NAME OF APPLICANT: PRIESKA DIAMOND MINING (PTY) LTD

REFERENCE NUMBER:

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
Name	**Prieska Diamond Mining (Pty) Ltd**
Tel no	**053 963 2008**
Fax no:	**053 963 2009**
Cellular no	**082 443 0077**
E-mail address	**andrew@andrew-elia.com**
Postal address	**P.O. Box 406 Bedfordview 2008**

ITEM	CONSULTANT CONTACT DETAILS (If applicable)
Name	**Japie van Zyl**
Tel no	**0539632008**
Fax no:	**0539632009**
Cellular no	**0829246687**
E-mail address	**japie@japievzylprok.co.za**
Postal address	**Box 960 Schweizer-Reneke 2780**

2. **REGULATION 11(1)(b) PLAN SHOWING THE LAND AND MINING AREA TO WHICH THE APPLICATION RELATES (the plan require in terms of Regulation 2(2))**

Annexure "A"

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

Remainder of portion 1 (Wonderdraai) of the farm Uitdraai 33, Prieska RD, extent 3695.0244ha,

Registration Division: Prieska, Northern Cape Province.

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

4.1 Resource particulars

ITEM	DETAIL
Type of mineral	**Diamonds General, Diamands Alluvial, Diamands, Kimberlite**
Locality (Direction and distance from nearest town)	**The property is situated on the Orange River approximately 30km from Prieska in a Northern Eastenly direction. A locality map is attached hereto as annexure "B".**
Extent of the area required for mining	**3695.0244ha**
Extent of the area required for infrastructure, roads, servitudes etc	**Apprioxamately 10 ha**
Depth of the mineral below surface	**The property has been drilled, A drilling log data has been kept. On page 15 of the geological report the depth of the gravel from the top is indicated. The depth vary between 1-6 meters with an average depth of between 2 - 4 meters.**
Geological formation	**Stratigraphy** **The bedrock consists of Andesitic Ventersdorp lavas overlain by Dwyka Tillites and mudstones of the Ecca group - Karoo Supergroup. To the north the Asbesberge is made up of dolomites and banded iron formations of**

	the Griqaland West Sequence. **Prior to the Karoo period the Orange River cut a netwerk of channels closely approximately the present floodplain. These channels were then utilized by the subsequent glaciers and filled with the Dwyka tillites and shales (250 milion years ago). The post-Karoo Orange River subsequently incised into these formations and deposited gravels of the Rietputs Formation on mainly 3 terraces.** **The bedrock consisting of horizontally bedded greenish-grey tillites results in wide, braided channels in comparison to narrow, well-defined channels with potholes as found in the Ventersdorp lava bedrock.** **Gravel deposit** **The older gravels know as "Rooikoppie" is a reworked residual of the calcreted basel older gravels and does not occur on the Wonderdraai deposit. Only a rudaceous red plalaesol developed on the surface of the current gravel deposit that is calcreted.** **The terrace being**

	explored on Wonderdraai is classified as the Rietputs A gravels and is located 60 meters above the current Orange River. **In general these gravels can be decribed as follows: It comprises a crudely stratified granule-boulder conglomerate with a pale brown sandy matrix overlain by a 3m calcreted layer. The gravels have a maximum thickness of 15 m on Wonderdraai on top of the bedrock consisting of greenish Dwyka tillites (Fig 7.) The gravels are composed largely of rounded fragments of Ventersdorp andesite and iron formation, with smaller amounts of resistant material such as chalcedony, quartz and quartzite. The gravels are almost invariably calcified and sometimes contain partings or lenses of sand and fine-grained gravel. In some places the gravels have a thin covering of Hutton sand.**
	Geological Map see "Annexure "C".

4.2 **Detail of person who compiled the resource statement**

ITEM	DETAILS

Name	**A.I. du Toit AWS, Postmasburg**
Qualification/s	**Pri. Sci. Nat**
Profession	**Geologist**
Experience	**Vast experience in geology relating to diamonds.**
Professional Body (If registered)	
Registration number (if applicable):	**400121/96**

4.3 Locality specific geological map (in colour)

Annexure "C "

4.4 Exploration results (supporting geological reports to be listed and appended)

EXPLORATION OR WORK DONE BY OTHER PARTIES

A small prospecting operation was done during 2001 and although diamonds were recovered, the project was abondened after disagreements with the current surface owner. A preliminary background report with remote sensing interpretation of the property was prepared by Explorations Unlimited during 2001 and 2002 (Report dated 24 May 2003).

