

NAME OF APPLICANT:

**China African Precious Metal
(Proprietary) Limited**

REFERENCE NUMBER: NW30/5/1/2/2/76MR

MINING WORK PROGRAMME

**SUBMITTED FOR A MINING RIGHT
APPLICATION**

**AS REQUIRED IN TERMS OF SECTION 23 (a), (b) AND (c) READ
TOGETHER WITH REGULATION 11(1) (g) OF THE MINERAL AND
PETROLEUM RESOURCES DEVELOPMENT ACT (ACT 28 of 2002)**



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

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

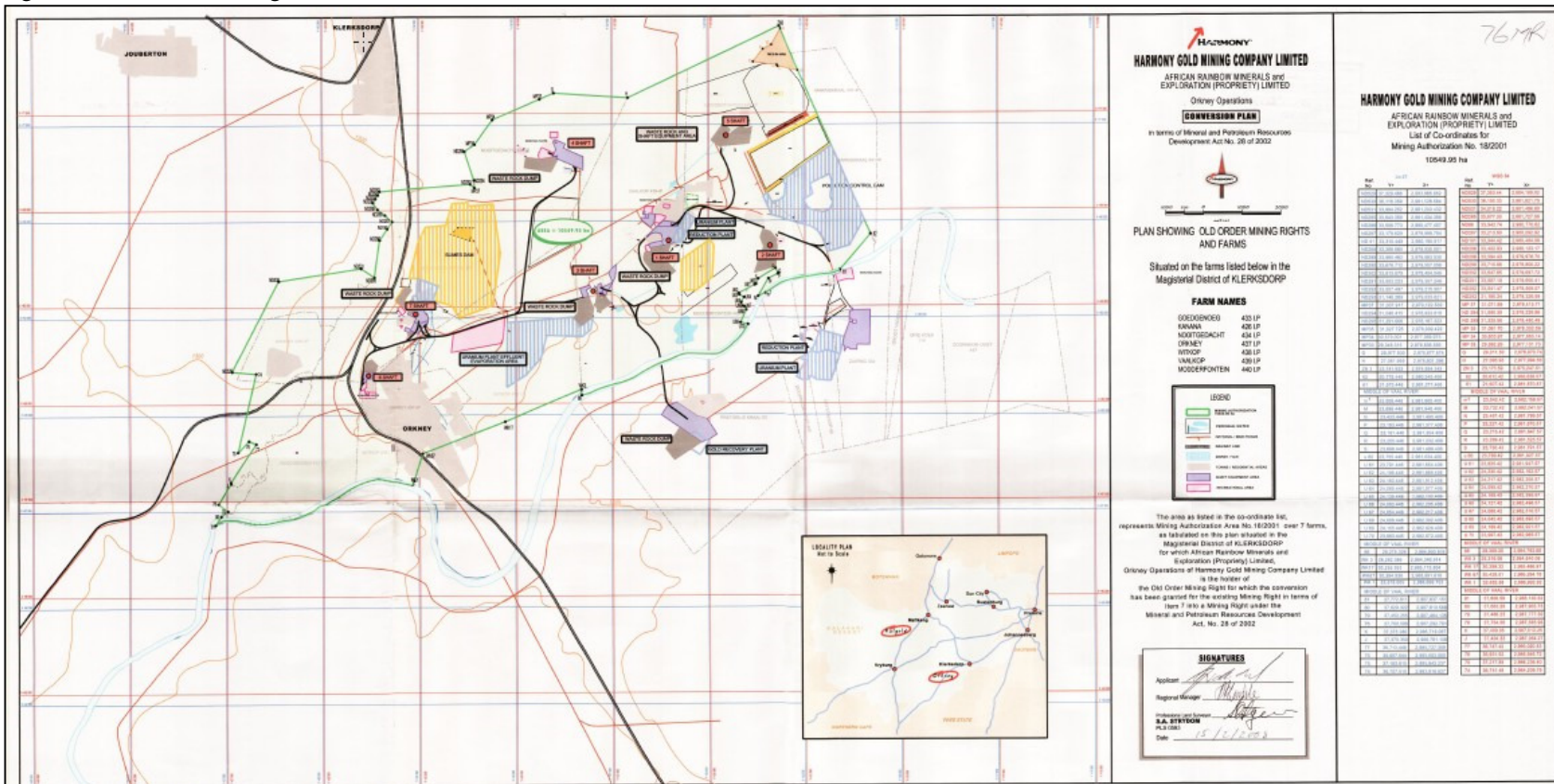
ITEM	COMPANY CONTACT DETAILS
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2 REGULATION 11(1)(B): PLAN SHOWING THE LAND AND MINING AREA TO WHICH THE APPLICATION RELATES (THE PLAN REQUIRED IN TERMS OF REGULATION 2(2))

A copy of the Regulation 2(2) plan is illustrated in Figure 1 and another copy is attached as appendix 1.

Figure 1: Land and Mining Area Plan



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

The area under discussion is situated on portions of the following farms:

- Kanana 426 IP;
- Goedgenoeg 433 IP;
- Nooitegdacht 434 IP;
- Orkney 437 IP;
- Witkop 438 IP;
- Vaalkop 439 IP; and
- Modderfontein 440 IP.

The title deeds are attached as appendix 2.

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

4.1 RESOURCE PARTICULARS

Table 1: Resource Particulars

ITEM	DETAIL
Type of Mineral	Gold
Locality (Direction and Distance from Nearest Town)	Orkney Mine is situated in the North West Province, South Africa, some 175 km southwest of Johannesburg. The site can be accessed via the N12 national highway between Johannesburg and Kimberley. The R30 and R502 link the mine to Klerksdorp and Potchefstroom.
Extent of the Area Required for Mining	Approximately 3,176,864 m ² (planned mining square metres).
Extent of the Area Required for Infrastructure, Roads, Servitudes, etc.	Existing infrastructure will be refurbished and utilised.
Depth of the Mineral below Surface	Between 80 m – 4,000 m below surface.
Geological Formation	The Klerksdorp Goldfield is located on the northwest margin of the Witwatersrand Basin.
	The dip of the Elsburg Reefs ranges from 5° to 15° and the strike is subject to pronounced changes, which is mainly controlled by faults. The Vaal Reef strikes northeast.
	<p>The most significant structural features of the Klerksdorp Goldfield are northeast striking normal faults, which dip to the northwest and southeast and have throws of several hundred meters.</p> <p>The major faults within the lease area include the:</p> <ul style="list-style-type: none"> • Nooitgedacht and Buffelsdoorn faults occurring in Orkney 6 Mine and Orkney 7 Mine areas; • Witkop fault between Orkney 6 Mine and Orkney 7 Mine; • WK22 and Orkney 3 Mine faults between Orkney 7 Mine and Orkney 3 Mine; • Orkney 5 Mine Fault; and • Orkney 2 Mine South Fault. <p>Dykes and sills of various ages are common in the mining area. The most common intrusives in the mining area are the olivine lamprophyres and ilmenite diabases. These intrusive usually strike northsouth, dip vertically, are usually thin and transect all other structures and have movements on the contacts, which is often water bearing.</p>

4.2 DETAILS OF PERSON WHO COMPILED THE RESOURCE STATEMENT

Table 2: Details of Person Who Compiled the Resource Statement

ITEM	DETAILS
Name	Mark Wanless
Qualification/s	BSc (Hons) Geochemistry, UCT 1995
Profession	Geologist
Experience	13 Years
Professional Body (If Registered)	SACNASP
Registration number (If Applicable):	400178/05

4.3 LOCALITY-SPECIFIC GEOLOGICAL MAP

The location of Orkney Mine in relation to the Klerksdorp Goldfield is illustrated in both Figure 2 and Figure 3.

