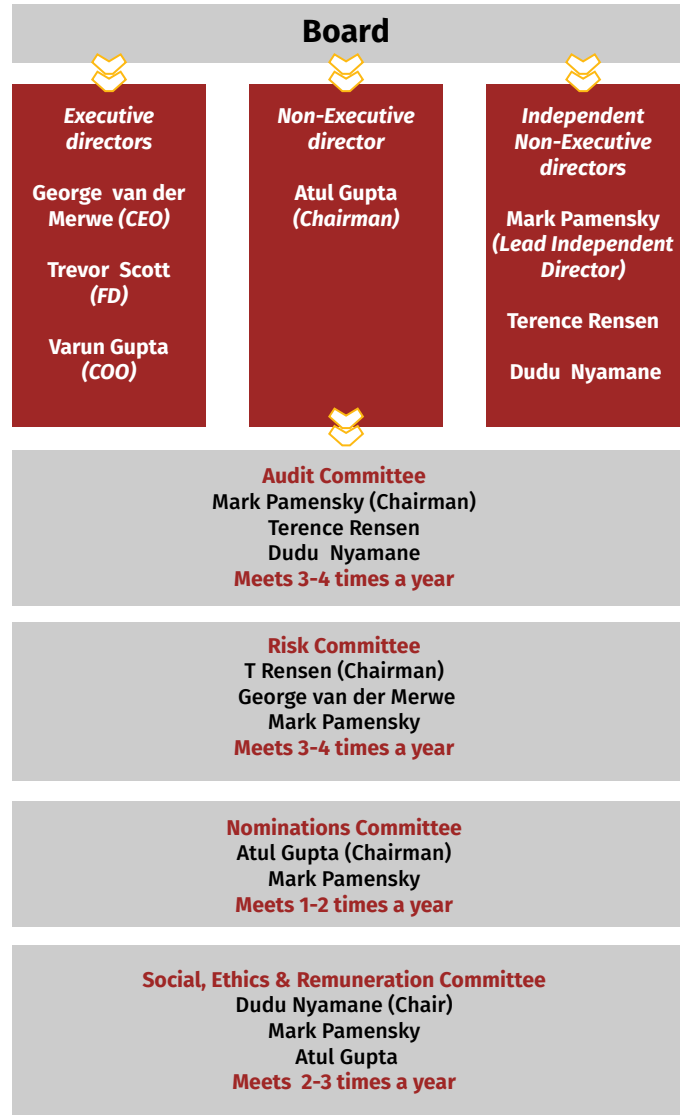
In the short seven months since listing, we have focussed on a number of specific areas for improvement. The deliverables for each are in process.

In terms of ethical leadership and corporate citizenship, we will introduce social responsibility policies, adopt a code of ethics and conduct and implement a whistleblowing policy. Regarding the board and directors, we are establishing a formal delegation of authority, policy on access to professional advice, induction programme for newly appointed directors, process for evaluation of board and committee performance, an appropriate remuneration policy and a transparent process for the appointment of directors. We are also focusing on an effective audit committee, including the implementation of an annual work plan addressing the statutory and governance duties as per the Companies Act and King III.

Given the importance of our stakeholders to our sustainability, improving stakeholder engagement is a priority, including devising an appropriate policy and matrix.

A formalised risk management framework will be implemented, including an adoption of an appropriate risk management policy and plan.

Our governance structure



Group secretary

iThemba Governance and Statutory Solutions Proprietary Limited is the appointed company secretary and the board is satisfied that the directors of iThemba are appropriately qualified, competent and experienced to fulfil this function. iThemba is represented by Annamarie van der Merwe (Bluris, LLB, LLM) who has been a corporate lawyer and company secretary in the listed environment for more than 24 years. She is also a member of the King Committee and JSE Advisory Committee as well as a facilitator for the Institute of Directors.

In accordance with the requirements of the Companies Act and JSE Listings Requirements, as read with King III, she is not a director of the company and therefore has an arm's length relationship with the board.

As required in terms of the JSE Listings Requirements, the board satisfied itself of the competence, experience and qualifications of the company secretary by way of an informal review.



The company secretary is obligated to monitor changes and developments in corporate governance and, together with the executive directors, to keep the board updated in this regard. The board reviews any changes and appropriate measures are implemented to comply in order to support a sustainable performance. The company secretary in conjunction with the FD ensures the company complies with all current and applicable regulations and legislation. In doing so they liaise closely with the company's sponsor.

The company secretary will be required to facilitate an annual self-evaluation of the board's performance, mix of skills and individual contributions of directors, its achievements in terms of corporate governance and the effectiveness of its sub-committees. This exercise will further include a review of communications between management and the board as well as between the board and stakeholders. In view of the board and board committees only having been in place for a relatively short period of time it was agreed to conduct the first formal evaluation during the 2016 financial year.

The company secretary is appointed and removed by the board. All directors have access to the advice and services of the company secretary and to company records, information, documents and property in order to participate meaningfully in board meetings. The certificate required to be signed in terms of section 88 of the Companies Act appears on page 61 of the integrated annual report.

The board of directors

The composition of the board is in line with the recommendations of the King III Report with a balance of non-executive and executive directors. The majority of non-executive directors are independent. In view of the fact that the chairman is not independent, a lead independent director, being Mark Pamensky, was appointed. The roles of Chairman and CEO have been separated and both the CEO and CFO are ex officio members of the board. All directors were appointed on 25 September 2014 in preparation of the listing of the company.

The board charter as adopted confirms the need for a clear division of responsibilities between the executive responsibility for the running of the company's business and the leadership of the board, such that no one individual has unfettered powers of decision-making. For this purpose a policy on division of responsibility also forms part of the board charter. The primary function of the board, as confirmed in the board charter, is to determine the strategic direction of the company and to exercise prudent control over the company and its affairs. Each director is also expected to at all times act in the best interest of the company and to adhere to all relevant legal standards of conduct. A policy on declarations of interest has been formally adopted by the board as part of the required standards. The board charter also includes a procedure for directors to obtain professional advice at the expense of the company.

The board subscribes to the principle that both internal and external disputes should be resolved as effectively, efficiently and expeditiously as possible. The board also subscribes to the principle that being legally compliant is essential, not only for

business success, but also to protect, maintain and enhance the reputation of the company.

The board is scheduled to have a minimum of four meetings per year based on an approved annual work plan. Attendance at board meetings is reported on in Annexure 2 to this report.

The Nominations Committee will assist with the identification of suitable candidates for appointment to the board as and when the need arises. Appointments will be done by the board, based on the recommendation of the Nominations Committee. A third of non-executive directors are required to retire by rotation at each annual general meeting. The independence of independent non-executive directors will also be assessed by the board on an annual basis.

Audit Committee

An Audit Committee has been established as required in terms of section 94 of the Companies Act and a formal charter has been adopted which confirms the committee's statutory duties. It further sets out the additional duties of the committee as assigned by the board with a particular focus on the integrity of all financial reporting and the adequacy of internal controls. The committee is responsible for overseeing the financial reporting process on behalf of the board and assisting the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems and maintenance of control processes and the preparation of accurate financial reporting in compliance with all applicable statutory requirements, accounting standards and the JSE Listings Requirements.

The following members of the Audit Committee were appointed by shareholders of the company prior to listing:

Independent non-executive directors

Mark Pamensky (Chair)
Terence Rensen
Dudu Nyamane

The board is satisfied that the members of the committee have the collective skills, experience and qualifications to properly fulfil the duties of an Audit Committee. Members of the committee will be recommended for appointment by shareholders at the forthcoming annual general meeting in compliance with the relevant statutory requirements. Representatives of the external auditors attend all meetings of the committee by invitation.

The committee met on two occasions during the period under review and details of attendance at these meetings are given in Annexure 2 to the report. Additional information on the duties fulfilled by the committee during the period is provided in the statutory audit committee report which forms part of the annual financial statements.

For further detail please see:

- Audit Committee report page 59
- Risk Committee report page 60
- Social, Ethics and Remuneration Committee report page 61
- Remuneration report page 62
- Annexure 2: Attendance table
- Annexure 3: King III checklist

OUR APPROACH TO RISK MANAGEMENT

Risk Management

Sustainable business performance requires the rigorous management of risk. This goes beyond containing the negative impact of risk events, by supporting the optimal risk adjusted allocation of capital, decision making governed by an approved risk appetite and maintained within risk tolerances, selectively retaining risk that falls within the company's management capability, and actively exploiting upside risk or opportunities.

Oakbay Resources' November 2014 pre-listing statement committed the organisation to implementing the King Report on Governance for South Africa 2009 ("King III") including formalising the governance of risk. The board of directors is ultimately responsible for the governance of risk, assisted by the Risk Management Committee ("Committee"). The terms of reference sets out the duties of the Committee, which include overseeing the development, implementation and annual review of a policy and plan for risk management, contained in the Risk Framework. The Committee is chaired by and made up of a majority of independent non-executive directors.

The first Committee meeting was held in May 2015. Management reported progress against the risk management commitments made in the pre-listing statement. A draft Risk Framework was presented for discussion, including an implementation plan through to end of the 2016 financial year. The Framework aims to embed the culture and practice of risk management into day-to-day business activities, by aligning strategy with risk appetite and tolerance. By embedding risk management into risk processes, people are empowered to respond effectively to their assigned risks. Appropriate technology is applied to improve efficiencies in risk assessment and reporting, and leveraging the Oakbay Resources' team's knowledge and experience.

The Committee has endorsed the appointment of a suitably qualified Chief Risk Officer ("CRO"). The CRO, reporting to the Financial Director and supported by external specialists, is responsible for developing and implementing the Risk Framework. The Risk Policy provides management with a formal mandate to implement the approved Risk Framework.

Oakbay Resources has adopted the international risk management standard ISO 31000:2009, *Risk Management – Principles and guidelines* and the *ISO Guide 73:2009, Risk management - Vocabulary*. The Risk Framework is being designed to meet the governance of risk requirements set down in King III.

Oakbay Resources' risk management process includes context definition, risk assessment, response planning, communication, monitoring and review. The company's external context includes regulatory, political, legal, financial and economic aspects and also considers competition, stakeholders' expectations, industry trends, business partners and strategic alliances. The internal context includes business objectives and plans, information flows, key assets and capabilities, product mix, skills and other strategic and operational processes across the business.

The risk assessment process, broken down into identification, analysis and evaluation, is conducted top down with the executive team and bottom up with the operational and functional teams. The assessments consider strategic, operational, financial and hazard exposures. The relative importance of each risk is evaluated against the likelihood and impact thresholds defined in Oakbay Resources' risk matrix. Impact is assessed in terms of potential financial consequence and/or hazard consequence measured in terms of safety, health and the environment impact. The resultant risk status indicates the required response, and authority level for approving mitigation plans and accepting residual exposure. The same risk matrix is applied at all levels across Oakbay Resources. This will enable a common understanding and the required responses to a risk status. The Risk Committee receives a report on all High and Extreme risks at each scheduled meeting. The Committee has the option to request additional information as well as accessing risk owners directly, if necessary.

A risk assessment was conducted as part of the preparation of the Competent Persons Report, and augmented with input from key executives and non-executives, as well as desktop research. The Committee reviewed the detailed top risk register at its May meeting.

Our risk management structure diagram Risk governance structure





AUDIT COMMITTEE REPORT

for the year ended 28 February 2015

I am pleased to present the report for the financial year ended 28 February 2015 of Oakbay Resources and Energy Limited's independent Audit Committee. The Committee's duties and objectives, as mandated by the Board, allow it to discharge its statutory and other Board delegated duties in accordance with its terms of reference.

Composition, meetings and assessment

The Committee's membership as at 28 February 2015 consisted of three independent non-executive directors, Ms Dudu Nyamane, Mr Terence Rensen and myself, the chairman of the committee. All members were appointed on 25 November 2014 at the time of the listing.

The Committee held two meetings and also holds closed sessions with key relevant parties.

Role and responsibilities

The Committee has executed its responsibilities in keeping with the recommendations of King III, the JSE Listings Requirements and the Companies Act 71 of 2008 (the Companies Act), as well as the additional responsibilities prescribed by our terms of reference, as endorsed by the Board of directors. Our key areas of responsibilities are to:

- perform our statutory duties as prescribed by the Companies Act
- oversee the integrated reporting process and assess the disclosures made to all stakeholders which includes the Group Annual Financial Statements for the year under review
- consider the effectiveness of internal controls
- oversee the appointment and functions of external audit and the non-audit services rendered during the year
- assess independence and performance of the external audit process and provider.

The Committee has also fulfilled its duty to the Board and has assisted the Board in carrying out certain areas of its duties to all its stakeholders.

Financial statements and accounting policies

The Committee assessed the Group's accounting policies and annual financial statements for the year ended 28 February 2015. The Committee recommended the audited group annual financial statements to the Board for approval. These will be tabled for shareholders' approval at the next Annual General Meeting of the Company.

External auditor appointment and independence

The Committee satisfied itself that the Group's external auditor is independent, which included the extent of other work

undertaken by the auditor for the Group, and compliance with criteria relating to independence or conflicts of interest, as prescribed by the Independent Regulatory Board for Auditors. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. A formal policy governs the process whereby the auditor is considered for non-audit services.

The Committee has nominated KPMG Inc. for election at the Annual General Meeting as Oakbay Resources and Energy Limited's external auditor for the 2016 financial year. The Committee satisfied itself that the audit firm and designated auditor are accredited in terms of the JSE list of auditors and their advisors.

Integrated reporting

The Committee performs an oversight role with regard to the Group's integrated report, the reporting process and the information disclosed in the report, to ensure the reasonable accuracy and consistency of its content. The Committee recommended the integrated report to the Board for approval.

Internal controls

The Committee is satisfied that the internal controls are adequate and that no material breakdown in internal controls occurred during the year.

Evaluation of the expertise and experience of the Financial Director and the finance function

The Committee satisfied itself that the expertise and resources within the finance function are appropriate, as is the experience of the senior members engaged to perform the financial responsibilities within the Group. The committee considered the appropriateness of the experience and expertise of the financial director and concluded that this was appropriate.

Going concern

Based on the results and the Committee's assessment and the going concern, the Committee was comfortable in recommending to the Board and believes that no material uncertainties existed to negatively impact the going concern of the Company, and the Group will be a going concern for the next financial period and that the going concern basis of accounting was appropriately applied.

Mark Pamensky

Chairperson of the Audit Committee

RISK COMMITTEE REPORT

A separate Risk Committee has been established and a formal charter has been adopted which sets out the committee's duties as far as risk management is concerned.

The following members were appointed to the Risk Committee on inception:

Independent non-executive directors

Terence Rensen (Chair)

Mark Pamensky

Executive director

George van der Merwe

The duties of the committee include the responsibility to:

- oversee the development and annual review of a policy and plan for risk management to be recommended for approval to the board;
- review and monitor the processes and procedures for risk identification, analysis and quantification;
- review the processes implemented to monitor the ongoing management of risks and ensure that continuous monitoring by management takes place;
- make recommendations to the board concerning the levels of tolerance and appetite, and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board;
- ensure that management considers and implements appropriate risk responses;
- review the group's compliance with legal and regulatory provisions, its memorandum of incorporation, code of ethics and the rules established by the board and any significant breaches thereof;
- ensure co-ordination with the Audit Committee who will be responsible for the risk management process as far as internal controls, financial reporting and IT risks are concerned;
- submit an annual report to the board on the effectiveness of the total risk management and assessment process and solutions, including a register of the company's key risks; and to
- ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risk.

The committee is currently in the process of reviewing an appropriate annual work plan in order to ensure that all areas of its responsibility for risk management is concerned are adequately dealt with during an annual cycle. The committee will meet at least three times during a financial year. The committee met for the first time in May 2015.

Terence Rensen

Risk Committee Chairman



SOCIAL, ETHICS AND REMUNERATION COMMITTEE REPORT

This committee executes the duties assigned to it by the Companies Act as well as any additional duties assigned to it by the board of directors of Oakbay Resources. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the Social, Ethics and Remuneration Committee.

A formal charter has been adopted which guides the committee in ensuring that the group conducts its business in an ethical and properly governed manner and of reviewing or developing policies, governance structures and practices for sustainability. In addition the committee oversees the group's remuneration matters. Please see the Remuneration Report on page 62 for further details.

The following members served on the Social, Ethics and Remuneration Committee from inception on 25 September 2014:

Independent non-executive directors

Dudu Nyamane (Chair)

Terence Rensen

Non-executive director

Atul Gupta

The core purpose of the committee is to regularly monitor the group's activities with regard to any relevant legislation, other legal requirements or prevailing codes of best practice in the areas of responsibility of the committee as per its charter. Since inception the committee has recommended its charter to the board for approval and is currently in the process of reviewing and adopting an appropriate annual work plan to ensure that all areas of responsibility are adequately addressed during an annual cycle. The committee had its first formal meeting in the first quarter of the 2016 financial year.

Please see pages 32 to 44 'The people who matter' and 'Adding value' for reporting on the committee's areas of focus.

No human rights incidents were reported. In South Africa, aspects such as prohibition of child labour, forced compulsory labour and discriminatory practices are monitored by the Department of Labour in addition to the committee.

Dudu Nyamane

Social, Ethics and Remuneration Committee Chairman

COMPANY SECRETARY'S CONFIRMATION

In terms of section 88(2)(e) of the Companies Act of 2008, as amended, I certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required to be lodged by the public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

Annemarie van der Merwe

Company Secretary

REMUNERATION REPORT

The Social, Ethics and Remuneration Committee assists the board in ensuring that group remuneration and recruitment is aligned with overall business strategy. The committee is amongst other things also responsible for reviewing and recommending a remuneration policy for the group as a whole. The policy is tabled at the annual general meeting for a non-binding advisory vote by shareholders.

