



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

NAME OF APPLICANT: DISAWELL (PTY) LTD

REFERENCE NUMBER: NEW PROSPECTING RIGHT APPLICATION

JACOMYNSPAN APPLICATION 1

PROSPECTING WORK PROGRAMME

**SUBMITTED FOR A PROSPECTING RIGHT APPLICATION WITHOUT BULK
SAMPLING**

AS REQUIRED IN TERMS OF SECTION 16 READ TOGETHER WITH REGULATION 7(1) OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT (ACT 28 of 2002)

STANDARD DIRECTIVE

All applicants for mining rights are herewith, in terms of the provisions of Section 16 and in terms of Regulation 7(1) of the Mineral and Petroleum Resources Development Act, directed to submit a Prospecting Work Programme, strictly under the following headings and in the following format together with the application for a prospecting right.

1. REGULATION 7.1.(a): FULL PARTICULARS OF THE APPLICANT

Table 1: Applicant's Contact Details

ITEM	COMPANY CONTACT DETAILS
Company Name:	Disawell (Pty) Ltd
Name	Chris Mulder/Hannelie Erasmus
Tel no	012 622 9400
Fax no:	086 560 6412
Cellular no	Chris Mulder: 0828080292 Hannelie Erasmus: 0725250671
E-mail address	Chris Mulder: chris.m@sepman.co.za Hannelie Erasmus: hannelie@sepman.co.za
Postal address	P O Box 7651 Centurion 0046

Table 2: Consultant's Details

ITEM	CONSULTANT CONTACT DETAILS (If applicable)
	N/A

**2. REGULATION 7(1)(b): PLAN CONTEMPLATED IN REGULATION 2(2)
SHOWING THE LAND TO WHICH THE APPLICATION RELATES**

A plan contemplated in Regulation 2(2), showing the land to which the application relates.

3. **REGULATION 7(1)(c): THE REGISTERED DESCRIPTION OF THE LAND TO WHICH THE APPLICATION RELATES**

Farm Name	Farm Number	Portions
Jacomyns Pan	176	Remaining Extent
Jacomyns Pan	176	Portion 1
Jacomyns Pan	176	Portion 2
Rok Optel	261	Remaining Extent
Rok Optel	261	Portion 1
Rok Optel	261	Portion 2
Rok Optel	261	Portion 3
Rooi Puts	172	Portion 2
Rooi Puts	172	Portion 3
Rooi Puts	172	Portion 4

4. **REGULATION 7(1)(d) and (e): THE MINERAL OR MINERALS TO BE PROSPECTED FOR**

Table 4.1: Minerals to be prospected for

ITEM	DETAIL
Type of mineral(s)	Zinc (Zn)
Type of mineral (continue)	Lead (Pb)
Type of mineral (continue)	Sulphur (S)
Locality (Direction and distance from nearest town)	Approximately 20km West of Marydale, Northern Cape
Extent of the area required for prospecting	33428 hectares
Geological formation	Jannelsepan and Jacomynspan Formations of the Areachap Group,

4.2 Description why the Geological formation substantiates the minerals to be prospected for (provide a justification as to why the geological formation supports the possibility that the minerals applied for could be found therein)

The target area is located within the Namaqua Metamorphic Province, a complex Proterozoic mobile belt that borders the Kaapvaal Craton and is itself subdivided into three tectonic sub-provinces. The area of focus is located in the *Gordonia* sub-province and hosted within the *Jacomynspan* Formation that is a metasedimentary sequence of quartzite, leucogneiss, amphibolite and calc-silicate. The age of the Namaqua-Natal belt, at ~1200 - 1000Ma is broadly coeval with the Kibaran orogeny that in turn forms part of the worldwide *Grenville Orogeny* associated with the amalgamation of the *Mesoproterozoic supercontinent, Rodinia*.

The area has poor outcrop and a thick layer of calcrete forming the surface. It is generally flat with little topographical features.

Base metal mineral occurrences are known in this metamorphic province and this area has been explored for these minerals before.

4.3 Attach a geological map that justifies the description why there is a possibility that the minerals applied for could occur on the land concerned.