Numerous geological and palaeontological studies of the gravels of the lower Vaal and Orange River have been done especially during the 1960's and 1970's.

EXPLORATION RESULTS OF APPLICANT

(Please see Gravel Resource Report annexed as Annexure "D". References to figures in the Mine Working Programme are as the figures are numbered in the report).

The whole terrace was surveyed into a grid with a spacing of 100m x 100m. Down the hole percussion drilling boreholes were then sited on

each node and one meter interval samples taken up to bedrock. The type of material, colour, size fraction and mineral content for each meter were then logged by the author. Any interesting features or mineralogy were also noted.

Boreholes logs of all holes drilled can be found in Annexure "D" (Please see Gravel Resource Report). The last borehole was not drilled on the target terrace but on an older high laying calcrete terrace and does not reflect the geology of the potensial resource. All the borehole positions on the prospecting area can be found on the ortho photo map (Fig. 3).

The classification of what constitute a gravel resource was based on the percentage of gravels or boulders. Where more than 50% of the material consists of calcrete (normally the first three meters, Fig 8) these layers were not included in the resource calculation although it is known that these calcrete layers also carry diamonds albeit at a much lower grade. In fact the complete sequence of gravel, from surface to bedrock is potentially diamondiferous. Evidence of mining of these calcrete layers by old timers is then also found on the property in the form of shallow trenches and gulleys excavated out of the hard calcrete outcrop.

DRILLING RESULTS OF PROSPECTING BY APPLICANT

A total of 112 holes were drilled over an area of 99 hectares of which 10 were infill holes (fig. 3). An area of 7 hectares was not accessible by the drilling rig and will not be included in the resource calculations.

The average depth of the holes is 11.7 m with a maximum depth of 20m and a minimum depth of 5m.

The formations intersected during drilling were confined to the following:

1. Calcrete layers - mainly during the first three meters (Fig. 8)

2. A Hutton sand cover in some places (Fig. 9)

3. Calcified layers of gravels. (Fig. 9)

4. Well rounded brown gravel bed layers (Fig. 9)

5. The bedrock Dwyka tillites (Fig. 9)

It become clear that based on the drilling results and contour maps that a distinct channel development can be found in the middle of the terrace. This is confirmed by the contouring of the total depth of the gravels (Fig. 10) and the gravel-bedrock contact (Fig. 11).

In situ mineralisation:

The amount of asbestos fibers found in the area or in the drilling samples was limited to a number of individual crocodolite pieces that have silicified to such a degree that the fibers do not constitute a health threat. The pieces can in fact be classified as lowgrade tigers eye.

Blasting of the calcrete does not seem to be necessary over most of the terrace except potensially near the current edge of the Plato where the calcrete is harder (Fig. 4).
The gravel thickness intercepted in each hole is depicted in Table 1 and contoured in figure 12.
The average thickness of gravels is 6.6m. Using the specific thickness encountered in each hole and assuming that each hole represents an area of 100m x 100m a total resource of 14,470,000 tonnes of gravel has been identified (S.G. of the gravels - 2.2). Using the area explored with an average thickness of 6.6m for the gravels a total resource of 14,375,000 tonnes is calculated. The average between these two figures is 14,560,000 tonnes and this figure will be used as the gravel resource volume.

Table 1 on page 15 and 16 of the Exploration Programme and Gravel Resource Report includes the gravel bed thickness.

LIMITATIONS ON PROSPECTING WORK

There's certain factors that limited the prospecting work to be done. Some of the factors are:

The applicant was a wholy owned subsidiary of Diamond Core Resources. Diamond Core Resources was put in liquidation during 3 July 2009. The Company was taken out of liquidation during 12 October 2012.

The Company (Diamond Core Resources) was aquired by Ansafon (Pty) Ltd, the Directors of Ansafon (Pty) Ltd contacted the surface owner to acess the property to conduct the prospectingwork. The Surface owner blatently refused to grant access to the property for the applicant to finalize the prospecting work.

