



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

**A GUIDELINE FOR A
PROSPECTING WORK PROGRAMME
TO BE SUBMITTED FOR
APPLICATIONS FOR A PROSPECTING
RIGHT
IN TERMS OF THE MINERAL AND
PETROLEUM RESOURCES
DEVELOPMENT ACT, 2002,
(ACT NO. 28 OF 2002) (the Act)**

1. PREAMBLE

In terms of section 17(1) of the Act, the Minister must, subject to subsection 17(4), grant a prospecting right if-

- (a) the applicant has access to financial resources and has the technical ability to conduct the prospecting operation optimally in accordance with the prospecting work programme,
- (b) the estimated expenditure is compatible with the proposed prospecting operation and duration of the prospecting work programme,
- (c) the prospecting will not result in unacceptable pollution, ecological degradation or damage to the environment,
- (d) the applicant has the ability to comply with the relevant provisions of the Mine Health and Safety Act, 1996 (Act No 29 of 1996); and
- (e) the applicant is not in contravention of any other relevant provision of the Act.

This guideline is intended to assist applicants to comply with the aforesaid granting criteria insofar as they relate to other relevant provisions of the Mineral and Petroleum Resources Development Act and Regulations, through the compilation of the prescribed prospecting work programme to be submitted together with any application for a prospecting right in terms of regulation 7(1) of the Regulations.

2. COMPILATION OF A PROSPECTING WORK PROGRAMME IN ACCORDANCE WITH REGULATION 7(1)

The prospecting work programme is intended to be a consolidated document which can be registered together with the prospecting right should it be granted. Applicants must therefore please not merely refer to other documents or annexures submitted with the application. Please ensure that the information required is placed correctly in the relevant sections of the work programme, in the order required in accordance with the provisions of Regulation 7, as follows-

3. REGULATION 7(1) (a) - The full particulars of the applicant

The applicant is required to include into the prospecting work programme a duplicate of all the information contained in Parts A and C of Form B, Annexure I of the application for a prospecting right. The applicant must ensure that the contact person and correspondence address for the application are those of an authorised representative of the company who

can be officially corresponded with in terms of compliance during the application process and, where applicable, after a right has been granted.

4. REGULATION 7(1) (b) – The plan contemplated in regulation 2(2), showing the land to which the application relates.

The applicant is required to include, into the prospecting work programme, a duplicate of the prescribed plan required to be submitted with the application for a prospecting right in terms of Regulation 2(2).

4. REGULATION 7(1) (c) – The registered description of the land to which the application relates specifying the farm name and subdivision.

The applicant is required to include, into the prospecting work programme, a duplicate of the information contained in Part D of Form B, Annexure I of the application for a prospecting right.

5. REGULATION 7(1) (d) – The mineral or minerals to be prospected for.

The applicant is required to include, into the prospecting work programme a duplicate of the information contained in part E of Form B, Annexure I of the application for a prospecting right.

6. REGULATION 7(1) (e) - A geological description of the land substantiated by a geological map.

The applicant is required to provide-

- i. A geological map at a scale suitable to substantiate the prospecting methods described in accordance with Regulation 7(1) (g).
- ii. A geological description that is detailed enough to substantiate the prospecting methods described in accordance with Regulation 7(1) (g).
- iii. A geological description that lists known mineral/rock/commodity deposits of economic interest in the vicinity within the context of the regional geology.

7. REGULATION 7(1) (f) - A description of how the mineral resource and mineral distribution of the prospecting area will be determined.

Compliance with Regulation 7(1) (f) read together with sections 21 and 30 of the Act, and with Regulation 8, requires the applicant to provide an action plan with timeframes showing what information, maps, reports or studies will be produced in the determination of the mineral resource and

mineral distribution on the prospecting area concerned with regard to any intended-

- i. Borehole results.
- ii. Sampling analyses.
- iii. Maps showing the location depth and extent of physical prospecting work, together with, sampling points and the lithology, mineral content and mineral distribution identified, relative to the prospecting area.
- iv. Data from geophysical surveys
- v. Analytical results from geochemical surveys
- vi. Results from any other investigations or tests to be performed.
- vii. Geological modelling or reports and results statements
- viii. Feasibility reports, or pre-feasibility reports
- ix. The abovementioned information must be submitted in hard copies and electronically, when required