Group remuneration philosophy

The remuneration philosophy reflects Oakbay's commitment to aligning with best practice in the areas of remuneration, retention and reward in an effort to attract and retain exceptional talent. The remuneration packages and incentives are regularly evaluated against market-related surveys. The group's remuneration strategy views employee rewards in a holistic manner and includes monetary and non-monetary elements such as standard compensation, performance incentives; reward and recognition; work stability and security; continuous development,

career path building and succession planning, respect, quality coaching and a work environment aligned to the group's values.

Our philosophy is to employ individuals of the highest calibre, who are characterised by integrity, great competence and leadership abilities and who adhere and subscribe to the group's culture, values and philosophies. We strive to inspire success by providing a working environment that stimulates extraordinary performance.

The way in which the group rewards its staff, in particular executive staff and prescribed officers, is in line with the company's dedication to achieving its strategic objectives. The table below indicates the group's strategic focus areas, illustrating the link to the remuneration policy and practices.

As the group has recently listed, several aspects of the remuneration approach have not yet been implemented. These, in particular, relate to short-term, medium term and long term incentives.

Strategic objective	Link to remuneration strategy
<p>To build an organisation of inspired, performance-driven, empowered, passionate and professional employees, who align their success to that of the group and who are driven to create and share innovation and continuous enhancements.</p>	<ul style="list-style-type: none"> • Oakbay aims to provide a level of remuneration that attracts, retains and motivates staff, in particular executives, of the highest calibre. • The overall remuneration philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their individual contribution to the company's operating and financial performance in line with its corporate objectives and strategy, and in line with this, the company is committed to paying remuneration that is competitive relative to the target labour market based on industry and market benchmarks reviewed by the company on an annual basis.

The Social, Ethics and Remuneration Committee is tasked with the overall accountability for remuneration. This includes ensuring that the group's remuneration policy remains effective in supporting the group's objectives as well as complying with relevant legislation and good corporate governance. The committee further:

- determines the remuneration of the executive directors and executive management;
- recommends the allocation of long-term incentives to management and executive directors;
- recommends the approval of performance bonuses to individuals under the group's short-term incentive scheme; and
- makes recommendations on fees for non-executive directors and board committee members for approval by the board and shareholders.

Salary adjustments for other employees are filtered through the group from the executive management down to employees, through the business unit manager structure in place. Approvals go through the executive committee, within the overall annual salary increase approval guidelines set by the Social, Ethics and Remuneration Committee.

The committee is satisfied that:

- performance-related elements of remuneration will constitute a large proportion of total remuneration packages;
- remuneration levels determined by the committee are sufficient to attract, motivate, reward and retain senior executives, directors and employee categories of the group; and
- it has established a formal and transparent set of policies and procedures.



Remuneration components

The various components of Oakbay Resources' remuneration approach are summarised in the table below:

Component	Approach
<p>Employees</p>	<p>Group employees receive a total guaranteed package that is based on the role of the employee, market value, individual performance and level of competence. Packages are structured on a total-cost-to-company ("TCTC") basis and include contributions to healthcare, disability, life insurance and retirement benefits. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package.</p> <p>This means that employees are able to participate in the structure and composition of their individual packages to suit their needs and the requirements of their position. This also enables comparison across the various employee classes. The TCTC concept offers transparency as each employee is able to understand the elements of their total remuneration package.</p> <p>Base salaries are reviewed in terms of job profiles and experience, and adjustments are made to base salaries to bring them in line where applicable.</p>
<p>Middle management and key employees</p>	<p>The remuneration structure for middle management and key employees includes fixed, short-term and medium to long-term components that reflect individual performance aligned with the relevant business' performance. The group's primary management remuneration objective is to reward members of the management team to ensure that their interest areas, as far as possible, correspond with the interests of shareholders, the financial and commercial well-being of the group and recommendations from industry surveys.</p> <p>This is achieved through:</p> <p>Fixed remuneration: Base salary and benefits – this is reviewed annually to ensure that the efforts of management who contribute to the success of the group and have the potential to sustain performance are remunerated competitively.</p> <p>Short-term incentives: A short-term performance-related incentive scheme intended to provide superior total pay opportunities, should business performance merit it, and to reward individual performance.</p> <p>Long-term incentives: A long-term deferred bonus performance-related incentive scheme intended to attract, engage and retain critical talent and drive toward the overall performance of the group.</p>
<p>Executive management and directors</p>	<p>The remuneration of executive management and directors is structured with the purpose to align the interests of the executives with operational performance and the long-term sustainability of the group. Executives are rewarded through the payment of base remuneration, benefits, short-term incentives and long-term share-based incentives in the form of participation in the group's Share Trust.</p> <p>Executive remuneration is generally split equally between variable and fixed compensation. Details of the remuneration of the directors and group executives, and information on share options are set out in the annual financial statements.</p>
<p>Non-executive directors</p>	<p>Non-executive directors are paid fees for their services as directors and board-appointed committee members.</p> <p>Fees for non-executive directors are recommended to the board by the Social, Ethics and Remuneration Committee and are reviewed annually taking into account external benchmarks. The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new acts, regulations and corporate governance guidelines. As required in terms of the Companies Act, fees for non-executive directors are submitted to shareholders for approval by way of special resolution at the annual general meeting.</p> <p>To avoid the potential for conflicts of interest, which could impair independence, the group does not award bonuses or share options to non-executive directors.</p> <p>Information on fees paid to the non-executive directors for the financial year for directorship and membership of the board and various committees is set out in note 26 of the financial statements.</p>

Remuneration breakdown

The breakdown of the elements forming part of Oakbay' remuneration approach are summarised in the table below:

Base salary	Fixed	<ul style="list-style-type: none"> • Reflects the nature and scope of the specific role, including the performance and experience of the employee. • Fixed remuneration is based on a TCTC approach. Benefits included as part of TCTC packages include a healthcare, disability, life insurance and retirement benefits. • There is no standard across-the-board increase to all employees within the group. Consideration for increases takes into account, among others, the following factors, namely market related TCOE increases, changes in individual responsibility, individual performance, the performance of the group as a whole and other relevant economic indicators such as, inter alia, affordability and inflation. Overall increases will typically reflect the market benchmark increases, with individual increases varying according to an assessment of individual performance/worth. • As a general rule, above average remuneration (75th percentile) is only awarded to senior executives who demonstrate that they have above average competency, and who are able to deliver results in keeping with this – as reflected in their annual performance ratings.
Benefits (included in base remuneration)	Fixed	<ul style="list-style-type: none"> • Provides employees with contractually agreed benefits such as healthcare, disability, life insurance and retirement benefits. Members have the option to structure their pensionable income, monthly contributions to the Oakbay Provident Fund and the nature of the fund invested in, however membership is compulsory. • A minimum of 10% of pensionable remuneration is invested in the Oakbay Provident Fund for all new employees. • Contributions to the Oakbay Provident Fund include benefits relating to insurance for employee and their dependants in the event of disability, death, critical illness, etc. • All employees are required to belong to an approved medical aid scheme. • Benefits are funded from the TCTC package for each employee.
Short-term incentives schemes	Variable	<ul style="list-style-type: none"> • Rewards and motivates employees to achieve agreed objectives. • Oakbay has short-term incentive schemes, which are tailored to the diverse businesses within the group and designed to incentivise various categories of employees. • All full-time salaried employees are appraised annually by the manager to whom they report in terms of the group's various performance management systems. • Performance ratings at year-end are taken into account in relation to merit increments or promotion in the following year. • Senior executives and senior managers are eligible to receive a short-term incentive bonus at the end of the financial year based on a performance rating. • For these purposes, their performance scorecards are structured with a weighting of between 30% and 75% being given to financial targets and of between 30% and 75% to their individual KPIs as agreed with the senior executive to whom they report at the beginning of the year. • Short-term incentives are not guaranteed, are paid in cash and are based on both individual and business unit achievement against pre-set targets. The conditions for earning a short-term incentive generally consist of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. Performance targets are designed to be relevant, and challenging. Budgets are approved by the board at the start of the period and the committee approves bonuses for executives before they are paid. • A group bonus scheme is also in place for employees who are not entitled to any other form of incentive. The group bonus scheme is solely based on group financial performance against targets set by the committee and board. <p>Operational management performance targets focus on operating profits and working capital. The bonuses also include a discretionary element covering specific key performance areas and targets for each executive. These key performance indicators include responsibility for matters such as:</p> <ul style="list-style-type: none"> • Service level achievements; • Performance management;

		<ul style="list-style-type: none"> • Growth of the company; • Succession planning and talent management; and • Achievement of predetermined broad-based black economic empowerment targets for each manager's area of responsibility.
Medium/long- term incentive plans	Variable	Medium to long-term incentives create loyalty and commitment among employees and act as a retention mechanism. It is essential for the group to retain skills over the longer term and to motivate and incentivise senior management and other key employees to drive sustainable value creation over multiple reporting periods. This is achieved through long-term incentive plans and annual awards using the deferred bonus scheme. Financial performance targets for selected employees are set annually. On partial achievement of certain of these targets, a pro-rata bonus value is accrued. The value is deferred over a three year period, with one third being available for a cash pay-out on an annual basis. The employee has to remain in the employment of the company to retain the right to be paid the bonus.
Oakbay Share Trust Scheme	Variable	<p>Long-term incentives are offered through participation in the Oakbay Share Trust, and are intended to reward improved sustainable group business performance, aligned with shareholder interests over a longer term. Allocations of options from the trust are designed to retain key senior employees over a longer period and to recognise their contribution to the group's performance. Restraint of trade agreements are attached to all option allocations given to employees.</p> <p>The Social, Ethics and Remuneration Committee determines the criteria for the allocation, awards and/or grants to the employees of the company and its operations. Further detail on the criteria is set out below and has been approved by the board.</p> <p>Eligible participants are recommended by the CEO and are then submitted to the Social, Ethics and Remuneration Committee, which submits its approved participants to the board for final approval.</p>

Performance targets

The financial metrics for short and long-term incentives are set by the Social, Ethics and Remuneration Committee on an annual basis, and are carefully selected based on key business drivers over the short and long term. The metrics that have been used in the past, and are envisaged to be used in future, are as follows:

Short-term incentive

Group targets shall apply in the case of the CEO, COO and FD. Group targets are considered appropriate for these individuals due to the strategic nature of these roles, and their responsibilities for the performance of the group as a whole where applicable. Targets apply for the rest of the executive directors and prescribed officers, which are measured for all on a group basis in recognition of the collective responsibility they bear for the performance of the group as a whole.

The targets set take into account the current trading conditions and challenges being faced by the group or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees. The threshold targets are set at a level that represents the minimum level of acceptable performance for the business.

Executive directors

Remuneration and benefits for executive directors were as follows:

	Salaries	Bonuses	Benefits	Retirement contributions	Total
	R'000	R'000	R'000	R'000	R'000
2015					
GP van der Merwe	681	-	39	-	720
TW Scott	315	-	58	-	373
V Gupta	633	-	36	-	669
	1 629	-	133	-	1 762
2014					
V Gupta	616	-	-	-	616
	616	-	-	-	616

Contractual provisions of senior executives

No special contractual arrangements apply to the appointments and termination of employment of the senior executives and no fixed term contracts of employment remain to be fulfilled. For senior executives, notice of termination varies from between one month and a maximum of three months. For other group employees, notice of termination ranges from one to two months. Severance packages are not less than the minimum prescribed by law at the relevant time, but may in special circumstances be negotiated on more favourable terms. Currently, none of the senior executives have special termination benefits or balloon payment provisions in their employment contracts, and group policy prevents any senior executive from being compensated for loss of office.

Share incentives

Share incentives are considered and recommended by the board and approved by the Social, Ethics and Remuneration Committee. Conditions and exercise periods are set out in the Oakbay Resources Share Trust Deed.

No share incentives have been allocated to directors or prescribed officers during the current year or prior year. The board and the Social, Ethics and Remuneration Committee is still in the process of assessing share incentive schemes and awards.

Non-executive directors

The appointment of non-executive directors is governed by a letter of appointment that sets out, among other things, the term of appointment, duties and responsibilities, fees and other payments, and termination of services. Non-executive directors receive a standard fee for their services on the board and board committees. The remuneration committee reviews the level of fees and makes recommendations to the board for consideration. Fees payable to non-executive directors must be approved by shareholders at the annual general meeting.

These are the non-executive directors' fees for the 28 February 2015 financial year and represent remuneration paid for the period 25 September 2014 to 28 February 2015. No fees were paid in the comparative year.

Non-executive directors' fees	2015 R
Chairman of the board - annually	230 000
Lead independent director - annually	230 000
Independent non-executive director of the board - annually	180 000
Chairman of the Audit Committee – per meeting	20 000
Members of the Audit Committee – per meeting	15 000
Chairman of the Risk Committee – per meeting	20 000
Members of the Risk Committee – per meeting	15 000
Chairman of the Social, Ethics and Remuneration Committee – per meeting	15 000
Members of the Social, Ethics and Remuneration Committee – per meeting	10 000
Chairman of the Nominations Committee – per meeting	10 000
Member of the Nominations Committee – per meeting	5 000
Hourly fee for ad hoc work and special meetings outside scheduled quarterly meetings	2 500

Succession planning

The Social, Ethics and Remuneration Committee reviews the group's succession plan and communicates any areas of concern to the board. The group is presently not at risk in any senior executive position. The development of the plan is ongoing and is formally reviewed on an annual basis.

GROUP FINANCIAL STATEMENTS





Group Financial Statements and Financial Statements

for the year ended 28 February 2015

The reports and statements set out below comprise the financial statements presented to shareholders:

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The group financial statements and financial statements have been audited in compliance with section 30 of the Companies Act. Trevor Scott (Financial Director and CFO) supervised the preparation of the group financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 28 February 2015

The directors are responsible for the preparation and fair presentation of the group financial statements and financial statements of Oakbay Resources and Energy Limited, comprising the statements of financial position at 28 February 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the group to continue as going concern and have no reason to believe that the businesses will not be going concern in the year ahead.

The auditor is responsible for reporting on whether the group financial statements and financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group financial statements and financial statements

The group financial statements and financial statements of Oakbay Resources and Energy Limited, as identified in the first paragraph, were approved by the board of directors on 29 May 2015 and signed by:

TW Rensen
Authorised Director

TW Scott
Authorised Director



Directors' report

for the year ended 28 February 2015

The directors submit their report for the year ended 28 February 2015.

Nature of business

The company ("Oakbay Resources and Energy Limited") is an investment holding company having a 74% interest in Shiva Uranium Proprietary Limited ("Shiva Uranium"), and is referred to collectively as the "the group". Shiva Uranium is a mining and exploration company currently focused on uranium, gold mining and beneficiation. Its main base of operations is conducted on the Dominion and Rietkuil Mines located in the Hartbeesfontein District in the North-West province of South Africa.

The focus of the mining activity is to ensure that sufficient mine development is completed to allow for the continuous and steady feed to the uranium plant, as well as open cast gold mining and the production of gold bullion.

Financial results

The group financial statements and financial statements for the year ended 28 February 2015, disclosing the financial position and results from operations and cash flows for the group and company, are set out in this report. The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act and supported by reasonable and prudent judgments and estimates where required.

Review of activities

Safety

During the above mentioned year, the group's safety results were encouraging with zero fatalities. To date the mine has achieved 4 941 fatality free production shifts. This is proof of the continuous commitment of the mine employees towards safe working practices. The drive in order to keep the focus on safety is through the established Health and Safety Committee and proper communication between the committee and workplace health and safety representatives. On the job training and supervision is of high priority and the assistance of the Safety, Health and Environmental and Training Departments contribute towards this goal of zero fatalities. Senior management of the mine have adopted a safety awareness program and chair a weekly safety meeting with the relevant supervisors in order to discuss safety achievements and pro-active action to prevent any accidents and injuries. Safety remains the highest priority for management and the group is constantly re-evaluating its safety procedures in line with its philosophy of zero tolerance to unsafe acts and reducing safety risk to its lowest possible level.

Gold production

During the period under review, the group produced approximately 791 540 (2014: 576 986) milled tons and realised gold sales of 13 343 (2014: 12 193) ounces from its open cast gold mining operation. Mining operations for the past twelve months have been challenging due to operating upgrades in the group's milling operation. The group's recent investment in additional

milling equipment and related infrastructure is expected to increase production capacity at the mine. Consistently achievable grades remain challenging and the group's focus has been on identifying the highest possible grade opportunities rather than solely focusing on increasing the volume of milled ore. The group is also focused on further expansion of miscellaneous value adding operations at the mine that can contribute toward cost reduction and additional income for the group such as a newly installed foundry to create grinding media as well as a crusher plant making road aggregate from the waste product to decrease our environmental liability and create extra revenue.

The effect of plant upgrades resulted in a return to profitability for the group on its gold mining operations with effect from September 2014. Gold production and grades have also stabilised in the final quarter of the year, leading to a general improvement in the overall profitability of the group's gold mining operations.

Uranium operations and further exploration

Uranium operations are still in the development stage. The existing focus of underground uranium mining activity is to ensure that sufficient mine development is completed to ensure continuous and steady feed to the uranium plant.

