mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

Mining Work Programme

Application for Mining Right in terms of Section 23(a), (b) and (c) and in terms of Regulation 11(1) of the Mineral and Petroleum Resources Development Act.

Prepared for: Monte Cristo Commercial Park (Proprietary) Limited.

DMR Reference Number: FS 30/5/1/2/2/10048 MR

Date: 24 August 2018

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STANDARD DIRECTIVE

All applicants for Mining Rights are herewith, in terms of the provisions of Section 23 (a), (b) and (c) and in terms of Regulation 11 (1) (g) of the Mineral and Petroleum Resources Development Act, directed to submit a Mining Work Programme, strictly under the following headings and in the following format together with the application for a mining right.

1 REGULATION 11(1)(a): FULL PARTICULARS OF THE APPLICANT

Table 1: Applicant particulars.

Item	Company Contact Details
Name	Monte Cristo Commercial Park (Proprietary) Limited. Reg No 2008/005305/07
Tel. Number	+27 11 913 1719
Fax Number	+27 11 913 2868
Cell. Number	+27 83 449 3581
E-Mail Address	info@vldc.co.za
Postal Address	P.O. Box 17736 SUNWARD PARK 1470

Annexure I contains the following documentation:

- Certified copy of certification of incorporation
- Certified copy of the certificate to commence business
- Certificate of company name change

2 REGULATION 11(1)(b): PLAN SHOWING THE LAND AND MINING AREA TO WHICH THE APPLICATION RELATES (Plan required in terms of Regulation 2[2])

Monte Cristo Commercial Park (Proprietary) Limited (Wholly owned by the Van Wyk Land Corporation (Pty) Ltd “VLDC” Group) proposes mining as set out here under. The mining area is located approximately 15 km northwest of the town of Sasolburg, in the Free State Province, South Africa (Figure 1). The project area consists of (i) the Remaining extent (Re), (ii) the Remainder (of portion 1) and (iii) Portion 3 of the farm Woodlands 407, and covers an area of approximately 858 ha. The project is referred to as the Pure Source Mine. A regional road S171 connecting to the R42 borders the property along the southern boundary. The location of the farm is 26.74559°S latitude and 27.61360°E longitude (Datum: WGS 84).

The mining right application area or project area lies on the above mentioned portions of the farm Woodlands 407, previously covered by the Prospecting Right FS30/5/1/1/2/608 PR as indicated on the locality map (Figure 1) and in the Regulation 2(2) plan (Figure 2).

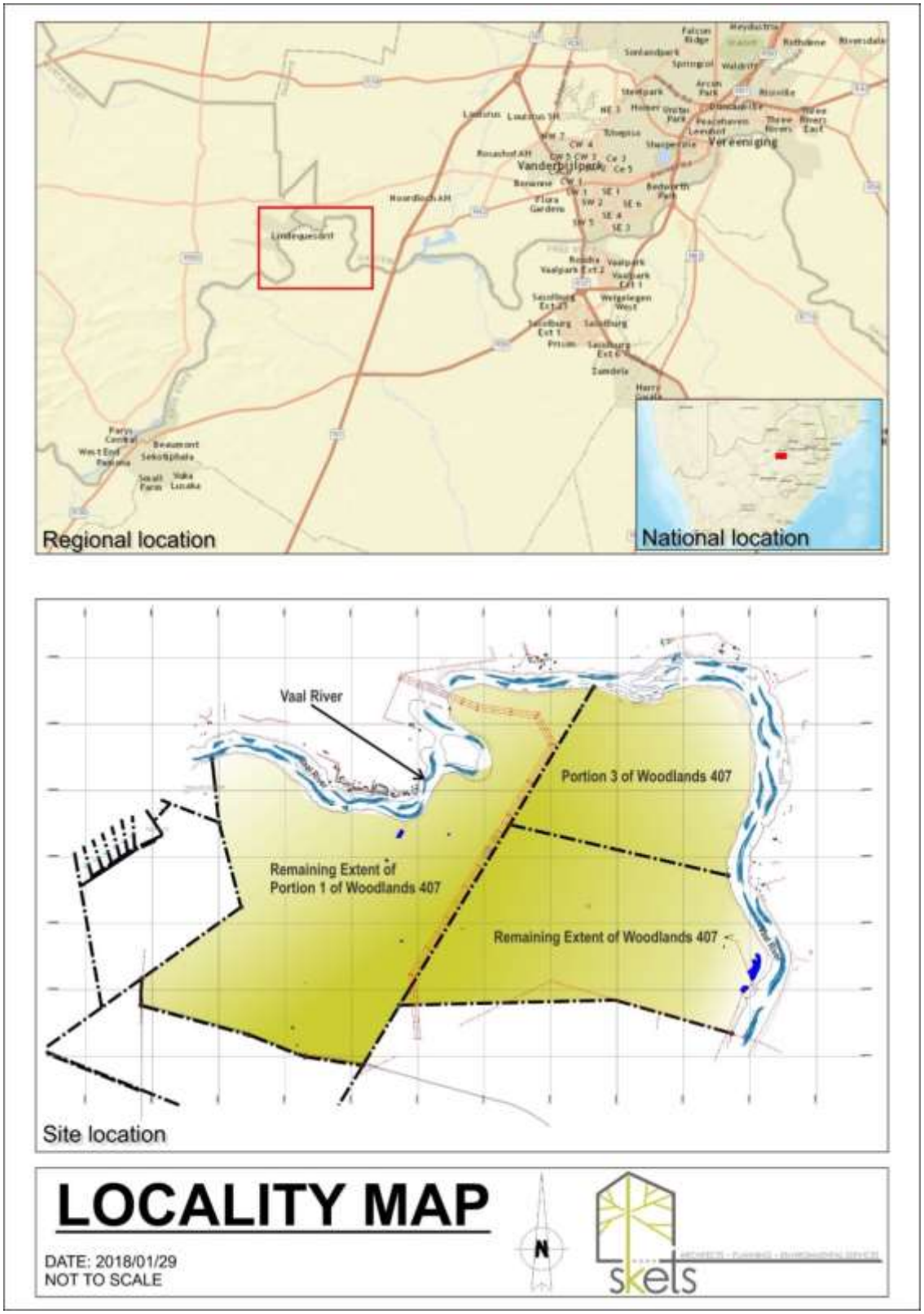

Figure 1: Regional locality map of project site.

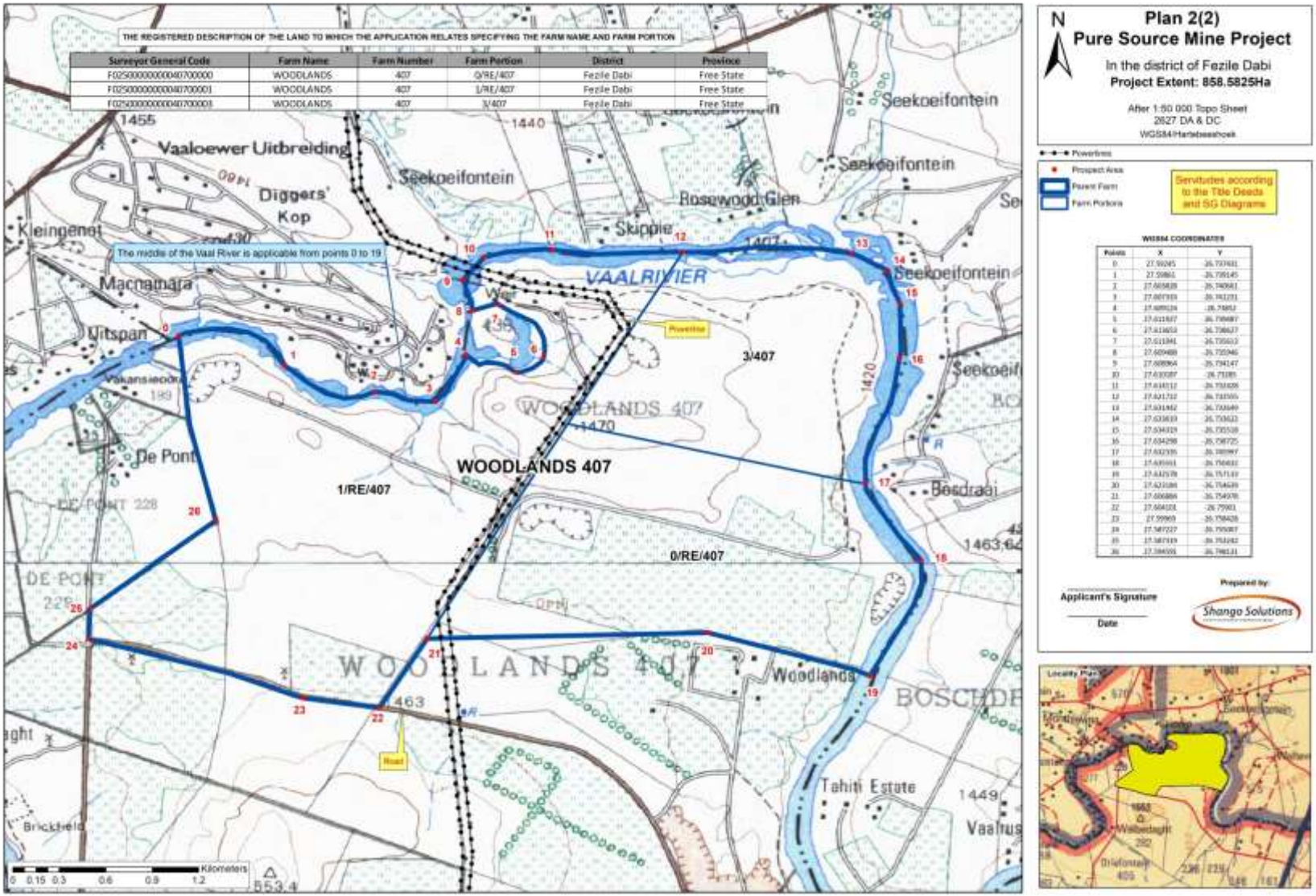

Figure 2: Plan required in terms of Regulation 2(2).

3 REGULATION 11(1)(c): THE REGISTERED DESCRIPTION OF THE LAND TO WHICH THE APPLICATION RELATES

Certified copies of the title deeds in respect of the land (all farm portions), to which the application relates, is included with this document as Annexure II.

The property covers an area of approximately 858 ha and is located approximately 15 km northwest of the town of Sasolburg, in the Free State Province, South Africa. The coordinates of the property are shown in Table 2. The description of the farm name and portion numbers are detailed in Table 3.

Table 2: Coordinates of property under application.

Points	X	Y
0	27.592450	-26.737431
1	27.598610	-26.739145
2	27.603828	-26.740661
3	27.607333	-26.741231
4	27.609124	-26.738520
5	27.611927	-26.739487
6	27.613653	-26.738627
7	27.611041	-26.735613
8	27.609488	-26.735946
9	27.608964	-26.734147
10	27.610187	-26.732850
11	27.614112	-26.732428
12	27.621722	-26.732555
13	27.631442	-26.732649
14	27.633619	-26.733622
15	27.634319	-26.735518
16	27.634298	-26.738725
17	27.632335	-26.745997
18	27.635551	-26.750432
19	27.632578	-26.757133
20	27.623184	-26.754639
21	27.606884	-26.754978
22	27.604101	-26.759010
23	27.599690	-26.758428
24	27.587227	-26.755007
25	27.587319	-26.753242
26	27.594591	-26.748131

Table 3: Description of the farm name and portion numbers.

Surveyor General Code	Farm Name	Farm Number	Farm Portion	District	Province
F02500000000040700000	WOODLANDS	407	0/RE/407	Fezile Dabi	Free State
F02500000000040700001	WOODLANDS	407	1/RE/407	Fezile Dabi	Free State
F02500000000040700003	WOODLANDS	407	3/407	Fezile Dabi	Free State

4 REGULATION 11(1) (d): THE DETAILS OF THE IDENTIFIED MINERAL DEPOSIT

4.1 Resource Particulars

Quaternary age sands and aggregates represent the mining target. These sands are unconsolidated and unconformably overlie sediments of the Transvaal Supergroup. A stratigraphic column of this rock succession is shown in Figure 3.

The secondary commodity of interest is the unconsolidated, Quaternary gravels, which potentially contain alluvial diamonds.

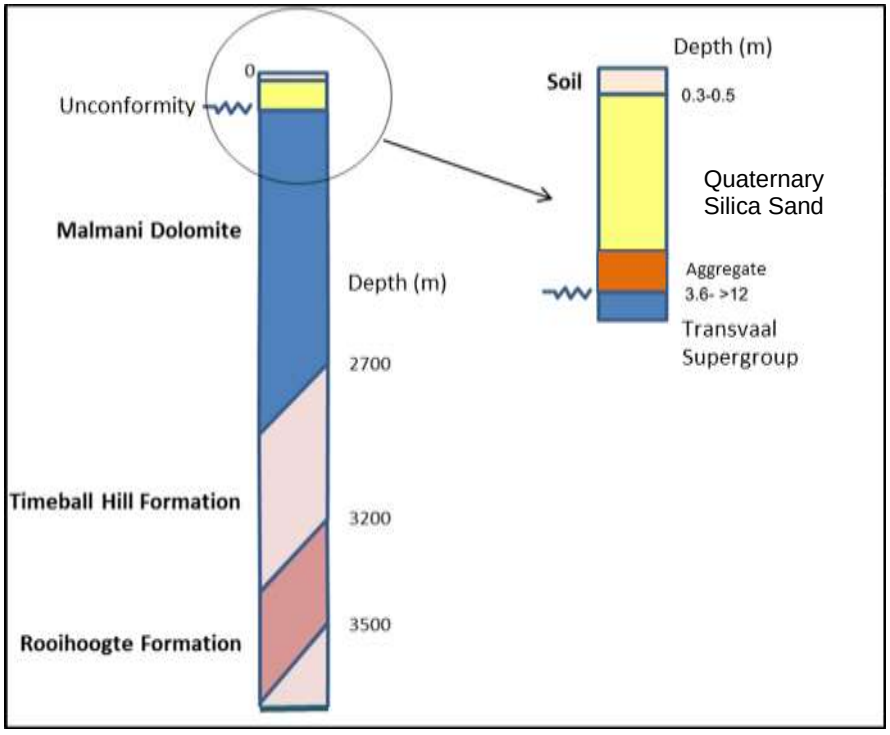

Figure 3: Stratigraphic column of the area of interest.

The details of the resource are presented in Table 4.

Table 4: Resource particulars.

ITEM	DETAIL
Type of mineral	Silica Sand, Aggregate and Alluvial Diamonds.
Locality (Direction and distance to nearest town)	Approximately 15 km northwest of the town of Sasolburg, in the Free State Province, South Africa.
Extent of the area required for mining	Approximately 350 ha is required for mining. These 350 ha are contained in the project area consisting of 858 ha in total.
Extent of the area required for infrastructure roads, servitudes, etc.	13.5 ha is required for infrastructure.
Depth of the minerals below surface	The sand deposit depth below surface ranges from a minimum of 0.20 m to an estimated maximum of 12 m, but could be deeper in some areas. On average the sand deposit occurs to a depth of 7-10 m below surface. Aggregate exists on surface in areas where rocky outcrops are present and can reach depths of up to 12 m. Alluvial diamonds could be present in the gravels across the entire property, typically under the sand.
Geological formation	The geological strata containing the commodities are Quaternary, unconsolidated sediments, which unconformably overly the Malmani Dolomite Subgroup of the Transvaal Supergroup, as well as the Timeball Hill and Rooihoogte formations, also Transvaal Supergroup. The Transvaal Supergroup strata was overturned during the Vredefort Meteorite Impact event which occurred approximately 2023 million years ago, resulting in the sequence being tilted at 60^{o} to the south.

4.2 Details of Person who Compiled the Resource Statement

The details of the competent person who compiled the resource statement are presented in Table 5.

Table 5: Details of person who compiled the resource statement.

Item	Detail
Name	Johan Erasmus
Qualification/s	B.Sc. Hons (Geology), Pr.Sci.Nat
Profession	Consulting Geologist
Experience	Johan Erasmus is an independent geologist at Sumsare cc. Mr. Erasmus is a geologist with 26 years' experience in the mining industry.
Professional body	SACNASP
Registration number	400052/96

The resource statement is included with this document as **Annexure III**.

4.3 Locality Specific Geology and Geological Map

The project is situated 15 km northwest of Sasolburg within the Free State Province of South Africa. The 1:250 000 Geological Map (2626 West-Rand as supplied by the Council for Geoscience) for the area is shown in Figure 4.

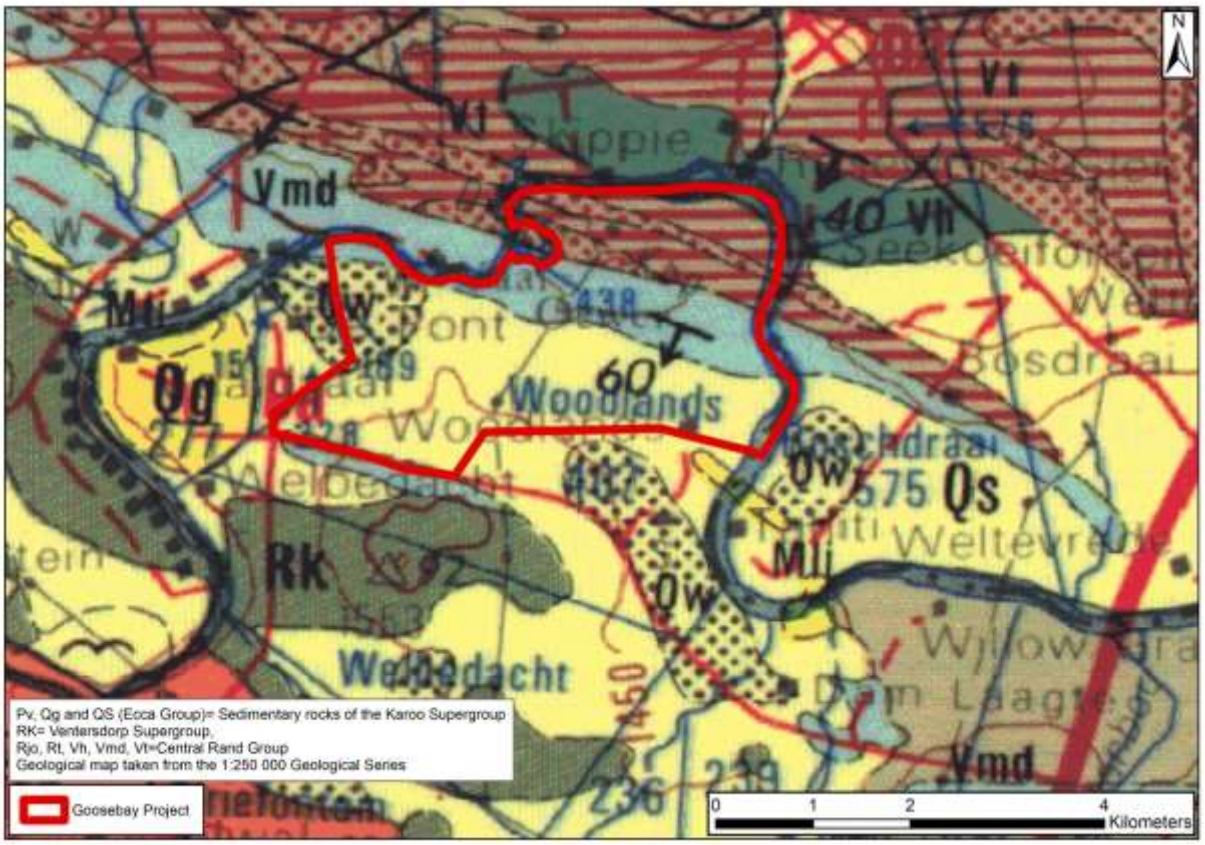

Figure 4: Geological map of the project area.

4.4 Exploration Results – Silica Sand

4.4.1 Historical Exploration

Historically, sand has been mined on this property by previous parties as well as the current owner under three separate mining permits. From 2009 to 2015, the current owners embarked on a detailed exploration programme for silica sand.

4.4.2 Recent Exploration

From 2009 to mid-2015 a systematic exploration programme was implemented in areas where sand was observed on surface. Three blocks were identified from surface mapping and due to the shallow nature of the silica sand, a test pit programme was completed (Table 6, Table 7, Figure 5 and Figure 6). The test pits were dug by back-hoe and excavator and were extended to scraper arm length. In certain instances an excavator was used when deeper investigation was carried out.

Table 6: Project exploration pit locations and depths.

PIT NO.	Y	X	Z	End Depth	Coordinate System
ROB1	-59858	2960560	1448.5	3.20	L.O. 29, Cape
ROB2	-59758	2960464	1446.0	3.60	L.O. 29, Cape
ROB3	-59580	2960347	1443.0	3.40	L.O. 29, Cape
ROB4	-59426	2960218	1441.0	3.20	L.O. 29, Cape
ROB5	-59321	2960100	1439.0	3.05	L.O. 29, Cape
ROB6	-59166	2960075	1438.0	3.30	L.O. 29, Cape
ROB7	-59072	2960125	1437.0	2.70	L.O. 29, Cape
ROB8	-59017	2960164	1437.5	3.10	L.O. 29, Cape
ROB9	-58989	2960091	1436.5	3.40	L.O. 29, Cape
ROB10	-59105	2959977	1437.0	3.40	L.O. 29, Cape
B1	-60206	2960483	1448.0	In quarry	L.O. 29, Cape
B2	-60031	2960382	1446.0	In quarry	L.O. 29, Cape
B3	-59853	2960282	1443.0	7.50	L.O. 29, Cape
B4	-59680	2960178	1442.0	8.60	L.O. 29, Cape
B5	-59496	2960074	1440.5	9.50	L.O. 29, Cape
B6	-59327	2959969	1439.0	7.50	L.O. 29, Cape
B7	-59149	2959858	1437.0	7.70	L.O. 29, Cape
C1	-60325	2960284	1442.5	3.10	L.O. 29, Cape
C2	-60142	2960172	1441.0	3.20	L.O. 29, Cape
C3	-59975	2960074	1440.0	3.30	L.O. 29, Cape
C4	-59800	2959969	1439.0	3.20	L.O. 29, Cape
C5	-59624	2959865	1438.5	3.50	L.O. 29, Cape
C6	-59447	2959760	1437.8	3.50	L.O. 29, Cape
C7	-59275	2959648	1436.2	3.30	L.O. 29, Cape
C8	-59099	2959550	1434.0	3.20	L.O. 29, Cape
D1	-60445	2960074	1433.0	3.40	L.O. 29, Cape
D2	-60270	2959970	1432.0	3.30	L.O. 29, Cape
D3	-60095	2959864	1431.5	3.20	L.O. 29, Cape
D4	-59920	2959759	1431.5	3.50	L.O. 29, Cape
D5	-59744	2959656	1433.0	2.80	L.O. 29, Cape
D6	-59568	2959549	1435.0	3.20	L.O. 29, Cape
D7	-59389	2959438	1435.5	3.00	L.O. 29, Cape
D8	-59220	2959341	1433.0	3.20	L.O. 29, Cape
E1	-60564	2959864	1426.5	3.10	L.O. 29, Cape
E2	-60390	2959760	1424.0	1.80	L.O. 29, Cape
E3	-60214	2959655	1423.5	2.70	L.O. 29, Cape
E4	-60039	2959540	1436.5	3.10	L.O. 29, Cape
AAA1	-61165	2960561	1444.8	3.00	L.O. 29, Cape
AAA2	-60966	2960564	1446.0	0.70	L.O. 29, Cape
AAA3	-60766	2960567	1447.0	3.45	L.O. 29, Cape
AAA4	-60566	2960571	1448.0	2.80	L.O. 29, Cape

AAA5	-60466	2960573	1448.5	2.80	L.O. 29, Cape
BBB1	-61165	2960454	1442.5	3.30	L.O. 29, Cape
BBB2	-60966	2960465	1443.5	3.30	L.O. 29, Cape
BBB3	-60757	2960464	1444.5	3.60	L.O. 29, Cape
BBB4	-60566	2960463	1445.6	3.50	L.O. 29, Cape
CCC1	-61166	2960360	1440.0	2.85	L.O. 29, Cape
CCC2	-60957	2960354	1440.0	3.30	L.O. 29, Cape
CCC3	-60767	2960364	1440.0	1.13	L.O. 29, Cape
CCC4	-60567	2960373	1440.5	3.25	L.O. 29, Cape

Table 7: Number of test pits by block (see Figure 5 for blocks)..

Block	No. of Pits	Grid (m)	Size (ha)
1	44	200x250	116
2	16	200x200	25
3	17	100x200	10
Total	**77**		**151**

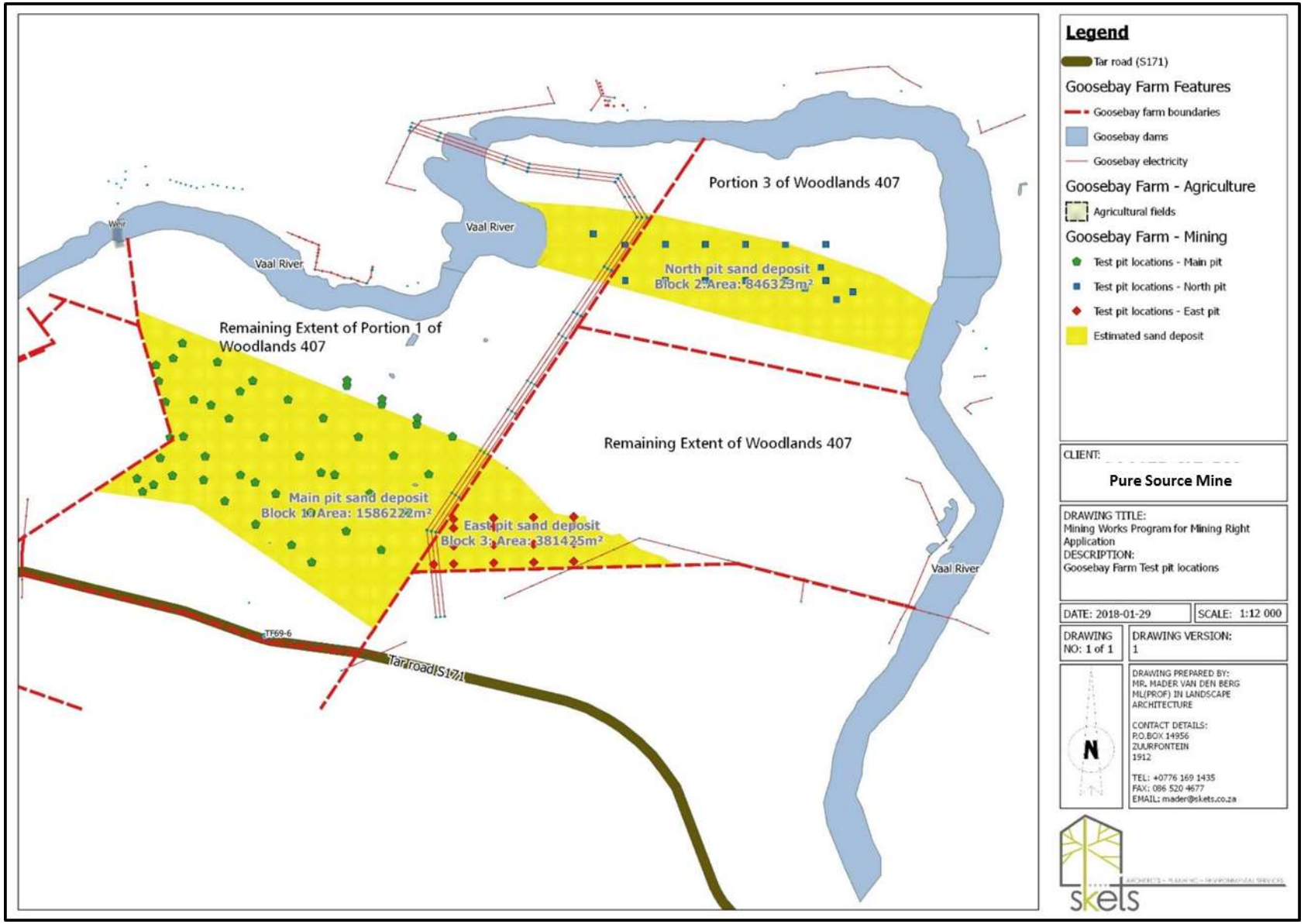

Figure 5: Test pit plan for Blocks 1, 2 and 3.

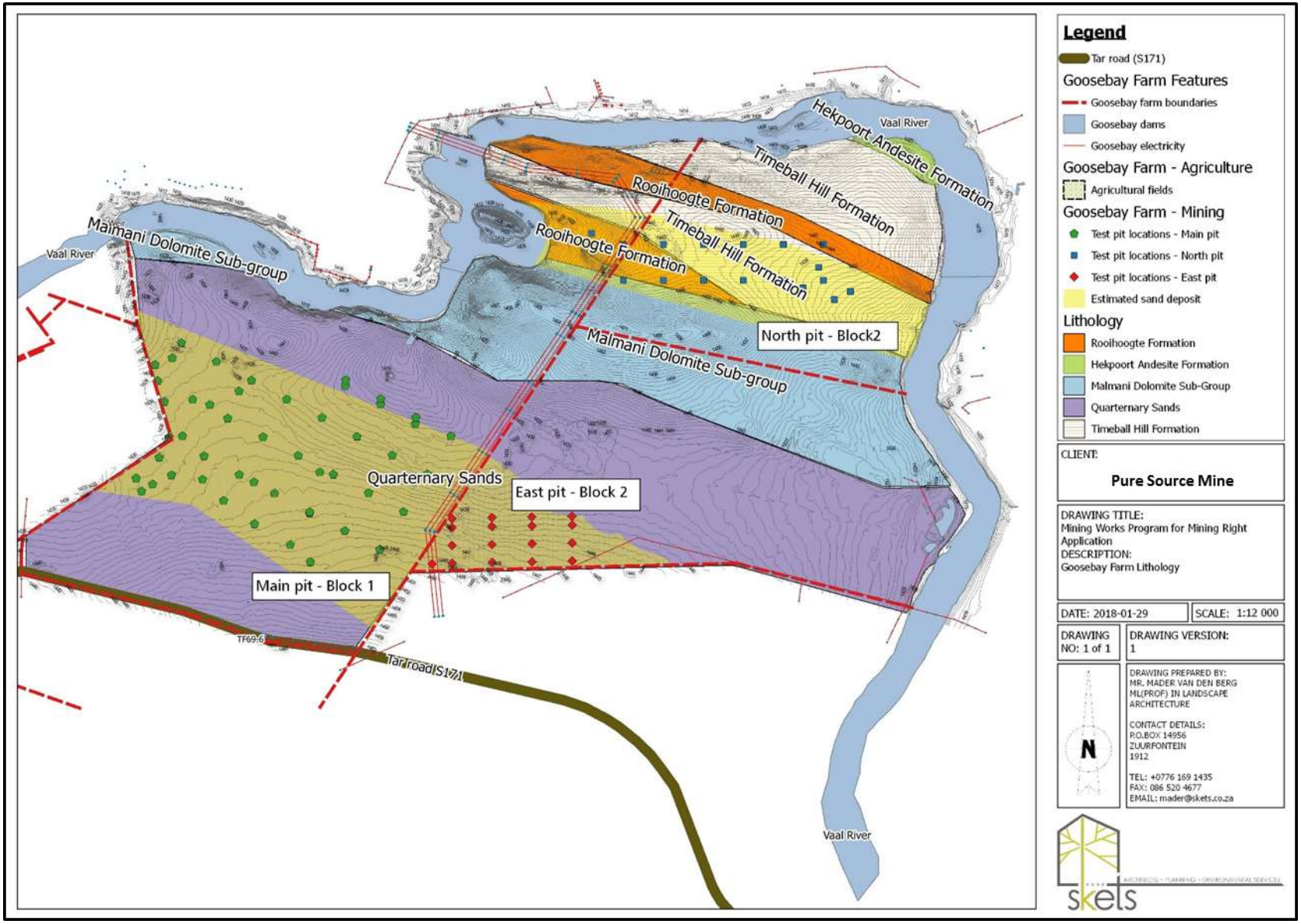

Figure 6: Simplified surface geological map of the project area.

4.4.3 Drilling and Logging

Due to the extensive test pit programme, no boreholes were drilled. Test pits were completed and logged for sand colour and texture. Clay content was noted where applicable.

The general stratigraphy over the project area is indicated in Figure 7 which illustrates a typical section through a test pit in Block 1.

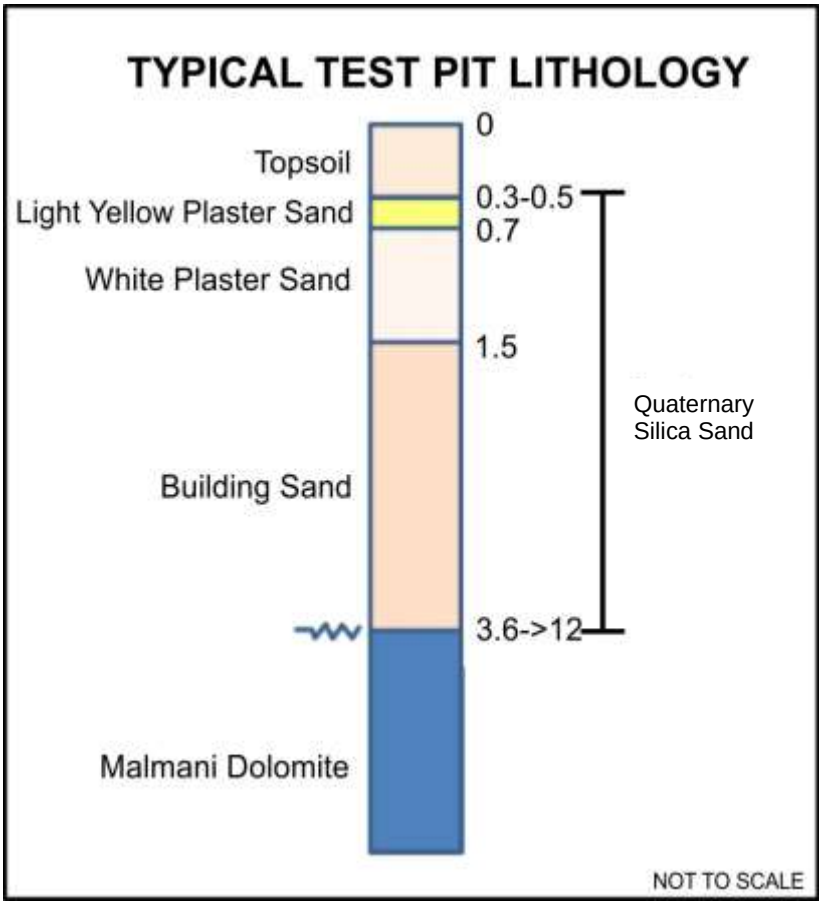

Figure 7: Typical lithology of project site identified from a test pit example in Block 1.