5. **REGULATION 7(1)(f): A DESCRIPTION OF HOW THE MINERAL RESOURCE AND MINERAL DISTRIBUTION OF THE PROSPECTING AREA WILL BE DETERMINED**

AND

REGULATION 7(1)(h): ALL PLANNED PROSPECTING ACTIVITIES MUST BE CONDUCTED IN PHASES AND WITHIN SPECIFIC TIMEFRAMES

AND

REGULATION 7(1)(i): TECHNICAL DATA DETAILING THE PROSPECTING METHOD OR METHODS TO BE IMPLEMENTED AND THE TIME REQUIRED FOR EACH PHASE OF THE PROPOSED PROSPECTING OPERATION

Disawell (Pty) Ltd has clear prospecting methods that exhaust all applicable exploration tools.

Prospecting methodologies utilised over the project area generally consists of routine first-pass geochemical grid-based sampling and geophysical surveys, coupled with geological mapping programmes over prospective host lithologies. Follow-up activities may include further sampling, followed by diamond and/or percussion drilling programmes should initial results prove encouraging.

Desktop study

A project GIS is established which includes regional and site specific datasets of cadastral, geological, and geophysical data. The available literature, comprising technical papers in the academic literature, and all available reports pertaining to historical exploration are compiled and assessed.

Data pertaining to the area under investigation, such as published geological maps, aerial photographs and orthophoto maps of 1:10 000 scale will initially be collated to facilitate a regional understanding of the geology. This data will also aid in the interpretation of the morphological and structural geological features.

Geological mapping

The desktop study is followed by on the ground mapping programmes which would verify the geological and structural interpretations and assist in the extrapolations of the geological formations. Existing roads and tracks are used where access by vehicle is permitted, while foot accesses will be used in more remote areas. No disturbance of the vegetation or surface material occurs during geological mapping. Data obtained during this phase provides the groundwork for follow-up exploration work.

Geochemical sampling

Geochemical sampling programmes will utilize predetermined grids in which soil samples will be taken where interesting geological lithologies have been mapped. This will be conducted by a small field crew, who will take samples from the specified data points and prepare those samples for analysis. The results from these soil samples will determine where the areas of focus should be.

Geophysical surveying

Geophysical surveys, which employ non-destructive techniques, may be used to better define anomalous areas. In many cases aeromagnetic data may be purchased from the government. However, where more detailed data are required, the surveys usually involve small field crews with sensitive instruments walking the grid lines and taking measurements. Geophysical

prospecting techniques are non-harmful to the environment. Data obtained from geophysical equipment are manipulated using the latest computer software to generate targets and define anomalies for interpretation.

Drilling

Since most mineralisation that has not yet been discovered is generally not exposed at the surface, drilling is undertaken to assess the depth, width, and economic potential of the mineralisation.

All borehole core is collected and transported to a core yard where it is geologically logged, and samples sent to accredited laboratories for analysis. These samples also serve as a record of litho types and may be used to interpret the structure of the ore body. Access to the area under investigation, which is relatively flat lying, is very good and minimal disturbance of natural vegetation (predominantly grassland or cultivated fields) is envisaged. The company utilises the service of experienced South African drilling contractors who are familiar with the strict environmental codes enforced by the DMR. Only non-toxic drilling fluids are used and groundwater discharged from drill holes is re-circulated to avoid wastage. No contaminated water is allowed to flow into stream drainages.

Analysis

All soil samples will be sieved at the camp and transported to an off-site laboratory for analysis.

Core samples will be split at the core shed, located away from the site of prospecting activities. These samples will then be bagged and submitted for analysis at a laboratory.

Planning and feasibility studies

All planning and feasibility studies will be controlled from the central head office.

If the quality of information obtained from previous studies is suitable and available for use in the current evaluation, then such information will be utilised. This may result in some minor changes to some of the proposed activities, for example, if previous soil sample data can be sourced, these could possibly be verified with a smaller orientation study rather than a larger "new" study. It should also be emphasised that each subsequent phase of exploration is dependent on the results of the preceding phase, and that minor adjustments to the programme may be required as results are obtained.