The group intends to proceed with commissioning a bankable feasibility study on its mineral deposits with a view to raising additional capital in the foreseeable future. The group is of the view that at least R800 million will be required to bring optimum uranium production on-line. The group intends to raise capital from both local and foreign investors, and will be well placed to take advantage of the expected upswing in uranium prices when they materialise, as the price has gained more than 50% in the last quarter of the financial year.

Listing on the Johannesburg Stock Exchange

During the year under review, management focused a significant amount of their efforts on the listing of the company on the Johannesburg Stock Exchange ("JSE"). Oakbay Resources and Energy Limited listed on the main board of the JSE on 28 November 2014 on the General Mining Sector share code 'ORL', with an initial market capitalisation of R8 billion.

Conversion of borrowing to equity

Pursuant to a loan agreement between the company and the Industrial Development Corporation of South Africa ("IDC"), approximately R 256 million (fair value R225 million) of debt was converted to equity upon the listing of Oakbay Resources and Energy Limited on 28 November 2014. This portion of the loan was converted into ordinary shares at a 10% discount to the initial listing price.

Holding company

The company is a subsidiary of Oakbay Investments Proprietary Limited (2006/017975/07), which is a South African registered company.

Going concern

The group made a loss of R38.9 million for the year ended 28 February 2015 (2014: net loss R236 million) and, as of that date the group's total assets exceeded its total liabilities by R5.1 billion (2014: R4.7 billion)

Directors' report (continued)

for the year ended 28 February 2015

As indicated in note 9, the holding company, Oakbay Investments Proprietary Limited, has subordinated its right to claim or accept repayment of its loan to the company in favour of the other creditors until the total assets of the company, fairly valued exceed its total liabilities and has undertaken to provide the company with financial support to enable it realise its assets and settle its liabilities in the ordinary course of business.

The group has the intent and ability to take actions necessary to continue as a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

After assessing the group's solvency and liquidity as well as the cash flow forecasts for the next twelve months the group will continue in the foreseeable future as a going concern and it will be able to pay its debts as they become due in the ordinary course of business.

Events after the reporting date

Subsequent to the group's financial year end, Shiva Uranium Proprietary Limited commenced contract mining services in March 2015. In terms of the agreement, Shiva Uranium has been engaged by Tegeta Resources Proprietary Limited to perform open cast contract mining services for a three year period. Refer to note 33 of the financial statements for further information.

Authorised and issued share capital

The authorised share capital of Oakbay Resources and Energy Limited was increased from 1 000 R1 par value shares to 1 500 000 000 shares of no par value of which 799 999 000 shares were issued when the company listed on the Johannesburg Stock Exchange in November 2014.

No share repurchases were made during the year ended 28 February 2015

Major shareholders

At 28 February 2015, the major shareholders of the company were as follows

Details	Shareholding	%
Oakbay Investments Proprietary Limited	639 995 899	80.00%
Action Investments	67 764 272	8.47%
Saranya Investments	45 176 181	5.65%
Industrial Development Corporation	28 528 647	3.57%
Other	18 535 001	2.31%
Total	800 000 000	100%

Dividends

No dividends were declared or paid for the year under review (2014 : Rnil).

Directors

The directors of the company during the year and to this report date are as follows:

Name	Resigned
A Chawla	25 September 2014
R Ragavan	25 September 2014

Name	Appointed	Designation
AK Gupta±	25 September 2014	Non-executive (chairman)
MV Pamensky±	25 September 2014	Lead independent non-executive director
TW Rensen~	25 September 2014	Independent non-executive director
DJ Nyamane±	25 September 2014	Independent non-executive director
V Gupta±	25 September 2014	Chief operating officer
GP van der Merwe±	25 September 2014	Chief executive officer
TW Scott±	25 September 2014	Financial director and chief financial officer

± South African
~ Irish

Borrowing powers

The company's Memorandum of Incorporation has placed no restriction on its borrowing powers.

Company secretary

The secretary of the company is Ithemba Governance and Statutory Solutions Proprietary Limited

Registered office
Monument Office Park
Block 5, Suite 201
79 Steenbok Ave
Monument Park

Postal Address
PO Box 25160
Monument Park
0105

Auditors

The Audit Committee has recommended to the Board that KPMG Inc. continue in office in accordance with section 90(1) of the Companies Act. The engagement partner is Bavhana Sooku, who is a JSE accredited auditor.

Directors and officers disclosure of interests in contracts

During the year under review, no contracts have been entered into in which directors and officers of the company had an interest and which significantly affected the business of the company.

Related party information appears in note 23 of the financial statements.

Subsidiaries

At 28 February 2015, the group held interests in the following subsidiary companies:

Company	Holding (%)
Shiva Uranium Proprietary Limited	74%
Rietkuil Mining Proprietary Limited	100%
AFL Plant and Engineering Proprietary Limited	100%
Leason Forklift Proprietary Limited	100%



Directors' report (continued)

for the year ended 28 February 2015

Special resolutions

Oakbay Resources and Energy Limited converted their shares with a nominal or par value to shares having no nominal or par value. The following special resolutions were adopted on the 16 September 2014 to comply with the provisions of Regulation 31(6).

Special resolution 1

The authorised ordinary par value shares of the company comprising 1 000 ordinary shares of R1 each, of which 1 000 have been issued, be converted to 1 000 ordinary shares of no par value and that the amount of R1 000 in the issued share capital account be transferred and credited to the stated capital account.

Special resolution 2

The authorised shares of no par value of the company comprising 1 000 shares be increased to 1 500 000 000 ordinary shares of no par value by the authorisation and creation of an additional 1 499 999 000 ordinary shares of no par value.

Special resolution 3

The company is converted from a private company to a public company with share capital as defined in the Companies Act, 71 of 2008.

Special resolution 4

The memorandum of association and articles of association of the company be replaced with an amended memorandum of incorporation.

Special resolution 5

The authorised but unissued shares in the company be and are placed under the control of the directors of the company to allot and issue all or any part thereof as they deem fit.

Special resolution 6

Following the listing of the company on the JSE, the board of directors are authorised by general authority, in terms of the JSE Listings Requirements, to issue and allot, or to issue any options in respect of, the authorised but unissued share capital of the company, up to 5% of the total issued share capital of the company as at 28 February 2013, and/or sell or otherwise dispose of or transfer or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company, for cash, as they deem fit, and when suitable opportunities arise, subject to the requirements of the Companies Act of 2008, the company's Memorandum of Incorporation and the following conditions, namely that –

1. This authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 months from the date that the authority is given;
2. The allotment and issue of the securities must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
3. The securities which are the subject of the issue for cash:
 - 3.1. Must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;

- 3.2. That a paid press announcement giving full details, including the impact of the issue on net asset value net tangible value, earnings and headline earnings per share and if applicable, diluted earnings and diluted earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% of the number of securities in issue prior to the issue concerned;
- 3.3. In aggregate in any one financial year shall not exceed 5% of the number of shares of the company's issued share capital;
- 3.4. Of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
- 3.5. As regards the number of securities which may be issued, the 5% number, shall be based on the number of securities of that class in issue added to those that may be issued in the future, at the date of such application:
 - Less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
 - Plus any securities of that class to be issued pursuant to:
 - A rights issue which has been announced, is irrevocable and is fully underwritten; or
 - Acquisition, which has had final terms announced, may be included as though they were securities in issue at the date of application;
4. In determining the price at which an issue of securities for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average trade price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities; and
5. Any such general issues are subject to exchange control regulations and approval at that point in time.

Property, plant and equipment

There were no changes to the manner of use, or expected future use of property, plant and equipment during the year under review.

Prospecting and mineral rights

A list of the group's new order prospecting and mineral rights is available at the registered office of Oakbay Resources and Energy Limited for inspection. The directors are not aware of any information which may cause this position to change. All submissions as required by Department of Mineral Resources are up to date.

Independent auditor's report

To the shareholders of Oakbay Resources and Energy Limited

We have audited the group financial statements and financial statements of Oakbay Resources and Energy Limited, which comprise the statements of financial position at 28 February 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 78 to 119.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Oakbay Resources and Energy Limited at 28 February 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2015, we have read the Directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The directors report is the responsibility of the directors. Based on reading the Director's report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' report and accordingly do not express an opinion thereon.

KPMG Inc.
Registered Auditor

Per Bavhana Sooku
Chartered Accountant (SA)
Registered Auditor
Director
29 May 2015

KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122
South Africa



Statements of financial position

as at 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Assets					
Non-current assets					
		7 244 453	7 155 952	2 937 522	338 541
Property, plant and equipment	2	1 969 946	1 871 519	–	–
Mineral resources and reserves	3	5 205 629	5 205 629	–	–
Investment in subsidiaries	4	–	–	–	338 541
Amounts owing by subsidiary companies	7	–	–	2 937 522	–
Environmental rehabilitation obligation investments	5	57 536	54 598	–	–
Environmental rehabilitation guarantee deposits	5	2 439	2 439	–	–
Deposits		8 903	21 767	–	–
Current assets					
		444 518	183 840	395 626	3 107 925
Trade and other receivables	6	16 981	10 647	–	456
Amount owing by subsidiary company	7	–	–	–	2 937 522
Amounts owing by related parties	8	27 962	27 345	207 773	169 942
Inventories	11	208 513	142 754	–	–
Cash and cash equivalents	10	191 062	3 094	187 853	5
Total assets					
		7 688 971	7 339 792	3 333 148	3 446 466
Equity and liabilities					
Equity attributable to owners of the company					
		4 516 190	4 143 383	2 815 908	2 439 186
Stated capital	12	466 398	56 026	466 398	56 026
Retained earnings		4 049 792	4 087 357	2 349 510	2 383 160
Non-controlling interest					
	30	597 397	598 772	–	–
Total equity					
		5 113 587	4 742 155	2 815 908	2 439 186
Non-current liabilities					
		2 144 268	1 591 325	366 514	338 541
Loans and borrowings	13	110 367	–	–	–
Environmental rehabilitation provision	14	209 811	133 749	–	–
Amount owing to holding company	9	366 514	–	366 514	–
Share-based payment	20	–	–	–	338 541
Deferred tax	15	1 457 576	1 457 576	–	–
Current liabilities					
		431 116	1 006 312	150 726	668 739
Trade and other payables	16	77 675	108 036	26	17 414
Loans and borrowings	13	184 362	404 695	–	–
Amount owing to subsidiary company	7	–	–	146 186	398 909
Amounts owing to related parties	8	169 079	241 165	4 514	–
Amount owing to holding company	9	–	252 416	–	252 416
Total liabilities					
		2 575 384	2 597 637	517 240	1 007 280
Total equity and liabilities					
		7 688 971	7 339 792	3 333 148	3 446 466

Statements of comprehensive income

for the year ended 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Revenue	17	165 049	151 211	-	-
Cost of sales		(123 161)	(215 947)	-	-
Gross profit/(loss)		41 888	(64 736)	-	-
Other operating income	18	32 426	7 953	17 409	-
Other operating expenses		(51 142)	(80 841)	(1 112)	(21)
Operating profit/(loss)	19	23 172	(137 624)	16 297	(21)
Finance costs	21	(68 684)	(100 456)	(52 297)	(67 969)
Finance income	21	6 572	2 055	2 350	-
Net finance costs		(62 112)	(98 401)	(49 947)	(67 969)
Loss before tax		(38 940)	(236 025)	(33 650)	(67 990)
Income tax		-	-	-	-
Loss for the year		(38 940)	(236 025)	(33 650)	(67 990)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(38 940)	(236 025)	(33 650)	(67 990)
Attributable to:					
Equity holders of the company		(37 565)	(192 336)	-	-
Non-controlling interest		(1 375)	(43 689)	-	-
Total comprehensive loss for the year		(38 940)	(236 025)	(33 650)	(67 990)
Loss per share (in cents)	28	(18.78)	(19 233 600)		
Diluted loss per share (in cents)	28	(18.78)	(19 233 600)		
Headline loss per share (in cents)	28	(18.78)	(19 233 600)		
Diluted headline loss per share (in cents)	28	(18.78)	(19 233 600)		



Statements of changes in equity

for the year ended 28 February 2015

Group							
	Share capital R'000	Share premium R'000	Stated capital R'000	Retained earnings R'000	Total shareholder's equity attributable to owners of the company R'000	Non-controlling interest R'000	Total equity R'000
Note	12	12	12			30	
Balance at 1 March 2013	1	56 025	–	4 279 693	4 335 719	642 461	4 978 180
Total comprehensive loss for the year	–	–	–	(192 336)	(192 336)	(43 689)	(236 025)
Balance at 28 February 2014	1	56 025	–	4 087 357	4 143 383	598 772	4 742 155
Conversion of shares to no par value	(1)	(56 025)	56 026	–	–	–	–
Issued ordinary shares	–	–	410 372	–	410 372	–	410 372
Total comprehensive income	–	–	–	–	–	–	–
Loss for the year	–	–	–	(37 565)	(37 565)	(1 375)	(38 940)
Other comprehensive income	–	–	–	–	–	–	–
Balance at 28 February 2015	–	–	466 398	4 049 792	4 516 190	597 397	5 113 587

Statements of changes in equity

for the year ended 28 February 2015 (continued)

Company	Share capital R'000	Share premium R'000	Stated capital R'000	Retained earnings R'000	Total shareholder's equity R'000
Note	12	12	12		
Balance at 1 March 2013	1	56 025	–	2 451 150	2 507 176
Total comprehensive loss for the year	–	–	–	(67 990)	(67 990)
Balance at 28 February 2014	1	56 025	–	2 383 160	2 439 186
Conversion of shares to no par value	(1)	(56 025)	56 026	–	–
Issued ordinary shares	–	–	410 372	–	410 372
Total comprehensive income	–	–	–	–	–
Loss for the year	–	–	–	(33 650)	(33 650)
Other comprehensive income	–	–	–	–	–
Balance at 28 February 2015	–	–	466 398	2 349 510	2 815 908



Statements of cash flows

for the year ended 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Cash flows from operating activities		(7 397)	(30 504)	1 715	(8)
Cash utilised in operations	25	(13 657)	(27 703)	(635)	(8)
Interest paid		(312)	(4 856)	-	-
Interest received		6 572	2 055	2 350	-
Cash flows from investing activities		(89 725)	(68 355)	-	-
Additions to expand property, plant and equipment		(89 725)	(63 401)	-	-
Increase in environmental rehabilitation obligation funds		-	(2 970)	-	-
Increase in deposits		-	(1 984)	-	-
Cash flows from financing activities		285 090	95 971	186 133	11
Issue of ordinary share capital		185 350	-	185 350	-
Additional borrowings		144 960	-	-	-
Repayment of borrowings		(80 000)	(28 347)	-	-
Payment of finance lease liabilities		(3 789)	-	-	-
(Decrease)/increase in amounts owing to related parties		(74 912)	4 760	4 514	-
(Increase)/decrease in amounts owing by related parties		(617)	52 725	(37 831)	-
Decrease in amounts owing to subsidiary		-	-	(79 998)	(66 822)
Increase in amounts owing to holding company		114 098	66 833	114 098	66 833
Net increase/(decrease) in cash and cash equivalents		187 968	(2 888)	187 848	3
Cash and cash equivalents at the beginning of the year	10	3 094	5 982	5	2
Cash and cash equivalents at the end of the year	10	191 062	3 094	187 853	5

Notes to the financial statements

for the year ended 28 February 2015

1. Reporting entity

Oakbay Resources and Energy Limited (the “company”) is an entity listed on the Johannesburg Stock Exchange (“JSE”) and is domiciled in the Republic of South Africa. These group financial statements and financial statements comprise the company and its subsidiaries (the “group”). The company is the holding company of Shiva Uranium Proprietary Limited, which is primarily involved in the mining and exploration of uranium and gold.

1.2 Accounting policies

The principal accounting policies applied in the preparation of these group and financial statements are set out below. These policies have been consistently applied in the period presented unless otherwise stated.

1.3 Basis of accounting

Statement of compliance

The company financial statements of Oakbay Resources and Energy Limited have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board and International Financial Reporting Issues Committee Interpretations (collectively IFRSs), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act of South Africa and the JSE Listing Requirements. The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value or amortised cost.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the economic environment in which the entity operates (functional currency). The financial statements are presented in South African Rand (rounded to the nearest thousand unless otherwise stated) which is the group’s presentation currency and company’s functional and presentation currency.

1.4 Use of judgements and estimates

The preparation of 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 underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements, assumptions and

estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1.10 – Depreciation (where judgement is used in the estimation of useful lives and residual values of property, plant and equipment).
- Note 14 – Environmental rehabilitation provision (where judgement is used in estimating the future cost of environmental rehabilitation provision and risk specific discount rates applicable to such provision).
- Note 1.8 – Deferred taxation – recognition of deferred tax assets: availability of future taxable profits against which carry forward tax losses can be used.
- Note 1.9 – Inventories – are valued at the lower of cost and net realisable value.

1.5 Basis of consolidation

Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

1.6 Revenue

Group

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of gold, the transfer usually occurs when the significant risks and rewards of ownership are transferred to the final refiner.

Rendering of services

The group recognises revenue from rendering of services in proportion to the state of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Company

Dividends received by the company in its capacity as a holding company are accounted for as revenue upon the declaration of the dividend by respective subsidiary companies

1.7 Finance income and finance costs

The group's finance income includes interest income on funds invested and gains on the fair value of financial instruments through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs includes interest expense on borrowings, unwinding of the discount on provisions, losses on the fair value of financial instruments through profit or loss and impairment losses recognised on financial assets.