Figure 2: Location of Orkney Mine in relation to the Klerksdorp Goldfield

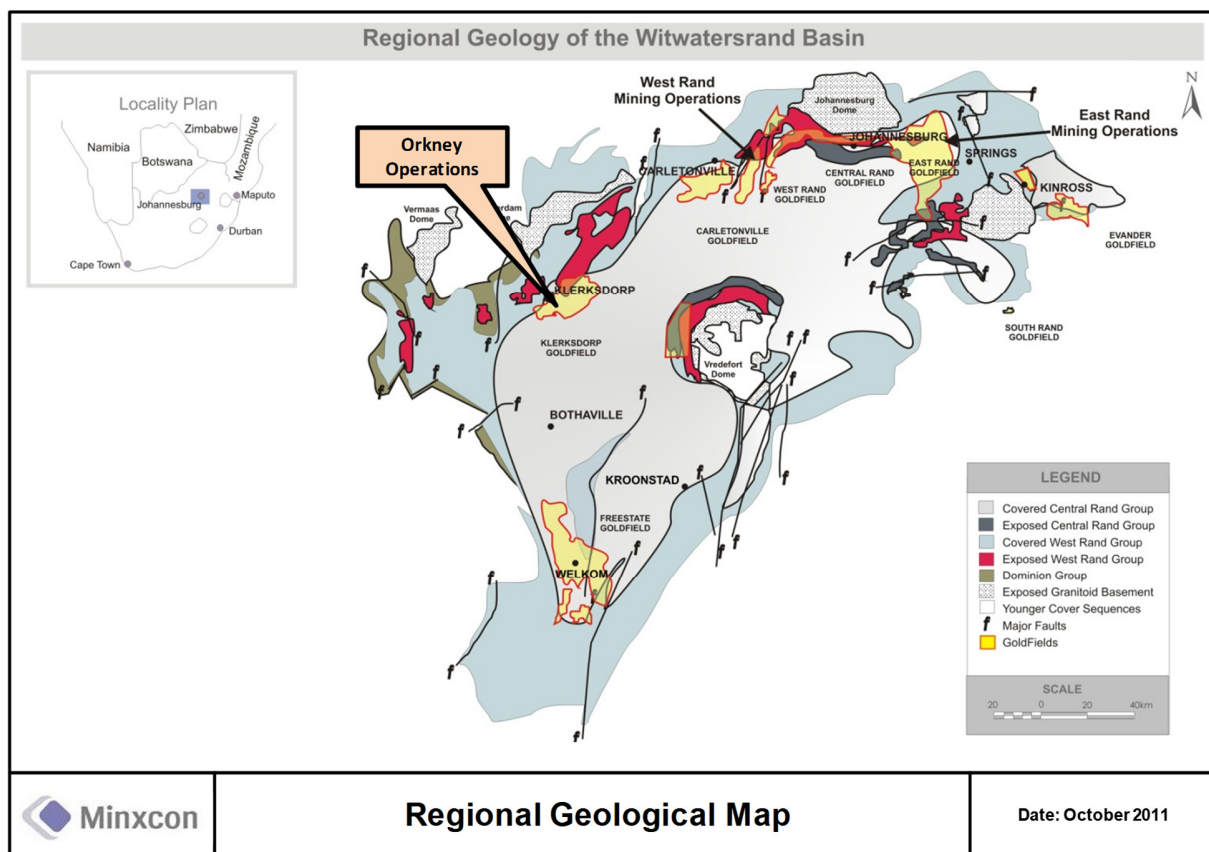
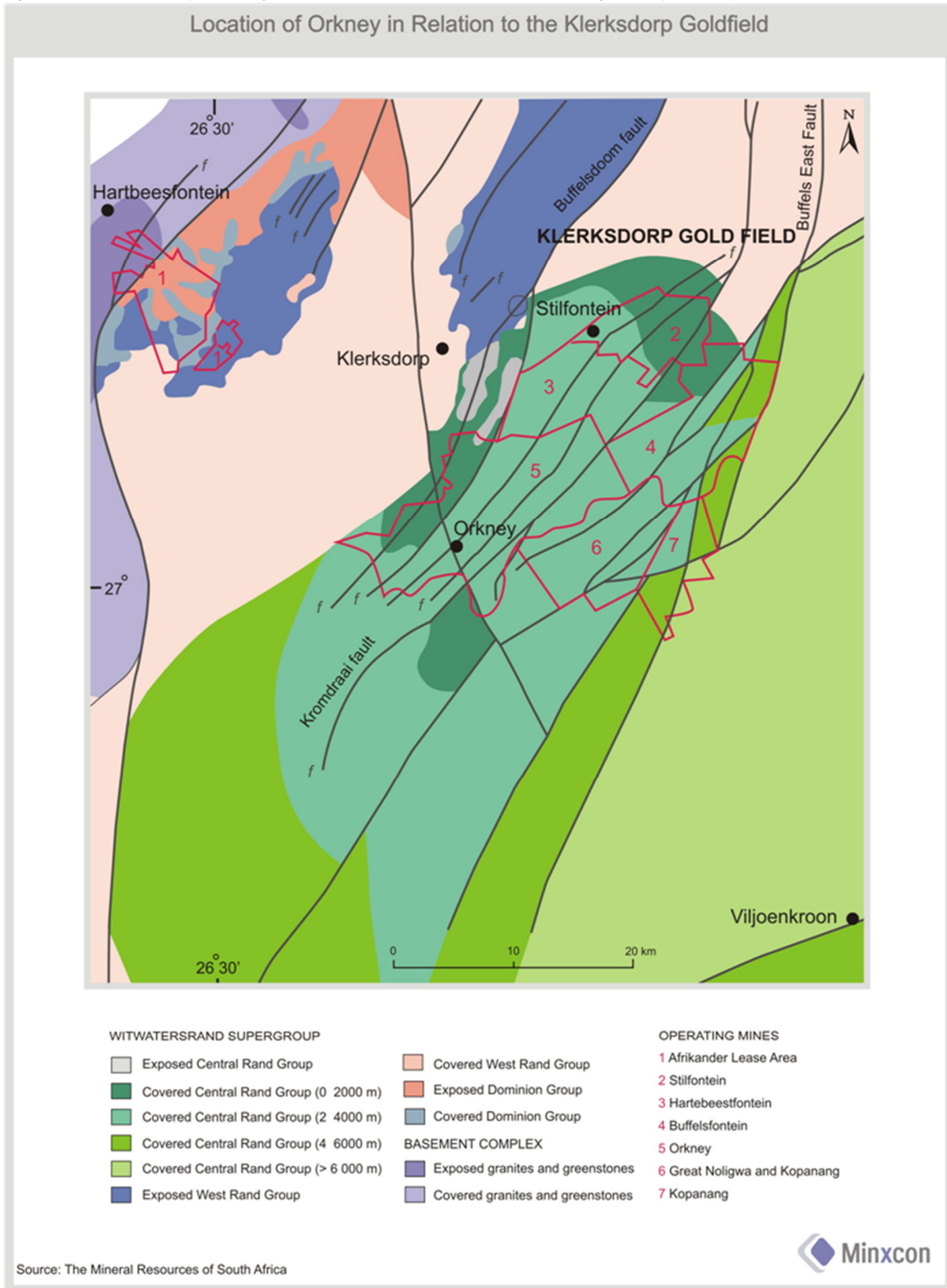


Figure 3: Location of Orkney Mine in relation to The Klerksdorp Goldfield (2)



4.4 EXPLORATION RESULTS (SUPPORTING GEOLOGICAL REPORTS TO BE LISTED AND APPENDED)

Exploration in the area dates back to 1886. No information was available regarding the historical exploration methods. The SRK audit report describing the geology, mineral resources and reserves is attached as appendix 6.

4.5 INFORMATION REQUIRED IN TERMS OF REGULATION 8 (IN CASES WHERE THE APPLICATION WAS PRECEDED BY A PROSPECTING RIGHT)

N/A.

4.6 MINERAL RESOURCE MAP

The Mineral Resource map for Orkney Mine is in the process of being sourced.

4.7 RESOURCE STATEMENT

The Mineral Resources for Orkney Operations were estimated by Harmony Gold and audited by SRK Consulting. The estimation of Orkney's Mineral Resources as at 2006 is detailed in Table 3.

Table 3: Orkney Operations Mineral Resources (2006)

Measured - Operating Shafts				
Shaft	Tons	Grade	Gold	Gold
	(Mt)	g/t	('000kg)	('000oz)
2	2.6	14.98	38.5	1,236
4	9	10.57	95.5	3,071
6,7	18.4	6.08	112.1	3,605
Total	30.1	8.19	246.1	7,913
Measured - Shafts on C&M				
1	1.8	14.74	26.1	838
3	1.1	2.89	3	98
5	1.7	12.58	20.9	671
Total	4.5	11.16	50	1,606
Grand total	34.5	8.57	296.1	9,519
Indicated-Operating Shafts				
2	0.5	12.84	6.4	205
4	5.3	10.25	54.7	1,759
6,7	8.9	5.03	45	1,446
Total	14.8	7.18	106.1	3,410
Indicated- Shafts on C&M				
1	0.7	14.51	9.9	318
3	1.4	2.26	3.2	102
5	0.2	14.36	2.3	74
Total	2.2	6.84	15.4	494
Grand total	17	7.13	121.4	3,904
Total Measured and Indicated - Operating Shafts				
2	3.1	14.63	44.9	1,441
4	14.3	10.45	150.2	4,830
6,7	27.3	5.74	157.1	5,051
Total	44.7	7.89	352.2	11,322
Total Measured and Indicated- Shafts on C&M				
1	2.5	14.68	36	1,156
3	2.5	2.54	6.2	200
5	1.9	12.77	23.2	745
Total	6.7	9.74	65.4	2,100
Grand total	51.4	8.13	417.6	13,422
Inferred - Operating Shafts				
2	0.4	13.91	5.6	181
4	11.4	6.18	70.8	2,276
6,7	27.5	4.02	110.4	3,550
Total	39.3	4.75	186.8	6,007
Inferred - Shafts on C&M				
1	0.6	13.98	9	289
3	59.8	2.61	156.4	5,029
5	3.9	5.17	20.3	651
Total	64.4	2.88	185.7	5,969
Grand Total	103.7	3.59	372.5	11,976

Notes:

1. Mineral Resources are inclusive of the Mineral Reserve figures;
2. All figures are in Metric Tons;
3. Effective Date: 2006; and
4. A gold price of \$1,000/oz and an exchange rate of ZAR/USDR7.53 (ZAR242 095/kg) were used to derive a cut-off grade for mineral resources of -250cmg/t (-2g/t).

4.8 MINERAL RESERVES

A SAMREC compliant Mineral Reserve has not been stated for Orkney Mine. Instead, a Mining Inventory has been estimated. All Measured and Indicated Mineral Resources have been included in the Mining Inventory, which could potentially be converted to Mineral Reserves during further studies.

The mining inventory statement for Orkney Mine is detailed in Table 4.

Table 4: Mining Inventory Statement

Proven				
Shaft	Tonnes	Grade	Content	Content
	Mt	g/t	t	koz
2	3.0	12.11	36.4	1,169
4	10.4	8.68	90.2	2,901
6,7	21.3	4.98	105.9	3,405
1	2.1	11.86	24.7	793
3	1.3	2.23	2.8	91
5	2.0	10.06	19.7	635
Total	40.0	7.00	279.7	8,994
Probable				
Shaft	Tonnes	Grade	Content	Content
	Mt	g/t	t	koz
2	0.6	10.47	6.0	194
4	6.1	8.44	51.7	1,661
6,7	10.3	4.14	42.5	1,367
1	0.8	11.57	9.4	301
3	1.6	1.87	3.0	97
5	0.2	9.41	2.2	70
Total	19.6	5.85	114.8	3,690
Grand Total				
Total	59.6	6.62	394.5	12,684

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

5.1 A LIST OF PRODUCTS AND THEIR PROPORTIONATE QUANTITIES

The product delivered to the plant from the mining operation will have a 95% recovery and the amount of product expected from the Orkney operation is illustrated in Table 5. The amount stated is over the life of mine. A total of 194,326 oz will be produced in the first ten years.