The table below incorporates the information required in respect of Regulations 7(1)(f), 7(1)(h) and 7(1)(i):

Table 5.1

Phase	Activity (what are the activities that are planned to achieve optimal prospecting)	Skill(s) required (refers to the competent personnel that will be employed to achieve the required results)	Timeframe (in months) for the activity)	Outcome (What is the expected deliverable, e.g. Geological report, analytical results, feasibility study, etc.)	Timeframe for outcome (deadline for the expected outcome to be delivered)	What technical expert will sign off on the outcome? (e.g. geologist, mining engineer, surveyor, economist, etc)
1	Desktop study	Geologist	3 months	Report of all historical work completed and government data in the prospecting areas	3 months	Project Manager
	Geological mapping	Geologist	3 Months	Detailed geological map	3 months	Project Manager
	Soil sampling	Geologist	6 Months	Assay results	6 months	Project Manager
	Geophysical surveys	Geologist, Geophysicist	6 Months	Rock characters, follow-up targets, geophysical report	6 months	Project Manager
2	Percussion drilling	Project Manager, Geologist, drilling supervisor	6 months	Logs, cores/rock chips, assays	6 months	Project Manager, Geologist

	Diamond drilling	Project Manager, Geologist, drilling supervisor	6 months	Logs, cores, assays	6 months	Project Manager, Geologist
	Geological Modelling	Geologist	6 months	Geological model, preliminary resource model	6 months	Project Manager, Geologist
2a	Scoping Study	Project Manager, Geologist, External Consultants	6 months	Detailed report and maps	6 months	Project Manager, External Consultants
	Diamond drilling	Project Manager, Geologist, drilling supervisor	12 months	Logs, cores, assays	12 months	Project Manager, Geologist
3	Pre-feasibility	Project Manager, Geologist, External Consultants	12 months	Detailed report and maps	12 months	Project Manager, External Consultants

6. REGULATION 7(1)(g): A DESCRIPTION OF THE PROSPECTING METHOD OR METHODS TO BE IMPLEMENTED

(i) DESCRIPTION OF PLANNED NON-INVASIVE ACTIVITIES:

(These activities do not disturb the land where prospecting will take place e.g. aerial photography, desktop studies, aeromagnetic surveys, etc)

DESKTOP STUDY

Desktop studies involved the collection of data with the intention to inform oneself of the geology, topography and any mineral occurrences. The data gathered in this phase are categorized into a project database.

GEOLOGICAL MAPPING

This work involves a geologist and a field assistant walking on traverses to map any outcropping rocks. This assists in understanding the rock sequences, layer distribution, visible mineralization and structural features. But it must be noted that this is only in the 2D space.

GEOPHYSICS

At any stage of the project geophysical surveys may be required for various technical reasons. These surveys would probably comprise ground/airborne magnetics, radiometrics, and electromagnetics, although other techniques may also be considered. The decision to utilise any of these methods will be taken by the Competent Person, in consultation with the applicant's consulting geophysicist, at the appropriate stage of the project.

(ii) DESCRIPTION OF PLANNED INVASIVE ACTIVITIES:

(These activities result in land disturbances e.g. sampling, drilling, bulk sampling, etc)

DIAMOND DRILLING

Drilling will be carried out to provide intersections of the mineralisation for chemical analysis to establish the grade and width of the mineralisation. The preferred method for zinc and lead exploration is to employ diamond drill techniques. The core derived will be geologically and geotechnically logged, analysed for the target minerals, and used to derive a preliminary structural plan of the project area. Should the Competent Person consider that the mineralisation is contiguous and can be defined to the degree outlined to define an Inferred/Indicated Mineral Resource, this phase of drilling work will be completed and used to perform a Scoping Study to evaluate the potential viability of the project.

The drill sites generally comprise a demarcated area of approximately 10 x 10m, within which a small area is physically disturbed (less than 3 x 3m). In the project area, the relatively flat, open terrain, and good road access will facilitate the usage of existing infrastructure to access planned drill sites. As far as is possible, drill sites will be located adjacent to existing roads or in disturbed areas such as agricultural fields. All sites are managed according to Industry Best Practice, and are rehabilitated and signed off on an ongoing basis.

(iii) DESCRIPTION OF PRE-/FEASIBILITY STUDIES

(Activities in this section includes but are not limited to: initial, geological modeling, resource determination, possible future funding models, etc)

GEOLOGICAL PROGRAMME

This will include additional diamond drilling to upgrade the orebody to Indicated Mineral Resource status as defined by the SAMREC Code. This is the minimum requirement to perform feasibility work. The spacing of boreholes required will be defined based on the

unique geological and geostatistical characteristics of the mineralisation.