4.4.4 Sampling

All test pits were sampled, with samples submitted to a relevant laboratory for analysis. The samples were tested for particle size, clay content, plasticity index and pH. Element analyses were performed utilising X-Ray Florescence (XRF) on selected washed sand samples.

4.5 Information Required in Terms of Regulation 8

The Prospecting Right FS30/5/1/1/2/608 PR covers the entire mining right area. The prospecting progress reports are detailed in Annexure IV.

4.6 Mineral Resource Map

All resource blocks (Figure 8) have been explored to a sufficient confidence level, given the grid spacing of the test pits as well as the previous sand mining. Further exploration is planned to extend the resource area.

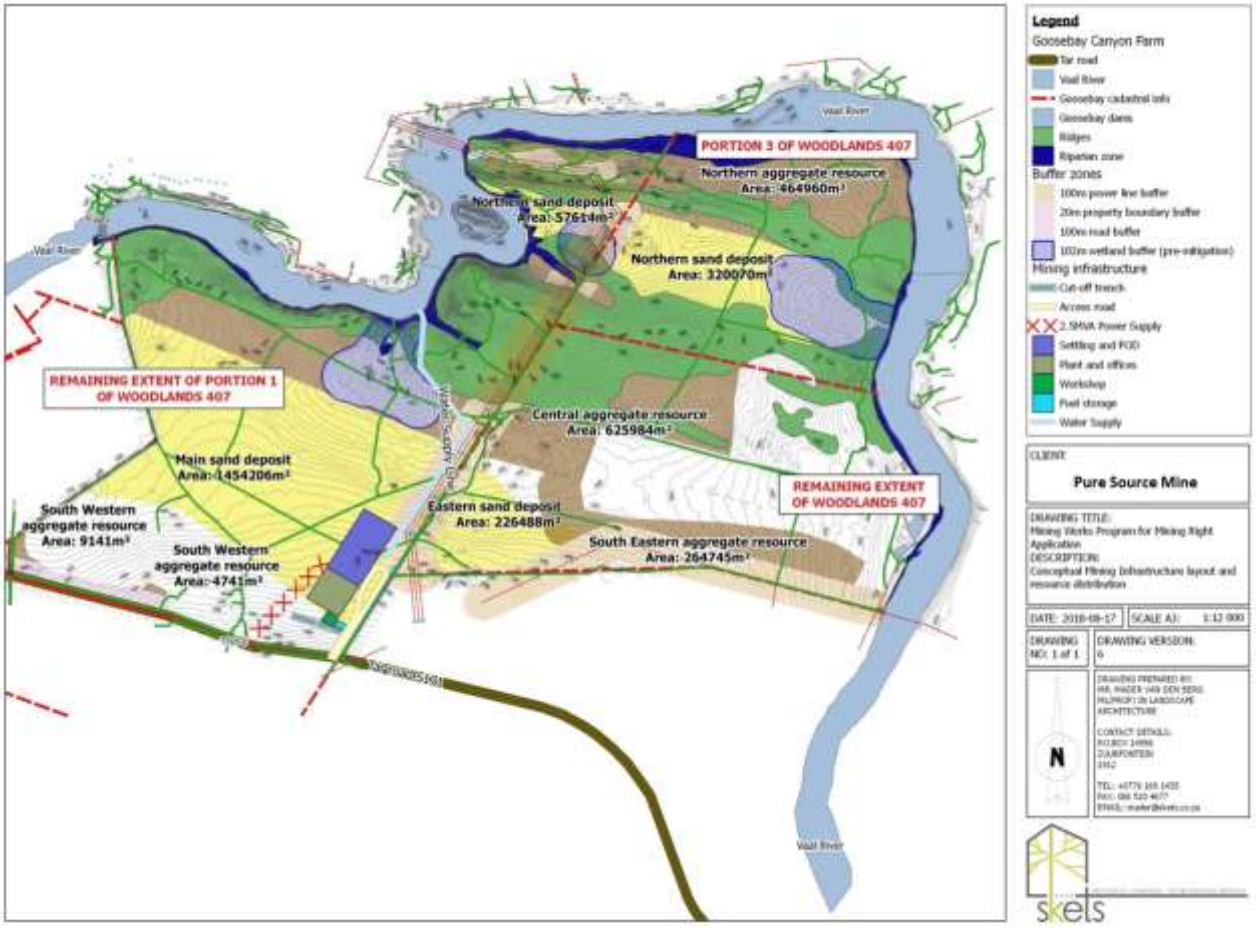

Figure 8: Mineral resource map.

4.7 Resource Statement

In situ sand and aggregate resources for the Pure Source Mine project are summarised in Table 8. The reported resources consider Blocks 1, 2 and 3 with the following cut-offs applied:

- Minimum sand thickness cut–off of 0.5 m applied across all blocks,
- Sand resource was calculated utilising the test pit results.

The entire resource tabulation is detailed in Annexure III.

Table 8: Gross in situ sand and aggregate resources.

Pure Source Mine - Woodlands 407 Sand Resource Summary			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Main Pit Sand Resource	1 454 206	13,19	19 186 112
East Pit Sand Resource	226 488	3,54	801 768
North Pit Sand Resource	377 684	5,09	1 922 412
Total Measured	**2 058 378**	**10,64**	**21 910 291**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Fresh)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	7,50	4 694 880
Southwest Aggregate Resource	13 882	7,50	104 115
Southeast Aggregate Resource	264 745	7,50	1 985 588
Northern Aggregate Resource	464 960	5,98	2 780 461
Subtotal	**1 369 571**	**6,98**	**9 565 043**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Oxidised)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	0,58	363 071
Southwest Aggregate Resource	13 882	0,58	8 052
Southeast Aggregate Resource	264 745	0,58	153 552
Northern Aggregate Resource	464 960	0,88	409 165
Subtotal	**1 369 571**	**0,68**	**933 839**
Total Measured	**1 369 571**	**7,67**	**10 498 882**

The entire property (858 ha) could have potential for diamond bearing gravels which should be investigated through a series of pitting and trenching exercises. Diamond expert, Dr. Marshall has compiled a report detailing the potential for diamonds on the project together with a detailed exploration strategy to quantify the diamond potential (Annexure V). The prospecting would proceed simultaneously with the sand mining and would not need to be a separate operation. The first phase of the prospecting programme would be Reverse Circulation (RC) drilling, to identify the presence and extent of the basal gravels. The initial drilling is planned on a 200 m x 200 m grid (32 holes at an expected maximum of 350 m, Figure 9). Once channel lag gravel is encountered, the grid will be refined to 100 m x 100 m and 50 m x 50 m, to focus on establishing the extent (and/or potential available volume) of the gravel deposit to an Inferred Diamond Resource classification. (Marshall, 2018).

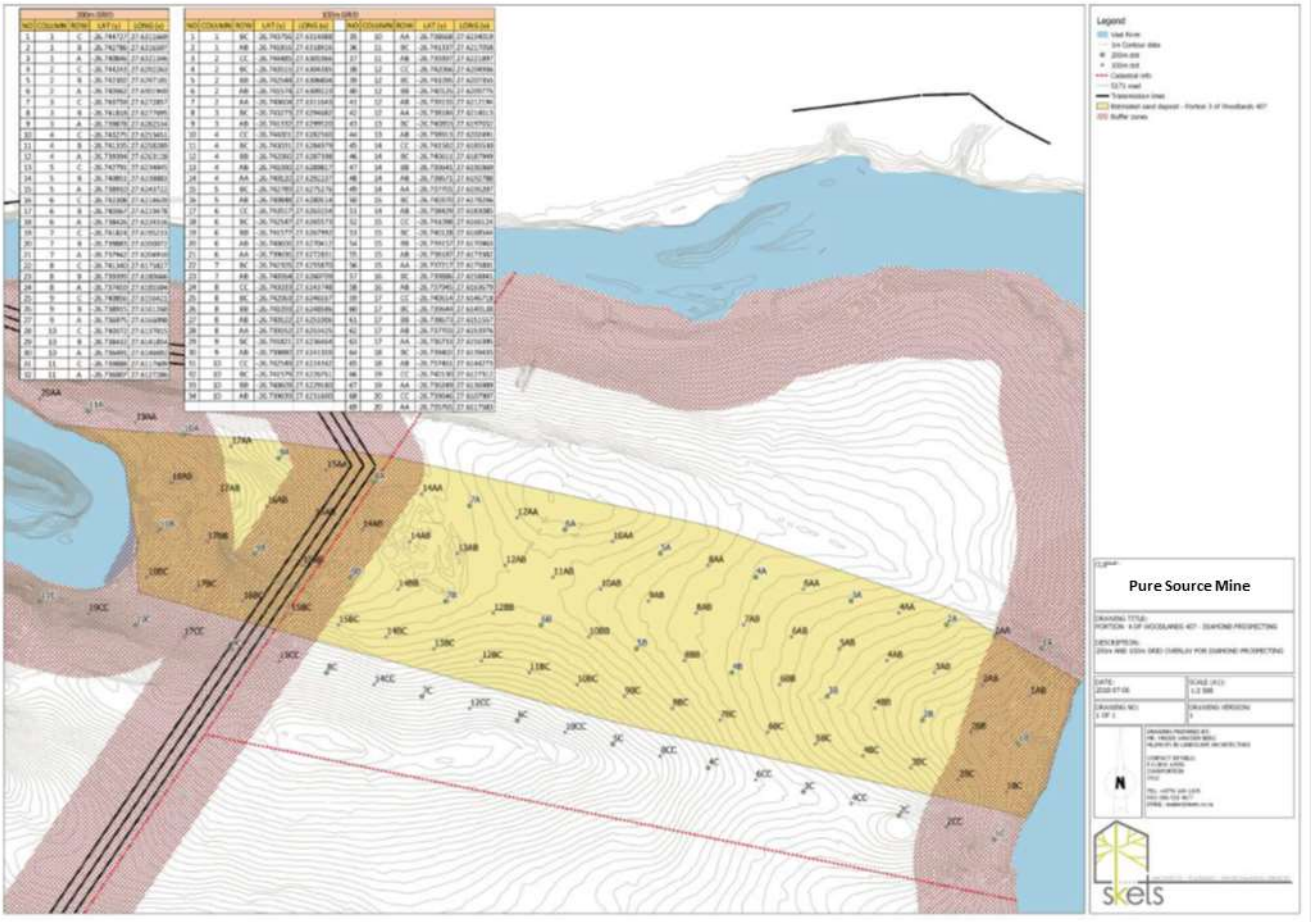

Figure 9: Location of proposed drilling grid on Woodlands in the north sand block (Marshall, 2018).

5 REGULATION 11(1)(e): THE DETAILS OF THE MARKET FOR, THE MARKETS REQUIREMENTS AND PRICING IN RESPECT OF THE MINERAL CONCERNED

5.1 A List of Products and their Proportionate Quantities

The main products from the mining operation will be different grades of sand (Table 9) for construction, refractory, recreational and glass industries. The selling prices for the different products vary according to the specification of the sand.

5.1.1 Construction Sand

Building sand – R 53.00/ m³

Screened plaster sand - R 73.00/ m³

Washed plaster sand - R 93.00/ m³

5.1.2 Refractory Sand

Scaw metals specifications - R380.00/ m³

5.1.3 Recreational Sand

Screened sand - R100.00/ m³

USGA spec 2 sand - R120.00/ m³

Table 9: List of products and anticipated production per year.

SALES PRODUCTION BY MARKET	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Screened Plaster sand '000m^3	239	294	359	359	359	359	359	359	359	359
Unscreened Building sand '000m^3	180	240	120	120	120	120	120	120	120	120
Washed Plaster Sand '000m^3	-	-	180	120	120	120	120	120	120	120
Crushed Aggregate '000m3	60	120	120	120	120	120	120	120	120	120
Dried Plaster Sand '000m3	-	-	60	120	120	120	120	120	120	120

5.1.4 Aggregates

The aggregates produced will include G4-G7 material for civil construction. The quantity of aggregate mined over time, as defined in the resource statement. The selling price for the aggregate is R63.00/ m^3. The aggregate in the oxidised zone can be sold for landscaping and decorative purposes, once a market is found.

5.1.5 Diamonds

The quantity of diamonds which could be present on the mining area has not been determined as these gravels will only be uncovered when the sand is mined, and the vast overburden thus removed. The economic viability of extracting diamonds from the gravels will be quantified, as per Dr Marshalls' recommendation, during sand mining.

5.2 Market(s) for Each Specific Product in Terms of Local, Regional or International

Silica sand is an important material utilised in the South African construction industry. It is also used in the manufacturing, as refractory sand, and in the glass making sectors. There is also a demand for recreational sand for use on golf courses and sporting facilities. The annual sales of sand and aggregate in South Africa illustrates year on year increases in both mass (tonnes) and value (Table 10).

Table 10: South African aggregate and sand sales (Chamber of Mines, 2017).

Table 20: South African aggregate & sand sales

Year	Mass (tonnes)	Value (R'000)
2004	42,363,144	1,751,312,775
2005	49,463,101	2,217,002,135
2006	57,319,132	2,739,409,542
2007	62,127,845	3,314,117,233
2008	60,996,383	3,757,580,152
2009	52,559,228	3,826,340,295
2010	51,803,437	3,809,923,813
2011	52,122,803	4,066,505,212
2012	53,373,625	4,476,359,468
2013	60,966,575	5,291,393,954
2014	62,972,237	5,967,061,452
2015	63,602,931	6,492,165,756
2016	65,799,665	7,078,841,061

Source: Department of Mineral Resources

5.2.1 Refractory Sand

The South African refractory industry uses a great deal of refractory sand per year. This grade of sand represents a very pure silica sand with very little impurities. The users of refractory sand have very stringent quality criteria and only specific sands can be upgraded to produce refractory sand.

5.2.2 Plaster Sand

Plaster sand is a highly sought after product in the building industry. This sand has a specific size distribution and requires the clay content to be removed.

5.2.3 Building Sand

Building sand has the lowest quality requirements in terms of chemical make-up and sizing, and is consequently in lower demand than plaster sand.

5.2.4 Silica Sand for Equestrian and Golf Course Purposes

A local market for screened sand exists such as, for equestrian and golf courses, throughout the country. Due to the cost of transport, customers require nearby supply of the products. There are a number of golf courses and equestrian estates in close proximity to the Pure Source Mine project. Therefore it is well situated to supply local needs.

5.2.5 Glass Sand

Glass sand considers very fine-grained sand with detailed specifications, which is supplied to the glass making industry.

5.2.6 Aggregate

The aggregate mining aims to produce G4 to G7 materials (Table 11). These are utilised in the local civil construction and building supply industries.

Table 11: Aggregate specifications (SAPEM).

Groups	G1, G2, G3: Graded Crushed Stone			G4, G5, G6: Natural Gravels			G7, G8, G9, G10: Gravel Soil			
Description	G1 Crushed unweathered rock	G2, G3 Crushed rock, boulders or coarse gravel		Natural gravel; may be mixed with crushed rock such as boulders. May be cementitiously or mechanically modified.			Categorised in terms of properties below.			
Material Class	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10
GRADING										
Sieve Size (mm)	Nominal max size 37.5 mm[1]	Nominal max size 28 (26.5) mm[1]					Max size, in place, after compaction, shall not be greater than two-thirds of the layer thickness.	No grading requirements		
50 / 53	100			100						
37.5	100			85 – 100						
28 / 26.5	84 – 94	100		–	Max size 64 mm or two-thirds of compacted layer thickness, whichever is smaller.					
20 / 19	71 – 84	85 – 95		60 – 90						
14 / 13.2	59 – 75	71 – 84		–						
5 / 4.75	36 – 53	42 – 60		30 – 65						
2	23 – 40	27 – 45		20 – 50						
0.425	11 – 24	13 – 27		10 – 30						
0.075	4 – 12	5 – 12		5 – 15						
Grading Modulus (min)	n/a			n/a	1.5	1.2	n/a			
Flakiness Index	Max 35% on weighted average of -28 (26.5) and -20 (19) mm fractions		n/a	n/a			n/a			
Crushing Strength	10% FACT (min) 110 kN or ACV (max) 29%		n/a	n/a			n/a			
ATTERBERG LIMITS										
Liquid Limit (max)	25	25		25	30	n/a	n/a	No Atterberg Limit requirements		
Plasticity Index, PI (max)	4	6		6	10	12 or 3 GM[2] + 10	12 or 3 GM[2] + 10			
Linear shrinkage, % (max)	4	3		3	5	n/a	n/a			
Linear shrinkage x -0.425 mm sieve (max)[3]	n/a			170	170	n/a	n/a			
BEARING STRENGTH AND SWELL										
CBR, % (min) at MDD[4]	n/a	80 at 98%		80 at 98%	45 at 95%[5]	25 at 93%	15 at 93%	10 at in situ	7 at in situ	3 at in situ
Swell, % (max) at MDD	n/a	0.2 at 100%		0.2 at 100%	0.5 at 100%	1.0%	1.5%			
Material Class	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10

Notes:

1. G1 adjustments to the grading can only be made using crusher dust or other fractions from the parent rock. Only in exceptional cases can a maximum 10% non-plastic fines be added. G2 and G3 materials may be a blend of crushed stone and other fine aggregate to adjust the grading.
2. GM is the grading modulus (see Chapter 3, Section 2.3.2)
3. Only applicable to nodular calcretes
4. MDD is the maximum dry density determined by the modified AASHTO method.
5. In dry areas (Weinert N > 10) and AADT < 300 vpd CBR can be reduced to 25% @ 95% MDD if subbase cover is at least 150 mm.

5.2.7 Diamonds

Industrial and jewellery diamonds are in constant demand and will be sold in accordance with the South African diamond board regulations to domestic and international buyers.

5.3 Summary of Product Consumers

The sand products that are produced will be suitable for the following local consumers:

1. Scaw Metals – Refractory Sand
2. Consol Glass – Glass Sand
3. Builders Warehouse – Vanderbijlpark – Plaster Sand
4. Local Building Suppliers – Building Sand and Plaster Sand
5. Local Golf Courses – Recreational Sand
6. Equestrian Estates – Recreational Sand

A detailed list of consumers is presented in Table 12.

Table 12: Detailed list of local product consumers.

No.	Client
1	Abrina 2414 cc
2	Action Africa Foundry
3	Active Foundry
4	Arcoplate (coreshop)
5	Auto Industrial (ZF group)
6	Bezt Engineering &
7	BK Castings
8	Bloem Foundry (Metal Merchants)
9	Bulk Pro
10	Bunkerfuel
11	CE Becker Transport
12	Civil Works
13	CONSOL
14	Corgi Hardware
15	Denville Foundry
16	Duvha Foundry
17	Elmacast
18	Enviro Cast
19	Enviro Serve
20	Forbes
21	Guestro Automotive
22	Hassan Sand
23	Hi Alloy Castings
24	Hifa Services

25	High Duty Castings
26	IPG Logistics
27	JC Impellers
28	Klipstone Transport. (Roodepoort)
29	Kola Sand
30	Lido Sand
31	Martin Collins Equestrian
32	Mattcast
33	Mega Super Cement (Zuurbekom)
34	Metso
35	MG Castings
36	Mining & Slurry
37	Minova (Alrode)
38	Mitak Foundry
39	Multi Construction (Alrode)
40	N/Natal Foundry
41	NAMPAK
42	Nicast Foundry
43	Odie Kahl
44	PDS Security
45	PG Sand
46	Piet van Rensburg (Stella)
47	Pronto
48	Pronto Dried Plaster /
49	Protea Foundries
50	Quantas Foundry
51	Railway Wheels Division (UJ)
52	Ralf Transport
53	Rely Foundry (Steloy)
54	River Side Projects
55	Rocklite
56	Sand Shifters
57	Sandkote
58	Sandy Sand Mine
59	Scaw Metals - Boksburg Foundry
60	Scaw Metals - Cast Products Foundry (UJ)
61	Scaw Metals - Eclipse Benoni
62	Scaw Metals - High Chrome Ball Plant (UJ)
63	Scaw Metals Group
64	Shiba Foundry
65	SJW Beukes
66	Sonjan Vervoer (Pty) Ltd
67	Standard Foundry (Scaw Group - Dunswart Benoni)
68	Steyn & Seuns
69	TAL

70	TAL Dried Washed Plaster
71	Terblanche Transport
72	Tiger Bricks
73	Tricast Foundry
74	Trojan Cement
75	Van Niekerk Broers
76	Van's Boumateriaal
77	Vereeniging Foundry
78	Wearne Readymix
79	Weir Minerals
80	Wiks Struwig

Aggregates will be sold to civil construction companies and local building suppliers.

Diamonds will be sold to licensed diamond traders for use in industrial and jewellery markets according to the prevailing rules and regulations in the diamond industry.

5.4 Summary of Customer Specifications and Details of any Proposed Beneficiation of the Products

5.4.1 Sand

The specifications of the sand products vary for the different end-users. Building sand can be sold without beneficiation. The higher class of plaster sand requires a low clay content and appropriate sizing which can be achieved through processing. In order to achieve the specifications the sand requires on site beneficiation. This will include screening and washing of the sand to achieve the correct size distribution and remove ultra-fine clay material and other impurities. The screening and washing will take place on the mining and in the plant areas, respectively.

5.4.2 Aggregate

The specifications of the aggregate will differ from place to place across the mining area and will be sold according to requirements of the customer. The only beneficiation which may take place will be the crushing of the raw material before it is loaded on trucks for transport to the customers. This will be performed in the mining area with mobile crushers.

5.5 Summary of Infrastructure Requirements such as Roads, Rail, Electricity and Water

5.5.1 Mine Infrastructure

Existing infrastructure at the project area is minimal. The area is reasonably well accessed through a local, regional and national network of roads. Below is a conceptual design for the required mine access and associated infrastructure. Roads will need to be built for access to the plant area and haul roads have to be developed from the pit to the plant (Figure 10).

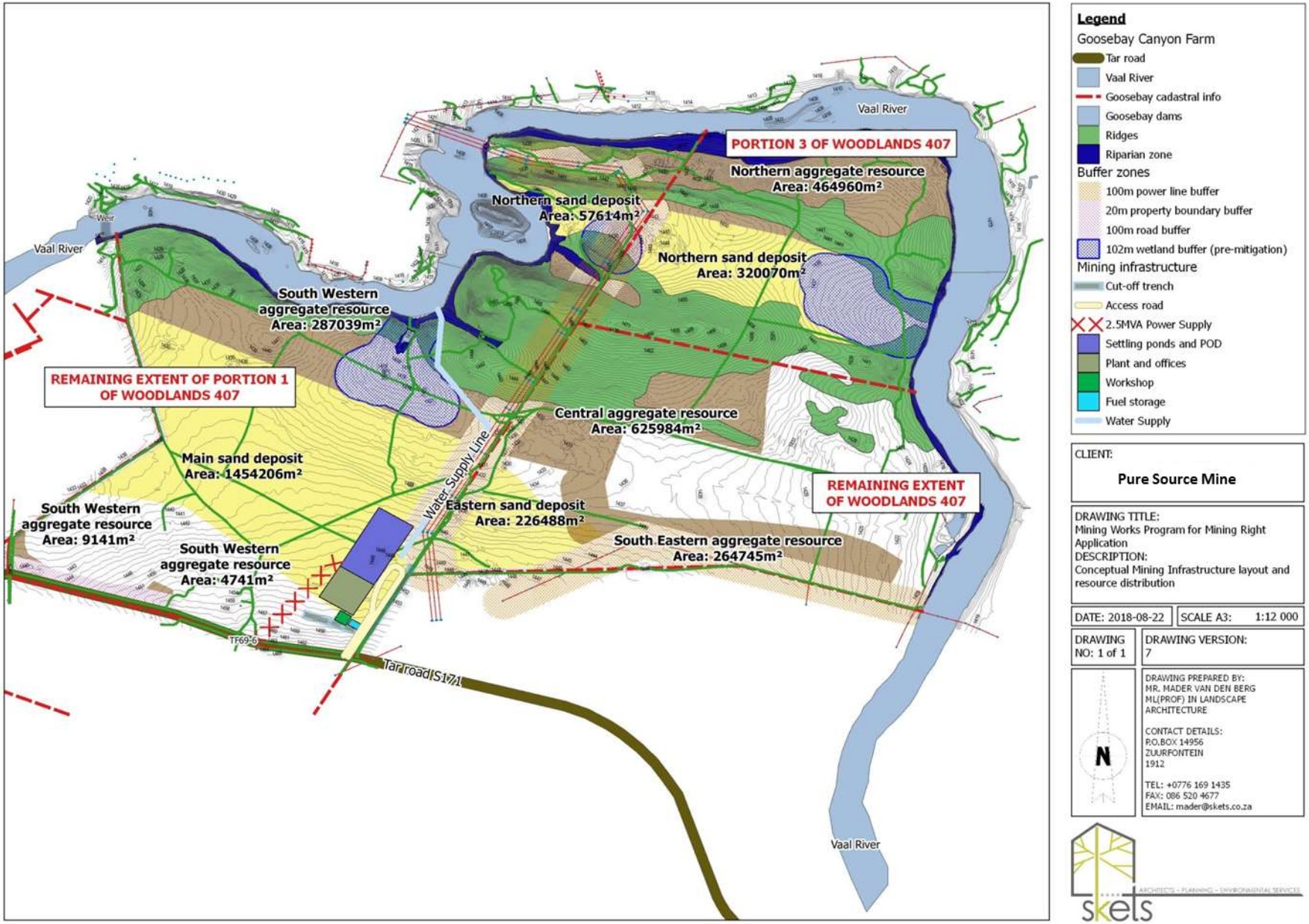

Figure 10: Proposed mine infrastructure.

5.5.2 Power Supply

The mine will require power supply from the national grid for the beneficiation plant and workshops, for which an application has been made to ESKOM. There is an 11 kV line on the southern boundary of the project area from which power will be obtained for the plant area. The planning has been completed and payment has been made to Eskom for a preliminary 180 kVA Ruraflex supply. It is anticipated that the electrical requirement, once the plant is in full production, will be 2500kVA or 2.5MVA. This will supply the washing plant, drying plant, workshops and offices and ancillary uses.

5.5.3 Water Supply

Water for mining and beneficiation will be sourced from ground water, or extraction from the Vaal River, pursuant to the obtaining of the relevant water use licence. The estimated annual water requirements are:

- 500 million litres for sand mining
- 300 million litres for aggregate and diamond mining
- 10 million litres for dust suppression

It is estimated that the supply of water required for the plant and wash-down operations would be approximately 800-1 000 m³/hr (800 000-1 000 000 lt/hr), therefore a water recycling plant will be required to reduce the water consumption to 80 – 100 m^3/hr. A small volume of water will also be required for the workshops, offices and change house.

It will be necessary to apply for both, an Integrated Water Use License (IWULA) and an Integrated Waste Water Management (IWWMA).

5.5.4 Access Roads

The S171 regional road forms the southern boundary of the project area and a gravel road connects this to the proposed mine main entrance on the southeastern boundary (Figure 11). An access road will have to be built from the gate to the plant area. The road building material can be sourced from an existing gravel pit on the farm, which is located adjacent to the mining area.

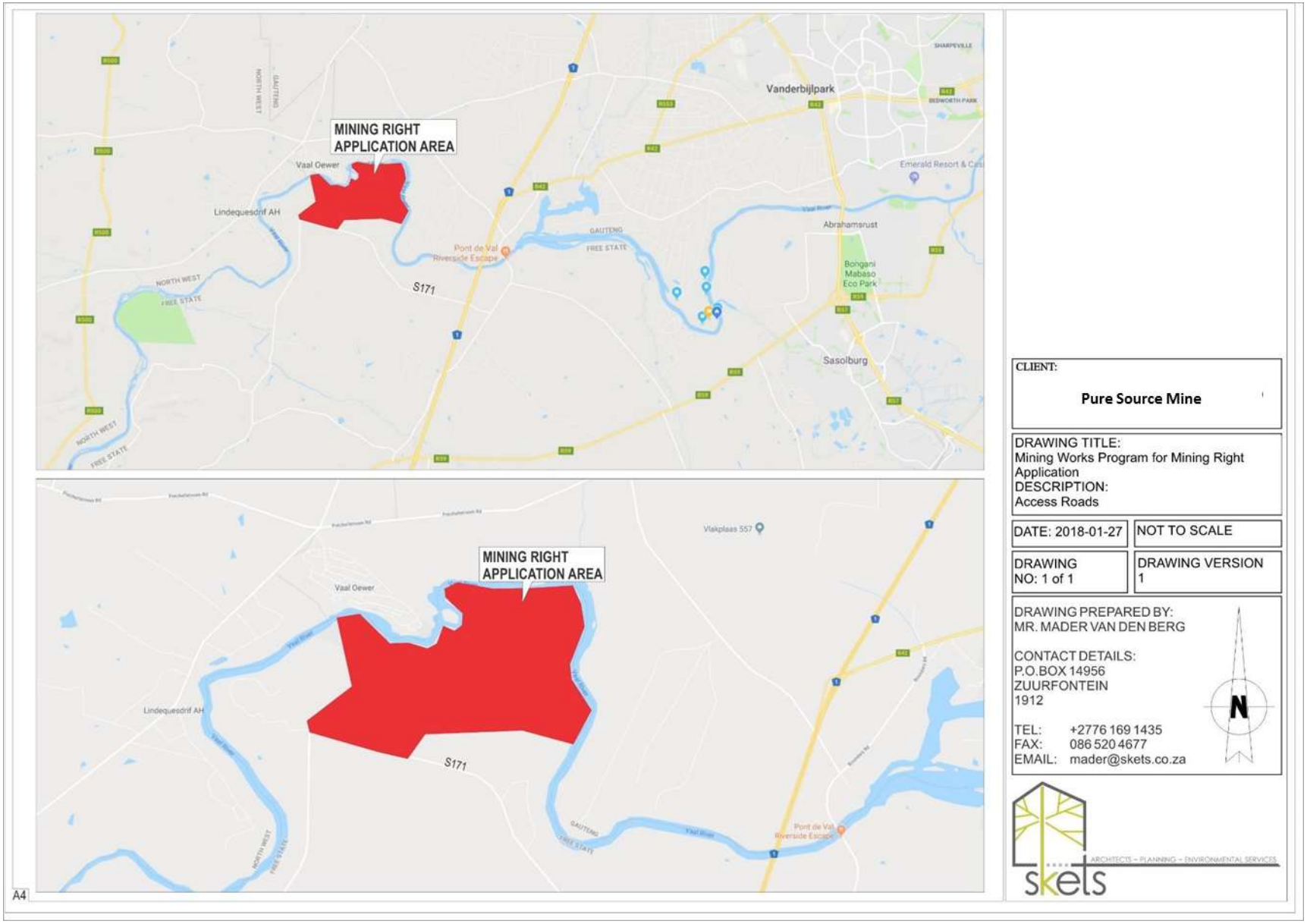

Figure 11: Main access roads to mining site.

5.5.5 Offices, Workshops and Change Houses

The offices, workshops and change house will be established adjacent to the plant infrastructure, and as per industry standard will be of a portable nature. The mine offices, workshops and change house will initially be in the form of portable containers or the "Kwikspace" type facilities. Costs have been included in the capital estimate for the infrastructure required.

5.6 Summary of Other Information Applied that may Influence Price, e.g. Exchange Rate, Duties, Tariff Barriers, etc.

The domestic price for sand and aggregate is affected by supply and demand, inflation and price increases of consumables, such as fuel price. International markets will determine the price of diamonds.

5.7 The Price to be used in the Cash Flow Forecast

Current prices being achieved from the sale of sand and aggregates are used in the financial forecast and are detailed in

Table 13. The price for diamonds has not been employed in the cash flow forecast as the quantity of this commodity is unknown at this stage.

Table 13: Prices of product utilised in the cash flow forecast.

Prices at Point of Collection (Ex-Works)										
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Screened Plaster sand - R	73	73	73	75	75	75	80	80	80	85
Unscreened Building sand - R	53	53	53	55	55	55	60	60	60	65
Washed Plaster Sand Yield - R			93	95	95	95	100	100	100	105
Crushed Aggregate - R	63	63	63	65	65	65	70	70	70	75
Dried Plaster Sand - R			380	390	400	410	420	430	440	450

5.8 Confirmation that a Specialist Market Analysis is Attached as an Appendix which Explains the Assumptions Made and how the Price was Determined

A market analysis has been carried out by VLDC on behalf of Monte Cristo Commercial Park, to determine the suitability of the sand and aggregate for various markets and is appended to this document (ANNEXURE VI).

6 REGULATION 11(1)(f): THE DETAILS WITH REGARD TO THE APPLICABLE TIMEFRAMES AND SCHEDULING OF THE VARIOUS IMPLEMENTATION PHASES AND A TECHNICALLY JUSTIFIED ESTIMATE OF THE PERIOD REQUIRED

6.1 Timeframes and Scheduling of Implementation Phases

6.1.1 Explanation of Time Taken to Develop the Mine and Commence Production

Site establishment can be accomplished within a period less than a month. Thereafter, earthworks, box cut development and preparation for civil infrastructure will commence. The duration of these activities is estimated at six months.

6.1.2 Explanation of the Production Build-up Period once Production Commences

The development plan is to initially establish a silica sand pit in the southeastern corner of the main silica sand deposit and the western section of the northern silica sand deposit. These areas will be mined while the plant and the additional surface infrastructure is being constructed. Thereafter, the mine will ramp up to steady state production of sand by the 3rd year after commencement of mining. Aggregate production will initially commence on a limited scale and thereafter ramp up as demand increases. The mining of diamonds will commence immediately, as soon as the silica sand overburden is sufficiently removed to facilitate access to the diamondiferous gravels.

6.1.3 Explanation of Production Decline Period (as grades deteriorate)

The quality of the sand to be mined is likely to remain constant over the life of the mine and the decline in production at the end of the life of the mine will be due to the depletion of the resource. Due to the superficial nature of the deposit, a gradual tapered reduction in production will take place towards the end of the life of mine.

6.2 Technically Justified Estimate (Description of the Rate of Production, Estimated Payable Reserve Ratio, Efficiency Factors and Extraction Rates, Relative to Available Resources to Justify the Period Applied for)

The subject of this Mining Work Programme is the sand and aggregate resources which have been quantified, as well as alluvial diamonds which can only be fully quantified, once the silica sand overburden has been at least, partially mined. Reference is however made to the report specialist

diamond geologist Dr. Tania Marshall, in which Dr Marshall forecasts a substantial anticipated supply of diamonds. Table 14 indicates the estimated mineable resource for sand and aggregate.

Table 14: Estimated mineable resource.