1.8 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary

differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects that tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost is determined on the following bases:

- metals in process is valued at the average total production cost at the relevant stage of production;
- gold bullion is valued on an average total production cost method;
- ore stockpiles are valued at the average moving cost of mining and stockpiling the ore.

Consumable stores are valued on the weighted average basis after appropriate allowance for redundant and slow moving items. Metal in process inventory that is not contained in system processes is only recognised to the extent that management considers such metal in process inventory to be recoverable.

Notes to the financial statements (continued)

1.10 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised when incurred. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss.

Mineral properties

Mineral properties are those initially recognised at cost, and subsequently they are measured at cost less amortisation and impairment.

Capitalised development cost

Development activities involve any pre-production activities. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalised as incurred. Development costs are capitalised up until the commercial production phase begins.

Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses.

Gain or loss on disposal

Any gain or loss on disposal on an item of property, plant and equipment (calculated as the proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Depreciation is determined to give a fair and systematic charge of the allocation of the cost of property, plant and equipment over the useful life of the respective assets in profit and loss for the period. Depreciation only commences once an asset is in a condition available for

use. Depreciation for the current and prior periods was determined as follows:

- Mineral properties – units of production method over life of mine
- Capitalised development cost – units of production method over life of mine
- Property, plant and equipment:
 - Mining assets included in property, plant and equipment – units of production over life of mine
 - Non-mining assets included in property, plant and equipment
 - Vehicles – 3 years
 - Furniture – 5 years
 - Fittings – between 3 and 30 years

The life of mine for uranium related assets has been assessed at 16 years (from the time production commences) based on reference to estimated resources available per the group's most recent feasibility study.

The life of mine for gold related assets has been assessed as having total probable units of production of 14 456 kilograms of gold.

The estimation of resources is determined in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC). Estimated for mineral resources may change from period to period due to the change in economic assumptions used to estimate mineral resources as well as due to additional geological data becoming available during the course of operations. Changes in mineral resources may affect the depreciation period for mining assets and mineral properties.

Mineral properties

The portion of the mineral properties relating to land is not depreciated. Buildings that are included in this category of property, plant and equipment are depreciated over the life of the mine on a units of production basis.

Capitalised development cost

Capitalised development cost are depreciated once development on the respective shaft or item of plant has been completed and the related asset is in a condition available for use.

Property, plant and equipment

Mining assets included in the property, plant and equipment category includes mine plant facilities. Depreciation is charged on the production method (i.e. life of a mine which is based on proven and probable reserves). Short-lived assets which include motor vehicles and office equipment are depreciated on a straight line basis over their estimated useful lives.

1.11 Impairment of non-financial assets

Recoverability of the carrying value of non-financial assets or cash generating units (CGU) of the group and

Notes to the financial statements (continued)

company are reviewed whenever events or circumstances indicate that such carrying value may not be recoverable. To determine whether a long-term asset or CGU may be impaired, the higher of value in use (defined as the present value of future cash flows expected to be derived from an asset or CGU) or fair value less costs to sell (defines as: the price that would be received to sell an asset in an orderly transaction between market participants at the measured rate, less estimated costs of disposal) is compared to the carrying value of the asset/CGU.

A CGU is defined by the group and company as the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. Generally, for the group this represents an operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts or pits of a mine are impaired if the shaft or pit is closed.

Impairment losses are recognised in profit or loss. Impairment recognised in respect of a CGU is allocated to individual assets within the CGU.

When the review of the events or changes in circumstances of an asset or CGU that was previously impaired indicates that such historical carrying value is recoverable, the impairment is reversed. The impairment is only reversed to such an amount that the new carrying amount does not exceed the historical carrying amount. Reversal of impairment losses are recognised in profit or loss. Reversal of impairment recognised in respect of a CGU is allocated to the individual assets in the CGU.

1.12 Mineral resources and reserves

Recognition and measurement

Mineral resources and reserves that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Mineral resources and reserves that are acquired by the group in terms of a business combination are initially recognised at fair value at the date that control of the asset is acquired less accumulated amortisation and impairment losses. Mineral resources and reserves acquired under business combinations are classified and presented on the statement of financial position as non-current mineral resource and reserve assets. Mineral resources and reserves and mining rights are amortised on a units of production basis once production has commenced over the life of the mineral resource and reserve.

Mineral resources:

- Uranium resource – 16 years life of mine (2014: 16 years)
- Gold resource – 14,456 kilograms (2014: 14,456 kilograms)

1.13 Exploration assets

Exploration assets include expenditure incurred

after the legal licence to explore a specific area for mineral resources has been obtained. Pre-licence costs are recognised as an expense in profit or loss as incurred. Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Exploration assets include:

- costs of acquisition of rights to explore;
- topographical;
- geological, geochemical and geophysical studies;
- exploratory drilling; and
- trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Administrative and other general overhead costs, which are not directly attributable to specific exploration assets, are expensed as incurred.

Exploration assets are measured at cost less accumulated depreciation or amortisation and accumulated impairment losses. Tangible and intangible exploration assets that are available for use are depreciated or amortised over their estimated useful lives.

Exploration assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

1.14 Stripping and pre-stripping costs

Pre-production phase

Pre-production stripping costs are costs that are incurred prior to the development phase and are expensed during the period in which they are incurred, as at the time in which they are incurred, it may not be probable that they will result in a future inflow of economic benefits to the group.

Stripping costs incurred during the development phase

Qualifying stripping costs incurred subsequent to the pre-development phase are capitalised. The group defers these stripping costs onto the statement of financial position when the stripping activities are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's pit design and Life of Mine Plan and therefore changes to the pit design or Life of Mine Plan will result in changes to these estimates.

Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The

Notes to the financial statements (continued)

assessment depends on a range of factors including each mine's specific operational features and materiality. If the specific component ore body (to which access has been improved) cannot be identified, stripping costs are then expensed during the period in which they are incurred.

Qualifying stripping costs that are recognised as an asset are included as part of capitalised development cost assets and are amortised on a units of production basis over the life of the open cast mine.

1.15 Financial instruments

The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The group classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition

The group initially recognises loans and receivables, deposits and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The company recognises investments in subsidiary companies at historical cost, less accumulated impairment losses.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The company recognises its investment in subsidiary companies at cost less accumulated impairment losses.

Non-derivative financial assets - measurement

The group classifies non-derivative financial assets into the following categories:
- loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and receivables owing by subsidiary companies, related parties and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances including a restricted cash balance in a pledged call account with Standard Bank of South Africa. The restricted cash balance is not a component of cash and cash equivalents for the cash flow.

Non-derivative financial liabilities

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

The group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings owing to the holding company, subsidiary companies, related parties and trade and other payables.

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Notes to the financial statements (continued)

Non-derivative financial assets (continued)

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, the disappearance of an active market for a security or observable data indicating that there is a measureable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit and loss.

1.16 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1.17 Provisions and environmental rehabilitation provision

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current

market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Environmental rehabilitation provision

Decommissioning liabilities

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly, an asset is recognised and included within mining properties.

Decommissioning liabilities are measured at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in profit or loss. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

Restoration liabilities

The provision for restoration represents the cost of restoring site damage after the start of production, increases in the provision are recognised in profit or loss. Gross restoration liabilities are estimated at the present value of the expenditures expected to settle the obligation.

1.18 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the group's incremental borrowing rate.

Leased assets

Assets held by the group under leases that transfer to the group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Notes to the financial statements (continued)

Leased assets (continued)

Assets held under other leases are classified as operating leases and are not recognised in the group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.19 Share-based payment transactions

Equity settled share-based payment

The group has equity-settled and cash-settled share-based compensation plans. The equity-settled share-based payments are measured at fair value at the date of the grant. The grant date fair value of options granted to the BEE consortium is recognised as an expense, with a corresponding increase in equity, calculated at grant date and is expensed immediately as there was no set vesting conditions. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service conditions are met.

The difference between the fair value of the equity instruments and the fair value of the cash and other assets received represents an intangible asset that does not meet the definition of an intangible asset in terms of IAS 38 and is expensed.

Cash settled share-based payment

The cash-settled scheme is recognised as a liability at fair value in the statement of financial position until the date of settlement. The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to profit or loss an expense over the period that the employees provide services to the group. Upon settlement, the liability is derecognised with any gain or loss on settlement recognised in profit or loss for the period.

1.20 Determination of fair values

Share-based payment transactions

The fair value of options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

1.21 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

1.22 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation be estimated reliably.

1.23 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes the strategic decisions.



Notes to the financial statements (continued)

1.24 New Standards and interpretations under IFRS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 March 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

	Standard/Interpretation	Date issued by IASB ⁽¹⁾	Effective date Periods beginning on or after
IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>	November 2013	1 July 2014
Amendments to 6 standards	<i>Improvements to IFRSs 2010-2012 Cycle</i>	December 2013	1 July 2014
Amendments to 4 standards	<i>Improvements to IFRSs 2011-2013 Cycle</i>	December 2013	1 July 2014
IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	May 2014	1 January 2016
IFRS 15	<i>Revenue from contracts with customers</i>	May 2014	1 January 2017
IFRS 9	<i>Financial Instruments</i>	July 2014	1 January 2018
IAS 27	<i>Equity Method in Separate Financial Statements</i>	August 2014	1 January 2016
Amendments to 4 standards	<i>Improvements to IFRSs 2012-2014 Cycle</i>	September 2014	1 January 2016
IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>	December 2014	1 January 2016
IAS 1	<i>Disclosure Initiative</i>	December 2014	1 January 2016

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Notes to the financial statements (continued)

2. Property, plant and equipment

	Mineral properties R'000	Capitalised development cost R'000	Plant, equipment and other assets R'000	Total R'000
<i>Cost</i>				
Balance at 1 March 2013	48 573	1 125 381	2 346 723	3 520 677
Additions	–	38 413	24 988	63 401
Balance at 28 February 2014	48 573	1 163 794	2 371 711	3 584 078
Balance at 1 March 2014	48 573	1 163 794	2 371 711	3 584 078
Additions	–	30 125	100 244	130 369
Disposals	–	–	(3 127)	(3 127)
Reclassification	(4 555)	1 112 034	(1 107 479)	–
Balance at 28 February 2015	44 018	2 305 953	1 361 349	3 711 320
<i>Accumulated depreciation and impairment losses</i>				
Balance at 1 March 2013	13 423	419 063	1 199 850	1 632 336
Depreciation	857	–	79 366	80 223
Balance at 28 February 2014	14 280	419 063	1 279 216	1 712 559
<i>Accumulated depreciation and impairment losses</i>				
Balance at 1 March 2014	14 280	419 063	1 279 216	1 712 559
Depreciation	–	–	28 815	28 815
Reclassification	(12 398)	369 439	(357 041)	–
Balance at 28 February 2015	1 882	788 502	911 882	1 702 266
<i>Carrying amounts</i>				
At 28 February 2014	34 293	744 731	1 092 495	1 871 519
At 28 February 2015	42 136	1 517 451	410 359	1 969 946

The IDC holds security for the loan, a mortgage bond over property and mining rights owned by Shiva Uranium Proprietary Limited. Additionally, the IDC maintains a notarial bond over the land and movable property owned the company as additional security for the loan. (Refer to note 13).

As the group's uranium assets are still in a development phase, an impairment assessment was performed during the year ended 28 February 2015. In terms of this assessment, the carrying amount of the cash generating unit ("CGU") was compared to the higher of the CGU's fair value (less costs to sell) and its value-in-use, and no impairment loss was recognised.

Key assumptions underlying fair value less costs to sell calculation

The fair value less costs to sell of the CGU was determined using the following criteria:

- historical cost less accumulated impairment losses and depreciation was used as a value indicator for the fair value of property, plant and equipment.



Notes to the financial statements (continued)

2. Property, plant and equipment (continued)

- A market based valuation at 28 February 2015 was used to determine the fair value for mineral resources and reserves assets. The market based valuation was performed by an external expert. The market based valuation took the following underlying factors into account:
 - Uranium price of \$38.13 per pound (spot price)
 - Exchange rate of R11.63 to the US\$
 - Gold price of \$1 222 per ounce
- Estimated selling costs of 10% of the fair value of all assets within the CGU.

Key assumptions underlying value in use calculation

The value in use of the CGU was determined using the following criteria:

- Real weighted average cost of capital of 9.06%
- Long term inflation rate of 5.6% based on market expectations
- Life of mine of:
 - 16 years for uranium
 - 36 to 40 years for open cast gold
 - 10 years for contract mining operations (commencing March 2015 – refer to note 29)
- Forecasted uranium price (based on market expectations) of \$70 - \$75 per pound
- Forecasted gold price of \$1200 per ounce
- Exchange rate of R12.15 to the US\$

Notes to the financial statements (continued)

3. Mineral resources and reserves

	Uranium reserves R'000	Uranium resources R'000	Gold reserves R'000	Total mineral rights R'000
Group				
2015				
Balance at beginning of year	580 000	4 320 000	305 629	5 205 629
Balance at end of year	580 000	4 320 000	305 629	5 205 629
2014				
Balance at beginning of year	580 000	4 320 000	305 629	5 205 629
Balance at end of year	580 000	4 320 000	305 629	5 205 629

4. Investment in subsidiaries

	Company	
	2015 R'000	2014 R'000
Investment in unlisted subsidiaries	–	338 541
	2015 % Holding	2014 % Holding
The investments are made up of the following:		
Rietkuil Mining Proprietary Limited	100	100
AFL Plant and Engineering Proprietary Limited	100	100
Leason Forklift Proprietary Limited	100	100
Shiva Uranium Proprietary Limited	74	74

Oakbay Resources and Energy Limited has subordinated a loan of R 2.93 billion owing from Shiva Uranium Proprietary Limited in favour of other creditors, until such time that the assets of that entity, fairly valued, exceed its liabilities. There are no significant risks associated with interests in subsidiaries, and other than the security arrangements provided by Shiva Uranium Proprietary Limited, there are no restrictions on the use of the assets of that subsidiary entity.

Information regarding non-controlling interests appears in note 33 to the financial statements.

5. Environmental rehabilitation obligation investments

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Funds deposited in Guard Risk Insurance Company Limited ("Guardrisk')				
Balance at beginning of year	54 598	51 628	–	–
Investment income	2 938	2 970	–	–
Balance at end of year	57 536	54 598	–	–

The group's environmental rehabilitation obligation investments consist of contributions to investment funds held by Guard Risk; which are in turn used to provide guarantees to the Department of Mineral Resources in terms of rehabilitation and restoration commitments. The group earns investment income on funds deposited with Guard Risk at rates linked to short term money market yields. All investment income arising from this asset is re-invested in the Guard Risk fund.



Notes to the financial statements (continued)

5. Environmental rehabilitation obligation investments (continued)

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Environmental rehabilitation guarantee deposits	2 439	2 439	-	-
Balance at end of the year	2 439	2 439	-	-

Cash deposits secured against guarantees relates to restricted cash balances held as security against guarantees issued in favour of the Department of Minerals Resources in lieu of funding a portion of the total assessed environmental rehabilitation provision.

6. Trade and other receivables

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade receivables	354	7 515	-	456
Value Added Tax	3 098	2 161	-	-
Other receivables	13 529	971	-	-
	16 981	10 647		456

Included in other receivables is an amount of approximately R18 million due from the City of Matlosana. The receivable is measured at a discounted value of R10 million, assuming that payment of the amount is recovered over a period of 211 months at a discount rate of 7.7%. The group does have the contractual right to set-off future utility and rates charged by the City of Matlosana against the receivable.

The group does not make use of credit guarantee insurance cover on trade and other receivables and accordingly, has 100% exposure on trade and other receivable balances. All receivables are pledged as security against the IDC loan.

7. Amount owing (to)/by subsidiary company

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Amount owing to:				
Shiva Uranium Proprietary Limited	-	-	(146 186)	(398 909)
Amounts owing by:				
Shiva Uranium Proprietary Limited	-	-	2 937 522	2 937 522

The repayment of the loan owing by Shiva Uranium Proprietary Limited is subordinated to the claims of other creditors of Shiva Uranium Proprietary Limited by the company, who accepts responsibility of providing and undertakes to provide sufficient financial assistance to the company as and when it is needed to enable the company to continue operations and fulfil all of its financial obligations. This undertaking will be in place until the assets exceed its liabilities. The loan owing by Shiva Uranium Proprietary Limited is interest free. In the prior year, there were no fixed repayment terms. In the current year, the repayment terms were amended. The new repayment terms are 367 days notice on demand from the holding company.

The loan owing to Shiva Uranium Proprietary Limited has fixed repayment terms that are the same as the loan received by Shiva Uranium Proprietary Limited from the Industrial Development Corporation of South Africa (refer to note 13). Interest is accrued at an effective annual interest rate equal to the prime lending rate plus 2%, compounded on a daily basis (2014: an effective annual interest rate equal to JIBAR plus 8%, compounded daily).

Both the loan owing to and from Shiva Uranium Proprietary Limited are unsecured and are denominated in South African Rands.

