



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

NAME OF APPLICANT: Makganyane Resources (Pty) Ltd

REFERENCE NUMBER: NC 30/5/1/3/2/10915 MP

FINANCIAL AND TECHNICAL COMPETENCE REPORT

SUBMITTED FOR A MINING PERMIT APPLICATION

AS REQUIRED IN TERMS OF ITEM B OF FORM F, ANNEXURE I OF THE REGULATIONS FOR THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT (ACT 28 of 2002), AND IN ACCORDANCE WITH THE STANDARD DIRECTIVE FOR THE COMPILATION THEREOF AS PUBLISHED ON THE OFFICIAL WEBSITE OF THE DEPARTMENT OF MINERAL RESOURCES.

STANDARD DIRECTIVE

All applicants for mining permits are herewith, in terms of the provisions of Section 29 (a) of the Mineral and Petroleum Resources Development Act, directed to submit a report strictly in accordance with the following format, and as informed by the guideline posted on the Departments Official Website, together with an application for a mining permit.

TECHNICAL COMPETENCE COST FORECAST											
SKILLS CATEGORY			STATE THE ESTIMATED QUARTERLY EXPENDITURE ON EACH EMPLOYMENT CATEGORY, SUBCONTRACTOR, OR SERVICE PROVIDER AS SHOWN BELOW								
List all the job categories that will be employed on the mine, from the mine manager to the unskilled labourers, including those of subcontractors and service providers.	State the qualifications required for each job category	State Part time or Full time	Qtr1 (R'000)	Qtr2 (R'000)	Qtr3 (R'000)	Qtr4 (R'000)	Qtr5 (R'000)	Qtr6 (R'000)	Qtr7 (R'000)	Qtr8 (R'000)	TOTAL FOR TWO YEARS
1x supervisor)											
BMI MINING CONTRACTOR:											
5x Excavator Operators	Basic education	20 – 24 Month									
1x Bulldozer Operator	Basic education	20 – 24 Month									
6x Dump Truck Operators	Basic education	20 – 24 Month									
4x FEL Operators	Basic education	20 – 24 Month									
1x Crushing & Screening Plant Manager	Basic education	20 – 24 Month									
4x Crushing Plant Operators	Basic education	20 – 24 Month									
4x Screening Plant Operators	Basic education	20 – 24 Month									
1x Contracts Manager	Degree / Dip. Mining Engineering	20 – 24 Month									
3x Contractor Admin	Basic education	20 – 24 Month									
TOTAL ESTIMATED EXPENDITURE											

NOTE ! If any person (including the applicant) provides services in any job or skills category at a reduced rate or free of charge, then such person's Curriculum Vitae (CV) must be attached as documentary proof of the technical ability available to the applicant.

2. ABILITY TO MANAGE AND REHABILITATE RELEVANT ENVIRONMENTAL IMPACTS

TABLE 2 Environmental cost estimate.

ACTIVITY Mark with X which activities are applicable		POTENTIAL IMPACT	MITIGATION MEASURE	STATE QUARTERLY COST OF MITIGATION MEASURES IN THE AVAILABLE SPACE BELOW, IN RANDS	STATE THE ESTIMATED REHABILITATION COST RELATED TO THE ACTIVITY IN THE AVAILABLE SPACE BELOW, IN RANDS
Excavating	X	Surface disturbance	Rehabilitation		400 000
		Dust	Dust control measures	50 000	
		Noise	Noise control measures	N/A	
		Contaminated Drainage	Storm water system	7 000	
Blasting	X	Fly Rock	Access control measures	N/A	
Stockpiles	X	Surface disturbance	Rehabilitation		200 000
		Dust	Dust Control Measures	13 000	
		Contaminated Drainage	Storm water system	9 000	
Discard dumps or dams	N/A	Surface Disturbance	Rehabilitation		-
		Dust	Dust control Measures	N/A	
		Contaminated Drainage	Storm water system	N/A	
Loading, hauling and transport	X	Noise	Noise control measures	N/A	
		Dust	Dust control Measures	15 000	
Water supply dams and boreholes.	N/A	Surface disturbance	Rehabilitation		-
Accommodation, offices, ablution, stores, workshops etc.	X	Surface disturbance	Rehabilitation		20 000
Processing Plant	X	Noise	Noise control measures	6 000	
		Dust	Dust control Measures	6 000	
		Contaminated Drainage	Storm water system	6 000	
		Surface disturbance	Rehabilitation		180 000
TOTAL				112 000	800 000