Pure Source Mine - Woodlands 407 Sand Resource Summary			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Main Pit Sand Resource	1 454 206	13,19	19 186 112
East Pit Sand Resource	226 488	3,54	801 768
North Pit Sand Resource	377 684	5,09	1 922 412
Total Measured	**2 058 378**	**10,64**	**21 910 291**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Fresh)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	7,50	4 694 880
Southwest Aggregate Resource	13 882	7,50	104 115
Southeast Aggregate Resource	264 745	7,50	1 985 588
Northern Aggregate Resource	464 960	5,98	2 780 461
Subtotal	**1 369 571**	**6,98**	**9 565 043**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Oxidised)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	0,58	363 071
Southwest Aggregate Resource	13 882	0,58	8 052
Southeast Aggregate Resource	264 745	0,58	153 552
Northern Aggregate Resource	464 960	0,88	409 165
Subtotal	**1 369 571**	**0,68**	**933 839**
Total Measured	**1 369 571**	**7,67**	**10 498 882**

The sand is planned to be mined, at an initial rate of approximately 35 000m³/month (year 1) and 47 000m³/month (year 2) and at a rate of approximately 67 000 m^3 per month (810 000 m^3 per year) for the subsequent years. Based on the volume to be mined per year it is evident that the deposit has a Life Of Mine (LOM) of 30 years. The LOM production schedule for the sand mining is detailed in Table 15 and Figure 12. This production schedule considers the modifying factors applied to the resource during mine design.

The aggregate mining is planned at a ROM rate of approximately 5 400m³/month for year 1, and 10 800 m^3 /month for years 2 to 10, where after the amount of aggregate mined will increase to approximately 35 000m³ /month. There will accordingly be a 10 year build up to achieve peak production of approximately 416 000 m^3 per year. Table 16 and Figure 13 illustrate the LOM production schedule. This production schedule considers the modifying factors applied to the resource during mine design.

Considering the sand and the aggregate will be mined simultaneously, the 30 year mining period applied for is justified by the volume of sand and aggregate present in the ground and the proposed rate of extraction. Figure 14 details the combined sand and gravel production volumes over the 30 year life of mine.

Table 15: Annual sand production schedule for the LOM.

SILICA SAND		DATE: YEAR	YR01	YR02	YR03	YR04	YR05	YR06	YR07	YR08	YR09	YR10
Total Material Moved		TOTAL/AVE										
Total Volume (SILICA & TOPSOIL)	m3	23 000 663	503 557	610 890	946 020	854 222	855 601	855 226	853 454	852 799	850 178	858 583
Total Topsoil		TOTAL/AVE										
Topsoil Volume	m3	1 090 372	63 557	50 890	136 020	44 222	45 601	45 226	43 454	42 799	40 178	48 583
Topsoil Area	m2	2 057 305	119 918	96 019	256 641	83 438	86 039	85 332	81 988	80 752	75 808	91 666
Topsoil Thickness	m	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
Total ROM Sand		TOTAL/AVE										
Sand RoM Volume	m3	21 910 291	440 000	560 000	810 000	810 000	810 000	810 000	810 000	810 000	810 000	810 000

SILICA SAND		YR11	YR12	YR13	YR14	YR15	YR16	YR17	YR18	YR19	YR20	YR21
Total Material Moved												
Total Volume (SILICA & TOPSOIL)	m3	856 518	766 912	765 500	765 090	765 548	766 663	765 885	765 218	764 977	761 844	763 420
Total Topsoil												
Topsoil Volume	m3	46 518	26 912	25 500	25 090	25 548	26 663	25 885	25 218	24 977	21 844	23 420
Topsoil Area	m2	87 769	50 777	48 114	47 339	48 203	50 308	48 840	47 581	47 127	41 215	44 189
Topsoil Thickness	m	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
Total ROM Sand												
Sand RoM Volume	m3	810 000	740 000	740 000	740 000	740 000	740 000	740 000	740 000	740 000	740 000	740 000

SILICA SAND		YR22	YR23	YR24	YR25	YR26	YR27	YR28	YR29	YR30
Total Material Moved										
Total Volume (SILICA & TOPSOIL)	m3	766 182	765 504	765 254	764 909	766 145	658 818	655 215	656 105	654 426
Total Topsoil										
Topsoil Volume	m3	26 182	25 504	25 254	24 909	26 145	28 745	25 143	26 033	24 353
Topsoil Area	m2	49 400	48 121	47 649	46 999	49 331	54 236	47 439	49 118	45 949
Topsoil Thickness	m	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
Total ROM Sand										
Sand RoM Volume	m3	740 000	740 000	740 000	740 000	740 000	630 073	630 073	630 073	630 073

Table 16: Annual aggregate production schedule for the LOM (BCM=Bank Cubic Meters).

AGGREGATE		DATE: YEAR	YR01	YR02	YR03	YR04	YR05	YR06	YR07	YR08	YR09	YR10
Total Material Moved		**TOTAL/AVE**										
Total Volume (AGGREGATE & TOPSOIL)	m3	10 017 002	90 380	162 478	173 683	173 683	150 799	159 919	141 704	139 224	139 224	139 224
Total Topsoil		**TOTAL/AVE**										
Topsoil Volume	m3	451 959	25 380	32 478	43 683	43 683	20 799	29 919	11 704	9 224	9 224	9 224
Topsoil Area	m2	1 369 573	76 909	98 418	132 373	132 373	63 027	90 664	35 468	27 952	27 952	27 952
Topsoil Thickness	m	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Total ROM Aggregate		**TOTAL/AVE**										
Nett Aggregate RoM Vol	BCM	9 565 043	65 000	130 000	130 000	130 000	130 000	130 000	130 000	130 000	130 000	130 000

AGGREGATE		YR11	YR12	YR13	YR14	YR15	YR16	YR17	YR18	YR19	YR20	YR21
Total Material Moved												
Total Volume (AGGREGATE & TOPSOIL)	m3	425 726	425 726	425 726	425 726	425 726	425 726	429 372	428 216	428 216	428 216	428 216
Total Topsoil												
Topsoil Volume	m3	9 224	9 224	9 224	9 224	9 224	9 224	12 870	11 714	11 714	11 714	11 714
Topsoil Area	m2	27 952	27 952	27 952	27 952	27 952	27 952	39 001	35 497	35 497	35 497	35 497
Topsoil Thickness	m	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Total ROM Aggregate												
Aggregate RoM Volume	BCM	416502	416502	416502	416502	416502	416502	416502	416502	416502	416502	416502

AGGREGATE		YR22	YR23	YR24	YR25	YR26	YR27	YR28	YR29	YR30
Total Material Moved										
Total Volume (AGGREGATE & TOPSOIL)	m3	428 216	428 216	428 216	428 216	428 216	428 216	428 216	428 216	424 359
		-								
Total Topsoil										
Topsoil Volume	m3	11 714	11 714	11 714	11 714	11 714	11 714	11 714	11 714	7 857
Topsoil Area	m2	35 497	35 497	35 497	35 497	35 497	35 497	35 497	35 497	23 808
Topsoil Thickness	m	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Total ROM Aggregate										
Aggregate RoM Volume	BCM	416502	416502	416502	416502	416502	416502	416502	416502	416502

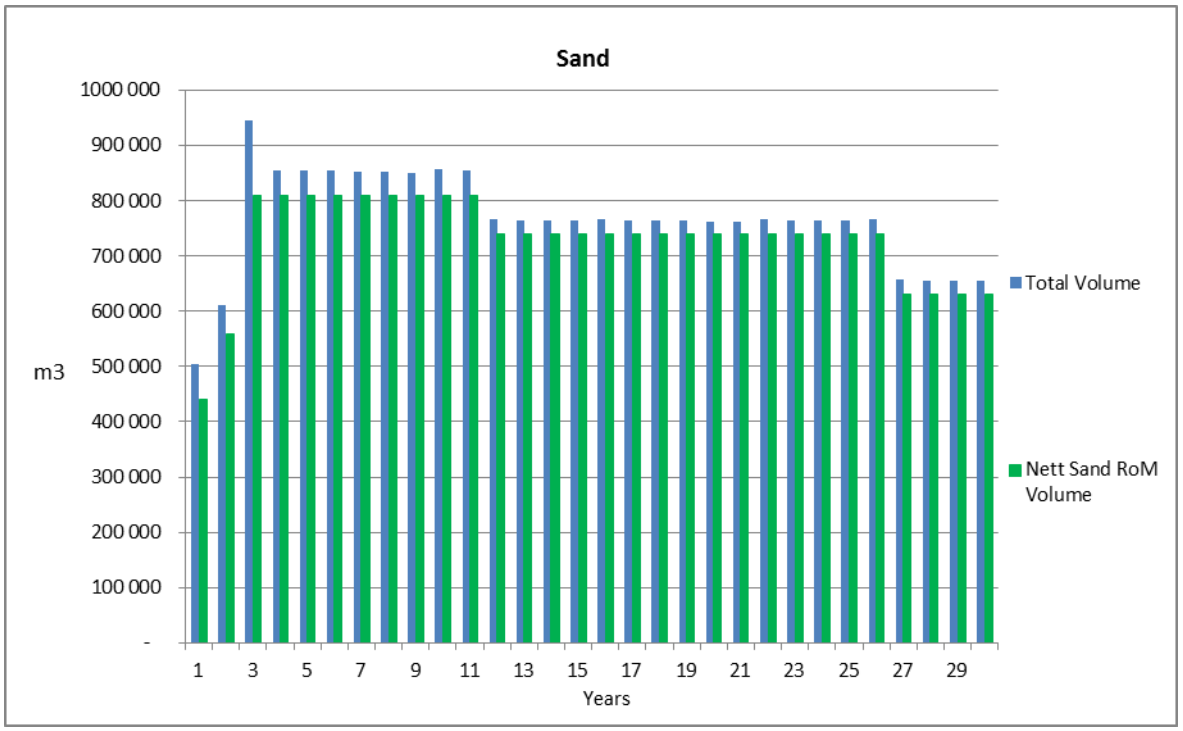

Figure 12: LOM sand production graph Bank Cubic Meters.

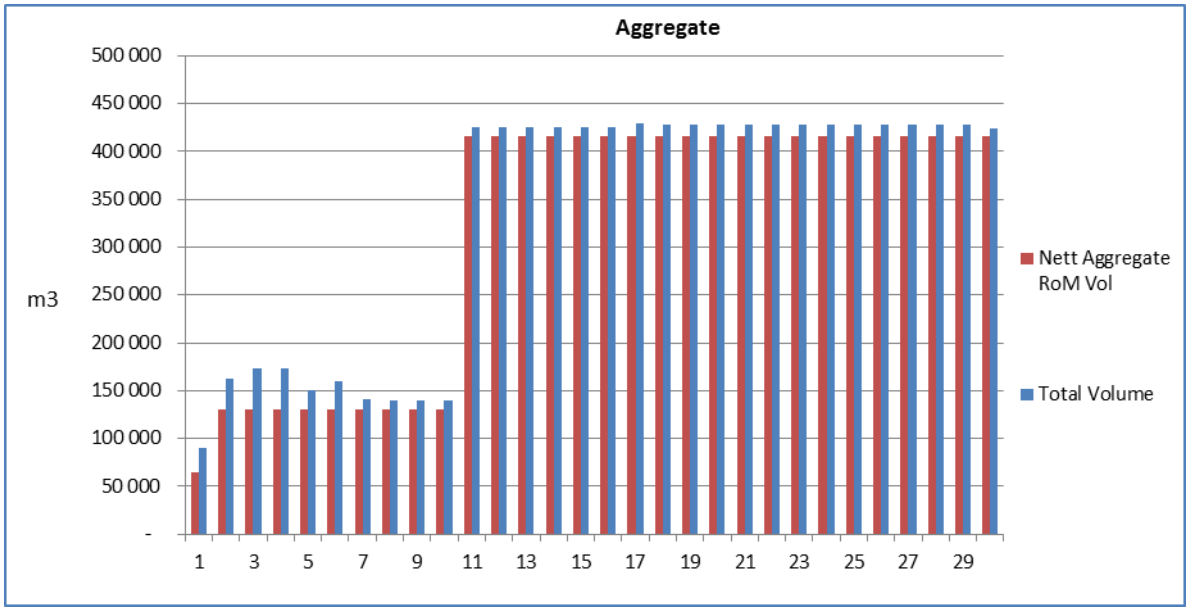

Figure 13: LOM aggregate production graph Bank Cubic Meters.

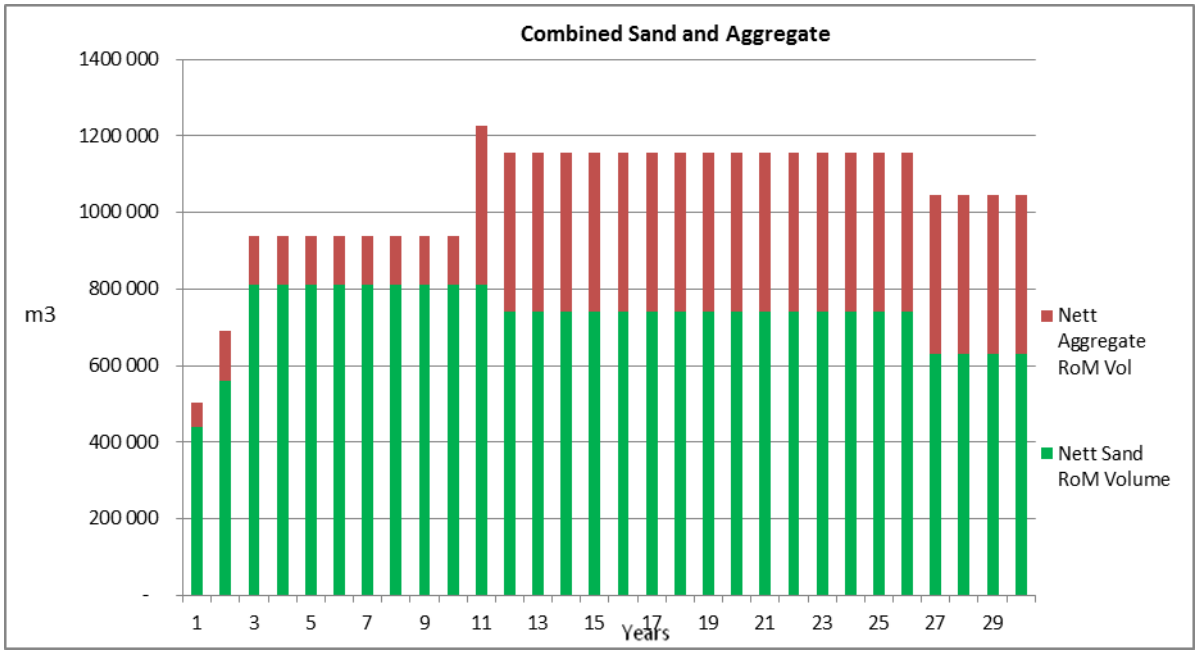

Figure 14: Production profile for combined sand and aggregate volumes.

7 REGULATION 11(1)(g)(i): THE DETAILS WITH REGARD TO THE COSTING OF THE MINING TECHNIQUE, MINING TECHNOLOGY AND PRODUCTION RATES (Excluding labour and capital)

7.1 Mine Design Map

The Pure Source Mine project considers three distinct sand mining areas which will be extracted independently. These areas are separated by ground where no sand is present or by power lines, where the sand has been excluded from the resource estimate and mine design. The mine layout for sand and aggregate (Figure 15A and B) is designed to optimise the transportation of the sand and aggregate to the plant (Figure 15C) in order to minimise the mining costs. The areas earmarked for agricultural activities are illustrated in Figure 15D. The detailed mine schedules for sand and aggregate are presented in Figure 16 and Figure 17, respectively.

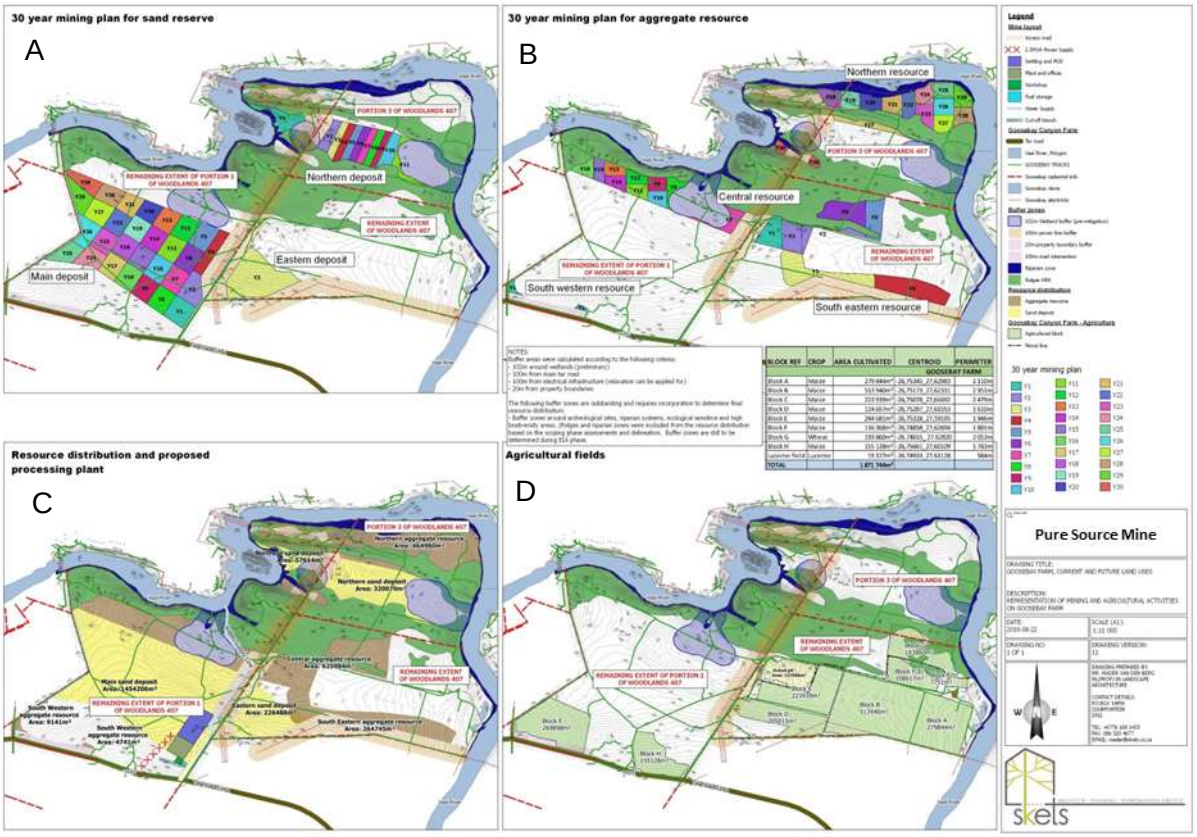

Figure 15: Mine design map for sand (A), aggregate (B), plant location (C) and agriculture (D).

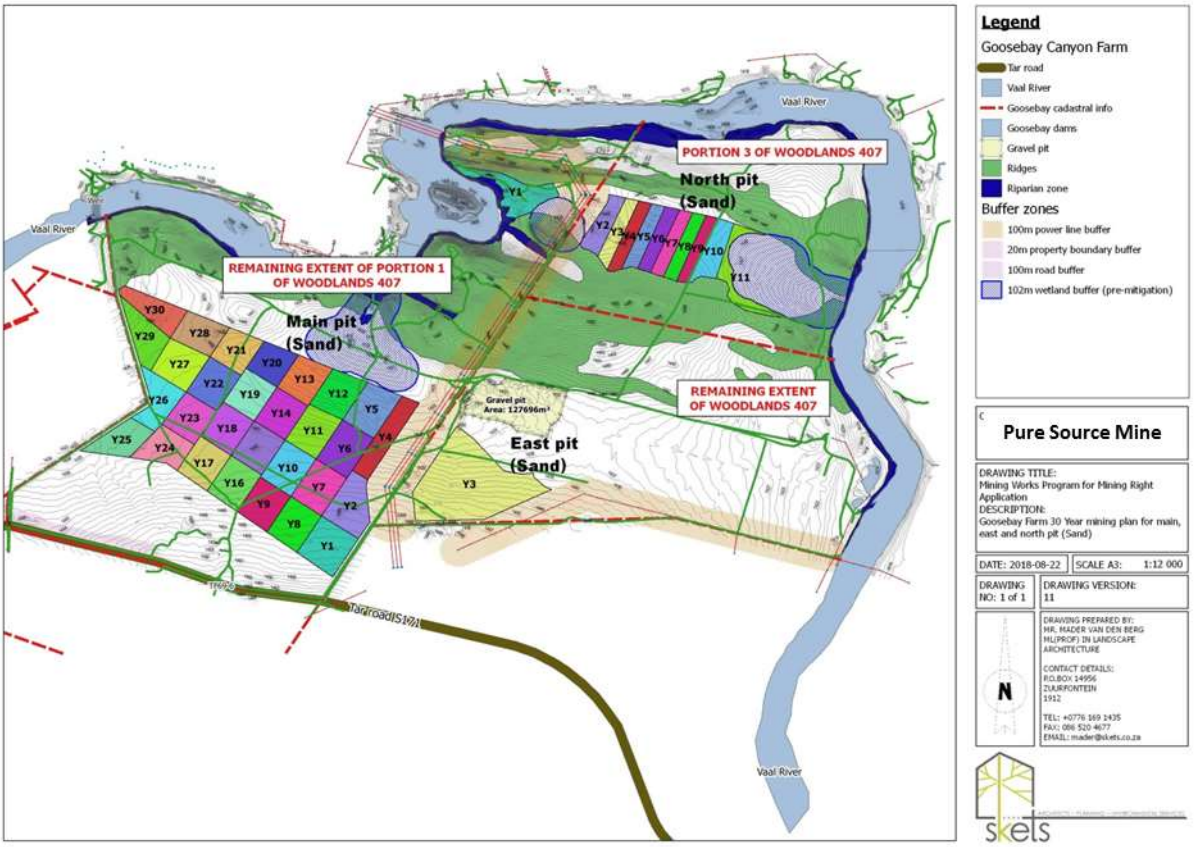

Figure 16: Mine schedule for sand.

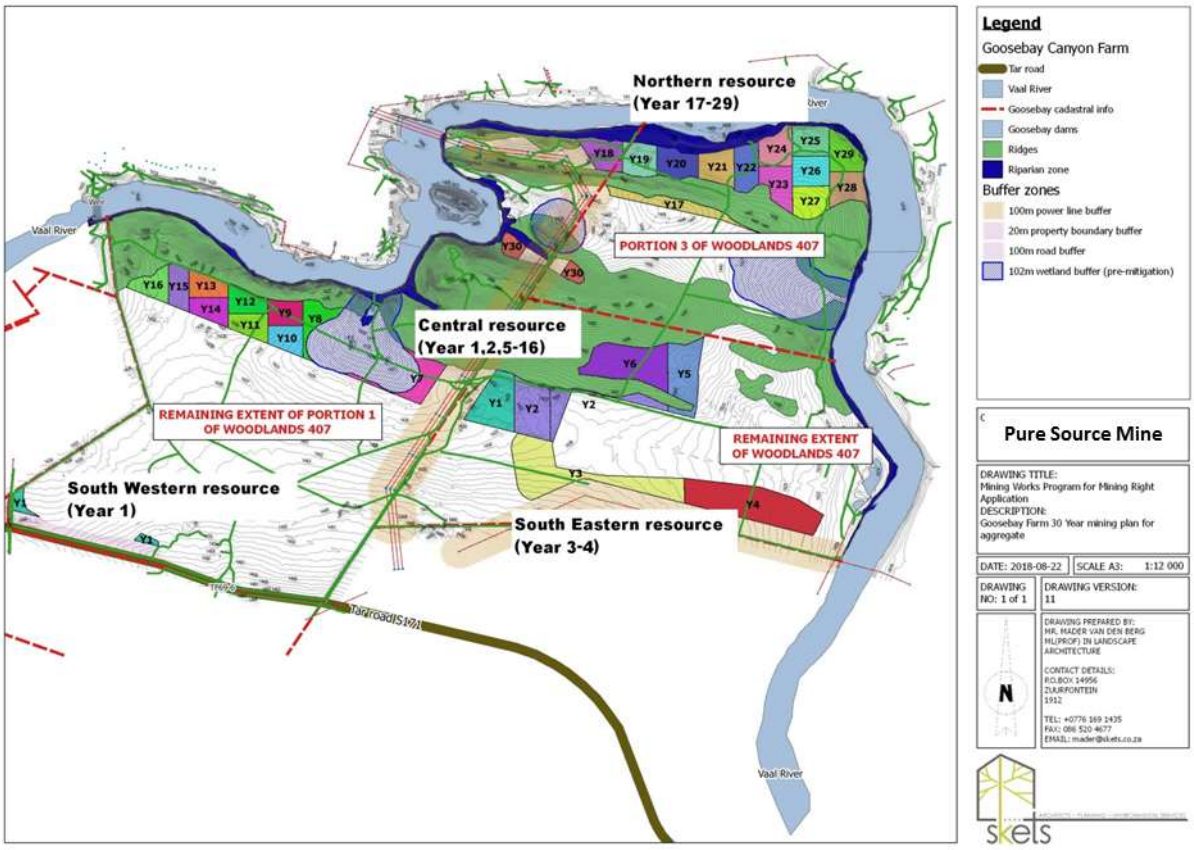

Figure 17: Mine schedule for aggregate.

7.2 Description of the Mining Method's Impact on Operating Cost

7.2.1 Basic Overview of the Mining Method

The Pure Source Mine project will be a truck and shovel operation making use of suitably sized diesel driven equipment for the production requirements. This equipment will be hired from various equipment suppliers according to requirements.

The first step in the mining process is to remove the topsoil from the mining area and stockpile it next to the pit. The topsoil horizon is not pronounced in the mining areas. For the purpose of rehabilitation, approximately 300-500 mm of material will be stockpiled next to the pit in heaps not exceeding 3 m in height.

The sand will then be mined in benches and reject material will be backfilled into the void as mining advances. Opencast benches will be established with a maximum height between 1.5 m to 3 m across the various sand horizons. This operation will have between 1 and 5 benches depending on the thickness of the sand. The pit design is illustrated in Figure 18.

Sand will either be screened in the pit or transported by truck to the washing plant. Once the sand has been removed, the underlying gravel will be exposed and test pits will be excavated to ascertain gravel quality and the diamond potential. Where appropriate, the gravel will be excavated and crushed in the pit by a mobile crusher and then loaded onto trucks to transport to customers or to the plant for processing to extract diamonds.

In the absence of silica sand, the topsoil will be stripped, to expose the aggregate, and stockpiled prior to excavating the aggregate. Where appropriate, and where the presence of high yield diamondiferous gravel is anticipated, the silica sand overburden will be stockpiled, to facilitate access to the diamondiferous gravel. The aggregate will then be fed into a mobile crushing plant in the pit. Should the aggregate be too oxidised for use in the construction industry, it will be stockpiled and utilised as back fill during rehabilitation. Diamondiferous gravel will be processed as set out elsewhere herein, and processed gravel either sold or used as back fill.

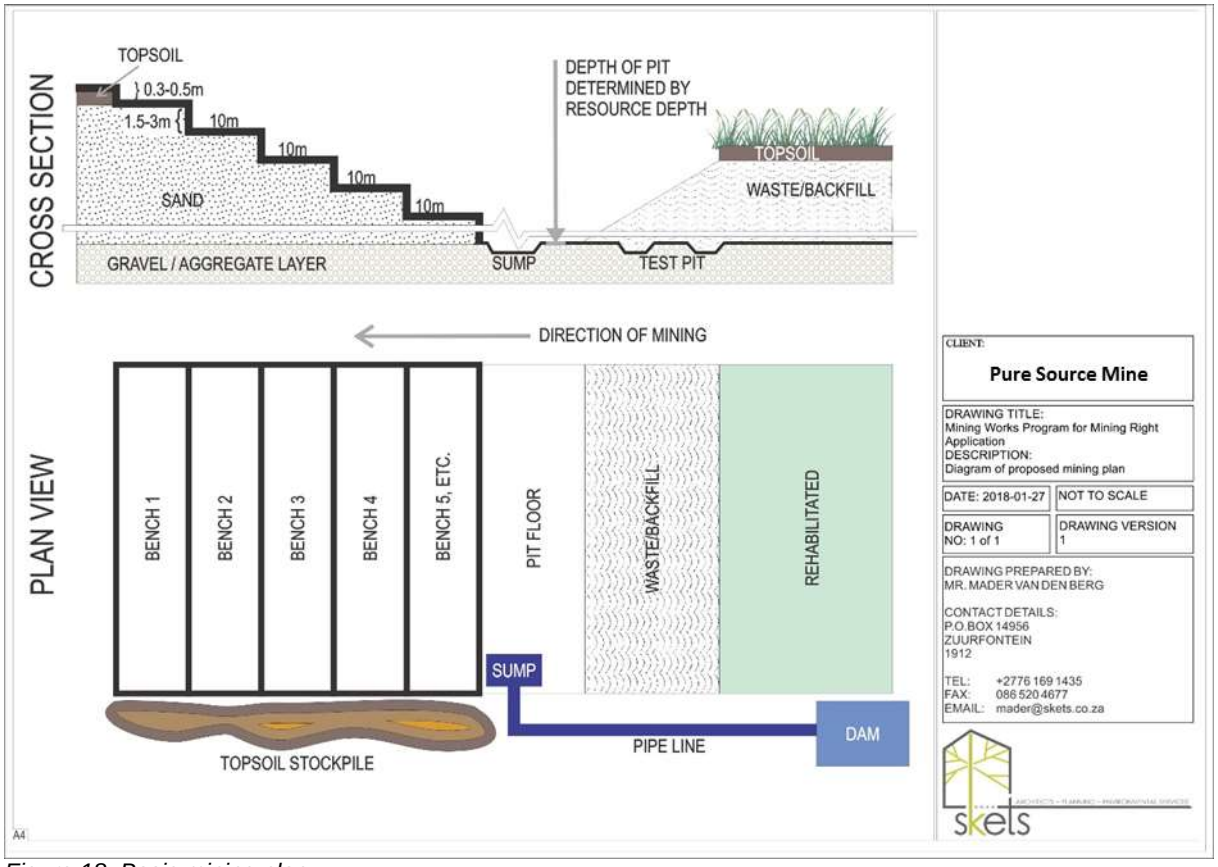

Figure 18: Basic mining plan.

Should diamond potential be established via exploration, the proposed extraction strategy is outlined in the following steps and illustrated in Figure 19:

- The overburden is removed – the topsoil will be stockpiled as per the current programme for the sand mining and the sand is excavated and diverted to the current sand mining operation.
- The basal gravel unit is screened – the oversize is sent back to any open excavation as rehabilitation infill, the -2 mm is forwarded to the sand mining operation and the +2-32 mm fraction is stockpiled as plant feed.

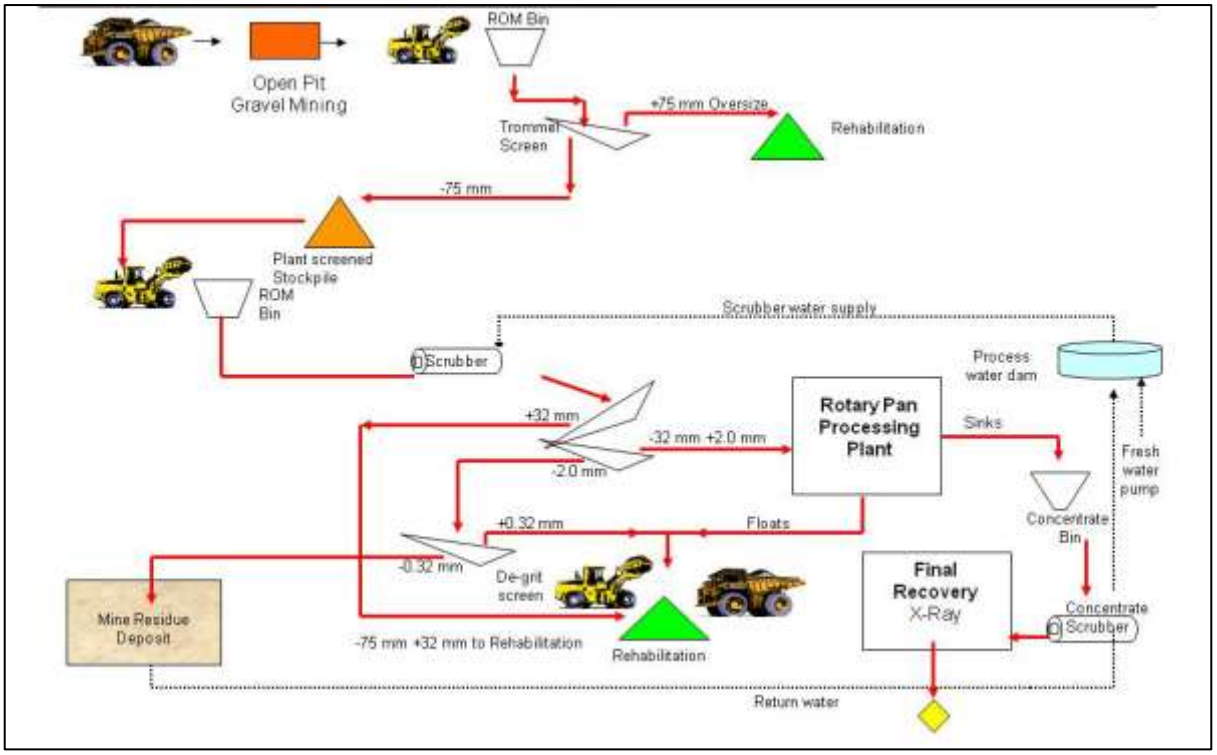

Figure 19: Diamond extraction methodology.

7.2.2 Description of Equipment and Activities Impacting Electricity Cost (excluding the processing plant)

The equipment required for this type of mining is readily available in South Africa. Local manufacturers and suppliers will supply the equipment. The mining equipment will all be diesel driven, therefore the only electricity requirements will be for the maintenance facilities.

7.2.3 Description of Equipment and Activities Impacting Diesel Cost (excluding the processing plant)

All of the production equipment will be diesel driven and diesel will be consumed in relatively large volumes. In some areas a mobile screening plant may be used to grade the sand which does not report to the washing plant.

Table 17 and

Table 18 detail the equipment that impacts on fuel costs and the number of each unit.

Table 17: Anticipated equipment required (both hired and owned) and activities which will impact on fuel cost (please note that this is merely anticipated equipment and further equipment may be required as the mining process evolves).

Equipment	Activity
Front End Loaders	Loading
Excavators	Loading
Bulldozers	Cleaning and Rehabilitation
Haul / Dump trucks	Hauling
Water Bowsers	Dust Allaying
Diesel Bowsers	Re-fuelling
Mobile Screening Plant	Screening
Mobile Crushing Plant	Crushing
Busses	Transportation
LDVs	Supervision
Mobile Maintenance Vehicles	Maintenance
Tractor	Hauling, towing
Grader	Grading
Water tanker	Dust suppression
Roller	Road maintenance and rehabilitation
Vehicles, Bakkies & SUV	General use and maintenance
Generator	Power for processing

Table 18: Hired equipment fleet.

