

2015

# South African Coal Mining Holdings Limited (SACMH)



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## **UMLABU RESOURCE AND RESERVES UPDATE 31 Dec 2015**

This document serves as a resource and reserve update on the coal assets held by South African Coal Mining Holdings Ltd.

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**DISCLAIMER AND RISKS. [JSE: 12.9 (H) (xi)]**

This Competent Persons Resource and Reserve Update was prepared by K. Black (KJB GeoServices) and L. Raaths (Miptec (Pty) Ltd). The update was prepared for the exclusive use of SACMH on the basis of instruction, information and data supplied by them. In the preparation of this report the authors have extensively used, with permission of SACMH the work done by the competent persons as listed above since 2012 and the independent engineer's report on the material assets of SACMH as compiled by SRK dated the 16<sup>th</sup> of May 2012 ("SRK IER 2012"). This report is not a full Competent Persons Report, but a partial report providing an update with regards to the resources and reserves of Umlabu Colliery that have been compiled in alignment with the SAMREC and SANS guidelines. As requested by the client, and the JSE representatives, the sections defined in Section 12.9 of the JSE have been included.

The Authors are neither in a position to, nor have attempted to verify the accuracy of, or adopt as their own, the information and data supplied by others but accept responsibility for their own contribution and involvement in the writing of this Resource and Reserve update. The Authors have audited the historical data of Umlabu Colliery and are satisfied with the information provided. The audit process that was completed in 2012 was mandatory in order to comply with SAMREC.

The Authors do not accept any legal responsibility from any person, organisation or company for any loss or damage suffered resulting from reliance on this report whether by breach of contract, negligence or otherwise.

**COMPLIANCY OF THE REPORT. [JSE: 12.9 (d), (e)]**

The aim of this report is not to satisfy all sections of the SAMREC checklist as tabled under Appendix A, or the JSE section 12.9 and 12.11 tabled under Appendix C. This report and the basis of the modelling was not done to comply with the requirements of the SAMVAL code as tabled in the SAMVAL checklist in Appendix B. However, as mentioned above, all resource and reserve estimations contained within this report have been compiled in alignment with the SAMREC, SAMVAL and SANS guidelines.

The Authors are registered with the relevant professional bodies and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken, and as such are qualified as Competent Persons as defined in the SAMREC Code, 2007 Edition, and as amended July 2009.

The South African Coal Mining Holdings Limited's (SACMH) coal resources are situated in the Ermelo Coalfield of South Africa and are therefore typical multiple seam coal deposits. The resource modelling and classification thereof has accordingly been done using the coal addendum to the SAMREC code,

(SANS 10320:2004, *The South African Guide to the Systematic Evaluation of Coal Resources and Coal Reserves*) as guideline. The outline used for this report is as tabled in the 2007 Edition as amended in the July 2009 SAMREC Code document: *Table 1: Checklist and Guideline of Reporting and Assessment Criteria*.

Both Mrs. K Black and Mr. L Raaths were involved in the geological modelling and mine planning since early 2012. It must be noted that the Geological modelling was done based on the information handed over by Eugene Pretorius and associates (EPA) early 2012, after which the information was validated and remodelled by K. Black and mine planning done by L. Raaths.

SRK Consulting completed an Independent Engineers Report (“IER”) on the material assets of SACMH based on the work done by K. Black and L. Raaths in 2012.

Since the initial modelling, no new exploration was conducted that would have required a geological model update or a revised mine plan. This was mainly due to the operational closure of the mine during November 2012. This closure was forced upon SACMH due to the Mooifontein mining area being depleted and expansion into the Voorslag underground being delayed due to the Water Use Licence (WUL) not being approved at that stage.

The resources and reserves then remained more or less the same in the Voorslag mining area for the greater part of 2013 and 2014.

During 2015 the economic factors changed to the extent that even if the WUL was approved, the mine could not be operated economically. This subsequently resulted in a material change in the Reserve estimation, as those resources previously converted to reserves, had to be converted back to resources, as they were no longer considered economically feasible.

Only key personnel were retained when Umlabu Colliery was placed under care and maintenance.

Discard dumps were never included as a resource, as the limited processing of discards proved to be uneconomical due to the low yields achieved. The discards have no material impact on this resource and reserve update.

## RESOURCE AND RESERVE UPDATE REPORT

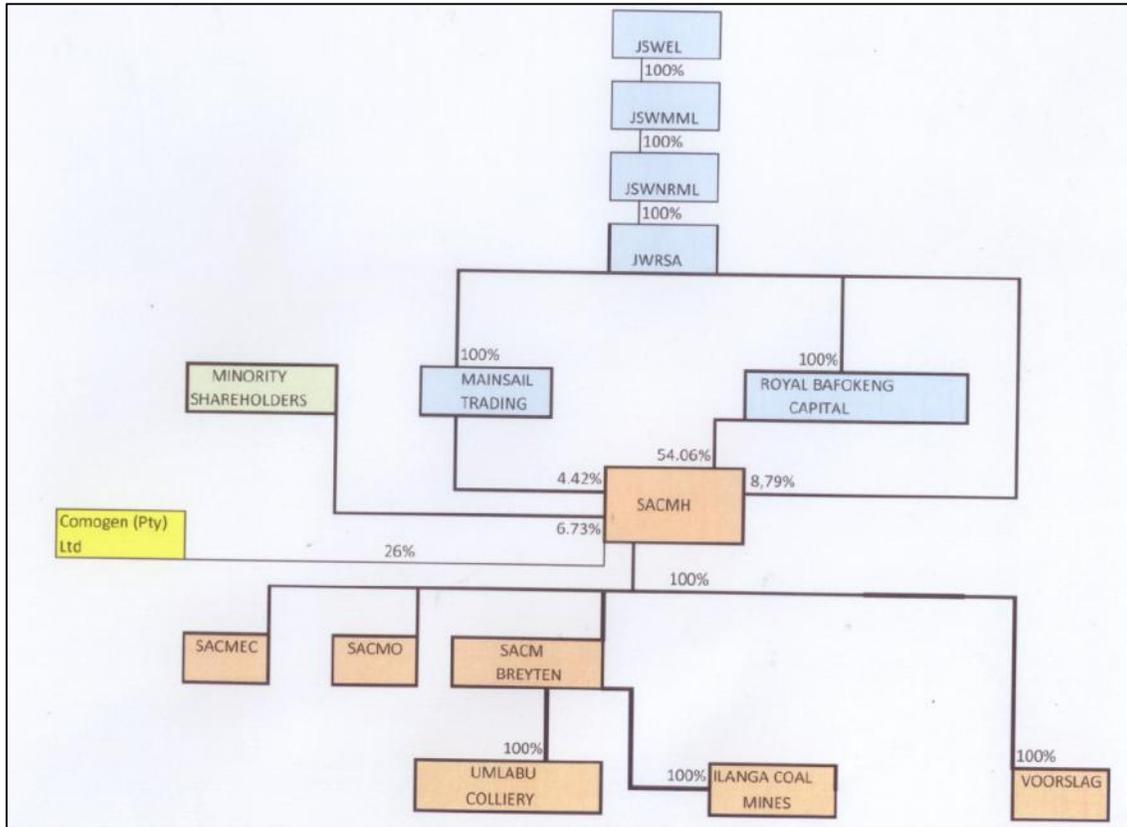


Figure 1 - Company structure

Figure 1 shows the structure of companies. From the above it is evident that the resources and reserves declared in this report are 100% attributable to SACMH.

# 1 GENERAL

## 1.1 PURPOSE OF REPORT. [SR T1: 1.1]

Miptec (Pty) Ltd (“Miptec”) and KJB GeoServices (“KJB”), were jointly contracted by SACMH to produce an updated resource and reserve estimate of the company’s coal assets at Umlabu Colliery as at 31 December 2015. Both Miptec and KJB operate as independent technical consultants to SACMH, and neither company has any interest in SACMH or the coal assets reviewed. Both Miptec and KJB will receive a consulting fee for the generation of this update report.

The initial resource and reserve estimates have been prepared in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves, commonly referred to as the SAMREC Code. In accordance with the contents of the SAMREC Code, the latest resource update has been prepared under the direction of a Competent Person. This document serves as an update to the latest Independent Engineer’s Report on the Material Assets of SACMH as compiled by SRK in 2012.

This report will be the third update (2015 update) that is compiled by the authors listed as competent persons in this report.

SACMH requested an update on the resources and reserves of Umlabu Colliery, which is a partial evaluation focussing on the resource and reserve update only. As such, this report is not considered a Competent Persons Report, but rather an update report as requested by the client. It has been recognised that the main coal asset is still under care and maintenance since November 2012. There was no mining or exploration done since November 2012. With respect to the resources, no updated modelling was done on the geological and mine planning models since the last Life of Mine plan and the SRK IER back in 2012.

Since 2012 the only material change to the resources was on the Sterkfontein 242-IS/1 area where the prospecting licence expired. An application for the renewal of this licence is still pending, resulting in resources from this area being excluded.

Regarding the reserve estimations, the only material change was in 2015 when the updated economic modifying factors rendered all of the Voorslag opencast and underground resources uneconomical for extraction. This resulted in the previously classified reserves being reclassified as resources.

All work conducted with regard to this report was based on the geological modelling and mine planning done during the 2012 period. There was no further update on the models due to the inactivity

on the operation. The 2012 Life of Mine Plan (“LOMP”) formed the basis of the financial evaluations done by the client regarding the economic viability of the asset.

No further exploration or technical work is planned for this asset for the foreseeable future.

**1.2 PROJECT OUTLINE. [SR T1: 1.2] [JSE: 12.9 (h) (ii)]**

SACMH ceased operations at Umlabu Colliery in the Mooifontein 107-IT/1 area in November 2012. The Water Use Licence was not approved which resulted in a delay in the underground expansion into the Voorslag and Sterkfontein areas. A retrenchment process followed, after which the mine was put on care and maintenance whereby only key mine personnel were retained in order to manage the ongoing rehabilitation and the upkeep of the existing infrastructure. At the time of this report, the Water Use Licence approval was still pending.

During the 2014 fiscal year and the 2015 calendar year, no mining or exploration activities took place on any of the SACMH properties.

During the 2014/5 financial year, no discards were processed through the plant as the yields obtained in the previous year were too low to warrant continuing. Due to the realised yields during the 2013 financial year, as well as the fact that the discards have not been sampled and analysed, it was decided that they would not be included in the resource update below.

