A GUIDELINE FOR A MINING WORK PROGRAMME TO BE SUBMITTED FOR APPLICATIONS FOR A MINING RIGHT IN TERMS OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002, (ACT NO. 28 OF 2002) {REGULATION 11(1) OF THE REGULATIONS}
A GUIDELINE FOR A MINING WORK PROGRAMME TO BE SUBMITTED FOR MINING RIGHT APPLICATIONS

INTRODUCTION

Any applicant who lodges an application for a mining right is obliged to submit a mining work programme in terms of Regulation 11 (1) of the Regulations under the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002). The applicant shall submit such to the Regional Manager when lodging his/her application.

This document is intended to serve as a guideline for compiling a mining work programme as required in terms of regulation 11(1).

While it is hoped that mining work programmes will be submitted in the format presented, this is not a prerequisite and the applicant is not limited to this guideline.

In terms of Section 47 of the MPRDA, non-adherence to the mining work programme may result in the suspension or cancelling of the mining right granted.


a) FULL PARTICULARS OF THE APPLICANT

The applicant is requested to supply his/her/company’s (Co) or Close Corporation’s (CC) full particulars while lodging an application for a mining right. The information required must include but is not limited to the following:

- The full name of the applicant/Co/CC.
- The applicant’s ID No./Registration No. of the Co/CC.
- (In case of a Co/CC): - Certified copy of certification of incorporation;
  - Certified copy of the certificate to commence business.
  - Certified copy of the resolution if acting in a representative capacity for the company.
- Contact Person’s name and surname.
- Telephone No., Fax No. and Cellular No. of applicant/Co/CC.
- Physical and Postal address.
- E-mail address.
b) PLAN CONTEMPLATED IN REGULATION 2(2), SHOWING THE LAND AND MINING AREA TO WHICH THE APPLICATION RELATES.

- The co-ordinates and spheroid (Clarke 1880/Cape Datum, WGS84/WGS84, WGS94/Hartebeesthoek94) of the land to which the application relates;
- The north point;
- The scale to which the sketch plan has been drawn;
- The location and where applicable, the name and number of the land to which the application relates;
- The extent of the land to which the application relates;
- The boundaries of the land to which the application relates;
- Surface structures and registered servitudes where applicable;
- The topography of the land to which the application relates;
- A locality plan at an appropriate scale; and
- The plan must be signed and dated by the applicant.

c) REGISTERED DESCRIPTION OF THE LAND OR AREA TO WHICH THE APPLICATION RELATES.

- A certified copy or copies of the title deed or deeds, where applicable, in respect of the land to which the application relates.

d) DETAILS OF THE IDENTIFIED MINERAL DEPOSIT CONCERNED WITH REGARD TO THE TYPE OF MINERAL OR MINERALS TO BE MINED, ITS LOCALITY, EXTENT, DEPTH, GEOLOGICAL STRUCTURE, MINERAL CONTENT AND MINERAL DISTRIBUTION.

The applicant must:
- Specify the mineral to be mined;
- Give the locality of the mineral deposit in relation to the nearest town/city;
- Give a brief description of the geological structure of the mineral deposit;
- Give the size of the deposit;
- Indicate the depth of the mineral deposit below surface;
- Provide detail of proven, indicated and inferred reserves/resources; and
- Provide estimated grades.
e) DETAILS OF THE MARKET FOR, THE MARKET’S REQUIREMENTS AND PRICING IN RESPECT OF, THE MINERAL CONCERNED.

The applicant must:

- Provide a list of product consumers.
- Indicate whether the market is: -Local
  -Regional
  -International
- Give contract details such as: -Duration
  -Annual consumption
  -Quality specifications
  -Uses
  -Prevailing market prices
  -Selling arrangements.

f) DETAILS WITH REGARD TO THE APPLICABLE TIMEFRAMES AND SCHEDULING OF THE VARIOUS IMPLEMENTATION PHASES OF THE PROPOSED MINING OPERATION, AND A TECHNICALLY JUSTIFIED ESTIMATE OF THE PERIOD REQUIRED FOR THE MINING OF THE MINERAL DEPOSIT CONCERNED.