The applicant applied for Renewal of the Prospecting Right. The applicant was advised that the application for a Renewal of the Prospecting Right was refused. This information only came to the attention of the applicant on 18 August 2014. The applicant appealed against the decision to refuse the application for the Renewal of the Prospecting Right. With the appeal the applicant submitted an application to suspended the desicion to refuse the application for the Renewal of the Prospecting Right in terms of Section 96 of the MPRDA. This application was granted and was the decision to refuse the application for Renewal of the Prospecting Right suspended in a letter dated 6th November 2014. A copy of the letter is attached hereto as Annexure "E". The applicant was not allowed to conduct prospecting activities in a form of bulksampling for a period during which the subsidiary Company, Diamond Core Resource was in

liquidation. The applicant was furhter prevented access to the property by the surface owner. The surface owner blatently refuses the applicant access to conduct bulksampling activities on the property as at date hereof.

The applicant has appointed council with Fanie Grobler sc and Leon Bekker who is in the process to prepare the necessary application to court to gain access to the property of the applicant to conduct prospecting activities.

4.4.1 Estimated grades

Due to its high specific gravity and unwettable nature, diamonds tend to concentrate in the basal part of a deposit where they are found associated with larger, relatively lighter particles (i.e. Coarse-pebble to boulder gravels). Diamonds are not evenly or uniformly distributed throughout an alluvial deposit but tend to occur in random clusters formed by natural traps such as gullies. potholes and gravel bars.

Diamond grades are therefore notoriously difficult to determine. Even with an "accurate" diamond grade the size distribution of the diamonds remain an important factor in determining as the price return per carat and vary widely as the diamond increase in size.

Based on historical production figures it is known that the lower Vaal gravels produce an average grade of 0.3 carats/100tonnes. This grade has also been obtained on the Hospital property bordering the exploration area. A grade of 0.3 carats/100tonnes will be used as the inferred diamond grade.

4.5 Information required in terms of regulation 8 (in cases where the application was preceded by a prospecting right.
See Annexure "F"

4.6 Mineral resource map)
See Annexure "G".

4.7 Resource statement

From the drilling results, borehole logs and final contour plans it is evident that there is a very smooth and consistent correla-tion between boreholes nearest to each other. It is therefore the opinion of Mr du Toit that the gravel resource obtained from this drilling program can be classified as a measure volume. The determined gravel resource is determened to be 14,560,000 tonnes.

As no bulk sampling had been done to determine the grade of the gravel resource, the diamond resource will be classified as ingerred resulting in a total inferred diamond resource of 43,680 carats.

The average value for diamonds along the lower Vaal River is 900US$/carat althought the average value obtain on the Hospital hill property obtain during 2002 and 2003 was 2375US$/carat. This gives an inferred diamond value of 39 million US$ at 900US$/carat or 103million US$ at 2375US$/carat.

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

5.3 A list of products and their proportionate quantities

5.3.1 The applicant will conduct his activities with at least 4x 16ft washing machines. These machines will wash 260 tonnes of gravel an hour. Activities will be conducted for 24 hours a day.

5.3.2 Calculation
4 x (washing plants) x 65 (tonnes an hour) x 24 (working hours per day x 22 (working days during the month) = 137,280 tonnes a month.

5.3.3 137,280 (tonnes) ÷ 100 x 0.3 = 411,8 carats a month.

5.4 Market for each specific product in terms of Local, Regional or International

The diamonds will be sold at CS Diamonds tender house situated in Kimberley and at other tender houses as determined from time to time.

5.5 Summary of product consumers

Jewellers and industrial.

5.6 Summary of customer specifications and details of any proposed beneficiation of the products

The diamonds can be beneficiated into jewellary. Under quality can be benificiated into industrial jewellary.

5.7 Summary of infrastructure requirements such as roads, rail, electricity and water

Workshop, roads, electricity, water supply and sleeping quarters for staff, tailings dam.

Erection of mining plant : 4 x 16 feet washing pans.

5.8 Summary of other information applied that may influence price, e.g. exchange rate, duties, tariff barriers etc.

Exchange rate, tight market conditions,quality of diamonds.

5.9 The price to be used in the cash flow forecast.

$900 a carat x R13 = R11 700.00 a carat.

5.10 Confirmation that a specialist market analysis is attached as an appendix which explains the assumptions made and how the price was determined.

See Annexure "H"

6. REGULATION 11(1)(f): THE 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.

Earlier in this workprogram the DMR has been advised that the surface owner prevents the applicant from conducting prospecting activities on the property. The applicant was also advised that the surface owner will not allow him to mine on the property. This may have an effect on the develepment on the mine as it may be necessary for the applicant to approach the court for an interdict preventing the surface owner to prevent the applicant to conduct the mining activities on the property.