Notes to the financial statements (continued)

8. Amounts owing by/(to) related parties

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
8.1 Amounts owing by related parties				
Shiva Uranium Proprietary Limited	-	-	207 773	169 942
Westdawn Investments Proprietary Limited	-	75	-	-
Arctos Trading Proprietary Limited	24 155	26 704	-	-
Goldridge Trading Proprietary Limited	-	27	-	-
Blackedge Exploration Proprietary Limited	-	13	-	-
Surya Crushers Proprietary Limited	3 368	-	-	-
Other	439	526	-	-
Total amount owing by related parties	27 962	27 345	207 773	169 942
8.2 Amounts owing to related parties				
Westdawn Investments Proprietary Limited	(25 752)	(109 205)	-	-
Unlimited Investments Proprietary Limited	(4 514)	-	(4 514)	-
JIC Engineering Services Proprietary Limited	(28 883)	(28 212)	-	-
Blackedge Exploration Proprietary Limited	-	(203)	-	-
Sahara Computers Proprietary Limited	-	(4)	-	-
Confident Concepts Proprietary Limited	-	(217)	-	-
Action Investments Proprietary Limited	(109 930)	(103 324)	-	-
Total amounts owing to related parties	(169 079)	(241 165)	(4 514)	-

All loans with the exception of the loan granted by Action Investments are denominated in Rand. The Action Investment loan is denominated in USD and interest is accrued at LIBOR + 3%. The balance at 28 February 2015 is USD 9 582 879 (2014: USD 9 244 285).

All other loans owing by and to related parties are unsecured, interest free and there are no specific fixed terms of repayment.

9. Amount owing to holding company

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Oakbay Investments Proprietary Limited	366 514	252 416	366 514	252 416

The loan is interest free and unsecured. In the prior year, there were no fixed repayment terms. In the current year, the repayment terms were amended. The new repayment terms are 367 days notice on demand from the holding company.

Oakbay Investments Proprietary Limited, has subordinated its right to claim or accept repayment of its loan to the company in favour of the other creditors until the total assets of the company, fairly valued exceed its total liabilities.

10. Cash and cash equivalents

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Bank balance	191 062	3 094	187 853	5

Bank balances bear interest at prevailing market rates on fixed cash deposits. Bank balances are held as security on the loan from the Bank of Baroda.



Notes to the financial statements (continued)

11. Inventories

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Raw material – gold stock piles	587	3 232	-	-
Metals in process	34 126	37 171	-	-
Finished goods – gold bullion	7 770	3 766	-	-
Total metal inventory	42 483	44 169		
Consumable and critical spares	166 030	98 585	-	-
	208 513	142 754		

Inventories are carried at the lower of cost price or net realisable value (NRV).

12. Stated capital

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
2015				
Share capital				
<i>Authorised</i>				
1 500 000 000 shares of no par value	1 500 000	1	1 500 000	1
<i>Shares issued</i>				
In issue at beginning of the year	1	1	1	1
Issued 800 000 000 shares of no par value	799 999	-	799 999	-
In issue at end of the year	800 000	1	800 000	1
<i>Share capital and share premium</i>				
Balance as at beginning of the year	56 026	56 026	56 026	56 026
Transferred to stated capital	(56 026)	-	(56 026)	-
In issue at end of the year	-	56 026	-	56 026
<i>Stated capital</i>				
Opening balance at beginning of the year	-	-	-	-
Transferred from share capital and share premium	56 026	-	56 026	-
Issued during the year	410 372	-	410 372	-
In issue at end of the year	466 398	-	466 398	-

The company issued 799 999 000 ordinary shares of no par value during the year on the 'General Mining' sector of the main board of the Johannesburg Stock Exchange.

The authorised share capital was increased to 1 500 000 000 (2014: 1 000) and converted from shares with par value to shares with no par value. The directors have the authority to issue any unissued shares in accordance with the Memorandum of Incorporation.

Notes to the financial statements (continued)

13. Loans and borrowings

13.1 Industrial Development Corporation borrowings

Reconciliation of IDC borrowings from 1 March 2014 to 28 February 2015

	Group R'000	Company R'000
Opening balance at 1 March 2014	398 910	–
Reversal of interest determined on original terms between 1 May 2013 and 28 February 2014	(42 937)	–
Carrying value of IDC loan at 1 May 2013	355 973	–
Fair value adjustment for substantial modification in terms of IAS39	45 057	–
Fair value of loan on 1 May 2013	401 030	–
Interest accrued to 28 February 2014 based on terms of restructured loan agreement	49 646	–
Carrying value at 28 February 2014 as restated at fair value	450 676	–
Interest accrued for year ended 28 February 2015	55 411	–
Fair value adjustment in terms of IAS39 due to changes in scheduled timing of cash flows	5 386	–
Fair value adjustment in terms of IAS39 due to conversion of debt to equity	(60 265)	–
Conversion of debt to equity	(225 022)	–
Loan repayments for the year ended 28 February 2015	(80 000)	–
Carrying value of IDC loan at 28 February 2015	146 186	–

Analysis of current and non-current portions of IDC borrowings

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Non-current portion	110 367	–	–	–
Current portion	35 819	398 910	–	–
Total borrowings at 28 February 2015	146 186	398 910	–	–

In April 2010, the Industrial Development Corporation (“IDC”) advanced the group a loan of R 250 million which was repayable on 31 April 2013, including interest accrued on a daily basis at JIBAR + 8%. Subsequent to the year end 28 February 2014, the group commenced with the process of renegotiating and restructuring this loan with the IDC. This process was finalised on 24 June 2014 and the effective date of the restructured loan agreement was reset to 1 May 2013. The terms of the restructured agreement included a change of the interest rate payable of prime plus 2%, compounded on a daily basis and an option for the IDC to convert a portion of their debt to equity on the successful listing of the company on the Johannesburg Stock Exchange. There are fixed repayment terms for principal and interest repayments on the new restructure terms. The total loan and accrued interest will be fully due and payable on 31 March 2018.

As part of the new restructured agreement, the original loan amount of R250 million and an accrued return of R 202 million from the initial IDC loan agreement will accrue interest at prime plus 2% on a daily basis. Pursuant to the loan agreement, at such time that the company be listed on the Johannesburg Stock Exchange, the accrued return of R202 million and the interest thereon would be settled by the IDC subscribing for shares in the company. The shares shall be issued to IDC at a 10% discount of the listing price.

Due to the renegotiated terms of the IDC loan, a fair value adjustment of R5.3 million was adjusted through profit and loss due to fluctuation in the cash flows between the contractual terms and the actual cash outflows and the total interest expense of R55.4 million was recognised for the year ended 28 February 2015 based on amortised cost.

Additionally, the group realised a fair value adjustment of R60.2 million in profit and loss for the year ended 28 February 2015 due to the effect of converting the portion of the loan relating to the accrued return (and interest thereon) to equity upon listing of the company on the JSE.

For purposes of determining the fair value of the loan, a discounted cash flow model has been applied on the basis that the interest rate applicable is the prime interest rate plus 2% going forward and there are no changes to the repayment terms as stated in the agreement with the IDC.

The loan has the following capital repayment terms at 28 February 2015:

- 30 June 2015 – R37.5 million
- 31 March 2016 – R37.5 million
- 31 March 2017 – R37.5 million
- 31 March 2018 – R37.5 million



Notes to the financial statements (continued)

13.2 Bank of Baroda facility

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Balance at the beginning of the year	-	-	-	-
Draw down on loan facility	144 960	-	-	-
Interest expense	1 898	-	-	-
Balance at the end of the year	146 858	-	-	-

The loan from Bank of Baroda secured by a R185 million term deposit held with Bank of Baroda Johannesburg. Interest is accrued at 7.65% p.a, linked to prime. Interest accrued on the loan is serviceable on a monthly basis; while there are no fixed terms of repayment on the principle amount. The loan is denominated in South African Rands.

13.3 Finance lease obligations

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Present value of finance lease obligations payable within 1 year	1 685	5 786	-	-
Minimum lease payments	1 685	5 984	-	-
Finance charges	-	(198)	-	-
Present value of finance lease obligations payable within 2 to 5 years	-	-	-	-
Minimum lease payments	-	-	-	-
Finance charges	-	-	-	-
Total lease obligations	1 685	5 786	-	-

Finance leases were obtained on the purchase of equipment required for mining operations. Monthly instalments payable ranged from R20 462 to R 131 345 and are repayable from September 2012 to November 2014. Interest rates are linked to prime.

Minimum lease payments total	1 685	5 786	-	-
Within 1 year	1 685	5 786	-	-
Within 2 to 5 years	-	-	-	-
Total lease obligations	1 685	5 786	-	-

The fair value of these leases is approximately equal to their carrying amounts.

Non-current versus current loans and borrowings

Non-current loans and borrowings				
Industrial Development Corporation	110 367	-	-	-
Current loans and borrowings				
Industrial Development Corporation	35 819	398 909	-	-
Bank of Baroda	146 858	-	-	-
Finance lease obligation	1 685	5 786	-	-
	184 362	404 695	-	-

Notes to the financial statements (continued)

14. Environmental rehabilitation provision

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Balance at beginning of the year	133 749	91 087		
Unwinding of interest	11 141	13 212	-	-
Capitalised to property, plant and equipment	40 644	-	-	-
Change in estimate in environmental rehabilitation recognised in profit or loss	24 277	29 450	-	-
Balance at end of the year	209 811	133 749	-	-
Environmental rehabilitation provision comprise:				
Decommissioning provision	40 644	-	-	-
Rehabilitation provision	169 167	133 749	-	-
Balance at end of the year	209 811	133 749	-	-

Estimated undiscounted provision

The environmental provision includes estimated costs for the rehabilitation of gold and uranium mining sites. The group is required by law to undertake rehabilitation works as part of their ongoing operations. The group makes contributions into environmental rehabilitation obligation funds and holds guarantees to fund a portion of the estimated costs of rehabilitation (refer to note 5).

Change in estimates arise from changes in reserves, changes in life of mine as well as changes in laws and regulations governing environmental matters. Increases in decommissioning provisions relate to the increase in the expected future discounted cost of decommissioning plant and equipment. Changes in estimates relating to decommissioning provisions are included in the cost of property, plant and equipment.

Interest charges are based on discount rates of 6.20% (2014: 8.33%).

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations.

The following risk-free rates were used to discount the estimated cash flows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Discount rate	6.20	8.33	-	-
Inflation rate	6.13	5.70	-	-



Notes to the financial statements (continued)

15. Deferred tax

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Deferred tax expense				
Balance at beginning of year	1 457 576	1 457 576	-	-
Current year charge	-	-	-	-
Balance at end of year	1 457 576	1 457 576	-	-
Arising from the following temporary differences				
Mineral resources and reserves	1 457 576	1 457 576	-	-
Taxation included in the income statement				
Deferred tax expense	-	-	-	-

No mining tax was payable in the year under review as the group has an estimated unredeemed capital balance of R3 348 million (2014: R3 258 million) and a calculated tax loss of R768 million (2014: R797 million).

A net deferred tax asset, as a result of tax losses and unredeemed capital expenditure has not been recognised in the current year as it is not considered probable that future tax profit will be available against which temporary differences can be utilised.

A reconciliation between the average effective tax rate and the applicable tax rate is not included due to the effective rate being zero (0%) as a result of the unredeemed capital expenditure and computed tax loss.

16. Trade and other payables

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade payables	64 652	78 543	26	-
Accruals	4 210	17 414	-	17 414
Other	8 813	12 079	-	-
	77 675	108 036	26	17 414

17. Revenue

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Gold sales	165 049	151 211	-	-

Notes to the financial statements (continued)

18. Other operating income

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Investment income - Guardrisk	-	2 970	-	-
Sundry income	15 017	4 983	-	-
Reversal of provisions	17 409	-	17 409	-
	32 426	7 953	17 409	-

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
19. Operating profit	3 200			

Operating profit/(loss) is stated after the following amounts:

Exploration expenses	2 749	5 003	-	-
Staff costs – salaries and wages	71 773	61 440	-	-
Auditors remuneration – current year	1 000	1 522	-	-
Auditors remuneration – prior year	2 200	-	-	-
Foreign exchange (loss)/gain	(2 826)	23 454	-	-
- realised	(177)	16 784	-	-
- unrealised	(2 649)	6 670	-	-
Depreciation of property, plant and equipment	28 815	80 223	-	-
Bad debts written off	64	202	-	-
Loss on sale of PPE	3 127	-	-	-
Change in estimate on environmental rehabilitation provision	24 277	29 430	-	-
Royalty taxes	1 718	756	-	-
Re-measurement of share based payment liability	-	-	2 439 293	-
Gain on settlement of share based payment liability	-	-	(2 439 293)	-
General administrative expenses	18 885	11 970	1 112	21



Notes to the financial statements (continued)

20. Share-based payment

20.1 Shiva Uranium BEE transaction

The members of Islandsite Investments 254 Proprietary Limited (the BEE consortium) subscribed for a 26% share in Shiva Uranium Proprietary Limited for a purchase consideration of R2 million.

The fair value of the equity settled share-based payment relating to the transaction is calculated at grant date and is expensed immediately as there was no set vesting conditions.

	Value of the transaction R'000	Group Share-based payment reserve recognised R'000	Value of the transaction R'000	Company Share-based payment reserve recognised R'000
2015				
Shiva Uranium BEE transaction	-	-	-	-
2014				
Shiva Uranium BEE transaction	-	-	338 541	338 541

The share-based payment was calculated by applying the acquired shareholding of 26% against the fair value of the net identifiable assets of Shiva Uranium Proprietary Limited at the acquisition date i.e. 14 April 2010. In April 2014, the share based payment liability was derecognised upon settlement.

	2015 R'000	Company 2014 R'000
Settlement of share based payment liability		
Balance at the beginning of the year	338 541	338 541
Re-measurement at fair value on settlement date	2 439 293	-
Fair value of liability prior to settlement	2 777 834	338 541
Gain on settlement	(2 439 293)	-
Carrying amount of investment derecognised	(338 541)	
Balance at the end of the year	-	338 541

Immediately prior to settlement, the share-based payment liability was re-measured at fair value by using the Black-Scholes option pricing formula. The fair value of the underlying investment was assessed at R2.7 billion. Upon the IDC loan restructuring in May 2015, the shares held by Islandsite Investments 254 Proprietary Limited were released as security for that loan and the share based payment liability was deemed to be settled.

Notes to the financial statements (continued)

21. Finance costs and income

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Finance costs				
Amounts owing to subsidiary companies	-	-	52 297	51 066
Amount owing to holding company	-	16 903	-	16 903
Finance leases	312	879	-	-
Unwind of interest on environmental rehabilitation provision	11 141	13 212	-	-
Amount owing to related parties	3 781	14 419	-	-
Loans and borrowings measured at amortised cost	53 450	53 548	-	-
Other	-	16 903	-	16 903
	68 684	100 456	52 297	67 969
Finance income				
Bank interest	(3 633)	(110)	(2 350)	-
Interest on deposit for environmental rehabilitation obligation	(2 939)	(1 945)	-	-
	(6 572)	(2 055)	(2 350)	-

22. Commitments

Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to 28 February 2015. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<i>Authorised but not yet committed:</i>				
Mining equipment	11 642	10 000	-	-
Corporate costs – development and feasibility studies	20 000	15 000	-	-
Capitalised development	34 790	45 000	-	-
Infrastructure and engineering	-	10 000	-	-
	66 432	80 000	-	-
Estimated expenditure:				
One to two years	66 432	80 000	-	-
	66 432	80 000	-	-



Notes to the financial statements (continued)

23. Related party transactions

The company is controlled by Oakbay Investments Proprietary Limited, with the other key or material shareholder being Action Investment Limited (Mauritius).

The directors are disclosed in note 26.

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Members of key management are:

- G van der Merwe
- IB Marais
- J Mtshali
- V Gupta
- T Scott
- P Richardson

For investment in subsidiaries, refer to note 4

For amounts owing (by)/to subsidiaries, refer to note 7

For amounts owing (by)/to related third parties, refer to note 8

For amounts owing to holding company, refer to note 9

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Purchases and services from related parties				
Westdawn Investment Proprietary Limited	29 549	37 286	-	-
Confident Concepts Proprietary Limited	2 679	-	-	-
VR Laser Services Proprietary Limited	538	-	-	-
Sahara Consumables Proprietary Limited	79	-	-	-
Sahara Computers Proprietary Limited	50	-	-	-
Blackedge Exploration Proprietary Limited	2 174	-	-	-
JIC Engineering Services Proprietary Limited	671	355	-	-
Income received from related parties				
Westdawn Investment Proprietary Limited	62	37 286	-	-
Goldridge Trading Proprietary Limited	303	-	-	-
Surya Crushers Proprietary Limited	30 694	-	-	-
Blackedge Exploration	117	-	-	-

24. Financial instruments

Financial risk management

Overview

The group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Notes to the financial statements (continued)

24. Financial instruments (continued)

Risk management framework

The group's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the group's risk management policies. The Committee will report regularly to the Board of Directors on its activities. The management of risk is performed centrally at the company's head office.

The committee is currently in the process of reviewing an appropriate annual work plan in order to ensure that all areas of its responsibility as far as risk is concerned are adequately dealt with during an annual cycle. The intention is for the committee to meet at least three times during a financial year. The committee met for the first time in May 2015.

The Committee will adopt the Enterprise Risk Wide Framework using the ISO31000 Risk Management Principles and Guidelines. Financial risk management falls within the group's risk management framework. The group is still in the process of formally identifying and analysing how financial risks are managed. The following financial risk management objectives have been identified and are defined as follows:

Credit risk

Credit risk is the risk of financial loss to the group and company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, investments in environmental rehabilitation obligation funds, related party receivables and cash deposits with financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Note	Carrying amount Group		Carrying amount Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Environmental rehabilitation obligation investments	5	57 536	54 598	-	-
Environmental rehabilitation guarantee deposits	5	2 439	2 439	-	-
Trade and other receivables	6	13 883	8 486	-	456
Amounts owing by subsidiary company	7	-	-	2 937 522	2 937 522
Amounts owing by related parties	8	27 962	27 345	207 773	169 942
Cash and cash equivalents	10	191 062	3 094	187 853	5
		292 882	95 962	3 333 148	3 107 925

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the company's wholesale customers. As the group essentially has one main customer, Rand Refineries, its credit risk is minimal.



