



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

Private Bag X A1, Klerksdorp, 2570,
Tel: (018) 487 4300, Fax 086 607 8310
Directorate Mineral Regulation: North West Region
Enquiries: Mr. T. Manakana Ref: NW 30/5/1/1/2/12380 PR

K2015268783 (South Africa) (Pty) Ltd
P O Box 6038
Uniedal
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Fax: (053) 832 5018

Email: j.malan@malmaniresources.com

Attention: Jaco Malan

MINE ECONOMICS EVALUATION OF AN APPLICATION FOR A PROSPECTING RIGHT IN TERMS OF SECTION 16 OF THE MINERALS AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 (ACT 28 OF 2002).

The following comments are applicable based on our evaluation; you do not comply fully with the requirements in terms of Section 17 (1) (a) due to the following reasons:

Regulation 7(1) (h): All planned prospecting Activities must be conducted in phases and within specific Timeframes.

A description of how the mineral resource and mineral distribution of the prospecting area will be determined is inadequate. Table 5.1 timeframe and timeframe outcome is incorrectly completed. Kindly use the example provided and use the prescribed template with Bulk sampling because you indicated that trenches would be excavated but you failed to indicate the number of trenches. Indicate the number of trenches or remove them. The applicant must align the activity of prospecting according to the Prospecting Work Programme requirement. You are advised to reduce the prospecting period to three years and to provide mine economics with the revised PWP.

Regulation 7 (1) (j) (i): Details with documentary Proof of the applicant's Technical ability or Access thereto to conduct the Prospecting operation.

The documentary proof of technical ability is inadequate. Provide Mine Economics with resolution, certificate/Qualifications of the geologist (competent person) as required by SAMRAAD or the drilling Company profile together with the resolution.

Regulation 7(1) (j) (ii): Details with documentary Proof of a Budget and documentary Proof of the applicants Financial Ability or Access Thereto

Details of documentary proof of applicant's financial ability or access thereto to conduct the proposed prospecting operation is outdated, as far as 31 December 2016. Provide mine economics with the latest signed audited Financial statement of Zirco Resources Limited or 3 months bank statement of Zirco Resources Limited together with resolution, as proof to justify that the company will be able to finance the proposed project. Table 9.1 on geophysical survey the budget has been underestimated, the activity is more than the amount indicated.

In order to finalize this matter within the regulatory timeframes, it is required that this information reach Mine Economics Sub directorate, Klerksdorp, within 14 days.

Failure to provide the above information may result in your application being recommended for refusal.

REGARDS

**REGIONAL MANAGER
KLERKSDORP
DATE.....**

ACKNOWLEDGEMENT OF DOCUMENTS RECEIVED

REGISTRY KLERKSDORP OFFICE

Applicant /Holder of Right: K20152(7782) (Sundri Devisia) (Pvt) Ltd

File No: NW 30/5/1/12/12320 PR NW 30/5/1/...../3/2/1/.....EM

File No : NW 5/3/2/..... NW 6/2/2/.....

CHECKLIST: MINERAL LAW ADMINISTRATION

- Joint venture agreement / Bee
Proof Of Consultation with Landowner/Interested/Affected Parties
Other REVIEWED FOR PDP AND ADDITIONAL

SUPPORTING DOCUMENTS

CHECKLIST: MINE ENVIROMENTAL MANAGEMENT

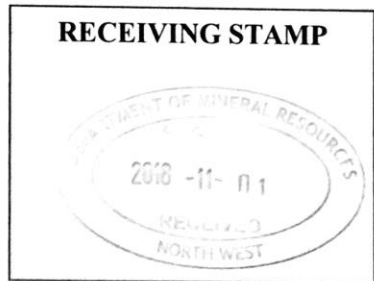
- 1 Original + Copies (Scoping Report / EMP/BAR / EIA)
Closure application
Memorandum Agreement
Itemisation as required in terms of Section 24 P(3) of NEMA
Letter from the Bank : Financial Provision
Bank Guarantee

Receipt of the above-mentioned documentation is hereby acknowledged and the responsible sub-directorate will revert back to you once the documents has been assessed.

REGISTRY OFFICIAL

CLIENT SIGNATURE

COPY TO BE PROVIDED TO CLIENT



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The Regional Manager
Department of Minerals Resources
Northern West Province
Vaal University of Technology Building
c/o Voortrekker & Margaretha Prinsloo Streets
Klerksdorp, 8300

1 November 2018



Dear Mr. Manakana,

**RE: REVISED PROSPECTING WORKS PROGRAM AND ADDITIONAL SUPPORTING DOCUMENTS:
PROSPECTING RIGHT APPLICATION NW30/5/1/1/2/12380PR**

With reference to your letter, received on 18 October 2018 and copied hereto, kindly find attached the revised prospecting works program for the prospecting right application Ref: NW30/5/1/1/2/12380PR. The prospecting works program have been amended as follows:

- 1) **Regulation 7(1) (h):**
 - a) Table 5.1 was revised in accordance with the prescribed template and now includes the full exploration cycle (in phases) from reconnaissance exploration through advanced exploration to feasibility study, timeframes and timeframe outcomes over the five-year period.
 - b) Trenching was removed from the proposed program – the combination of geophysical and geochemical surveys is deemed adequate in identifying targets and selecting the position of reconnaissance drill holes.
- 2) **Regulation 7 (1) (j) (i):** Resolutions and certificates/qualifications of the geologists (competent persons) that will direct and manage the proposed exploration program have been attached to their curriculum vitae.
- 3) **Regulation 7(1) (j) (ii):**
 - a) A letter of financial support and the latest signed audited Financial Statements of the company's BEE partner, Ndalamo Resources, as well as the last three months of bank statement and latest unsigned audited Financial Statements of Zirco Resources have been added as proof to justify that the company will be able to finance the proposed project
 - b) The geophysical survey cost as stated in Table 9.1 has not been revised upwards. The cost estimate is based on quotes for similar surveys at other projects under our management and are

thus deemed sufficient. Details relating to the calculation of the quantum (line kms, etc) have been added to Table 9.1 and Section 6 (i) of the prospecting works program.

Please let us know should you require further information regards the abovementioned.

Yours faithfully,


REPRESENTATIVE