Table 5: List of Products

Commodity	Unit	Mass
Gold	Oz.	233,985

5.2 MARKET FOR EACH SPECIFIC PRODUCT IN TERMS OF LOCAL, REGIONAL OR INTERNATIONAL

The concentrate will be air-lifted to Rand Refinery, Germiston, Gauteng.

5.3 SUMMARY OF PRODUCT MARKET

5.3.1 Gold Overview for 2010 and First Half of 2011

Investors have been persuaded to continue to pursue gold, due to global economic conditions:-

- The U.S. economy was affected by the continued weakened value of the US Dollar against multiple currencies. In addition, to stimulate the economy, the US Federal Reserve bought bonds worth 600 billion Dollars. There has been a historical negative correlation that the weaker US Dollar pushes the drive to buy gold, and hence leads to higher gold pricing;
- Countries in the European Union (EU) remain in an economic crisis. In 2010, Greece was near bankruptcy, followed by Ireland and Portugal. The EU, led by strong efforts from Germany, bailed out both these countries. Other Mediterranean countries, such as Italy and Spain, have also been at risk in 2011. This has led to keep the Euro currency under pressure;
- Due to the global economic conditions, there was a structural shift in Central Bank policy towards gold investment. Central banks became net buyers of gold for the first time in 21 years, removing a significant source of supply to the market;
- The retail demand for gold peaked during the second quarter of 2010, and compared to the same quarter in 2009, it increased by 17% in 2010. Asian consumers led demand with the revival of the Indian market and strong momentum in Chinese gold demand, which together constituted 51% of total jewellery and investment demand during the year 2010. Gold purchases in China, the world's largest producer, climbed to 200Mt in the first two months of 2011, as faster inflation boosted consumer demand;
- The supply of gold hardly managed to meet the gold demand for each quarter in 2010, and simultaneously, as expected, the gold prices increased sharply, with no visible trends to the levelling of demand and supply to date;
- In Q1 2011, gold supply declined by 4% year-on-year, due to a sharp increase in net purchasing by the official sector, and a fall in the supply of recycled gold. Supply needs to have a 15% gain to break even with the 100 tonne quarterly increase in global demand; and
- The supply has not met the demand, with mine production only increasing by 44 tonnes year-on-year in the Q1 2011, hence, a growth rate of 7%, with negligible net producer de-hedging.

5.4 SUMMARY OF CUSTOMER SPECIFICATIONS AND DETAILS OF ANY PROPOSED BENEFICIATION OF THE PRODUCTS

A toll treatment agreement will be arranged with another company as Orkney Mine does not have its own processing facilities. The company is currently in discussion with various other companies to arrange a toll treatment agreement. A contract/agreement has not yet been finalised or signed.

5.5 SUMMARY OF INFRASTRUCTURE REQUIREMENTS SUCH AS ROADS, RAIL, ELECTRICITY AND WATER

As the Orkney shafts were producing up until closure, existing infrastructure will be utilised. Some of the infrastructure will however have to be refurbished. The different types of local infrastructure currently available include:

- Roads and transport infrastructure, such as rails and airports;
- Water and sanitation infrastructure;
- Telecommunication infrastructure, such as masts and pylons;
- Electricity provision infrastructure, such as power stations, substations, pylons and cables;
- Housing, and
- Waste removal and recycling infrastructure, such as refuse removal, pipelines, sewage plants and water purification plants.

5.6 SUMMARY OF OTHER INFORMATION APPLIED THAT MAY INFLUENCE PRICE, E.G. EXCHANGE RATE, DUTIES, TARIFF BARRIERS, ETC.

CPI inflation remains within the South African Reserve Bank target of 6% and Rand strength remains the key in aiding the moderate inflation outcome, with still weak demand also an important influence. No major developments are expected to change the inflation outlook in the short- to medium-term and inflation is expected to remain between 5% and 6%. However, the pressure on increased food price, and administered price inflation due to increased electricity and other municipal tariffs, are key drivers of CPI inflation, and could prove to be one of the risks to the current assumptions made for the inflation outlook in 2012. This could lead to upward pressure on salaries.

The currency remains relatively strong against the US Dollar, but is expected to potentially push towards the ZAR/USD 8.00 range in the longer run resulting in a higher rand gold price.

5.7 ECONOMIC OUTLOOK

The following table details the gold price as well as the ZAR/USD exchange rate used in the DCF:-

Table 6: Macro-economic Inputs (Real Terms)

Years	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5*
ZAR/USD (USD BASED)	7.78	7.78	7.78	7.78	7.78
SA Inflation Rate (%) CPIX	4.90%	5.40%	5.40%	6.00%	6.10%
US Inflation Rate (%)	3.13%	2.19%	2.30%	2.40%	2.40%
Cost Inflation	4.90%	5.40%	5.40%	6.00%	6.10%
Capex Inflation	4.90%	5.40%	5.40%	6.00%	6.10%
Commodity Prices					
Gold (USD/oz)	1,600	1,600	1,600	1,600	1,600

*Input parameters remain the same after year 5

5.8 CONFIRMATION THAT A SPECIALIST MARKET ANALYSIS IS ATTACHED AS AN APPENDIX WHICH EXPLAINS THE ASSUMPTIONS MADE AND HOW THE PRICE WAS DETERMINED

5.8.1 Determination of Prices

The gold prices used in the valuation of the operations were sourced from the analysis made by Orkney Gold and confirmed with Consensus forecasts from various Gold Analysts.

The South African inflation rate is 4.90% in 2012 then increasing to 6%. Cost and Capex inflation were

kept the same as the CPI. Inflation figures were sourced from Investec bank.

5.8.2 Gold Pricing

On average, gold prices increased 8.7% from USD 1,384.4/oz. in the Q1 2011 to USD 1,504.3/oz. in the second quarter of 2011. Although a slight dip in pricing was experienced in late January 2011, the month-on-month deviation was minimal, and has climbed consistently every month in 2011, reaching USD 1,528.7/oz. in July 2011. For Q2 of 2011, the average price increased by 26% year-on-year.

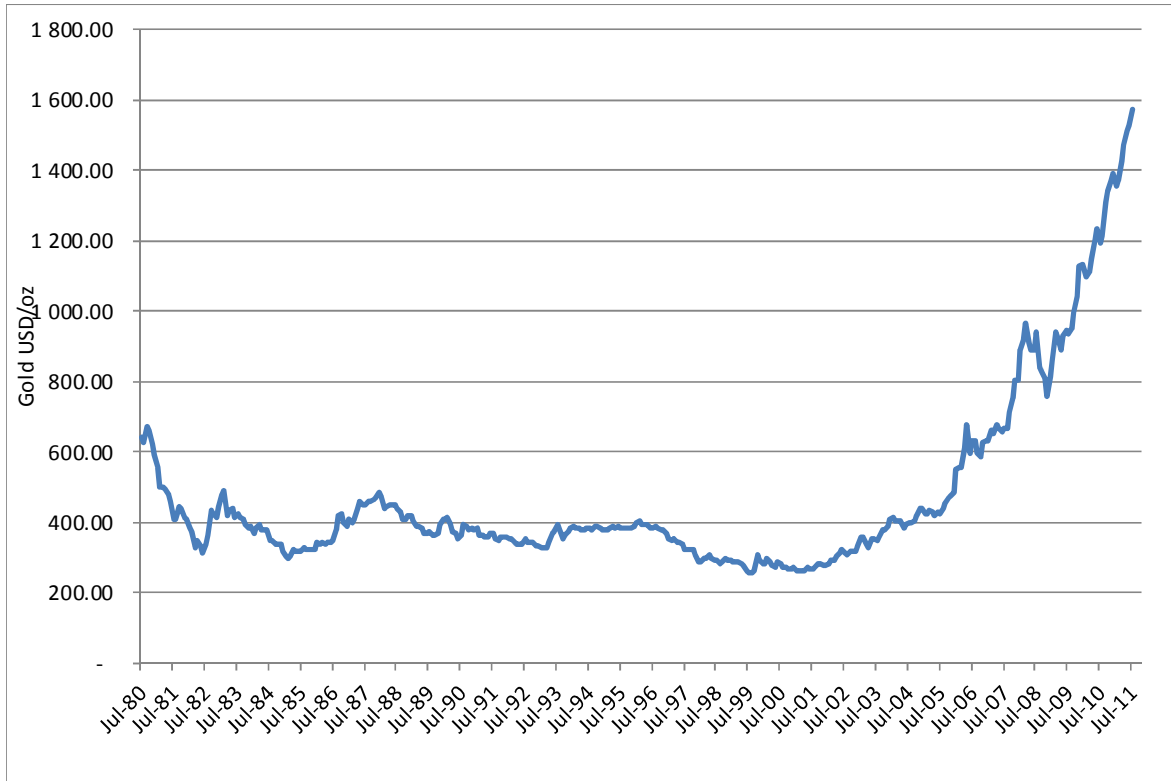
However, it is noted that tracking the gold price to other currencies, such as the Euro, British Pound and Canadian Dollar, showed a marginal decrease in the gold price. Conversely, this trend was not followed for the Japanese Yen, since the iterative demand trend set the gold price rising.

Although the extraordinary earthquake and ensuing climatic calamities caused the Japanese Yen to appreciate against most currencies due to capital inflow into the country, the currency reverted to its weakened position to the US Dollar, every month, throughout 2011 thus far.