**1.3 KEY PLAN MAPS AND DIAGRAMS.**

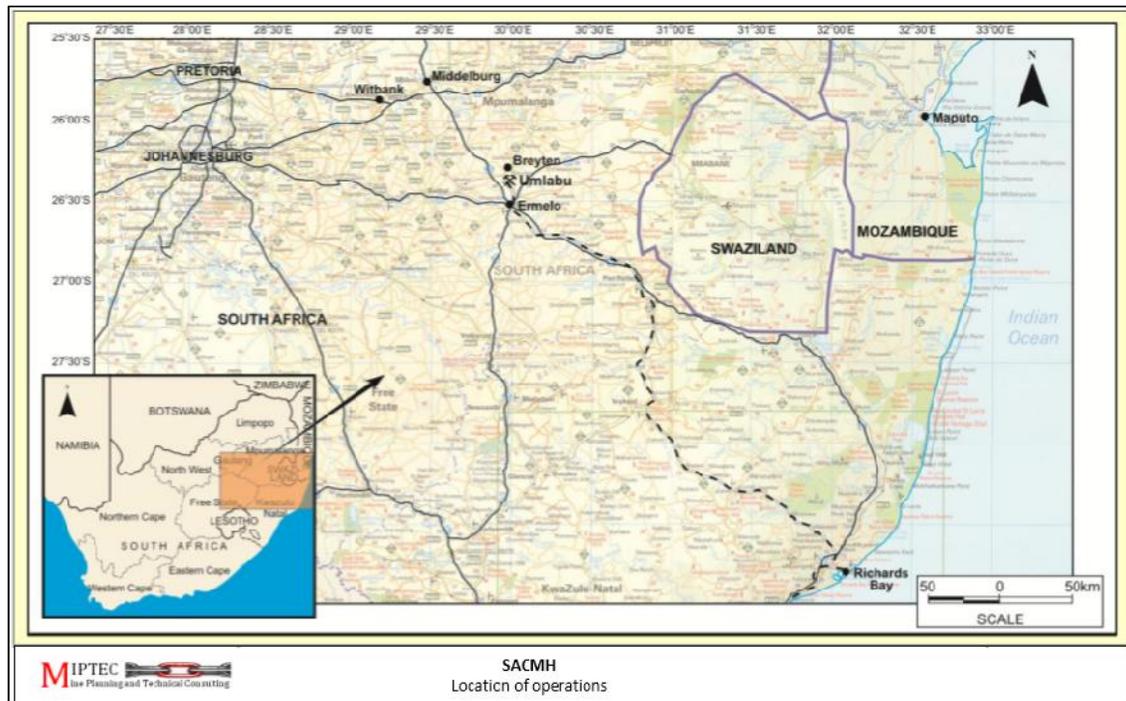


Figure 2 - Location of operations

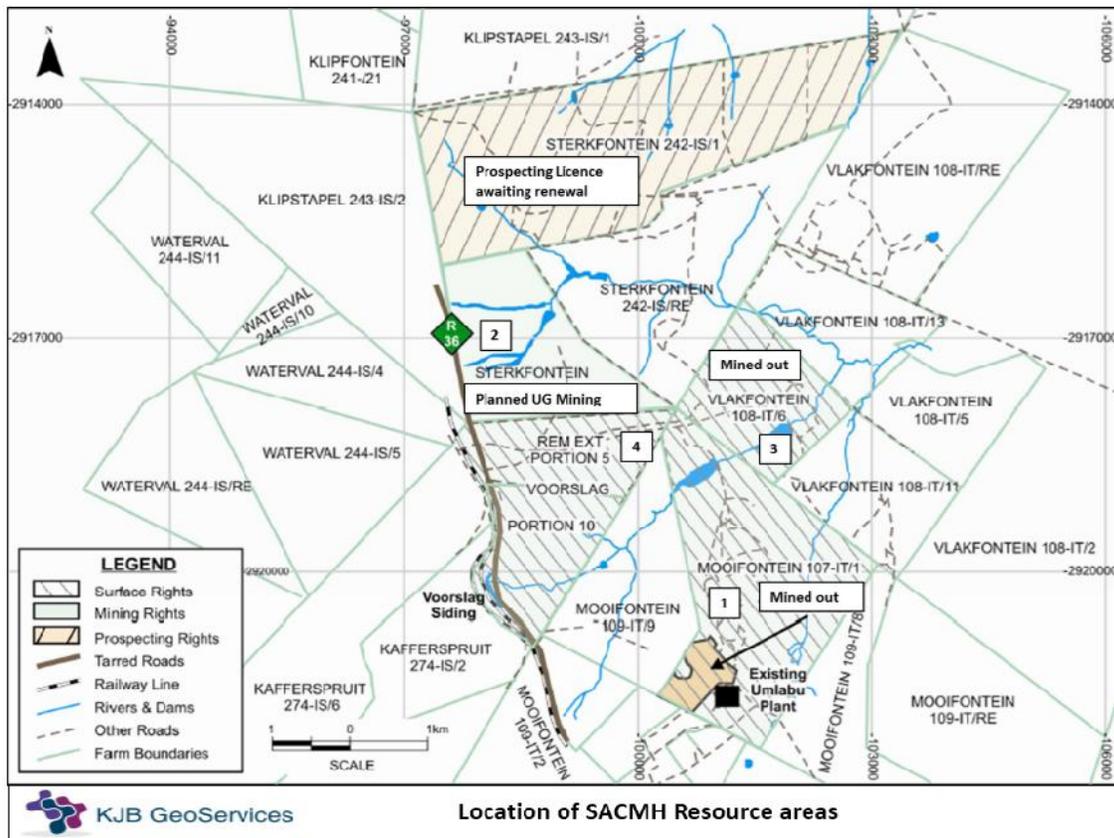


Figure 3 - Location of SACMH resource areas

#### 1.4 PROJECT LOCATION. [SR T1: 1.5 (i)] [JSE: 12.9 (h) (iii)]

SACMH's Umlabu Colliery is situated in the Mpumalanga Province in the magisterial district of Ermelo. It is approximately 250km east of Johannesburg Figure 3 – (latitude 26° 18'S and longitude 30° 00'E) Umlabu is some 7 km south of Breyten, east of the R36 road joining Breyten and Ermelo.

#### 1.5 LEGAL ASPECTS AND TENURE

SACMH holds a new order mining right ("NOMR") MP30/5/1/2/2/69MR granted 26 July 2007 for a period of 20 years, which is then valid until 25 July 2027 covering a total area of 1724.71 Ha. The following properties are cover in this right, also refer Figure 3.

- |  |           |
|--|-----------|
| 1. Ptn2 of Sterkfontein 242IS  | 367.58 Ha |
| 2. RE of Ptn5 (portion of Ptn2) of Kafferspruit (now Voorslag) 274IS   | 224.02 Ha |
| 3. Portion 10 (a portion of Ptn5) of Kafferspruit (now Voorslag )274IS | 222.60 Ha |

- |  |           |
|--|-----------|
| 4. RE of Ptn6 (a portion of Ptn5) of Vlakfontein 108IT | 265.01 Ha |
| 5. RE of Ptn1 of Mooifontein 109IT                     | 645.49 Ha |

Approval of the Water Use Licence and the Section 102 application was still pending at the time of the report.

SACMH has an approved Mine Works Programme (MWP), social and Labour plan (SLP) and Environmental Management Programme, all approved in 2007 and valid up until 25 July 2027. A section 102 application was lodged with updated MWP, SLP and EMPR back in 2012 but was never approved.

This document as compiled by the authors do not constitute a legal due diligence and the authors as such cannot state an opinion or make a claim as to the validity of SACMH's title to the mineral or surface rights of the material asset. The information provided in terms of property extends as stated in the various rights are consistent with the diagrams and maps generated.

## **2 PROJECT DATA**

The Umlabu coal resource is situated within the Ermelo coalfield, where all of the coal seams occur within the Vryheid Formation of the Ecca Group (Karoo Supergroup). During the year under review no exploration or drilling was undertaken.

## **3 SAMPLING**

During the period under review no sampling was done.

## **4 INTERPRETATION / MODELING**

Geological modelling has been conducted across the project area. During the 2012 geological modelling update, the coal specific software StratModel was used to geologically model the data. All holes used in the model were validated against the available wireline logs and core photographs. Validations confirming the seam thicknesses, depth to seam roof and floor as well as checks to confirm the correct seam correlations were conducted. The collar elevations of the holes were checked for

correctness against a valid Digital Terrain Model. The coal qualities were verified using industry accepted standard verification routines before inclusion into the quality model.

The estimates contained within the December 2015 resource statement were based on this geological model, as compiled by Mrs. K. Black in 2012. As there has been no activity during the 2013 – 2015 year, there was no need to update the geological model. As such, the resources have remained unchanged, with the exception that the resources contained within the Sterkfontein Prospecting area were removed.

As SACMH intend to delist from the JSE, and considering that the operation is under care and maintenance, no further technical work is planned for the foreseeable future.

## 5 TECHNO-ECONOMIC STUDY

The Geological modelling and Life of Mine planning was completed in 2012 and have not been updated subsequent to SACMH closing the Mooifontein underground production section and placing it under care and maintenance.

**Governmental** – Status of the licences and permits required:

1. Mining Licence approved (26 July 2007 – 25 July 2027)
2. Social and Labour Plan approved (valid until 25 July 2027)
3. Mine Works Programme approved (valid until 25 July 2027)
4. Environmental Management Programme approved (valid until 25 July 2027)
5. Water use Licence approval pending
6. New application regarding the prospecting licence for Sterkfontein 242IS pending, after the renewal for the previously held New Order Prospecting Right (NOPR) MP30/5/1/1/2/594 PR was not submitted in time.
7. Section 102 application submitted by Geovicon 20 Apr 2012, approval still pending

**Legal** – The COO, Mr. Roelof Hugo, responded on behalf of the directors for SACMH Ltd confirming that there are no legal proceedings or related material conditions that may impact the company's ability to restart operations under the right economic conditions.

**Environmental** – SACMH has an approved Environmental Management Programme that is valid until 2027. The update submitted as part of the section 102 application will replace the current approved EMP once the section 102 application is approved. The approval of the Water Use licence was at the time of drafting this report also still pending. Monthly environmental monitoring and reporting are

being conducted by ENVASS on air and water quality as well as compliance to the site's Environmental Management Program (EMP) and environmental legislation for Umlabu Colliery and the Voorslag siding area. Reports from ENVASS dated November 2015 have been made available.

ENVASS conducted the rehabilitation closure assessment for Umlabu in December 2014 and again in December 2015. These assessments followed the DMR's guidelines. The closure liability as at December 2014 exclusive of VAT amounted to R46.33 million. The December 2015 assessment before escalation and also exclusive of VAT amounted to R44.62 million. The variance of R1.71 million relates to rehabilitation that was conducted during 2015 on Umlabu Colliery. The calculated liability as at December 2015 excluding VAT and inclusive of escalation amounts to R47.15 million. It must be noted that the SRK 2012 IER report estimated closure cost at R95.88 million, also noting that the DMR's method tends to understate costs and it does not provide a very reliable estimate.

A Financial guarantee, dated 23 October 2012 ("Guarantee number – G0657/515514/GLO – R 10, 531, 116.99") from FNB Corporate and Investment Banking, for the rehabilitation of land disturbed by opencast mining at Umlabu Colliery was issued. According to clause 6 of the guarantee, it is stated that the Guarantors liability under the aforementioned Financial Guarantee will expire on 30<sup>th</sup> April 2013 and that claims received after 30<sup>th</sup> April 2013 shall not be considered. On 6 November 2012 the Guarantee of 23 October 2012 was substituted with an updated Guarantee from which the expiry date of 30<sup>th</sup> April 2013 was removed, stated that it will lapse on the granting of a closure certificate in terms of the MPRD.

Given the ENVASS closure assessment of R47 million as at Dec 2015 and the SRK 2012 closure estimation of R96 million, the R10.5 million Guarantee will fall short by a maximum value, estimated at R85.5 million based on the SRK 2012 calculation. This shortfall is then part of the current SACMH liability for Umlabu Colliery.

**Social** – SACMH has an SLP dated March 2005 that was approved with the Mining Licence 26 July 2007. The changes in the 2012 LOMP triggered a section 102 application, this was required to amend the existing MWP in terms of production rates from Voorslag underground. For this application a revised MWP, SLP and proof of submission of an EIA/EMP was done by GEOVICON (Pty) Ltd in April 2012. An unsigned copy of the updated SLP was made available, the section 102 application was still pending at the time of this report.