PRE-FEASIBILITY PROGRAMME

A multi-disciplinary pre-feasibility study will be done based on the geological model and Indicated Resource outlined above.

The outcome of the pre-Feasibility Study will be a complete mine and plant design, together with a preliminary EMP for the operations. The associated infrastructure, human resourcing, and social and labour plan will have been completed to 15% accuracy. Should this prove positive, feasibility study work will commence.

The Feasibility Study will essentially improve the degree of accuracy of the pre-Feasibility to <10% accuracy. This will include the detailed mine design, preparation and application for the Water Use Licence, EMPR, and Mining Right, as well as placement of provisional orders for construction. The outcome of the Feasibility Study will provide a blueprint for construction, and the procurement of permitting and project finance.

Commitment to provide addendums in respect of additional prospecting activities

I herewith commit to provide the Department of Mineral Resources with an addendum in respect of both the EM Plan and Prospecting Work Programme regarding any future in-fill prospecting required but not described above, prior to undertaking such activities. The addendum will cover all the Regulations as per the Prospecting Work Programme.

I agree that the addendums will provide for similar activities only and if the scope changes I would be required to apply in terms of Section 102 of the MPRDA for an amendment of the Prospecting Work Programme

Mark with X

ACCEPT	X
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7. REGULATION 7(1)(j)(i):DETAILS WITH DOCUMENTARY PROOF OF THE APPLICANT'S TECHNICAL ABILITY OR ACCESS THERETO TO CONDUCT THE PROPOSED PROSPECTING OPERATION

7.1 Competencies to be employed in terms of the Mine Health and Safety Act

Disawell (Pty) Ltd has more than adequate technical ability to implement the proposed exploration programme over the area of interest as per the Prospecting Work Programme. A Project Manager will run the day-to-day activities of exploration and submit monthly progress reports. Monthly meetings of the Project Committee are used to address technical and budget aspects of the ongoing programme. The Project Manager is directly supervised by Dawie Strydom (CV attached as "A") who is responsible for the technical management of Disawell (Pty) Ltd. Dawie Strydom reports to the Directors Committee.

Specialised consultants are retained for mineral resource development, metallurgical and geotechnical test work and geophysical interpretation.

COMPETENCIES TO BE EMPLOYED (List the legal appointments that will be made in terms of the Mine Health and Safety Act, appropriate for the type of operation)

Section 3.1a Manager

Section 7.4, Reg 2.6.1 Project Manager

Section 7.4, Reg 2.6.1 Diamond Drill Foreman (drill programmes only)

Regulation 2.17.4 Chief Safety Officer

Regulation 2.17.1 Safety Officer

I herewith confirm that I, in Table 9.1 have budgeted and financially provided for the required skills listed above.

CONFIRMED (Mark with an X)	X
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7.2 List of Appropriate equipment at your disposal (If Applicable)
Table D: Appropriate Equipment Available

<i>Mapping and Mineral Resource estimation software (ArcMap, Micromine)</i>
<i>provide the necessary diamond drill equipment The drilling contractor will</i>

7.3 Technical skills provided Free of Charge

7.3.1 Information (CV's) in respect of skills already acquired (append)

The prospecting work programme outlined above will be carried out by a highly experienced project team in all aspects of the programme.

The Competent Person responsible for the overall technical management, peer review and project direction is Dawie Strydom, who is a Competent Person as defined by the SAMREC Code for reporting (CV attached as annexure "A").

Martin Slabbert is the Project Manager responsible for the completion of the work outlined. He is a highly skilled and experienced professional in the field of mining and exploration geology.

The Company has access to highly experienced geophysical and GIS consultants on an as-needs basis.

7.3.2 Copy of the relevant contractual agreements between the service provider and the applicant relative to the duration of the planned prospecting period, where applicable.(append)

N/A

7.3.3 ALL other evidence of Technical Ability (append)

N/A

8. REGULATION 7(1)(j)(ii):DETAILS WITH DOCUMENTARY PROOF OF A BUDGET AND DOCUMENTARY PROOF OF THE APPLICANT'S FINANCIAL ABILITY OR ACCESS THERETO

AND

9. REGULATION 7(1)(k) A COST ESTIMATE OF THE EXPENDITURE TO BE INCURRED FOR EACH PHASE OF THE PROPOSED PROSPECTING OPERATION (remember to also include prospecting fees)

The technical programme and anticipated budget is outlined below. This work will be performed on a campaign basis together with other projects under application to optimize time and cost.