Once the applicant has been granted access to the property it will take approximately three to six months to erect the mining sight, to build the infrastructure and to commence with production.

6.1.2 Explanation of the production build up period once production commences.

From date of mining activities commences the production will be build up so that the

mine can be in full production a month after date of commencement.

6.1.3 Explanation of production decline period (as grades deteriorate).

In the event that the diamond price is lower than estimate $600 a carat and the grade drops below 0.15 carats per 100 ton, the holder will then consider to put the mine on care and maintenance.

6.1.4 Production forecast for each year over the full period applied for based on the above explanations. (Not Life of Mine calculation).

Year	Production Period	Tons	Carats
Year 1	5 months	5x137,280= 686,400	100 x 0.3 = 2059
Year 2-11	11 months	11 x 137,280= 1,510,080	100 x 0.3 = 4530

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).

Tonnes: 14 560,00 - 686,400 (Year one) = 13 873,600 ton

Inferred tonnes: 13 873,600 tons - 1 510,080 (tons a year)
= 10 years
Plus year one - 11 years

Plus one year unforseen circamstances like adressing disputes with the surface owner = 12 years.

7 REGULATION 11(1)(g)(i) THE DETAILS WITH REGARD TO THE COSTING OF THE MINING TECHNIQUE, MINING TECHNOLOGY AND PRODUCTION RATES (excluding labour and capital)

7.1 Mine design map

(Include a high level map indicating the basic mine design and schematic mining schedule).

The mine design is simplistic. The processing plant will comprise of 4x16 feet washing pans. The pans have their own feeders. The gravel will be moved into the feeders by loaders from the gravel stockpile into a screen and it will be transported into a scrubber. From the scrubber it will be transported by conveyerbelts to the 4x 16ft pans. From the 16 ft pans the prosessed material will be transferred via conveyerbelts to the flowsort where it will be sorted. Diamonds will be recovered from these sorting activities.

See annexure "I" for a mine design map

7.2 Description of the mining method's impact on operating cost.

7.2.1 Basic overview of the mining method

The gravel will be removed from the property by an excavator/s. It will be loaded by the excavator onto a dumper truck which will transport the gravel to the gravel stockpile. From here the gravel will be moved by a front-end loader to the screen and scrubber into the washing plants and to the flowsort plant. The gravel will be processed in the plant for later sorting of the concentrate derived from the plant in the flowsort. All waste will either be accumulated in a dam and used for rehabilitation, by washing the waste back into the excavations. Tailings will be pumped into the tailings dam.

7.2.2 Description of equipment and activities impacting electricity cost (excluding the processing plant)

The only electricity to be used will be for the processing plant, the washing plants and for the flowsort to sort the concentrate. Electricity will be used in infrastructure development to provide lighting and for the employees to provide lightning, to electrify the housing quaters.

7.2.3 Description of equipment and activities impacting on fuel cost

Excavators, front end loaders, dumper trucks, possible use of the power plants

7.2.4 Description of equipment and activities impacting on cost of stores and materials

Parts for the equipment listed in 7.2.3

7.2.5 Description of equipment and activities impacting on the cost of water

Processing and the use of water by the workers employed and working on the site + prosessing activities.

7.2.6 Description of activities impacting on other cost not included above

None

7.2.7 Operating Cost Forecast (Excluding the processing plant and Labour) For first 10 years

COST CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TEAR 9	YEAR 10
Fuel	14 400 000	15 120 000	15 876 000	16 669 800	17 503 290	18 378 455	19 297 378	20 262 246	21 275 359	22 339 127
Electricity	300 000	315 000	330 750	347 287	364 651	382 884	402 028	422 130	443 236	465 398
Water	360 000	378 000	396 900	416 745	437 582	459 461	482 434	506 556	531 883	558 478
Stores and materials	3 000 000	3 150 000	3 307 500	3 472 875	3 646 518	3 828 844	4 020 286	4 221 301	4 432 366	4 653 984
Other (specify)	3 600 000	3 780 000	3 969 000	4 167 450	4 375 822	4 594 613	4 824 344	5 065 561	5 318 839	5 584 781
TOTAL COST (To be reflected in the cash flow forecast)	21 660 000	22 743 000	23 880 150	25 974 157	26 327 863	27 644 257	29 026 460	30 477 794	32 001 683	33 601 768

NB! 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

8.1.1 Basic plant design. (supported by a process flow diagram, of the plant).

Except for processing it is not forseen that there will be any technological processes for the extraction and preparation for the minerals. The minerals are diamonds, which will be sold in a form the way they are found. The Tender House where the diamonds will be sold, will deep boil the diamonds. The cost of the deep boiling is subtract from the 1.5% commission payed over to the Tender House.