A copy of the July 2015 annual SLP Report was provided by SACMH. This report detailed the care and maintenance status of the mine. No Human Resource Development (HRD) issues were addressed

during the last period as this is mostly focussed on employees. From a Local Economic development (LED) perspective initiatives were listed as ongoing on an annual basis. These are listed in Table 1 as per the report, contributing an estimated R 623 000 annually with regard to LED.

*Table 1 - Local Economic Development Contribution 2014 (SLP 2015 Annual Report)*

Crazing for animals	R 210,000.00
Housing and water	R 190,000.00
Cutting of black wattle trees	R 25,000.00
Local gardener and plant cleaners	R 58,000.00
Farmer on mine property	R 140,000.00
<b>Total</b>	<b>R 623,000.00</b>

This report states that no local Economic Development Committee was active for the reporting period and this would, by implication, continue to be the case until the mine becomes operational again.

*Table 2 - Summary of the planned SLP expenditures (SLP 2015 Annual Report)*

Section	2011	2012	2013	2014	2015	Total
HRD	R 180 000	R 210 000	R 0	R 0	R 0	<b>R 390 000</b>
LED	R 420 000	R 587 000	R 587 000	R 587 000	R 587 000	<b>R 2 768 000</b>
<b>Total</b>	<b>R 600 000</b>	<b>R 797 000</b>	<b>R 587 000</b>	<b>R 587 000</b>	<b>R 587 000</b>	<b>R 3 158 000</b>

This report also notes that the mine continued with its LED initiatives and commitments during the reported period and will continue to do so until the Water Use Licence has been granted and the mine re-commissioned again.

The report concludes that the remainder of the SLP commitments will be activated again after the approval of the WUL and re-commissioning of operations.

It is worth noting that the SLP dated March 2005 summarised the commitments as follows, HRD approximately R200 000 per annum, LED approximately R650 000 per annum. This commitment on HRD and LED according to the note in the SLP document was based on R1.00 per saleable ton, based on 850 000 tons sold per annum. The plan as tabled in the report and reflected under Table 2 follows the commitments on HRD and LED from the SLP of March 2005. The mine has already retrenched most of the employees, leaving only those required for the upkeep of the mine. Downscaling provisions can thus be ignored as well as the HRD commitments whilst there are no employees that will be benefitting from this.

**Mining** – The Life of Mine Plan as developed in 2012 was based on methodologies and factors derived from ongoing and neighbouring operations. A small opencast was planned at Voorslag to provide a suitable high-wall that would have provided the required access to the underground resources

**Treatment and Processing** – The old plant is still operational at Umlabu Colliery. From time to time it was utilised to either toll wash or to wash discards from the Umlabu complex.

**Infrastructure** – All infrastructure is still in place and forms part of the care and maintenance process that is currently in place.

**Economic Criteria** – From a financial evaluation perspective the main drivers in the model was the API4 coal price and the underground mining cost.

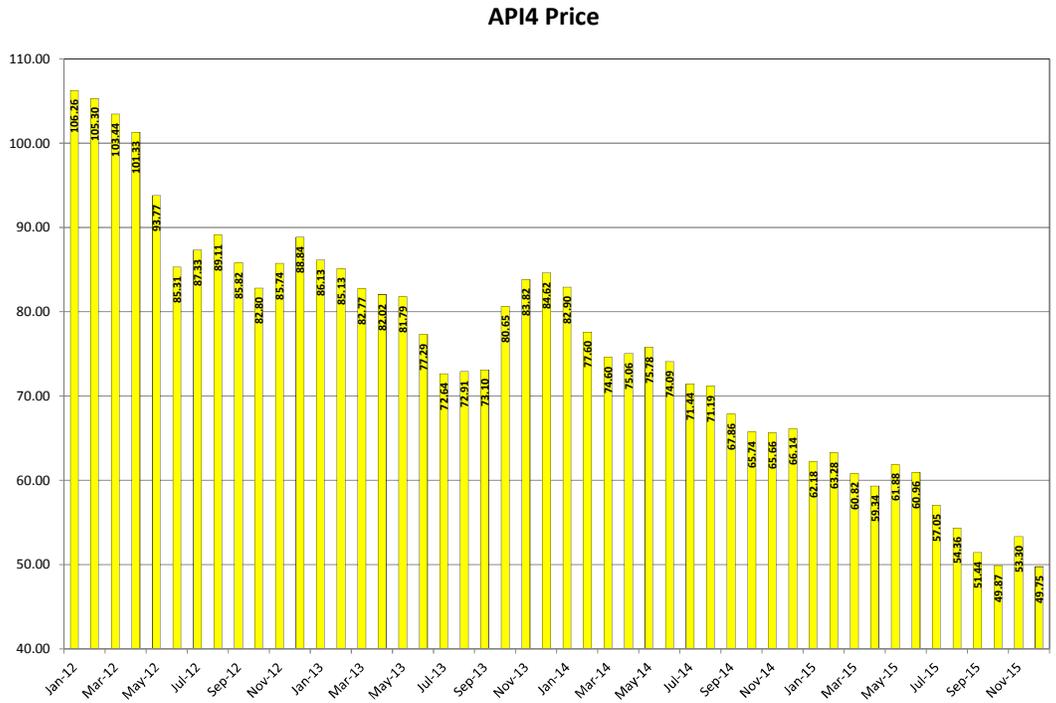


Figure 4 - API4 coal price

Figure 4 demonstrates the decline in the API4 price since 2012 when the LOMP for SACMH regarding Umlabu Colliery was done. The underground mining cost in 2012 was R148 per ROM ton produced. Updated prices was requested from the same underground contractor, as at 31 Dec 2015 the underground mining cost would have been R250 per ROM ton produced from underground.

SACMH updated the financial DCF model end of June 2015 (“SACMH Valuation for Impairment 30-06-2015.xls”) this model concluded, based on the economic parameters at the time that the Umlabu Colliery was not able to operate economically. Since this evaluation economic parameters deteriorated further.

**Marketing** – SACMH has a siding that grants access to their Quattro allocation Phase V of the RBCT.

Historically SACMH did supply a RB1 specification product to export markets. The sulphur characteristics of the Umlabu Colliery resource is such that an external source of coal is required to blend an acceptable product to the export markets.

Traditionally SACMH did not supply coal to the domestic market, no agreement is in place to supply to Eskom either.

## 6 VALUATION

SACMH ran an internal evaluation model at the end of June 2015, this model was based on the LOM information that reflects the reserves tabled in the 2012 update. All relevant economic factors were adjusted to reflect on the economy at the time of the evaluation. This model concluded that the mining of the reserves as stated in the 2014 update would not be economical.

The model provided by SACMH, (“SACMH Valuation for Impairment 30-06-2015.xls”) was an internal evaluation model that can be made available on request from SACMH.

## 7 RISK ANALYSIS

What follows is a list of potential risks to the endeavour:

- The Mining Right as approved 26 July 2007 was issued conditional to the commitments made as per the approved MWP, SLP and EMP. Failure to comply could result in the Mining Right being suspended. According to SACMH there was no negative response from the authorities with regard to the annual SLP Report, the DMR 128 submissions and the EMP compliance report.
- The Water Use Licence not being approved.

- The Section 102 application not being approved.
- The authors are aware of the risks listed by SRK in the 2012 IER report, the above risks were identified as the risks that could be material to the re-commissioning of operations.
- Financial Guarantee from FNB covering the amount of R 10,531,116.00 for closure rehabilitation, as per the 6 November 2012 Guarantee, will not cover the full closure liability as calculated by SRK 2012. The difference of R85.5 million relates to a current liability for SACMH on Umlabu Colliery closure.

## **8 RESOURCE AND RESERVE - CLASSIFICATION CRITERIA**

### **8.1 RESOURCE.**

Within the Voorslag Mining Right (highlighted in blue above), two potentially exploitable coal measures have been identified, namely the B Seam and C Seam, which split into the C Upper and C Lower Seams. It is currently planned that the B Seam will be mined by both opencast and underground methods. The C Lower and C Upper Seams will be exploited by opencast methods with engineering studies being undertaken to determine the economic extraction of the C Seams by underground methods. Within the Mooifontein area, the B Seam was mined out using the underground board and pillar extraction method, and within the Vlakfontein area, C Upper and C Lower seams were mined out by opencast mining. Resources were categorised with respect to Underground and Opencast based on the mine planning work conducted during 2012. Resources are quoted inclusive of any reserves.

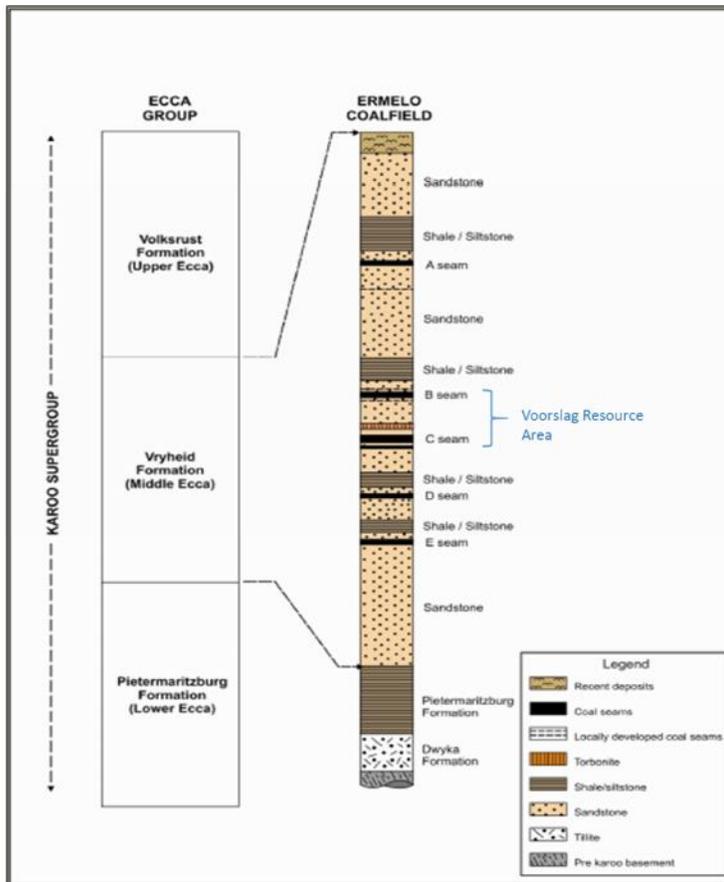


Figure 5 - A simplified stratigraphic column of the Ermelo Coalfield.

Due to the fact that no mining activities took place during the 2013 – 2014 fiscal year, there is no material change in the Resource Estimates. The GTIS remains unchanged at 32.5 Mt. However due to prevailing market conditions, it has been decided that at this point in time, the resources cannot be converted to Reserves.

The following criteria were used to define the seam limits for the reporting of GTIS resources:

- a minimum of 0.5 m seam thickness
- a geological loss factor of 8%
- a minimum CV of 12 MJ/Kg and VM of 18%
- unweathered coal only
- resource estimated within the tenure boundary.