Due to the high demand for gold in the East, the gold price rose moderately in India and China. The increase was not as significant, due to the inflation induced monetary and fiscal tightening.

A benchmark price trend comparison of gold to other commodities reveals that gold pricing did not react as much as energy commodities, such as oil and coal to recent global events. As displayed historically, gold is less volatile during economic and geo-political shockwaves. The price of silver performed well in the first quarter of 2011, namely USD 41.97/oz. in April 2011, reaching its highest value in several decades, causing the gold:silver ratio to reach its lowest level since 1983. However, the second quarter of 2011 has seen values stabilizing below USD 40/oz.

Figure 4: Gold Monthly Prices July 1980 - July 2011



*Source: Kitco

5.8.2.1 Gold Demand

Gold demand in 2010 reached a ten-year high of 3,812.2 tonnes. In value terms, total annual gold demand surged 38% to a record of USD 150 billion. The demand in the second quarter of 2011 was 919.8 tonnes, valued at USD 44.5 billion, the second highest quarterly value in history.

Jewellery demand was remarkably robust in the face of record prices in the majority of currencies. Annual demand for gold jewellery rose consistently in 2010, peaking in Q4, but has reduced in 2011. However, the demand was 6% higher year-on-year. The rise in average price of gold has not deterred sales, but a shift from high to lower purity gold was noted. The lower cartage has been evident in the Vietnam, Indonesia, South Korea and Thailand, i.e., the (VIST) countries. In value terms, this resulted in jewellery demand of USD 21.4 billion in Q2 2011.

As occurs annually, the first quarter of the year tends to be a traditionally busy period for gold purchases, as it coincides with the Chinese New Year celebrations. This was outpaced by the Hindu festival in May 2011.

Demand for gold used in technology returned with a 2% year-on-year increase, as the electronics segment fuelled recovery in the sector, with demand returning for commercial goods and industrial processors. Demand in value soared by 28% to a quarterly record of USD 5.7 billion.

Investment demand, Exchange Traded Funds (ETFs) and similar products dropped by 37% year-on-year. Physical bar demand was particularly strong during Q2 of 2011, recording a quarterly gain of 51% at 222.9 tonnes.

Demand for gold ETFs and similar products totalled 51.7 tonnes during Q2 of 2011. The activity in the ETF options market continues to offer alternative strategies for investors. Excluding the two record quarters of Q1 in 2009 and Q2 in 2010, the average quarterly ETF demand since Q2 in 2008 has been 41.4 tonnes.

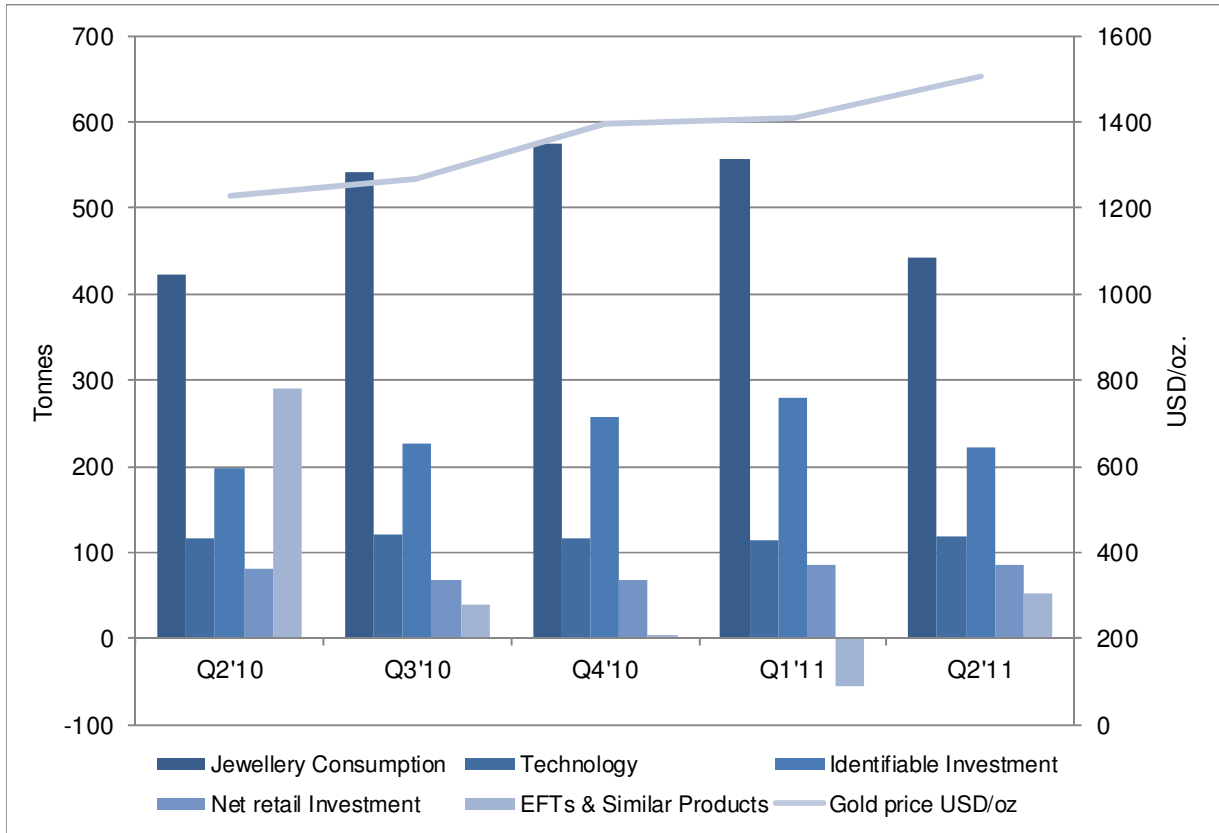
The gold trading in the OTC wholesale market constitutes the deepest and most liquid markets in the world. But, information about these transactions is not always fully accessible to the public as they are conducted outside of regulated exchanges. However, evidence suggests that trading volumes in the global gold market is quite large, and in-line with, or larger, than trading of other high-quality assets such as sovereign debt. India was the strongest growth market in 2010, but the European and US investors have been accessing this market in 2011.

China was the second strongest market for investment demand growth, whereby high inflation rate was a key driver for demand. In addition, non-performing sectors, such as property and the domestic stock market, incentivised the purchase of small bars and official coins.

The Gold Accumulation Plan (GAP) launched in December 2010 has grown to 1.71 million accounts opened as of June 2011, encompassing gold holdings of 22 tonnes.

Unrest in Africa and the Middle East and the natural disaster in Japan, have drawn attention to gold as a tool to preserve capital and provide liquidity. During 2011, investors were attracted to net retail gold for risk protection and currency and/or inflation hedging.

Figure 5: Gold Demand and Gold Price in 2010/2011

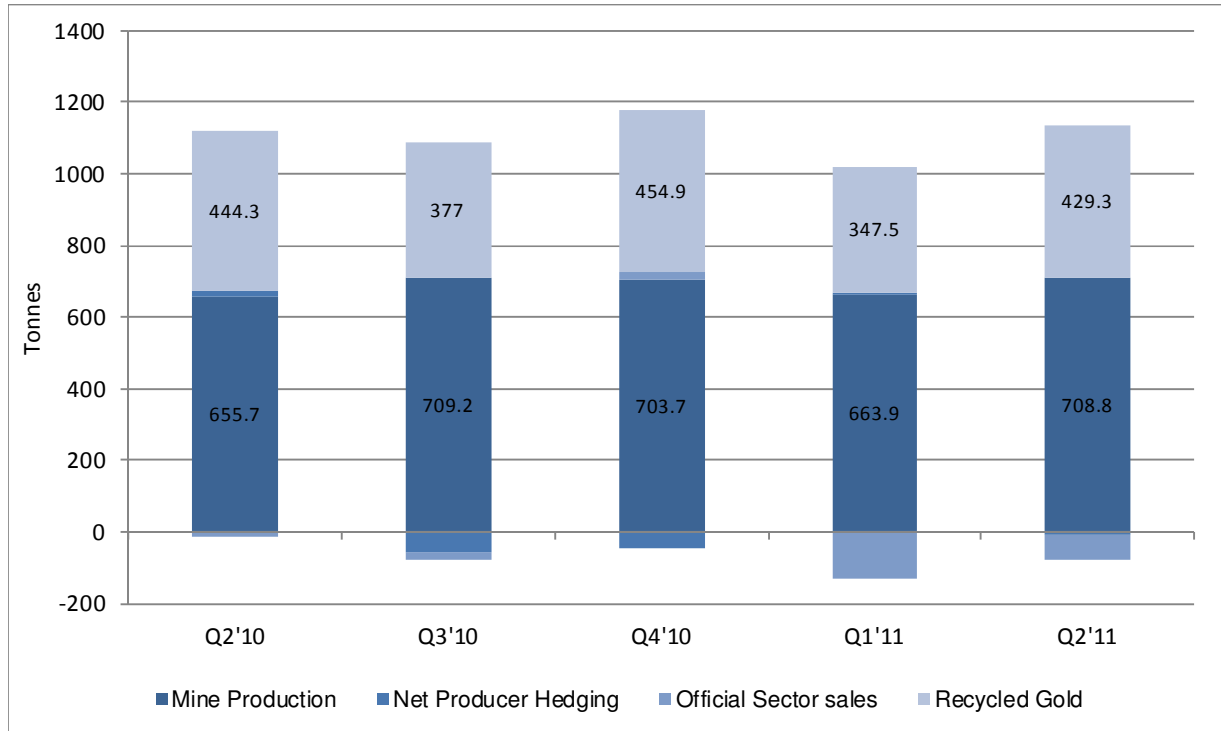


*Source: World Gold Council, Gold Review, Q2 2011

5.8.2.2 Gold Supply

Total supply, including mine production, recycled gold and official sector transactions, totalled 4,108 tonnes during 2010. This is estimated to have increased marginally, being 2% higher year-on-year for the full year 2010, with a number of new projects that either went into execution, or ramped up production in several countries and regions, thus contributing to higher levels of mine supply.