Hired Mining Equipment	Number
CAT 966 Front End Loader or similar 5m³ Front End Loader	10
CAT 950 Front End Loader or similar 3.5m³ Front End Loader	7
CAT 330 – 30t Excavator or Similar 20t -40t Excavator	8
CAT 730D Dump Truck or Similar 20t-60t Dump Truck	14
CAT D4 Dozer or Similar Large Bulldozer	1
MG 430 Grader or Similar Large Self Propelled Grader	1
Self-Propelled Water Tanker Trucks	3
5t - 25t Roller Self Propelled	1
Vehicles – Bakkies & SUV's	4
Diesel Bowser (including at least 1 Self Propelled Diesel Tanker Truck)	3
TOTAL	**52**

7.2.4 Description of Equipment and Activities Impacting on Cost of Stores and Materials

Equipment and activities impacting on the cost of stores and materials are summarised in Table 19. Spares and other critical parts of equipment are to be stored on site, which will add to the cost of stores and materials.

Table 19: Equipment and activities impacting on cost of storage and materials.

Equipment	Activity
Diesel and Lubricants	Production
Tyres	Hauling
Spares	Maintenance
Personal Protective Equipment	Safety

7.2.5 Description of Equipment and Activities Impacting on the Cost of Water

Equipment and activities impacting on cost of water are summarised in Table 20. Dust is created by activities performed with the mining equipment, necessitating dust allying using water.

Table 20: Equipment and activities impacting on cost of water.

Equipment	Activity
Water Bowsers	Dust suppression of haul roads and loading areas

7.2.6 Description of Activities Impacting on Other Cost not Included Above

There are no other activities impacting on costs.

7.2.7 Operating Cost Forecast (excluding the processing plant and labour) for first 10 years

The operating costs associated with the first 10 years of mining are detailed in Table 21. These costs include both, the mining of sand and aggregate.

Table 21: Operating Cost Forecast (excluding the processing plant and labour) for the first 10 years.

February 2018 Money Values										
R'000										
Mining Costs										
COST CATEGORY	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**	**YEAR 8**	**YEAR 9**	**YEAR 10**
RUN OF MINE PRODUCTION '000m^3	505	690	940	940	940	940	940	940	940	940
Equipment Hire	9 090	12 420	18 800	19 740	20 680	21 620	22 560	23 500	24 440	25 380
Fuel	7 070	10 005	14 100	14 570	15 040	15 510	15 980	16 450	16 920	17 390
Electricity	-	-	-	-	-	-	-	-	-	-
Water	100	100	300	350	350	400	400	450	500	550
Cost of Washing Sand Per m3										
Cost of Drying Sand Per m3										
Stores and materials	505	690	940	940	940	940	940	940	940	1 972
Other										
Sundries and pumping	50	50	150	175	175	200	200	225	250	275
Repairs and services	160	160	480	480	480	480	640	640	640	640
Overheads	200	200	400	400	400	400	400	400	400	400
TOTAL COST (To be reflected in the cash flow forecast)	**17 175**	**23 625**	**35 170**	**36 655**	**38 065**	**39 550**	**41 120**	**42 605**	**44 090**	**46 607**

The costs determined here explain the costs used in line item 4 of the cash flow forecast required herein under Regulation 11 (1) (g) (vi)

8 REGULATION 11(1)(g)(ii): DETAILS AND COSTS OF THE TECHNOLOGICAL PROCESS APPLICABLE TO THE EXTRACTION AND PREPARATION OF THE MINERAL OR MINERALS TO COMPLY WITH MARKET REQUIREMENTS

8.1 High Level Description of the Processing Plant

Sand will be beneficiated by means of mobile screens operating in the pit and a portion of the production will report to a washing plant, where it will be washed and dried. The sand mined from the northern pit will be transported to the processing plant via a conveyor system.

8.1.1 Basic Washing Plant Design

The sand will be tipped into a bin and then conveyed to wet screens for removal of oversized material and vegetation.

The screened sand will be divided into two processes (Figure 20). The first portion of sand is screened for plaster sand where the fine dust particles are washed and cycloned out. The sand size fraction unsuitable for plaster sand that was screened out, will be dewatered and stockpiled.

The second half of the process will fine screen the material. The oversize material will report to the plaster sand and the screened material will pass through attrition cells where it is washed to remove any impurities. Subsequently, the material will be water cycloned, with the finer particles (Counter Flow Classifications Unit - CFCU) being removed by gravity to then report to the plaster sand stockpile. The remaining screened material will report to the specialist sand stockpile. This stockpiled sand is then loaded into the drying plant to remove the moisture before dispatch.

The dust washed from the material via the cyclones, reports to the thickener where the water is recovered and sent to a storage tank for reuse. The dust particles are concentrated at the bottom of the thickener and pumped out to settling ponds from where the water flows back into collection ponds for reuse. Once the ponds have dried the fines are excavated and either sold or used as rehabilitation material.

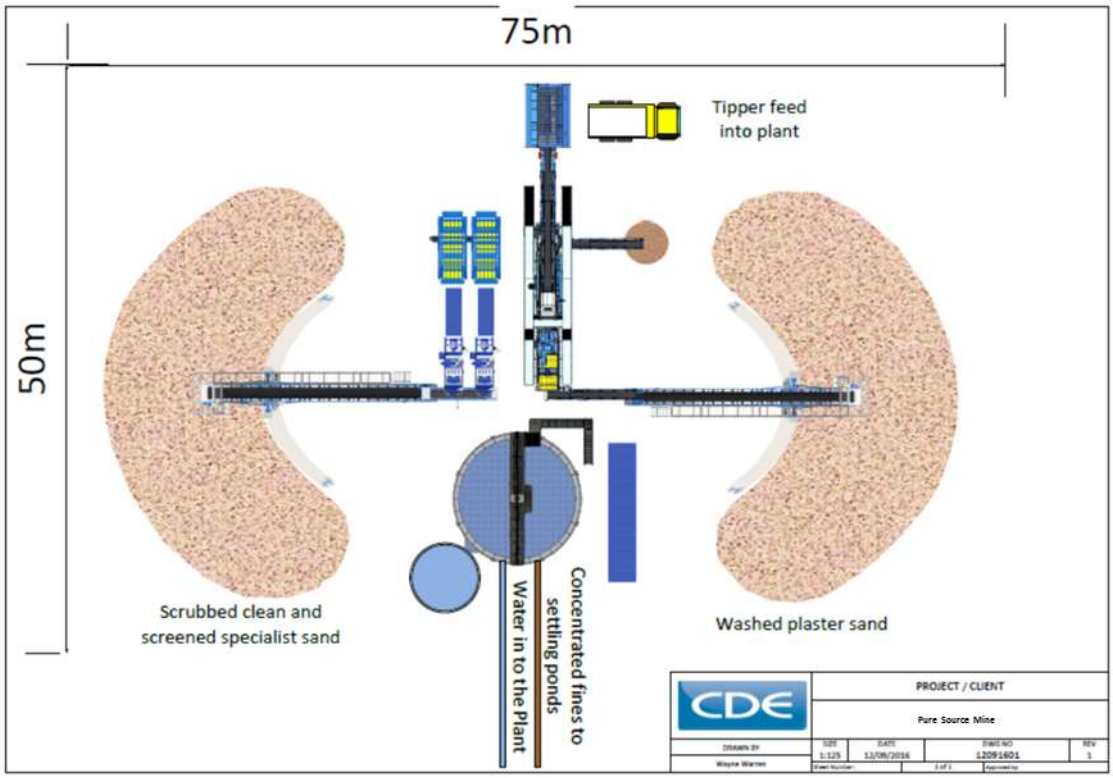

Figure 20: Example of wash plant layout.

8.1.2 Mobile Crushing Plants

Mobile crushing plants will be used in the pit to size aggregates before loading onto customer's trucks. These will be tracked diesel machines as depicted in Figure 21.

Figure 21: Mobile crusher.

8.1.3 Diamond Recovery

The following will be considered should it be proven that the extraction of diamonds is economically viable. The anticipated process flow is depicted in Figure 19 and Figure 22.

- It is proposed that a rotary plan plant (double 12' plant) with scrubber be utilised as the sampling plant. This plant is mobile, easy to operate and very accurate for sampling. The process contains no deleterious or toxic chemicals and has limited requirements on both, power and water quality/quantity. All of the plant waste can be trucked directly back to open excavations as part of the backfill. Some of the fines can be used as a surface dressing, prior to the return of the stockpiled topsoil and the rest can be stored in a small fines residue dam, from which water can be recovered for circulation back to the plant.
- The concentrate from the pans will then be conveyored to a final recovery circuit comprising of a single-stage FlowSort X-ray recovery unit, followed by hand-sorting in a secure facility.

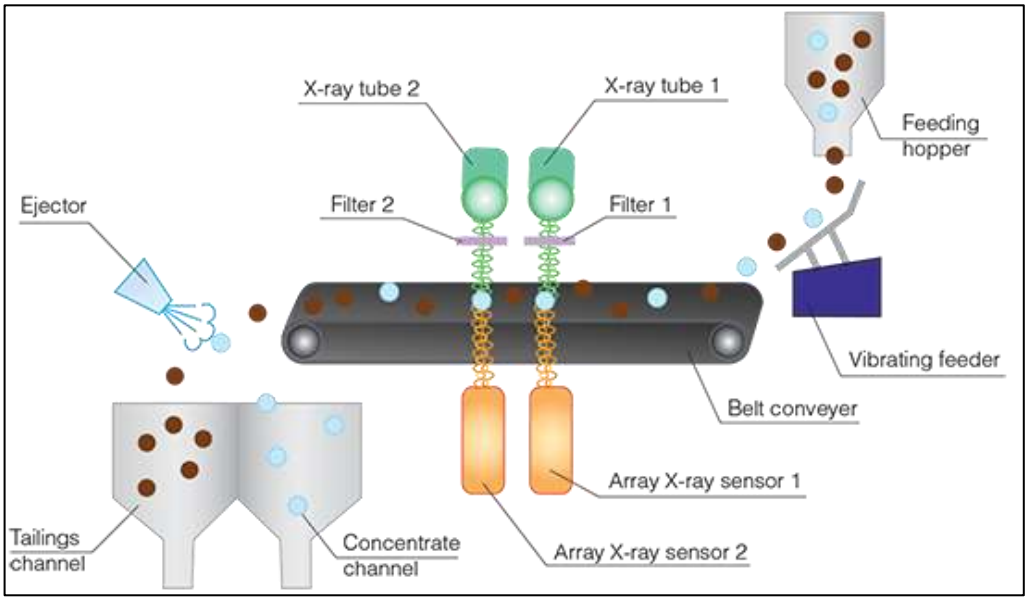

Figure 22: X-ray transmission process flow.

8.1.4 Efficiency of the Process

The efficiency of the sand treatment process depends on the feed material supplied to the plant. From the various tests performed, the expected average product recovery rate will be 80% for washed plaster sand.

8.2 Description of Equipment and Activities Impacting Electricity Cost (excluding the processing plant)

The activities impacting on electricity cost will be minor and will include power for the workshops, as detailed in Table 22, and offices.

Table 22: Equipment and activities impacting on electricity cost.

Equipment	Activity
Welding and grinding equipment	Maintenance

8.3 Description of Equipment and Activities Impacting on Fuel Cost

The activities impacting on fuel cost will be due to fuel usage for loading, as presented in Table 23.

Table 23: Equipment and activities impacting on fuel costs.

Equipment	Activity
Forklift	Moving Product
Mobile Screen	Screening
Front End Loaders	Loading

8.4 Description of Equipment and Activities Impacting on Cost of Stores and Materials

The impact on stores and materials considers spares for the plant and personal protective equipment (Table 24).

Table 24: Equipment and activities impacting on cost of storage and materials.

Equipment	Activity
Spares	Washing
Spares	Maintenance
Personal Protective Equipment	Safety

8.5 Description of Equipment and Activities Impacting on the Cost of Water

The processing plant and the workshop will require the use of water and therefore impact the costs of water (Table 25).

Table 25: Equipment and activities impacting on cost of water.

Equipment	Activity
Processing Plant	Washing of Sand
Workshop	Cleaning of mobile machinery

8.6 Description of Activities Impacting on Other Cost not Included Above

There are no other activities impacting on costs.

8.7 Processing Plant Operating Cost Forecast (Excluding Labour) for First 10 Years

The operating cost forecast of the processing plant is detailed in Table 26.

Table 26: Operating Cost and Beneficiation Plant – Excluding Labour.

February 2018 Money Values										
R'000										
Technology (Processing) Costs										
COST CATEGORY	**YEAR 1**	**YEAR 2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**	**YEAR 8**	**TEAR 9**	**YEAR 10**
RUN OF MINE PRODUCTION '000m^3	505	690	940	940	940	940	940	940	940	940
Screened Plaster sand '000m3	260	320	390	390	390	390	390	390	390	390
Unscreened Building sand '000m3	180	240	120	120	120	120	120	120	120	120
Washed Plaster Sand '000m3	-	-	225	150	150	150	150	150	150	150
Dried Plaster Sand '000m3	-	-	75	150	150	150	150	150	150	150
AGGREGATE RUN OF MINE PRODUCTION '000m3	65	130	130	130	130	130	130	130	130	130
Plant Costs	**3 215**	**3 400**	**6 460**	**6 510**	**6 510**	**6 560**	**6 560**	**6 610**	**6 660**	**6 710**
Fuel	610	610	1 220	1 220	1 220	1 220	1 220	1 220	1 220	1 220
Electricity	2 000	2 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000	4 000
Water	100	100	300	350	350	400	400	450	500	550
Repairs, stores and materials	505	690	940	940	940	940	940	940	940	940
Other	**1 641**	**2 243**	**18 639**	**24 168**	**25 218**	**26 268**	**27 318**	**28 368**	**29 418**	**30 468**
Washing Cost @ R37.01 P/M^3 (Y1)	**-**	**-**	**8327.25**	**5850**	**6150**	**6450**	**6750**	**7050**	**7350**	**7650**
Drying Cost @ R100 P/M^3 (Y1)	**-**	**-**	**7 500**	**15 750**	**16 500**	**17 250**	**18 000**	**18 750**	**19 500**	**20 250**
Loading	1 515	2 070	2 595	2 370	2 370	2 370	2 370	2 370	2 370	2 370
Marketing	126	173	216	198	198	198	198	198	198	198
TOTAL COST (To be reflected in the cash flow forecast)	**4 856**	**5 643**	**25 099**	**30 678**	**31 728**	**32 828**	**33 878**	**34 978**	**36 078**	**37 178**

The costs determined here explain the costs used in line item 5 of the cash flow forecast required herein under Regulation 11 (1) (g) (vi)

9 REGULATION 11(1)(g)(iii): DETAILS AND COSTING OF THE TECHNICAL SKILLS AND EXPERTISE AND ASSOCIATED LABOUR IMPLICATIONS REQUIRED TO CONDUCT THE PROPOSED MINING OPERATION

9.1 Organizational Structure of the Mine

9.1.1 Description of Positions Requiring Certificates of Competency and Under which Skills Category they have been Budgeted for

The mine will have suitably qualified staff undertaking the mining and processing on site. The description of positions requiring certificates of competency and their skills category are summarised in Table 27.

Table 27: Positions requiring certificates of competency and their skills categories.

Position	Skills Category
Mine Manager	Middle Management
Plant Supervisor	Junior Management
Safety Officer	Junior Management
Surveyor	Skilled technical and academically qualified worker

9.1.2 Description of which Part or Parts of the Mining Operation will be Outsourced

The mining at Pure Source Mine will be performed in-house. The opencast mining operation will be undertaken by suitably qualified and experienced mining employees. The beneficiation plant will be operated by mine personnel after construction by contractors. Specialist technical skills such as surveying, environmental management and geological services will be outsourced.

9.2 Costing of the Skills Categories in the Mining Operation to Determine if Technical Competence has been Budgeted for

Costing and budgeting of the skills categories for Pure Source Mine are summarised inTable 28. It is noted that the Top Management (Board of Directors) is the same two persons as the Senior Management.

Table 28: Personnel on the Mine's Payroll – Years 1-10 (ZAR).

PERSONNEL ON THE MINE'S PAYROLL (YEARS 1-5)

CATEGORY	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000
Top management (F)	-		-		-		-		-	
Senior Management (E)	2	480	2	528	2	580	2	639	2	703
Professionally qualified and experienced specialists and mid-management (D)	2	360	2	380	2	405	2	430	2	455
Skilled technical and academically qualified workers, junior management, supervisors, foreman	2	234	3	351	7	992	7	1 091	7	1 200
Semi-skilled and discretionary decision making	16	1 616	18	2 000	37	4 518	37	4 969	37	5 466
Non permanent employees										
TOTAL	**22**	**2 690**	**25**	**3 259**	**48**	**6 495**	**48**	**7 129**	**48**	**7 824**

PERSONNEL ON THE MINE'S PAYROLL (YEARS 6-10)

CATEGORY	YEAR 6		YEAR 7		YEAR 8		YEAR 9		YEAR 10	
	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000	NO. OF POSITION	BUDGET R'000
Top management (F)	-		-		-		-		-	
Senior Management (E)	2	773	2	850	2	935	2	1 029	2	1 132
Professionally qualified and experienced specialists and mid-management (D)	2	482	2	512	2	542	2	575	2	610
Skilled technical and academically qualified workers, junior management, supervisors, foreman	7	1 320	7	1 452	7	1 598	7	1 757	7	1 933
Semi-skilled and discretionary decision making	37	6 013	37	6 614	37	7 276	37	8 003	37	8 804
Non permanent employees										
TOTAL	**48**	**8 588**	**48**	**9 428**	**48**	**10 351**	**48**	**11 364**	**48**	**12 479**

9.2.1 SUBCONTRACTOR EMPLOYEES

All mining will be undertaken by the owners. The owners will employ people as required in the build-up phase of the project. The plant will be built by contractors and then operated by mine staff.

9.2.2 SERVICE PROVIDERS

Service providers will be used for feasibility work and licensing, as well as for the construction phase. Service providers will provide technical skills such as mine planning, surveying, environmental management and geological services for the mine. Table 29 details the list of services identified.

Table 29: List of Service Providers (ZAR).

LIST OF SPECIALISTS, CONSULTANTS AND SERVICE PROVIDERS	BUDGET YEAR 1 R'000	BUDGET YEAR 2 R'000	BUDGET YEAR 3 R'000	BUDGET YEAR 4 R'000	BUDGET YEAR 5 R'000	BUDGET YEAR 6 R'000	BUDGET YEAR 7 R'000	BUDGET YEAR 8 R'000	BUDGET YEAR 9 R'000	BUDGET YEAR 10 R'000
Mining/Geology	120	120	120	120	120	120	120	120	120	120
Environmental	60	60	240	240	240	240	240	240	240	240
Survey	60	60	240	240	240	240	240	240	240	240
Safety Training Officer	60	60	120	120	120	120	120	120	120	120
Community/SLP	60	60	60	60	60	60	60	60	60	60
TOTAL BUDGET (SERVICES)	**360**	**360**	**780**	**780**	**780**	**780**	**780**	**780**	**780**	**780**

9.2.3 TOTAL COST OF ALL TECHNICAL SKILLS AND SERVICES REQUIRED TO OPERATE THE MINE

The total cost for technical skills is detailed in Table 30.

Table 30: Total list of Technical Skills and Services required to operate the Mine (ZAR).

February 2018 Money Values										
R'000										
Technical Skills Costs										
CATEGORY	**BUDGET YEAR 1**	**BUDGET YEAR 2**	**BUDGET YEAR 3**	**BUDGET YEAR 4**	**BUDGET YEAR 5**	**BUDGET YEAR 6**	**BUDGET YEAR 7**	**BUDGET YEAR 8**	**BUDGET YEAR 9**	**BUDGET YEAR 10**
IN HOUSE SKILLS AND SERVICES	2 690	3 259	6 495	7 129	7 824	8 588	9 428	10 351	11 364	12 479
SUB- CONTRACTORS	-	-	-	-	-	-	-	-	-	-
SERVICE PROVIDERS	360	360	780	780	780	780	780	780	780	780
TOTAL BUDGET FOR TECHNICAL SKILLS AND COMPETENCE	3 050	3 619	7 275	7 909	8 604	9 368	10 208	11 131	12 144	13 259

The costs determined here explain the costs used in line item 6 of the cash flow forecast required herein under Regulation 11 (1) (g) (vi)

10 REGULATION 11(1)(g)(iv): DETAILS AND COSTING OF REGULATORY REQUIREMENTS IN TERMS OF THE ACT AND OTHER APPLICABLE LAW, RELEVANT TO THE PROPOSED MINING OPERATION

10.1 Environmental Cost Forecast

10.1.1 Rehabilitation Cost Estimate

An initial ZAR 687 968 is budgeted for to provide for mine closure as well as rehabilitation for year 1. An additional ZAR 687 968 is budgeted for in the third year to provide for mine closure and rehabilitation of the aggregate mining area. An area of approximately 8 ha is anticipated to be the total disturbed mining area when the mine is in steady state production.

An amount of ZAR 0.25 ROM per tonne is allowed for rehabilitation and mine closure, starting in the first year of saleable production. The annual provision for environmental and rehabilitation costs is summarised in Table 31.

Table 31: Annual ESTIMATED cost provisions.

Item	Technical and Management Options	Estimated Costs
Additional Commitments		
Commitment costs	• Cost calculations itemised in this table include: ○ Environmental office (R 59 093.16) ○ Community/social (R 59 093.16) ○ Security (R 67 200.00)	• Approximately R 1 327 386.32 per annum
Environmental Compliance Auditing		
Auditing and annual review	• EMP performance assessment (external) • Review of closure cost estimate	• R 60 000.00 (EMP performance assessment - biannual) • R 92 000.00 (Closure cost update - annually)
Monitoring		
Biodiversity	• Implement a monitoring programme to remove alien and invasive species	• R 30 000.00 annually
Surface water pollution	• Update water balance on an annual basis	• R 30 000.00 annually
Groundwater quality and quantity	• Implement a monitoring programme (quality and quantity). Where surface water resources are present, include these in the programme.	• R 200 000.00 annually

Item	Technical and Management Options	Estimated Costs
Air pollution	• Install dust monitoring buckets (five) and PM 10 sampling and implement monitoring programme	• R 200 000.00 annually
Disturbing noise	• Once off noise monitoring if required	• R 15 000.00 once-off if required
Loss of soil resources	• Implement a site-specific soil management plan • Implement a non-mineralised waste management procedure (provide skips for waste sorting and waste removal contractor) • Rehabilitation of contaminated soils	• R 90 000.00 once off if required (Basic Soil Management Plan and Waste Management Procedures) • R 50 000.00 once off for remediation license • R 150 000.00 annually for bioremediation and waste management of contaminated soil (if performed on site).
Construction costs		
Alteration of drainage patterns	• Construction of stormwater controls, trenches and concrete spillway	• R 25 000.00 (stormwater controls – once off)
Maintenance		
Surface water pollution	• Maintain stormwater controls and inspections	• R 20 000.00 annually
Air pollution	• Maintenance of equipment (done as part of monitoring)	• R 0.00
Landscape and visual	• Paint buildings and structures in colours that reflect landscape • Prevent littering	• Approximately R 50 000.00 annually
Traffic	• Maintenance of vehicles and roads	• Approximately R 50 000.00 annually
Socio-economic	• Quarterly meetings	• R 80 000.00 annually

10.1.2 Socio Economic Impact Cost Estimate

There will be no Socio Economic Impact costs for the Pure Source Mine project as there are no communities in the immediate surrounding areas which could be affected. The mining will take place on a farm wholly owned by Goosebay Farm (Pty) Ltd.

10.1.3 Summary of Estimated Environmental Cost

The summary of environmental costs is detailed in Table 32.

Table 32: Environmental cost (ZAR) summary.

February 2018 Money Values	
R'000	
Environmental Costs	
CATEGORY	**Cost Estmate R'000**
a) Progressive total for rehabilitation - Sand (Year 1)	688
a) Progressive total for rehabilitation - Aggregate (Year 3)	688
b) Cost to mitigate socio-economic conditionsof directly affected persons	-
TOTAL COSTS (Transfer amount to cash flow forcast- Line 7 Year1 only)	1 376

10.2 Other Regulatory Costs

10.2.1 State Royalties

State royalties will be implemented according to a specific formula [(0.5+(EBIT/(Gross Revenue*12.5))*100)%]. The amount of royalties payable is indicated in Table 33.

Table 33: Royalty and other regulatory costs (ZAR).

February 2018 Money Values											
R'000											
Regulatory Costs											
Cost	**BUDGET YEAR 1 R'000**	**BUDGET YEAR 2 R'000**	**BUDGET YEAR 3 R'000**	**BUDGET YEAR 4 R'000**	**BUDGET YEAR 5 R'000**	**BUDGET YEAR 6 R'000**	**BUDGET YEAR 7 R'000**	**BUDGET YEAR 8 R'000**	**BUDGET YEAR 9 R'000**	**BUDGET YEAR 10 R'000**	**Explanation on how amount was calculated**
Royalties	153	207	396	497	503	509	533	539	545	569	Section 4(1) of MPRDA of 2008
Mine Health and Safety Regulations	120	164	210	210	210	210	210	210	210	210	R0.25 per Sales m3
Occupational Health	96	131	168	168	168	168	168	168	168	168	R0.20 per Sales m3
Rates and Taxes											Property Taxes for the Property Owners account
National Skills fund	31	36	73	79	86	94	102	111	121	133	1% of Payroll
Skills Development	31	36	73	79	86	94	102	111	121	133	1% of Payroll
Enviromental Monitoring		405	810	810	810	810	810	810	810	810	Estimate from Environmental Consultants
Enviromental Audits		106	212	212	212	212	212	212	212	212	Estimate from Environmental Consultants
TOTAL COSTS (Include amount into the cash flow forecast – Line 7)	**429**	**1 085**	**1 941**	**2 055**	**2 075**	**2 096**	**2 137**	**2 161**	**2 188**	**2 234**	

The costs justify the numbers that are reflected in line item 7 of the cash flow forecast required in terms of regulation 11 (1) (g) (vi).

11 REGULATION 11(1)(g)(viii): PROVISIONS FOR THE EXECUTION OF THE SOCIAL AND LABOUR PLAN

Human resource programmes and annual financial provisions for Pure Source Mine, over a five year period, are provided in the Social and Labour Plan (SLP). The financial provision for the implementation of the SLP is detailed in the 10 year cash flow forecast Table 34.

Projects to be supported by Pure Source Mine for local economic development purposes are provided for in Section 14.3 in the SLP.

The SLP covers:

- Human Resource Development programme, which includes;
  - Skills development;
  - Career progression plans;
  - Bursaries, and
  - Employment equity.

- Local Economic Development programme, which includes;
  - Infrastructure and poverty alleviation projects;
  - Measures to improve nutrition and living conditions;
  - Procurement progression plan; and
  - Process for the management of downscaling and retrenchment towards the end of the mine life, which includes;
    - Establishment of a future forum;
    - Mechanisms to save jobs, provide alternative solutions and ameliorate negative social and economic impacts.

Table 34 demonstrates the financial provision for the implementation of the SLP.

11.1 The following table must be duplicated here from the table in SECTION 5: FINANCIAL PROVISION of the Social and Labour Plan

Table 34: SLP costs (ZAR).

ESTIMATED EXPENDITURE ON THE SOCIAL AND LABOUR PLAN OVER A 10 YEAR PERIOD										
LIST OF SPECIALISTS,CONSULTANTS AND SERVICE PROVIDERS	**BUDGET YEAR 1 R'000**	**BUDGET YEAR 2 R'000**	**BUDGET YEAR 3 R'000**	**BUDGET YEAR 4 R'000**	**BUDGET YEAR 5 R'000**	**BUDGET YEAR 6 R'000**	**BUDGET YEAR 7 R'000**	**BUDGET YEAR 8 R'000**	**BUDGET YEAR 9 R'000**	**BUDGET YEAR 10 R'000**
Local Economic Development *	7	6	17	28	24	11	21	28	23	22
Human Resource Development **	135	163	325	356	391	429	471	518	568	624
Management of Downscaling	264	300	576	576	576	576	576	576	576	576
ESTIMATED TOTALS PER YEAR	**406**	**469**	**918**	**960**	**992**	**1 016**	**1 068**	**1 121**	**1 167**	**1 222**

The costs quantified in the aforesaid categories justify the numbers that are reflected in line item 8 of the cash flow forecast required in terms of Regulation 11(1)(g)(vi).

Notes:

* The project details will be decided on by a project committee comprising of Traditional Council, Municipal Councils, DMR and Community representatives.

** Once the mine has employed Human Resource (HR) and Human Resource Development (HRD) personnel, a detailed budget will be compiled and aligned to the Mining Charter requirements in terms of HRD expenditure in relation to Payroll.

12 REGULATION 11(1)(g)(iv): DETAILS REGARDING OTHER RELEVANT COSTING, CAPITAL EXPENDITURE REQUIREMENTS AND EXPECTED REVENUE APPLICABLE TO THE PROPOSED MINING OPERATION.

12.1 Expected Revenue

12.1.1 Explanation of Revenue Determination

The revenue for this project has been determined for the sale of both sand and aggregate. The yield of the sand and aggregate products has been quantified and was applied in the calculations. The prices for the products have been deduced from current and historical prices for the products.

12.1.2 Revenue Forecast

(for each year over the full period applied for based on the above explanations. Note that this revenue estimate must be stated both here and in line item 3 of the cash flow forecast required below in terms of Regulation 11 (1) (g) (vi).)

The revenue forecast is based on the yearly production rate for the first 10 years of operation (Table 35).

Table 35: Pure Source Mine revenue forecast (ZAR).

February 2018 Money Values										
R'000										
Revenue										
CATEGORY	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**	**YEAR**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
AGGREGATE & SAND RUN OF MINE PRODUCTION '000m^3	**505**	**690**	**940**	**940**	**940**	**940**	**940**	**940**	**940**	**940**
SAND RUN OF MINE PRODUCTION '000m^3	**440**	**560**	**810**	**810**	**810**	**810**	**810**	**810**	**810**	**810**
Screened Plaster sand '000m^3	260	320	390	390	390	390	390	390	390	390
Unscreened Building sand '000m^3	180	240	120	120	120	120	120	120	120	120
Washed Plaster Sand '000m^3			225	150	150	150	150	150	150	150
Dried Plaster Sand '000m3	-	-	75	150	150	150	150	150	150	150
Screened Plaster sand Yield	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
Unscreened Building sand Yield	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Washed Plaster Sand Yield	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Dried Plaster Sand Yield	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
SALES PRODUCTION BY MARKET										
Screened Plaster sand '000m^3	239.20	294.40	358.80	358.80	358.80	358.80	358.80	358.80	358.80	358.80
Unscreened Building sand '000m^3	180.00	240.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Washed Plaster Sand '000m^3	-	-	180.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
Dried Plaster Sand ''000m3	-	-	60.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
AGGREGATE RUN OF MINE PRODUCTION '000m^3	65	130	130	130	130	130	130	130	130	130
Crushed Aggregate Yield	92%	92%	92%	92%	92%	92%	92%	92%	92%	92%
SALES PRODUCTION BY MARKET										
Crushed Aggregate '000m3	60	120	120	120	120	120	120	120	120	120
TURNOVER CALCULATION R'000										
SAND PRICES AT POINT OF DELIVERY										
Screened Plaster sand - R	73	73	73	75	75	75	80	80	80	85
Unscreened Building sand - R	53	53	53	55	55	55	60	60	60	65
Washed Plaster Sand Yield - R			93	95	95	95	100	100	100	105
Crushed Aggregate - R	63	63	63	65	65	65	70	70	70	75
Dried Plaster Sand - R			380	390	400	410	420	430	440	450
TURNOVER										
Screened Plaster sand - R'000	17 342	21 344	26 013	26 910	26 910	26 910	28 704	28 704	28 704	30 498
Unscreened Building sand - R'000	9 450	12 600	6 300	6 600	6 600	6 600	7 200	7 200	7 200	7 800
Washed Plaster Sand - R'000	-	-	16 650	11 400	11 400	11 400	12 000	12 000	12 000	12 600
Crushed Aggregate - R'000	3 738	7 475	7 475	7 774	7 774	7 774	8 372	8 372	8 372	8 970
Dried Plaster Sand - R'000	-	-	22 800	46 800	48 000	49 200	50 400	51 600	52 800	54 000
Total	**30 530**	**41 419**	**79 238**	**99 484**	**100 684**	**101 884**	**106 676**	**107 876**	**109 076**	**113 868**

These total amounts are transferred to line item 3 of the cash flow forecast required in terms of Regulation 11 (1) (g) (vi) below.

12.2 Estimated Capital Expenditure

12.2.1 Initial Capital Expenditure

The initial capital expenditure (CAPEX) for the mine consists of infrastructure and plant equipment and is summarised in Table 36.

Table 36: Plant equipment.

Plant Equipment		Approx Unit Cost (ZAR)	Total Cost (ZAR)
Finlay Screen	2	2 150 000	4 300 000
CDE Washing Plant	1	22 000 000	22 000 000
Drying Plant	2	10 750 000	21 500 000
Conveyors	1	5 000 000	5 000 000
Crushers	2	7 790 000	15 580 000
Diamond Plant	1	15 000 000	15 000 000
TOTAL	**9**		**83 380 000**

*Please Note: Pure Source Mine already owns 1 Finlay Screen

12.2.2 Ongoing Capital Expenditure

All capital will be spent during the first 10 years, with ongoing capital provision for Stay In Business (SIB) costs.

12.2.3 Summary in a 10 Year Tabular Format

The Pure Source Mine project CAPEX schedule is summarised in Table 37.

Table 37: Capex schedule (ZAR).

February 2018 Money Values											
R'000											
Capital											
CAPITAL	TOTAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TEAR 9	YEAR 10
Land Acquisition											
Plant Equipment	**83 380**	-	-	2 150	14 489	13 414	13 414	13 414	10 000	8 250	8 250
Tower lights	**450**		-	-	150	150	150				
Weighbridge	**850**	170	170	170	170	170					
Roads, buildings & Infrastructure	**10 000**	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Power Supply - Eskom	**4 000**	-	4 000	-							
Power Supply Generator	**542**	108	108	108	108	108					
Diesel Storage Facility	**705**	235	**235**	**235**							
Security & Offices	**302**	151	151								
LDVs	**1 800**	450	450	450	450						
Polution control dam and Trenches - Tip	**100**	100									
EMP Commitments (Rehab Guarantee)	**1 376**	688		688							
Ongoing (SIB capital)	**8 000**			1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Total	**111 505**	**2 902**	**6 114**	**5 801**	**17 367**	**15 842**	**15 564**	**15 414**	**12 000**	**10 250**	**10 250**

12.3 Explanation and Summary of Other Costs

There are no other costs which are not addressed elsewhere in this mining work programme.