8.1.2 Efficiency of the process. (together with an estimate of the mineral recovery rate, and the expected mass or volume of mine waste or residues together with the manner in which it would be disposed of.)

The mineral recovery rate will be 0.3 carats per 100 tons of gravel processed.
Approximately 1.2t - 1.6t of the residue will be formed for everyone ton of gravel processed. The reason here for is for the water used during the processing activities. The residue will either be washed back into the excavations or washed into a tailings dam.

8.2 Description of equipment and activities impacting electricity cost (excluding the processing plant)

The only electricity to be used will be for the processing plant , washing plants and for the flowsort to sort the concentrate. Electricity will be used in infrastructure development to provide lighting and for the employees to provide lightning, to electrify the rounding courters.

8.3 Description of equipment and activities impacting on fuel cost

Excavators, front end loaders, dumper trucks, possible use of the power plants.

8.4 Description of equipment and activities impacting on cost of stores and materials

Parts for the equipment listed in 8.2

8.5 Description of equipment and activities impacting on the cost of water

Processing and the use of water by the workers employed and working on the site + prosessing activities.

8.6 Description of activities impacting on other cost not included above

None

8.6.1 Processing plant operating cost forecast (Excluding Labour) For first 10 years

COST CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TEAR 9	YEAR 10
Fuel	120 000	126 000	132 300	138 915	145 860	153 153	160 811	168 852	177 294	186 159
Electricity	240 000	252 000	264 600	277 830	291 721	306 307	321 622	337 704	354 589	372 318
Water	240 000	252 000	264 600	277 830	291 721	306 307	321 622	337 704	354 589	372 318
Stores and materials	600 000	690 000	724 500	760 725	798 761	838 699	880 634	924 665	970 899	1 019 444
Other (specify)	1 200 000	1 260 000	1 323 000	1 389 150	1 458 607	1 531 537	1 608 114	1 688 520	1 772 946	1 861 593
TOTAL COST (To be reflected in the cash flow forecast)	1 800 000	2 580 000	2 709 000	2 844 450	2 986 672	3 136 003	3 292 803	3 457 445	3 630 317	3 811 832

NB! 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)

The applicant does not budget seperatly for these cost. Given the nature of the operations it is not possible for the applicant to strip the cost into separate units.

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

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

Environmental, mine health and safety and operational. Environmental and geological are under service providers, mine health and safety and geological are under experienced specialists and operators under semiskilled

See design attached as annexure "J"

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.

All mining activities will be conducted by the applicants appointed contractors. The applicant has appointed Ansafon as subsidiary Company of the applicant to conduct the mining activities.
See Agreement Confirmation as Annexure "K".

The applicant has apointed a Geologist (Deon Vermaakt) to conduct geological work on the property.
See appointment letter as Annexure "L".

The applicant will further appoint a mine health and safety company to oversee the Mine Health and Safety activities. Such appointment only to be made where the Mining Right has been granted. Milnex 189 CC has been appointed as the Environmental Consultants to oversee the compliance of the operations with the Environmental Regulations.
See appointment letter as Annexure "M".

9.2 Costing of the skills categories in the mining operation to determine if technical competence has been budgeted for: Complete the following tables:

MINE EMPLOYEES

PERSONNEL ON THE MINE'S PAYROLL: (Years 1 to5)

CATEGORY	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	**4**	**1 300 000**	**2**	**1 365 000**	**4**	**1 433 250**	**4**	**1 504 912**	**4**	**1 580 158**
Senior Management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Professionally qualified and experienced specialists and mid-management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	**50**	**2 184 000**	**50**	**2 293 200**	**50**	**2 407 860**	**50**	**2 528 253**	**50**	**2 654 665**
Semi-skilled and discretionary decision making	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non permanent Employees	**20**	**520 000**	**20**	**546 000**	**20**	**573 300**	**20**	**601 965**	**20**	**632 063**
TOTAL PERSONNEL EXPENDITURE	**74**	**4 004 000**	**74**	**4 204 200**	**74**	**4 414 410**	**74**	**4 635 130**	**74**	**4 866 886**