Figure 6: Gold Supply per Quarter for 2010/2011



*Source: World Gold Council, Gold Review, Q2 2011

5.8.2.3 Outlook for Gold

Long-term supply and demand for gold and macro-economic factors will ensure that gold remained a preferred asset. The consistency of gold performance and robust growth trend, will contribute substantially to its ability to provide diversification, risk management and wealth preservation.

Investment demand for gold as a foundation asset in portfolios is likely to remain strong, fuelled by on-going uncertainty surrounding global economic recovery and fiscal imbalances, as well as fear of impending inflationary pressures and currency tensions. Examples of such activity are evident in Mexico, Bolivia, Thailand and emerging countries such as Russia, where the banking sector has made sizeable purchases to restore the balance between gold reserves and currency reserves.

Continued global geo-political events, inflation and the instability of the US and European economies, serve to give impetus to continued investment in gold, and successively, the prolonged rise in the gold price. The growth in the jewellery and industrial sectors in the Chinese and Indian markets in 2010 is set to continue, provided that the high inflation in China does not slow down economic activity.

The gold price is predicted to continue to rise in 2011, although at a lessened rate than displayed over the last few quarters. According to commodity analysts, this increase will be moderate for the next two years, with the worst-case scenario being a levelling of the gold price and a nominal downward cycle.

6 REGULATION 11(1)(F): 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

Start-up phases for Orkney Mine in order to start production is estimated to take approximately 4 months, starting in January 2012. These phases include the lifting of the Section 54 issued to the mine, testing and examining of all equipment and infrastructure (surface and underground) and to comply with all legal requirements in order for production to start.

Mining operations are planned to start after month 4, with steady state production being reached in year 3. Production will start declining in year 11 and the planned end of the LoM will be in year 14. The various construction and implementation phases are detailed in Table 7.

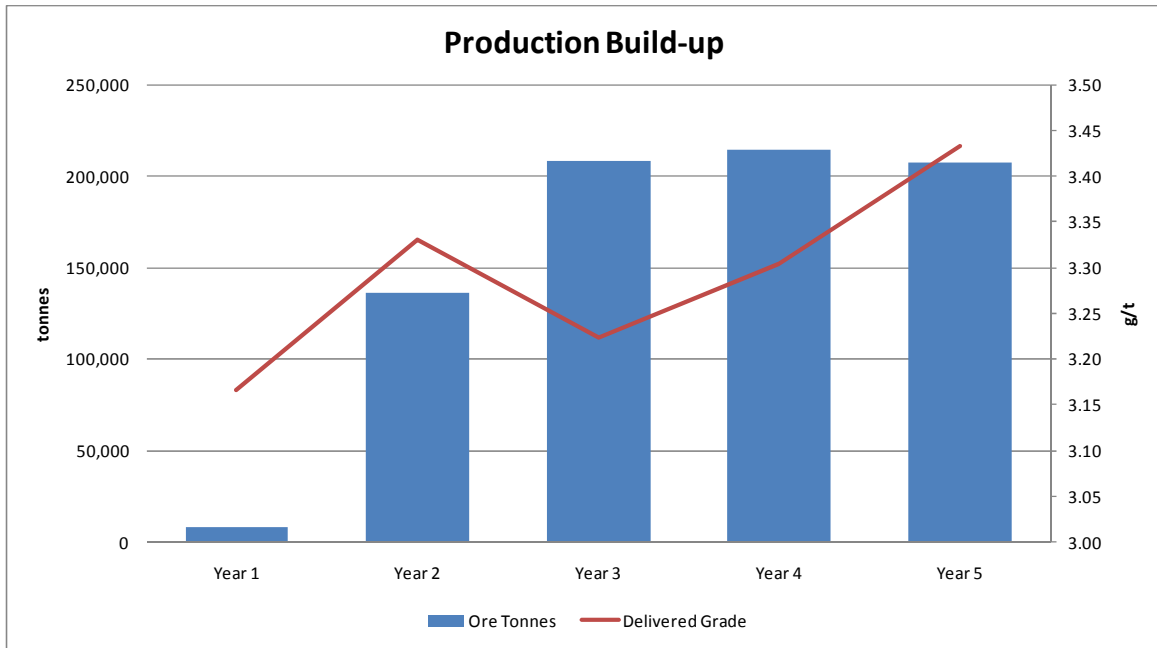
Table 7: Construction and Implementation Phases

Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Start-up Procedures	x													
Production start	x													
Steady state production			x											
Production declines											x			
End of planned LoM														x

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

The production build-up for Orkney Mine is illustrated in Figure 7.

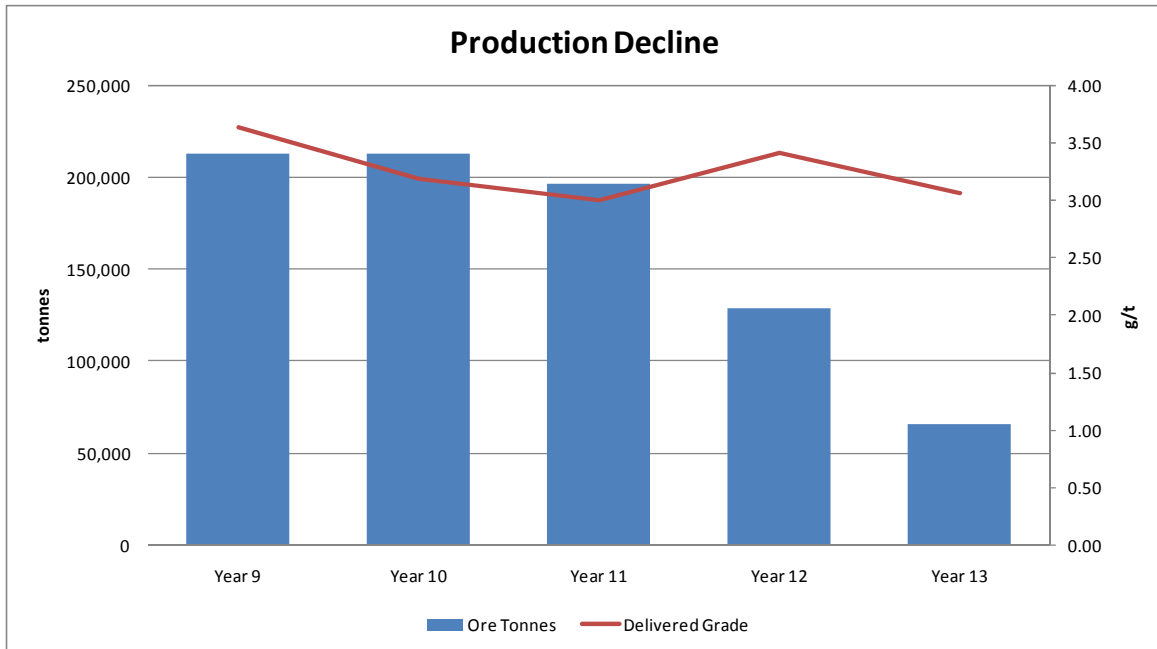
Figure 7: Production Build-up



6.1.3 Explanation of Production Decline Period (As Grades Deteriorate)

The production decline for Orkney Mine is illustrated in Figure 8.

Figure 8: Production Decline



6.1.4 Production Forecast for Each Year over the Full Period Applied for Based on the Above Explanations

The annual production forecast for Orkney Mine is detailed in Table 8.

Table 8: Production Forecast for Orkney Mine

Description	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Total
Ore Tonnes	t	8,054	136,012	208,398	214,322	207,521	215,542	215,288	215,273	212,767	213,045	196,778	129,037	65,818	21,945	2,259,801
Content	kg	26	453	672	708	712	754	774	811	774	678	589	440	202	67	7,661
Grade	g/t	3.17	3.33	3.22	3.30	3.43	3.50	3.60	3.77	3.64	3.18	3.00	3.41	3.07	3.07	3.39
Content	koz	1	15	22	23	23	24	25	26	25	22	19	14	6	2	246

6.2 TECHNICALLY JUSTIFIED ESTIMATE OF THE PERIOD REQUIRED (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 mine design criteria for Orkney Mine are detailed in Table 9.

Table 9: Mine Design Criteria

Design	Development	
	Height (m)	Width (m)
Haulage	3.3	3.3
Boxhole	1.5	1.8
Crosscut	3.3	3.3
Travelling way	2.5	3
Raise	2.7	1.8

The stoping specifications are detailed in Table 10.

Table 10: Stoping Specifications

Description	Detail	Unit	Dimensions
Stoping	Square metres per panel	m ² /month	240
Stoping	Face advance	m/month	8
Stoping	Panel length (Including gully)	m	30

The development advance rates are detailed in Table 11.

Table 11: Development Advance Rates

Description	Development Rates	
	Unit	In Design
Haulage	m/month	20
Boxhole	m/month	20
Crosscut	m/month	20
Travelling way	m/month	20
Raise	m/month	20

The average efficiencies for the first 10 years are detailed in Table 12.