Table 3 - Resource Estimate for the Mining Licence area (100% attributable to SACMH)

Mining Area	GTIS (Resource)				TTIS (Resource)			
	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt
Voorslag Underground	15.30	8.20	3.10	<b>26.60</b>	14.08	7.54	2.85	<b>24.47</b>
Voorslag Opencast	4.82	0.35	0.73	<b>5.91</b>	4.43	0.32	0.67	<b>5.44</b>
Mooifontein Underground	-	-	-	-	-	-	-	-
Vlakfontein Opencast	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>20.12</b>	<b>8.55</b>	<b>3.83</b>	<b>32.51</b>	<b>18.51</b>	<b>7.86</b>	<b>3.52</b>	<b>29.91</b>

\* All Resources are quoted on an air dried moisture basis

Table 4 - Resource estimation reported history

GTIS Resource (Air Dried) Million tonnes	SRK 1 Jan 2012	31-Jan-14	31-Dec-14	31-Dec-15
Voorslag UG	26.51	26.60	26.60	26.60
Voorslag OC	4.89	5.91	5.91	5.91
Mooifontein	0.90	-	-	-
Vlakfontein OC	0.30	-	-	-
Sterkfontein	7.83	-	-	-
<b>TOTAL</b>	<b>40.43</b>	<b>32.51</b>	<b>32.51</b>	<b>32.51</b>

Table 4 summarises the history of reported resources for Umlabu colliery since 2012. The material changes from the SRK 2012 statement is the depletion of Vlakfontein Opencast and Mooifontein Underground operations.

The expiry of the Sterkfontein prospecting licence and the fact that approval on the renewal application is still pending resulted in the exclusion of the Sterkfontein resources from January 2014.

## 8.2 RESERVE

Table 5 - Updated Reserves (100% attributable to SACMH)

Mining Area	Reserve			Saleable
	Proven Mt	Probable Mt	Total Mt	Mt
Mooifontein Underground	-	-	-	-
Voorslag Underground	-	-	-	-
Vlakfontein Opencast	-	-	-	-
Voorslag Opencast	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 6 - ROM reserve estimation reported history

ROM RESERVE (Air Dried) Million tonnes	SRK 1 Jan 2012	31-Jan-14	31-Dec-14	31-Dec-15
Voorslag UG	9.26	9.39	-	-
Voorslag OC	1.09	1.11	-	-
Mooifontein UG	0.44	-	-	-
Vlakfontein OC	0.15	-	-	-
Sterkfontein	0.07	-	-	-
<b>TOTAL</b>	<b>11.01</b>	<b>10.50</b>	-	-

Table 7 - Saleable reserve reported history

SALEABLE RESERVE (Air Dried) Million tonnes	SRK 1 Jan 2012	31-Jan-14	31-Dec-14	31-Dec-15
Voorslag UG	4.49	4.49	-	-
Voorslag OC	0.56	0.56	-	-
Mooifontein UG	0.20	-	-	-
Vlakfontein OC	0.08	-	-	-
Sterkfontein	0.02	-	-	-
<b>TOTAL</b>	<b>5.35</b>	<b>5.05</b>	-	-

Table 6 and Table 7 show the history on reported estimation for Run of Mine (ROM) and saleable reserves. From the SRK reported ROM reserves of 11.01 in January of 2012, the Mooifontein and Vlakfontein areas were depleted and the Reserves for the Sterkfontein area was excluded in the 31 Jan 2014 estimation due to the expiry of the prospecting licence and the fact that the renewal application was not approved.

With the change in the economic factors, which were mainly related to the mining cost, distribution cost, buy-in coal cost as well as coal prices, the project became uneconomical to operate.

Due to the fact that no resources could be extracted economically, the reserves were reduced to zero from the previous estimates for the 31 Dec 2014 and now this 31 Dec 2015 update.

The estimation done for the 31 Jan 2014 was based on the Voorslag underground, mining the B seam (9.39 Mt) as well as the Voorslag opencast that formed part of the underground access development (1.11 Mt) that was planned for construction and operation in 2012. The start-up was dependant on SACMH obtaining their water use licence for Umlabu Colliery, which at the time, was still awaiting approval.

Umlabu produced an export product previously that was exported through the Richards Bay Coal Terminal (RBCT) as well as the Maputo terminal. Due to the high sulphur content of the coal, a buy in source is required to produce an acceptable blend. Such a source must have been identified and secured for starting up operations.

### 8.3 CLASSIFICATION

The SAMREC guidelines, SANS 10320:2004 were applied for classification purposes. If boreholes are missing analytical data, the classification will have less supporting confidence and will not be classified. Where all the seams were found to be thinner than 0.5 m, these areas were masked-out and did not form part of the resource classification.

- Borehole density for thin multiple coal seams, as shown in Figure 6 are:
- Measured Resource. More than eight boreholes per 100 ha, or 350 x 350 m drill grid.
- Indicated Resource. Four to eight boreholes per 100 ha, or 500 x 500 m drill grid.
- Inferred Resource. Less than four boreholes per 100 ha, or 1,000 x 1,000 m drill grid.

The formula of 'boreholes per 100 ha' applies in cases where a rigorous gridding pattern was drilled. For clustered and unevenly spaced boreholes, it is better to use the distance radii to get a better understanding of the borehole distribution. In this case, the distance radii were used to determine the resource classification.

Where the deposit is found to be structurally influenced by faulting and intrusives and where geological and grade continuity is questionable, the Competent Person may decide that additional boreholes to those set out in the SAMREC guidelines are required to classify the resource.

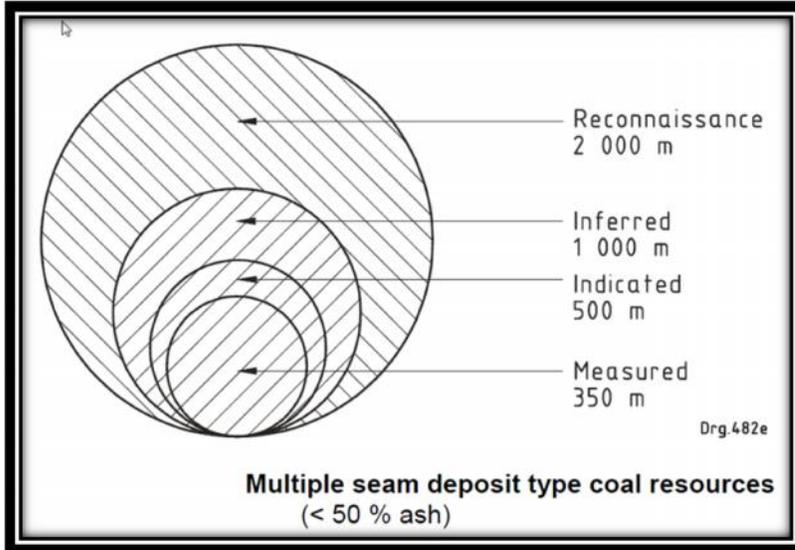


Figure 6 - Resource classification diagram

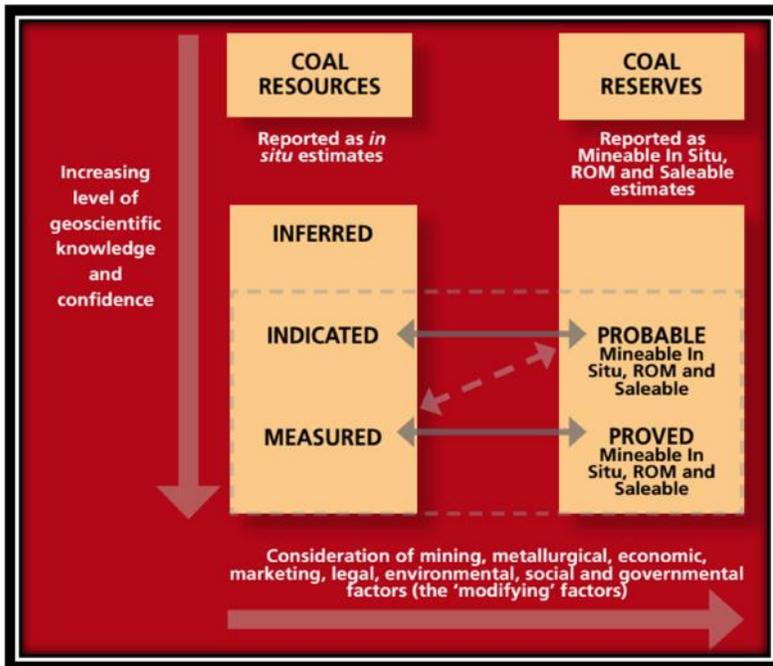


Figure 7 - Relationship between Coal Resources and Coal Reserves.

Figure 7 graphically presents the relationship between resource and reserve, showing the effect of increasing geological confidence on the coal resource classification category on the vertical axis and

the impact of the relevant modifying factors on the conversion of coal resources to coal reserves on the horizontal axis.

### **Definitions of Coal Resources and Coal Reserves**

The following coal resource and coal reserve definitions are extracts from the SAMREC Code (2009):

**An 'Inferred Coal Resource'** is that part of a Coal Resource for which volume or tonnage and coal quality can be estimated only with a low level of confidence. It is inferred from geological evidence and sampling and assumed physical continuity with or without coal quality continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes, information that is limited or of uncertain quality and reliability.

**An 'Indicated Coal Resource'** is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a moderate level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are appropriate to confirm physical continuity, while the locations are too widely or inappropriately spaced to confirm the continuity of the coal quality. However, such locations are spaced closely enough for such continuity to be assumed.

**A 'Measured Coal Resource'** is that part of a Coal Resource for which tonnage, densities, shape, physical characteristics and coal quality can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm physical and coal quality continuity.

**A 'Probable Coal Reserve'** is the economically mineable material derived from a Measured or Indicated Coal Resource or both. It is estimated with a lower level of confidence than a Proved Coal Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **'Proved Coal Reserve'** is the economically mineable material derived from a Measured Coal Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **'Run of Mine (ROM) Coal Reserve'** is the tonnage and coal quality of Mineable In Situ Coal Reserves that are expected after all geological losses, mining losses, mining dilution, contamination and moisture-content factors have been applied.

A **'Saleable Coal Reserve'** is the tonnage and coal quality that will be available for sale, either in the raw ROM state at a specified moisture content or after beneficiation of the ROM Coal Reserves has produced materials at specified qualities, moisture contents and size ranges.

## 9 BALANCED REPORTING

- This Report is dated 5 January 2016 and is a partial evaluation focussing on the resources and reserves of Umlabu Colliery
- Annexure A: Checklist and Guideline of Reporting and Assessment Criteria.
- Annexure B: Mineral Asset Valuation: Reporting and Assessment Criteria.
- Annexure C: JSE Section 12.9 Checklist
- It must be noted that this report covers the topics relevant to the update as required by the SAMREC code and the JSE. To complete the remainder of the requirements as per the checklists, references were made to relevant reports reflecting on the information required.

## 10 AUDITS AND REVIEWS

K. Black re-modelled the whole of Umlabu Colliery resources early 2012, followed by the LOM plan done by L. Raaths. SRK verified the geological model and used the LOM work after verification. The IER by SRK was the only audit/review done on the work done by the CP's responsible for this report.

There were no material deficiencies identified from the work that SRK Consulting did, in order for them to compile the IER on Umlabu Colliery and SACMH.

## **11 OTHER CONSIDERATIONS**

This resource could again be exploited economically given more favourable market conditions and economic climate.

## 12 QUALIFICATION OF COMPETENT PERSON(S) AND OTHER KEY TECHNICAL STAFF.

SR T1: 11 (i-iii)] [SV T2: 13, 14] [JSE: 12.9

(c)]

### K Black

Mrs. K Black is an employee of KJB GeoServices and has no equity in any of the companies mentioned in this report or any of their subsidiaries. The independence of K Black is assured by the fact that she does not hold control or equity in any coal project and mainly derives income from geological constancy work. Her work was audited and reviewed by SRK Consulting in 2012 when SRK compiled an IER on the material assets of SACMH, so that there are no bias views in this report.