PERSONNEL ON THE MINE'S PAYROLL: (Years 6 to10)

CATEGORY	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	**4**	**1 659 165**	**4**	**1 742 123**	**4**	**1 829 229**	**4**	**1 920 690**	**4**	**2 016 725**
Senior Management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Professionally qualified and experienced specialists and mid-management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	**50**	**2 787 398**	**50**	**2 926 768**	**50**	**3 073 106**	**50**	**3 226 761**	**50**	**3 388 099**
Semi-skilled and discretionary decision making	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non permanent Employees	**20**	**663 666**	**20**	**696 849**	**20**	**731 691**	**20**	**768 276**	**20**	**806 690**
TOTAL PERSONNEL EXPENDITURE	**74**	**5 110 229**	**74**	**5 365 740**	**74**	**5 634 026**	**74**	**5 915 727**	**74**	**6 211 514**

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

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	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Senior Management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Professionally qualified and experienced specialists and mid-management	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Semi-skilled and discretionary decision making	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL CONTRACT	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
BUDGET (Not only salaries &wages)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

SERVICE PROVIDERS

LIST OF SPECIALISTS, CONSULTANTS AND SERVICE PROVIDERS	BUDGET YEAR 1	BUDGET YEAR 2	BUDGET YEAR 3	BUDGET YEAR 4	BUDGET YEAR 5	BUDGET YEAR 6	BUDGET YEAR 7	BUDGET YEAR 8	BUDGET YEAR 9	BUDGET YEAR 10
Milnex 189 CC	**180 000**	**189 000**	**198 450**	**208 372**	**218 791**	**229 730**	**241 217**	**253 278**	**265 941**	**279 239**
Mine Health & Saftey	**60 000**	**63 000**	**55 150**	**69 457**	**72 930**	**76 576**	**80 405**	**84 426**	**88 647**	**93 079**
Geologist	**50 000**	**52 500**	**55 125**	**57 881**	**60 775**	**63 814**	**67 004**	**70 355**	**73 872**	**77 566**
Diamand Marketing	**795 366**	**835 134**	**876 891**	**920 735**	**966 772**	**1 015 110**	**1 065 866**	**1 119 159**	**1 175 117**	**1 233 873**
TOTAL BUDGET (SERVICES)	**1 085 366**	**1 139 634**	**1 185 616**	**1 256 445**	**1 319 268**	**1 385 230**	**1 454 492**	**1 527 218**	**1 603 577**	**1 683 757**

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

CATEGORY	BUDGET YEAR 1	BUDGET YEAR 2	BUDGET YEAR 3	BUDGET YEAR 4	BUDGET YEAR 5	BUDGET YEAR 6	BUDGET YEAR 7	BUDGET YEAR 8	BUDGET YEAR 9	BUDGET YEAR 10
IN HOUSE SKILLS AND SERCICES	4 004 000	4 204 200	4 414 410	4 635 130	4 866 886	5 110 229	5 365 740	5 634 026	5 915 727	6 211 514
SKILLS AND SERVICES PROVIDED BY SUBCONTRACTORS	0	0	0	0	0	0	0	0	0	0
SKILLS AND SERVICES PROVIDED BY SERVICE PROVIDERS	1 085 366	1 139 634	1 185 616	1 256 445	1 319 268	1 385 230	1 454 492	1 527 218	1 603 577	1 683 757
TOTAL BUDGET FOR TECHNICAL SKILLS AND COMPETENCE	5 089 366	5 343 834	5 600 026	5 891 575	6 186 154	6 495 459	6 820 232	7 161 244	7 519 304	7 895 271

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 Departments website. Complete 10 forecasts and paste them into this section, i.e. one for the progressive impact in each of the first 10 years of operation. The progressive total (10th year must be stated under this heading and also included into the first year of the cash flow under Regulation 11 (1) (g) (vi) below in the environmental cost category.)

It is estimated that R100 000 is spend a month on rehabilitation.

This will mean a yearly spend of R1 200 000 a year. It is estimated that this amount will escalate with 5% a year. As rehabilitation is conducted on an ongoing basis, as an integrated part of the activities, the diesel and other associated costs have been bugeted for in paragraph 7.2.7.