Table 12: Average Efficiencies

Description	Unit	Average
Square metres	m ² /TEC	8.61
Tonnage	t/TEC	34.43

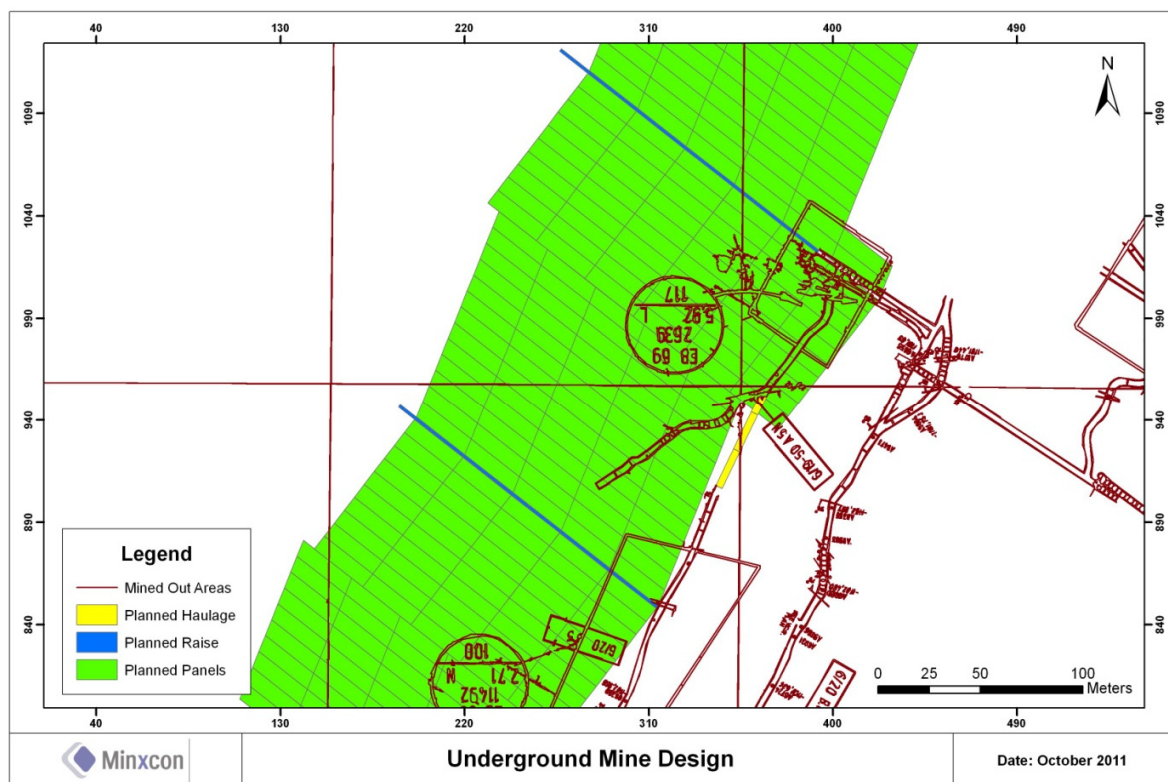
The estimated payable reserve ratio for the project is 100%.

7 REGULATION 11(1)(G)(I): DETAILS WITH REGARD TO THE COSTING OF THE MINING TECHNIQUE, MINING TECHNOLOGY AND PRODUCTION RATES (EXCLUDING LABOUR AND CAPITAL)

7.1 MINE DESIGN MAP

Several portions of both 6 Shaft and 7 Shaft were designed. A portion of the underground mine design for 6 Shaft is illustrated in Figure 9.

Figure 9: Mine Design - 6 Shaft



7.2 DESCRIPTION OF THE MINING METHOD'S IMPACT ON OPERATING COST

7.2.1 Basic Overview of the Mining Method

The mining method that will be employed is conventional cycle mining. Each crew will have two panels of which one panel will be blasted and the other one cleaned.

Access to underground for men, material and rock is via surface shafts. Off-reef haulages and crosscuts will be developed, with travelling ways and step overs to access the reef. Raises will be blasted from one level to the next which will act as the centre gully.

Blasted panels will be cleaned by means of gully and face winches which will pull the rock into the centre gullies. Centre gully winches will be utilised to pull the blasted rock into orepasses, from where it will be pulled into hoppers by means of chutes. All the ore tonnage will be transported to No. 6 shaft for hoisting to surface via the vertical shaft.

7.2.2 Description of Equipment and Activities Impacting Electricity Cost (Excluding the Processing Plant)

Equipment and activities which will impact on the electricity cost are detailed below:-

- Development;
- Stopping;
- Ventilation (fans);
- Lighting;
- Winches; and
- Pumping.

7.2.3 Description of Equipment and Activities Impacting on Fuel Cost

Equipment and activities which will impact on the fuel cost are detailed below:-

- None.

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

Equipment and activities which will impact on the cost of stores and materials are detailed below:-

- Stopping;
- Development; and
- Maintenance.

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

Equipment and activities which will impact on the cost of water are detailed below:-

- Drilling;
- Vamping; and
- Dust allaying.

7.2.6 Description of Activities Impacting on Other Costs not Included above

Activities which will impact on other costs not included above are detailed below:-

- None.

7.2.7 Operating Cost Forecast (Excluding the Processing Plant and Labour) for First 10 Years

Other costs as detailed in the table below are for overheads and head office.

Table 13: Operating Cost Forecast

COST CATEGORY (ZAR '000)	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
	1	2	3	4	5	6	7	8	9	10
Fuel	-	-	-	-	-	-	-	-	-	-
Electricity	1,693	14,287	17,713	17,994	17,672	18,051	18,039	18,039	17,920	17,933
Water	108	910	1,129	1,146	1,126	1,150	1,149	1,149	1,142	1,143
Stores and materials	6,402	54,032	66,992	68,053	66,835	68,271	68,225	68,223	67,774	67,824
Other (specify)	-	-	-	-	-	-	-	-	-	-
TOTAL COST (To be reflected in the cash flow)	8,203	69,229	85,834	87,193	85,633	87,473	87,414	87,411	86,836	86,900

The costs determined here must 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

A toll treatment agreement will be arranged with another company as Orkney Mine does not have its own processing facilities. The company is currently in discussion with various other companies to arrange a toll treatment agreement. A contract/agreement has not yet been finalised or signed.

8.1.1 Basic Plant Design

N/A.

8.1.2 Efficiency of the Process

N/A.

8.2 DESCRIPTION OF EQUIPMENT AND ACTIVITIES IMPACTING ON ELECTRICITY COST (EXCLUDING THE PROCESSING PLANT)

N/A.

8.3 DESCRIPTION OF EQUIPMENT AND ACTIVITIES IMPACTING ON FUEL COST

N/A.

8.4 DESCRIPTION OF EQUIPMENT AND ACTIVITIES IMPACTING ON COST OF STORES AND MATERIALS

N/A.

8.5 DESCRIPTION OF EQUIPMENT AND ACTIVITIES IMPACTING ON THE COST OF WATER

N/A.

8.6 DESCRIPTION OF ACTIVITIES IMPACTING ON OTHER COST NOT INCLUDED ABOVE

N/A.

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

Due to the toll treatment not finalised as yet, a fixed rate of ZAR120/t has been estimated.

Table 14: Processing Plant Operating Cost Forecast

COST CATEGORY (ZAR '000)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Fuel	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-
Stores and materials	-	-	-	-	-	-	-	-	-	-
Other (specify)	-	-	-	-	-	-	-	-	-	-
TOTAL COST (To be reflected in the cash flow)	*967	*16,321	*25,008	*25,719	*24,903	*25,865	*25,835	*25,833	*25,532	*25,565

*A fixed rate for toll treating of ZAR120/t.

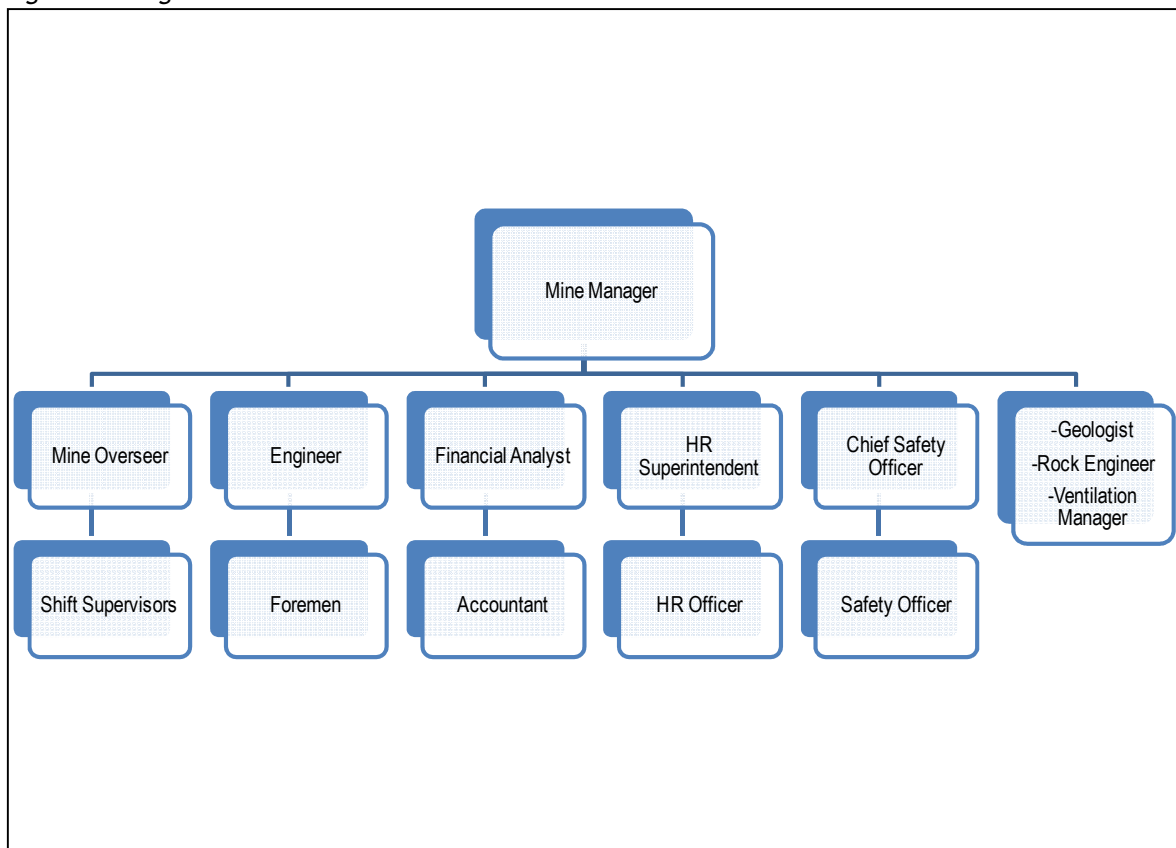
The costs determined here must explain the costs used in line item 5 of the cash flow forecast required herein under Regulation 11(1)(g)(vi).