- K Black, a SACNASP registered Professional Natural Scientist (Reg. No. 400295/12), who is familiar with and adheres to the SAMREC Code, 2007 Edition as amended July 2009.
- K Black is a contributing author of this resource and reserve update and has 8 years' experience in the South African Coal Industry. She holds a B.Sc. Hons. (Geology) degree from the University of the KwaZulu Natal and a Graduate Diploma in Engineering (Chemical and Metallurgical Engineering) from the University of the Witwatersrand.
- Through her work experience and registration with SACNASP, K Black is internationally recognised as a competent person that has done work in Botswana with reporting done to the Canadian Stock Exchange requirements.

### L Raaths

L Raaths is an employee of Miptec (Pty) Ltd ("Miptec").

He has more than 25 years of experience in coal mining, of which the largest portion was on the technical and projects disciplines, where the determination of reserves was part of the responsibility. This work was undertaken mainly for BHP's South African coal mines, Xstrata, CIC Energy and he now works as an independent consultant for various smaller operations.

L Raaths was providing the technical and mine planning support to Umlabu Colliery when it was still operational in 2012.

- Miptec currently provides reserve updates for other listed companies in the Witbank coalfields on a periodical basis.

- L Raaths has a BTech mining, B.Sc (Operations research) and a MBL
- L Raaths member of SACMA and SAIMM - SAIMM Membership No. 702015

### **13 COMPETENT PERSON CONSENT**

Information in this Report that relates to exploration results, coal resources and Run of Mine Reserve tonnes, is based on information compiled by the authors and the sourced documents are listed in Sect. 1.1 and 15 of this report. The coal resource modelling and reporting were done by Mrs. K Black while the reserve modelling was done by Mr. L Raaths from Miptec. This report was compiled by Miptec and KJB Geoservices, who are consultants for SACMH

The Authors consent to the use of this report and its information in the form and context in which it appears. For the purpose of this report L Raaths will assume the role as lead competent person.

## 14 REFERENCES

- *Independent Engineer's Report on the Material Assets of South African Coal Holdings Limited*, SRK Consulting, 16 May 2012, Project number 442592
- *Umlabu resource and reserve update February 2014*, KJB Geoservices and Miptec, 28 February 2014
- File ("*A – Section 102 Submission (002).pdf*") Submission letter by Geovicon Environmental (Pty) Ltd to DMR, confirming submission of Section 102 Motivation, Granted mining right, Revised MWP, Revised SLP, Proof of Submission of EIA/EMP
- File ("*Mining Right.pdf*") Approved Mining Right 26 July 2007 – MP 30/5/1/2/2/69 MR
- File ("*B – Application in terms of Section 102 @2012-04-20T07 37 07*") Unsigned copy of Section 102 motivation to DMR as claimed to have been submitted by Geovicon Environmental (Pty) Ltd
- File ("*C – SLP Final version.doc*") Unsigned copy of the updated SLP dated January 2012
- Statistical Return ("*Annexure 1 – DMR 128 Coal Jun 2014.doc*") Signed return by M v Vuuren 25 July 2014
- Social and Labour annual report July 2015 - File ("*UMLABU Colliery – Social and Labour Report 2015.doc*")
- File ("*D – Mining Work Programme – FINAL.doc*") Unsigned copy of update MWP part of the Section 102 Application submitted by Geovicon (Pty) Ltd 2012
- File ("*EMP-EMPR-11-22H (14-07).pdf*") EMP performance review done by ENVASS 29 July 2014
- File ("*Social and Labour Plan Umlabu Colliery.pdf*") Approved social and labour plan March 2005 signed copy.
- File ("*MON-AQR-11-22E (15-11)0.0.pdf*") ENVASS Air quality report November 2015
- File ("*MON-WQR-11-22E (15-11)0.0.pdf*") ENVASS A Water quality report November 2015
- File ("*MON-REP-11-198A (15-11)0.0.pdf*") ENVASS Compliance Monitoring Report November 2015
- File ("*EA EIA EMP.pdf*") DME approval with regard to the EMP for Umlabu Colliery dated 26 July 2007
- File ("*Umlabu Colliery Mining Work Programme Pages 1 – 20.pdf*") 22 February 2005 application to DME for New Order Mining Right inclusive of MWP
- File ("*Umlabu Unscheduled December 14.pdf*") Closure cost calculation Dec 2014 for Umlabu by ENVASS based on the DMR guideline
- File ("*Umlabu Closure Liability – 31 Dec 2015.pdf*") Closure Cost calculation Dec 2015 for Umlabu by ENVASS based on DMR guideline and a 4.9% escalation on prices

## 15 SIGNATURE PAGE

I, **Katherine Black**, confirm that:

- I have read and understood the requirements of the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC CODE).
- I am a Competent Person as defined by the 2009 SAMREC Code, having eight years' experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity for which I am accepting responsibility.
- I am registered with the South African Council for Natural Scientific Professions (400295/12).
- I am an employee of KJB Geoservices, which has been contracted by SACMH to prepare the update of its coal resource estimations, dated 31 Dec 2015.

I certify that, as of the effective date of the Resource and Reserve update, to the best of my knowledge, information and belief, the Resource update contains all scientific and technical information, to make this update a true reflection of the Resources held by SACMH, as at 31 Dec 2015.



K Black (Pr. Sci. Nat)

5 Feb 2016

I, **Leonardt Raaths**, confirm that:

- I have read and understood the requirements of the South African Code for the reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC CODE).
- I am a Competent Person as defined by the 2009 SAMREC Code, having more than 25 years' experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity for which I am accepting responsibility.
- I am registered with the SAIMM and SACMA.
- I am an employee of Miptec, which has been engaged by SACMH to prepare the update of its coal reserve estimations, dated 31 Dec 2015.



L Raaths

5 Feb 2016

## Annexure A:

### COMPLIANCE CHECKLIST REFERENCING SAMREC CODE 2009

<b>T1.</b>	<b>GENERAL</b>	
<b>T 1.1</b>	<b>PURPOSE OF REPORT</b>	Sect. 1.1
<b>A</b>	<b>EXPLORATION RESULTS</b>	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Title Page	Yes
(i)	Table of Content	Yes
(i)	Figures and Tables	Yes
(ii)	State for whom the report was prepared	Sect. 1.1
(ii)	Whether it was intended as a full or partial evaluation or other purposes	Sect. 1.1
(ii)	What work was conducted	Sect. 1.1
(ii)	Effective date of report	Title Page Sect. 14 Signature page
(ii)	What work remains to be done.	Sect. 1.1
(iii)	The Competent Person should state whether the document is SAMREC compliant. If a reporting code other than SAMREC has been used, the Competent Person should include an explanation of the differences.	Compliance of report Page 3 Sect. 7.1 & Table 2 Sect 7.2 and Table 4
<b>T 1.2</b>	<b>PROJECT OUTLINE</b>	Sect. 1.2
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Brief description of the scope of project (i.e. whether in preliminary sampling, advanced exploration, conceptual, pre-feasibility, or feasibility phase, Life of Mine plan for an ongoing mining operation or closure). This should include a description of the geological setting, deposit type, commodity, area of project back-ground, and business arrangement.	SRK Sect. 3.1, 3.2, 3.3  Sect.1.2
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 1.2 A	
	Brief description of key technical factors that have been considered.	Sect. 7.1
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 1.2 A	
(i)	Brief description of mining, processing and other key technical factors.	SRK Sect. 6
<b>T 1.3</b>	<b>HISTORY</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	State historical background to the project and adjacent areas concerned, including known results of previous exploration and mining activities (type, amount, quantity and development work) previous ownership and changes thereto.	SRK Sect. 3.3
(ii)	Reference all information used from other sources.	Sect. 13
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 1.3 A (i) to (ii)	
	Discuss known or existing historical Mineral Resources estimates and performance statistics to actual production for past and current operations, including the reliability of these and how they relate to the SAMREC Code.	Sect. 1.2
(ii)	Previous successes or failures should be referred to transparently with reasons why the project should now be considered potentially economic.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	See 1.3 B	

	Discuss known or existing historical Mineral Reserve estimates and performance statistics to actual production for past and current operations, including the reliability of these and how they relate to the SAMREC Code.	SRK Sect. 6
<b>T1.4</b>	<b>KEY PLAN, MAPS AND DIAGRAMS</b>	Sect 1.3
<b>A</b>	<b>EXPLORATION RESULTS</b>	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Include and reference a location or index map and more detailed maps showing all important features described in the text, including all relevant cadastral and other infrastructure features. If adjacent or nearby properties have an important bearing on the report, then their location and common mineralized structures should be included on the maps.	Figure 1 and Figure 3
(i)	Reference all information used from other sources.	Sect. 13
(i)	All maps, plans and sections noted in this checklist should be legible and include a legend, coordinates, system of coordinates, scale bar and north arrow.	Yes
(ii)	Diagrams or illustrations should be legible, annotated and summarized.	Yes
<b>T1.5</b>	<b>PROJECT LOCATION AND DESCRIPTION</b>	Sect. 1.4
<b>A</b>	<b>EXPLORATION RESULTS</b>	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Description of location (country, province and closest town/city, coordinate systems and ranges etc.)	Yes
(ii)	In respect of each property, diagrams, maps and plans should be supplied demonstrating the location of prospecting/mining rights, any historical and current workings, any exploration and all principal geological features.	Yes Figure 3
<b>T 1.6</b>	<b>TOPOGRAPHY AND CLIMATE</b>	SRK Sect. 2.3
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	All relevant issues relating to the mineral project should be stated, such as the topography and climate, noting any conditions that may affect possible mining activities.	SRK Sect. 2.3
(ii)	A general topo-cadastral map should be available to support the above statement.	N/A
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 1.6 A (i) and (ii)	
	Topo-cadastral map in sufficient detail to support the assessment of eventual economics. Known associated climatic risks should be stated.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Detailed topo-cadastral map. Where applicable aerial surveys should be checked with ground controls and surveys, particularly in areas of rugged terrain, dense vegetation or high altitude.	N/A
<b>T 1.7</b>	<b>LEGAL ASPECTS AND TENURE</b>	SRK Sect. 2.5 & 2.6 Sect. 1.5
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	The legal tenure should be verified to the satisfaction of the Competent Person, including a description of:	SRK Sect. 2.5 & 2.6 Table 2.3
(ii)	The nature of the issuer's rights (e.g. prospecting and/or mining) and the right to use the surface of the properties to which these rights relate;	SRK Sect. 2.5 & 2.6 Table 2.3
(iii)	The principal terms and conditions of all existing agreements, and details of those still to be obtained, (such as, but not limited to, concessions, partnerships, joint ventures, access rights, leases, historical and cultural sites, wilderness or national park and environmental setting, royalties, consents, permission, permits or authorizations)	
(iv)	The security of the tenure held at the time of reporting or that is reasonably expected to be granted in the future along with any known impediments to obtaining the right to operate in the area; and	Sect. 1.5
	A statement of any legal proceedings that may have an influence on the rights to prospect or mine for minerals, or an appropriate negative statement.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 1.7 A	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 1.7 A	
<b>T2.</b>	<b>PROJECT DATA</b>	
<b>T 2.1</b>	<b>DATA MANAGEMENT AND DATABASE</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	

