mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

NAME OF APPLICANT: Imerys Refractory Minerals South Africa

FINANCIAL AND TECHNICAL COMPETENCE REPORT

SUBMITTED FOR A PROSPECTING RIGHT APPLICATION ON WEGWYZERS RIVIER RE/582

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

STANDARD DIRECTIVE

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

1. TECHNICAL COMPETENCE

1.1 Complete the table below regarding the technical competence forecast.

TABLE 1

TECHNICAL COMPETENCE COST FORECAST											
SKILLS CATEGORY			**STATE THE ESTIMATED QUARTERLY EXPENDITURE ON EACH EMPLOYMENT CATEGORY, SUBCONTRACTOR, OR SERVICE PROVIDER AS SHOWN BELOW**								
List all the job categories that will be employed on the mine, from the mine manager to the unskilled labourers, including those of subcontractors and service providers.	**State the qualifications required for each job category**	**State Part time or Full time**	**Qtr1 (R'000)**	**Qtr2 (R0'00)**	**Qtr3 (R'000)**	**Qtr4 (R'000)**	**Qtr5 (R'000)**	**Qtr6 (R'000)**	**Qtr7 (R'000)**	**Qtr8 (R'000)**	**TOTAL FOR TWO YEARS**
MINE MANAGER	Diploma in production/ operations	Full time									
SITE ADMINISTRATOR	Diploma	Full time									
PRODUCTION GEOLOGIST	Degree	Full time									
PRODUCTION MANAGER	Degree	Full time									
ELECTRICIAN	Relevant Electrical Qualification	Full time									
DIESEL MECHANIC	Diesel mechanic qualification	Full time									
PROCESS CONTROLLER	Matric	Full time									
PROCESS ATTENDANT	Matric	Full time									
PLANT OPERATOR	Matric	Full time									
TOTAL ESTIMATED EXPENDITURE	**KZAR**		6895	7423	8185	7530	7309	7868	8676	7982	**61868**

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

2. ABILITY TO MANAGE AND REHABILITATE RELEVANT ENVIRONMENTAL IMPACTS

TABLE 2 Environmental cost estimate.

ACTIVITY Mark with X which activities are applicable		POTENTIAL IMPACT	MITIGATION MEASURE	STATE QUARTERLY COST OF MITIGATION MEASURES IN THE AVAILABLE SPACE BELOW, IN RANDS	STATE THE ESTIMATED REHABILITATION COST RELATED TO THE ACTIVITY IN THE AVAILABLE SPACE BELOW, IN RANDS
Excavating	X	Surface disturbance	Rehabilitation	**R457 750**	**R1 831 000 (this correspond to the rehabilitation cost for the whole Operation not for the area we are applying for now)**
		Dust	Dust control measures	**NA**	**NA**
		Noise	Noise control measures	**NA**	**NA**
		Contaminated Drainage	Storm water system	**NA**	**NA**
Blasting		Fly Rock	Access control measures	**NA**	**NA**
Stockpiles	X	Surface disturbance	Rehabilitation	**NA**	**NA**
		Dust	Dust Control Measures	**NA**	**NA**
		Contaminated Drainage	Storm water system	**NA**	**NA**
Discard dumps or dams		Surface Disturbance	Rehabilitation	**NA**	**NA**
		Dust	Dust control Measures	**NA**	**NA**
		Contaminated Drainage	Storm water system	**NA**	**NA**
Loading, hauling and transport	X	Noise	Noise control measures	**NA**	**NA**
		Dust	Dust control Measures	**NA**	**NA**
Water supply dams and boreholes.		Surface disturbance	Rehabilitation	**NA**	**NA**
Accommodation, offices, ablution, stores, workshops etc.		Surface disturbance	Rehabilitation	**NA**	**NA**
Processing Plant		Noise	Noise control measures	**NA**	**NA**
		Dust	Dust control Measures	**NA**	**NA**
		Contaminated Drainage	Storm water system	**NA**	**NA**
		Surface disturbance	Rehabilitation	**NA**	**NA**
			TOTAL	**R457 750**	**R1 831 000**