The applicant must provide a detailed time schedule showing:

- The various construction and implementation phases from the planning stage up to the commencement of full production.
- A life of mine calculation based on estimated ore reserves, planned production rates and market demand.

g) A FINANCING PLAN THAT MUST CONTAIN -

(i) DETAILS AND COSTING OF THE MINING TECHNIQUE, MINING TECHNOLOGY AND PRODUCTION RATES APPLICABLE TO THE PROPOSED MINING OPERATION.

The applicant must provide:

- Description of the mining methods;
- The technology to be used;
- Forecast of annual production rates;
- Information as to whether the mining operation is to be conducted in house or contracted out; and
- Costs applicable to the mining operation.
(ii) DETAILS AND COSTING OF THE TECHNOLOGICAL PROCESS APPLICABLE TO THE EXTRACTION AND PREPARATION OF THE MINERAL OR MINERALS TO COMPLY WITH MARKET REQUIREMENTS.

The applicant must describe:
- The cost of the metallurgical extraction process; and
- The metallurgical plant requirements to process the mineral to a point where it meets market requirements. (Supply a process flow chart/diagram)

(iii) DETAILS AND COSTING OF THE TECHNICAL SKILLS AND EXPERTISE AND ASSOCIATED LABOUR IMPLICATIONS REQUIRED TO CONDUCT THE PROPOSED MINING OPERATION.

The applicant must indicate:
- The number of people that will be employed;
- The respective skills requirements to conduct the proposed mining operations; and
- The associated costs in respect of wages and salaries.

(iv) DETAILS AND COSTING OF REGULATORY REQUIREMENTS IN TERMS OF THE ACT AND OTHER APPLICABLE LAW, RELEVANT TO THE PROPOSED MINING OPERATION.

- Any mining operation has to take into consideration certain regulatory requirements of various Government Departments.
  The applicant must list the regulatory requirements pertinent to the operation and cost them individually. These costs are to be reflected in the cash flow statement.
- The following are just some of the matters that a mining right holder may have to consider:
  - Royalty payments
  - Social plan issues/Mining charter requirements
  - Environmental Impact Assessment
  - Environmental Management Program
  - Forestry/Agriculture
  - Nature conservation
(v) DETAILS REGARDING OTHER RELEVANT COSTING, CAPITAL EXPENDITURE REQUIREMENTS, AND EXPECTED REVENUE APPLICABLE TO THE PROPOSED MINING OPERATION.

The applicant must provide:
• Costing details of any contingencies not specifically catered for in these regulations;
• A detailed breakdown of capital expenditure requirements; and
• A forecast of the expected annual revenue.

(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 applicant must submit a cash flow statement with his/her mining work program indicating but not limited to the following:
• Revenue
• Operating costs
• Regulatory costs
• Royalty payments
• Tax payments
• Generated profit /Loss
• Loan Repayments
• Wages and salaries
• Net Present Value (NPV) / Internal Rate of Return (IRR), etc

(vii) DETAILS REGARDING THE APPLICANT’S RESOURCES OR PROPOSED MECHANISMS TO FINANCE THE PROPOSED MINING OPERATION, AND DETAILS REGARDING THE IMPACT OF SUCH FINANCING ARRANGEMENTS ON THE CASH FLOW FORECAST.

The applicant must provide documentary proof of his/her financial ability to fund the intended mining operations or the manner in which the funds are to be raised.

The impact of the initial funding of the project must be reflected in the cash flow given by the applicant.
(viii) PROVISIONS FOR THE EXECUTION OF THE SOCIAL AND LABOUR PLAN.

h) AN UNDERTAKING, SIGNED BY THE APPLICANT, TO ADHERE TO THE PROPOSALS AS SET OUT IN THE MINING WORK PROGRAMME.