i)	Identify and comment on the primary data elements (observation and measurements) used for the project and describe the management of these data or the database. This should describe the following relevant processes: acquisition (capture or transfer), validation, control, storage, retrieval and backup processes. Final verification of data, including QA/QC processes should also be part of the database. It is assumed that data are stored digitally but hand-printed tables with well organized data and information may also constitute a database.	SRK Sect. 3
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 2.1 A (i)	
	Identify and comment on interpreted data elements derived from primary data (modelled or analyzed) and used for the project, and describe the management of these data or the database.	SRK Sect. 3
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	See 2.1 B	
	Identify and comment on interpreted and planned data elements derived from modelled data and used for the project plans, and describe the management of these data or the database.	SRK Sect. 3
<b>T 2.2</b>	<b>SPATIAL DATA</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
	Describe the survey methods, techniques and expected accuracies of spatial data	SRK Sect. 3
(i)	Representative models and/or maps and cross sections or other two or three dimensional illustrations of results should exist,	SRK Sect. 3
(ii)	showing location of samples, accurate drill-hole collar position, down-hole surveys, exploration pits, underground working, relevant geological data, etc.	SRK Sect. 3
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 2.2 A (i) and (ii)	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 2.2 A (i) and (ii)	
<b>T 2.3</b>	<b>GEOLOGICAL DATA</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe the data acquisition or exploration techniques and the nature, level of detail, and confidence in the geological data used (i.e. stratigraphy, lithology, structure, alteration, mineralization, hydrology, geophysical, geochemical, petrography, mineralogy, geochronology, etc.)	SRK Sect. 3
(ii)	Acknowledge and appraise data from other parties and reference all data and information used from other sources.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 2.3 A (i) and (ii)	
	Discuss geological data that could materially influence the estimated quantity and quality of the Mineral Resource.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	See 2.3 B	
	Discuss geological data that could materially influence the estimated quantity and quality of the Mineral Reserves.	N/A
<b>T 2.4</b>	<b>SPECIFIC GRAVITY AND BULK TONNAGE DATA</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	If target tonnage ranges are reported then the preliminary estimates or basis of assumptions made for bulk density or specific gravity(s) must be stated.	N/A
(ii)	Specific gravity samples must be representative of the material for which a grade range is reported.	N/A
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 2.4 A (i) and (ii)	
	Describe the method of bulk-density / specific-gravity determination with reference to the frequency of measurements, the size, nature and representativeness of the samples.	N/A
(ii)	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity etc.), moisture and differences between rock and alteration zones within the deposit.	N/A
(iii)	Discuss assumptions for bulk density estimates used in the evaluation process of the different material materials.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 2.4 B (i) to (iii)	

(i)	Include bulk densities for material mined additional to the Mineral Resource to the same order of accuracy (such as waste, stripping and dilution material).	N/A
<b>T 2.5</b>	<b>GENERAL DATA</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	All relevant general data should be discussed with reference to the nature, level of detail and confidence.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
<b>T3</b>	<b>SAMPLING</b>	
<b>T3.1</b>	<b>SAMPLING GOVERNANCE</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Discuss the governance of the sampling campaign and process, to ensure quality and representivity of samples and data, such as sample recovery, high grading, selective losses or contamination, core/hole diameter, internal and external QA/QC, and any other factors that may have resulted in or identified samples bias.	SRK Sect. 3.6
(ii)	State whether sample recoveries have been properly recorded and results assessed. In particular, state whether a relationship exists between sample recovery and grade, and sample bias (e.g. preferential loss/gain of fine/coarse material).	SRK Sect. 3.6
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
<b>T 3.2</b>	<b>SAMPLE METHOD, COLLECTION, VALIDATION, CAPTURE AND STORAGE</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Appropriately describe each data set (e.g. geology, grade, density, quality, diamond breakage, geo-metallurgical characteristics etc.), sample type, sample-size selection and collection methods. Data sets should include all relevant metadata, such as unique sample number, sample mass, collection date spatial location etc.	SRK Sect. 3.6
(ii)	Demonstrate that adequate field sampling process verification techniques (QA/QC) have been applied, e.g. the level of duplicates, blanks, reference material standards, process audits, analysis, etc. If indirect methods of measurement were used (e.g. geophysical methods), these should be described, with attention given to the confidence of interpretation.	SRK Sect. 3.6
(iii)	If the geometry of the mineralization with respect to the drill-hole angle is known, its nature should be reported. If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	SRK Sect. 3.6
(iv)	Describe the validation procedures used to ensure the integrity of the data, e.g. transcription, input or other errors, between its initial collection and its future use for modelling (e.g. geology, grade, density, etc.).	SRK Sect. 3.6
(v)	Describe retention policy and storage of physical samples (e.g. core, sample reject, etc.)	
(vi)	Describe the audit process and frequency (including dates of these audits) and disclose any material risks identified, relevant metadata, such as unique sample number, sample mass, collection date, spatial location etc.	SRK Sect. 3.6
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 3.2 A (i) to (vi)	
	Where mineral processing or metallurgical testing analyses have carried out (bulk-sampling / trial mining), include the results of the testing, details of the testing methods and procedures, and a discussion of whether the samples are representative.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 3.2 B	
<b>T 3.3</b>	<b>SAMPLING PREPARATION</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe the location and accreditation of the laboratory or facility, summarizing the process and method used for sample preparation, sub-sampling and size reduction, and likelihood of inadequate or non-representative samples (i.e. improper size reduction, contamination, screen sizes, granulometry, mass balance, etc.)	SRK Sect. 3.6
(ii)	For all sample types the nature, quality, verification and appropriateness of the sample-preparation technique should be discussed.	SRK Sect. 3.6
(iii)	If a drill-core sample is taken, state whether it was split or sawn and whether quarter, half or full core was submitted for analysis. If non-core sample state whether the sample was riffled, tube sampled, rotary split, etc. and whether it was sampled wet or dry.	SRK Sect. 3.6

(iv)	Describe the quality control and quality assurance procedures adopted for all processes, including sub-sampling stages to maximize representivity of samples. This should include whether sample sizes are appropriate to the grain size of the material being sampled.	SRK Sect. 3.6
(v)	Describe the audit process and frequency (including dates of these audits) and disclose any material risks identified.	SRK Sect. 3.6
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 3.3A(i) to (v)	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 3.3A(i) to (v)	
<b>T 3.4</b>	<b>SAMPLE ANALYSIS</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Identify the laboratory(s) and analytical method. Discuss the nature, quality and appropriateness of the assaying and laboratory processes and procedures used and whether the technique is considered partial or total.	SRK Sect. 3.6
(ii)	State the accreditation status and Registration Number of the laboratory. Laboratories should be appropriately accredited. If not, this fact should be disclosed.	SRK Sect. 3.6
(iii)	Discuss the nature of quality control procedures adopted and quality assurance thereof (e.g. reference material, standards, blanks, duplicates, accuracy (i.e. lack of bias) and precision have been established.	SRK Sect. 3.6
(iv)	Describe the audit process and frequency (including dates of these audits) and disclose any material risk identified.	SRK Sect. 3.6
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 3.4 A (i) to (iv)	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 3.4 B	
<b>T 4.</b>	<b>INTERPRETATION/MODELLING</b>	
<b>T 4.1</b>	<b>GEOLOGICAL MODEL AND INTERPRETATION</b>	Sect. 4
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Briefly describe the regional geology.	SRK Sect. 3.1
(ii)	Describe the geological model, level of investigation (e.g. conceptual, prefeasibility etc.) and inference made from this model.	
(iii)	Discuss data density, distribution and reliability and whether the quality and quantity of information are sufficient to support statements, made or inferred, concerning the exploration target or deposit.	SRK Sect. 3
(iv)	Reliable geological models and/or maps and cross sections that support interpretations should exist.	SRK Sect. 3
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 4.1 B (i) to (iv)	
(i)	Describe the geological model, construction technique and assumptions. Discuss the sufficiency of data density to assure continuity of mineralization and geology and provide an adequate basis for the estimation and classification procedures applied.	SRK Sect. 3
(ii)	Describe the thoroughness (precision and accuracy) with which lithological, structural, mineralogical, alteration or other geological, geotechnical and geo-metallurgical characteristics were recorded.	SRK Sect. 3
(iii)	Discuss whether consideration was given to alternative interpretations or models and their possible effect (or potential risk) if any, on the Mineral Resource estimate.	
(iv)	Discuss geological discounts (e.g. magnitude, per reef, domain, etc.), applied in the model, whether applied to mineralized and/or un-mineralized material (e.g. potholes, fault, dykes, etc.).	SRK Sect. 3
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 4.1 A (i) to (iv)	
<b>T 4.2</b>	<b>ESTIMATION AND MODELLING TECHNIQUES</b>	SRK Sect. 3
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	If an exploration target or deposit is reported, then the estimation techniques used to determine the grade and tonnage ranges should be described in detail.	SRK Sect. 3
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	Describe the determination of and estimation techniques applied to volume, density, grade, size distribution, value, geotechnical, geo-hydrological, geo-metallurgical or other appropriate models (e.g. section, polygon, inverse distance, geo- statistical or other method) should be stated and justified, together with key assumptions and implications thereof, including any adjustments made to data (i.e. compositing, grade cutting/capping), sample spacing, estimation unit size (block size),	SRK Sect. 3

	selective mining units, reconciliation, domaining and maximum distance of extrapolation from data points.	
(ii)	Describe assumptions and justification of correlation made between variables.	
(iii)	Discuss the block or grid cell size in relation to the average sample spacing and any assumptions behind modelling of selective mining units (and non-linear estimation techniques if used).	
(iv)	Any relevant specialized computer program (software) used should be named (with the version number) together with a reference to where all the original files are stored for this specific model.	SRK Sect. 3 Sect. 4
(v)	State the processes of checking and validation, the comparison of model information to sample data and use of reconciliation data, and whether the Mineral Resource estimate takes account of such information.	SRK Sect. 3 Sect. 4
(vi)	Describe the assumptions made regarding the estimation of any by-products or deleterious elements.	N/A
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 4.2 B (i) to (vi)	
<b>T 5.</b>	<b>TECHNO-ECONOMIC STUDY (INCLUDING MODIFYING FACTORS)</b>	Sect. 5
<b>T 5.1</b>	<b>GOVERNMENTAL</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	A statement should be provided to the effect that such governmental requirements as may be required have been approved.	Sect. 5
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 5.1 A (i)	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 5.1 A (i)	
<b>T 5.2</b>	<b>ENVIRONMENTAL</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe any obvious environmental factors that could have a significant effect on the prospects of any possible exploration target or deposit.	Sect. 5
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	The necessary permits have been obtained, or there is reasonable basis to believe that all permits required for the project can be obtained.	Sect. 5
(ii)	Describe any environmental factors that could have a material effect on the likelihood of eventual economic extraction. Discuss possible means of mitigation.	Sect. 5
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 5.2 B (i) and (ii)	
(iii)	A statement should be provided to the effect that all necessary permits have been approved.	Sect. 5
(iv)	Describe future yearly environmental liabilities / compliance methods and cost, including reclamation and closure and their planned funding.	N/A
(v)	Refer to Environmental Impact Study	
<b>T 5.3</b>	<b>SOCIAL</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	A statement should be provided to the effect that mandatory social-management programmes, if any, have been approved.	Sect. 5
<b>T 5.4</b>	<b>MINING</b>	Sect. 5
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe any obvious mining factors that could have a significant effect on the prospects of any possible exploration target or deposit.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 5.4 A (i)	
(i)	State the level of the techno / economic study - whether conceptual, pre-feasibility, feasibility or ongoing Life-of-Mine or strategic business plans.	