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

9.1 ORGANIZATIONAL STRUCTURE OF THE MINE

The organizational structure for Orkney Mine is illustrated in Figure 10.

Figure 10: Organizational Structure



9.1.1 Description of Positions Requiring Certificates of Competency and under which Skills Category They Have Been Budgeted for

The various certificates of competency needed are detailed in Table 15.

Table 15: Certificate of Competency Requirements

Certificate of Competency	Top Management	Senior Management	Mid management, Prof Qualified	Jnr management, Tech skilled, supervisors	Grand Total
Degree	-	1	2	-	3
Diploma	-	2	-	1	3
CoC Mine Manager	1	-	-	-	1
CoC Engineer	-	1	-	-	1
CoC MO	-	-	3	1	4
CoC SHEQ	-	-	-	-	-
CoC Blasting	-	-	-	25	25
CoC Survey	-	-	-	3	3
CoC Sampling	-	-	-	5	5
CoC Geo	-	-	-	2	2
CoC Artisan	-	-	-	14	14
CoC Admin	-	-	-	-	-
CoC HR	-	-	2	1	3
Grand Total	1	4	7	52	64

*CoC = Certificate of Competency

9.1.2 Description of which part or parts of the mining operation will be outsourced (if any)

9.1.2.1 Description of positions requiring certificates of competency and under which skills category they have been budgeted for.

The required services that will be outsourced to service providers are the following:

- Security services;
- Cleaning services;
- Lamp room services; and
- Rockdrill services.

9.2 COSTING OF THE SKILLS CATEGORIES IN THE MINING OPERATION TO DETERMINE IF TECHNICAL COMPETENCE HAS BEEN BUDGETED FOR

MINE EMPLOYEES

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

Table 16: Labour Years 1 - 5

CATEGORY (ZAR '000)	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET
Top management	1	2,520	1	2,520	1	2,520	1	2,520	1	2,520
Senior Management	4	5,915	4	5,915	4	5,915	4	5,915	4	5,915
Mid management, Prof Qualified	7	6,168	8	7,151	8	7,151	8	7,151	8	7,151
Jnr management, Tech skilled, supervisors	32	12,470	62	23,318	72	26,948	72	26,948	72	26,948
Semi-skilled, discretionary decision making	37	5,232	259	34,432	382	50,599	386	51,086	381	50,509
Non-permanent Employees	-	-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL	81	32,304	334	73,335	467	93,132	471	93,619	466	93,042

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

Table 17: Labour Years 6 - 10

CATEGORY (ZAR '000)	YEAR 6		YEAR 7		YEAR 8		YEAR 9		YEAR 10	
	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET	NO. OF POSITIONS	BUDGET
Top management	1	2,520	1	2,520	1	2,520	1	2,520	1	2,520
Senior Management	4	5,915	4	5,915	4	5,915	4	5,915	4	5,915
Mid management, Prof Qualified	8	7,151	8	7,151	8	7,151	8	7,151	8	7,151
Jnr management, Tech skilled, supervisors	72	26,948	72	26,948	72	26,948	72	26,948	72	26,948
Semi-skilled, discretionary decision making	386	51,086	386	51,086	386	51,086	385	50,943	385	50,943
Non-permanent Employees	-	-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL	471	93,619	471	93,619	471	93,619	470	93,476	470	93,476

SUBCONTRACTORS EMPLOYEES (if applicable)
(Duplicate this form for each Subcontractor)

No subcontractors will be utilised.

Table 18: Subcontractor Employees

CATEGORY	Number Year 1	Number Year 2	Number Year 3	Number Year 4	Number Year 5	Number Year 6	Number Year 7	Number Year 8	Number Year 9	Number Year 10
Top management	-	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-	-
Mid management, Prof Qualified	-	-	-	-	-	-	-	-	-	-
Jnr management, Tech skilled, supervisors	-	-	-	-	-	-	-	-	-	-
Semi-skilled, discretionary decision making	-	-	-	-	-	-	-	-	-	-
Non-permanent Employees	-	-	-	-	-	-	-	-	-	-
TOTAL CONTRACT BUDGET	-	-	-	-	-	-	-	-	-	-

SERVICE PROVIDERS

The service providers that will be utilised are detailed in Table 19.

Table 19: Service Providers

LIST OF SPECIALISTS, CONSULTANTS AND SERVICE PROVIDERS (ZAR '000)	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Lamp room Services	400	1,102	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405
Rock drill Services	249	746	994	994	994	994	994	994	994	994
Security Services	1,072	3,258	4,278	4,338	4,278	4,338	4,338	4,338	4,338	4,338
TOTAL BUDGET (SERVICES)	1,721	5,106	6,677	6,737	6,677	6,737	6,737	6,737	6,737	6,737

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

Table 20: Total Cost - Technical Skills and Services Required

CATEGORY (ZAR '000)	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
In-house skills and services	30,584	68,229	86,455	86,882	86,365	86,882	86,882	86,882	86,739	86,739
Skills and services provided by subcontractors	-	-	-	-	-	-	-	-	-	-
Skills and services provided by service providers	1,721	5,106	6,677	6,737	6,677	6,737	6,737	6,737	6,737	6,737
Total budget for skills and competence	32,304	73,335	93,132	93,619	93,042	93,619	93,619	93,619	93,476	93,476

NB! THE TOTAL BUDGET FOR TECHNICAL SKILLS AND SERVICES AND COMPETENCE MUST BE TRANSFERRED TO LINE ITEM 6 IN THE CASH FLOW FORECAST.

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 (Refer to the Guideline for Financial Provision (Described in Regulation 54(1)(2) Published on the Department's Website).

The project will be treated under the Orkney Mine rehabilitation programme which is reflected below, as calculated in accordance with Regulation 54(1) of the Minerals and Petroleum Resources Development Regulations published under the Minerals and Petroleum Resources Development Act (No. 28 of 2002) for the rehabilitation of surface disturbance as on 20 May 2011. The following table reflects the rehabilitation costs for the first 10 years.

Table 21: Progressive Total for Environmental Cost

ITEM (ZAR'000)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	Total
Rehabilitation Contribution	4,563	4,549	4,509	4,468	4,427	4,387	4,346	4,305	4,265	4,224	44,043

10.1.2 Socio Economic impact cost estimate. (Refer to the guidelines on community consultation, and the scoping report template. Estimate the risk of compensation to persons whose socio-economic conditions may be directly affected by the mining operation. Provide the estimated total under this heading and also include it into the first year of the cash flow under regulation 11 (1) (g) (vi) below in the environmental cost category).

Table 22: Socio Economic Cost Estimate

Possible Risks/Factors	Possibility	Estimated Cost (ZAR '000)
Pollution of surface/groundwater	Low	559.97
Adverse impact on health	Low	263.92
Sterilization of agricultural land	Low	223.90
Loss of livestock	Low	231.99
Total		1,280

10.1.3 Summary of estimated environmental cost: complete the table below.

Table 23: Environmental and Rehabilitation Cost

CATEGORY	COST ESTIMATE (ZAR '000)
a) Progressive total for rehabilitation	44,043
b) Cost to mitigate socio-economic conditions of directly affected persons	1,280
TOTAL COSTS (Transfer amount to cash flow forecast – Line 7 Year 1 only)	45,323

Table 24 reflects the other regulatory costs.

Table 24: Other Regulatory Costs

ITEM (ZAR'000)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	Total
REGULATION 11(1)(g)(iv)											
Royalties	48	861	4,130	5,073	5,461	6,499	7,164	8,345	7,265	4,197	49,042
Mine Health and Safety Regulations	258	587	745	749	744	749	749	749	748	748	6,826
Occupational Health	97	220	279	281	279	281	281	281	280	280	2,560
National skills Fund	323	733	931	936	930	936	936	936	935	935	8,532
Cost to mitigate socio-economic conditions of directly affected persons	1,280	-	-	-	-	-	-	-	-	-	1,280
Rehabilitation Trust Fund Contribution	44,043	-	-	-	-	-	-	-	-	-	44,043

10.2 OTHER REGULATORY COSTS

Table 25: Explanation of Regulatory Costs Calculations

Item	Explanation on how amount was calculated
Royalties	0.5%+ ((EBITDA – CAPEX)/(Revenue * 12.5))
Mine, Health and Safety Regulations	Provision of 0.8% of Labour costs
Occupational Health	Provision of 0.3% of Labour costs
Rates and Taxes - Gold tax Formula	$Y = 34 - (170 / x)$
National Skills Fund	Provision of 1% of Labour costs

The costs thus derived must be clearly explained and used to justify the numbers that are reflected in line item 7 of the cash flow forecast required in terms of Regulation 11(1)(g)(vi).

Tax

The tax rate on gold companies is charged using the gold tax formula and the secondary tax on companies (STC), as shown in Table 21. Corporate tax is paid on all income, less deductible operating expenditure and a capital expenditure allowance. Deductible expenditure includes rehabilitation expenditure actually incurred, and annual contributions to an approved rehabilitation trust.