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).

The socio-economic cost is determined to be R5000 a month which is a equal 60,000 Rand a year. Social cost is budgeted at R 5 000 a month x 12 = R60 000.

For cashflow purposes the average amount of R120 000 is used a year.

The applicant will budget a R100 000 a month to paid for surface disterbances and for socio-economic impact the mining activities will have for the surface owner.

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

Estimated Environmental and Rehabilitation cost

CATEGORY	COST ESTIMATE
a) Progressive total for rehabilitation	**R1 200 000 a year**
b) Cost to mitigate socio-economic conditions of directly affected persons	**R120 000 a year** **R1, 200, 000 for surface compensation**
TOTAL COSTS (Transfer amount to cash flow forecast – Line 7 Year 1 only)	**2 520 000 a year**

10.2 Other Regulatory Costs (complete the table below)

Cost	Amount per annum	Explanation on how amount was calculated
Royalties	**1 590 732**	**3% estimate of 53 024 400**
Mine Health and Safety Regulations	**R60 000**	**Amount estimated by Applicants Accountant.**
Occupational Health	**R74 000**	**R1000.00 a year an employee.**
Rates and Taxes	**R24 000**	**The amount the applicant foresee the municipality will charge for rate and taxes R2 000 a month x 12**
National Skills fund	**R80 080**	**2% of the applicant's wage bill which is estimated to be R52 160 a year**

Other: Specify		
Other: Specify		
Other: Specify		
Other: Specify		
Other: Specify		
TOTAL COSTS (Include amount into the cash flow forecast – Line 7)	**R1 828 812**	

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).

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

ESTIMATED EXPENDITURE ON THE SOCIAL AND LABOUR PLAN IN A 10 YEAR PERIOD										
ITEM	**YEAR1**	**YEAR2**	**YEAR 3**	**YEAR 4**	**YEAR 5**	**YEAR 6**	**YEAR 7**	**YEAR 8**	**YEAR 9**	**YEAR10**
HUMAN RESOURCE DEVELOPMENT	**36 000**	**37 800**	**39 690**	**41 674**	**43 757**	**45 944**	**48 242**	**50 654**	**53 186**	**55 846**
LOCAL ECONOMIC DEVELOPMENT	**60 000**	**63 000**	**66 150**	**69 457**	**72 764**	**76 402**	**80 222**	**84 233**	**88 445**	**92 867**
MANAGEMENT OF DOWNSCALING	**24 000**	**25 200**	**26 460**	**27 780**	**29 169**	**30 627**	**32 158**	**33 766**	**35 455**	**37 227**
ESTMATED TOTALS PER YEAR	**120 000**	**126 000**	**132 300**	**138 911**	**145 590**	**152 973**	**160 622**	**168 653**	**172 874**	**185 940**

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 byproducts 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.

412 carats a month x 11 month a year x R11 700 carat = R53 024 400 per year .
= 4532

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).)

Year 1: R24 102 000
Year 2: R53 024 400
Year 3: R55 675 620
Year 4: R58 459 401
Year 5: R61382 371
Year 6: R64 451 489
Year 7: R67 674 064
Year 8: R71 057 767
Year 9: R74 610 655
Year 10: R78 341 188

12.2 Estimated Capital Expenditure

12.2.1 Initial capital expenditure.

(List of expenditure on the initial capital expenditure items).

All equipment is readily available

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).

Budget of R3 000 000 a year.

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.)

R3 000 000 per year - for each year.

See table on page 36.

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.)

N/a

12.4 Summary of capital and other costs. Complete the table below

R3 000 000 per year

See table below on page 36.

SUMMARY OF CAPITAL AND OTHER EXPENDITURE

CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	TEAR 9	YEAR 10
Initial capital expenditure	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500	12 980 500
Ongoing capital expenditure	3 000 000	3 00 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000
Other costs specified in 12.3 above	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL AND OTHER (To be reflected in the cash flow forecast)	15 980 500	15 980 500	15 980 500	15 980 500	15 980 500	15 980 500	15 980 500	15 980 500	15 980 500	19 980 500

(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)

See cash flow attached hereto.