Table 9.1

ACTIVITY	YEAR 1 Budget (ZAR)	YEAR 2 Forecast (ZAR)	YEAR 3 Forecast (ZAR)	YEAR 4 Forecast (ZAR)	YEAR 5 Forecast (ZAR)
Database Compilation	5 000	1 500	1 500	1 500	1 500
Geochemical Analysis	10 000	10 000	25 000	25 000	-
Soil Sampling	50 000	25 000	-	-	-
Construction	5 000	10 000	10 000	-	-
Diamond Drill	-	1 000 000	1 000 000	-	-
Environmental	-	50 000	50 000	50 000	-
Geophysics	100 000	100 000	50 000	-	-

Resource Modeling	-	-	-	250 000	-
Scoping Study	-	-	-	750 000	-
Pre-feasibility Study	-	-	-	-	3 000 000
Competent Person Review	-	-	-	150 000	150 000
Rehabilitation Provision	50 000	50 000	50 000	50 000	50 000
Total Technical Work	220 000	1 246 500	1 186 500	1 276 500	3 201 500
Geological Field Costs	25 000	25 000	25 000	25 000	25 000
Vehicle Overheads	30 000	30 000	20 000	20 000	20 000
Geological Equipment	10 000	10 000	10 000	10 000	10 000
Total Overheads	65 000	65 000	55 000	55 000	55 000
Field Aides	50 000	50 000	50 000	25 000	25 000
Geologists	400 000	400 000	400 000	400 000	400 000
Geophysicist	100 000	100 000	100 000	100 000	100 000
Contractors	75 000	75 000	75 000	75 000	75 000
Total Labour	625 000	625 000	625 000	600 000	600 000
ANNUAL TOTALS	910 000	1 936 500	1 866 500	1 931 500	3 856 500
TOTAL					10 501 000

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.

10. FINANCIAL ABILITY TO GIVE EFFECT TO THE WORK PROGRAMME

10.1 The amount required to finance the Work Programme.

(State the amount required to complete the work)

The total amount required to finance the project to completion of the work programme is estimated to be a maximum of ZAR 10.5 million.

10.2 Detail regarding the financing arrangements

(Elaborate on the financing arrangements, in terms of where the finance will be sourced, extent to which the financing has been finalized and on the level of certainty that such financing can be secured.)

African Nickel (South Africa) (Pty) Ltd, a private company with some common shareholders has agreed to fully fund the proposed exploration project. Sufficient funds are available to commence with the project and further funds will be made available as the project progress through phases.

10.2.1 Documentary proof of the availability of funds to conduct the prospecting operation optimally in accordance with the prospecting work programme submitted by the applicant is enclosed as follows:

- (a) Extract of a resolution by the Board of Directors of Disawell (Pty) Ltd dated 31 May 2013

(b) Extract of a resolution by the Board of Directors of African Nickel (South Africa) (Pty) Ltd dated 31 May 2013

(c) Bank balance of African Nickel (South Africa) (Pty) Ltd

10.3 Confirmation of supporting evidence appended

(Attach evidence of available funding and or financing arrangements such as balance sheets, agreements with financial institutions, underwriting agreements, etc. and **specifically confirm** in this regard what documentation has been attached as appendices).

See section 10.2 above.

11 Confirmation of the availability of funds to implement the proposed project.

The details provided in Section 10 above evidences that the company has the financial resources to implement the proposed project.

12 I herewith confirm that I have budgeted and financially provided for the total budget as identified in Regulation 7(1)(k).

Confirmed (Mark with an X)	X
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13 REGULATION 7(1) (m): UNDERTAKING, SIGNED BY THE APPLICANT, TO ADHERE TO THE PROPOSALS AS SET OUT IN THE PROSPECTING WORK PROGRAMME

Table: 13.1

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 prospecting work programme and adhere to the proposals set out herein.	
Full Names and Surname	CHRIS MULDER
Identity Number	580627 5008 089

END