Notes to the financial statements (continued)

24. Financial instruments (continued)

Credit risk (continued)

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by geographic region was as follows:

	Carrying amount	
	2015 R'000	2014 R'000
South Africa	13 883	8 486

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of counterparty was as follows:

Wholesale customers	13 883	8 486
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The group's most significant customer accounts for R10 million of the trade and other receivables carrying amount at 28 February 2015 (2014: R7 million).

Impairment

The aging of trade and other receivables at the end of the reporting period that were not impaired was as follows:

	2015 R'000	2014 R'000
Current	13 709	7 971
Past due 1 – 30 days	149	483
Past due 31 – 90 days	3	17
Past due 91 – 120 days	22	15
	13 883	8 486

No impairment allowance was raised in respect of trade and other receivables (2014: R nil).

Cash and cash equivalents

The group held cash and cash equivalents of R193.5 million at 28 February 2015 (2014: R5.5 million), which represents its maximum credit exposure on these assets therein a deposit as security for the Bank of Baroda loan. The cash and cash equivalents are held with reputable banks and financial institutions.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The capital structure of the group consists of inter-company loans, loans and borrowings and equity comprising issued capital reserves and retained earnings.

Notes to the financial statements (continued)

24. Financial instruments (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities at the end of the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

Group	Notes	Carrying amount	Less than 1 month	1-3 months	3 months – a year	1 – 5 years	More than 5 years
28 February 2015							
Trade and other payables	16	77 675	77 675	–	–	–	–
Loans and borrowings	13	294 729	–	–	184 362	110 367	–
Amount owing to holding company	9	366 514	366 514	–	–	–	–
Amounts owing to related parties	8	169 079	169 079	–	–	–	–
28 February 2014							
Trade and other payables	16	108 036	108 036	–	–	–	–
Loans and borrowings	13	404 695	398 909	–	5 786	–	–
Amount owing to holding company	9	252 416	252 416	–	–	–	–
Amounts owing to related parties	8	241 165	241 165	–	–	–	–

Company	Notes	Carrying amount	Less than 1 month	1-3 months	3 months – a year	1 – 5 years	More than 5 years
28 February 2015							
Trade and other payables	16	26	26	–	–	–	–
Amount owing to holding company	9	366 514	366 514	–	–	–	–
Amount owing to related parties	8	4 514	4 514	–	–	–	–
Amount owing to subsidiary company	7	146 186	146 186	–	–	–	–
28 February 2014							
Trade and other payables	16	17 414	17 414	–	–	–	–
Amount owing to holding company	9	252 416	252 416	–	–	–	–
Amount owing to subsidiary company	7	398 909	398 909	–	–	–	–

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, which optimising the return.

Currency risk

The group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of group entities. The group's only current exposure is on the loan from Action Investments which is denominated in USD.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the group, primarily South African rand.



Notes to the financial statements (continued)

24. Financial instruments (continued)

Market risk (continued)

Exposure to currency risk

The summary of quantitative data about the group's exposure to currency risk as reported to the management of the group based on its risk management policy was as follows:

	Group	
	2015 USD	2014 USD
Loan and borrowings	9 582	9 245

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
USD	11.43	9.99	11.66	11.19

Sensitivity analysis

A strengthening/(weakening) of the USD against all other currencies at 28 February 2015 would have affected the measurement of financial instruments denominated in a foreign currency and increased/(decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 2014 albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Group Profit or loss	
	Strengthening	Weakening
28 February 2015		
USD (10% movement)	10 993	(10 993)
28 February 2014		
USD (10% movement)	7 447	(7 447)

Interest rate risk

At the end of the reporting period the interest rate profile of the group's interest-bearing financial instruments as reported to the management of the group was as follows:

	Nominal amount	
	2015 R'000	2014 R'000
<i>Variable rate instruments</i>		
Cash and cash equivalents	191 062	5 533
Loans and borrowings	(294 729)	(404 695)
Amounts owing to related parties	(169 079)	(103 324)
	(272 746)	(502 486)

Notes to the financial statements (continued)

24. Financial instruments (continued)

Market risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change in 100 basis points in interest rates at the end of the reporting period would have increase/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
28 February 2015		
Variable rate instruments	(2 112)	2 112
28 February 2014		
Variable rate instruments	(5 025)	5 025

Fair value estimation

In assessing the fair value of other financial instruments, the group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Financial instruments

The fair value of financial instruments is estimated based on ruling market prices, volatilities and interest rates at 28 February 2015.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: unadjusted quoted prices in active markets for identical asset or liabilities;

Level 2: inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The below fair values are measured at level 3. The valuation technique is the discounted cash flows.

Group	2015		2014	
	Carrying amount R'000	Fair value amount R'000	Carrying amount R'000	Fair value amount R'000
Financial assets – loans and receivables				
Trade and other receivables	13 883	13 883	8 486	8 486
Amounts owing by related parties	27 962	27 962	27 345	27 345
Cash and cash equivalents	191 062	191 062	5 533	5 533
Financial liabilities – at amortised cost				
Trade and other payables	77 675	77 675	108 036	108 036
Loans and borrowings	294 729	294 729	404 695	404 695
Amounts owing to related parties	169 079	169 079	241 168	241 168
Amounts owing to holding company	366 514	366 514	252 416	252 416



Notes to the financial statements (continued)

24. Financial instruments (continued)

Fair value estimation(continued)

Group	2015		2014	
	Carrying amount R'000	Fair value amount R'000	Carrying amount R'000	Fair value amount R'000
Financial assets – loans and receivables				
Trade and other receivables	-	-	456	456
Amount owing by subsidiary company	2 937 522	2 937 522	2 937 522	2 937 522
Amount owing by related parties	207 773	207 773	169 942	169 942
Cash and cash equivalents	187 853	187 853	5	5
Financial liabilities – at amortised cost				
Trade and other payables	26	26	17 414	17 414
Amount owing to subsidiary company	146 186	146 186	398 909	398 909
Amount owing to holding company	366 514	366 514	252 416	252 416

The carrying value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate the fair values. The fair value of amounts owing to the holding company is estimated by discounting future contractual cash flows at prime at 28 February 2015.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other receivables/payables, related-party receivables/payables, cash and cash equivalents and amounts owing to/from subsidiary and holding companies.

The carrying amounts approximate fair values due to the short maturity of these instruments.

Investment and environmental rehabilitation obligation funds

The fair value of publicly traded instruments is based on quoted market values. The environmental rehabilitation obligation funds are stated at fair value based on the nature of the funds' investments.

Loans and borrowings

The fair value of borrowings approximates its carrying amounts as the impact of credit risk is included in the measurement of carrying amounts.

Capital risk

The group manages capital risk by focusing on the following activities:

- maintaining a strong investment grade rating;
- maintaining a sound credit record;
- managing gearing to balance higher leverage with the advantages of a strong credit profile;
- having enough capital to sustain future product development;
- maintaining an optimal capital structure to balance financial flexibility and cost of capital; and
- reducing the cost of capital consistent with the entity's risk appetite.

Notes to the financial statements (continued)
25. Cash utilised in operations

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Loss before taxation	(38 940)	(236 025)	(33 650)	(67 990)
Finance cost	68 684	100 456	52 297	67 969
Finance income	(6 572)	(2 055)	(2 350)	-
Depreciation of property, plant and equipment	28 815	80 223	-	-
Unrealised exchange loss	2 649	6 670	-	-
Environmental rehabilitation provision	24 277	29 450	-	-
Loss on sale of property, plant and equipment	3 127	-	-	-
Provision for deposits	12 864	-	-	-
Other non-cash items	(28 354)	-	-	-
	66 727	(21 281)	16 297	(21)
Movement in working capital:				
(Increase)/decrease in trade receivables	(16 366)	6 722	456	-
Increase in inventories	(33 657)	(19 845)	-	-
(Decrease)/increase in trade and other payables	(30 361)	6 701	(17 388)	13
	(13 657)	(27 703)	(635)	(8)

26. Directors' and prescribed officers' emoluments

Group	2015	Board fees R'000	Salary R'000	Bonuses and performance related payments R'000	Subsistence & travel allowance R'000	Leave accrual R'000	Total R'000
Executive directors							
GP van der Merwe	-	681	-	-	39	720	
TW Scott	-	315	-	43	14	372	
V Gupta	-	633	-	-	36	669	
	-	1 629	-	43	89	1 761	
Non-executive directors							
AK Gupta	-	-	-	-	-	-	
MV Pamensky	101	-	-	-	-	101	
TW Rensen	80	-	-	-	-	80	
DJ Nyamane	80	-	-	-	-	80	
	261	-	-	-	-	261	
Key management personnel							
B Marais	-	1 168	-	-	40	1 208	
P Richardson	-	957	-	-	20	977	
L Du Preez	-	1 352	11	-	104	1 467	
J Mtshali	-	935	-	-	382	1 317	
H Grobler	-	729	-	-	91	820	
	-	5 141	11	-	637	5 789	
Total	261	6 770	11	43	726	7 811	

The remuneration of executive directors and prescribed officers comprises a basic salary. It is the policy of subsidiary companies not to pay non-executive directors' fees. The remuneration of non-executive directors comprises fees for meeting attendance and retainers and is paid on a quarterly basis to non-executive directors. There are no pension or share option benefits as at 28 February 2015 (2014:Nil)



Notes to the financial statements (continued)

26. Directors' and prescribed officers' emoluments (continued)

Company			Bonuses and performance related payments	Subsistence & Travel allowance	Leave accrual	Total
2015	Board fees R'000	Salary R'000	R'000	R'000	R'000	R'000
Executive directors						
GP van der Merwe	-	681	-	-	39	720
TW Scott	-	315	-	43	14	372
V Gupta	-	633	-	-	36	669
	-	1 629	-	43	89	1 761
Key management personnel						
B Marais	-	1 168	-	-	40	1 208
P Richardson	-	957	-	-	20	977
L Du Preez	-	1 352	11	-	104	1 467
J Mtshali	-	935	-	-	382	1 317
H Grobler	-	729	-	-	91	820
	-	5 141	11	-	637	5 789
Total	-	6 770	11	43	726	7 550

Group and Company			Bonuses and performance related payments	Leave Provisions	Total
2014	Board fees R'000	Salary R'000	R'000	R'000	R'000
Executive directors					
V Gupta	-	616	-	-	616
	-	616	-	-	616
Non-executive directors					
A Gupta	-	-	-	-	-
D Zuma	-	-	-	-	-
	-	-	-	-	-
Prescribed officers					
R Ragavan	-	474	63	-	537
G van der Merwe	-	663	-	-	663
	-	1 137	63	-	1 200
Total	-	1 753	63	-	1 816

Notes to the financial statements (continued)

27. Securities/pledges at end of the year

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Department of Mineral Resources	2 265	2 265	-	-
Eskom Holding SOC Limited	1 400	1 400	-	-
	3 665	3 665	-	-

28. Loss per share

28.1 Basic loss per share

The calculation of basic loss per share and diluted loss per share at 28 February 2015 is based on a loss attributable to ordinary shareholders of R37.5 million (2014: loss of R192.3 million) and a weighted average number of ordinary shares outstanding during the year ended 28 February 2015 of 200 000 750 (2014: 1 000), calculated as follows:

	2015 R'000	2014 R'000
Loss for the year	(38 940)	(236 025)
Non-controlling interest's share of profits / (losses)	1 375	43 689
Loss attributable to owners of the company	(37 565)	(192 336)

	NUMBER OF SHARES ISSUED		WEIGHTED AVERAGE NUMBER OF SHARES	
	2015	2014	2015	2014
Weighted average number of ordinary shares				
Issued shares at beginning of year	1 000	1 000	1 000	1 000
Effect of shares issued in November 2014	799 999 000	-	199 999 750	-
Weighted average number of ordinary shares at 28 February	800 000 000	1 000	200 000 750	1 000
Loss per share (cents)			(18.78)	(19 233 600)



Notes to the financial statements (continued)

28.2 Basic diluted loss per share

The calculation of basic diluted loss per share at 28 February 2015 is based on a loss attributable to ordinary shareholders of R37.5 million (2014: loss of R192.3 million) and a weighted average number of ordinary shares outstanding during the year ended 28 February 2015 of 200 000 750 (2014: 1 000), calculated as follows:

	2015 R'000	2014 R'000
Loss for the year	(38 940)	(236 025)
Non-controlling interest's share of profits/(losses)	1 375	43 689
Loss attributable to owners of the company	(37 565)	(192 336)

	NUMBER OF SHARES ISSUED		WEIGHTED AVERAGE NUMBER OF SHARES	
	2015	2014	2015	2014
Weighted average number of ordinary shares		-		-
Issued shares at beginning of year	1 000	1 000	1 000	1 000
Effect of shares issued in November 2014	799 999 000	-	199 999 750	-
Weighted average number of ordinary shares at 28 February	800 000 000	1 000	200 000 750	1 000
Loss per share (cents)			(18.78)	(19 233 600)

28.3 Headline loss per share and diluted headline loss per share

The calculation of headline loss per share at 28 February 2015 is based on the headline loss attributable to ordinary shareholders of R37.5 million (2014: loss of R192.3 million) and a weighted average number of ordinary shares outstanding during the year ended 28 February 2015 of 200 000 750 (2014: 1 000) calculated as follows:

	2015 R'000	2014 R'000
Loss for the year	(38 940)	(236 025)
Adjustments	-	-
Total headline loss for the year	(38 940)	(236 025)
Portion attributable to non-controlling interest	1 375	43 689
Headline loss attributable to owners of the company	(37 565)	(192 336)

Notes to the financial statements (continued)

28. Loss per share (continued)

28.3 Headline loss per share and diluted headline loss per share (continued)

	NUMBER OF SHARES ISSUED		WEIGHTED AVERAGE NUMBER OF SHARES	
	2015	2014	2015	2014
Weighted average number of ordinary shares				
Issued shares at beginning of year	1 000	1 000	1 000	1 000
Effect of shares issued in November 2014	799 999 000	–	199 999 750	–
Weighted average number of ordinary shares at 28 February	800 000 000	1 000	200 000 750	1 000
Headline loss per share (cents)		–	(18.78)	(19 233 600)

	NUMBER OF SHARES ISSUED		WEIGHTED AVERAGE NUMBER OF SHARES	
	2015	2014	2015	2014
Weighted average number of ordinary shares				
Issued shares at beginning of year	1 000	1 000	1 000	1 000
Effect of shares issued in November 2014	799 999 000	–	199 999 750	–
Weighted average number of ordinary shares at 28 February	800 000 000	1 000	200 000 750	1 000
Diluted headline loss per share (cents)			(18.78)	(19 233 600)

29. Operating segments

Basis for segmentation

The chief operating decision-maker reviews the Group's internal reporting in order to assess performance and has determined the operating segments based on these reports. The business performance of the operating segments is evaluated from the market and product performance perspective.

The segment information has been prepared in accordance with IFRS 8 "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's segments. The standard requires segmentation on the group's internal organisation and reporting of revenue and adjusted EBITDA based upon internal accounting presentation.

The following summary describes the operations of each reportable segment:

Reportable segments

Gold Operations
Uranium Development
Central Services

Operations

Mining and sales of gold
Development of uranium ore body
Cross-divisional support services, accounting, legal and human resources



Notes to the financial statements (continued)

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Reportable segments

2015	Central services	Gold Operations	Uranium Development	Total
Income statement				
Revenue from 3rd parties	-	165 049	-	165 049
Revenue from other segments	-	-	-	-
Total segment revenue	-	165 049	-	165 049
Segment profit/(loss) before interest, depreciation and tax	16 398	52 267	(16 678)	51 987
Interest income	6 572	-	-	6 572
Interest expense	(68 684)	-	-	(68 684)
Depreciation and amortisation	(2 888)	(24 136)	(1 791)	(28 815)
Segment profit/(loss) before tax	(48 602)	28 131	(18 469)	(38 940)
Statement of financial position				
Segment assets	327 543	592 305	6 769 123	7 688 971
Segment liabilities	935 252	182 556	-	1 117 808

Reportable segments

2014	Central services	Gold Operations	Uranium Development	Total
Income statement				
Revenue from 3rd parties	-	151 211	-	151 211
Revenue from other segments	-	-	-	-
Total segment revenue	-	151 211	-	151 211
Segment profit/(loss) before interest, tax and depreciation	(16 481)	(12 261)	(28 659)	(57 401)
Interest income	2 055	-	-	2 055
Interest expense	(100 456)	-	-	(100 456)
Depreciation and amortisation	(3 673)	(41 311)	(35 239)	(80 223)
Segment profit/(loss) before tax	(118 555)	(45 783)	(71 687)	(236 025)
Statement of financial position				
Segment assets	154 603	442 050	6 743 139	7 339 792
Segment liabilities	898 275	174 911	66 875	1 140 061

Notes to the financial statements (continued)

Reconciliation of information on reportable segments to the Statement of Financial Position and Statement of Comprehensive Income

	2015 R'000	2014 R'000
Revenue		
Reportable segment revenue	165 049	151 211
Inter-segment revenue	–	–
Inter-segment revenue other	–	–
Revenue per consolidated statement of comprehensive income	165 049	151 211
Profit/(loss) before tax	51 987	(57 401)
Total profit before tax for reportable segments		
Profit before tax for other segments	–	–
Corporate and other overheads	–	–
Depreciation	(28 815)	(80 223)
Impairment of intangible assets	–	–
Amortisation of intangible assets	–	–
Operating profit/(loss)	23 172	(137 624)
Finance income	6 572	2 055
Finance expense	(68 684)	(100 456)
Profit/(loss) before tax per consolidated statement of comprehensive income	(38 940)	(236 025)
Assets		
Reportable segment assets	7 688 971	7 339 792
Corporate and other assets	–	–
Deferred taxation	–	–
Taxation receivable	–	–
Total assets per consolidated statement of financial position	7 688 971	7 339 792
Liabilities		
Reportable segment liabilities	1 117 808	1 140 061
Corporate and other liabilities	–	–
Deferred taxation	1 457 576	1 457 576
Taxation payable	–	–
Total liabilities per consolidated statement of financial position	2 575 384	2 597 637

Geographic information

The head office, gold operations and uranium development segments all operate in the Republic of South Africa. The geographic information below analyses the group's revenue and non-current assets by the company's country domicile and other countries. In presenting the following information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

Revenue	2015 R'000	2014 R'000
South Africa	165 049	151 211
Non-current assets	2015	2014
South Africa	7 688 971	7 339 792



Notes to the financial statements (continued)

30. Non-controlling interest

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group.