(ii)	Disclose all assumptions made regarding possible mining methods, minimum mining dimensions (or pit shell) and internal and, if applicable, external) mining dilution.	
(iii)	It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no mining assumptions have been made, this should be explained.	
<b>C</b>	<b>MINERAL RESERVES</b>	Sect. 5
	See 5.4 A (i) to (iii)	
(i)	State what resource models have been used in the study.	
(ii)	State and justify all modifying factors and assumptions made regarding mining methods, minimum mining dimensions (or pit shell) and internal and, (if applicable, external) mining dilution used for the techno-economic study and signed-off, such as mining method, mine design criteria, infrastructure, capacities, production schedule, mining efficiencies, grade control, geotechnical and hydrological considerations, closure plans and personnel requirements.	
(iii)	Optimization methods used in planning, list of constrains (practicality, plant, access, exposed reserves, stripped reserves, bottlenecks, draw control).	
<b>T 5.5</b>	<b>TREATMENT / PROCESSING</b>	Sect. 5
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe any obvious processing factors that could have a significant effect on the prospects of any possible exploration target or deposit.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	Discuss the level of study, possible processing methods and processing factors that could have a material effect on the likelihood of eventual economic extraction.	
(ii)	The basis for assumptions or predictions regarding metallurgical amenability and any preliminary mineralogical test work should already be carried out.	
(iii)	It may not always be possible to make assumptions regarding metallurgical processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be explained.	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Describe and justify the processing methods(s) to be used, equipment, plant capacity, efficiencies, and personal requirements.	
(ii)	Discuss the nature, amount and representativeness of metallurgical test work undertaken and the recovery factors used. A detail flow sheet/diagram and a mass balance should exist, especially for multi-product operations from which the saleable materials are priced for different chemical and physical characteristics.	
(iii)	State what assumptions of allowances have been made for deleterious elements and the existence of any bulk-sample or pilot- scale test work and the degree to which such samples are representative of the ore body as a whole.	
(iv)	The tonnages and grades reported as Mineral Reserves must be in respect of material delivered to the processing facility.	
<b>T 5.6</b>	<b>INFRASTRUCTURE</b>	Sect. 5
<b>A</b>	<b>EXPLORATION RESULTS</b>	
<b>B</b>	<b>MINERAL RESOURCES</b>	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Report in sufficient detail to demonstrate that the necessary facilities have been allowed for (which may include, but not be limited to, processing plant, tailings dam, leaching facilities, waste dumps, road, rail or port facilities, power supply, offices, housing, security, resource sterilization testing, etc.). Detailed maps showing locations of facilities should exist. Project milestones and completion dates should be stated.	SRK Sect. 10
(ii)	State assessment of value, ownership, type, extent and condition of plant and equipment that is significant to the existing operation(s).	
(iii)	Statement showing that all necessary logistics have been considered (electricity, reagents, fuels).	
<b>T 5.7</b>	<b>ECONOMIC CRITERIA</b>	Sect. 5
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Not usually reported. If mentioned, however, factors significant to project economics should be current and based on generally accepted industry practice and experience. Assumptions should be clearly defined.	
<b>B</b>	<b>MINERAL RESOURCES</b>	

(i)	In reporting, a Mineral Resource should meet the minimum requirement of 'reasonable prospects for eventual economic extraction.'	
(ii)	State and define the reasonable and realistic assumptions / parameters (albeit preliminary, e.g. cut-off grade, cut-off screen size, product price or other criteria) used to assess eventual likelihood of economic extraction.	
(iii)	These assumptions and factors should be reasonable develop based on generally accepted industry practice and experience. If appropriate, state the level of study.	
(iv)	If applied, the basis of equivalent metal should be reported.	
(v)	Resource sensitivity - detailed description of method used and results obtained.	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	For Mineral Reserves, parameters should be detailed with engineering completed to a pre-feasibility study level as defined in the SAMREC code.	
(ii)	State , describe and justify all economic criteria that have been used for the study such as capital and operating cost, exchange rates, revenue / price curves, royalties, cut-off grade, reserves pay limits.	
(iii)	Summary description of method used to estimate the commodity price profile used for cut-off grade calculation, economic analysis and project valuation, including applicable taxes, indices and exchanges rates.	
(iv)	The tonnages and grades reported as Mineral Reserves must be in respect of material delivery to the processing facility. Demonstrate that the product price assumptions are reasonable and supportable. Justify assumptions made concerning production cost and value of product. Consider transportation, treatment, penalties, exchange rate, marketing and other cost.	
(iv)	Allowance should be made for royalties payable, both to Government and private.	
(v)	Resource / Reserves sensitivity - detailed description of method used and results obtained.	
<b>T 5.8</b>	<b>MARKETING</b>	Sect. 5 SRK Sect. 15.4
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Describe the valuable and potentially valuable product(s) including suitability of products to market.	N/A
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See 5.8 A (i)	
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Describe product to be sold. Discuss whether there exist a ready market for the products and whether contracts for the sale of the product are in place or expected to be readily obtained.	N/A
<b>T 6.</b>	<b>RISK ANALYSIS</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Generally not applied.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	Report any risk assessment completed to support the reasonable prospect of eventual economic extraction and disclose any material risks identified.	Sect. 6
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Report a detailed assessment of technical, economic, political and other key risks to the project. Describe actions that will be taken to mitigate and/or manage the identified risks.	N/A
<b>T 7.</b>	<b>RESOURCE AND RESERVE CLASSIFICATION CRITERIA</b>	Sect. 7.3
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	For exploration targets and deposits, specific quantities and grades / qualities should be reported in ranges, the basis of which should be explained.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	Describe and justify criteria and methods used as the basis for the classification of the Mineral Resources into varying confidence categories.	Sect. 7.3
(ii)	Exceptions to the above should be discussed if they are material, and detailed reports thereof should exist.	N/A
(iii)	Discuss whether account has been taken of all relevant factors, i.e. relative confidence in tonnage / grade computations, density, quality, value and distribution of primary data and information, confidence in continuity of the geological and mineralization models.	
(iv)	State whether the result appropriately reflects the Competent Person's view of the deposit.	Sect. 14
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	Describe and justify criteria and methods used as the basis for the classification of the Mineral Reserve into varying confidence categories, which should be based on the Mineral Resource category, and include consideration of the confidence in all the modifying factors.	Sect. 7.3
(ii)	Discuss the proportion of Probable Mineral Reserves, Which have been derived from Measured Mineral Resources (if any), including the reason(s) therefore.	N/A

(iii)	Only Measured and Indicated Resources can be considered for inclusion in the Mineral Reserves.	Yes
(iv)	Mineral Resources classified as Inferred Resources lack the requisite degree of confidence to be converted to a Reserve.	N/A
(v)	State whether the result appropriately reflects the Competent Person's view of the deposit.	Yes Sect. 14
<b>T 8.</b>	<b>BALANCED REPORTING</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Where comprehensive reporting of all exploration results is not practicable representative reporting of low and high-grades and widths should be practiced together with their spatial location to avoid misleading the reporting of exploration results. Announcements by companies should comply with the SAMREC Code, where applicable, and insofar as they relate or refer to a Competent Person's report they should:	
(ii)	(a) Be approved in writing in advanced of publication by the relevant Competent Person's; and (b) The Competent Person's relationship to the issuer of the report, if any, should be clearly defined.	Yes Sect. 12 Yes Sect. 1.1
(iii)	If grades are reported then it should be stated clearly whether these are regional averages or if they are selected individual samples taken from the property under discussion.	
<b>B</b>	<b>MINERAL RESOURCES</b>	
(i)	See8A(i)to(iii)	
(ii)	Mineral Resources should be stated as inclusive or exclusive of Mineral Reserves.	Sect. 7.1
(iii)	Report the Mineral Resource statements with sufficient detail indicating the source and type of mineralization, such as open pit, underground, mineralization type, facies or ore body, surface dumps, stockpiles and all other sources.	Yes - Sect. 7.1
(iv)	The Mineral Resource will include all remnants, stockpiles, tailings, and existing pillars where there may be reasonable and realistic prospects for eventual economic extraction. Inclusion or exclusion of existing pillars into the Mineral Resource will be determined site-by-site taking into consideration factors such as size, shape grade, location and historical and geotechnical factors. A detailed listing of such exclusions and reasons therefore, signed by a relevant Competent Person, should exist. (Reconciliation - Report the reliability, of the current geological and resource models, and key assumptions, including the reliability of resource classifications. This should include a comparison with the previous Resource quantity and quantities, if available. Where appropriate, report and comment on any historic trends (e.g. global bias).	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See8B(i)to(iv)	
(i)	Describe the Mineral Resource estimate used as a basis for the conversion to a Mineral Reserve.	Sect. 7.2
(ii)	Caution should be exercised if Inferred Resources are considered in economic studies, and if included, full disclosure and the effect of the results of the economic studies should be stated.	N/A
(iii)	A comparison between the two possibilities, the one with inclusion and the one without inclusion, should be fully explained in the Public Report in such a way so as not to mislead the investors. Inferred Mineral Resources may not be reported as Mineral Reserves.	N/A
(iv)	The Mineral Reserves Statement should be reported with sufficient detail indicating the source and type of mineralization, such as open pit, underground, mineralization type, facies or ore body, surface dumps, stockpiles and all other sources.	In 2012 Yes. Now N/A
(v)	State the proportion of the total Reserves that is likely to be mined within the current assured tenure timeframe.	N/A
(vi)	Reconciliation - Report historic reliability and reconciliation of the performance parameters, assumptions and modifying factors. This should include a comparison with the previous Reserve quantity and qualities, if available. Where appropriate, report and comment on any historic trends (e.g. global bias).	N/A
<b>T 9.</b>	<b>AUDITS AND REVIEWS</b>	Sect. 9
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	The overall conclusions of relevant audits or reviews, with specific reference to compliance to relevant Codes, where significant deficiencies and remedial actions should be disclosed.	Sect. 9
(ii)	State type of review (e.g. independent, external) and name of the reviewer(s) together with their recognized professional qualifications.	Sect. 9
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See9A(i)and(ii)	
(i)	The material results of any audits or Mineral Resource estimates. Specific reference regarding all material deficiencies and remedial actions should be disclosed.	Sect. 9
<b>C</b>	<b>MINERAL RESERVES</b>	
(i)	See9A(i)and(ii)	
	The material results of any audits or review of Mineral Reserves estimates. Specific reference regarding all material deficiencies and remedial actions should be disclosed.	Sect. 9

<b>T 10.</b>	<b>OTHER CONSIDERATIONS</b>	Sect. 10
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	Description of any other material information that is likely to prevent or facilitate the economic potential of the project.	
(ii)	A glossary of terms used in the report.	Not included in this report, SRK IER 2012 Sect. 18
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 10 A (i) and (ii)	
(i)	Discuss possible opportunities that may affect the Mineral Resource.	Sect. 10
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 10 A (i) and (ii)	
(i)	While any other material information or opportunities affecting the project should be discussed, no material impediments to the profitable exploration of the property should remain.	
<b>T 11.</b>	<b>QUALIFICATION OF COMPETENT PERSON(S) AND OTHER KEY TECHNICAL STAFF. DATE AND SIGNATURE PAGE</b>	
<b>A</b>	<b>EXPLORATION RESULTS</b>	
(i)	State the accountable Competent Person's full name, address, registration number and name of the professional body or ROPO recognized by SAMREC, of which he or she is a member. State the relevant experience, of the Competent Person and other key technical staff who prepared and are responsible for the Public Report.	Sect. 11
(ii)	The Competent Person's relationship to the issuer of the report, if any, should be clearly defined.	Sect. 1.1
(iii)	The Public Report should include a signature page for the Competent Person to attest to its release. Such page should include the date of sign-off and the effective date of the report.	Sect. 13
<b>B</b>	<b>MINERAL RESOURCES</b>	
	See 11 A (i) to (iii)	
<b>C</b>	<b>MINERAL RESERVES</b>	
	See 11 A (i) to (iii)	