12.4 Summary of Capital and Other Costs

The total of the capital and other costs are detailed in Table 38.

Table 38: Pure Source Mine capex per item.

February 2018 Money Values										
R'000										
Capital										
CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TEAR 9	YEAR 10
Initial Capital Expenditure	2 902	6 114	4 801	16 367	14 842	14 564	14 414	11 000	9 250	9 250
Ongoing Capital Expenditure	0	0	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Other costs specified in 12.3 above		0	0	0	0	0	0	0	0	0
TOTAL CAPITAL AND OTHER COSTS (To be reflected in the cash flow forecast)	**2 902**	**6 114**	**5 801**	**17 367**	**15 842**	**15 564**	**15 414**	**12 000**	**10 250**	**10 250**

These total amounts are transferred to line item 9 of the cash flow forecast required in terms of Regulation 11 (1) (g) (vi) below.

13 REGULATION 11(1)(g)(vi): A DETAILED CASH FLOW FORECAST AND VALUATION, EXCLUDING FINANCING OF THE PROPOSED MINING OPERATION, WHICH FORECAST MUST ALSO CLEARLY INDICATE HOW THE APPLICABLE REGULATORY COSTS WILL BE ACCOMMODATED THEREIN.

The cash flow forecast for the first 10 years of mining is presented in Table 39.

Table 39: Cash flow for the first 10 years of mining.

	June 2018 Money Values									
	R'000									
	Cash Flow forecast and Valuation (Regulation 11(g)(vi))									
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Regulation 11(1)(d) and (f) **Production '000m^3**	505	690	940	940	940	940	940	940	940	940
	Sales '000m^3	479	654	838	838	838	838	838	838	838	838
2	Regulation 11(1)(e) **Price R/m3 (Screened Plaster Sand)**	73	73	73	75	75	75	80	80	80	85
	Regulation 11(1)(e) **Price R/m3 (Building Sand)**	53	53	53	55	55	55	60	60	60	65
	Regulation 11(1)(e) **Price R/m3 (Washed Plaster Sand)**	-	-	93	95	95	95	100	100	100	105
	Regulation 11(1)(e) **Price R/m3 (Crushed Aggregate)**	63	63	63	65	65	65	70	70	70	75
	Regulation 11(1)(e) **Price R/m3 (Dried Plaster Sand)**	-	-	380	390	400	410	420	430	440	450
3	**Revenue Rm**	**30 530**	**41 419**	**79 238**	**99 484**	**100 684**	**101 884**	**106 676**	**107 876**	**109 076**	**113 868**
4	Regulation 11(1)(g)(i) **Mining Cost R'000**	17 175	23 625	35 170	36 655	38 065	39 550	41 120	42 605	44 090	46 607
5	Regulation 11(1)(g)(ii) **Technology (Processing) Cost R'000**	4 856	5 643	25 099	30 678	31 728	32 828	33 878	34 978	36 078	37 178
6	Regulation 11(1)(g)(iii) **Tech Skills Cost R'000**	3 050	3 619	7 275	7 909	8 604	9 368	10 208	11 131	12 144	13 259
7	Regulation 11(1)(g)(iv) **Regulatory Cost R'000**	429	1 085	1 941	2 055	2 075	2 096	2 137	2 161	2 188	2 234
	Environmental Cost R'000	688		688							
8	Regulation 11(1)(g)(viii) **Social & Labour Plan Cost R'000**	406	469	918	960	992	1 016	1 068	1 121	1 167	1 222
9	Regulation 11(1)(g)(v) **Capital and Other Cost R'000**	2 902	6 114	5 801	17 367	15 842	15 564	15 414	12 000	10 250	10 250
10	**TOTAL COSTS**	**29 507**	**40 555**	**76 891**	**95 624**	**97 305**	**100 421**	**103 824**	**103 996**	**105 916**	**110 749**
11	**WORKING PROFIT/LOSS**	**1 023**	**864**	**2 347**	**3 860**	**3 379**	**1 463**	**2 852**	**3 880**	**3 160**	**3 119**
	Cumulative Cashflow (EBIT)	1 023	1 887	4 234	8 094	11 472	12 935	15 787	19 667	22 826	25 945
12	TAX @ 28%	286	242	657	1 081	946	410	798	1 086	885	873
13	**Net Cashflow (CASH FLOW) R'000**	**736**	**622**	**1 690**	**2 779**	**2 433**	**1 053**	**2 053**	**2 794**	**2 275**	**2 246**
14	**Discounted Cashflow @ 10%**	**74**	**62**	**169**	**278**	**243**	**105**	**205**	**279**	**227**	**225**

14 REGULATION 11(1)(g)(vii): DETAILS REGARDING THE APPLICANTS RESOURCES OR PROPOSED MECHANISMS TO FINANCE THE PROPOSED MINING OPERATION, AND DETAILS REGARDING THE IMPACT OF SUCH FINANCING ARRANGEMENTS ON THE CASH FLOW FORECAST

14.1 Financing the Cash Flow

The applicant has access to sufficient funds to provide the necessary capital for this operation. VLDC (Pty) Ltd and its associates are the controlling shareholders, funding partners and operators of this Pure Source Mine project.

14.2 Detail Regarding the Financing Arrangements

The applicant has access to sufficient funds to provide the necessary capital for this operation. VLDC (Pty) Ltd and its associates are the controlling shareholders, funding partners and operators of this Pure Source Mine project.

14.3 Confirmation of Supporting Evidence Appended

Please find attached in Annexure VII some background information on VLDC (Pty) Ltd regarding their ability to finance and develop a project of this nature. This information will indicate the ability of VLDC (Pty) Ltd to fund and develop this project.

15 REGULATION 11 (1)(h): UNDERTAKING, SIGNED BY THE APPLICANT, TO ADHERE TO THE PROPOSALS AS SET OUT IN THE MINING WORK PROGRAMME

Herewith I, the person whose name and identity number is stated below, confirm that I am the Applicant or the person authorised to act as representative of the Applicant in terms of the resolution submitted with the application, and undertake to implement this mining work programme and adhere to the proposals set out herein.	
Full Names and Surname	**Mark Van Wyk**
Identity Number	**630325 5138 002**

Transmitted electronically, therefore not signed (Signed copy to be hand delivered)

References

- Chamber of Mines (2017) Facts and Figures 2016, file:///C:/Users/Grace/Downloads/chamber-facts-figures-2016.pdf, 44pp.

- Marshall, T.R. (2018) Woodlands Project Alluvial Diamond Prospecting Programme. Report on behalf of VLDC (Pty) Ltd, 10 pp.

- SAPEM, Summary of TRH14 Classification System for Granular Materials, Gravels and Soils, https://www.scribd.com/document/255533395/TRH14-Classification-of-Granular-Materials-Gravels-and-Soils, accessed 15th June 2018.

ANNEXURE I:

(a) Certified copy of certification of incorporation

(b) Certified copy of the certificate to commence business

(c) Certificate of company name change

a) Certified copy of certification of incorporation

Vorm/Form CM 1

Republiek van Suid-Afrika
Maatskappywet 1973
(Artikel 64)

Republic of South Africa
Companies Act 1973
(Section 64)

Registrasienommer van Maatskappy/Registration No. of Company

EAGLE CREEK INVESTME
NTS 664
2008/005305/07

Sertifikaat van Inlywing
van 'n Maatskappy met 'n aandelekapitaal

Certificate of Incorporation
of a Company having a share capital

Hierby word gesertifiseer dat/This is to certify that

EAGLE CREEK INVESTMENTS 664 (PTY) LTD

vandag ingelyf is kragtens die Maatskappywet, 1973 (Wet 61 van 1973), en dat die Maatskappy 'n maatskappy is met 'n aandelekapitaal.

was this day incorporated under the Companies Act, 1973 (Act 61 of 1973), and that the Company is a company having a share capital.

Geteken en geseël te Pretoria op hede/Signed and sealed at Pretoria this

28 dag van/day of FEBRUARY /Two Thousand and Eight

Registrateur van Maatskappye/Registrar of Companies

FRANCOIS GOUWS NOTARY NOTARIS GAUTENG

Seël van die Registrasiekantoor vir Maatskappye
Seal of Companies Registration Office
Hierdie sertifikaat is nie geldig nie, tensy geseël deur die seël van die Registrasiekantoor vir Maatskappye.
This certificate is not valid unless sealed by the seal of the Companies Registration Office.

b) Certified copy of the certificate to commence business

REPUBLIEK VAN SUID AFRIKA
REPUBLIC OF SOUTH AFRICA

VORM CM46
FORM CM46

MAATSKAPPYWET, 1973
COMPANIES ACT, 1973

SERTIFIKAAT OM MET BESIGHEID TE BEGIN
CERTIFICATE TO COMMENCE BUSINESS

COMPANIES AND INTELLECTUAL PROPERTY REGISTRATION OFFICE

EAGLE CREEK INVESTME
NTS 664

2008/005305/07

Ek sertifiseer hierby dat
I hereby certify that EAGLE CREEK INVESTMENTS 664 (PTY) LTD

wat ingelyf is op die
which was incorporated on the 28

dag van
day of FEBRUARY Two Thousand and Eight

voldoen het aan die vereistes van Artikel 172 van die Wet, en met ingang van vandag geregtig is om met besigheid te begin.
has complied with the requirements of Section 172 of the Act and is with effect from this dat entitled to commence business.

Geteken en geseël te **PRETORIA** op hede die
Signed and sealed at **PRETORIA** this 28

dag van
day of FEBRUARY Two Thousand and Eight

Seël van die Registrasiekantoor vir Maatskappye
Seal of Companies Registration Office

Registrateur van Maatskappye
Registrar of Companies

Hierdie sertifikaat is nie geldig nie, tensy geseël deur die Seël van die Registrasiekantoor vir Maatskappye
This certificate is not valid unless sealed by the Seal of the Companies Registration Office

BOEKJAAR EINDIG ELKE JAAR
OP / ENDS ON **FEBRUARY**
EACH YEAR FINANCIAL YEAR

c) Certificate of company name change

Republic of South Africa
Companies Act, 1973, Section 44(1)(b)

Republiek van Suid-Afrika
Maatskappywet, 1973, Artikel 44(1)(b)

Form/Vorm CM9

Agent code: Thecla

Registration No. of company/Registrasienommer van maatskappy

2008/005305/07

REGISTRATEUR VAN MAATSKAPPYE EN VAN BESLOTE KORPORASIES
2008 -04- 25
REGISTRAR OF COMPANIES AND OF CLOSE CORPORATIONS

Certificate of change of name of company

Sertifikaat van verandering van naam van maatskappy

This is to certify that/Hierby word gesertifiseer dat

Eagle Creek Investments 664 (Proprietary) Limited

has changed its name by SPECIAL RESOLUTION and is now called
sy naam verander het by SPESIALE BESLUIT en nou genoem word

Monte Cristo Commercial Park (Proprietary) Limited

and that the new name has this day been entered in the Register of Companies
en dat die nuwe naam op hierdie dag in die Register van Maatskappye aangeteken is

Signed and sealed at Pretoria, this/ Geteken en geseël te Pretoria op hede die 30

day of/dag van APRIL

Two Thousand And Eight /Twee Duisend En Agt 08

Registrar of Companies/Registrateur van Maatskappye

Seal of Companies Registration Office
Seël van Registrateur van Maatskappye

REGISTRAR OF COMPANIES AND OF CLOSE CORPORATIONS
2008 -04- 30

Entry Ref:91

EAGLE3

ANNEXURE II: TITLE DEEDS OF ALL MRA FARMS

Printed: 2018/05/03 08:56

WinDeed Database Deeds Office Property

windeed
A LexisNexis® Product

WOODLANDS, 407, 0 (REMAINING EXTENT) (BLOEMFONTEIN)

GENERAL INFORMATION

Date Requested	2018/05/03 08:56
Deeds Office	BLOEMFONTEIN
Information Source	WINDEED DATABASE
Reference	-

PROPERTY INFORMATION

Property Type	FARM
Farm Name	WOODLANDS
Farm Number	407
Portion Number	0 (REMAINING EXTENT)
Local Authority	NOT AVAILABLE
Registration Division	PARYS RD
Province	FREESTATE
Diagram Deed	T460/1952
Extent	261.0839H
Previous Description	-
LPI Code	F02500000000040700000

OWNER INFORMATION

Owner 1 of 1

Type	COMPANY
Name	WINNERS POINT 117 TRADING PTY LTD
ID / Reg. Number	200500068607
Title Deed	T349/2006
Registration Date	2006/01/09
Purchase Price (R)	14,000,000
Purchase Date	2005/06/30
Share	0.00
Microfilm	2006 0045 1369
Multiple Properties	NO
Multiple Owners	NO

ENDORSEMENTS (4)

#	Document	Institution	Amount (R)	Microfilm
1	K14/2006S	-	UNKNOWN	2006 0045 1381
2	17/1972MR	-	UNKNOWN	-
3	FROM 192,247	-	UNKNOWN	-
4	PARYS RD,407	-	UNKNOWN	-

HISTORIC DOCUMENTS (2)

#	Document	Owner	Amount (R)	Microfilm
1	T4283/1996	BENEPROPS THREE PTY LTD	315,000	2006 0045 1364
2	T74/1971	JUZI JOHANN BERNHARD	UNKNOWN	-

DISCLAIMER

Printed: 2018/05/03 08:57

WinDeed Database Deeds Office Property

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WOODLANDS, 407, 1 (REMAINING EXTENT) (BLOEMFONTEIN)

GENERAL INFORMATION

Date Requested	2018/05/03 08:57
Deeds Office	BLOEMFONTEIN
Information Source	WINDEED DATABASE
Reference	-

PROPERTY INFORMATION

Property Type	FARM
Farm Name	WOODLANDS
Farm Number	407
Portion Number	1 (REMAINING EXTENT)
Local Authority	NOT AVAILABLE
Registration Division	PARYS RD
Province	FREESTATE
Diagram Deed	T461/1952
Extent	417.7165H
Previous Description	-
LPI Code	F02500000000040700001

OWNER INFORMATION

Owner 1 of 1

Type	COMPANY
Name	WINNERS POINT 117 TRADING PTY LTD
ID / Reg. Number	200500068607
Title Deed	T348/2006
Registration Date	2006/01/09
Purchase Price (R)	14,000,000
Purchase Date	2005/06/30
Share	0.00
Microfilm	2006 0045 1346
Multiple Properties	NO
Multiple Owners	NO

ENDORSEMENTS (6)

#	Document	Institution	Amount (R)	Microfilm
1	K713/1995PC	-	UNKNOWN	-
2	VA1209/2002	BENEPROPS TWO PTY LTD	UNKNOWN	2002 0368 0667
3	VA1188/2005	BENEPROPS TWO PTY LTD	UNKNOWN	2005 0403 0095
4	K13/2006S	-	UNKNOWN	2006 0045 1358
5	834/1959S	-	UNKNOWN	-
6	PARYS RD,407,,1	-	UNKNOWN	-

HISTORIC DOCUMENTS (4)

#	Document	Owner	Amount (R)	Microfilm
1	T12075/1995	BENEPROPS TWO PTY LTD	2,451,000	2005 0403 0101
2	T461/1952	ASWEGEN H J VAN	END 45	2002 0451 0670
3	T23670/2005	GALENCIA INVESTMENTS 1015 PTY LTD	3,100,000	2005 0403 0081
4	T27075/2005	BENEPROPS TWO PTY LTD	RECTIFICATION	2006 0045 1340

Printed: 2018/05/03 08:59

WinDeed Database Deeds Office Property

windeed
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WOODLANDS, 407, 3 (BLOEMFONTEIN)

GENERAL INFORMATION

Date Requested	2018/05/03 08:58
Deeds Office	BLOEMFONTEIN
Information Source	WINDEED DATABASE
Reference	-

PROPERTY INFORMATION

Property Type	FARM
Farm Name	WOODLANDS
Farm Number	407
Portion Number	3
Local Authority	NOT AVAILABLE
Registration Division	PARYS RD
Province	FREESTATE
Diagram Deed	T4723/1955
Extent	179.7821H
Previous Description	-
LPI Code	F02500000000040700003

OWNER INFORMATION

Owner 1 of 1

Type	COMPANY
Name	WINNERS POINT 117 TRADING PTY LTD
ID / Reg. Number	200500068607
Title Deed	T347/2006
Registration Date	2006/01/09
Purchase Price (R)	14,000,000
Purchase Date	2005/06/30
Share	0.00
Microfilm	2006 0045 1322
Multiple Properties	NO
Multiple Owners	NO

ENDORSEMENTS (2)

#	Document	Institution	Amount (R)	Microfilm
1	K12/2006S	-	UNKNOWN	2006 0045 1334
2	PARYS RD,407,,3	-	UNKNOWN	-

HISTORIC DOCUMENTS (1)

#	Document	Owner	Amount (R)	Microfilm
1	T6066/1969	VAAL PARADYS PTY LTD	UNKNOWN	2006 0045 1317

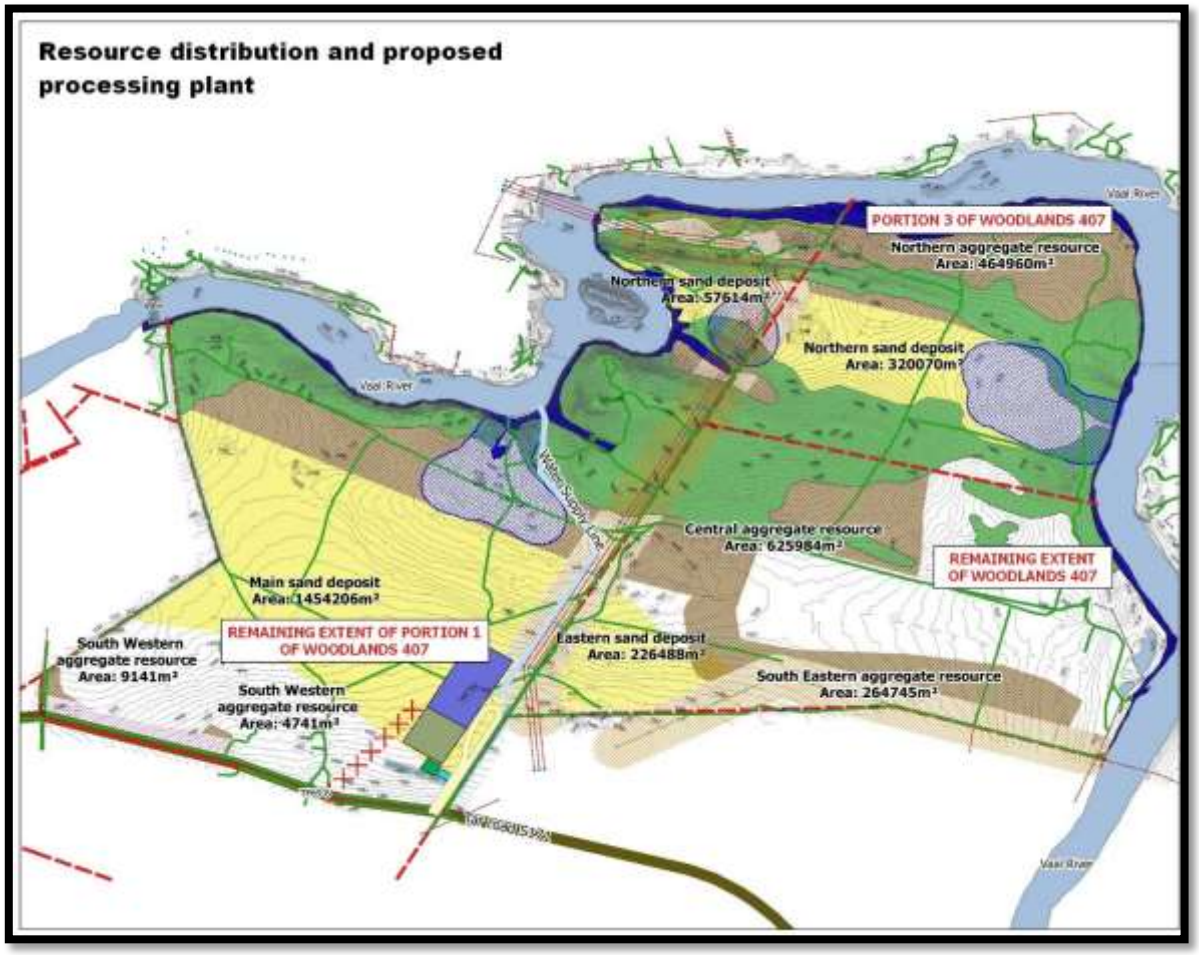
DISCLAIMER

ANNEXURE III: RESOURCE STATEMENT

. PURE SOURCE MINE

Mining Right Application

RESOURCE STATEMENT



Johan Erasmus (B. Sc. Hons.) Sci. Nat.) 400052/96

Sara Turnbull (M. Sc.) (Pr. (Pr. Sci. Nat.) 1177787

16 August 2018 Version 5

Resource Statement for Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407

Introduction.
Sumsare Consulting CC was appointed by Pure Source Mine to review the general site geology and to determine the project potential (Sand, Aggregate and Diamonds) for portions 1, 3 and the Remaining extent of Woodlands 407. This property is situated on the northern rim of the Vredefort Dome, which is the remnant of a meteorite impact event dated at 2 020 Ma. The effect of this event on the structural framework of the geology on Woodlands 407 is severe and is best illustrated with the aid of a cross section.

See Figure 23 below for a sketch of the geometry of the regional geology. The geology consists of very old sedimentary and volcanic sequences, and very young quaternary sediments associated with the Vaal River.

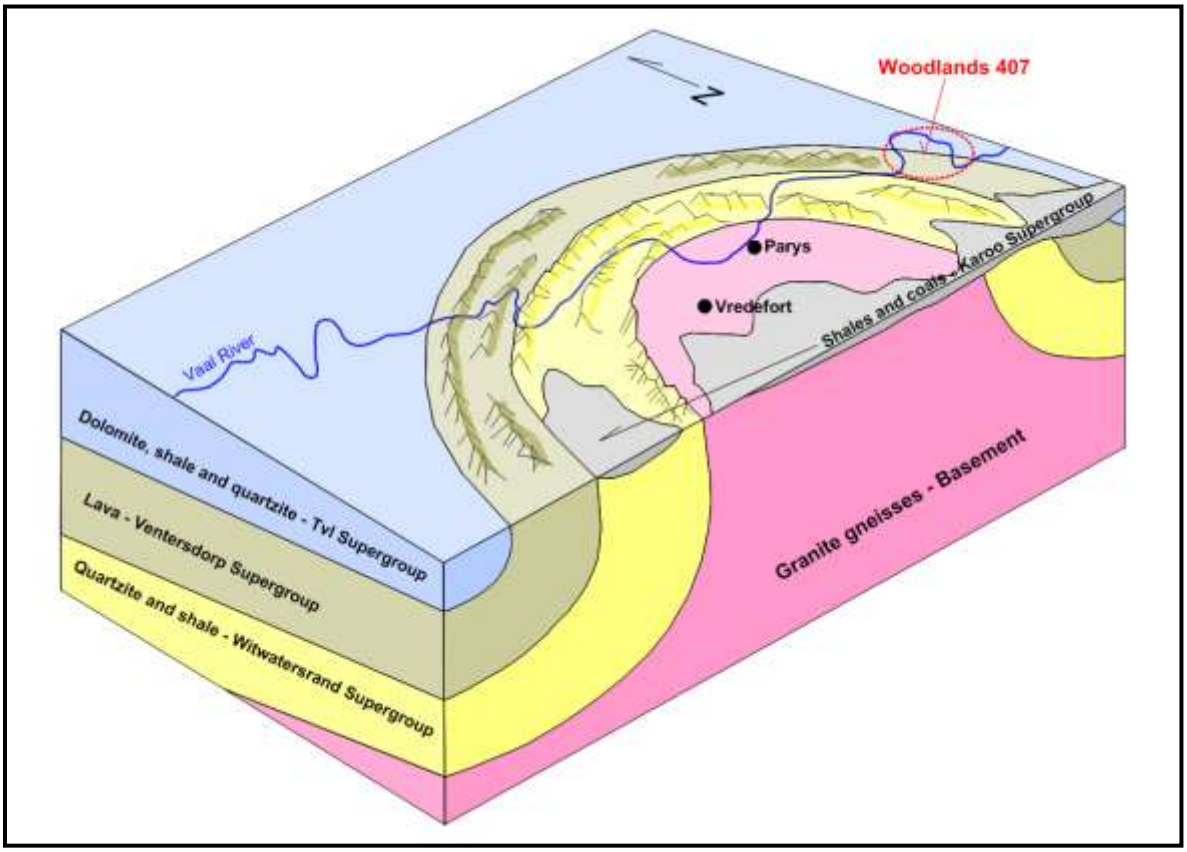


Figure 23. Block diagram of the northern collar of the Vredefort Dome (Reimold and Gibson)

Towards the center of the Vredefort Dome, typical lithologies include metamorphosed rocks of the impact zone which grade from granulite facies through amphibolite to hornfells facies. North of Parys town the overturned collar of West Rand and Central Rand rocks of the Witwatersrand Supergroup are found as well as those of the overlying Klipriviersberg lavas of the Ventersdorp Supergroup and the Transvaal Supergroup. All these rocks and those on Woodlands 407 dip steeply to the south at between 50 and 70 degrees, and are all overturned. In other words, the sequence is upside-down or overturned.

Surface Geology
In terms of the older sediments on this property, the stratigraphy that have been mapped include the Klipriviersberg Group (Ventersdorp Supergroup), the Black Reef Formation (Transvaal Sequence), the Malmani Subgroup (Transvaal Sequence), the Rooihoogte Formation (Transvaal Sequence), the Timeball Hill Formation (Transvaal Sequence), the Boshoek Formation, the Hekpoort Formation (Transvaal Sequence) and the younger intrusive Lindequesdrift Complex. The surface map of the geology on

Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407 is shown below in Figure 24. The mapped lithology codes in Figure 24 refer to the descriptions in the text the figure below.

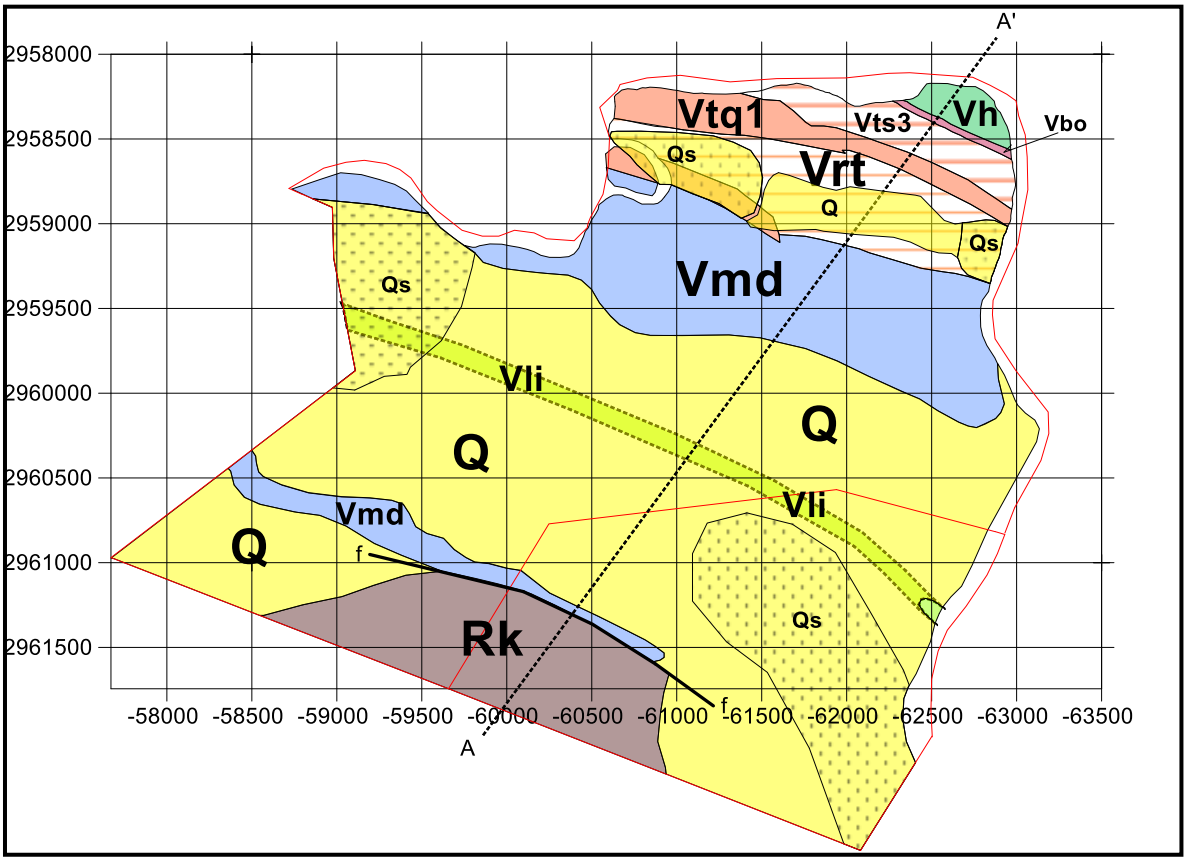


Figure 24. The surface geology of Woodlands 407 (Bisschoff and Mayer)

Klipriviersberg Group (Rk).
On this property the Klipriviersberg Group of the Ventersdorp Supergroup consists of volcanic rocks made up of basaltic lavas, agglomerates and tuffs. This unit unconformably overlies the Witwatersrand Supergroup, and is locally estimated to be between 3 300 and 3 600 m in thickness. The typical lavas for this unit are mostly andesitic in composition and it is amygdoloidal in places (containing remnant gas bubbles). The lava groundmass consists of plagioclase, actinolite and chlorite.

Black Reef Formation (Mbr).
On this property the Black Reef Formation has been displaced by faulting on the Klipriviersberg Group and Malmani Subgroup contact. Normally this unit consists of mature quartz arenites with conglomerates and unconformably overlies the Klipriviersberg Group. The classical depositional model for the Black Reef Formation is that of initial fluvial sedimentation followed by shallow marine conditions. In the areas to the east and west of Woodlands 407, this unit is reported as between 20 and 30 m in thickness.

Malmani Subgroup (Vmd).
This sub-group overlies the Black Reef Formation conformably and consists of dolomites, cherts and chert-breccias. This unit is between 1 200 and 1 500 m thick in the vicinity of Woodlands 407. The dolomites of this formation are usually covered by soft sediment but the more resistant cherts and chert-breccias are usually visible as prominent ridges. This unit covers the largest part of the subsurface geology on Woodlands, and weathered in-situ dolomites are visible in the bottom of the 'Gruisgat' on the farm.

Lindeques Drift Complex (Vli).
This intrusive igneous complex forms an elongated body of 11 km in length and is emplaced within the Malmani dolomites. It consists of lamprophyre, syenodiorite and albite-syenite dykes. It typically contains hornblende phenocrysts. Locally the dolomites may have been altered to marble by contact metamorphism with this intrusion.

Rooihoogte Formation (Vrt)
The Rooihoogte Formation unconformably overlies the Malmani Sub-group, and is on average between 10 and 150 m in thickness. Lower down (basal 30 m) in the succession, this formation consists of breccia and conglomerates of the Bevets Conglomerate and the Pologround Quartzites. The thicker upper remainder of this formation consists of shales and intercalated quartzites.

The Timeball Hill Formation (Vtq1).
This formation overlies the Rooihoogte Formation conformably and is made up of the main Timeball Hill quartzite. This forms a very prominent ridge and is on average between 20 and 60 m in thickness.

The Timeball Hill Formation (Vts2).
This formation overlies the main Timeball Hill quartzite and consists of a relatively thin shale bed. This unit is on average between 10 and 50 m in thickness.

The Timeball Hill Formation (Vtq2).
This formation overlies Vts2 shale bed and consists of an upper quartzite bed that contains an elevated amount of iron when compared to Vtq1. This unit becomes thicker in the Woodland area, and is between 10 and 20 m in thickness.

The Timeball Hill Formation (Vts3).
This formation overlies the upper quartzite and consists of a relatively thick shale bed. This unit is on average between 50 and 250 m in thickness.

The Boshoek Formation (Vbo).
This is a thin unit that unconformably overlies the Timeball Hill Formation. This unit consists of an upward fining conglomerate of between 5 and 10 m in thickness.

The Hekpoort Formation (Vh).
The Hekpoort Formation unconformably overlies the Boshoek Formation. The main lithologies are finely crystalline andesitic tuffs and lava flows with amygdoloidal zones.

Quaternary Sands (Q).
All of these older formations are overlain by modern unconsolidated quaternary sediments of waterborne and windblown sands (Q). These units vary in thickness between 10 cm and 10 m and are distributed in suitable sediment traps. The Vaal River is a very old and mature drainage system, borne out by the course it takes across the rim of the Vredefort dome. There is evidence on Woodlands 407 of a palaeo-channel cutting across portion 4 and the southern parts of the remaining extent as well as the southern part of the remaining extent of portion 1. Further north in an east-west orientation is additional evidence of separate quaternary sediment deposited on Portion 3 and the remaining extent of portion 1. These deposits are delineated largely by the areas of prior and current sand mining.

Diamondiferous Gravels (Qs).
From the 1: 250 000 geological series (2626 Wes-Rand) the mapped areas of diamondiferous gravels are indicated as Qs and its distribution is shown in Figure 24 above. During site visits to the property on 25 Sept 2016 and 14 Mar 2017 areas with diamondiferous potential were identified. These are highlighted in Figure 25 (hatched in blue). The base of the sand deposits is an additional target area for diamondiferous gravels. The typical characteristics of alluvial diamond deposition are;

- areas of reduced flow velocity,

- changes in bedrock gradient,
- its association with gravels,
- competency of bedrock,
- bedrock irregularity (potholes, lithological contacts),
- bedrock composition,
- relative proximal to distal position within a diamond bearing facies,
- high gravel packing density,
- relatively large clast size in gravels.

The base of the sand deposits needs to be investigated for the presence of diamonds. On Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407, the exploration / recovery of diamonds would be closely linked to the removal of the overlying sand deposit. Once removed the presence or absence of diamondiferous gravels on bedrock could be confirmed by sampling.

