



## mineral resources

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Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

**NAME OF APPLICANT:** Makhanda Mining (Pty) Ltd

**REFERENCE NUMBER:** EC 30/5/1/2/2/0056 MR

# **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.

## 1. TECHNICAL COMPETENCE

1.1 Complete the table below regarding the technical competence forecast.

TABLE 1

<b>TECHNICAL COMPETENCE COST FORECAST</b>											
<b>SKILLS CATEGORY</b>			<b>STATE THE ESTIMATED QUARTERLY EXPENDITURE ON EACH EMPLOYMENT CATEGORY, SUBCONTRACTOR, OR SERVICE PROVIDER AS SHOWN BELOW</b>								
<b>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.</b>	<b>State the qualifications required for each job category</b>	<b>State Part time or Full time</b>	<b>Qtr1 (R'000)</b>	<b>Qtr2 (R'000)</b>	<b>Qtr3 (R'000)</b>	<b>Qtr4 (R'000)</b>	<b>Qtr5 (R'000)</b>	<b>Qtr6 (R'000)</b>	<b>Qtr7 (R'000)</b>	<b>Qtr8 (R'000)</b>	<b>TOTAL FOR TWO YEARS</b>
Quality Controller (1)	Junior Management / Skilled	Part time									
Dumper Operator (2)	Semi-skilled	Part time									
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ESTIMATED EXPENDITURE</b>											

**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		R 128 492
		Dust	Dust control measures	R 10 000	
		Noise	Noise control measures	N/A	
		Contaminated Drainage	Storm water system	N/A	
Blasting	N/A	Fly Rock	Access control measures	N/A	
Stockpiles	X	Surface disturbance	Rehabilitation		R 246 752
		Dust	Dust Control Measures	R 15 000	
		Contaminated Drainage	Storm water system	R 7 000	
Discard dumps or dams	N/A	Surface Disturbance	Rehabilitation		N/A
		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	N/A	
Water supply dams and boreholes.	X	Surface disturbance	Rehabilitation		N/A
Accommodation, offices, ablution, stores, workshops etc.	N/A	Surface disturbance	Rehabilitation		N/A
Processing Plant	X	Noise	Noise control measures	N/A	
		Dust	Dust control Measures	N/A	
		Contaminated Drainage	Storm water system	N/A	
		Surface disturbance	Rehabilitation		N/A
<b>TOTAL</b>				R 32 000	R 375 244

### 3. FINANCIAL COMPETENCE

**TABLE 3.1: Financial implications of the project**

<b>CASH FLOW FORECAST</b>									
(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
<b>PRODUCTION</b> The mass or volume of the product to be produced in each quarter, either in tons, m <sup>3</sup> , grams, carats, etc., whichever is applicable.	27 500	27 500	27 500	27 500	27 500	27 500	27 500	27 500	220 000
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
<b>PRICE – CLAY</b> The expected price that will be received for the abovementioned product									
<b>PRICE – AGGREGATE</b> The expected price that will be received for the abovementioned product									
<b>REVENUE</b> The mass or volume of production multiplied by the price									
<b>OPERATING COST</b> Estimated quarterly operating cost (as shown in table 4.2 herein) of stores, materials, electricity, water, fuel and other (Excluding labour and environmental cost)									
<b>TECHNICAL COMPETENCE COST TO BE PROVIDED FOR</b> Estimated quarterly cost shown in table 1 above, i.e. salaries, wages, labour, service providers, subcontractors, etc.									
<b>ENVIRONMENTAL COST</b> 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.									
<b>CAPITAL AND OTHER</b> The cost (as shown in table 4.1 herein) of land, machinery, the plant, buildings and infrastructure and any other costs.									
<b>WORKING PROFIT / LOSS</b> 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	N/A	The S102 application is for the addition of a commodity to the mining right, and therefore no start-up cost is required.
State the amount the applicant has available to fund the project	N/A	<b>Attach documentary proof that the amount is available in the form of the company's financial documents.</b>
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	<b>Attach documentary proof of any financing agreement, or other relevant evidence</b>

**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		N/A	N/A
Buildings and infrastructure		N/A	N/A
Processing plant		N/A	N/A
Machinery		N/A	N/A
Other (specify)	N/A	N/A	N/A
<b>TOTAL (to be reflected in the cash flow forecast in table 3.1 above)</b>		N/A	N/A

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

COST CATEGORY		Quarterly cost R'000
Fuel		
Electricity		N/A
Water		N/A
Stores and materials		
Other (specify)		N/A
<b>TOTAL QUARTERLY COST (must be reflected in the cash flow forecast in table 3.1 above)</b>		

**TABLE 4.3- BACKGROUND TO OPERATING COSTS: Complete the information below:**

CATEGORY	REQUIREMENT	COMPLETE THIS COLUMN
MINERAL	State the mineral to be mined	Clay Aggregate
FUEL	State volume or tonnage of earth to be excavated per quarter	±27 500 m <sup>3</sup> /quarter (24 500 m <sup>3</sup> clay & 3 000 m <sup>3</sup> aggregate)
	State number of excavators to be used	0
	State number of loaders to be used	2
	State number of trucks to be used	5
ELECTRICITY	State volume or tonnage of material to be processed in the plant	±3 000 m <sup>3</sup> /quarter
	List plant or equipment that requires electricity	Generators will be used.
WATER	State volume of water to be used	2 200 m <sup>3</sup> /month
	Where will the water be obtained?	The right holder abstracts the water from a dam on the property.
OTHER	Describe other operating costs to be incurred, if applicable	Costs associated with mine health and safety as well as the cost of professional services needed at the mine.

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	Colin Meyer
Signature	
Identity Number	

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