3. FINANCIAL COMPETENCE

TABLE 3.1 : Financial implications of the project

CASH FLOW FORECAST (Complete the quarterly information and totals as specified by the "ITEM" column below)									
ITEM	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Quarter 5**	**Quarter 6**	**Quarter 7**	**Quarter 8**	**TOTAL**
PRODUCTION The mass or volume of the product to be produced in each quarter, either in tons, m^3, grams, carats, etc., whichever is applicable.	**10 825**	**9 711**	**12 326**	**12 828**	**11 475**	**10 294**	**13 066**	**13 598**	**94 121**
ITEM	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Quarter 5**	**Quarter 6**	**Quarter 7**	**Quarter 8**	**TOTAL**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
PRICE The expected price that will be received for the abovementioned product	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**	**3 421 R/t**
REVENUE The mass or volume of production multiplied by the price ('000)	**35 644**	**32 174**	**42 049**	**46 482**	**37 783**	**34 104**	**44 572**	**49 271**	**322 079**
OPERATING COST Estimated quarterly operating cost (as shown in table 4.2 herein) of stores, materials, electricity, water, fuel and other (Excluding labour and environmental cost)	**-26 006**	**-31 631**	**-39 443**	**-42 492**	**-27 566**	**-33 528**	**-41 809**	**-45 041**	**-287 516**
TECHNICAL COMPETENCE COST TO BE PROVIDED FOR	**-6 895**	**-7 423**	**-8 185**	**-7 530**	**-7 309**	**-7 868**	**-8 676**	**-7 982**	**-61 868**

Estimated quarterly cost shown in table 1 above, i.e. salaries, wages, labour, service providers, subcontractors, etc.									
ENVIRONMENTAL COST Estimated quarterly cost shown in table 2 above and divide the total rehabilitation cost among the quarters. The total of the environmental cost must equal all the quarterly environmental costs and the total rehabilitation cost combined.	**-689**	**-572**	**-19**	**-551**	**-730**	**-606**	**-20**	**-584**	**-3 772**
CAPITAL AND OTHER The cost (as shown in table 4.1 herein) of land, machinery, the plant, buildings and infrastructure and any other costs. ***Cape Bentonite is already producing for more than 50 years. It is financed on working cost.***	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
WORKING PROFIT / LOSS The revenue minus all the costs listed above	**9 638**	**544**	**2 607**	**3 990**	**10 216**	**576**	**2 763**	**4 230**	**34 563**

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

TABLE 3.2– FINANCING THE PROJECT

CATEGORY	AMOUNT	SUPPORTING INFORMATION
State the amount required to fund the project	**NA**	Cape Bentonite is already producing for more than 50 years. It is financed on working cost.
State the amount the applicant has available to fund the project	**NA**	Cape Bentonite is already producing for more than 50 years. It is financed on working cost.
State the outstanding amount required to fund the project	**NA**	Cape Bentonite is already producing for more than 50 years. It is financed on working cost.

CATEGORY	DESCRIPTION	SUPPORTING INFORMATION
State how the outstanding amount will be financed, e.g. Loan, investor, etc.	**NA**	

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

4. SUPPORTING INFORMATION

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

COST CATEGORY	QUARTERLY RENTAL WHERE APPLICABLE R'000	OUTRIGHT PURCHASE AMOUNT
Land	Cape Bentonite is already producing for more than 50 years. It is financed on working cost.	
Buildings and infrastructure		
Processing plant		
Machinery		
Other (specify)		
TOTAL (to be reflected in the cash flow forecast in table 3.1 above)	NA	NA

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

COST CATEGORY	Quarterly cost R'000
Fuel (average over 2 years period)	-1 532
Electricity (average over 2 years period)	-1 921
Water	0
Stores and materials (average over 2 years period)	-32 487
Other (specify) Average over 2 years period	0
TOTAL QUARTERLY COST (must be reflected in the cash flow forecast in table 3.1 above) *This is an average over the 2 years period*	-35 940

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

CATEGORY	REQUIREMENT	COMPLETE THIS COLUMN
MINERAL	State the mineral to be mined	Bentonite
FUEL	State volume or tonnage of earth to be excavated per quarter **This is an average over the 2 years period**	160 000t
	State number of excavators to be used	2
	State number of loaders to be used	2
	State number of trucks to be used	5
ELECTRICITY	State volume or tonnage of material to be processed in the plant **This is an average over the 2 years period**	20 000t

	List plant or equipment that requires electricity	-2 Mills; -1 Pan Mill; -10 conveyors; -1 Noodler; -1 Cutter;
WATER	State volume of water to be used	0
	Where will the water be obtained?	**NA**
OTHER	Describe other operating costs to be incurred, if applicable	-Soda Ash (Additive required in Bentonite process) -Coal (To run drier)

5.