The group's non-controlling interest relates to the following subsidiary:

	2015 R'000	2014 R'000
Shiva Uranium Proprietary Limited	597 397	598 772
Total non-controlling interest	597 397	598 772

Subsidiaries that have material non-controlling interests

Shiva Uranium Proprietary Limited

Oakbay Resources and Energy Limited has a 74% interest in Shiva Uranium Proprietary Limited, a company incorporated in the Republic of South Africa; which is involved in the mining of uranium and gold. The investment was acquired in April 2010 (refer to note 4).

The current balance of 26% not owned by Oakbay Resources and Energy Limited is held by Islandsite Investments 255 Proprietary Limited and forms part of the black economic empowerment (BEE) structure of the group. Shares held in Shiva Uranium Proprietary Limited by Islandsite Investments 255 Proprietary Limited have no restrictions, voting related or otherwise.

The non-controlling interest relating to Shiva Uranium Proprietary Limited was as follows:

	2015 R'000	2014 R'000
Balance at the beginning of the year	598 772	642 461
Non-controlling interest's share of losses	(1 375)	(43 689)
Balance at the end of the year	597 397	598 772

No dividends were paid by Shiva Uranium Proprietary Limited to non-controlling interests during the year under review (2014: R nil).

Summarised financial information of subsidiaries with material non-controlling interests

Shiva Uranium Proprietary Limited

	2015 R'000	Group 2014 R'000
Total revenue	165 049	151 211
Total comprehensive loss for the year	(5 291)	(168 036)
Non-current assets	2 038 825	1 950 322
Current assets	402 851	582 288
Non-current liabilities	(778 175)	(133 750)
Current liabilities	(3 682 240)	(3 843 944)
Net liabilities (100%)	(2 018 739)	(1 445 084)

Notes to the financial statements (continued)

31. Dividends

No dividends were declared or paid for the year under review (2014: Rnil).

32. Going concern

The group made a loss of R38.9 million for the year ended 28 February 2015 (2014: loss of R236 million) and, as of that date the group's total assets exceeded its total liabilities by R5.1 million (2014: R4.7 billion)

As indicated in note 9, the holding company, Oakbay Investments Proprietary Limited, has subordinated its right to claim or accept repayment of its loan to the company in favour of the other creditors until the total assets of the company, fairly valued exceed its total liabilities and has undertaken to provide the company with financial support to enable it realise its assets and settle its liabilities in the ordinary course of business.

On 5 November 2014 a letter of support was received from Islandsite Investments 180 Proprietary Limited to provide financial support to Shiva Uranium Proprietary Limited to meet its financial obligation. The financial support shall be in the form of loan without any fixed terms of repayment. This agreement remains in place until the total assets of Shiva Uranium Proprietary Limited, fairly valued, exceed its total liabilities.

The company has the intent and ability to take actions necessary to continue as a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

33. Events after the reporting date

Subsequent to the group's financial year end, Shiva Uranium Proprietary Limited commenced contract mining services in March 2015. In terms of the agreement, Shiva Uranium has been engaged by Tegeta Resources Proprietary Limited to perform open cast contract mining services for a three year period.

SHAREHOLDER ANALYSIS

SHAREHOLDERS' DIARY

Financial year-end	28 February 2015
Annual results announcement	29 May 2015
Annual report posted	31 August 2015
Annual General Meeting	6 October 2015
Interim results announcement	30 November 2015

No shares	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1-1 000	678	98.26	39 185	0.00
1 001-10 000	6	0.87	26 965	0.00
10 001-100 000	5	0.72	159 937 950	19.99
100 001-1 000 000	0	0.00	0	0.00
>1 000 001	1	0.14	639 995 900	80.00
	690	100.00	800 000 000	100.00

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders				
Directors (directly beneficial)	0	0	0	0
Share Trust	0	0	0	0
Industrial Development Corporation	1	0.14	28 528 647	4
Oakbay Investments Proprietary Ltd	1	0.14	639 995 900	80
Public shareholders	688	99.71	131 475 453	16
	690	100.00	800 000 000	100.00

Beneficial shareholdings above 3%

Beneficial shareholdings	Total shareholding	%
Industrial Development Corporation of South Africa	28 528 647	3.57
Saranya	45 176 181	5.65
Action Investments Ltd	67 764 272	8.47
Oakbay Investments Proprietary Ltd	639 995 900	80.00

Beneficial shareholder categories

Category	Total shareholding	% of issued capital	Number of holders	%
Financial Institution	28 528 647	3.57	1	0.14
Corporate Holding	752 936 353	94.12	3	0.58
Remainder	18 535 000	2.32	686	99.28
	800 000 000	100.00	690	100.00

Interests of Directors

The direct and indirect beneficial interests of the directors and their associates, including any director who has resigned during the last 24 months, in the ordinary share capital of Oakbay Resources as at 28 February 2015. There have not been any changes in director's interests (as per below) between 28 February 2015 and the date of this Integrated Annual Report.

	Number of ordinary Shares held directly beneficially	Number of ordinary Shares held indirectly beneficially	Percentage share holding in Oakbay
Atul Gupta	-	543 996 515	68%
Total	-	543 996 515	68%

Note: Mr Gupta's interest in Oakbay is held through Oakbay Investments and Islandsite 180



NOTICE OF ANNUAL GENERAL MEETING

Oakbay Resources and Energy Limited

Incorporated in the Republic of South Africa
(Registration number: 2009/021537/06)

JSE share code: ORL

ISIN: ZAE000196085

("Oakbay" or "the company")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given of the annual general meeting ("AGM" or "Annual General Meeting") of members of the company, which will be held at the registered office of the company, 144 Katherine Street Grayston Ridge Office Park, Sandton, on Tuesday, 6 October 2015 at 10:00.

Record date

The record date in terms of section 59 of the Companies Act 71 of 2008, as amended (the "Act"), for shareholders to receive this notice of annual general meeting is Friday, 21 August 2015 (the "Notice Record Date").

The record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company (the "Share Register") for the purpose of being entitled to attend and vote at the annual general meeting is Friday, 25 September 2015 (the "Voting Record Date") and the last date to trade is Thursday, 17 September 2015.

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

AGENDA

- **Presentation of the audit annual financial statements**
Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit committee for the year ended 28 February 2015. The annual integrated report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on Oakbay's website at www.oakbay.co.za or may be requested and obtained in person, at no charge, at the registered office of Oakbay during office hours;
- **Report from the Social, Ethics and Remuneration Committee**
In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, the chairman of the Social, Ethics and Remuneration Committee, or in the absence of the chairman any member of the committee, will present the committee's report to shareholders at the AGM; and

- **Resolutions**

To consider and if deemed fit, approve, with or without modification the following ordinary and special resolutions:

ORDINARY RESOLUTION NUMBER 1: RE-ELECTION OF DIRECTORS

In accordance with the provisions of the company's Memorandum of Incorporation ("MOI") one third of the non-executive directors must retire by rotation every year at the Company's annual general meeting. Accordingly, the following directors retire by rotation at the Annual General Meeting, but being eligible, have offered themselves for re-election:

- Mr A Gupta
- Ms D Nyamane

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors named above by way of passing the separate ordinary resolution numbers 1.1 and 1.2 set out below.

Ordinary resolution number 1.1

Re-election of Mr A Gupta as a director

"Resolved that Mr A Gupta, who retires by rotation in terms of the Company's MOI and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

Ordinary resolution number 1.2

Re-election of Ms D Nyamane as a director

"Resolved that Ms D Nyamane, who retires by rotation in terms of the Company's MOI and, being eligible and offering herself for re-election, be and is hereby re-elected as a director of the company."

The re-election of the abovementioned directors will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy as required under section of 68(2) of the Companies Act.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% of the voting rights plus one vote to be cast on the resolution.

A brief CV of each director is available on pages 47 and 48 of this integrated annual report.

ORDINARY RESOLUTION NUMBER 2: RE-APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE

In terms of section 94(2) of the Companies Act, 2008 (Act 71 of 2008), as amended, a public company must at each annual general meeting ("AGM") elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The board of directors of the Company is satisfied that the proposed members of the Audit Committee meet all relevant statutory requirements, including being independent non-executive directors as defined by King III. The appointment of Ms

Nyamane as a member of the Audit Committee will be subject to her re-election as a director of the company.

Ordinary resolution number 2.1

“Resolved that Mr M Pamensky, being eligible, be and is hereby elected as a member of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company.”

Ordinary resolution number 2.2

“Resolved that Mr T Rensen, being eligible, be and is hereby elected as a member of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company.”

Ordinary resolution number 2.3

“Resolved that Ms D Nyamane, being eligible be and is hereby elected as a member of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company.”

A brief CV of each director is available on pages 47 and 48 of this integrated annual report.

ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF EXTERNAL AUDITORS

KPMG Incorporated has indicated its willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the company's auditors by shareholders. Section 90(3) of the Companies Act, 2008 (Act 71 of 2008), as amended, requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The board of directors of the Company is satisfied that the relevant requirements are duly met by KPMG and the audit partner.

“Resolved that KPMG Inc. be and is hereby re-appointed as independent auditors of the Company until the conclusion of the next annual general meeting and the designated audit partner being Ms. Bavhana Sooku (JSE accredited auditor), such auditors being nominated by the Company's audit committee.”

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% of the voting rights plus one vote to be cast in favour of the resolution.

ORDINARY RESOLUTION NUMBER 4: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the company)), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the MOI of the company. Accordingly, the reason for ordinary resolution number 54 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the Company.

“Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of

the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's MOI, the Companies Act and the Listings Requirements of the JSE Limited (“JSE Listings Requirements”), provided that

- 1 the general authority shall be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
- 2 the allotment and issue of the shares must be made to public shareholders as defined in the JSE Listings Requirements and not to related parties;
- 3 the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- 4 the number of shares issued for cash in aggregate in any one financial year shall not exceed 15% (five percent) of the company's issued ordinary share capital (number of securities) of that class as at the date of this notice of Annual General Meeting. As at the date of this notice of Annual General Meeting, 15 % of the company's issued ordinary share capital (net of treasury shares) amounts to 120 000 000 ordinary shares;
- 5 the maximum discount at which ordinary shares may be issued in terms of this general authority is 10% (ten percent) of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period; and
- 6 after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement on SENS containing full details of such issue.”

In terms of the JSE Listings Requirements, a 75% (seventy five percent) majority of the votes cast by shareholders present in person or represented by proxy at the Annual General Meeting must be cast in favour of ordinary resolution number 4 for it to be approved.

ORDINARY RESOLUTION NUMBER 5: GROUP REMUNERATION POLICY

The King Report on Corporate Governance for South Africa, 2009 (King III) recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company. Shareholders are referred to the remuneration policy as contained on page 62 of the integrated report of which this notice forms part.

“Resolved that, by way of a non-binding, advisory vote, the remuneration policy of the Company be and is hereby approved.”

The minimum percentage of voting rights that is required for this resolution to be approved is 50% of the voting rights plus one vote to be cast on the resolution.



SPECIAL RESOLUTION NUMBER 1: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

In terms of section 66(8) and 66(9) of the Companies, 2008 (Act 71 of 2008), as amended, companies may pay remuneration to directors for their services as directors unless otherwise provided by the Memorandum of Incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the company.

“Resolved that, the company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, and that the remuneration structure and amounts as set out below, be and is hereby approved with effect from the current financial year for a period of two years or until such time as rescinded or amended by shareholders by way of a special resolution, whichever comes first:

Non-executive directors' fees	Present and proposed fees (Rand)
Chairman of the board – annually	Nil
Lead Independent Director – annually	230 000
Independent, non-executive member of the board - annually	180 000
Chairman of the Audit Committee – per meeting	20 000
Members of the Audit Committee – per meeting	15 000
Chairman of the Social, Ethics and Remuneration Committee – per meeting	15 000
Members of the Social, Ethics and Remuneration Committee – per meeting	10 000
Chairman of the Risk Committee – per meeting	20 000
Members of the Risk Committee – per meeting	15 000
Chairman of the Nominations Committee – per meeting	10 000
Member of the Nominations Committee – per meeting	5 000

A fee of R2 500-00 for every hour or part thereof will be payable to directors for any board or board committee meetings being called

in addition to meetings as per the annual meeting schedule or for any ad hoc work done on behalf of the company outside of meetings.”

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES

The purpose of this special resolution number 2 is to grant the board the authority to authorise the company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

“Resolved that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (**“financial assistance”** will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related (**“related”** or **“inter-related”** will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company.”

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SPECIAL RESOLUTION NO 3: FINANCIAL ASSISTANCE FOR SUBSCRIPTION OF SHARES TO RELATED OR INTER-RELATED COMPANIES

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation.

This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries.

A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares.

The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

“Resolved that, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (**“financial assistance”** will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company (**“related”** or **“inter-related”** will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company.”

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company’s MOI have been met.

SPECIAL RESOLUTION NUMBER 4: GENERAL AUTHORITY TO REPURCHASE SHARES

The reason for and effect of special resolution number 4 is to grant the directors a general authority in terms of the MOI of the company and the JSE Listings Requirements for the acquisition by the company or by a wholly-owned subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 4. In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

“Resolved that in terms of the MOI of the company (or one of its wholly-owned subsidiaries) and section 48 of the Companies Act, the directors of the company be and are hereby authorised, by way of a general authority, until this authority lapses at the next annual general meeting of the company provided that it shall not extend beyond fifteen months from the date of passing of this special resolution (whichever period is the shorter), to acquire the company’s own shares or a wholly-owned subsidiary to acquire shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the JSE Listings Requirements and to the following terms and conditions:

- 1 any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- 2 at any point in time, the company may only appoint one agent to effect any repurchases on its behalf;
- 3 the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the company’s issued share capital as at the date of passing of this general resolution or 10% (ten percent) of the company’s issued share capital in the case of an acquisition of shares in the company by a wholly-owned subsidiary of the company;
- 4 repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- 5 the company or a wholly-owned subsidiary of the company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements;
- 6 after the company or a wholly-owned subsidiary of the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter, the company shall publish an announcement on SENS containing full details of such repurchase., and;
- 7 the board of directors have passed a resolution authorising the repurchase and that the company has passed the solvency and liquidity test contained in Section 4 of the Companies Act, and that since the test was done, there have been no material changes to the financial position of the company.

In accordance with the Listings Requirements of the JSE, the directors record that:

The directors have no specific intention to repurchase shares, but would utilise the renewed general authority to repurchase shares to serve our shareholders’ interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors, after considering the effect of the maximum number of shares which may be repurchased pursuant to the general



authority, are of the opinion that for a period of 12 months after the date of the general repurchase:

- the company and the group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the company and of the group will be in excess of the liabilities of the company and the group; the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
- the share capital and reserves of the company and of the group are adequate for ordinary purposes; and
- the working capital of the company and the group will be adequate for ordinary business.

The minimum percentage of voting rights that is required for this resolution to be adopted is at least 75% of the voting rights exercised on the resolution.

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements:

The following additional information, some of which may appear elsewhere in this annual report is provided in terms of the JSE Listing Requirements for purposes of the special resolution:

Directors of the company – pages 47 and 48

Major shareholders – page 118

Directors' interest in the company's shares – page 118

Company's share capital – page 93

Directors' responsibility statement

The directors, whose names are given on page 47 and 48 of this annual integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution no. 4, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in this annual integrated report, there have been no material changes in the financial or trading position of the company or its subsidiaries since the company's financial year end and the signature date of this annual report.

Litigation statement

Other than as disclosed or accounted for in this annual integrated report, the directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the company is aware which may have or have had in the recent past, being at least the previous 12 months from date of this annual report, a material effect on the financial position of the company and its subsidiaries.

ORDINARY RESOLUTION 7: SIGNING AUTHORITY

“Resolved that any director or the company secretary of Oakbay Resources and Energy Limited be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of

those resolutions to be proposed and duly passed at this Annual General Meeting.”

Electronic participation in the Annual General Meeting

Should any shareholder of the company wish to participate in the Annual General Meeting by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the company secretary at the applicable address set out below at least 5 (five) business days prior to the AGM in order for the company secretary to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the company secretary to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

Voting and proxies

On a show of hands, each shareholder who, being a natural person, is present in person or by proxy or, being a body corporate, is present by representative or proxy, shall have one vote. On a poll, if requested, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each ordinary share held.