## Annexure B:

### COMPLIANCE CHECKLIST REFERENCING: SAMVAL Table 2

Assessment Criteria Report Section		
T2: 1	Executive Summary	N/A
T2: 2	Introduction and Scope	N/A
T2: 3	Identity and Tenure	N/A
T2: 4	History	N/A
T2: 5	Geological	N/A
T2: 6	Coal Resources and Coal Reserves	N/A
T2: 7	Modifying Factors	N/A
T2: 8	Valuation Approaches and Methods	N/A
T2: 9	Valuation Date	N/A
T2: 10	Valuation Summary and Conclusions	N/A
T2: 11	Sources of Information	N/A
T2: 12	Previous Valuations	N/A
T2: 13	Competent Persons and Other Experts	N/A
T2: 14	Competent Valuator	N/A
T2: 15	Range of Values	N/A
T2: 16	Identifiable Component Asset Values	N/A
T2: 17	Historic Verification	N/A
T2: 18	Market Assessment	N/A
T2: 19	Audits or Reviews	N/A

## Annexure C:

### JSE SECTION 12.9 and 12.11 Checklist

Competent Persons Report		
12.9 (a)	Have an effective date (being the date at which the contents of the Competent Person's Report are valid) less than six months prior to the date of publication of the pre-listing statement, listing particulars, prospectus or Category 1 circular;	Sect. 14
12.9 (b)	Be updated prior to publication of the pre-listing statement, listing particulars, prospectus or Category 1 circular if further material data becomes available after the effective date;	N/A
12.9 (c)	If the Competent Person is not independent of the issuer, clearly disclose the nature of the relationship or interest;	N/A
12.9 (d)	Show the particular paragraph of this section, the SAMREC Code (including Table 1) and SAMVAL Code complied with in the margin of Competent Person's Report;	Compliance of the report page 3 and Appendix A (Table 1 checklist)
12.9 (e)	Contain a paragraph stating that all requirements of this section, the SAMREC Code (including Table 1) and SAMVAL Code have been complied with, or that certain clauses were not applicable and provide a list of such clauses; and include a statement detailing:	Compliance of the report page 3 and Appendix A (Table 1 checklist)
12.9 (e) (i)	Exploration expenditure incurred to date by the applicant issuer and by other parties where available;	SRK Sect. 3.3 deals with exploration history and diagrams, No expenditure were available on the various campaigns throughout the life of this asset
12.9 (e) (ii)	Planned exploration expenditure that has been committed, but not yet incurred, by the applicant issuer concerned; and	N/A – Non in the foreseeable future. In 2012 the planning for Sterkfontein was addressed in the SRK Sect. 3.4. Subsequent to the SRK report the prospecting licence for Sterkfontein expired with the renewal application still pending.
12.9 (e) (iii)	Planned exploration expenditure that has not been committed to by the applicant issuer but which is expected to be incurred sometime in the future, in sufficient detail to fairly present future expectations;	N/A
12.9 (f)	Contain a valuation section which must be completed and signed off by a Competent Valuator in terms of and in compliance with the SAMVAL Code;	N/A

12.9 (g)	be published in full on the applicant issuer's website;	
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12.9 (h)	Be included in the relevant JSE document either in full or as an executive summary. The executive summary must be approved by the JSE (after approval by the Readers Panel) at the same time as the Competent Person's Report is approved by the JSE and the Readers Panel. The executive summary should be a concise summary of the Competent Person's Report and must cover, at a minimum, where applicable:	
12.9 (h) (i)	Purpose;	Covered in the R&R update report
12.9 (h) (ii)	Project Outline;	Covered in the R&R update report
12.9 (h) (iii)	Location map indicating area of interest;	Covered in the R&R update report
12.9 (h) (iv)	Legal aspects and tenure, including any disputes, risks or impediments;	Covered in the R&R update report
12.9 (h) (v)	Geological setting description;	Covered in the R&R update report
12.9 (h) (vi)	Exploration programme and budget;	N/A
12.9 (h) (vii)	Brief description of individual key modifying factors;	Listed in the SRK IER of 2012
12.9 (h) (viii)	Brief description of key environmental issues;	Listed in the SRK IER of 2012
12.9 (h) (ix)	Coal Resource and Coal Reserve Statement;	Covered in the R&R update report
12.9 (h) (x)	Reference to Risk paragraph in the full Competent Person's Report;	Covered in the R&R update report. No risks listed. More detail risk for an operational asset in the SRK IER of 2012

12.9 (h) (xi)	Statement by the Competent Person that the summary is a true reflection of the full Competent Person's Report; and	Statement in Sect. 15. Note the report is not a full CPR, only a R&R update from the SRK IER 2012
12.9 (h) (xii)	Summary valuation table. Where the cash flow approach has been employed, the valuation summary must include the discount rate(s) applied to calculate the npv(s) per share with reference to the specific paragraph in the competent person's report. If inferred resources are used, show the summary valuation with and without inclusion of such inferred resources.	Internal model from SACMH, SACMH to comply
12.11(i) 1	The JSE may require non-mineral companies with substantial mineral assets to comply with these requirements.	
12.11(i) 2	Mineral Companies (which for purposes of this listings requirement, includes subsidiaries, joint ventures, associates and investments) are required to disclose the details contained in these paragraphs on an attributable beneficial interest basis (i.e. beneficial "see through" basis).	Companies structure diagram, Figure 1
12.11(i) 3	Mineral Companies may report on an aggregated attributable beneficial interest basis ("total basis") where the required disclosure details in these paragraphs have been previously disclosed and published by separately listed Mineral Companies in compliance with this listing requirement. If disclosure is made on a total basis, then the attributable beneficial interest percentage must also be clearly stated	Table 3 and Table 5
12.11(i) 4	Mineral Companies' disclosure in accordance with 8.63(l) must be compliant with the SAMREC Code and parts of Table 1 and Section 12. The applicable relevant SAMREC Code Table 1 (Checklist and guidelines of reporting and assessment criteria) paragraphs are referred to throughout this requirement as follows: [refer to Tx, xA, B or C]. Where the disclosure is not in accordance with a Section 12 or Table 1 paragraph, or incorporates a number of such paragraphs, it will be referred to as follows [standalone].	Table 1 and Section 12 checklist included
12.11(i) 5	Mineral Companies must disclose the full name, address, professional qualifications and relevant experience (including the name and address of the body recognised by SAMREC of which the Competent Person is a member) of the Lead Competent Person authorising publication of the information disclosed in terms of these paragraphs [refer to T9.1].	Sect. 15
12.11(i) 6	Mineral Companies must include a statement that they have written confirmation from the Lead Competent Person that	Sect. 13

	the information disclosed in terms of these paragraphs are compliant with the SAMREC Code and, where applicable, the relevant Section 12 and Table 1 requirements and that it may be published in the form and context in which it was intended [stand-alone].	
12.11(ii) 1	Where individual operations, projects or exploration activities are material to:  (aa) Mining Companies, then 12.11(iii) must be complied with in full (if any sub-paragraph or paragraphs is/are not applicable, an appropriate statement(s) must be made); or  (bb) Exploration Companies, then 12.11(iii) and 12.11(iv) must be complied with in full (if any sub-paragraph or paragraphs is/are not applicable, an appropriate statement or statements must be made).	Done 12.11(iii) aa - complied with
12.11(ii) 2	Where individual operations, projects or exploration activities are not material to Mineral Companies, then only 12.11(iii)(6) and 12.11(iii)(8) require compliance disclosure.	12.11(ii) 1 applicable
12.11(iii)	Mining Companies annual disclosure requirements: Mining Companies must disclose the following information, where applicable, for the financial year/period under review, as part of their annual reports:	
12.11(iii) 1	a brief description of any exploration activities, exploration expenditures, exploration results and feasibility studies undertaken [stand-alone but refer to T4 and T5 for guidance];	Operation on care and maintenance, no drilling or further studies was done
12.11(iii) 2	a brief description of the geological setting and geological model [refer to T 4.1];	Sect. 8.1
12.11(iii) 3	a brief description of the type of mining and mining activities, including a brief history of the workings or operations [refer to T1.4];	Sect. 1.2, Sect. 5 mining, Sect. 8.2
12.11(iii) 4	production figures, including a comparison with the previous financial year/period [stand-alone];	Production ceased in 2012  Table 4 and 5 indicate changes due to production
12.11(iii) 5	a statement that the company has the legal entitlement to the minerals being reported upon [refer to T1.5] together with any known impediments [stand-alone];	Sect. 1.5, Sect. 5 governmental. Pending water use licence approval, pending section 102 approval.

12.11(iii) 6	the estimated Mineral Resources and Mineral Reserves (“Mineral Resource and Reserve Statement”) [refer to T4];	Resources Table 3 and Reserves table 5
12.11(iii) 7	a description of the methods and the key assumptions and parameters by which the Mineral Resources and Mineral Reserves [refer to T4] were calculated and classified;	Sect.4 and Sect.8 None on Reserves, due to a nul declaration
12.11(iii) 8	a comparison of the Mineral Reserve and Mineral Resource estimates with the previous financial year/period’s estimates together with explanations of material differences [standalone];	Tables 4, 6 and 7
12.11(iii) 9	whether or not the Inferred Mineral Resource category has been included in feasibility studies and, if so, the impact of such inclusion [refer to T6.3(vi)];	Only included in resources, none included in any reserves
12.11(ii) 10	any material risk factors that could impact on the Mineral Resource and Reserve Statement [refer to T5.7 and T7.1];	
12.11(iii) 11	a statement by the directors on any legal proceedings or other material conditions that may impact on the company’s ability to continue mining or exploration activities, or an appropriate negative statement [refer to T1.5];	COO Roelof Hugo replied on email on behalf of directors stating that no legal proceedings or other material conditions exist to impact continuation of mining or exploration
12.11(iii) 12	appropriate locality maps and plans [refer to T 1]; and	Figure 2 and 3
12.11(iii) 13	a summary of environmental management and funding [refer to T5.5].	Sect. 5 Environmental
12.11(iv)	Exploration Companies – annual disclosure requirements In addition to the disclosure requirements in 12.11(iii), Exploration Companies must disclose the following information as a part of their annual report, where applicable:	N/A, SACMH deemed Mining company and not Exploration company
12.11(iv) 1	summary information of previous exploration work done by other parties on the property [refer to T1.4,5];	N/A
12.11(iv) 2	summary information on the data density and distribution [refer to T4.1];	N/A
12.11(iv) 3	exploration results not incorporated in the Mineral Resource and Reserve Statement including the following, where applicable, or a qualified negative statement:  (aa) the relationship between mineralisation true widths and intercept lengths [refer to T3.1];	N/A

(bb) data and grade compositing methods and the basis for mineral equivalent calculations [stand-alone but refer to T4.2(ii) and T5.2(iv)];

(cc) for poly-metallic mineralisation or multi-commodity projects, separate identification of the individual components [stand-alone];

(dd) the representivity of reported results [refer to T4.5(i)];

(ee) other substantive exploration data and results [refer to T3.1(iii)];

(ff) comment on future exploration work [stand-alone but refer to Section 12.9(ii) and (iii)];

(gg) the basic tonnage/volume, grade/quality and economic parameters for the exploration target [refer to SAMREC Code paragraphs 21 and 22)]; and

(hh) sample and assay laboratory quality assurance and quality control procedures [refer to T3.4(i),3.5(iv) and 3.6(i)]