Prospecting and capital development expenditure is treated as follows:-

- All prospecting and capital development expenditure in new projects is carried forward to the year of commencement of production;
- Thereafter, the accumulated prospecting expenditure and all future prospecting expenditure is allowed as a deduction either in full, or in annual instalments, as determined by the South African Revenue Services;
- In the year of commencement of production and thereafter, the accumulated and future annual capital expenditure on shaft-sinking, mine equipment and mine development is deductible in full up to the amount of taxable income from mining before allowing for this capital expenditure allowance. Any

excess of capital expenditure over such taxable income is carried forward for deduction from future taxable income from mining; and

- No provision was made for assessed losses and unredeemed capital because the project is treated as a stand-alone start-up project.

Royalties

The MPRDA came into effect on 1 March 2010. Under the legislation, passed in 2008, companies will have to pay extra taxes proportional to their profitability. The law requires all companies extracting minerals in SA to pay royalties at a rate between 0.5% and 7% based on gross sales, less their allowable deductions, depending on the refined condition of the Mineral Resources.

- **Refined mineral formula = $0.5 + [(EBITDA - CAPEX)/Revenue \times 12.5] \times 100$**
- **Unrefined mineral resource formula = $0.5 + [EBIT/Gross\ sales \times 9] \times 100$**

The refined mineral formula was used as reported in Schedule 2 of the MPRDA.

11 REGULATION 11(1)(G)(VIII): PROVISIONS FOR THE EXECUTION OF THE SOCIAL AND LABOUR PLAN

11.1 THE FOLLOWING TABLE MUST BE DUPLICATED HERE FROM THE TABLE IN SECTION 5: FINANCIAL PROVISION OF THE SOCIAL AND LABOUR PLAN

The financial provision for the social and labour plan is detailed in Table 26.

Table 26: Estimated Expenditure on the Social and Labour Plan for the Project

ITEM (ZAR'000)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	Total
Human Resource Development	-	747	1,355	1,452	1,492	1,592	1,704	1,828	1,702	1,389	13,262
Local Economic Development	8	530	790	873	877	970	975	1,048	975	740	7,786
Management of Downscaling	-	21	23	25	33	35	38	48	52	55	329
Estimated Totals Per Year	8	1,299	2,168	2,349	2,402	2,597	2,716	2,924	2,729	2,184	21,377

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

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 (Given the prices of the various relevant products and by-products produced) how the price referred to in item 5.9 above, and the production referred to in item 6.1.4 above was arrived at and applied to each year's production estimate in order to estimate revenue.

The model was completed in real money terms. The doré will be sent to the Rand Refinery for final refining to sell into the market.

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).)

Table 27: Revenue Forecast

ITEM (ZAR'000)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	Total
REGULATIONS 11(1)(d) and (f)											
Tonnes	8,054	136,012	208,398	214,322	207,521	215,542	215,288	215,273	212,767	213,045	1,846,222
Production (Gold oz.)	779	13,835	20,519	21,624	21,757	23,018	23,646	24,775	23,656	20,717	194,326
REGULATION 11(1)(e)											
Gold Price (USD/oz.)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Gold Price (ZAR/t)	1,203	1,266	1,225	1,255	1,304	1,329	1,367	1,432	1,383	1,210	1,297
Revenue - Gold	9,692	172,130	255,279	269,029	270,690	286,381	294,192	308,236	294,308	257,754	2,417,690

12.2 ESTIMATED CAPITAL EXPENDITURE

12.2.1 Initial Capital Expenditure (List of Expenditure on the Initial Capital Expenditure Items)

The initial capital expenditure is to comply with the instructions issued by the DMR in order to restart operations.

12.2.2 Ongoing Capital Expenditure (A discussion on ongoing capital expenditure items and estimated amount thereof in each of the years in which it will be incurred)

Ongoing capital has been calculated as 8% of the total mining cost.

12.2.3 Summary, in a 10-year tabular format (Stating the initial, ongoing, and total amount of capital expenditure in each of the first ten years in which it will be incurred)

Table 28: Total Capital

Item (ZAR'000)	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
CATEGORY	1	2	3	4	5	6	7	8	9	10
Initial capital expenditure	7,937	-	-	-	-	-	-	-	-	-
Ongoing capital expenditure	656	5,538	6,867	6,975	6,851	6,998	6,993	6,993	6,947	6,952
Other costs specified in 12.3 below	1,984	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL AND OTHER										
(To be reflected in the cash flow forecast)	10,577	5,538	6,867	6,975	6,851	6,998	6,993	6,993	6,947	6,952

12.3 EXPLANATION AND SUMMARY OF OTHER COSTS (NOT ADDRESSED ELSEWHERE IN THE MINING WORK PROGRAMME, IN EACH YEAR IN WHICH THEY ARE TO BE INCURRED)

A contingency factor of 25% was added to the initial mining capital.

12.4 SUMMARY OF CAPITAL AND OTHER COSTS

SUMMARY OF CAPITAL AND OTHER EXPENDITURE

Table 29: Capital Summary

Item (ZAR'000)	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
CATEGORY	1	2	3	4	5	6	7	8	9	10
Initial capital expenditure	7,937	-	-	-	-	-	-	-	-	-0
Ongoing capital expenditure	656	5,538	6,867	6,975	6,851	6,998	6,993	6,993	6,947	6,952
Other costs specified in 12.3 below	1,984	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL AND OTHER										
(To be reflected in the cash flow forecast)	10,577	5,538	6,867	6,975	6,851	6,998	6,993	6,993	6,947	6,952

Note! These total amounts must be 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 following cash flow forecast must be submitted in accordance with the line items provided. The applicant may not change the line items or their sequence. The applicant may, however, provide for escalation within accepted practice, and provide other indicators such as IRR in addition.)

Table 30: Discounted Cash Flow Project (Real Term)

Cash Flow Forecast and Valuation (Regulation 11(g) (vi): (Real terms)											
ITEM (R'000)	1	2	3	4	5	6	7	8	9	10	Total
REGULATIONS 11 (1) (d) and (f)											
Gold oz	779	13,835	20,519	21,624	21,757	23,018	23,646	24,775	23,656	20,717	194,326
REGULATION 11 (1) (e)											
Price (ZAR/t)	1,203	1,266	1,225	1,255	1,304	1,329	1,367	1,432	1,383	1,210	1,297
Gold USD/oz.	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Revenue	9,692	172,130	255,279	269,029	270,690	286,381	294,192	308,236	294,308	257,754	2,417,690
REGULATION 11 (1) (g) (i)											
Mining Cost	(8,203)	(69,229)	(85,834)	(87,193)	(85,633)	(87,473)	(87,414)	(87,411)	(86,836)	(86,900)	(772,126)
REGULATION 11 (1) (g) (ii)											
Technology Cost	(967)	(16,321)	(25,008)	(25,719)	(24,903)	(25,865)	(25,835)	(25,833)	(25,532)	(25,565)	(221,547)
REGULATION 11 (1) (g) (iii)											
Technical Skills Cost	(32,304)	(73,335)	(93,132)	(93,619)	(93,042)	(93,619)	(93,619)	(93,619)	(93,476)	(93,476)	(853,241)
Wages (Excluding HRD Cost)											
REGULATION 11 (1) (g) (iv)											
Regulatory Requirements											
Royalties	(48)	(861)	(4,130)	(5,073)	(5,461)	(6,499)	(7,164)	(8,345)	(7,265)	(4,197)	(49,042)
Mine Health and Safety Regulations	(258)	(587)	(745)	(749)	(744)	(749)	(749)	(749)	(748)	(748)	(6,826)
Occupational Health	(97)	(220)	(279)	(281)	(279)	(281)	(281)	(281)	(280)	(280)	(2,560)
National skills Fund	(323)	(733)	(931)	(936)	(930)	(936)	(936)	(936)	(935)	(935)	(8,532)
Cost to mitigate socio-economic conditions of directly affected persons	(1,280)										(1,280)
Rehabilitaion Trust Fund Contribution	(44,043)										(44,043)
Company Tax	0	(3,592)	(2,901)	(3,908)	(3,356)	(7,976)	(17,251)	(21,276)	(17,631)	(7,329)	(85,220)
REGULATION 11 (1) (g) (viii)											
Social and Labour Plan Cost	(8)	(1,299)	(2,168)	(2,349)	(2,402)	(2,597)	(2,716)	(2,924)	(2,729)	(2,184)	(21,377)
REGULATION 11 (1) (g) (v)											
Capital and Other											
Total Capex	(10,577)	(5,538)	(6,867)	(6,975)	(6,851)	(6,998)	(6,993)	(6,993)	(6,947)	(6,952)	(71,691)
Profit/Loss	(88,418)	414	33,284	42,227	47,089	53,389	51,234	59,870	51,928	29,187	280,206
Discount rate 7% Real terms	(88,401)	362	27,138	32,165	33,509	35,492	31,819	34,737	28,147	14,780	149,747
IRR (Real Terms)											34%

14 REGULATION 11(1)(G)(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

14.1 FINANCING THE CASH FLOW

The working capital of the specified ZAR60 million will be financed by CAPM's shareholder i.e. Suerb Gold Limited as shareholder loan.

14.2 DETAIL REGARDING THE FINANCING ARRANGEMENTS

The equity (full purchase price re sale of asset agreement) will be capitalized as share capital to CAPM; the working capital of the specified ZAR60 million will be financed by CAPM's shareholder i.e. Suerb Gold Limited as shareholder loan as long term liability bearing no interest and no maturity date as part of tier two capital.

14.3 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).

Attached as Appendix 3.

15 4D 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 are 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	
Identity Number	