Special resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the AGM. Ordinary resolutions to be adopted at this AGM require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the AGM, with the exception of ordinary resolution number 4 which requires the approval from at least 75% (seventy five percent) of the votes exercised on such resolution by shareholders present or represented by proxy at the AGM, as required by JSE Listings Requirements.

A form of proxy is included for completion by registered certificated shareholders and dematerialised shareholders with own name registration that are unable to attend the AGM and wish to be represented thereat. Forms of proxy must be completed and received by the company secretary no later than 10:00 on Friday, 2 October 2015. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the AGM to the exclusion of their appointed proxy(ies) should such member wish to do so.

Dematerialised shareholders, other than with own name registration, must inform their CSDP or broker of their intention to attend the AGM and obtain the necessary Letter of Representation from their CSDP or broker to attend the AGM or provide their CSDP or broker with their voting instructions should they not be able to attend the AGM. This must be done in terms of the agreement

entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and to vote in his/her stead.

Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Companies Act of 2008 requires that reasonably satisfactory identification

be presented in order for such shareholder or proxy to be allowed to attend or participate in the AGM.

By order of the board

Annamarie van der Merwe

iThemba Governance and Statutory Solutions Proprietary Limited
Company Secretary
Pretoria

PROXY FORM

Oakbay Resources and Energy Limited

Incorporated in the Republic of South Africa
 (Registration number: 2009/021537/06)
 JSE share code: ORL
 ISIN: ZAE000196085
 ("Oakbay Resources" or "the Company")

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shareholders whose shares are held through a CSDP or broker and who have selected own name registration ("own name dematerialised shareholders") at the Annual General Meeting of the Company to be held at 144 Katherine Street Grayston Ridge Office Park, Sandton, at 10:00 on 6 October 2015 and at any adjournment thereof.

Not for the use by holders of the company's dematerialised ordinary shares who are not own name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (name in block letters) _____

of (address) _____

Telephone (work) _____ Telephone (home) _____ Mobile phone _____

Being the holder(s) of ordinary shares in the company, hereby appoint:

1. _____ of _____ or failing him/her

2. _____ of _____ or failing him/her

3. The chairman of the Annual General Meeting, as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

Agenda item	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 1.1 - The re-election as director of Mr A Gupta			
Ordinary resolution number 1.2 - The re-election as director of Ms D Nyamane			
Ordinary resolution number 2.1 - The appointment of Mr M Pamensky as member of the Audit Committee			
Ordinary resolution number 2.2 - The appointment of Mr T Rensen as member of the Audit Committee			
Ordinary resolution number 2.3 - The appointment of Ms D Nyamane as member of the Audit Committee			



Agenda item	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 3 - The appointment of KPMG Inc. as external auditors of the company for the ensuing financial year			
Ordinary resolution number 4 - General authority to issue shares for cash			
Ordinary resolution number 5 - Approval of the group remuneration policy			
Special resolution number 1 - Approval of the non-executive directors' fees			
Special resolution number 2 - Financial assistance to related and inter-related companies			
Special resolution number 3 - Financial assistance for subscription of shares to related or inter-related companies			
Special resolution number 4 - General approval to repurchase shares			
Ordinary resolution number 7 - Signing authority			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed

at _____ on _____ 2015

Signature _____ Assisted by (if applicable) _____

NOTES TO THE PROXY FORM

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf,

shall be deemed to include the authority to vote on procedural matters at the AGM.

9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
12. Where there are joint holders of ordinary shares:
 - 12.1. any one holder may sign the form of proxy;
 - 12.2. the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to:

Trifecta Capital Services Proprietary Limited
Business Partners Tower Hive
5th Floor, 3 Caxton Road,
Industria, 2093
(PO Box 61272, Marshalltown, 2107)

to be received by no later than 10:00 on 2 October 2015.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy as set out in section 58 of the Companies Act:

- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the relevant shareholders' meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
- The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later



inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

- If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains

in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy". The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

CONTACT DETAILS

<p>Group secretary</p> <p>iThemba Governance and Statutory Solutions Proprietary Limited (Registration number 2008/008745/07) Monument Office Park, 0181 Block 5, Suite 201 79 Steenbok Avenue Monument Park (PO Box 25160, Monument Park, 0105)</p>	<p>Competent person</p> <p>The Mineral Corporation Consultancy Proprietary Limited (Registration number 1995/000999/07) 65 Homestead Avenue Bryanston Sandton, 2021 (PO Box 1346, Cramerview, 2060)</p>
<p>Corporate office</p> <p>144 Katherine Street Grayston Ridge Office Park Sandton, 2031</p>	<p>Registered office</p> <p>89 Gazelle Avenue Corporate Park South Midrand, 1685</p>
<p>Corporate advisor and sponsor</p> <p>Sasfin Capital A division of Sasfin Bank Limited (Registration number 1951/002280/06) 29 Scott Street, Waverley, 2090 (PO Box 9510, Grant Park, 2051)</p>	<p>Banker</p> <p>Absa Bank Limited (Registration number 1986/004794/06) 15 Alice Lane Sandton, 2196 (Private Bag X10056, Sandton, 2146)</p>
<p>Reporting accountant and auditor</p> <p>KPMG Inc. (Registration number 1999/021543/21) KPMG Crescent, 85 Empire Road, Parktown, 2193 (Private Bag X9, Parkview, 2122)</p>	<p>Transfer secretary</p> <p>Trifecta Capital Services Proprietary Limited (Registration number 2009/018890/07) Business Partners Tower Hive 5th Floor, 3 Caxton Road, Industria, 2093 (PO Box 61272, Marshalltown, 2107)</p>
<p>Date of incorporation 10 November 2009</p> <p>Registration number 2009/021537/06</p> <p>Place of incorporation Republic of South Africa</p>	<p>Website:</p> <p>www.oakbay.co.za</p>

**Annexure 1****Directors' attendance table 28 November 2014 – 28 February 2015**

Membership	Appointed	Board	Audit Committee	Risk Committee	Social, Ethics and Remuneration Committee	Nominations Committee
Executive directors:						
George van der Merwe (CEO)	25 September 2014	2/2	-	-	-	-
Varun Gupta (Executive Director Operations)	25 September 2014	1/2	-	-	-	-
Trevor Scott (CFO)	25 September 2014	2/2	2/2	-	-	-
Non-executive director						
Atul Gupta (Chairman)	25 September 2014	1/2	-	-	-	-
Independent non-executive directors						
Mark Pamensky (Lead independent director)	25 September 2014	2/2	2/2	-	-	-
Dudu Nyamane	25 September 2014	2/2	2/2	-	-	-
Terence Rensen	25 September 2014	2/2	2/2	-	-	-

Note: The board and the sub-committee were only constituted on 25 September 2014. The directors' attendance table above represents directors' attendance for meetings held during the five months ending 28th February 2015.

Annexure 2
Chapter 2, King III checklist

A summary of the application of all the principles contained in Chapter 2 of King III is set out below: The full King III check list covering all of the King III principles is available on the company's website www.oakbay.co.za

Chapter 2: Board and Directors			
Principle 2.2:	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	The board is expected to actively participate in informing the strategy of the group, ensuring appropriate alignment with the purpose and mandate of the company. The principle that strategy, risk, performance and sustainability are inseparable is recognised in the board charter.
Principle 2.3:	The board should provide effective leadership based on an ethical foundation.	Applied	The responsibility for effective leadership based on an ethical foundation is recognised in the board charter. The board's performance in this respect will also be evaluated on an annual basis as part of the formal evaluation process.
Principle 2.4:	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	The group has for an extended period of time taken its responsibility to all its stakeholders, including society, very seriously and will continue to do so. The establishment and duties of the social, ethics and remuneration committee as required by the Act also supports this approach.
Principle 2.5:	The board should ensure that the group's ethics are managed effectively.	Applied	A code of ethics and conduct will be formally adopted by the board. The responsibility to oversee performance against the principles as contained in the code will be the responsibility of the social, ethics and remuneration committee on behalf of the board.
Principle 2.6:	The board should ensure that the group has an effective and independent audit committee.	Applied	An independent audit committee has been established. The committee's terms of reference outline the roles, powers, responsibilities and membership. The committee is also chaired by a highly experienced independent non-executive director whose experience in this position is expected to support the effective operation of the committee.
Principle 2.7:	The board should be responsible for the governance of risk.	Applied	The risk committee is expected to assist the board in executing its responsibility in terms of the governance of risk. The committee's terms of reference outline the responsibilities of the committee in respect of risk. The top risks of the group will also be considered at each quarterly board meeting.
Principle 2.8:	The board should be responsible for information technology (IT) governance.	Applied	The board charter requires the board to assume responsibility for IT governance. The board has delegated responsibility to the risk committee for overseeing same on behalf of the board.
Principle 2.9:	The board should ensure that the group complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The audit and risk committees will assist the board in ensuring that a relevant compliance framework is maintained and that compliance to applicable laws and regulations are effectively monitoring.
Principle 2.10:	The board should ensure that there is an effective risk-based internal audit.	Not applied	The establishment of an internal audit function will be considered on a regular basis by the audit and risk committees with appropriate recommendations to the board. The audit and risk committees will also be expected to continuously monitor potential risks introduced by the absence of such a function.
Principle 2.11:	The board should appreciate that stakeholders' perceptions affect the group's reputation.	Applied	The potential impact of stakeholders' perceptions on the reputation of the group is appreciated and highlighted in the board charter.

Chapter 2: Board and Directors

Principle 2.12:	The board should ensure the integrity of the group's integrated report.	Applied	The board approves the integrated report of the group after satisfying itself with respect to the accuracy and integrity of the report, on recommendation from the audit committee.
Principle 2.13:	The board should report on the effectiveness of the group's system of internal controls.	Applied	The board's opinion on the effectiveness of the system of internal controls is expressed in the Directors' report forming part of the annual financial statements. This opinion is based on a recommendation of the audit committee that is expected to review and satisfy itself with the adequacy of same.
Principle 2.14:	The board and its Directors should act in the best interests of the company.	Applied	The board and individual directors have again been reminded of their fiduciary and other duties and responsibilities under the Act and King III. Directors are required to exercise objective judgement. The board is expected to at all times act in the best interests of the group by ensuring that individual directors: <ul style="list-style-type: none"> • adhere to legal standards of conduct as set out in the Act • exercise their fiduciary duties with the best interest of the company at heart • disclose real or perceived conflicts to the board and deal with them accordingly • deal in securities only in accordance with the policy adopted by the board.
Principle 2.15:	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the group is financially distressed as defined in the Act.	Applied	The board specifically considers the group's going- concern status at its interim and full year meetings. The board is expected to monitor the solvency and liquidity of the group on a regular basis. This should enable the board to consider business rescue should the group become financially distressed.
Principle 2.16:	The board should elect a Chairman of the board who is an Independent Non-Executive Director. The CEO of the group should not also fulfil the role of Chairman of the board.	Partially applied	The roles of CEO and Chairman are separate. As recommended by the King Report, a Lead Independent Director has been appointed in view of the Chairman not being classified as an Independent Non-Executive Director.
Principle 2.17:	The board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	Applied	The responsibility of the board to appoint a CEO, as and when required, has been acknowledged in the board charter. Executive Management in the group will function in terms of an approved framework wherein the board defines its own levels of materiality and delegates functions of management appropriately.
Principle 2.18:	The board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors should be independent.	Applied	The majority of board members are Non-Executive Directors, the majority of whom are independent. Directors are appointed through a formal process and the knowledge, skills and resources required by the board are considered.
Principle 2.19:	Directors should be appointed through a formal process.	Applied	Appointments to the board will be a matter for the consideration of the board as a whole and will be made in a formal and transparent manner with the assistance of the Nomination Committee.

Chapter 2: Board and Directors

Principle 2.20:	The induction of and on-going training and development of Directors should be conducted through formal processes.	Applied	The Nomination Committee will be responsible to ensure that new directors undergo an appropriate induction process and will recommend to the Chairman of the board the need for board participation in continued education programs.
Principle 2.21:	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied	A competent and experienced company secretary, who is not a director of the board, has been appointed. iThemba (represented by Annamarie van der Merwe) acts as company secretary for a number of listed entities and collectively have many years' experience in the company secretarial industry. iThemba is expected to act in an objective manner, based on an arm's length and professional relationship.
Principle 2.22:	The evaluation of the board, its committees and the individual directors should be performed every year.	Will be applied	The board charter requires the board to conduct annual evaluations of its performance against its roles and responsibilities, as well as that of individual directors. Each committee will be expected to evaluate its own performance and to report to the board periodically on the performance of the committees. The first formal assessment of the performance of the board, board committees and individual directors will be undertaken during the 2016 financial year.
Principle 2.23:	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied	The following board and statutory committees are in place; Audit, Risk, Social, ethics and remuneration and Nominations All board and statutory committees operate under formal terms of reference, which are in place and will be reviewed annually, setting out the roles, powers and responsibilities of each committee. The committee chairmen will be given an opportunity to report back to the board after each meeting. The audit committee comprises three independent Non-Executive directors as required in terms of the Companies Act.
Principle 2.24:	A governance framework should be agreed between the group and its subsidiary boards.	Applied	A governance framework for subsidiary companies will be implemented during the course of the financial year.
Principle 2.25:	Companies should remunerate directors and executives fairly and responsibly.	Applied	A remuneration committee has been established that will assist the board in ensuring the company's remuneration policy is aligned with its strategy and goals. The committee also reviews and approves remuneration of executive directors and senior management and proposes Non-Executive Directors' fees. The remuneration policy will be tabled for a non-binding advisory vote of shareholders at the annual general meeting.
Principle 2.26:	Companies should disclose the remuneration of each individual Director and certain senior executives.	Applied	The remuneration report of the company, in accordance with the requirements of the Companies Act, the listings requirements of the JSE Limited and King III is included in the integrated report. The disclosure of director and prescribed officer remuneration meets the requirements of the Companies Act as a minimum.
Principle 2.27:	Approval of the remuneration policy by shareholders	Applied	The remuneration policy has been included as an item on the agenda of the annual general meeting for an advisory, non-binding vote by shareholders.



Annexure 3

Responsibility statement and disclaimer

Responsibility statement

The Audit Committee acknowledges its responsibility on behalf of the board to ensure the integrity of this integrated annual report. The committee has applied its mind to the report and believes that it appropriately and sufficiently addresses all key strategic issues, and fairly presents the integrated performance of Oakbay Resources and its subsidiaries for the year within the scope and boundary above. The Audit Committee recommended this integrated annual report to the board for approval.

Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at year-end. Actual results may differ materially from the group's expectations. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these. The group disclaims any intention and assumes no obligation to revise any forward-looking statement even if new information becomes available, other than as required by the JSE Listings Requirements or any other applicable regulations.

George van der Merwe
CEO

Trevor Scott
FD/CFO

Mark Pamensky
Chairman Audit Committee

Annexure 4

Definitions

“AAC”	Anglo American Corporation
“AGM”	Annual general meeting
“B-BBEE”	Broad Based Black Economic Empowerment
“the board”	The board of directors of Oakbay Limited, as set out on pages x to x
“the Companies Act”	South African Companies Act 71 of 2008, as amended
“CPR”	Competent Person’s Report
“CSI”	Corporate Social Investment
“the current year”	The year ending 28 February 2016
“DMR”	Department of Mineral Resources
“EIA”	Environmental Impact Assessment
“EMP”	Environmental Management Plan
“HIV”	Human Immunodeficiency Virus
“HR”	Human Resources
“IBC”	Inside back cover (of this integrated annual report)
“IDC”	Industrial Development Corporation of South Africa Limited, a corporation established under Section 2 of the Industrial Development Corporation Act, 1940
“Islandsite 255”	Islandsite Investments 255 Proprietary Limited, a 26% shareholder of Shiva. The shareholders of Islandsite 255 are Mabengela Investments Proprietary Limited (46.667%), Olive Green Traders Proprietary Limited (19.1667%), The Dominion Reefs Uranium Mine HDSA Community Trust (10%), The Aflase Workers Trust (10%), Islandsite Investments 254 Proprietary Limited (9.1667%) and Dixie Investments Proprietary Limited (5%)
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“JSE”	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
“King III Report” or “King III”	King Report on Corporate Governance for South Africa, 2009
“LDM”	Basal quartz pebble conglomerate
“LOM”	Life of mine
“LTIFR”	Lost Time Injury Frequency Rate
“MHSA”	Mine Health & Safety Act
“MPRDA”	Mineral and Petroleum Resources Development Act

Definitions



“MRM”	Mineral Resource Management
“NIHL”	Noise-Induced Hearing Loss
“NUM”	National Union of Mineworkers
“Oakbay Resources” or “the group”	Oakbay Resources and Energy Limited listed on the JSE in the ‘General Mining’ sector
“Oakbay Investments”	Oakbay Investments Proprietary Limited
“the previous year”	The year ended 28 February 2014
“QA/QC”	Quality Assurance / Quality Control
“ROI”	Return on Investments
“Run-of-Mine”	Ore delivered to the processing plant
“SAICA”	South African Institute of Chartered Accountants
“SA”	South Africa
“SAMREC”	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
“Shiva”	Shiva Uranium Proprietary Limited a 74% subsidiary of Oakbay with the remaining 26% held by Islandsite 255
“SLP”	Social & Labour Plan
“t”	Tonnes
“TB”	Tuberculosis
“UDOM”	Quartz pebble upper conglomerate
“WUL”	Water use licence
“the year” or “the year under review”	The year ended 28 February 2015