3. FINANCIAL COMPETENCE

TABLE 3.1 : Financial implications of the project

CASH FLOW FORECAST									
(Complete the quarterly information and totals as specified by the "ITEM" column below)									
ITEM	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	TOTAL
PRODUCTION The mass or volume of the product to be produced in each quarter, either in tons, m ³ , grams, carats, etc., whichever is applicable.	Build-up phase	19 170 t	112 890 t	178 920 t	178 920 t	178 920 t	178 920 t	178 920 t	1 026 660 t
ITEM	Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000	Quarter 5 R'000	Quarter 6 R'000	Quarter 7 R'000	Quarter 8 R'000	TOTAL R'000
PRICE The expected price that will be received for the abovementioned product									
REVENUE The mass or volume of production multiplied by the price									
OPERATING COST Estimated quarterly operating cost (as shown in table 4.2 herein) of stores, materials, electricity, water, fuel and other (Excluding labour and environmental cost)									
TECHNICAL COMPETENCE COST TO BE PROVIDED FOR Estimated quarterly cost shown in table 1 above, i.e. salaries, wages, labour, service providers, subcontractors, etc.									
ENVIRONMENTAL COST Estimated quarterly cost shown in table 2 above and divide the total rehabilitation cost among the quarters. The total of the environmental cost must equal all the quarterly environmental costs and the total rehabilitation cost combined.									
CAPITAL AND OTHER The cost (as shown in table 4.1 herein) of land, machinery, the plant, buildings and infrastructure and any other costs.									
WORKING PROFIT / LOSS The revenue minus all the costs listed above									

NOTE! If the total is a working loss, then it means that the applicant cannot provide for the technical ability or mine the mineral optimally in a period of two years.

TABLE 3.2– FINANCING THE PROJECT

CATEGORY	AMOUNT	SUPPORTING INFORMATION
State the amount required to fund the project		
State the amount the applicant has available to fund the project		Attach documentary proof that the amount is available in the form of a bank statement.
State the outstanding amount required to fund the project	N/A	

CATEGORY	DESCRIPTION	SUPPORTING INFORMATION
State how the outstanding amount will be financed, e.g. Loan, investor, etc.	N/A	Attach documentary proof of any financing agreement, or other relevant evidence

NOTE ! If the applicant does not have sufficient financial resources readily available (or cannot provide) for the working losses, and for the operating, technical competence and working cost of the first quarter stated in the cash flow forecast above, it cannot be concluded that the applicant has or can provide for the necessary financial resources to carry out the mining activities and to mitigate and rehabilitate relevant environmental impacts.

4. SUPPORTING INFORMATION

TABLE 4.1- CAPITAL COST ESTIMATE: Complete the information required in the table below

COST CATEGORY	QUARTERLY RENTAL WHERE APPLICABLE R'000	OUTRIGHT PURCHASE AMOUNT
Land		-
Buildings and infrastructure		-
Processing plant		-
Machinery		-
Other (specify)		-
TOTAL (to be reflected in the cash flow forecast in table 3.1 above)		-

TABLE 4.2- OPERATING COSTS: Complete the information below:-

COST CATEGORY		Quarterly cost R'000
Fuel		
Electricity		
Water		
Stores and materials		
Other (specify)	AVA Management System, Road Transport, Insurance	
TOTAL QUARTERLY COST (must be reflected in the cash flow forecast in table 3.1 above)		

TABLE 4.3– BACKGROUND TO OPERATING COSTS: Complete the information below:

CATEGORY	REQUIREMENT	COMPLETE THIS COLUMN
MINERAL	State the mineral to be mined	Iron ore
FUEL	State volume or tonnage of earth to be excavated per quarter	±178 920 tonne/quarter from Quarter 4 (full production)
	State number of excavators to be used	5
	State number of loaders to be used	4
	State number of trucks to be used	6
ELECTRICITY	State volume or tonnage of material to be processed in the plant	±178 920 tonne/quarter from Quarter 4 (full production)
	List plant or equipment that requires electricity	No plant will use electricity as power will be supplied with generators.
WATER	State volume of water to be used	±96 000 l/day
	Where will the water be obtained?	Water will be extracted from the old diamond mine, alternatively bought from landowner.
OTHER	Describe other operating costs to be incurred, if applicable	N/A

5. IDENTIFICATION OF THE REPORT

Herewith I, the person whose name and identity number is stated below, confirm that I am the person authorised to act as representative of the applicant in terms of the resolution submitted with the application, and confirm that the above report and appendices comprise the details and documentary proof of the Financial and Technical ability required to be submitted with this application in terms of form F, annexure I of the MPRDA Regulations.

Full Names and Surname	Lionel Koster
Signature	
Identity Number	

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