IDENTIFICATION OF THE REPORT

Herewith I, the person whose name and identity number is stated below, confirm that I am the person authorised to act as representative of the applicant in terms of the resolution submitted with the application, and confirm that the above report and appendices comprise the details and documentary proof of the Financial and Technical ability required to be submitted with this application in terms of form F, annexure I of the MPRDA Regulations.	
Full Names and Surname	XOLISA MVINJELWA
Identity Number	6907055952089

Life of Mine Projected Cash Flow B24-12 to F28-12 IRMS Cape Bentonite

MZAR	2023	2024	6% 2025	6% 2026	6% 2027	6% 2028	6% 2029
Sales Tons	37 114,000	43 250,400	43 250,400	43 250,400	43 250,400	43 250,400	43 250,400
Revenue	136 558 000	162 349 073	172 090 017	182 415 418	193 360 343	204 961 964	217 259 681
Variable Cost	(75 792 000)	(92 729 333)	(98 293 093)	(104 190 679)	(110 442 120)	(117 068 647)	(124 092 765)
Contribution Margin	44%	43%	43%	43%	43%	43%	43%
Fixed Cost	(53 404 754)	(57 764 759)	(61 628 524)	(64 737 396)	(68 227 709)	(72 309 042)	(76 429 754)
Labour (Inc Soc. Charges)	(30 383 000)	(32 205 980)	(34 138 339)	(36 186 639)	(38 357 837)	(40 659 308)	(43 098 866)
Maintenance & Repair	(500 000)	(530 000)	(561 800)	(595 508)	(631 238)	(669 113)	(709 260)
Taxes	(1 084 000)	(1 149 040)	(1 217 982)	(1 291 061)	(1 368 525)	(1 450 637)	(1 537 675)
Depreciation	(5 530 000)	(6 952 396)	(7 369 540)	(7 811 712)	(8 280 415)	(8 777 240)	(9 303 874)
External services	(11 212 850)	(12 133 044)	(12 861 026)	(13 632 688)	(14 450 649)	(15 317 688)	(16 236 750)
Environmental Costs	(1 589 000)	(2 532 000)	(2 683 920)	(2 844 955)	(3 015 653)	(3 196 592)	(3 388 387)
SLP	(1 586 754)	(652 000)	(1 089 000)	(565 500)	(205 500)	(205 500)	
Training & Development	(1 519 150)	(1 610 299)	(1 706 917)	(1 809 332)	(1 917 892)	(2 032 965)	(2 154 943)
Total Cost of Production	(129 196 754)	(150 494 092)	(159 921 617)	(168 928 074)	(178 669 829)	(189 377 689)	(200 522 520)
Gross Profit / Loss	7 361 246	11 854 981	12 168 400	13 487 344	14 690 514	15 584 275	16 737 161
Gross Profit Margin	5%	7%	7%	7%	8%	8%	8%
Overheads	(13 431 368)	(14 848 705)	(15 739 627)	(16 684 005)	(17 685 045)	(18 746 148)	(19 870 917)
Net Profit before Tax	(6 070 122)	(2 993 724)	(3 571 228)	(3 196 662)	(2 994 531)	(3 161 873)	(3 133 756)
Tax	1 638 933	808 306	964 232	863 099	808 523	853 706	846 114
Net Profit / Loss	(4 431 189)	(2 185 419)	(2 606 996)	(2 333 563)	(2 186 008)	(2 308 167)	(2 287 642)
Depreciation	5 530 000	6 952 396	7 369 540	7 811 712	8 280 415	8 777 240	9 303 874
Capital & Change in Working Capital		11 751 566					
Net Cash Flow		16 518 543	4 762 543	5 478 149	6 094 407	6 469 072	7 016 232
Net Present Value		39 029 312					
Discount Rate		6%					

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