8. REGULATION 7(1) (g) - A description of the prospecting method or methods to be implemented

The applicant is required to provide a description of the prospecting method or methods to be implemented with the inclusion of -

- i. A description of the extent, depth, and locality of any excavations, trenching, pitting and drilling to be carried out.
- ii. A description the extent, depth, and locality of any bulk sampling and testing to be carried out,
- iii. A surface plan which corresponds with the plan contemplated in regulation 2(2), of the prospecting area, showing the intended location, extent and depth of all boreholes trenches or excavations to be completed.
- iv. A list of all literature surveys, desk top studies, geophysics, research and target identification, prospecting phases related to initial invasive work and infill work, prospecting phases related to analytical and modelling work, environmental studies pre-feasibility studies, and phases related to investment decision making and to rights acquisition.
- v. Where the description of the prospecting work includes drilling, it is necessary to specify the technique, such as percussion drilling, normal or reverse circulation, diamond core drilling, auger drilling, large diameter drilling, or any other technique to be used.

In cases where an accurate description of the location and extent of invasive prospecting work is dependant on the completion of prior phases the description must clearly state this.

9. REGULATION 7 (1) (h) - All planned prospecting activities must be conducted in phases and within specific timeframes.

The applicant is required to provide a schedule of prospecting activities. The scheduling required in terms of Regulation 7 (1) (k) herein can be considered as the scheduling required in this regard.

10. REGULATION 7 (1) (i) – Technical data detailing the prospecting method or methods to be implemented and the time required for each phase of the prospecting operation.

The applicant is required to provide an explanation of the required technical work and expertise and to carry out the prospecting activities described under sub-regulation 7 (1) (g) above and within the phases or timeframes required to do such work. The following tabulation serves as an illustrative example.

PHASE 1 (e.g. 12 months)	
Literature surveys	e.g. Geologist / Mineral Economist
Desk top studies	e.g. Geologist / Mineral Economist
Geophysical or geotechnical work	e.g. Geologist
Research and target identification	e.g. Geologist
PHASE 2 (e.g. 24 months)	
Invasive work such as trenching, pitting, drilling and excavations	e.g. Works foreman / labourers / drilling contractors
Sampling work	e.g. Samplers/ Geologists
Laboratory work	e.g. Laboratory / laboratory technician / laboratory services
Analytical and modelling work	e.g. Mineral economists/ Geologists
Infill work	e.g. Geologists / works foremen / labour/ contractors
Bulk sampling and testing to be carried out	e.g. Mining engineers / works foremen / labour / contractors
PHASE 3 (e.g. 12 months)	
EIA and EMP for mining right application	e.g. Environmental specialists
Pre-feasibility studies	e.g. Mineral Economists/ geologists/ engineers/ accountants
Investment decision making application for mining rights	e.g. Mineral economists/ geologists/ accountants / consultants

11. REGULATION 7(1) (k) – A cost estimate of the expenditure to be incurred for each phase of the proposed prospecting operation.

The applicant is required to provide a schedule of the required prospecting activities together with the associated costs in order to meet this requirement. The table below serves as an illustrative example and is not exhaustively prescriptive in terms of its content.

ACTIVITY	YEAR 1 Expenditure (R')	YEAR 2 Expenditure (R')	YEAR 3 Expenditure (R')	YEAR 4 Expenditure (R')	YEAR 5 Expenditure (R')
PHASE 1 (e.g. 12 months)					
Literature surveys	R'	R'			
Desk top studies	R'	R'			
Geophysical or geotechnical work	R'	R'			
Research and target identification		R'			
PHASE 2 (e.g. 24 months)					
Invasive work such as trenching, pitting, drilling and excavations		R'	R'	R'	
Sampling work		R'	R'	R'	R'
Laboratory work		R'	R'	R'	R'
Analytical and modelling work			R'	R'	R'
Infill work			R'	R'	
Bulk sampling and testing to be carried out			R'	R'	
PHASE 3 (e.g. 12 months)					
EIA and EMP for mining right application				R'	R'
Pre-feasibility studies				R'	R'
Investment decision making application for mining rights				R'	R'
Annual Total	Rx	Rx	Rx	Rx	Rx
				Total Budget	R y