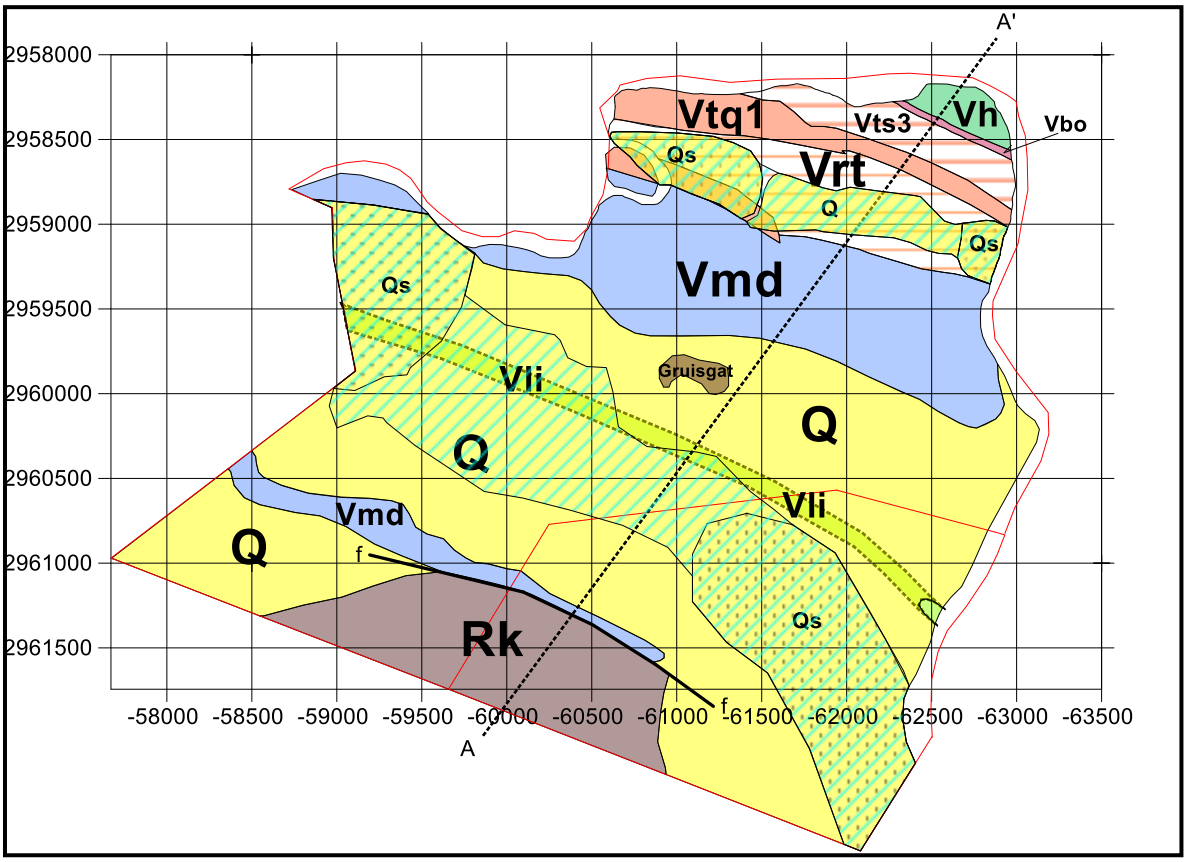


Figure 25. The surface geology of Portions 1,3 and the Remaining Extent of the Farm Woodlands 407 with diamond potential highlighted (Bisschoff and Mayer).

The lavas of the Ventersdorp Supergroup are known to contain elevated numbers of alluvial diamond deposits in the Vaal-Harts river-basin.

The “Gruisgat” is a quarried area where in-situ weathered dolomite is recovered for use in road-building. This area has very low potential for diamond bearing gravels, since the weathering occurred in situ, and there is an absence of externally introduced water-borne gravels.

The lithologies described above are shown as a cross section across the property along reference line A-A’ in Figure 26 below. The angles of dip appear steeper than the true 50^{o} to 70^{o} due to the vertical exaggeration applied. The faulted contact between the Klipriviersberg Group (Rk) and the Malmani Sub-group is clearly illustrated. This fault displaced the Black Reef Formation, which does have a negative implication on the potential for gold deposits on this property.

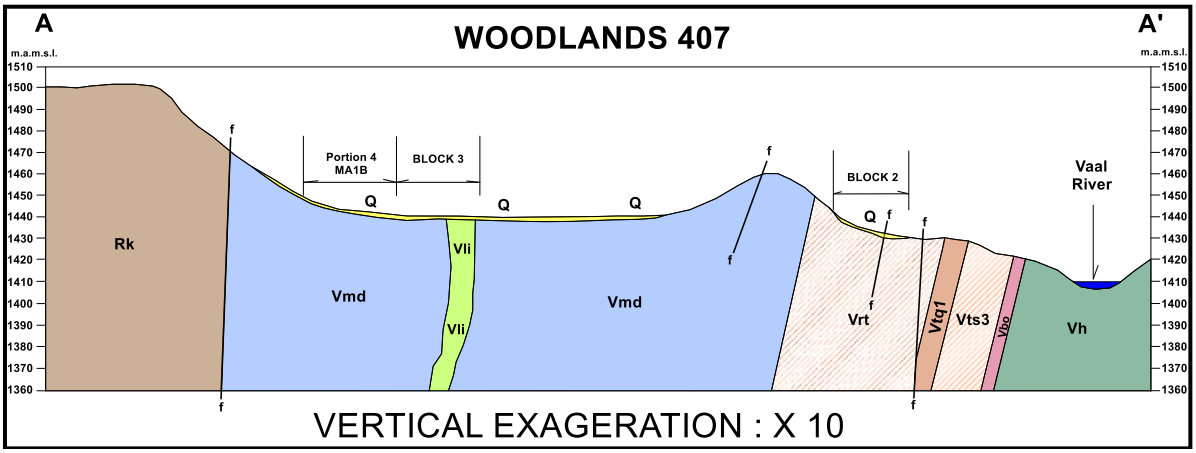


Figure 26. Cross section A-A'.

Resource Statement
Diamonds (General)

The use of diamonds is largely confined to the jewelry industry and then also in the construction and mining industries where industrial grade diamonds are used in impregnated tools as cutting or polishing edges.

The local (South African) distribution of diamonds is confined to three environments. These are primary (pipes), alluvial (riverbeds and terraces) or marine (terraces and long-shore traps). In the case of Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407, the alluvial distribution is relevant and the historical recovery of stream transported diamonds from the area is evident.

During a site visit on 22 August 2016 the following was observed;

- Potential trap area 1 with slower stream velocities and evidence of recent sedimentation
- Various exploration pits along the ridge between trap areas 1 and 2. These all contained in-situ weathered sediments or sand and no gravels.
- Potential trap area 2, an embayment in the vicinity of 'Die Eiland' with abundant evidence of prior diamond exploration/mining activity. Mr. R. Schimpers also mentioned that in conversation with neighbours, he was told that previous owners recovered a large amount of stones from this area during the 1980's.
- Potential trap area 3 which appeared to be a backfilled quarry.
- The 'Gruisgat' which is a small quarry that is used for recovering road-building material on the farm. This site is situated on in-situ weathered dolomites and does not show promise as a diamond trap.

The potential trap areas mentioned above are indicated in red in Figure 27 below.

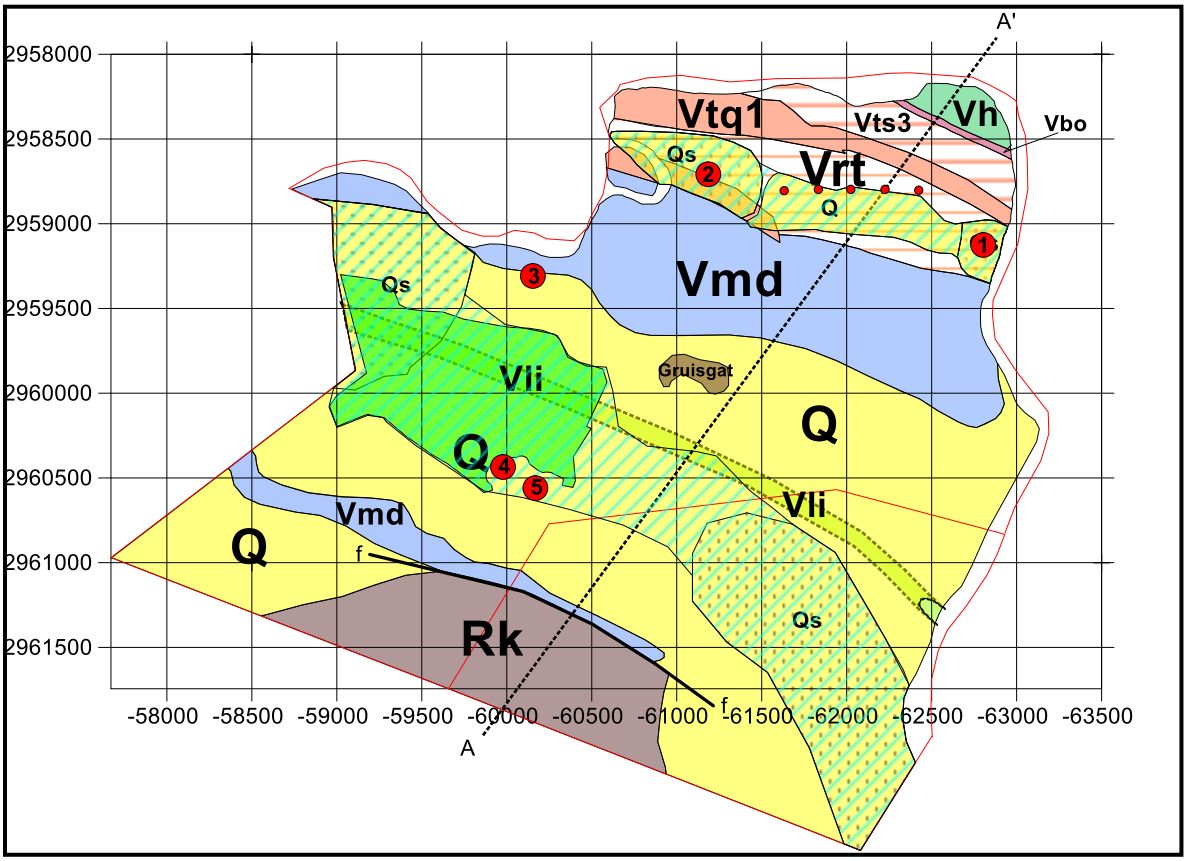


Figure 27. Specific diamond potential sites visited on Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407.

During a site visit on 26 January 2017 the owner had an excavator on site and the following was observed;

- Potential trap area 2 (Figure 28) was visited and a trench was excavated to inspect the sidewall. Gravels were intersected but none on the area bedrock, due to the limitation on the excavators digging depth. We still encountered sand at a depth of 6 m. There could very well still be preserved gravel on bedrock in this locality.
- Various sites in Mining Area 1 (4 and 5, Figure 29and Figure 30 respectively) where the excavator was used to dig as deep as the machine would allow without excavating benches. In all instances the bedrock was not reached, and the excavated holes ended in unconsolidated sands.

Figure 28. (i.) Potential trap area 2 – bedrock was not reached; (ii.) Small pebble lag, most likely a deflation surface was identified

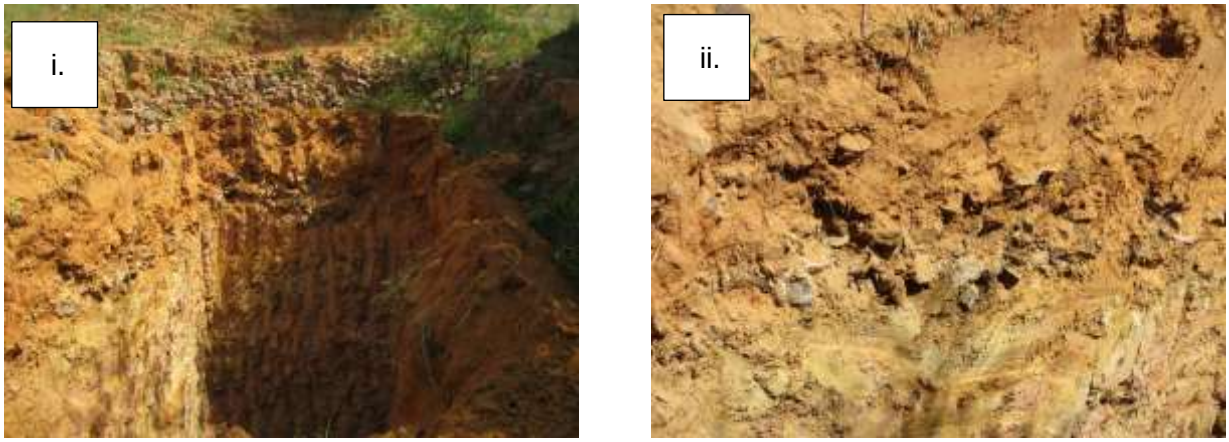


Figure 29. (i.) Potential trap area 4 – bedrock was not reached; (ii.) Thicker pebble lag, most likely a deflation surface was identified

Figure 30. Potential trap area 4, poorly distributed pebbles, clast supported, rounded to angular gravels.

The site selection for the series of surface pits excavated were based on previous known workings and maps published. The purpose of the pits was to establish the overburden thickness, the gravel characteristics and both the competency and the depth of the bedrock.

The potential distribution of diamonds on this property should be determined in step with the sand mining activity. Since the sand mining will expose the bedrock bound gravels as part of the mining process, it would make sense to test these gravels as and when this exposure occurs. The use of a jig to isolate stones when gravels are exposed would be cost effective and could be used on an ad hoc base.

The whole of the property (856 Ha) shows potential for diamond bearing gravels and should be investigated through a series of pitting and trenching.
A pitting and trenching program is suggested to identify any potential gravel runs, targeting the lower energy portions of a palaeochannel.

In contrast to kimberlite deposits, alluvial diamond deposits are not characterized by any standard (or deposit-specific) satellite/indicator mineral assemblage that may occur in higher, more easily measureable, concentrations than the diamonds. Neither do the deposits have any associated geochemical signatures that can vary according to diamond grade (or any other geological characteristic).

In order to account for all of these issues, alluvial diamond deposits can only be sampled through a series of test pits and if successful, these will be then taken to bulk-sample comprising tens-to-hundreds of thousands of cubic meters of gravel. With positive results, bulk-sampling naturally progresses to trial-mining (and advanced technical studies), during which all of the modifying parameters are determined to allow a decision of whether to proceed to full production.

I also refer you to the detailed Alluvial Diamond Prospecting Programme, prepared in respect of the relevant Property, by Dr Tania Marshall of Explorations Unlimited. This document is dated 26 July 2018 and a copy is enclosed herewith for your ease of reference.

Silica Sand (General)
This commodity is present on the Farm Woodlands and has been mined historically on the property. The areas where sand is present and where mining has occurred historically are shown in Figure 31.

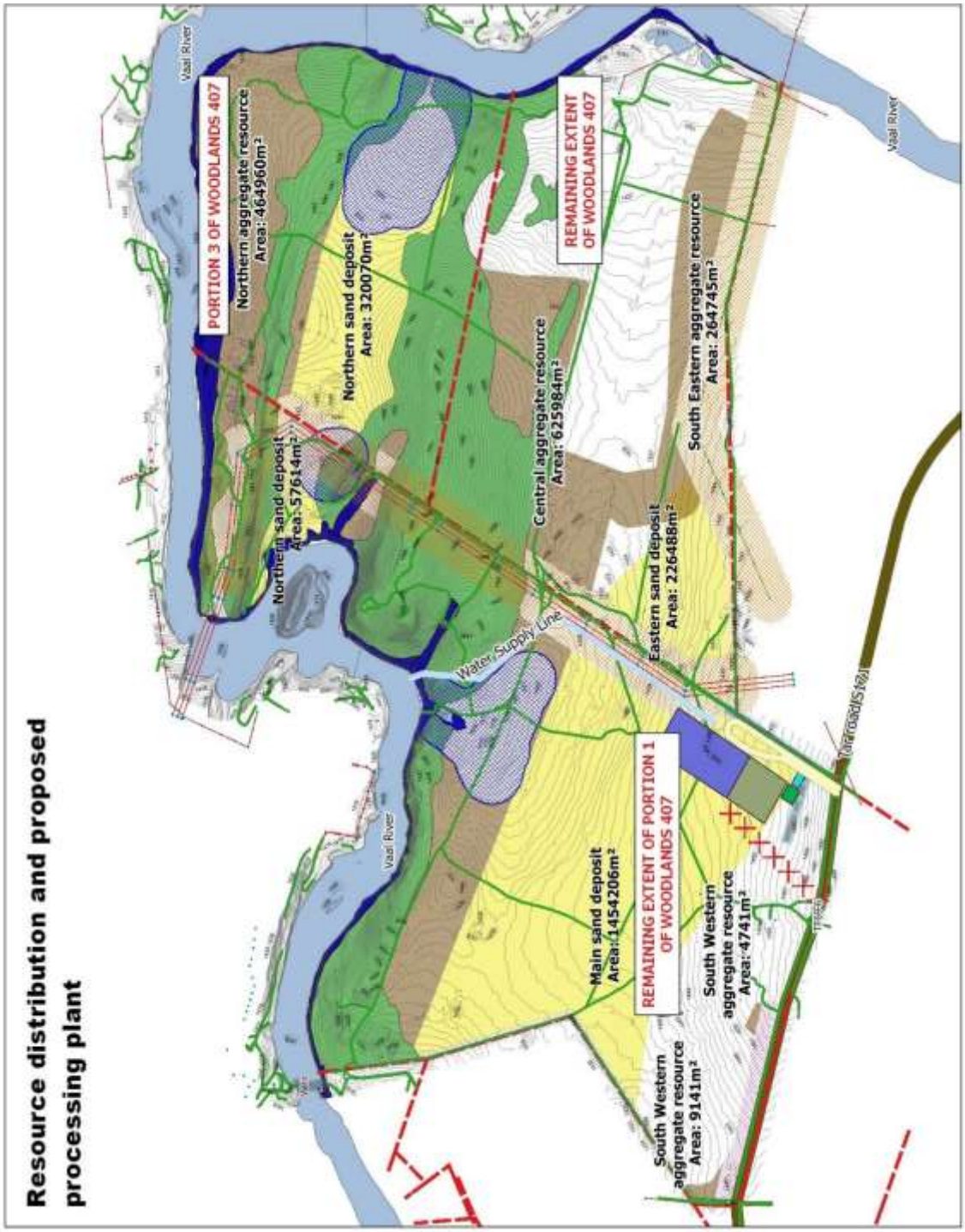


Figure 31. The distribution of Sand and Gravel/ Aggregate deposits on Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407.

The types of sand present on Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407 vary from light yellow plaster, dark yellow plaster, white plaster, grey plaster, building to red. A sand exploration programme was completed on the remaining portion, the remainder of portion 1 and portion 3 of Woodlands.

The volume of sand present on Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407 is shown in Table 40 below. This estimate is conservative and based on the digging depth limit of an excavator. The exploration pits used for the sand model were completed from 17 to 22 July 2016 and on 26 Jan 2017. A total sand resource of 21.910 million m^3 is estimated for this property. The breakdown per sand type is shown in Table 40.

Table 40. The Sand Resource for the Main, East and North Pits on Portions 1,3 and the Remaining Extent of the Farm Woodlands 407

Main Pit Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.55	1 454 206	799 813
Light Yellow Plaster Sand	0.79	1 341 464	1 059 756
White Plaster Sand	0.68	1 341 464	912 195
Dark Yellow Plaster Sand	0.85	1 269 910	1 079 423
Grey Plaster Sand	0.62	1 119 670	694 195
Building Sand	4.28	1 347 304	5 766 463
Red Sand	7.23	1 338 047	9 674 079
Total Measured			19 985 926
East Pit Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.55	226 488	124 568
Light Yellow Plaster Sand	0.78	226 488	176 661
White Plaster Sand	0.71	226 488	160 806
Dark Yellow Plaster Sand	0.72	226 488	163 071
Grey Plaster Sand	0.00	226 488	0
Building Sand	1.29	226 488	292 170
Red Sand	0.04	226 488	9 060
Stockpile			14 000
Total Measured			940 336
North Pit Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.43	377 684	162 404
Light Yellow Plaster Sand	1.16	377 684	438 113
White Plaster Sand	1.02	377 684	385 238
Dark Yellow Plaster Sand	0.28	377 684	105 752
Building Sand	1.08	377 684	407 899
Red Sand	1.55	377 684	585 410
Total Measured			2 084 816
Total Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.53	2 058 378	1 086 786
Light Yellow Plaster Sand	0.86	1 945 636	1 674 530
White Plaster Sand	0.75	1 945 636	1 458 239
Dark Yellow Plaster Sand	0.72	1 874 082	1 348 246
Grey Plaster Sand	0.52	1 346 158	694 195
Building Sand	3.31	1 951 476	6 466 531
Red Sand	5.29	1 942 219	10 268 549
Total Measured			22 997 077
		Excl Topsoil	21 910 291

Aggregate (General)

All of the outcropping and underlying sediments on this property could be used for aggregate. From testpits dug on the property the volume of fresh aggregate down to an average depth of 7.99 m is calculated at 9.565 Million m^3. The distribution of the areas suitable for aggregate production is shown in Figure 31 above. The breakdown for the

aggregate per area is shown in Table 41 below. Oxidised aggregate is suitable for decorative purposes, but not for use in the civil construction industry.

Table 41. The Aggregate Resource for the Central and Northern areas on Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407

Central Aggregate Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.25	625 984	156 496
Oxidised Aggregate	0.58	625 984	363 071
Fresh Aggregate	7.50	625 984	4 694 880
Total Measured			5 214 447
Southwest Aggregate Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.25	13 882	3 471
Oxidised Aggregate	0.58	13 882	8 052
Fresh Aggregate	7.50	13 882	104 115
Total Measured			115 637
Southeast Aggregate Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.25	264 745	66 186
Oxidised Aggregate	0.58	264 745	153 552
Fresh Aggregate	7.50	264 745	1 985 588
Total Measured			2 205 326
Northern Aggregate Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.48	464 960	223 181
Oxidised Aggregate	0.88	464 960	409 165
Fresh Aggregate	5.98	464 960	2 780 461
Total Measured			3 412 806
Total Resource			
Type	Ave Thick	Area (m^2)	Vol (m^3)
Topsoil	0.33	1 369 571	449 334
Oxidised Aggregate	0.68	1 369 571	933 839
Fresh Aggregate	6.98	1 369 571	9 565 043
Total Measured			10 948 216
		Excl Topsoil	10 498 882

The sand and aggregate resource for Portions 1,3 and the Remaining Extent of the Farm Woodlands in Table 42 below.

Table 42. The Silica Sand and Aggregate resource for Portions 1, 3 and the Remaining Extent of the Farm Woodlands 407

Pure Source Mine - Woodlands 407 Sand Resource Summary			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Main Pit Sand Resource	1 454 206	13,19	19 186 112
East Pit Sand Resource	226 488	3,54	801 768
North Pit Sand Resource	377 684	5,09	1 922 412
Total Measured	**2 058 378**	**10,64**	**21 910 291**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Fresh)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	7,50	4 694 880
Southwest Aggregate Resource	13 882	7,50	104 115
Southeast Aggregate Resource	264 745	7,50	1 985 588
Northern Aggregate Resource	464 960	5,98	2 780 461
Subtotal	**1 369 571**	**6,98**	**9 565 043**
Pure Source Mine - Woodlands 407 Aggregate Resource Summary (Oxidised)			
Pit	Resource Area (m^2)	Average Thickness (m)	Volume (m^3)
Central Aggregate Resource	625 984	0,58	363 071
Southwest Aggregate Resource	13 882	0,58	8 052
Southeast Aggregate Resource	264 745	0,58	153 552
Northern Aggregate Resource	464 960	0,88	409 165
Subtotal	**1 369 571**	**0,68**	**933 839**
Total Measured	**1 369 571**	**7,67**	**10 498 882**

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(Pr. Sci. Nat.) 400052/96
16 August 2018 Version 5

Sara Turnbull (M. Sc.)
(Pr. Sci. Nat.) 1177787

ANNEXURE IV: PROSPECTING PROGRESS REPORT

SUMMARY PROSPECTING PROGRESS REPORT FOR PERIOD 2009-2015 DMR Ref No. FS 30/5/1/1/2/608 PR

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VAN WYK LAND DEVELOPMENT CORPORATION (PTY) LTD

EXECUTIVE SUMMARY

Winnerspoint 117 (Pty) Ltd, now known as Goosebay Farm (Pty) Ltd was approved a Prospecting Right (DMR Reference Number: FS 30/5/1/1/2/608 PR) over various portions of the farm Woodlands 407, covering an area of approximately 858.5825 ha in the Magisterial District of Parys. Goosebay Farm (Pty) Ltd also represents the property owner and is a subsidiary of the Van Wyk Land Development Corporation (Pty) Ltd (VLDC).

The Prospecting Right was granted over a period of five years (24th July 2009 to 23rd July 2014) for the following commodities: (i) diamonds (general), (ii) clay (general), (iii) sand (general), (iv) niobium ore, (v) pyrite, (vi) rare earths, (vii) silicon ore, (viii) tantalum, (ix) tin ore, (x) tungsten ore, (xi) uranium ore, (xii) germanium ore, (xiii) iron ore, (xiv) lead, (xv) lithium ore, (xvi) manganese ore, (xvii) mercury, (xviii) molybdenum ore, (xix) nickel ore, (xx) gold ore, (xxi) vanadium ore, (xxii) zinc ore and (xxii) zirconium ore. The application for renewal of the Prospecting Right was rejected by the Department of Minerals and Resources (DMR) in 2015.

Exploration activities conducted during Year 1 to Year 5, as well as Year 6 (application for renewal refused) of the Prospecting Right were non-invasive and invasive and are summarised in Table A. Table B provides on overview of planned vs. actual expenditure.

Table A: Summary of non-invasive and invasive prospecting activities conducted.

Prospecting Phase	**Year**		**Non-Invasive Prospecting**	**Invasive Prospecting**
Phase 1	**1**	**2009-2010**	Data acquisition and a review of literature (desktop study) Geophysical surveys (gravimetric, magnetic)	N/A
Phase 2	**2**	**2010-2011**	Geological investigations and site visits	N/A
	3	**2011-2012**		Drilling of 12 Auger holes and excavation of 18 test pits
Phase 3	**4**	**2012-2013**		Excavation of 17 test pits
	5	**2013-2014**	Soil survey	Excavation of 12 test pits
Application for Renewal	**6**	**2015**	Resource Estimation	Excavation of 34 test pits

Table B: Planned vs. actual expenditure for the five year prospecting period.

Prospecting Phase	***Phase 1***	***Phase 2***		***Phase 3***		***Application for Renewal***	**Totals (ZAR)**
Year	**1**	**2**	**3**	**4**	**5**	**6***	
	2009-2010	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**	**2015**	
	12 Months	**24Months**	**36 Months**	**48 Months**	**60 Months**	**72 Months**	
Planned Expenditure (ZAR)	36 000	251 208		288 408		0	575 616
Actual Expenditure (ZAR)	381 299	200 598	291 686	68 309	355 067	206 373	1 503 333

The major outcome of the prospecting activities was the definition of economic sand and aggregate resources over the farm portions and the identification of suitable soil types for agricultural purposes (not to be sterilised by mining activities). The application for a Mining Right is currently under way.

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INTRODUCTION

This document is a summary Prospecting Progress Report for the period 2009 to 2015 on behalf of Goosebay Farm (Pty) Ltd (formerly known as Winners Point 117 Trading (Pty) Ltd).

The PR was granted to Winners Point 117 Trading (Pty) Ltd in 2009 in terms of Section 17(1) of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) by the Department of Minerals and Energy (hereafter referred to as DMR).

The Van Wyk Land Development Corporation (Pty) Ltd (hereafter referred to as VLDC), holds the various farm portions on which the PR was granted through one of its subsidiaries, Goosebay Farm (Pty) Ltd. The PR (FS 30/5/1/1/2/608 PR) was granted on the following farm portions situated in the Magisterial District of Parys, Free State Province:

- Remaining Extent of Portion 1 of the farm Woodlands 407;
- Remaining Extent of the farm Woodlands 407;
- Portion 3 of the farm Woodlands 407 (Figure 32).

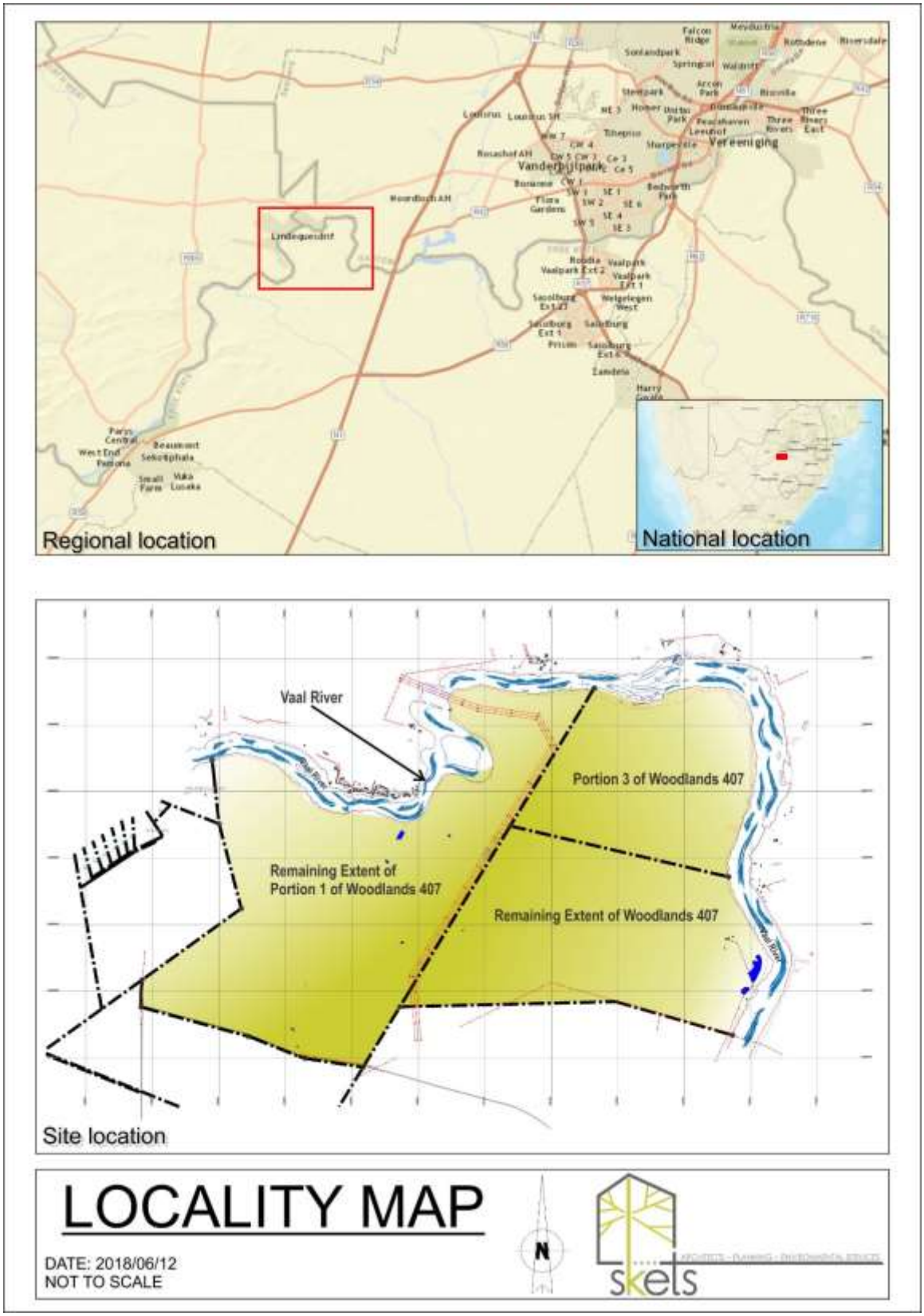


Figure 32: Locality map

PROPERTY DESCRIPTION, LOCATION AND APPLICATION HISTORY

The three farm portions, referred to in the previous section, are adjacent to each other and occupy a collective area of approximately 858 ha (Figure 33). It is located on the banks of the Vaal River, approximately 25 km north east of the town of Parys.

The PR was granted on 24 July 2009, for a period of 5 (five) years ending on 23 July 2014. A renewal of the PR was submitted at the end of the period, but was refused.

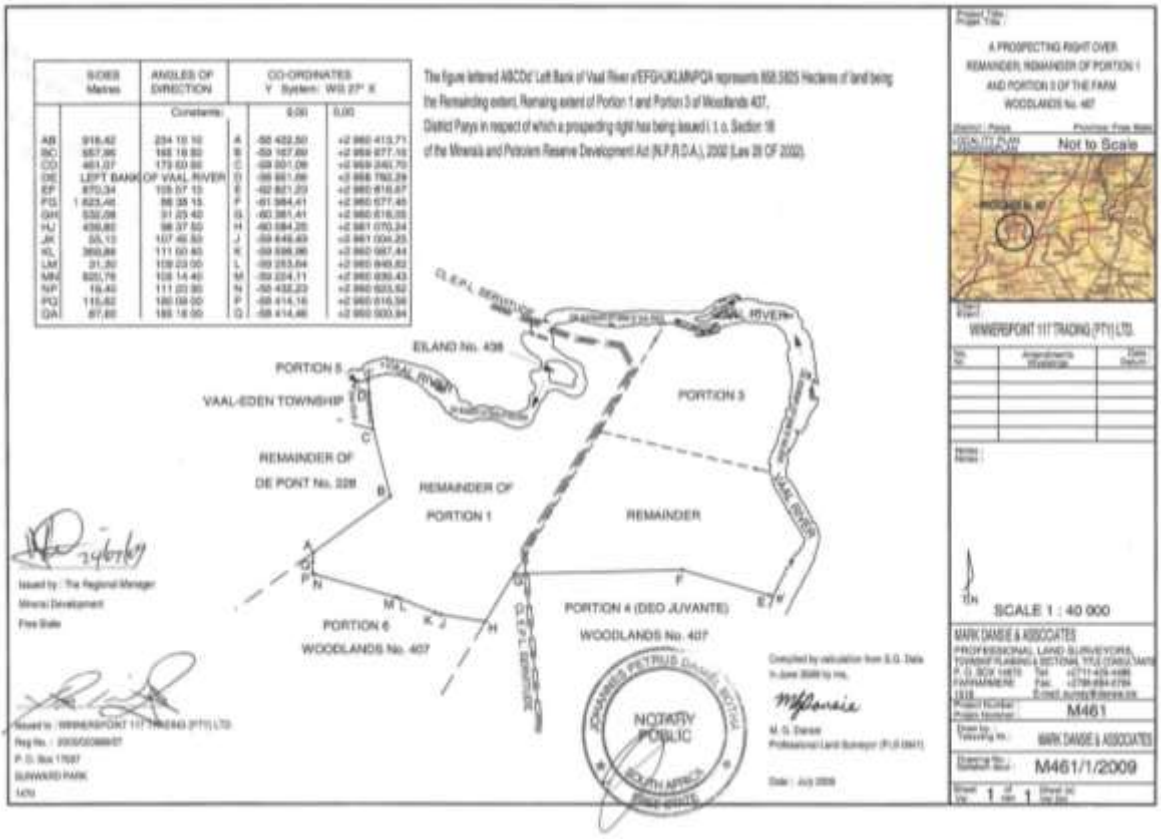


Figure 33: Surveyor's locality plan of the prospecting right.