CASH FLOW FORECAST AND VALUATION (REGULATION 11(g)(vi)												
		Y1 R'000	Y2 R'000	Y3 R'000	Y4 R'000	Y5 R'000	Y6 R'000	Y7 R'000	Y8 R'000	Y9 R'000	Y10 R'000	TOTAL R'000
1	REGULATIONS 11(1) (d) and (f) PRODUCTION	4532	4758	4996	5246	5508	5784	6073	6376	6695	7030	56 998
2	REGULATION 11(1) (e) PRICE	11 700	11 700	11 700	11 700	11 700	11 700	11 700	11 700	11 700	11 700	117 000
3	**REVENUE**	53 024 400	55 668 600	58 453 200	61 378 200	64 443 600	67 672 800	71 054 100	74 599 200	78 331 500	82 251 000	666 876 600
4	REGULATION 11(1) (g) (i) MINING COST	21 660 000	22 743 000	23 880 150	25 974 157	26 327 863	27 644 257	29 026 460	30 477 794	32 001 683	33 601 768	273 337 132
5	REGULATION 11(1) (g) (ii) TECHNOLOGY COST	0	0	0	0	0	0	0	0	0	0	0
6	REGULATION 11(1) (g) (iii) TECHNICAL SKILLS COST	5 089 366	5 343 834	5 600 026	5 891 575	6 186 154	6 495 459	6 820 232	7 161 244	7 519 304	7 895 271	64 002 465
7	REGULATION 11(1) (g) (iv) **REGULATORY REQUIREMENTS**	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	1 828 812	18 288 120
	ENVIRONMENTAL COST	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	2 520 000	25 200 000
8	REGULATION 11 (1)(G) (viii) SOCIAL AND LABOUR PLAN COST	120 000	126 000	132 200	138 911	145 590	152 973	160 622	168 653	172 874	185 940	1 503 763
9	REGULATION 11(1) (g) (v) CAPITAL AND OTHER	15 980	15 980	15 980	15 980	15 980	15 980	15 980	15 980	15 980	15 980	159 805 000

		500	500	500	500	500	500	500	500	500	500	
10	WORKING PROFIT/LOSS	5 825 722	7 126 454	8 511 512	9 044 245	11 454 681	13 050 799	14 717 474	16 462 197	18 308 327	20 238 709	124 740 120
11	TAX	2 330 288	2 850 581	3 404 604	3 617 698	4 581 872	5 220 319	5 886 989	6 584 878	7 323 330	8 095 483	49 896 042
12	NET CASH FLOW	3 495 434	4 275 873	5 106 908	5 426 547	6 872 809	7 830 480	8 830 485	9 877 319	10 984 997	12 143 226	74 844 078
13	DISCOUNTED CASH FLOW											

The Applicant may provide for escalation, based on accepted practice, and may provide other indicators such as IRR.

. **For the avoidance of doubt a cash flow as prepaired by the applicant is attached hereto as Annexure "L" showing the cost in detail on a yearly basis. Please work from the attached cashflow.**

14 REGULATION 11 (1) (g) (vii): DETAILS REGARDING THE APPLICANTS 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

(Provide in tabular format an explanation of how the cash flow will be financed, showing the amounts, the type of financing, eg. Loans, equity, retained earnings, etc, as well as the impact of financing on the cash flow in terms of financial arrangements and repayments)

No financing will be needed. The business will operate on a nett cash flow. The applicant has employed Ansafon (Pty) Ltd to conduct the operations on behalf of the applicant as contractor. See undertaking attached hereto as Annexure"N". The mining operations will be self financed and cash flow positive from phase 1. The Dark Side Trust and The Puss and Boots Trust has sufficient financial resources available to fund the mining activities and any shortfall. We attach hereto the bank accounts / statements of the Trusts as proof hereof as with an undertaking of both trusts who undertakes to finance the activities. See Annexures "P and "Q".

14.2 Detail regarding the financing arrangements

(Elaborate on the financing arrangements that are described in item 14.1 above, 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.)

The mining activities will be self finance from phase 1. In case of any financial shortfall The Puss in Boots Trust and The Dark Side Trust has agreed to provide the financing. Attached hereto please find the Memorandum of Agreement and the undertakings of the two Trusts annexured as (Annexure "K and N").

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).

See the cash flow attached and Bank statements: See Annexure "P and Q"

List of Equipment: See Annexure "R"
List of Employees: See Annexure "S"

15 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 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 mining work programme and adhere to the proposals set out herein.	
Full Names and Surname	**ANDREW ELIA**
Identity Number	**710916 5001 084**