Compliance with the provisions of section 17 (1) (b) (c) and (d) of the Act, requires the applicant to ensure that all the activities, and their associated costs and scheduling as listed in the aforesaid tabulation -

- i. are verifiable against, the information provided in compliance with regulations 7 (1) (f), (g) and (j) of the Prospecting Work Programme

- ii. include a realistic estimate of the environmental management and rehabilitation costs, to be identified in the environmental management plan.

12. REGULATION 7(1) (j) (i) – Details with documentary proof of the applicants technical ability or access thereto to conduct the proposed prospecting operation.

Compliance with this sub-regulation requires either –

- i. That the applicant provides evidence of his or her technical ability to conduct the proposed prospecting operation, or
- ii. That the applicant provides evidence of his/her/its access to the technical ability to conduct the proposed prospecting operation.

In order to comply with the requirements of section 17 (1) (a) of the Act, which refers to the technical ability to conduct the proposed prospecting operation optimally, the applicant must show that the proposed prospecting operation is compatible with the technical skill that is at the applicants disposal.

In cases where the applicant has arrangements with persons willing to provide services free of charge, and in cases where an applicant already has the necessary equipment available free of cost, compliance with the provisions of section 17(1) (a) of the Act will require that -

- i. The applicant can out-source the technical resources to conduct the proposed prospecting programme,
- ii. The said technical resources include registered professionals with specific experience relating to the minerals applied for,
- iii. A list be provided of appropriately experienced professional persons (in-house or under a consultancy agreement) for the project.
- iv. An attached resume (signed by the relevant individual and giving contact details) be provided of each identified professional individual, which resume sets out past experience relevant to the type of prospecting to be conducted,
- v. A certified copy of the relevant contractual agreements between the service provider and the applicant relative to the duration of the planned prospecting period, and
- vi. A list of the appropriate equipment at the applicant's disposal (as well as its availability) to be used during the prospecting programme.

Access to the technical ability also implies that the applicant has the means to acquire the necessary technical skills and services in order to conduct the proposed prospecting operation optimally in accordance with the prospecting work programme. In such cases, compliance with the

provisions of section 17 (1) (a) of the Act requires that the applicant shows, in the aforementioned table required in terms of Regulations 7 (1) (h), (i), and (k), that

- i. there has been sufficiently budgeted for (at market related prices) to give effect to the entire prospecting work programme,
- ii. the said budget includes provision to procure (at market related prices) all the professional and technical services required execute the project, and
- iii. it is proven that the entire budget will be funded.

13. REGULATION 7 (1) (j) (ii) – Details and documentary proof of a budget and documentary proof of the applicants financial ability or access thereto.

Conclusive evidence is required that the identified budget requirement is available to the applicant to carry out the work undertaken in the prospecting work programme, which evidence may include, but is not limited to the following-

- i. Loan agreements entered into for the proposed prospecting operation;
- ii. resolution by a company to provide for the finances required for the proposed prospecting operation; and
- iii. any other mechanism or scheme (such as loan finance, mezzanine finance, equity or underwriting) providing for the necessary finances for the proposed prospecting operation;

In order to meet the requirements of section 17 (1) (a) of the Act, read together with Regulation 7 (1) (j) (ii), conclusive evidence must be provided that the applicant has the means to fund the financial requirement as identified by the total budget provided in the abovementioned table.

The conclusive evidence referred to above, includes proving that the lender, company providing for the finances, or underwriter or provider of funding through any other mechanism or scheme, has the means to do so as evidenced by its most recent audited financial statements, and has committed to do so to the amount determined in the aforesaid budget.

14. REGULATION 7 (1) (m) - an undertaking, signed by the applicant, to adhere to the proposals as set out in the prospecting work programme

The Prospecting Work Programme will, should the right be granted, be attached to and become an obligation in terms of the right issued. As part

of the proposed Prospecting Work Programme, the applicant is required to provide an undertaking that the Prospecting Work Programme will be executed as approved.

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