GEOLOGICAL OVERVIEW AND TARGETS

The prospecting area is located in the Parys District of the Free State Province, on the northeastern limb of the Vredefort Dome. The Vaal River forms the northern and eastern boundary (Figure 34).

The surface geology (Figure 34) is dominated by steeply dipping Central Rand Group lithologies in the north (ridge forming) and sedimentary rocks of the Karoo Supergroup in the southern and central portions (flat, featureless and sandy plains). Outcrops of the Ventersdorp Supergroup are common features outside of the prospecting right area.

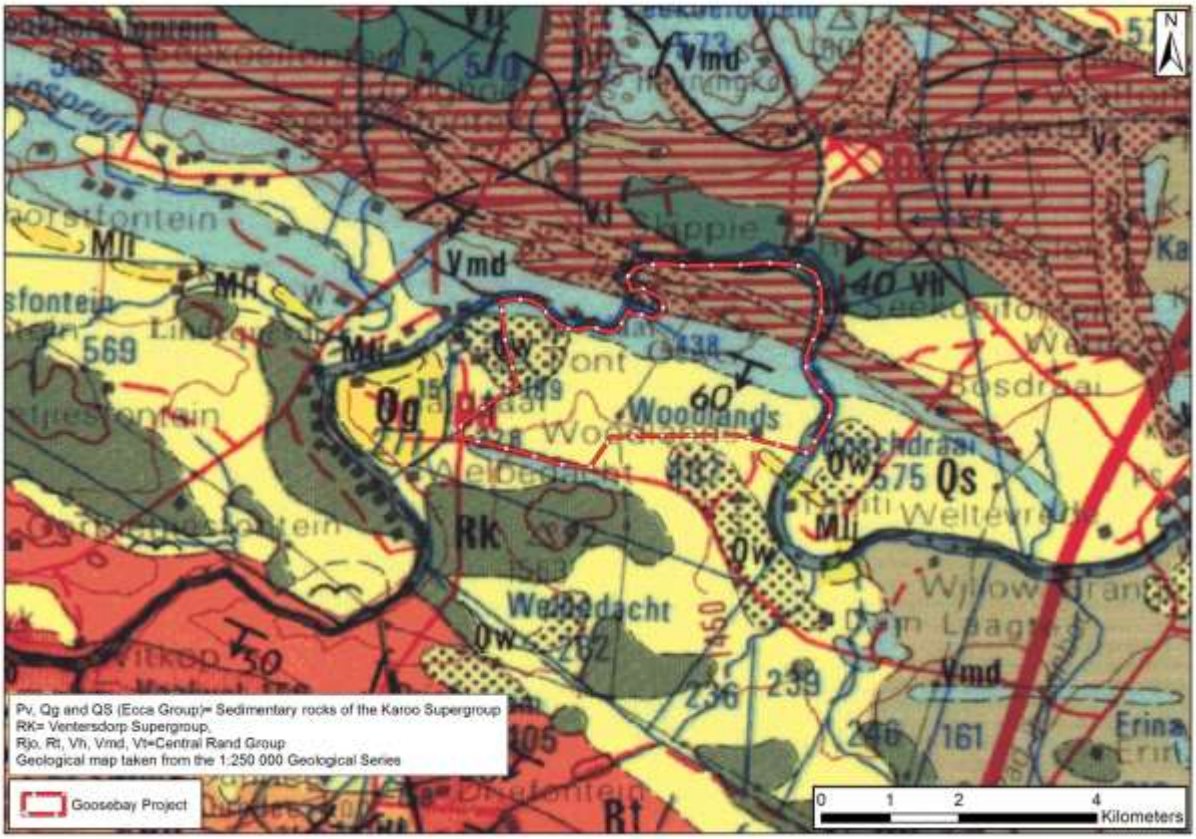


Figure 34: Location of the prospecting right area in relationship to the 1:250 000 geological map series.

Due to the diverse and complex geological framework, the prospecting right application included the following minerals: (i) diamonds (general), (ii) clay (general), (iii) sand (general), (iv) niobium ore, (v) pyrite, (vi) rare earths, (vii) silicon ore, (viii) tantalum, (ix) tin ore, (x) tungsten ore, (xi) uranium ore, (xii) germanium ore, (xiii) iron ore, (xiv) lead, (xv) lithium ore, (xvi) manganese ore, (xvii) mercury, (xviii) molybdenum ore, (xix) nickel ore, (xx) gold ore, (xxi) vanadium ore, (xxii) zinc ore and (xxii) zirconium ore. The 5-year prospecting period aimed at establishing the most prospective commodities. As detailed in the following paragraphs, the most prospective commodities on the farm (at this stage) include: diamonds (alluvial), sand and aggregate.

DETAIS OF NON-INVASIVE AND INVASIVE EXPLORATION ACTIVITIES CONDUCTED

The following paragraphs delineate and illustrate the non-invasive and invasive prospecting activities conducted.

YEAR 1

The activities conducted during the first year of exploration were non-invasive data acquisition and a review of literature (desktop study) relevant to the prospect.

The main focus of data sourcing was to obtain the most recent topo-cadastral and geological maps, as well as any information pertaining to previous exploration or mining. In addition, a detailed review of GoogleEarth imagery was conducted. **Figure 35** illustrates existing sand mines in proximity.

Historic information related to exploration or mining activities on the farm is non-existent. However, field investigations identified diggers heaps along the Vaal River in the northern portion of the prospecting right area, as well as in the central portions (**Figure 36** and **Figure 37**).

Figure 35: Existing sand procedures in vicinity to the prospecting right area (source: Google Earth).

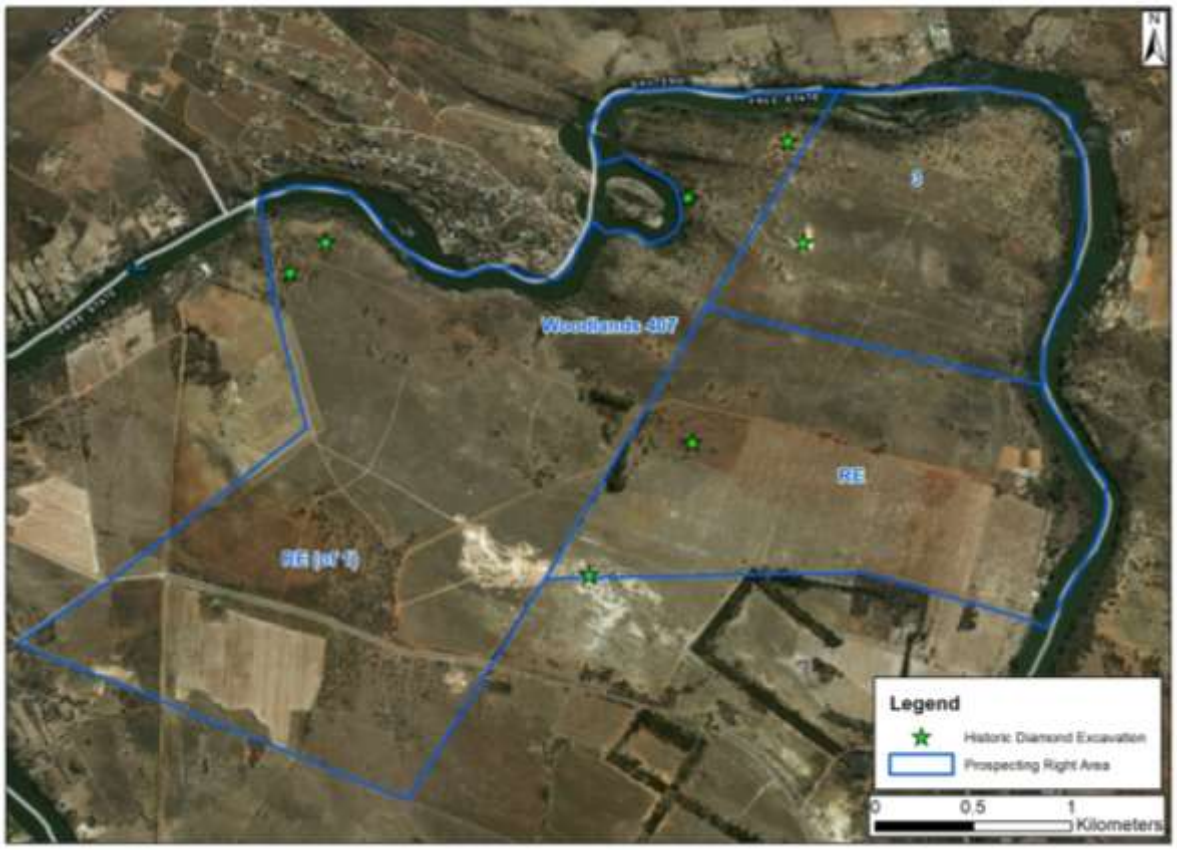


Figure 36: Encountered historic diggings (diamond excavations) during field investigations.

Figure 37: Diggers heap in the northern portion of the prospecting right area.

In addition, gravimetric and magnetic geophysical surveys were conducted during this period in order to guide future drilling and excavation campaigns.

YEAR 2

Detailed geological investigations have been conducted during numerous site visits during Year 2. **Figure 38** depicts a comprehensive geological map established during numerous site visits, with a cross-section of the area being illustrated in **Figure 39**.

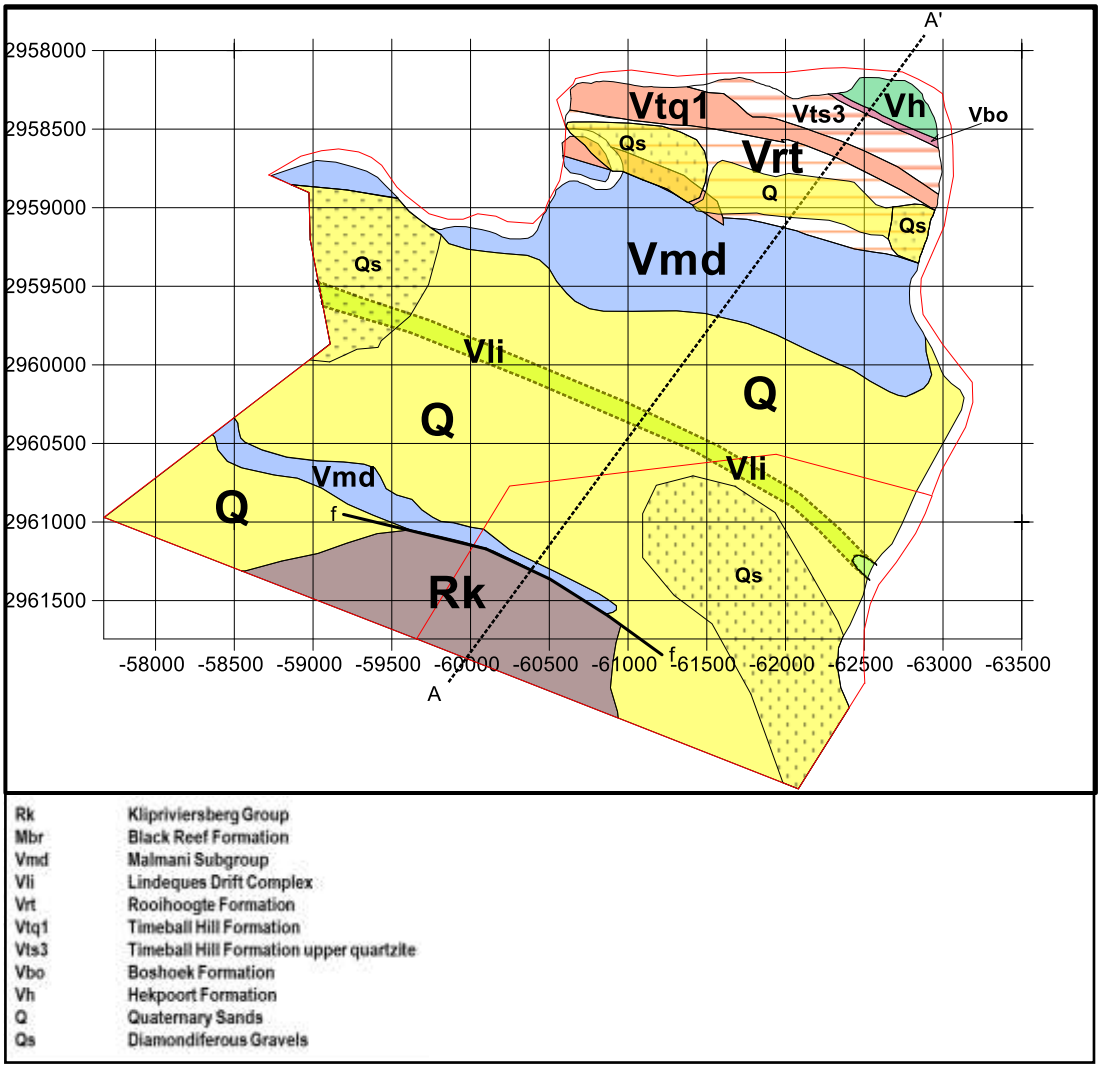


Figure 38: Detailed surface geological map established during site visits.

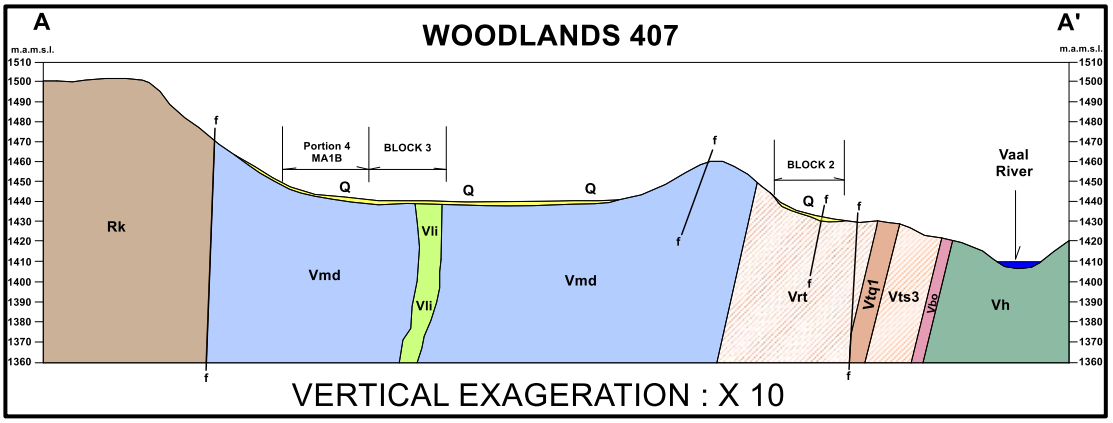


Figure 39: Cross Section A-A

YEAR 3

Invasive prospecting activities during Year 3 concentrated on the drilling of 12 Auger boreholes and the excavation of 18 test pits. Boreholes and test pits were sampled and analysed. Site investigation continued.

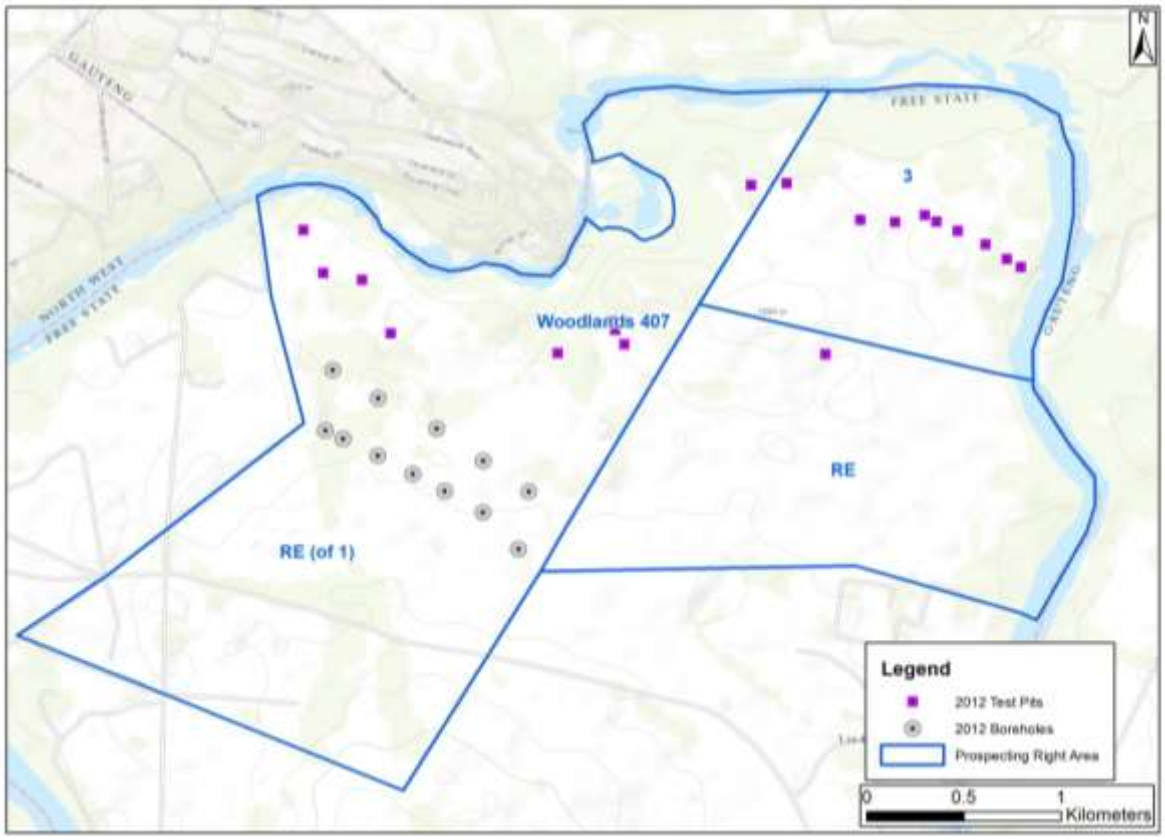


Figure 40: Locations of boreholes and test pits excavated in 2012.

YEAR 4

During Year 4 of the prospecting right, 17 test pits (**Figure 41**) were excavated, sampled and send for laboratory analysis.

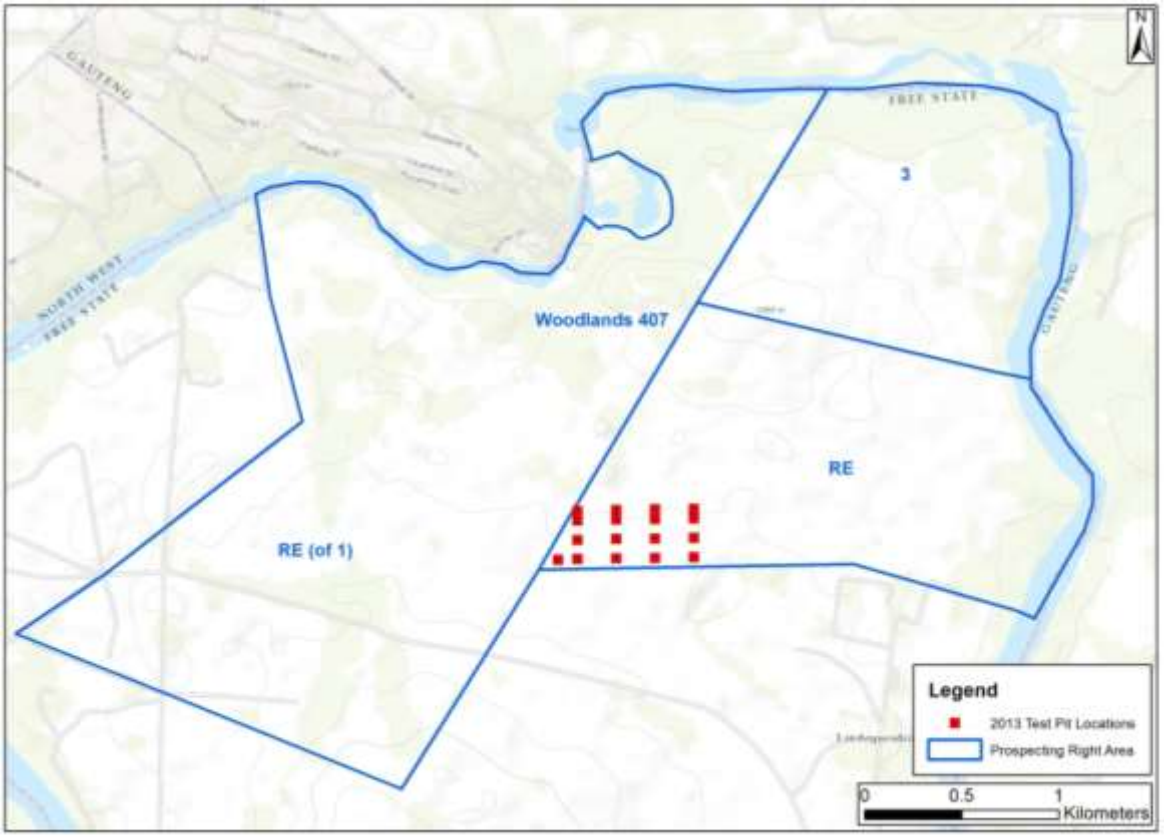


Figure 41: 2013 test pit locations.

YEAR 5

During the final year of prospecting a total of 12 test pits were excavated (**Figure 42**) and samples send for laboratory testwork.

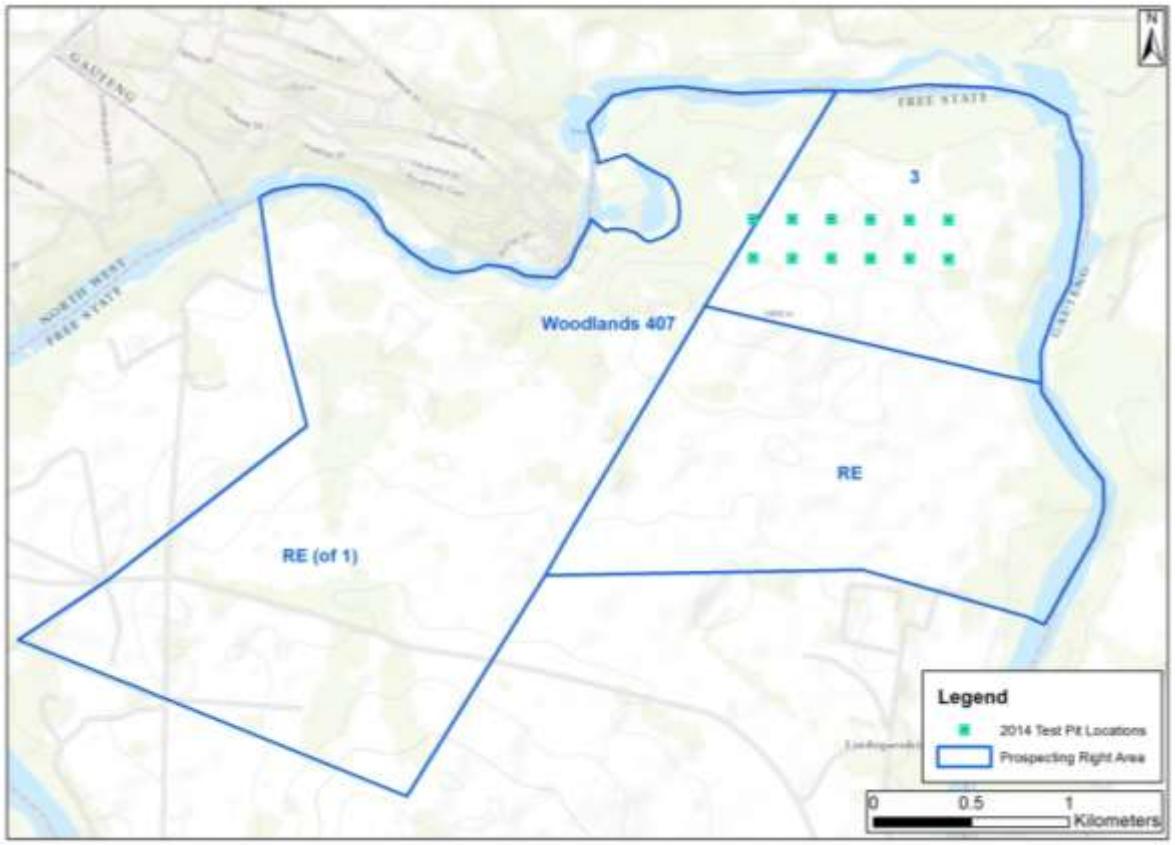


Figure 42: Locality of test pits excavated during Year 5.

In addition, a report on agricultural potential of soils over the prospecting right area (Bloem, 2014) was complied. A soil survey was conducted on the farm with satellite images and land type maps as baseline information. Soils were classified according to the Taxonomical System for South Africa (Soil classification working group, 1991). Soil type and depth was determined with the aid of a hand auger and clay content was estimated with a finger test. The distribution of identified soil units is depicted in Figure 43 with an example of the Colvelli soil unit (Cv) illustrated in Figure 44.

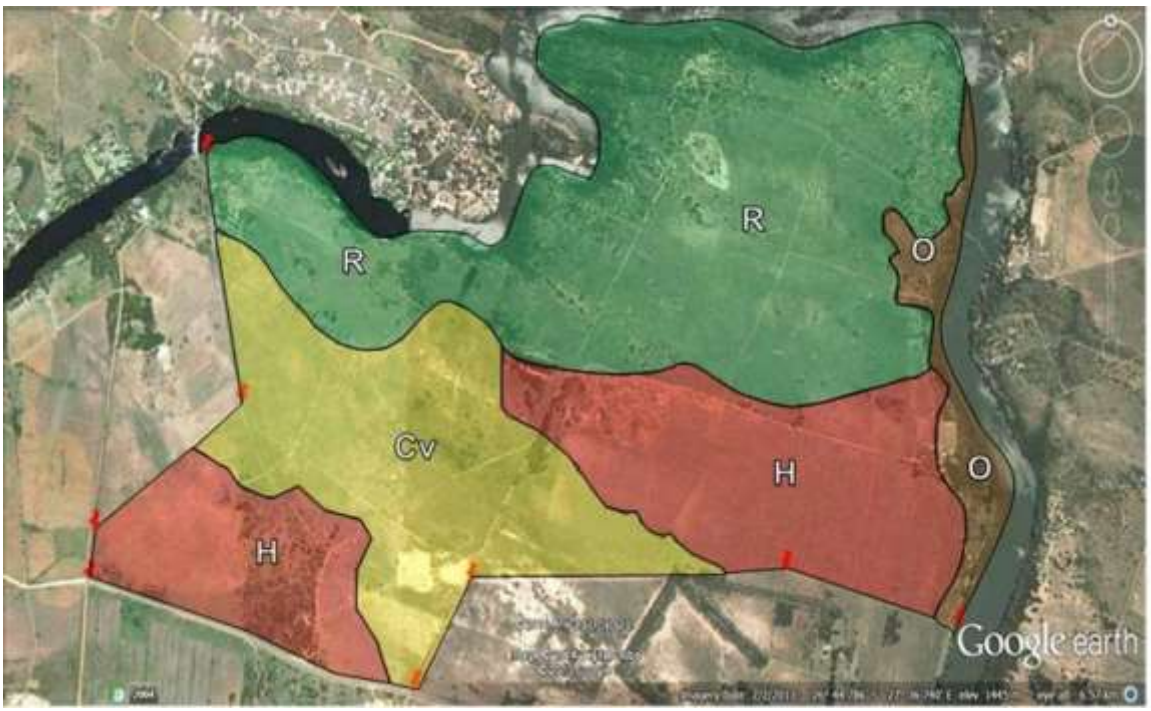


Figure 43: Soil units on portions of the farm Woodlands 407.

Figure 44: Photograph of soil unit Cv.

YEAR 6

After the submission of the application for renewal of the Prospecting Right, prospecting activities continued until the decision by the DMR to refuse the renewal was received. **Figure 45** illustrates the location of the 34 test pits excavated. As per the previous years, the sand samples were submitted for laboratory analysis.

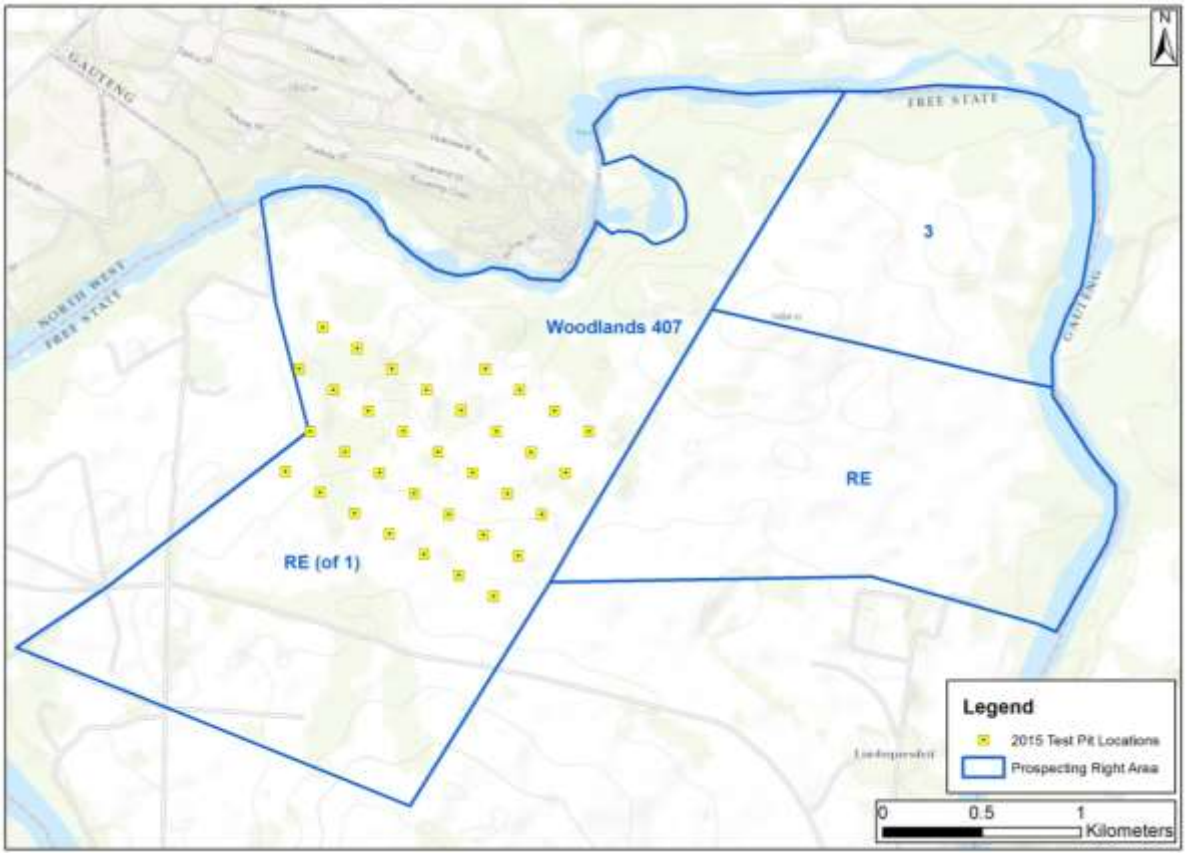


Figure 45: Locations of 2015 test pits.

EXPENDITURE

The expenditure related to the prospecting right during the reporting period (2009 to 2015) is shown in **Table 43**.

Table 43: Planned vs. actual expenditure for the prospecting period. *Please note that the renewal application was refused by the DMR during 2015.

Prospecting Phase	*Phase 1*	*Phase 2*		*Phase 3*		*Application for Renewal*	Totals (ZAR)
Year	1	2	3	4	5	6*	
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2015	
	12 Months	24Months	36 Months	48 Months	60 Months	72 Months	
Planned Expenditure (ZAR)	36 000	251 208		288 408		0	575 616
Actual Expenditure (ZAR)	381 299	200 598	291 686	68 309	355 067	206 373	1 503 333

• SUMMARY AND CONCLUSION

The major outcome of the prospecting activities (refer to **Table 44**) was the definition of economic sand and aggregate resources over the farm portions and the identification of suitable soil types for agricultural purposes (not to be sterilised by mining activities). The results were satisfactory and Goosebay Farm (Pty) Ltd are applying for a mining right to extract diamonds, silica sand and aggregate gravel.

Table 44: Summary of non-invasive and invasive prospecting activities conducted.

Prospecting Phase	Year		Non-Invasive Prospecting	Invasive Prospecting
Phase 1	**1**	**2009-2010**	Data acquisition and a review of literature (desktop study) Geophysical surveys (gravimetric, magnetic)	N/A
Phase 2	**2**	**2010-2011**	Geological investigations and site visits	N/A
	3	**2011-2012**		Drilling of 12 Auger holes and excavation of 18 test pits
Phase 3	**4**	**2012-2013**		Excavation of 17 test pits
	5	**2013-2014**	Soil survey	Excavation of 12 test pits
Application for Renewal	**6**	**2015**	Resource Estimation	Excavation of 34 test pits

REFERENCES

Bloem, A.A. (2014) Report on agricultural potential of soils for the proposed development on portions of the Farm: Woodlands 407. 7pp.

SOIL CLASSIFICATION WORKING GROUP (1991) Soil classification. A Taxonomical system for South Africa. Memoirs of the natural resources of South Africa. No 15. Department of Agricultural Development. Pretoria

ANNEXURE V: DIAMOND POTENTIAL REPORT

EXPLORATIONS UNLIMITED

Woodlands Project

Alluvial Diamond Prospecting Programme

Tania R Marshall
GEOLOGICAL CONSULTANT (PR. SCI. NAT.)

Introduction

1.1. Background Geology

The Woodland project is located in the Parys District of the Free State Province, on the north-eastern limb of the Vredefort Dome (Figure 1)

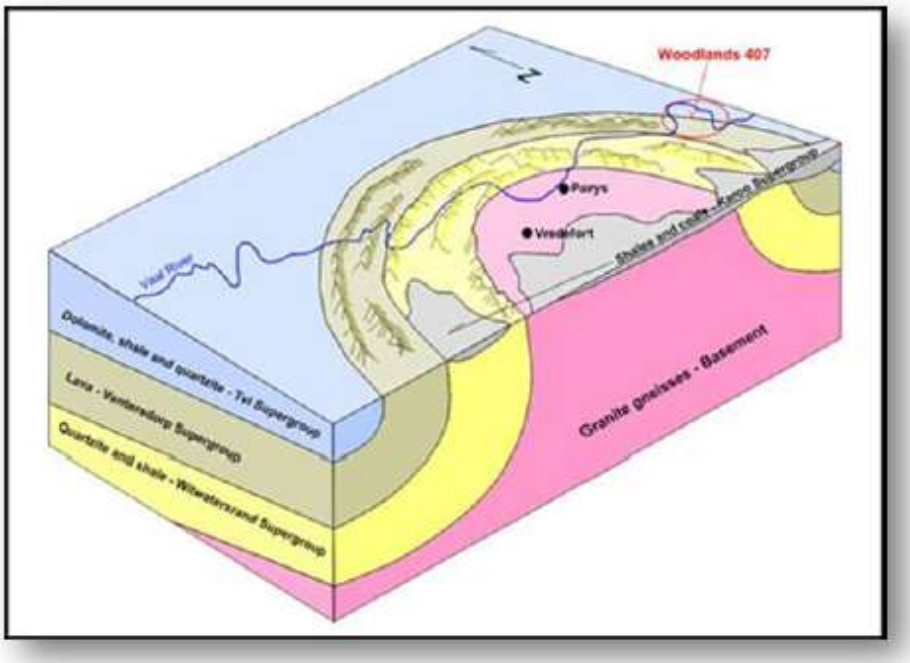


Figure 1 Location of the Woodlands alluvial diamond project, on the north-eastern limb of the Vredefort Dome (Erasmus & Turnbull, 2018)

The geological formations described on Woodlands ((Erasmus & Turnbull, 2018) are, from oldest to youngest (Figure 2):

Klipriviersberg Group (Rk).
The Klipriviersberg Group of the Ventersdorp Supergroup consists of volcanic rocks comprising basaltic lavas, agglomerates and tuffs. This unit unconformably overlies the Witwatersrand Supergroup and is locally estimated to be 3,300 - 3,600 m thick.

Malmani Subgroup (Vmd).
This sub-group overlies the Black Reef Formation conformably and consists of dolomites, cherts and chert-breccias. This unit is 1,200 – 1,500 m thick in the vicinity of Woodlands. The dolomites are usually covered by soft sediment but the more resistant cherts and chert-breccias are usually visible as prominent ridges. This unit covers the largest part of the subsurface geology on the project property and hosts the much younger, Cainozoic (Quaternary) alluvial deposits (sands and gravels).

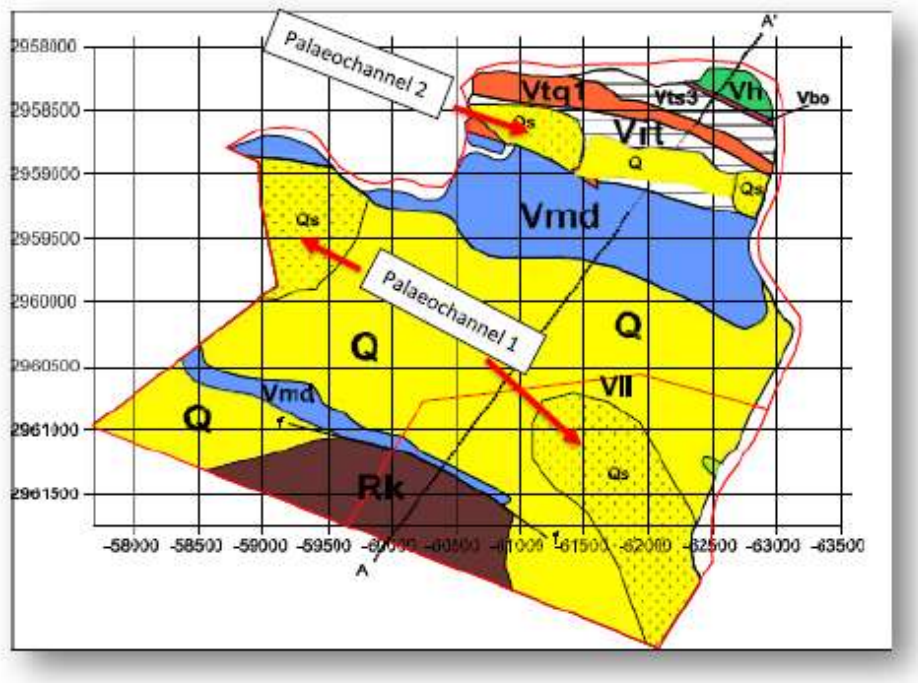
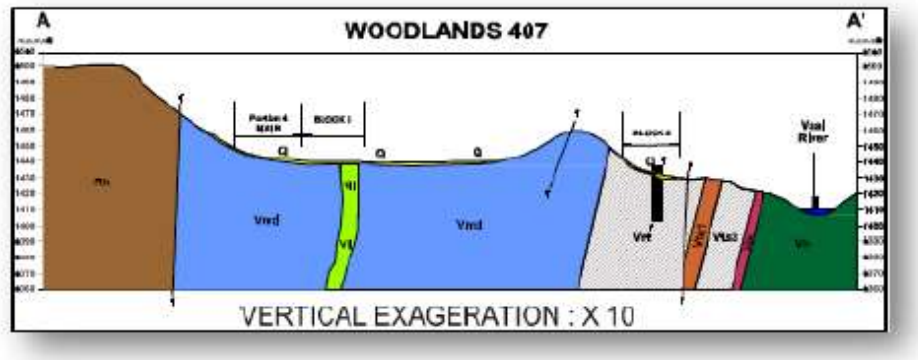


Figure 2 Sub-surface geology of Woodlands (above) and section A-A' (below) (Erasmus & Turnbull, 2018)



Lindeques Drift Complex (Vli).
This intrusive igneous complex forms an elongated body of some 11km in length and is emplaced within the Malmani dolomites (see cross section). It consists of lamprophyre, syenodiorite and albite-syenite dykes. Locally the dolomites may have been altered to marble by contact metamorphism with this intrusion.

Rooihoogte Formation (Vrt)
The Rooihoogte Formation unconformably overlies the Malmani Sub-group and is on average 10-150m thick. The thicker upper portion of this formation consists of shales and intercalated quartzites.

The Timeball Hill Formation (Vtq and Vts).
This formation overlies the Rooihoogte Formation conformably and is made up of a number of alternating quartzite and shale units. The quartzite ridges typically form prominent outcrops.

The Boshoek Formation (Vbo).
This is a thin (5-10m) unit of upward fining conglomerate that unconformably overlies the Timeball Hill Formation.

The Hekpoort Formation (Vh).
The Hekpoort Formation, comprising finely crystalline andesitic tuffs and lava flows with amygdoloidal zones unconformably overlies the Boshoek Formation.

Quaternary Sands (Q).
All of these older formations are overlain by modern unconsolidated quaternary sediments of waterborne and windblown sands (Q). These units vary in thickness between 10cm and 10m and are distributed in suitable sediment traps. There is evidence on the property for two Vaal River palaeochannels (palaeochannel 1 being older than palaeochannel 2). These deposits are delineated largely by the areas of prior and current sand mining.

2. Alluvial Diamond Potential

During the period 1922-1926, some 25,000ct are recorded as having been recovered from five farms located on the northbank[1] of the Vaal River in the vicinity of Woodlands (Marshall, 1987) (**Table 1, Figure 3**). On Kaalplaats and Zeekoeifontein, intermittent diamond production continued up until 1968 and 1973 respectively. No information exists regarding potential grades or diamond values.

Table 1 Diamond Production from nearby properties

Property	Carats Recorded
Boschdraai 575	135.75
Brakfontein 476	44.75
Bronkhorstfontein 566	266.45
Kaalplaats 577	11,147.89
Witkop 475	220.00
Zeekoeifontein 573	13,644.65

[1] Historical production figures for the southbank properties (such as Woodlands) have not been compiled in an easily accessible database due to differing administrative procedures in the SA Diamond Board for Free State properties during the early 20th century.

Figure 3 Location of properties where diamond recoveries have been recorded (Marshall, 1987)

The largest number of diamonds recorded historically (+13,000ct), were recorded from the farm Zeekoeifontein, which is located directly across the river from Woodlands, in the meander bend where Vaal Oewer is situated today.

During a site visit in mid-June 2018, the author visited the banks of the Vaal River across from Zeekeoifontein and noted the presence of "diggers heaps" (Figure 4, see also Figure 3 above for locality) and an old plant-site. The spoil heaps comprise rounded – well-rounded, pebble-cobble size, alluvial clasts that could, conceivably, date back to the mid-1920's. These diggers heaps prove that diamonds were recovered from the Woodland property, likely at the same time that diamonds were being mined elsewhere in the vicinity. The plant-site probably dates from the 1960's or 70's, indicating that gravels were still being processed there up until quite recently (as is the case on Zeekoeifontein and Kaalplaats).

What is most encouraging to note is that, both the old diggers heaps on Woodlands and the property with significant diamond production records are located adjacent to the North pit sand deposit (Block 2) on Woodlands (Figure 5). The implication is that alluvial diamond deposition is associated with the palaeochannel that deposited the sand.

In a meandering river system, such as the Vaal is seen to be at this location, the coarse-grained (gravel) units occur as channel lag deposits overlain by finer-grained, sandy point bar deposits (Figure 6). The point bar deposits would represent the silica sand deposits that are currently being mined on Woodlands, and the channel lag deposits would be the priority target for alluvial diamonds.

Figure 4

Diggers heaps (left) and old plant-site (below) indicating that diamondiferous alluvial gravels were mined on Woodlands historically (from 1922 up until the late 1960'2 or early 70's)

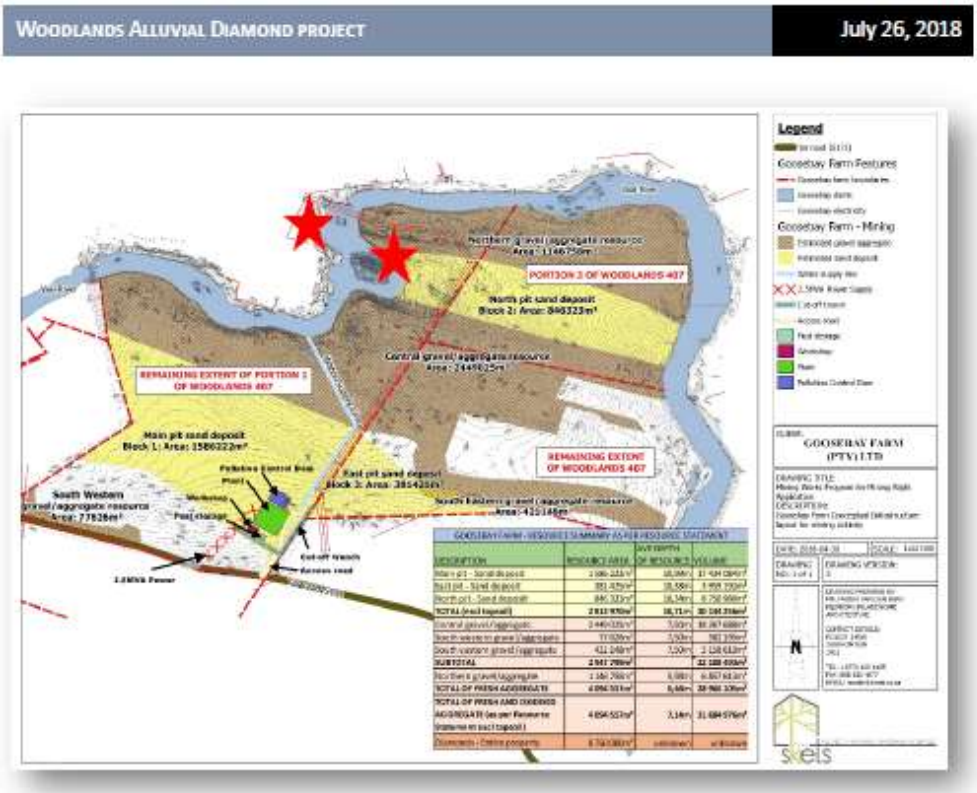


Figure 5 Location of historical diamond recoveries in the vicinity of the North pit sand deposit

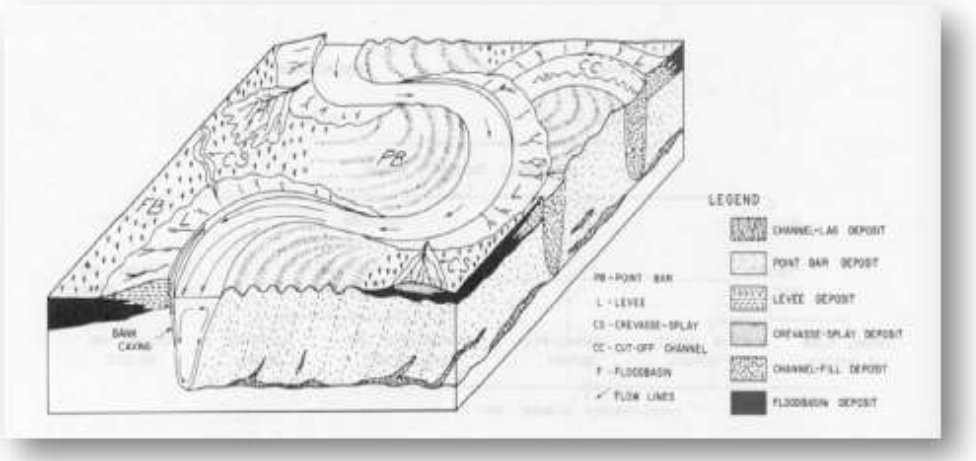


Figure 6 Schematic of point bar (sand) units overlying channel lag deposits

3. Prospecting Programme

As can be seen from Figure 6 above, the channel lag occurs as a relatively thin, non-continuous unit located on the bedrock at the base of the sand deposit. Consequently, prospecting for this unit would be concentrated within the sand units that are already part of the mine plan. The north pit is the primary exploration target, with the main sand pit to the south being the secondary target.

The proposed prospecting for the basal channel lag is planned in a number of consecutive phases, each one being contingent upon success in the previous phase. The prospecting would proceed simultaneously with the sand mining and would not need to be a separate operation. The first phase of the prospecting programme would be Reverse Circulation (RC) drilling, to identify the presence and extent of the basal gravels on Palaeochannel 2 (Figure 7; also refer Figure 2 for location of palaeochannels)

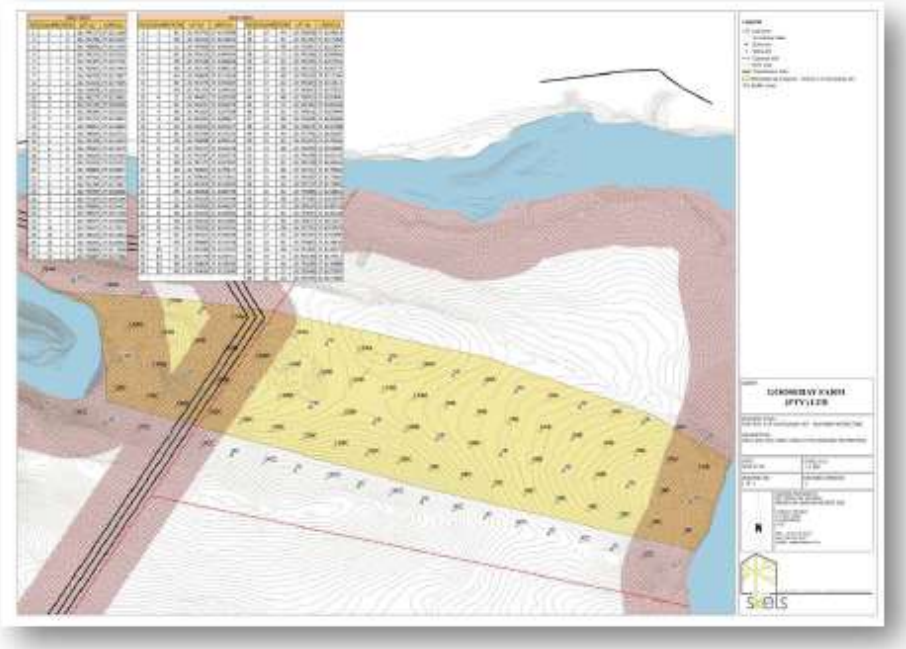


Figure 7 Location of proposed drilling grid on Woodlands (north sand block)

The initial drilling is planned on a 200m X 200m grid (32 holes at an expected maximum of 350m). Once channel lag gravel is encountered, the grid will be refined to 100m X 100m and 50m X 50m, to focus on establishing the extent (and/or potential available volume) of the gravel deposit to an Inferred Diamond Resource classification.

A similar drilling programme will also be planned for the drilling of Palaeochannel 1 (Ref Figure 2).

Once sufficient gravel has been located, it will be necessary to sample the material to get an initial estimate of diamond grade and value. Since it is not possible to assay for diamonds, the bulk-samples will, necessarily, be extensive. In order to estimate an Inferred Diamond Resource for the project, a minimum of 500ct[2] will need to be recovered during this exercise. The amount of gravel processed will depend entirely on the average grade and grade variability of the deposit.

The proposed flowsheet of the bulk-sampling is shown in Figure 8:

- The overburden is removed – the topsoil will be stockpiled as per the current programme for the sand mining and the sand is excavated and diverted to the current sand mining operation.
- The basal gravel unit is screened – the oversize is sent back to any open excavation as rehabilitation infill, the -2mm is forwarded to the sand mining operation and the +2-32mm fraction is stockpiled as plant feed.
- It is proposed that a rotary plan plant (double 12' plant) with scrubber be utilised as the sampling plant. This plant is mobile, easy to operate and very accurate for sampling. The process contains no deleterious or toxic chemicals and has limited requirements on both power and water quality/quantity. All of the plant waste can be trucked directly back to open excavations as part of the backfill. Some of the fines can be used as a surface dressing, prior to the return of the stockpiled topsoil and the rest can be stored in a small fines residue dam, from which water can be recovered for circulation back to the plant.
- The concentrate from the pans will then be conveyored to a final recovery circuit comprising of a single-stage FlowSort X-ray recovery unit, followed by hand-sorting in a secure facility.

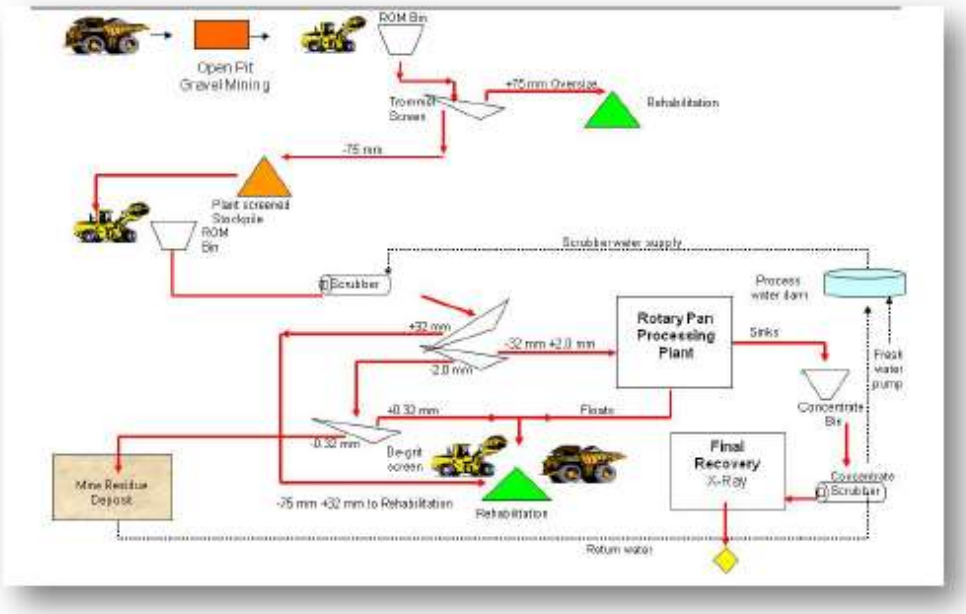


Figure 8 Proposed flowsheet for the bulk-sampling on Woodlands

[2] If an Indicated Diamond Resource is required, then a minimum of 2,500ct will need to be recovered for valuation purposes.

The advantage of this prospecting programme is that no additional excavations will be made outside of the planned sand-mining areas and that rehabilitation will fit in with the current schedule. The proposed sample plant (Figure 9) has a very small footprint and can easily be modified/upgraded to a full production system once the necessary volumes, grades and values have been identified and a Technical Study completed.

Figure 9 An example of the processing plant type proposed for the Woodlands bulk-sample

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26 July 2018

4. References

Erasmus, J., & Turnbull, S. (2018). *Goosebay Farm Resource Statement*. Johannesburg: Sumsare Consulting CC.

Marshall, T. R. (1987). Alluvial diamond Occurrences of the western and southwestern Transvaal, a compilation of production data. *Economic Geology Research Unit Information Circular 194*, p. 38pp.

ANNEXURE VI: SPECIALIST MARKETING STUDIES

No	Client	Type of Sand 2015	2015 Prev Uptake in m³ Unscreened PS	2015 Prev Uptake in m³ Screened PS	2015 Prev Uptake in m³ Washed PS	2015 Prev Uptake in m³ Building Sand	Prev Price Per m³ Ex VAT	Prev Total Sales in R Value Ex VAT	Prev VAT	Prev Average Total Sales in R Value Inc VAT	Type of Sand 2017	2017 Uptake in m³ Screened PS	2017 Uptake in m³ Washed PS	2017 Uptake in m³ Building Sand	2017 Price Per m³ Ex VAT	2017 Total Sales in R Value Ex VAT	2017 VAT	2017 Total Sales in R Value Inc VAT	Existing Debtors - Amounts Outst and to be collected
1	Abrina 2414 cc	UPS	148				R 75.00	R 223.00	R 31.22	R 254.22						R 0.00	R 0.00	R 0.00	R 82 406.00
		BS				48	R 50.00	R 2 400.00	R 336.00	R 2 736.00						R 0.00	R 0.00	R 0.00	
	Subtotal																		
2	Bezt Engineering &	UPS	10				R 75.00	R 750.00	R 105.00	R 855.00	SPS	43			R 80.00	R 3 440.00	R 481.60	R 3 921.60	
		BS				25	R 50.00	R 1 250.00	R 175.00	R 1 425.00									
	Subtotal																		
3	Bulk Pro	UPS	600				R 75.00	R 45 000.00	R 6 300.00	R 51 300.00	SPS	1000			R 80.00	R 80 000.00	R 11 200.00	R 91 200.00	R 18 176.80
		BS				340	R 50.00	R 17 000.00	R 2 380.00	R 19 380.00	BS			960	R 60.00	R 57 600.00	R 8 064.00	R 65 664.00	
	Subtotal																		
4	CE Becker Transport	UPS	22				R 75.00	R 1 650.00	R 231.00	R 1 881.00									
		SPS		10600			R 75.00	R 795 000.00	R 111 300.00	R 906 300.00									
		WPS			2368		R 100.00	R 236 800.00	R 33 152.00	R 269 952.00	SPS	10 666			R 73.50	R 783 951.00	R 109 753.14	R 893 704.14	
	Subtotal																		
5	Corgi Hardware	UPS	6				R 75.00	R 450.00	R 63.00	R 513.00	SPS	30			R 80.00	R 2 400.00	R 336.00	R 2 736.00	
	Subtotal																		
6	Hassan Sand	UPS	216				R 75.00	R 16 200.00	R 2 268.00	R 18 468.00		500			R 80.00	R 40 000.00	R 5 600.00	R 45 600.00	
		BS				300	R 50.00	R 15 000.00	R 2 100.00	R 17 100.00									
	Subtotal																		
7	Hifa Services																		
	Subtotal																		
8	IPG Logistics	UPS	4206				R 75.00	R 315 450.00	R 44 163.00	R 359 613.00	SPS	3 186			R 75.00	R 238 950.00	R 33 453.00	R 272 403.00	
		SPS		3182			R 75.00	R 238 650.00	R 33 411.00	R 272 061.00									
	Subtotal																		
9	Martin Collins Equestrian											??							
	Subtotal																		
10	Odie Kahl											??							
	Subtotal																		
11	PDS Security	BS				1	R 50.00	R 50.00	R 7.00	R 57.00		??				R 0.00	R 0.00	R 0.00	
	Subtotal																		
12	Piet van Rensburg (Stella)	UPS	124				R 75.00	R 9 300.00	R 1 302.00	R 10 602.00	SPS	100			R 75.00	R 7 500.00	R 1 050.00	R 8 550.00	
		BS				20	R 50.00	R 1 000.00	R 140.00	R 1 140.00						R 0.00	R 0.00	R 0.00	
	Subtotal																		
13	Ralf Transport	UPS	190				R 75.00	R 14 250.00	R 1 995.00	R 16 245.00		??				R 0.00	R 0.00	R 0.00	
		PBS				115	R 75.00	R 8 625.00	R 1 207.50	R 9 832.50						R 0.00	R 0.00	R 0.00	
		SPS		72			R 75.00	R 5 400.00	R 756.00	R 6 156.00						R 0.00	R 0.00	R 0.00	
		WPS			18		R 105.00	R 1 890.00	R 264.60	R 2 154.60						R 0.00	R 0.00	R 0.00	
	Enviro Cast				840		R 140.49	R 118 011.60											
	Subtotal																		
14	Sand Shifters	UPS		6000			R 50.00	R 300 000.00	R 42 000.00	R 342 000.00	SPS	5 332			R 70.00	R 373 240.00	R 52 253.60	R 425 493.60	
		WPS			2000		R 90.00	R 180 000.00	R 25 200.00	R 205 200.00	WPS		2 000		R 100.00	R 200 000.00	R 28 000.00	R 228 000.00	
15	Sandy Sand Mine										SPS	2000			R 80.00	R 160 000.00	R 22 400.00	R 182 400.00	
	Subtotal																		
16	SJW Beukes	UPS	1764				R 75.00	R 132 300.00	R 18 522.00	R 150 822.00	SPS	2000			R 80.00	R 160 000.00	R 22 400.00	R 182 400.00	R 24 465.80
		BS				100	R 50.00	R 5 000.00	R 700.00	R 5 700.00									
	Subtotal																		
17	Sonjan Vervoer (Pty) Ltd	UPS	497				R 75.00	R 37 275.00	R 5 218.50	R 42 493.50	SPS	400			R 80.00	R 32 000.00	R 4 480.00	R 36 480.00	
		BS				176	R 50.00	R 8 800.00	R 1 232.00	R 10 032.00						R 0.00	R 0.00	R 0.00	
	Subtotal																		
18	Steyn & Seuns	UPS	200				R 75.00	R 15 000.00	R 2 100.00	R 17 100.00	SPS	240			R 80.00	R 19 200.00	R 2 688.00	R 21 888.00	
	Subtotal																		
19	Terblanche Transport	UPS	410				R 55.00	R 22 550.00	R 3 157.00	R 25 707.00	SPS	0			R 75.00	R 0.00	R 0.00	R 0.00	R 15 447.00
	Subtotal																		
20	Van's Boumateriaal	UPS	425				R 60.00	R 25 500.00	R 3 570.00	R 29 070.00	SPS	500			R 80.00	R 40 000.00	R 5 600.00	R 45 600.00	
		BS				193	R 50.00	R 9 650.00	R 1 351.00	R 11 001.00	BS			193	R 60.00	R 11 580.00	R 1 621.20	R 13 201.20	
		WPS			40		R 90.00	R 3 600.00	R 504.00	R 4 104.00	WPS		40		R 100.00	R 4 000.00	R 560.00	R 4 560.00	
	Subtotal																		
21	Wiks Struwig	UPS	55				R 75.00	R 4 125.00	R 577.50	R 4 702.50	SPS	80			R 80.00	R 6 400.00	R 896.00	R 7 296.00	
		BS				44	R 50.00	R 2 200.00	R 308.00	R 2 508.00						R 0.00	R 0.00	R 0.00	
22	Bunkerfuel										SPS	1000			R 120.00	R 120 000.00	R 16 800.00	R 136 800.00	
23	Pronto											??							
24	Lido Sand										SPS	200			R 80.00	R 16 000.00	R 2 240.00	R 18 240.00	
25	River Side Projects										SPS	100			R 80.00	R 8 000.00	R 1 120.00	R 9 120.00	
26	Kola Sand										SPS	200			R 80.00	R 16 000.00	R 2 240.00	R 18 240.00	
27	Tiger Bricks																		
28	Van Niekerk Broers										SPS	500			R 80.00	R 40 000.00	R 5 600.00	R 45 600.00	
29	Wearne Readymix	SPS		300							SPS	2000			R 78.00	R 156 000.00	R 21 840.00	R 177 840.00	
	Subtotal																		
	TOTAL		8879	20161	5274	1371		R 2 590 360.60	R 346 139.32	R 2 818 478.32		30092	2056	1170		R 2 576 280.00	R 360 696.54	R 2 936 958.54	R 140 517.60

A1 Previous Uptake - Summary

	A	E	F
No	Description	VAT	Mnthly Incl VAT
1	Unscreened PS(UPS)	R 93 229.50	R 759 154.50
2	Screened (SPS)	R 211 690.50	R 1 723 765.50
3	Washed (WPS)	R 66 452.40	R 541 112.40
4	Building (BS)	R 9 597.00	R 78 147.00
5	**Total**	**R 380 969.40**	**R 3 102 179.40**
6	Ave Rate per m²		

B1 Proposed 2017 Uptake - Summary

	A	E	F
No	Description	VAT	Mnthly Incl VAT
1	Unscreened PS(UPS)		
2	Screened (SPS)	R 315 966.00	R 2 572 866.00
3	Washed (WPS)	R 28 784.00	R 234 384.00
4	Building (BS)	R 9 009.00	R 73 359.00
5	**Total**	**R 353 759.00**	**R 2 880 609.00**
6	Ave Rate per m²		

** **Note that pricing in column does not allow for variations in individual client pricing**

Pure Source Minerals Sheet 1-6 Current Customers and Potential Customers 7 Mar 2018 v22 vb

C1 Market Prices

C	D	E	F	G	H	I	J	K	L
Sky Sand	Sky Sand	Copper Sand (Vaal)	Copper Sand (Vaal)	Mission Point	Mission Point	Bothma Sand	Pure Source	Pure Source	Pure Source
016 440 7900	016 440 7900	016 457 2091	016 457 2091	083 680 2704	083 680 2704	016 970 2015			
		011 787 9174	011 787 9174	011 626 1981	011 626 1981				
Genovena	Thomas	Jaco	Clinton	Stephanie	Messie				
				071 896 0337	071 896 0337				
Sky Sand 30 Mar 2016	Sky Sand 26 May 2016	Copper Sand (Vaal) 30 Mar 2016	Copper Sand (Vaal) 26 May 2016	Mission Point 30 Mar 2016	Mission Point 26 May 2016	Bothma Sand 30 May 2016	Pure Source	Pure Source	Pure Source
							Old	New 1 Mar 2015	New 1 Nov 2016
0.00	0.00	65.00	65.00	60.00	60.00	61.40	50.00	60.00	60.00
0.00	0.00	9.10	9.10	8.40	8.40	8.60	7.00	8.40	8.40
0.00	**0.00**	**74.10**	**74.10**	**68.40**	**68.40**	**70.00**	**57.00**	**68.40**	**68.40**
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.50
0.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**85.50**
95.03	95.03	75.00	70.00	61.18	61.18	0.00	60.00	60.00	60.00
13.30	13.30	10.50	9.80	8.57	8.57	0.00	8.40	8.40	8.40
108.33	**108.33**	**85.50**	**79.80**	**69.75**	**69.75**	**0.00**	**68.40**	**68.40**	**68.40**
0.00	0.00	0.00	0.00	61.18	61.18	0.00	80.00	64.50	80.00
0.00	0.00	0.00	0.00	8.57	8.57	0.00	11.20	9.03	11.20
0.00	**0.00**	**0.00**	**0.00**	**69.75**	**69.75**	**0.00**	**91.20**	**73.53**	**91.20**
115.94	115.94	0.00	0.00	100.39	100.39	105.26	90.00	105.00	115.00
16.23	16.23	0.00	0.00	14.05	14.05	14.74	12.60	14.70	16.10
132.17	**132.17**	**0.00**	**0.00**	**114.45**	**114.45**	**120.00**	**102.60**	**119.70**	**131.10**
125.14	125.14	0.00	0.00	0.00	0.00	0.00	0.00	115.00	0.00
17.52	17.52							16.10	
142.66	**142.66**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**131.10**	**0.00**

ANNEXURE VII: BACKGROUND OF VLDC (PTY) LTD AND THEIR ABILITY TO FUND THE PROJECT

F. W. STUART & ASSOCIATES
INCORPORATED

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BOKSBURG
1459

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23 August 2018

Ms Khangwelo Mphaphuli

Mineral Regulation

Department of Mineral Resources

Tel: 057 391 1306

Email: Khangwelo.Mphaphuli@dmr.gov.za

Dear Khangwelo

MONTE CRISTO COMMERCIAL PARK (PTY) LTD - FINANCIAL ABILITY TO FUND MINING OPERATION

1. The letter dated 24 July 2018, same signed by the Regional Manager: Mineral Regulation of the Free State region, the esteemed Mr A Mulaudzi (copy of same enclosed herewith for your ease of reference), refers.

2. We have been the Auditors of the Van Wyk Land Development Corporation (Pty) Ltd ("VLDC") Group of Companies for almost two decades.

3. Monte Cristo Commercial Park (Pty) Ltd is a company, within the VLDC Group of Companies. In this regard, I wish to confirm the following corporate structure:

   3.1 Mark van Wyk is the Majority Shareholder and Managing Director of VLDC;

   3.2 Mark van Wyk is the Majority Shareholder and Managing Director of Monte Cristo Commercial Park (Pty) Ltd;

   3.3 VLDC provides Management Services, Funding and the Capital Base, to fund operations of other Companies in the Group, including Monte Cristo Commercial Park (Pty) Ltd.

4. We are aware of the Mining Operations which the VLDC Group, has conducted at Goose Bay Farm for the past several years, in terms of Mining Permits and Prospecting Right, granted by the DMR, over the three Farm Portions which comprise Goosebay Bay Farm.

5. We have prepared Financial Statements for all companies within the VLDC Group, including VLDC and Monte Cristo Commercial Park (Pty) Ltd, for *inter alia*, the period indicated above, during which the VLDC Group has been conducting Mining Operations, as set out above.

6. A perusal of the related Cash Flow Forecast and Valuation, will show that the total operating cost of running the mining operation for Year One, to be approximately **R29 506 708.00.**

7. We have in our possession, a recent Stamped Bank Statement and Stamped Bank Letter for VLDC, which shows a balance in excess of 1.35 times, the amount required to fund the First Years Proposed Mining Operations, such amount being approximately **R29 506 708.00**.

8. It is our understanding that these funds are reserved by the VLDC group in order to fund the future mining operations of Monte Cristo Commercial Park (Pty) Ltd.

Yours faithfully

F.W. STUART & ASSOCIATES
CHARTERED ACCOUNTANTS (SA)